

Annual Financial Report 2024

Bank of Cyprus Holdings



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Board of Directors of Bank of Cyprus Holdings Public Limited Company	Efstratios-Georgios Arapoglou CHAIRMAN Lyn Grobler VICE-CHAIRPERSON Panicos Nicolaou Eliza Livadiotou Monique Eugenie Hemerijck Adrian John Lewis Christian Philipp Hansmeyer William Stuart Birrell
Executive Committee	Panicos Nicolaou CHIEF EXECUTIVE OFFICER Dr. Charis Pouangare DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OF BUSINESS Eliza Livadiotou EXECUTIVE DIRECTOR FINANCE Demetris Th. Demetriou CHIEF RISK OFFICER Irene Gregoriou Pavlidi EXECUTIVE DIRECTOR PEOPLE & CHANGE George Kousis EXECUTIVE DIRECTOR TECHNOLOGY & OPERATIONS
Company Secretary	Katia Santis
Legal Advisers as to matters of Irish Law	Arthur Cox
Legal Advisers as to matters of English and US Law	Sidley Austin LLP
Legal Advisers as to matters of Cypriot Law	Chrysafinis & Polyviou LLC
Legal Advisers as to matters of Greek Law	Potamitis Vekris
Independent Statutory Auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 D01 X9R7 Ireland
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This document contains certain forward-looking statements which can usually be identified by terms used such as 'expect', 'should be', 'will be' and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Bank of Cyprus Holdings Group's (the 'Group') near term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, the level of the Group's assets, liquidity, performance, return of tangible equity, projected levels of growth, capital distributions (including policy on dividends and share buybacks) prospects, anticipated growth, provisions, impairments, business strategies and opportunities, any commitments and targets (including environmental, social and governance (ESG) commitments and targets). By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange rate fluctuations, legislative, fiscal and regulatory developments and information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics, and geopolitical developments as well as uncertainty over the scope of actions that may be required by us, governments and other to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations. This creates significantly greater uncertainty about forward-looking statements. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward-looking statements. Further, forward-looking statements may be affected by changes in reporting frameworks and accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based.

Non-IFRS performance measures

Bank of Cyprus Holdings Public Limited Company's (the Company) management believes that the non-IFRS Accounting Standards performance measures included in this document provide valuable information to the readers of the Annual Financial Report as they enable the readers to identify a more consistent basis for comparing the Group's performance between financial periods and provide more detail concerning the elements of performance which management are directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which the operating targets are defined and performance is monitored by the Group's management. However, any non-IFRS Accounting Standards performance measures in this document are not a substitute for IFRS Accounting Standards measures and readers should consider the IFRS Accounting Standards measures as the key measures of the 31 December position. Refer to 'Alternative Performance Measures Disclosures' on pages 582 to 598 of the Annual Financial Report for the year ended 31 December 2024 for further information and calculations of non-IFRS Accounting Standards performance measures included throughout this document and their reconciliation to the most directly comparable IFRS Accounting Standards measures included in the Consolidated Financial Statements.

The Annual Financial Report for the year ended 31 December 2024 is available on the Group's website www.bankofcyprus.com (Group/Investor Relations) (the Group's website).

The Annual Financial Report 2024 is originally issued in English. The Greek translation of the Annual Financial Report 2024 will be available on the Group's website by 4 April 2025. In case of a difference or inconsistency between the English document and the Greek document, the English document prevails.

**DIRECTORS' REPORT
FOR THE YEAR**

2024

The Board of Directors submits to the shareholders of Bank of Cyprus Holdings Public Limited Company (the 'Company') their Directors' Report together with the audited Consolidated Financial Statements ('Consolidated Financial Statements') and Financial Statements of the Company for the year ended 31 December 2024.

The Annual Financial Report relates to the Company and together with its subsidiaries the Group, which was listed on the Main Market of the Regulated Securities Market of the Athens Stock Exchange ('ATHEX') and the Cyprus Stock Exchange ('CSE') as at 31 December 2024.

Activities

The Company is the holding company of the Group and of Bank of Cyprus Public Company Ltd ('BOC PCL' or the 'Bank'). The principal activities of BOC PCL and its subsidiary companies involve the provision of banking, financial, and insurance services and the management and disposal of property predominately acquired in exchange of debt.

All Group companies and branches are set out in Note 50 to the Consolidated Financial Statements. The Group has established branches in Greece. There were no acquisitions of subsidiaries and no material disposals of subsidiaries during the year ended 31 December 2024. Information on Group companies and acquisitions and disposals during the year are detailed in Note 50 to the Consolidated Financial Statements.

Group financial results on the underlying basis

Commentary on underlying basis

The financial information presented in this section provides an overview of the Group financial results for the year ended 31 December 2024 on the 'underlying basis', which management believes best fits the true measurement of the performance and position of the Group, as this presents separately any non-recurring items and also includes certain reclassifications of items, other than non-recurring items, which are done for presentational purposes under the underlying basis for aligning their presentation with items of a similar nature.

Reconciliations between the statutory basis and the underlying basis to facilitate the comparability of the underlying basis to the statutory information, are included in section 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2024 between the statutory basis and the underlying basis' and 'Alternative Performance Measures Disclosures' of the Annual Financial Report 2024.

The main financial highlights for the year ended 31 December 2024 are set out below:

Consolidated Income Statement on the underlying basis

€ million	2024 ¹	2023 ¹
Net interest income	822	792
Net fee and commission income	177	181
Net foreign exchange gains and net gains/(losses) on financial instruments	36	37
Net insurance result	46	54
Net (losses)/gains from revaluation and disposal of investment properties and on disposal of stock of property	(1)	10
Other income	14	18
Total income	1,094	1,092
Staff costs	(203)	(192)
Other operating expenses	(164)	(149)
Special levy on deposits and other levies/contributions	(39)	(43)
Total expenses	(406)	(384)
Operating profit	688	708
Loan credit losses	(30)	(63)
Impairments of other financial and non-financial assets	(56)	(53)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	(12)	(28)
Total loan credit losses, impairments and provisions	(98)	(144)
Profit before tax and non-recurring items	590	564
Tax	(81)	(73)
Profit attributable to non-controlling interests	(1)	(2)
Profit after tax and before non-recurring items (attributable to the owners of the Company)	508	489
Advisory and other transformation costs - organic	-	(2)
Profit after tax (attributable to the owners of the Company)	508	487

1. The financial information is derived from and should be read in conjunction with the accompanied Consolidated Financial Statements.

Group financial results on the underlying basis (continued)

Consolidated Income Statement on the underlying basis (continued)

Key Performance Ratios	2024	2023
Net interest margin	3.53%	3.41%
Net interest margin excluding TLTRO III	3.60%	3.74%
Cost to income ratio	37%	35%
Cost to income ratio excluding special levy on deposits and other levies/contributions	34%	31%
Operating profit return on average assets	2.7%	2.7%
Basic earnings per share attributable to the owners of the Company (€) ¹	1.14	1.09
Return on tangible equity (ROTE)	21.4%	24.8%
Return on tangible equity (ROTE) on 15% CET1 ratio ²	27.6%	27.4%
Tangible book value per share ³ (€)	5.77	4.93
Tangible book value per share excluding the cash dividend (€)	5.29	4.68
1. The diluted earnings per share attributable to the owners of the Company as at 31 December 2024 amounted to €1.14. 2. Calculated as Profit/(loss) after tax (attributable to the owners of the Company), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible shareholders' equity and the amount approved/recommended for distribution in respect of earnings of the relevant year the distribution relates to. 3. Tangible book value per share is calculated based on number of shares in issue at the end of the period, excluding treasury shares.		

Consolidated Balance Sheet on the underlying basis

€ million	2024¹	2023¹
Cash and balances with central banks	7,601	9,615
Loans and advances to banks	821	385
Reverse repurchase agreements	1,010	403
Debt securities, treasury bills and equity investments	4,358	3,695
Net loans and advances to customers	10,114	9,822
Stock of property	649	826
Investment properties	36	62
Other assets	1,872	1,821
Non-current assets and disposal groups held for sale	23	-
Total assets	26,484	26,629
Deposits by banks	364	472
Funding from central banks	-	2,044
Customer deposits	20,519	19,337
Debt securities in issue	989	672
Subordinated liabilities	307	307
Other liabilities	1,475	1,309
Total liabilities	23,654	24,141
Shareholders' equity	2,590	2,247
Other equity instruments	220	220
Total equity excluding non-controlling interests	2,810	2,467
Non-controlling interests	20	21
Total equity	2,830	2,488
Total liabilities and equity	26,484	26,629
1. The financial information is derived from and should be read in conjunction with the accompanied Consolidated Financial Statements.		

Group financial results on the underlying basis (continued)

Consolidated Balance Sheet on the underlying basis (continued)

Key Balance Sheet figures and ratios	2024 Pro forma¹	2024	2023
Gross loans (€ million)	10,320	10,374	10,070
Allowance for expected loan credit losses (€ million)	223	254	267
Customer deposits (€ million)	20,519	20,519	19,337
Loans to deposits ratio (net)	49%	49%	51%
NPE ratio	1.9%	2.5%	3.6%
NPE coverage ratio	111%	100%	73%
Leverage ratio	10.4%	10.4%	9.1%

Capital ratios and risk weighted assets	2024 (Regulatory)²	2023 (Regulatory)³
Common Equity Tier 1 (CET1) ratio (transitional)	19.2%	17.4%
Total capital ratio (transitional)	24.0%	22.4%
Risk weighted assets (RWAs) (€ million)	10,834	10,341

1. References to pro forma figures as at 31 December 2024 refer to the agreement for the sale of two non-performing loan portfolios, which is expected to be completed in the first half of 2025 subject to necessary approvals. The portfolios are classified as non-current assets held for sale with a net book value of €23 million as at 31 December 2024. Numbers on a pro forma basis are based on 31 December 2024 underlying basis figures and assume completion of the sale.

2. Includes profits for the year ended 31 December 2024 net of distribution at 50% payout ratio (refer to section 'Balance Sheet Analysis – Capital Base' below).

3. Includes profits for the year ended 31 December 2023 net of distribution at 30% payout ratio, following ECB approval in March 2024.

Group financial results on the underlying basis (continued)

Reconciliation of the Consolidated Income Statement for the year ended 31 December 2024 between the statutory basis and the underlying basis

€ million	Underlying basis	Other	Statutory basis
Net interest income	822	-	822
Net fee and commission income	177	-	177
Net foreign exchange gains and net gains on financial instruments	36	2	38
Net gains on derecognition of financial assets measured at amortised cost	-	-	-
Net insurance result*	46	-	46
Net loss from revaluation and disposal of investment properties and on disposal of stock of properties	(1)	-	(1)
Other income	14	-	14
Total income	1,094	2	1,096
Total expenses	(406)	(12)	(418)
Operating profit	688	(10)	678
Loan credit losses	(30)	30	-
Impairment of other financial and non-financial assets	(56)	56	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	(12)	12	-
Credit losses on financial assets and impairment net of reversals of non-financial assets	-	(88)	(88)
Profit before tax and non-recurring items	590	-	590
Tax	(81)	-	(81)
Profit attributable to non-controlling interests	(1)	-	(1)
Profit after tax (attributable to the owners of the Company)	508	-	508

* Net insurance result per underlying basis comprises the aggregate of captions '*Net insurance finance income/(expense) and net reinsurance finance income/(expense)*', '*Net insurance service result*' and '*Net reinsurance service result*' per the statutory basis.

The reclassification differences between the statutory basis and the underlying basis are explained below:

- Net gains on loans and advances to customers at FVPL of €1 million included in '*Loan credit losses*' under the underlying basis are included in '*Net gains on financial instruments*' under the statutory basis. Their classification under the underlying basis is done to align their presentation with the loan credit losses on loans and advances to customers at amortised cost.
- '*Net gains on derecognition of financial assets measured at amortised cost*' is nil under the statutory basis and comprises the below items which are reclassified accordingly under the underlying basis as follows:
 - €0.3 million net gains on derecognition of loans and advances to customers included in '*Loan credit losses*' under the underlying basis as to align their presentation with the loan credit losses arising from loans and advances to customers.
 - Net losses on derecognition of debt securities measured at amortised cost of approximately €0.3 million included in '*Net foreign exchange gains and net gains on financial instruments*' under the underlying basis in order to align their presentation with the net gains on financial instruments.
- '*Provisions for pending litigation, claims, regulatory and other matters (net of reversals)*' amounting to €12 million presented within '*Operating profit before credit losses and impairment*' under the statutory basis, are presented under the underlying basis in conjunction with loan credit losses and impairments.
- '*Credit losses on financial assets*' and '*Impairment net of reversals on non-financial assets*' under the statutory basis include: i) credit losses to cover credit risk on loans and advances to customers of €32 million, which are included in '*Loan credit losses*' under the underlying basis, and ii) net reversal of credit losses of other financial assets of a €0.1 million and impairment net of reversals on non-financial assets of €56 million, which are included in '*Impairment of other financial and non-financial assets*' under the underlying basis, as to be presented separately from loan credit losses.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis

Capital Base

Total equity excluding non-controlling interests totalled €2,810 million as at 31 December 2024 compared to €2,467 million as at 31 December 2023. Shareholders' equity totalled to €2,590 million as at 31 December 2024 compared to €2,247 million as at 31 December 2023.

The regulatory Common Equity Tier 1 capital (CET1) ratio on a transitional basis stood at 19.2% as at 31 December 2024 compared to 17.4% as at 31 December 2023. Throughout the Directors' Report, the capital ratios as at 31 December 2024 include profits for the year ended 31 December 2024, net of a deduction for the distribution in respect of 2024 earnings of €241 million, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €211 million and approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €30 million and in compliance with the terms of the ECB approval – refer to section 'Distributions' below. During the year ended 31 December 2024, the CET1 ratio was positively affected by profit after tax and partially decreased by the distribution accrual at 50% payout ratio, as well as the increase in operational RWAs primarily driven by the inclusion of higher 2024 income compared to 2021. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 26 basis points as at 31 December 2024, compared to 32 basis points as at 31 December 2023. A prudential charge in relation to an onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which was 3 basis points on Group's CET1 ratio as at 31 December 2024 (compared to 12 basis points on Group's CET1 ratio as at 31 December 2023). In addition, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 31 December 2024, the impact of these requirements was 51 basis points on Group's CET1 ratio, compared to 24 basis points as at 31 December 2023. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

The regulatory Total Capital ratio on a transitional basis stood at 24.0% as at 31 December 2024 compared to 22.4% as at 31 December 2023.

The Group's capital ratios are above the Supervisory Review and Evaluation Process (SREP) requirements.

As at 31 December 2024, the Group's minimum phased-in CET1 capital ratio requirement was set at 11.34%, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and CcyB of approximately 0.92%. Likewise, the Group's minimum phased-in Total Capital ratio requirement was set at 16.05%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and the CcyB of approximately 0.92%. For the year ended 31 December 2024, the ECB had also provided revised lower non-public guidance for an additional Pillar II CET1 buffer (P2G) compared to 2023.

The Central Bank of Cyprus ('CBC'), following the revised methodology described in its macroprudential policy, decided to set the CcyB to 1.00% of the total risk exposure in Cyprus for each licensed credit institution incorporated in Cyprus, effective from June 2024. As a result, the CcyB for the Group as at 31 December 2024 amounted to approximately 0.92%. In January 2025, CBC, based on its macroprudential policy, decided to increase the CcyB from 1.00% to 1.50% of the total risk exposure amount in Cyprus, for each licensed credit institution incorporated in Cyprus, effective from January 2026.

The Bank has been designated as an Other Systemically Important Institution (O-SII) by CBC in accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 and the relevant buffer stood at 1.875% on 1 January 2024. In April 2024, following a revision by the CBC of its policy for the designation of credit institutions that meet the definition of O-SII institutions and the setting of O-SII buffer to be observed, the Group's O-SII buffer has been reduced to 2.00% on 1 January 2026 (from the previous assessment of 2.25% on 1 January 2025) to be phased by 6.25 basis points annually, to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026.

Own funds held for the purposes of P2G cannot be used to meet any other capital requirements (Pillar I, Pillar II requirements or the combined buffer requirement), and therefore cannot be used twice.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Capital Base (continued)

Following the annual SREP performed by the ECB in 2024 and based on the final SREP decision received in December 2024, effective from 1 January 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements remain unchanged from prior year, when disregarding the phasing in of the O-SII buffer. On 1 January 2025 the Group's minimum phased-in CET1 capital ratio is set at 11.40%, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of approximately 0.92%. Likewise, on 1 January 2025 the Group's minimum phased-in Total Capital ratio requirement is set at 16.11%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of approximately 0.92%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) remains unchanged compared to 2024. Based on the final SREP decision, the requirement for prior regulatory approval for the declaration of dividends has been lifted, effective from 1 January 2025.

Distributions

FY2024 Distribution at 50% payout ratio

Following the Group's strong financial performance, the successful execution of its strategic targets in 2024 and its ongoing commitment to delivering sustainable returns to shareholders, the Company in February 2025 proposed a total distribution of €241 million in respect of 2024 earnings, comprising a cash dividend of €211 million and a share buyback of up to €30 million (together, the '2024 Distribution').

Additional information on the 2024 Distribution, as well as on distributions in respect of prior years' earnings is provided in section 'Distributions' further below on this Directors' Report.

Upgraded Distribution policy from financial year 2025

The Group aims to provide a sustainable return to shareholders. The distribution policy is upgraded in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be in the range of 50-70% payout ratio (from 30-50%) of the Group's adjusted recurring profitability through a combination of cash dividends and share buybacks. Additionally the Board of Directors will also consider the introduction of interim dividends if it considers appropriate to do so. Group adjusted recurring profitability is defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.

The decision to make any future final or interim distributions, including proposed distribution quantum, as well as envisaged allocation between dividend and buyback, will take into consideration market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time.

Share Capital

As at 31 December 2024, there were 440,502,243 issued ordinary shares with a nominal value of €0.10 each, compared to 446,199,933 issued ordinary shares as at 31 December 2023. The reduction since the beginning of the year relates to the share buyback programme that was launched in April 2024 and was completed in November 2024.

Other equity instruments

At 31 December 2024, the Group's other equity instruments relate to Additional Tier 1 Capital Securities (the 'AT1 securities') and amounted to €220 million, at the same levels as at 31 December 2023.

The Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities constitute unsecured and subordinated obligations of the Company, are perpetual and are issued at par. They carry an initial coupon of 11.875% per annum, payable semi-annually and resettable on 21 December 2028 and every 5 years thereafter.

The Company will have the option to redeem these capital securities from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter, subject to applicable regulatory consents and the relevant conditions to redemption.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Capital Base (continued)

Legislative amendments for the conversion of DTA to DTC

Legislative amendments allowing for the conversion of specific deferred tax assets (DTA) into deferred tax credits (DTC) became effective in March 2019. The legislative amendments cover the utilisation of income tax losses transferred from Laiki Bank to the Bank in March 2013. The introduction of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) IV in January 2014 and its subsequent phasing-in led to a more capital-intensive treatment of the DTA arising from tax losses. With this legislation, institutions are allowed to treat such DTAs as 'not relying on future profitability', according to CRR/CRD IV and as a result not deducted from CET1, hence improving a credit institution's capital position. They also provide that a guarantee fee on annual tax credit is payable annually by the credit institution to the Government.

Following certain modifications to the relevant law in May 2022, the annual guarantee fee is to be determined by the Cyprus Government on an annual basis, providing however that such fee to be charged is set at a minimum fee of 1.5% of the annual instalment and can range up to a maximum amount of €10 million per year.

The Group estimates that such fees could range to approximately €5 million per year (for each tax year in scope i.e., since 2018), although the Group understands that such fee may fluctuate annually as to be determined by the Ministry of Finance. An amount of €5.4 million was recorded as an expense in the year ended 31 December 2024.

Regulations and Directives

The 2021 Banking Package (CRR III and CRD VI and BRRD)

In October 2021, the European Commission adopted legislative proposals for further amendments to the Capital Requirements Regulation (CRR), CRD and the BRRD (the '2021 Banking Package'). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that have not yet been transposed into EU law. In the case of the proposed amendments to CRD and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. In December 2023, the preparatory bodies of the Council and European Parliament endorsed the amendments to the CRR and the CRD and the legal texts were published on the Council and the Parliament websites. In April 2024, the European Parliament voted to adopt the amendments to the CRR and the CRD; Regulation (EU) 2024/1623 (known as CRR III) and Directive (EU) 2024/1619 (known as CRD VI) were published in the EU's official journal in June 2024, with entry into force 20 days from the date of the publication. Most amended provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased-in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III is estimated to have a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

Bank Recovery and Resolution Directive (BRRD)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD) requires that from January 2016, EU member states shall apply the BRRD's provisions requiring EU credit institutions and certain investment firms to maintain a minimum requirement for own funds and eligible liabilities (MREL), subject to the provisions of the Commission Delegated Regulation (EU) 2016/1450. On 27 June 2019, as part of the reform package for strengthening the resilience and resolvability of European banks, the BRRD II came into effect and was required to be transposed into national law. BRRD II was transposed and implemented in Cyprus law in May 2021. In addition, certain provisions on MREL have been introduced in CRR II which also came into force on 27 June 2019 as part of the reform package and were immediately effective.

In January 2024, the Bank received final notification from the SRB regarding the 2024 MREL decision, by which the MREL requirement was set at 25.00% of risk weighted assets (or 30.30% of risk weighted assets taking into account the prevailing CBR as at 31 December 2024 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure ('LRE' as defined in the CRR) and had to be met by 31 December 2024.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Regulations and Directives (continued)

Bank Recovery and Resolution Directive (BRRD) (continued)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL) (continued)

In January 2025, the Bank received final notification from the SRB regarding the 2025 MREL decision, by which the MREL requirement is now set at 23.85% of risk weighted assets (or 29.21% of risk weighted assets taking into account the prevailing CBR as at 1 January 2025 which needs to be met with own funds on top of the MREL) and 5.91% of LRE. The revised MREL requirements became binding with immediate effect.

The Bank must comply with the MREL requirement at the consolidated level, comprising the Bank and its subsidiaries.

The regulatory MREL ratio as at 31 December 2024, calculated according to the SRB's eligibility criteria currently in effect, stood at 33.7% of RWAs (including capital used to meet the CBR) and at 13.9% of LRE (based on the regulatory Total Capital as at 31 December 2024), demonstrating that the Bank finalized its MREL build-up and created a comfortable buffer over the MREL requirements.

The CBR stood at 5.30% as at 31 December 2024, higher compared to 4.48% as at 31 December 2023, reflecting the increase of the CcyB and O-SII buffer by approximately 50 basis points and 37.5 basis points respectively. The CBR is expected to increase further as a result of the phasing in of O-SII buffer from 1.875% to 1.9375% on 1 January 2025 and to 2.00% on 1 January 2026 as well as of the expected increase of CcyB from 1.00% to 1.50% in January 2026.

Throughout the Directors' Report, the MREL ratios as at 31 December 2024 include profits for the year ended 31 December 2024, net of a deduction for the distribution in respect of 2024 earnings, following relevant recommendation by the Board of Directors to the shareholders.

Funding and Liquidity

Funding

Funding from Central Banks

Following the repayment of €1.7 billion under the seventh TLTRO III operation in March 2024 and €0.3 billion under the eighth TLTRO III operation in June 2024, the funding from Central Banks was nil as at 31 December 2024, compared to €2,044 million as at 31 December 2023.

Deposits

Customer deposits totalled €20,519 million at 31 December 2024, compared to €19,337 million at 31 December 2023. Customer deposits are mainly retail-funded and approximately 55% of deposits are protected under the deposit guarantee scheme as at 31 December 2024.

The Bank's deposit market share in Cyprus reached 37.2% as at 31 December 2024, compared to 37.7% as at 31 December 2023. Customer deposits accounted for 77% of total assets and 87% of total liabilities at 31 December 2024, compared to 73% of total assets and 80% of total liabilities as at 31 December 2023. The increase in the share of total assets and liabilities since the beginning of the year relates mainly to the repayment of €2.0 billion TLTRO.

The net loans to deposits (L/D) ratio stood at 49% as at 31 December 2024, compared to 51% as at 31 December 2023 on the same basis.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Funding and Liquidity (continued)

Funding (continued)

Subordinated liabilities

At 31 December 2024, the carrying amount of the Group's subordinated liabilities amounted to €307 million, compared to €307 million at 31 December 2023, and relate to unsecured subordinated Tier 2 Capital Notes ('T2 Notes').

The T2 Notes were priced at par with a fixed coupon of 6.625% per annum, payable annually in arrears and resettable on 23 October 2026. The maturity date of the T2 Notes is 23 October 2031. The Company will have the option to redeem the T2 Notes early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory approvals.

Debt securities in issue

At 31 December 2024, the carrying value of the Group's debt securities in issue amounted to €989 million, compared to €672 million at 31 December 2023 and relate to senior preferred notes. The increase of 47% since the beginning of the year relates to the issuance of €300 million green senior preferred notes ('Green Notes') in April 2024.

In April 2024, the Bank successfully launched and priced an issuance of €300 million green senior preferred notes. The Green Notes were priced at par with a fixed coupon of 5% per annum, payable in arrear, until the Option redemption date, i.e., 2 May 2028. The maturity date of the Green Notes is 2 May 2029; however, the Bank may, at its discretion, redeem the Green Notes on the Optional Redemption Date subject to meeting certain conditions (including applicable regulatory consents) as specified in the Terms and Conditions.

If the Green Notes are not redeemed by the Bank, the coupon payable from the Optional Redemption Date until the Maturity Date will convert from a fixed rate to a floating rate and will be equal to 3-month Euribor plus 197.1 basis points, payable quarterly in arrear. The transaction represents the Bank's inaugural green bond issuance in line with the Group's Beyond Banking approach, aimed at creating a stronger, safer and future-focused Bank and leading the transition of Cyprus to a sustainable future. An amount equivalent to the net proceeds of the Green Notes will be allocated to Eligible Green Projects as described in the Bank's Sustainable Finance Framework, which include Green Buildings, Energy Efficiency, Clean Transport and Renewable Energy.

In July 2023, the Bank successfully launched and priced an issuance of €350 million of senior preferred notes (the 'Notes'). The Notes were priced at par with a fixed coupon of 7.375% per annum, payable annually in arrear, until the Optional Redemption Date, i.e., 25 July 2027. The maturity date of the Notes is 25 July 2028; however, the Bank may, at its discretion, redeem the Notes on the Optional Redemption Date subject to meeting certain conditions (including applicable regulatory consents) as specified in the Terms and Conditions. If the Notes are not redeemed by the Bank, the coupon payable from the Optional Redemption Date until the Maturity Date will convert from a fixed rate to a floating rate and will be equal to 3-month Euribor plus 409.5 basis points, payable quarterly in arrear.

In June 2021, the Bank executed its inaugural MREL transaction issuing €300 million of senior preferred notes (the 'SP Notes'). The SP Notes were priced at par with a fixed coupon of 2.50% per annum, payable annually in arrears and resettable on 24 June 2026. The maturity date of the SP Notes is 24 June 2027, and the Bank may, at its discretion, redeem the SP Notes on 24 June 2026, subject to meeting certain conditions as specified in the Terms and Conditions, including applicable regulatory consents.

All issuances of senior preferred notes comply with the criteria for the Minimum Requirement for Own Funds and Eligible Liabilities ('MREL') and contribute towards the Bank's MREL requirements.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Funding and Liquidity (continued)

Liquidity

At 31 December 2024, the Group Liquidity Coverage Ratio (LCR) stood at 309%, compared to 359% at 31 December 2023, well above the minimum regulatory requirement of 100%. The LCR surplus as at 31 December 2024 amounted to €8.1 billion, compared to €9.1 billion at 31 December 2023.

At 31 December 2024, the Group Net Stable Funding Ratio (NSFR) stood at 162%, compared to 158% at 31 December 2023, well above the minimum regulatory requirement of 100%.

Loans

Group gross loans totalled €10,374 million at 31 December 2024, compared to €10,070 million at 31 December 2023.

New lending in the year ended 31 December 2024 reached €2,435 million, compared to €2,025 million in the year ended 31 December 2023, driven mainly by business demand.

At 31 December 2024, the Group net loans and advances to customers totalled €10,114 million, compared to €9,822 million at 31 December 2023.

The Bank is the largest credit provider in Cyprus with a market share of 43.0% at 31 December 2024, compared to 42.2% at 31 December 2023.

In December 2023, the Bank entered into an agreement with Cyprus Asset Management Company ('KEDIPES') to acquire a portfolio of performing and restructured loans with gross book value of approximately €58 million with reference date 31 December 2022 (the 'Transaction'). The Transaction was broadly neutral to the Group's income statement and capital position. The Transaction was completed in March 2024.

Loan portfolio quality

The Group has continued to make steady progress across all asset quality metrics. The Group's priorities focus mainly on maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

The loan credit losses totalled €30 million for the year ended 31 December 2024. Further details regarding loan credit losses are provided in section 'Profit before tax and non-recurring items'.

Non-performing exposures

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced to €255 million at 31 December 2024, compared to €365 million at 31 December 2023. As a result, the NPEs reduced to 2.5% of gross loans as at 31 December 2024, compared to 3.6% of gross loans as at 31 December 2023.

The NPE coverage ratio stands at 100% at 31 December 2024, compared to 73% at 31 December 2023.

Agreement for the sale of NPEs

In September 2024, the Bank entered into an agreement with funds associated with Cerberus Global Investments B.V. to sell a non-performing loan portfolio of mainly corporate secured exposures. In December 2024 the Bank entered into an additional agreement with funds associated with Cerberus Global Investments B.V. for the sale of a non-performing loan portfolio of mainly retail and SME exposures.

Both transactions are expected to be broadly neutral to both the income statement and to capital on completion, are subject to the necessary approvals and completion is expected during the first half of 2025. The portfolios are classified as non-current assets held for sale and as at 31 December 2024 the gross book value and net book value amounted to €55 million and €23 million respectively. Pro forma for the NPE sale agreements, the NPE ratio is reduced further to 1.9%, whilst the NPE coverage increased to 111%.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Loans (continued)

Loan portfolio quality (continued)

Mortgage-To-Rent Scheme ('MTR')

In July 2023, the Mortgage-to-Rent Scheme ('MTR') was approved by the Council of Ministers and aims for the reduction of NPEs backed by primary residence and simultaneously protect the primary residence of vulnerable borrowers. The eligible criteria include:

- Borrowers that were non-performing as at 31 December 2021, remained non-performing as at 31 December 2022 and who also received government allowances during the period January 2021 to December 2022, with facilities backed by primary residence with Open Market Value up to €250k;
- Borrowers that had a fully completed application to Estia Scheme and were assessed as eligible but not viable with a primary residence of up to €350k Open Market Value; and
- all applicants that were approved under Estia Scheme but their inclusion was terminated.

Under the MTR, eligible property owners will voluntarily surrender ownership of their residence to Cyprus Asset Management Company ('KEDIPEs') which has been approved by the Government to provide and manage social housing and will be exempted from their mortgage loan, as the state will be covering fully the required rent on their behalf. KEDIPEs will carry out a new valuation and a technical due diligence for the eligible applicants' property and if satisfied will approve the application and pay to the banks an amount equal to 65% of the Open Market Value of the primary residence in exchange for the mortgage release, the write off of the NPE loan and the transfer of the property title deeds.

The eligible applicants will be able to acquire the primary residence after 5 years at a favourable price, below the Open Market Value.

The scheme has been launched in December 2023; it is expected to act as another tool to address NPEs in the Retail sector.

Fixed income portfolio

Fixed income portfolio amounts to €4,212 million as at 31 December 2024, compared to €3,548 million as at 31 December 2023, increased by 19% on prior year. As at 31 December 2024, the portfolio represents 16% of total assets and comprises €3,806 million (90%) measured at amortised cost and €406 million (10%) at fair value through other comprehensive income ('FVOCI').

The fixed income portfolio measured at amortised cost is held to maturity and therefore no fair value gains/losses are recognised in the Group's income statement or equity. This fixed income portfolio has high average rating at Aa2. The amortised cost fixed income portfolio as at 31 December 2024 has an unrealised fair value gain of €32 million.

Reverse repurchase agreements

Reverse repurchase agreements amount to €1,010 million as at 31 December 2024, compared to €403 million as at 31 December 2023. The increase since the beginning of the year related to the hedging activities the Group is carrying out in order to reduce its net interest income sensitivity. The average yield of reverse repurchase agreements is approximately 3.0% p.a. and the remaining average duration is estimated at approximately 2.1 years.

Real Estate Management Unit (REMU)

The Real Estate Management Unit (REMU) is focused on the disposal of on-boarded properties resulting from debt for asset swaps.

REMU completed disposals of €175 million in the year ended 31 December 2024, resulting in a gain on disposal of €1 million, compared to €172 million disposals in the year ended 31 December 2023 at a profit of approximately €11 million. Asset disposals are across all property classes, with 44% of sales in gross sale value in the year ended 31 December 2024 relating to land.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Real Estate Management Unit (REMU) (continued)

REMU on-boarded €30 million of assets in the year ended 31 December 2024, compared to additions of €21 million in the year ended 31 December 2023, via the execution of debt for asset swaps and repossessed properties.

As at 31 December 2024, repossessed properties held by REMU had a carrying value of €660 million, compared to €862 million as at 31 December 2023 and remain on track to achieve its target of reducing this portfolio to approximately €0.5 billion by end-2025.

Income Statement Analysis

Total income

Net interest income (NII) for the year ended 31 December 2024 amounted to €822 million, compared to €792 million for the year ended 31 December 2023. The annual increase is mainly attributed to higher interest rates on liquid assets and loans and higher liquidity compared to prior year, partially offset by a moderate increase in the deposit and funding costs as well as the cost of hedging.

Quarterly average interest earning assets (AIEA) for the year ended 31 December 2024 amounted to €23,271 million, compared to €23,211 for the year ended 31 December 2023.

Net interest margin (NIM) for the year ended 31 December 2024 amounted to 3.53% (compared to 3.41% for the year ended 31 December 2023), up 12 basis points year-on-year, supported by the higher interest rates compared to prior year.

Non-interest income for the year ended 31 December 2024 amounted to €272 million, compared to €300 million for the year ended 31 December 2023. Non-interest income for the year ended 31 December 2024 comprises net fee and commission income of €177 million, net foreign exchange gains and net gains/(losses) on financial instruments of €36 million, net insurance result of €46 million, net loss from revaluation and disposal of investment properties and on disposal of stock of properties of €1 million and other income of €14 million. The year-on-year reduction is mainly due to lower net insurance result as well as net losses from revaluation and disposal of investment properties and on disposal of stock of properties.

Net fee and commission income for the year ended 31 December 2024 amounted to €177 million compared to €181 million in prior year, primarily due to lower transactional fees.

Net foreign exchange gains and net gains/(losses) on financial instruments amounted to €36 million for the year ended 31 December 2024, compared to €37 million for the year ended 31 December 2023, and comprise of net foreign exchange gains of €27 million and net gains on financial instruments of €9 million. The year-on-year reduction is mainly due to lower net foreign exchange income through FX swaps. Net foreign exchange gains and net gains/(losses) on financial instruments are considered volatile profit contributors.

Net insurance result amounted to €46 million for the year ended 31 December 2024, compared to €54 million for the year ended 31 December 2023, impacted partially by negative claim experience in the non-life insurance business, arising from the severe weather-related events that occurred in 2024, as well as models' recalibration in the life insurance business.

Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties amounted to a net loss of €1 million for the year ended 31 December 2024, compared to a net profit €10 million for the year ended 31 December 2023, and comprise of €1.2 million gain on disposal of stock of properties and investment properties, and net loss from revaluation of investment properties of approximately €2.4 million. REMU profits remain volatile.

Total income amounted to €1,094 million for the year ended 31 December 2024, compared to €1,092 million for the year ended 31 December 2023.

Group financial results on the underlying basis (continued)

Income Statement Analysis (continued)

Total expenses

Total expenses for the year ended 31 December 2024 were €406 million, compared to €384 million for the year ended 31 December 2023, of which 50% related to staff costs (€203 million), 40% to other operating expenses (€164 million) and 10% to special levy on deposits and other levies/contributions (€39 million).

Total operating expenses amounted to €367 million for the year ended 31 December 2024, compared to €341 million for the year ended 31 December 2023, reflecting both higher staff costs and other operating expenses.

Staff costs for the year ended 31 December 2024 were €203 million, compared to €192 million for the year ended 31 December 2023, and include €11 million performance-related pay cost and approximately €9.5 million termination cost (compared to €12 million performance-related pay cost and approximately €7.5 million termination cost in the year ended 31 December 2023). Net of the performance-related pay cost and termination cost, staff costs increased by 6% year-on-year, reflecting salary increments and higher cost of living adjustments (COLA) as well as higher employer's contributions. During the year ended 31 December 2024 a small-scale, targeted Voluntary Exit Plan ('VEP') took place, by which 57 full-time employees were approved to leave the Group at a total cost of approximately €9.5 million.

The performance-related pay cost relates to the Short-Term Incentive Plan ('STIP') and the Long-Term Incentive Plan ('LTIP'). The Short-Term Incentive Plan involves variable remuneration to selected employees and driven by both, delivery of the Group's strategy as well as individual performance. The LTIP is a share-based compensation plan and provides for an award in the form of ordinary shares of the Company based on certain non-market performance and service vesting conditions. Additional information on the LTIP is provided in section 'Share based payments – share awards' further below.

As at 31 December 2024, the Group employed 2,880 persons compared to 2,830 persons as at 31 December 2023.

Other operating expenses for the year ended 31 December 2024 amounted to €164 million, compared to €149 million for the year ended 31 December 2023, impacted by inflationary pressures, higher marketing expenses due to various campaigns carried out in the year ended 31 December 2024, higher technology and system costs and higher professional fees for ATHEX listing.

Special levy on deposits and other levies/contributions for the year ended 31 December 2024 amounted to €39 million compared to €43 million for the year ended 31 December 2023. The year-on-year decrease reflects mainly lower contribution of the Bank to paying contributions to the Deposit Guarantee Fund ('DGF'). As from 2020 to end-June 2024 the Bank was subject to DGF contributions on a semi-annual basis and calculated on the covered deposits of all authorised institutions with the target level expected to reach at least 0.8% of the covered deposits by 3 July 2024. The management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes can decide to collect additional ex-ante contributions to achieve a higher return.

The cost to income ratio excluding special levy on deposits and other levies/contributions for the year ended 31 December 2024 was 34% compared to 31% for the year ended 31 December 2023.

Profit before tax and non-recurring items

Operating profit for the year ended 31 December 2024 amounted to €688 million, compared to €708 million for the year ended 31 December 2023, down by 3% year-on-year due to the higher total operating expenses.

Loan credit losses for the year ended 31 December 2024 were €30 million compared to €63 million for the year ended 31 December 2023, down by 52% year-on-year, supported by the continued robust performance of the credit portfolio and improved macroeconomic assumptions, partially offset by charges on IFRS9 model calibrations.

Cost of risk for the year ended 31 December 2024 is equivalent to 30 basis points, compared to a cost of risk of 62 basis points for the year ended 31 December 2023, as in prior year there were higher credit losses on specific customers with idiosyncratic characteristics assessed as 'Unlikely to pay' ('UTPs').

Group financial results on the underlying basis (continued)

Income Statement Analysis (continued)

Profit before tax and non-recurring items (continued)

At 31 December 2024, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures (please refer to 'Alternative Performance Measures Disclosures' of the Annual Financial Report 2024 for definition) amounted to €254 million, including the portfolio held for sale, compared to €267 million at 31 December 2023, and accounted for 2.5% of gross loans (compared to 2.7% as at 31 December 2023, calculated on the same basis). Pro forma for the held for sale, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures, amounted to €223 million and accounted for 2.2%.

Impairments of other financial and non-financial assets for the year ended 31 December 2024 amounted to €56 million, compared to €53 million for the year ended 31 December 2023 and relate mainly to REMU stock of property.

Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for the year ended 31 December 2024 amounted to €12 million, compared to €28 million for the year ended 31 December 2023. The charge for the year mainly relates to the resolution of cases on existing litigation and claims arising from legacy matters, thereby further reducing the exposure from such legacy matters, which was partially offset by the progress and conclusion of other items relating to other matters.

Profit before tax and non-recurring items for the year ended 31 December 2024 totalled to €590 million, compared to €564 million for the year ended 31 December 2023 and was positively impacted by lower loan credit losses and provisions for pending litigation, claims and other matters (net of reversals).

Profit after tax (attributable to the owners of the Company)

The tax charge for the year ended 31 December 2024 amounted to €81 million compared to €73 million for the year ended 31 December 2023.

On 22 December 2022, the European Commission approved Directive 2022/2523 which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups (Pillar Two tax). The Directive follows closely the OECD Inclusive Framework on Base Erosion and Profit Shifting. In December 2024, the Cyprus Parliament voted to transpose the Directive (EU) 2022/2523 into Law 151(I)/2024 (the 'Cyprus Pillar Two Law'), which introduces an Income Inclusion Rule (IIR), effective for financial years starting from 31 December 2023. The Group is in scope of the Cyprus Pillar Two Law for the year ended 31 December 2024. The Group is eligible for the transitional provision under Article 55 of the Cyprus Pillar Two Law which results in zeroing any top-up tax computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the year ended 31 December 2024.

Profit after tax and before non-recurring items (attributable to the owners of the Company) for the year ended 31 December 2024 is €508 million, compared to €489 million for the year ended 31 December 2023.

Advisory and other transformation costs – organic for the year ended 31 December 2024 are nil, compared to €2 million for the year ended 31 December 2023.

Profit after tax attributable to the owners of the Company for the year ended 31 December 2024 amounts to €508 million corresponding to a ROTE of 21.4%, compared to €487 million for the year ended 31 December 2023 (and a ROTE of 24.8%). ROTE on 15% CET1 ratio for the year ended 31 December 2024 increases to 27.6%, compared to 27.4% for the year ended 31 December 2023, calculated on the same basis. The adjusted recurring profitability used for the Group's distribution policy (i.e. defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon which is paid semi-annually) amounted to €482 million for the year ended 31 December 2024, compared to €455 million for the year ended 31 December 2023.

Operating Environment

The Cypriot economy has demonstrated remarkable resilience and growth in recent years, navigating through global uncertainties and regional challenges. In 2024, the economy achieved an estimated growth rate of 3.4%, in line with the projections by the Ministry of Finance. Growth in 2024 was driven by rising exports and strong economic activity in key sectors, primarily the information and communications sector, business and professional services, tourism and construction. The growth of the information and communications services was driven by computer software and consulting services, thus increasing economic diversification. In 2025 GDP is forecasted to continue to grow by 3.3% in real terms, outpacing the Eurozone average.

The recent sovereign rating upgrades by the major rating agencies to 'A-' or equivalent, 3 notches above investment grade are the recognition of the robust growth performance, the strong fiscal dynamics and declining public debt, and the improved stability in the financial system.

Employment growth averaged 2.0% and labour productivity growth averaged 1.4% in 2024. Labour productivity growth remains a strong contributor to overall growth in the economy with efficiency improving, demonstrated by the increased ability to generate output per worker. The unemployment rate, after rising in 2020 and the first half of 2021, has been declining in the period since, dropping to 5.8% in 2023 and to 4.9% in 2024, on average, and to 4.6% in the fourth quarter, seasonally adjusted. The unemployment rate in Cyprus is expected to average 4.8% for 2025 as per latest projections by the Ministry of Finance.

Inflation measured by the Harmonised Index of Consumer Prices, has been declining since the peak in July-August 2022 – 10.6% for headline and 7.2% for core inflation. Harmonised inflation dropped to 3.9% in 2023 and dropped further to 2.3% in 2024 and is expected to remain broadly flat at 2.0% for 2025. Core inflation, which is headline inflation excluding energy and food, was a little stickier at 2.8% in the year. Services inflation – all items excluding goods – was up 4.2% in the year, compared with 3.6% in 2023.

Cyprus' fiscal performance remains robust. Following a general government budget surplus of 2% of GDP in 2023 and 4.5% of GDP in 2024, fiscal developments have continued to be favourable, with government revenues increasing at a higher rate than public spending. Total general government revenues rose by 7.8% year-on-year in 2024 and by 15.3% in 2023. Over the next few years, government accounts are likely to continue benefiting from strong, albeit decelerating revenue growth due to the favourable economic outlook. This will help manage moderate budgetary pressures.

General government debt metrics have significantly improved. The government debt-to-GDP ratio decreased to 65.4% in December 2024 from 73.6% in 2023 and 113.6% at the end of 2020. Looking ahead, continued budgetary surpluses and favourable debt dynamics are expected to further reduce the debt ratio, potentially dropping below 60% by 2026.

Reduction in financial system risks is reflected in the continuous improvement of the private and banking sectors' financial position. Private sector debt in active banks' balance sheets has more than halved over the past decade and is now among the lowest in Europe.

Total domestic loans excluding the government were €20.2 billion at the end of December 2024 or 60% of GDP. Loans to non-financial companies were about 26% of GDP and loans to households about 32%, where housing loans were about 25% of GDP.

The non-performing exposures ratio in the Cyprus banking sector dropped to 6.6% of gross loans or €1.6 billion, at the end of November 2024, while the coverage ratio of provisions, accounted for 61.6% of the non-performing loans. At the same time about 44% of non-performing loans consisted of restructured facilities. This steady progress in the banking sector continues to strengthen the sector's shock absorption capacity.

The Cypriot economy is largely constrained by structurally large current account deficits, reflecting high imports and low savings relative to domestic investment. The large current account deficits are driven by primary income imbalances, reflecting high repatriation of profits by foreign-owned enterprises.

Short-term risks are mostly external and skewed to the downside, including a downturn in key tourism markets, an escalation of regional conflicts, and delays in the implementation of the Recovery and Resilience Plan. Medium-term risks stem from climate change and a possible further deterioration in the global geopolitical outlook. The digital and green transitions remain key challenges in the medium term. The implementation of the Recovery and Resilience Plan requires structural reforms to further strengthen governance and economic resilience.

Operating Environment (continued)

Sovereign ratings

The sovereign risk ratings of the Cypriot government have improved significantly in recent years, reflecting reduced banking sector risks, improved economic resilience and consistent fiscal outperformance. Cyprus has demonstrated policy commitment to correcting fiscal imbalances through reform and restructuring of its banking system.

In December 2024, S&P Global Ratings upgraded Cyprus' long-term local and foreign currency sovereign credit ratings to A- from BBB+, and revised its outlook in Cyprus to stable. This one-notch upgrade of Cyprus' rating reflects the third consecutive solid annual fiscal surplus as well as the capital and labour inflows from nearby conflict zones amid rising geopolitical developments.

Additionally, in December 2024, Fitch Ratings upgraded Cyprus' long-term foreign currency issuer default rating to A- from BBB+ and revised its outlook on Cyprus to stable. The one notch upgrade relates mainly to the rapid decline in public debt, strong fiscal surpluses and strong growth momentum.

In November 2024, Moody's Investors Service upgraded the long-term issuer and senior unsecured ratings of the Government of Cyprus to A3 from Baa2. The outlook was revised to stable from positive. The upgrade of Cyprus ratings reflects the material improvement in fiscal and debt metrics, the reduced government debt ratio and the solid medium-term economic outlook driven by the steady expansion of high-productivity services sectors supported by headquartering of companies, significant foreign direct investments as well as reforms and investments related to Cyprus' National Recovery and Resilience Plan.

In October 2024, Scope Ratings GmbH upgraded the Cyprus' long-term issuer and senior unsecured debt ratings to A- from BBB+ in local and foreign currency and maintained the Stable Outlooks. The upgrade was driven by the strong fiscal outlook characterised by sustained primary surpluses and declining general government debt.

DBRS Ratings GmbH (DBRS Morningstar) confirmed Cyprus' Long-Term Foreign and Local Currency – Issuer Ratings at BBB (high) in September 2024. The trend was revised from stable to positive reflecting the view that public debt metrics are likely to continue to improve and that economic growth is likely to continue to benefit from robust private consumption, rising service exports and strong construction investment over the next few years.

Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In March 2025, Fitch Ratings upgraded the long-term issuer default rating to the investment grade BBB- from BB+, whilst maintaining the positive outlook. The one-notch upgrade reflects BOC PCL's strengthened capitalisation and reduced stock of legacy problem assets, as well as the structurally sound profitability which is expected to remain satisfactory despite the declining interest rate environment. In February 2025, S&P Global Ratings upgraded the long-term issuer credit rating of the Bank to the investment grade BBB- from BB+ and revised the outlook to stable from positive. The upgrade by one notch was driven on the improved funding profile of the banking sector in Cyprus and the supportive economic environment. Additionally, in December 2024, Moody's Investors Service affirmed the Bank's long-term deposit rating at Baa1 and revised the outlook to positive from stable. The affirmation reflects the Bank's strong domestic franchise and solid financial fundamentals, supported by the stable economic environment. The change in the outlook reflects the expectations of a solid medium-term economic outlook for Cyprus, which will support further reductions in the Bank's foreclosed assets, sustained asset quality improvements and solid profitability. This is the highest long-term deposit rating for the Bank since 2011.

Financial performance

The Group is the leading, financial and technology hub in Cyprus, with a diversified and sustainable business model. The Group's financial performance for the year ended 31 December 2024 remained strong, benefitting from the high-interest rate environment and recorded a profit after tax of €508 million, 4% higher compared to prior year. As a result, the Group has successfully exceeded its financial targets for 2024 across all metrics, generating a ROTE of 21.4% (compared to a ROTE of 24.8% for the year ended 31 December 2023). This strong financial performance in 2024 facilitated further the rapid build-up of equity base, with tangible book value per share growing by 17% on prior year.

Following the Group's ongoing commitment to providing sustainable returns to shareholders, the Group has proposed to make distributions out of 2024 earnings based on the targeted 50% payout ratio, at the top-end of the Group's 2024 distribution policy. The distribution comprises a cash dividend of €211 million and a share buyback of €30 million; together it represents a material increase both in terms of payout ratio and total quantum, compared to prior year, with a yield of 12%, exceeding the 2024 Eurozone banking sector average. Overall, the Group reached shareholder remuneration of €400 million for 2022-2024, exceeding the target set at the 2023 Investor Update event a year earlier, of delivering distributions in the range of €200-350 million for 2023-2025. For further details, please refer to section 'Capital Base'.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 31 December 2024, cash balances with ECB amounted to €7.6 billion and 43% of the Group's loan portfolio is Euribor based. Net interest income for the year ended 31 December 2024 amounted to €822 million, up 4% year-on-year due to higher interest income on loans and liquid assets, underpinned by high interest rates and increased liquidity, all of which served to more than offset the higher cost of deposits and funding costs and the continued hedging activity to reduce NII sensitivity.

The Group used hedging activities in the year ended 31 December 2024 in order to reduce the sensitivity of net interest income. The hedging tools include receive fixed interest rate swaps, further investment in fixed rate bonds, additional reverse repos and continuing offering of fixed rate loans.

During 2024, the Group carried out additional hedging activities of €4.5 billion, totaling €9.0 billion by year end, representing 37% of interest earning assets. The average yield of receive fixed interest rate swaps and reverse repos is 2.9%. Additionally, about a quarter of the Group's loan portfolio is linked with the Bank's base rate which provides a natural hedge against the cost of deposits of household time and notice deposit accounts. Overall, these actions have led to a reduction in the net interest income sensitivity (to a parallel shift in interest rates by 100 basis points) by €43 million since 31 December 2022.

Business Overview (continued)

Growing revenues in a more capital efficient way

The Group remains focused on growing revenues in a more capital efficient way through growth of high-quality new lending and the growth in areas, such as insurance and digital products that provide further market penetration and diversify through non-banking operations.

The Group has continued to provide high quality new lending in the year ended 31 December 2024. Growth in new lending in Cyprus has been focused on selected industries in line with the Bank's target risk profile. During the year ended 31 December 2024, the Group granted new lending of €2.4 billion, up 20% on prior year, driven mainly by business demand. Gross performing loan book increased by 4% since the beginning of the year to approximately €10.2 billion, in line with the 2024 target of low-single digit growth on an annual basis.

Fixed income portfolio continued to grow in the year ended 31 December 2024 to €4,212 million, and represents 16% of total assets. The portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa2. The amortised cost fixed income portfolio as at 31 December 2024 has an unrealised fair value gain of €32 million.

Separately, the Group focuses to continue improving revenues through multiple less capital-intensive initiatives, with a focus on fees and commissions, insurance and non-banking opportunities, leveraging on the Group's digital capabilities.

During the year ended 31 December 2024, non-interest income stood at €272 million, down 9% on prior year, mainly due to higher claims and recalibration of models in insurance business as well as subdued transactional fees. Despite this, non-interest income remains an important profit contributor to the Group, covering almost 75% of the Group's total operating expenses.

In 2024, net fee and commission income amounted to €177 million and was down by 2% compared to the previous year, primarily due to lower transactional fees. Net fee and commission income is enhanced by transaction fees from the Group's subsidiary, JCC Payment Systems Ltd (JCC), a leading player in the card acquiring and processing business and payment solutions, 75% owned by the Bank. JCC's net fee and commission income contributed 10% of total non-interest income and amounted to €28 million for the year ended 31 December 2024, down 4% year-on-year, primarily reflecting increased fee and commission expense due to higher third-party commissions absorbed internally. Following a strategic review the Board of Directors concluded that in line with the Group's strategy and capital allocation policy, there is greater value to stakeholders through retaining JCC as part of the Group.

The Group's insurance companies, EuroLife and GI are respectively key market players in the life and general insurance business in Cyprus, and have been providing recurring income, and generate the highest profitability in the sector. The net insurance result for the year ended 31 December 2024 contributed 17% of non-interest income and amounted to €46 million for the year ended 31 December 2024, down 14% on prior year impacted by high claims and the recalibration of models. The insurance companies remain valuable and sustainable contributors to the Group's profitability.

Finally, the Group through the Digital Economy Platform (Jinius) ('the Platform') aims to support the national digital economy by optimising processes in a cost-efficient way, allow the Bank to strengthen its client relationships, create cross-selling opportunities as well as to generate new revenue sources over the medium term, leveraging on the Bank's market position, knowledge and digital infrastructure. Jinius is expected to contribute to the Group by enhancing further the Group's non-interest income through transaction and merchant fees and enhance the Group's digital footprint connecting e-commerce to financial services.

The first Business-to-Business services are already in use by clients and include invoice, remittance, tender, ecosystem management and advertising. Currently, approximately 2,450 companies are registered in the platform and approximately €1.1 billion cash were exchanged via the platform in 2024 and through invoicing and remittance services. In February 2024, the Business-to-Consumer service was launched, a Product Marketplace aiming to increase the touch points with customers. Currently approximately 200 retailers were onboarded in fashion, technology, beauty, small appliances, personal care devices, home & garden, DIY, toys and bookstore sectors and around 270 thousand products were embedded in the Marketplace.

Business Overview (continued)

Lean operating model

Striving for a lean operating model is a key strategic pillar for the Group in order to deliver shareholder value, without constraining investment in the business and funding in its digital transformation.

In 2024, the Group completed a small-scale, targeted VEP through which 57 full-time employees were approved to leave at a total cost of approximately €9.5 million, recorded in staff costs in the year ended 31 December 2024. Since the beginning of the year, there was further branch footprint rationalization as the Group reduced the number of branches by 5 to 55, a reduction of 8%.

The Group's total operating expenses for the year ended 31 December 2024 amounted to €367 million, up 8% on prior year, impacted by inflationary pressures mainly on staff costs, as well as higher professional fees for ATHEX listing and higher marketing expenses on various campaigns. The cost to income ratio excluding special levy on deposits and other levies/contributions for the year ended 31 December 2024 remained low at 34%.

Transformation plan

The Group's focus continues on deepening the relationship with its customers as a customer centric organisation. The Group aims to enable the shift to modern banking by digitally transforming customer service, as well as internal operations. The holistic transformation aims to (i) shift to a more customer-centric operating model by defining customer segment strategies, (ii) redefine distribution model across existing and new channels, (iii) digitally transform the way the Group serves its customers and operates internally, and (iv) improve employee engagement through a robust set of organisational health initiatives.

Digital transformation

In the dynamic world of banking, the Group is a key player in digital banking innovation in Cyprus, reshaping the banking experience into something more intuitive, more responsive, and more aligned with the contemporary needs of its customers, consistently pushing the boundaries to offer unparalleled banking services. The Group aims to continue to innovate, and simplify the banking journey, providing a unique and personalised experience to each of its customers.

The Group's digital channels continue to grow. As at 31 December 2024, the Group's digital community has increased to 480 thousand active subscribers, across Internet Banking and the BoC Mobile App, improving by 7% year-on-year. Likewise, the BoC Mobile App, had 447 thousand active subscribers as at 31 December 2024, an increase of 9% year-on-year.

During the year ended 31 December 2024, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. During the first quarter of 2024, two new QuickPay features 'Split the Bill' and 'Request Payments' were launched in the BoC Mobile App, empowering users to share the cost with others or request payments by adding just the contact number and the relevant amount. Additionally, the ability to get a Car Loan for used cars has been added in QuickCar Loans. In the second quarter of 2024, the Bank's loyalty scheme 'Pronomia' was launched rewarding customers with several benefits, such as additional Antamivi points, lower interest rates and no initial bank fees on new loans, and discounts on new insurance policies. Furthermore, the ability to provide the beneficiary details for dividend payments was given to the Bank's shareholders. In July 2024, Bank of Cyprus was the first bank in Cyprus that enabled instant payments via digital channels, providing the ability to the customer to make credit transfers in Euros, making the funds available in the beneficiary customer's account within ten seconds within Cyprus and outside Cyprus (to 36 countries in the SEPA Zone) (limits for amounts for instant transfers apply). During the third quarter of 2024, the Bank's Junior App 'Joey' was launched, a banking app for kids and teens from 9-17 years old, providing autonomy in a secure environment that enables them to develop money management skills and guardians to maintain control and oversight. During the fourth quarter of 2024, the new QuickAccount Foreign currency was launched available in Pound Sterling (GBP) and US Dollar (USD), offering customers a preferential FX pricing with live rates and without any FX commission through BoC eFX Convert. A new innovative micro lending product 'Fleksy' was launched to selected customer segments in BoC Mobile App enabling customers to apply for up to €3 thousand in credit to use for online and in-store purchases, allowing them to repay in 3, 6 or 9 month instalments. Finally, the Digital Housing Loan was launched to selected customer segments in Internet Banking, providing customers the ability to apply for a Housing Loan digitally, recommending repayment options based on customers credit profile and getting an instant decision. Both lending digital initiatives will be widely available in the first quarter of 2025.

Business Overview (continued)

Lean operating model (continued)

One of the Group's digital innovations, Quickloans, accessible through both the BoC Mobile App and Internet Banking, has transformed the traditional loan process, enabling customers to obtain a credit facility instantly, without the need to visit a branch. Since the beginning of the year 2024, over 15.3 thousand applications were disbursed, granting €107 million new digital loans and quick loans in the year ended 31 December 2024.

In collaboration with Genikes Insurance, the ability to purchase insurance policies is integrated into the BoC Mobile App and was also made available via Internet Banking during the fourth quarter of 2024, enabling customers to access car or home insurance plans through digital channels at preferential rates. Digital insurance sales for the year ended 31 December 2024 amounted to €613 thousand, compared to €415 thousand for the year ended 31 December 2023, reflecting 1,969 policies in the year ended 31 December 2024, compared to 1,410 policies for the year ended 31 December 2023.

Lastly, digital account openings increased by 68% in the year ended 31 December 2024 to 21,500 from 12,780 in the year ended 31 December 2023 and new debit cards more than doubled year-on-year to 23,380 in the year ended 31 December 2024, compared to 11,530 in 2023.

Asset quality

As at 31 December 2024 the Group's NPE ratio stood at 1.9% (pro-forma for held for sale) achieving its 2024 NPE ratio target early. This incorporates two agreements the Group entered into with a third party, in September and December 2024, for the sale of NPEs with total net book value of approximately €23 million as at 31 December 2024. Completion is expected within the first half of 2025, subject to necessary approvals. The Group's priorities remain intact, maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

Strategy and Outlook

As the Group navigates through the cycle of widening of the monetary policy, it has established key priorities going forward to maintain a strongly capitalised and highly profitable organisation delivering attractive returns to shareholders, while simultaneously supporting the Group's stakeholders and the broader economic environment.

These priorities are set below:

- Driving new growth initiatives in both banking and non-banking areas (such as international and digital respectively) to complement the strength of the domestic franchise whilst managing the current interest rate headwinds
- Maintaining a lean operating model via ongoing cost management discipline while continuing to re-invest in the business
- Protecting the quality of the balance sheet with continuous meticulous underwriting standards to ensure asset quality in line with European sector
- Providing attractive shareholder returns in line with European sector with focus on prudent management of surplus capital and value creation
- Leading the transition of Cyprus to a sustainable future and building a forward-looking organisation embracing ESG in all aspects

During the year ended 31 December 2024 the Group continued to deliver compelling financial results, generating a ROTE of over 20% for the second consecutive year, underpinned mainly by interest rate tailwinds. Embarking into the cycle of interest rate normalisation towards 2%, the Group reiterates its target for the year ending 31 December 2025 of delivering high-teens ROTE on 15% CET1 ratio and mid-teens ROTE on reported equity, corresponding to organic capital generation of approximately 300 basis points, which will support attractive shareholder remunerations in the future.

This ROTE target factors in the current market expectations of the evolution of interest rates with ECB deposit facility rate and six-month Euribor averaging to 2.3% each for the year ending 31 December 2025, compared to 3.7% and 3.5% respectively for the year ended 31 December 2024. As a result, the net interest income guidance is updated and is expected to be below €700 million for the year ending 31 December 2025, reflecting mainly the current forward curves. Other main assumptions incorporated to net interest income target for the year ending 31 December 2025 include:

- Loan book to grow by approximately 4% in 2025 supported by domestic economic growth and expansion of international lending
- Deposit volumes to remain broadly stable at current levels (i.e. approximately €20 billion)
- Cost of deposits to remain broadly flat on an annual basis, reflecting the time lag in deposit repricing
- Fixed income portfolio to grow to approximately 18% of total assets by end-2025 and approximately 20% in the medium-term, subject to market conditions
- Hedging activity to continue to reduce further NII sensitivity
- Higher wholesale funding costs in 2025, reflecting the full year impact of the 2024 senior preferred issuance (coupon of €15 million p.a.)

Based on the average market forward rates for January 2025, interest rates are expected to reduce to approximately 2% by June 2025 and remain broadly stable during 2026. Therefore, the net interest income for 2026 is expected to stabilise above €650 million.

Going forward, the Group aims to improve its net interest income through the growth of performing loan book by approximately 4% per annum in the medium-term. The Group places emphasis on expanding its international loan book; a portfolio comprising international, shipping and syndicated loans, by approximately 50% in the medium-term to approximately €1.5 billion (from approximately €1.0 billion as at 31 December 2024), capitalising on the customer base of IBU overseas and targeting selective industries in line with the Bank's target risk profile. Simultaneously, domestic loan portfolio is expected to grow supported by economic growth as well as the gradual slowdown of loan repayments in a normalised interest rate environment.

Separately the Group aims to grow its non-interest income through less capital-intensive initiatives, with a focus on fees and commission income and insurance. In the year ended 31 December 2024 the Group's non-interest income experienced a moderate drop of 9% on a yearly basis, mainly due to the high claims, recalibrations of models of the insurance business and subdued transactional fees. Despite this, non-interest income remains an important contributor to the Group profitability and covered almost 75% of its total operating expenses during 2024.

Strategy and Outlook (continued)

For 2025 and beyond the Group targets net fees and commission income to grow by approximately 4% per annum. The growth in net fee and commission income is expected to be supported by economic growth and increased volume of transactions, whilst there are initiatives underway to enhance and diversify further this revenue stream, mainly via Jinius, the customer-centric digital platform, leveraging mainly on the Group's strong digital capabilities and strong customer base. The Group aims to improve further the visibility of Marketplace, enhance user experience, introduce new lifestyle products and facilitate in streamlining business operations further. As a result of these actions, it is expected to enhance its Marketplace fees. Additionally, the Group aims to offer high-quality, financial solutions to high-net worth customers with investible capital with the aim of growing the assets under management of Private and Affluent Banking to €1.2 billion in the medium-term (from the current €0.5 billion level).

Growth in the insurance income is expected to be driven by continuing strengthening the agency force, leveraging on the bancassurance model potential, enhancing digital sales further and optimizing synergies between the life and non-life insurance business. In this respect, total regular income for the life insurance business is expected to rise by over 6% in the medium-term, whilst premium income for the non-life insurance business is expected to rise by approximately 6% for the same period.

Maintaining cost discipline remains an ongoing focus for the Group. The cost to income ratio excluding special levy on deposits or other levies/contributions is expected at approximately 40% for the year ending 31 December 2025, as the Group navigates to approximately 2% normalised interest rate environment. This will be facilitated via ongoing staff optimisation to mitigate payroll cost inflation and staff reward schemes aiming to incentivize individual performance. Simultaneously, the Group will continue reinvesting in the business and digital transformation to support expansion of digital offering, improve customer experience and acceleration of sales. Lastly, the use of AI technology aims to improve efficiency and enhance customer experience further.

In terms of asset quality, given the fact that the balance sheet de-risking is completed with the NPE ratio reduced to below 2%, the cost of risk is expected towards the lower-end of the normalised levels of 40-50 basis points for 2025.

Since 2019, the Real Estate Management Unit (REMU) repossessed stock has been consistently reducing, with properties sold exceeding the book value of properties acquired, while inflows remain substantially reduced following balance sheet derisking. Going forward, REMU sales are expected to continue, with expected inflows to remain at limited levels. Therefore, the target of REMU portfolio to reduce to approximately €0.5 billion by end-2025 is reiterated and the Group is well on track to achieve this target.

The Group aims to provide a sustainable return to shareholders. The distribution policy is upgraded in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be in the range of 50-70% payout ratio of the Group's adjusted recurring profitability through a combination of cash dividends and share buybacks. Additionally, the Board of Directors will also consider the introduction of interim distributions if it considers it appropriate to do so.

Overall, the Group reiterates its confidence of delivering high-teens ROTE on 15% CET1 ratio for 2026 and beyond.

Targets and guidance are based on management's current expectations as to the macroeconomic environment and the business and are subject to change.

Going concern

The Directors have made an assessment of the ability of the Group, the Company and BOC PCL to continue as a going concern for a period of 12 months (the period of assessment) from the date of approval of the Consolidated Financial Statements.

The Directors have concluded that there are no material uncertainties which would cast a significant doubt over the ability of the Group, the Company and BOC PCL to continue to operate as a going concern for a period of 12 months from the date of approval of the Consolidated Financial Statements and the Financial Statements of the Company.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including projections of profitability, cash flows, capital requirements and capital resources, liquidity and funding position, taking also into consideration the Group's Financial Plan 2025-2028 approved by the Board in February 2025 (the 'Plan') and the operating environment (as set out in section 'Operating Environment' in the Directors' Report'). The Group has sensitised its projection to cater for a downside scenario and has used reasonable economic inputs to develop its medium-term strategy.

Capital

The Directors and Management have considered the Group's forecasted capital position, including the potential impact of a deterioration in economic conditions. The Group has developed capital projections under a base and an adverse scenario and the Directors believe that the Group has sufficient capital to meet its regulatory capital requirements throughout the period of assessment.

Funding and liquidity

The Directors and Management have considered the Group's funding and liquidity position and are satisfied that the Group has sufficient funding and liquidity throughout the period of assessment. The Group continues to hold a significant liquidity buffer at 31 December 2024 that can be easily and readily monetised in a period of stress.

Viability statement

In accordance with the requirements of Provision 31 of the UK Corporate Governance Code 2018 (as amended), as published by the Financial Reporting Council in the UK ('UK Code'), the Directors have assessed the viability of the Group, taking account of the Group's current position and the potential impact of the principal risks that the Group is facing.

Time horizon

The Directors have selected a three-year period for this assessment in arriving at the viability statement. This period is chosen as it is within the period covered by the Group's Financial Plan approved by the Board which contains projections of profitability, capital and liquidity requirements and capital resources as well as within the period covered by the Group's stress testing programmes. This period is representative of the time horizon to consider the impact of ongoing regulatory changes in the financial services industry. The Group's Financial Plan covers the period 2025-2028.

Planning process and assessment

The Directors have assessed the prospects of the Group through a number of sources, including the latest Financial Plan of the Group, the Internal Capital Adequacy Assessment Process ('ICAAP') and the Internal Liquidity Adequacy Assessment Process ('ILAAP') reports.

The Group's Financial Plan takes into account the Group's strategy, risk appetite and objectives in the context of its operating environment including actual and reasonably expected changes in the Cyprus macroeconomic environment, competitive landscape, margin pressures and capital requirements. The Board-approved risk appetite framework is a key consideration of the Group's Financial Plan. Risks to the achievement of the Group's Financial Plan are identified and assessed through a Risk Assessment of the Financial Plan. Performance against the risk appetite for each of the risk indicators is reported to the Board on a regular basis.

Viability statement (continued)

Planning process and assessment (continued)

The ICAAP is a process, the main objective of which is to assess the Group's capital adequacy in relation to the level of underlying material risks that may arise from pursuing the Group's strategy or from changes in its operating environment. More specifically, the ICAAP analyses, assesses and quantifies the Group's risks, establishes the current and future capital needs for the material risks identified and assesses the Group's absorption capacity under both the baseline scenario and stress testing conditions, aiming to assess whether the Group has sufficient capital, under both the base and stress case scenarios, to support its business and achieve its strategic objectives as per its Board-approved Risk Appetite and Strategy.

The Group undertakes quarterly reviews of its ICAAP results as well as on an ad-hoc basis if needed, considering the latest actual and forecasted information. During the quarterly review, any material changes/developments since the annual ICAAP exercise are assessed in terms of capital adequacy. The 2024 quarterly ICAAP reviews indicated that the Group has sufficient capital and available mitigants to support its risk profile and its business and to enable it to meet its regulatory requirements, both under baseline and stressed conditions.

The ILAAP is a process, the main objective of which is to assess whether the volume and capacity of liquidity resources available to the Group are adequate to support its business model, to achieve its strategic objectives under both the base and severe stress scenarios, and to meet regulatory requirements.

The Group undertakes quarterly reviews of its ILAAP through quarterly liquidity stress tests, where actual and forecasted information is considered. Any material changes since the year-end are assessed in terms of liquidity and funding. The 2024 quarterly ILAAP reviews indicated that the Group maintains liquidity resources which are adequate to ensure its ability to meet obligations as they fall due under ordinary and stressed conditions.

The 2024 ICAAP and ILAAP packages are due for submission to the SSM on 31 March 2025.

Risk management and assessment

The Group identifies, assesses, manages and monitors its risk profile based on the disciplines outlined within its Risk Management Framework. The Group is exposed to a number of risks, the most significant of which are credit risk, liquidity and funding risk, market risk (arising from adverse movements in interest rates, foreign currency exchange rates, and in security and property prices), non-financial risks (mainly operational risk, compliance risk, reputational risk, climate and environmental risks, information security and data quality risks) and strategic risk (business model risks and macroeconomic risks). These risks are identified, monitored, managed and mitigated through various control mechanisms and processes set out in the 'Principal risks and uncertainties-Risk management and mitigation' section below. Similarly, the Group monitors the uncertain geopolitical environment and the macroeconomic outlook and assesses and manages the potential impact on its operations.

Further, stress testing is an integral risk management principle used to assess the financial and operational resilience of the Group. Stress tests are performed to assess the capital adequacy, liquidity and funding availability. Internal scenarios used for the ICAAP are designed to be extreme but plausible and take account of potential risk management actions. Reverse stress testing is also used to assess scenarios and circumstances that could potentially make the Group's business model unviable. These exercises begin with a definition of business model failure e.g. a breach of capital minimum thresholds, and analyse potential events that could cause such failure and the identification of appropriate mitigating actions. The results are reported to the Board Risk Committee and the Board.

The Group has identified a suite of management actions which can be implemented to manage and mitigate the impact of stress scenarios. Management actions' impact on capital, liquidity and recovery planning under stress conditions is assessed. This enables the Group to understand, monitor and control the risks identified.

Management believes that the stress testing process considers a range of severe but plausible scenarios. However, stress tests should not be assumed to be an exhaustive assessment of all possible hypothetical extreme or remote scenarios.

In making their viability assessment the Directors have considered a wide range of detailed information relating to present and potential conditions, including projections for profitability, cash flows, capital and liquidity requirements and capital and liquidity resources.

Viability statement (continued)

Risk management and assessment (continued)

The Group has sensitised its baseline projections to cater for a downside scenario and has used conservative economic inputs. The Financial Plan adverse scenario considers the capital forecast for the Group, and its ability to withstand adverse scenarios such as the deterioration of the economic environment in Cyprus.

In addition to the information outlined above, the Directors have also considered a wide range of information and a number of factors including but not limited to:

- The Group's business and operating models and strategy.
- The Group's approach to managing risk and allocating capital.
- The Group's financial position considering performance, its ability to maintain minimum levels of regulatory capital, liquidity and funding and the minimum requirements for own funds and eligible liabilities over the period of the assessment.
- The Group's strong capital position as at 31 December 2024.
- The Group's strong liquidity position as at 31 December 2024.

The Directors confirm that based on their assessment of the principal risks and the assessment of the Group's current position and prospects, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027.

Principal risks and uncertainties - Risk management and mitigation

As part of its business activities, the Group faces a variety of risks. The Group identifies, monitors, manages and mitigates these risks through various control mechanisms. Credit risk, liquidity and funding risk, market risk (arising from adverse movements in interest rates, foreign currency exchange rates, security prices and property prices), insurance and re-insurance risk and operational risk, are some of the principal risks the Group faces. In addition, principal risks facing the Group include geopolitical risk, legal risk, regulatory compliance risk, information security and cyber risk, digital transformation and technology risks, climate related and environmental risks, and business model and strategic risk.

Information relating to the principal risks the Group faces and risk management is set out in Notes 44 to 47 of the Consolidated Financial Statements and in the 'Risk and Capital Management Report', both of which form part of the Annual Financial Report for the year ended 31 December 2024. In addition, in relation to legal risk arising from litigation, investigations, claims and other matters, further information is disclosed in Note 38 of the Consolidated Financial Statements.

Additionally, the Group is exposed to the risk of changes in the value of property which is held either for own use or as stock of property or as investment property. Stock of property is predominately acquired in exchange for debt and is intended to be disposed of in line with the Group's strategy. Further information is disclosed in Note 27 of the Consolidated Financial Statements.

As the war in Ukraine and the military conflict in the Middle east continue, considerable uncertainty is added to the outlook for the global economy and the impact will largely depend on how these conflicts evolve. The Group has limited direct exposure to both Ukraine and Russia as well as to Israel, and is continuously monitoring the current affairs and remains vigilant to take precautionary measures as required.

The risk factors discussed above and in the reports referenced above should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be risks and uncertainties of which the Group is not aware of, or which the Group does not consider significant, but which may become significant. There are challenging conditions in global markets due to the high interest rate environment, inflationary pressures, the geopolitical developments, the growing threat from cyberattacks and other unknown risks. As a result the precise nature of all risks and uncertainties that the Group faces cannot be predicted with accuracy as many of these risks are outside of the Group's control.

Events after the reporting date

Distribution in respect of 2024 earnings

In February 2025 the Company announced its proposal to make a total distribution of €241 million in respect of 2024 earnings, comprising an aggregate cash dividend of €211 million (calculated by reference to the number of shares in issue as at 31 December 2024) and a share buyback in an aggregate consideration amount of up to €30 million (together, the '2024 Distribution'). The Board of Directors of the Company has resolved to propose to the AGM that will be held on 16 May 2025 for approval, a final cash dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024. On 24 February 2025 the Company launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million, for which approval by the ECB has been received.

During the period from 24 February 2025 to 20 March 2025, 1,035 thousand ordinary shares have been bought back at a total cost of €5,744 thousand. As at 20 March 2025, the Company holds 1,035 thousand ordinary shares, all arising from the share repurchase programme.

No other significant non-adjusting events have taken place since 31 December 2024.

Capital base

Total equity excluding non-controlling interests totalled €2,810 million at 31 December 2024, compared to €2,467 million at 31 December 2023. The regulatory CET1 ratio on a transitional basis stood at 19.2% at 31 December 2024 and at 17.4% at 31 December 2023. The regulatory Total Capital ratio on a transitional basis at 31 December 2024 stood at 24.0%, compared to 22.4% at 31 December 2023.

Additional information on the regulatory capital is disclosed in the 'Risk and Capital Management Report' which forms part of this Annual Financial Report and in the Pillar III Disclosures Report, which is published on the Group's website.

Share capital

As at 31 December 2024, there were 440,502,243 ordinary shares in issue, of a nominal value of €0.10 each. During the year ended 31 December 2024, the number of shares in issue decreased by 5,698 thousand shares and the value of the issued share capital decreased by €570 thousand, as shares were repurchased and cancelled under a share repurchased programme (as detailed below). As a result, an equivalent amount of €570 thousand has been transferred to the Company's capital redemption reserve by 31 December 2024. Additional information about the authorised and issued share capital during 2024 and 2023 is disclosed in Note 34 of the Consolidated Financial Statements.

Share repurchase programme (Buyback)

In April 2024, the Group launched its inaugural programme to buy back ordinary shares of the Company for an aggregate consideration of up to €25 million (the 'Programme'). The purpose of the Programme is to reduce the Company's issued share capital and therefore the shares purchased under the Programme are cancelled.

As at 29 November 2024, the Programme was successfully completed, resulting in the Company repurchasing 5,697,690 ordinary shares at a volume weighted average price of €4.39 per share for a total consideration of €25 million. All shares bought back were cancelled by 31 December 2024.

Capital redemption reserve

The capital redemption reserve is a legal reserve arising as a result of the acquisition and cancellation of the Company's ordinary shares under the buyback Programme announced in April 2024, and represents transfers from share capital. The capital redemption reserve is not distributable. As at 31 December 2024, the capital redemption reserve amounted to €570 thousand representing 5,698 thousand shares in the Company which have been cancelled as a result of the Buyback Programme executed in 2024.

Share-based payments - share awards

Long-term incentive award

During the Company's AGM which took place on 20 May 2022, a special resolution was approved for the establishment and implementation of the share-based Long-Term Incentive Plan of Bank of Cyprus Holdings Public Limited Company (the 'LTIP'), which is effective for ten years from the date of its adoption.

The LTIP is a share-based compensation plan for executive directors and senior management of the Group. The LTIP provides for an award in the form of ordinary shares of the Company based on certain non-market performance and service vesting conditions. Performance will be measured over a 3-year period. The performance conditions are set by the Human Resources & Remuneration Committee (HRRC) each year and may be differentiated to reflect the Group's strategic targets and employee's personal performance, at its discretion. Performance will be assessed against an evaluation scorecard consistent with the Group's Medium Term Strategic Targets containing both financial and non-financial objectives, and including targets in the areas of: (i) Profitability; (ii) Asset quality; (iii) Capital adequacy; (iv) Risk control & compliance; and (v) Environmental, Social and Governance ('ESG') targets and (iv) Customer Experience (targets in the area of Customer Experience have been introduced for non-control functions from 2024). The awards ordinarily vest in six tranches, with 40% vesting in the year following the year the performance period ends and the remaining 60% vesting in five equal tranches (12%), on each annual anniversary following the first vesting date. For any award to vest the employee must be in employment of the Group up until the date of the vesting of such an award. Awards are subject to potential forfeiture under certain leaver scenarios. Under certain circumstances the HRRC has the discretion to determine whether the award will lapse and/or the extent to which the award will be vested.

The maximum number of shares that may be issued pursuant to the LTIP until the tenth anniversary of the relevant resolution shall not exceed 5% of the issued ordinary share capital of the Company, as at the date of the resolution (being 22,309,996 ordinary shares of €0.10 each), as adjusted for any issuance or cancellation of shares subsequently to the date of the resolution (excluding any issuances of shares pursuant to the LTIP). The awards are not entitled to dividend equivalents in accordance with regulatory requirements.

Under the LTIP, share awards were granted by the Company in December 2022 (subject to a three-year performance period 2022-2024), in October 2023 (subject to a three-year performance period 2023-2025) and in April 2024 (subject to a three-year performance period 2024-2026). Each award vests in six tranches and vesting is subject to service conditions. At 31 December 2024 the performance period for 2022 LTIP (performance period 2022-2024) was concluded and the Board of Directors has approved in early 2025 the amounts of shares to be awarded under the 2022 LTIP to eligible participants including the Executive Directors. The award will vest in accordance to the vesting schedule set out above and is subject to continued service employment. The award is also subject to malus and claw back conditions. Information on number of shares awarded is included in Note 49 of the Consolidated Financial Statements.

Short-term incentive award

Short-term incentive award refers to a Short-Term Incentive Plan established by the Company in 2023. This is an annual incentive which involves variable remuneration in the form of cash to selected employees and is driven by both delivery of the Company's Strategy, as well as individual performance, in the relevant year. Executive Management are also eligible to be considered for the short-term incentive award. The short-term incentive award is generally paid in cash and is non-deferred. However, in cases where the total variable remuneration amount for an employee in a year (i.e., including amounts under both STIP and LTIP) exceeds a specified threshold as per regulatory guidelines, at least 50% of the total variable remuneration for this employee is awarded in shares and is deferred. In such cases, the award vests similarly to LTIP vesting, i.e. 40% vests in the year of the grant i.e. following the performance year to which the incentive award relates to and the remaining 60% vests in tranches (12%) over five years.

Shares vesting as part of the short-term incentive award are subject to one year retention period and 100% of the award is subject to clawback provisions.

Further information on the long-term incentive and short-term incentive awards for the performance year 2024 is disclosed in Note 14 of the Consolidated Financial Statements and information for awards to Executive Directors and Other Key Management personnel is disclosed in Note 49 of the Consolidated Financial Statements. The Short-Term Incentive Plan award for the performance year 2024 will be in the form of cash.

Treasury shares of the Company

The consideration paid, including any directly attributable incremental costs (net of income taxes), for shares of the Company held by entities controlled by the Group is deducted from equity attributable to the owners of the Company as treasury shares, until these shares are cancelled or reissued. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of such shares.

The life insurance subsidiary of the Group, as at 31 December 2024, held a total of 142 thousand ordinary shares of the Company of a nominal value of €0.10 each (2023: 142 thousand ordinary shares of the Company of a nominal value of €0.10 each), as part of its financial assets which are invested for the benefit of insurance policyholders (Note 34 of the Consolidated Financial Statements). The cost of acquisition of these shares was €21,463 thousand (2023: €21,463 thousand).

Change of control

There are no significant agreements to which the Company is a party and which take effect following a change of control of the Company following a bid, but the Company is a party to a number of funding agreements that may allow the counterparties to alter or terminate the agreements following a change of control. As at 31 December 2024, these agreements were not deemed to be significant in terms of their potential effect on the Group as a whole given the liquidity position of the Group at the time, but the extent of their significance could vary depending on the liquidity position at the time of the change of control.

The Group also has agreements which provide for termination if, upon a change of control of the Company, the Company's creditworthiness is materially worsened.

Other information

During 2024 and 2023 there were no restrictions on the transfer of the Company's ordinary shares or securities and no restrictions on voting rights other than the provisions of the Banking Law of Cyprus which requires regulatory approval prior to acquiring shares of the Company in excess of certain thresholds, and the generally applicable provisions including those of the Market Abuse Regulation and applicable takeover legislation. From time to time, specific shareholders may have their rights in shares restricted in accordance with sanctions, anti-corruption, anti-money laundering and/or anti-terrorism compliance, including sanctions relating to events in Ukraine as applicable. The Group's policy is to comply with all applicable laws, including sanctions and other restrictive measures that apply at all times, and the Group may from time to time request individual shareholders to refrain from exercising certain rights to facilitate compliance with such measures or related compliance issues.

Shares of the Company held by the life insurance subsidiary of the Group as part of its financial assets which are invested for the benefit of insurance policyholders carry no voting rights, pursuant to the insurance law. The Company does not have any shares in issue which carry special control rights.

There are no agreements between shareholders, known to the Company, which may result in restrictions on the transfer of securities or voting rights.

Rights and obligations of ordinary shares

In accordance with the Company's Constitution, the rights and restrictions attaching to the ordinary shares are as follows:

- subject to the right of the Company to set the record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting, the right to attend and speak at any general meeting of the Company and to exercise one vote per ordinary share at any general meeting of the Company;
- the right to participate pro rata in all dividends declared by the Company; and
- the right, in the event of the Company's winding up, to participate pro rata in the distribution of the total assets of the Company.

Major holders of shares and financial instruments

As at 31 December 2024 and 10 March 2025, the Company has been advised of the following notifiable interests in the share capital of the Company:

	31 December 2024			
	Number of ordinary shares or Depositary Interests representing Company ordinary shares	% held	Financial instruments with similar economic effect (Regulation 17(1)(b) of the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland as amended)	% held
Senvest Management LLC	40,100,080	9.10%	1,439,626	0.33%
Lamesa Investments Ltd	41,383,699	9.39%	-	-
CarVal Investors	26,955,322	6.12%	-	-
Caius Capital LLP	23,156,267	5.26%	-	-
European Bank for Reconstruction and Development (EBRD)	22,401,744	5.09%	-	-
Provident Fund of the Cyprus Bank Employees	21,221,863	4.82%	-	-
Wellington Management Group LLP	20,992,909	4.77%	-	-
Helikon Investments Limited	1,300,000	0.30%	15,686,876	3.56%
Osome Investments	14,809,498	3.36%	-	-
Eaton Vance Management	13,344,076	3.03%	-	-

	10 March 2025			
	Number of ordinary shares or Depositary Interests representing Company ordinary shares	% held	Financial instruments with similar economic effect (Regulation 17(1)(b) of the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland as amended)	% held
Senvest Management LLC	40,100,080	9.11%	1,439,626	0.33%
Lamesa Investments Ltd	41,383,699	9.41%	-	-
European Bank for Reconstruction and Development (EBRD)	22,401,744	5.09%	-	-
Provident Fund of the Cyprus Bank Employees	21,221,863	4.82%	-	-
Wellington Management Group LLP	20,992,909	4.77%	-	-
CarVal Investors	20,846,374	4.74%	-	-
Caius Capital LLP	19,868,913	4.52%	-	-
Helikon Investments Limited	1,300,000	0.30%	15,686,876	3.57%
Osome Investments	14,809,498	3.37%	-	-
Eaton Vance Management	13,344,076	3.03%	-	-

On 24 February 2025 the Company launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million, as further explained in section 'Distributions' below. As a result, for the purposes of the table above, the percentage holding as at 10 March 2025 has been calculated based on the total voting rights as of 10 March 2025, which do not include any shares that have been repurchased under the buyback programme launched on 24 February 2025, and held as treasury shares.

Distributions

Based on the relevant SREP decisions in the years 2023 and 2024 any equity dividend distribution was subject to regulatory approval, both for the Company and BOC PCL. The requirement for approval did not apply if the distributions were made via the issuance of new ordinary shares to the shareholders which were eligible as Common Equity Tier 1 Capital nor to the payment of coupons on any AT1 capital instruments issued by the Company or BOC PCL. Based on the SREP decision for 2024, effective from 1 January 2025, the requirement for prior regulatory approval for the declaration of dividends is no longer required.

Distribution in respect of 2024 earnings

In February 2025, the Company announced its proposal to make a total distribution of €241 million in respect of 2024 earnings, comprising an aggregate cash dividend of €211 million (calculated by reference to the number of shares in issue as at 31 December 2024) and a share buyback in aggregate consideration amount of up to €30 million (together, the '2024 Distribution'). The 2024 Distribution corresponds to 50% payout ratio of the Group's FY2024 adjusted recurring profitability for the year ended 31 December 2024, at the top-end of the Group's 2024 Distribution Policy and represents a significant increase both in terms of payout ratio and total quantum, compared to prior year.

Cash dividend

The Board of Directors of the Company has resolved to propose to the AGM that will be held on 16 May 2025 for approval, a final cash dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024. The financial statements for the year ended 31 December 2024 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2025.

Share Buyback Programme

Following approval by the Board of Directors, on 24 February 2025 the Company launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million, for which approval by the ECB has been received. The shares will be repurchased on the Main Market of the Regulated Securities Market of the ATHEX and the CSE and will be cancelled. The financial statements for the year ended 31 December 2024 do not reflect the impact of the share buyback programme, which will be accounted for as and when the shares are repurchased by the Company.

The implementation of the share buyback programme will comply with the Company's general authority to repurchase the Company's ordinary shares as approved by shareholders at the Company's AGM on 17 May 2024, which is subject to renewal at the AGM scheduled to take place on 16 May 2025, and with the terms of the approval received from the ECB.

Distributions in respect of 2023 and 2022 earnings

In March 2024, the Company obtained the approval of the ECB to pay a cash dividend and to conduct a Share Buyback Programme (together the '2023 Distribution') in respect of earnings for the year ended 31 December 2023. The Distribution amounted to €137 million in total, comprising a cash dividend of €0.25 per ordinary share (approved at the Company's AGM held on 17 May 2024) amounting to €112 million, and a Share Buyback Programme of up to €25 million.

In April 2023, the Company obtained the approval of the ECB to pay a dividend in respect of earnings for the year ended 31 December 2022. The shareholders at the Company's AGM, held on 26 May 2023 declared a final cash dividend of €0.05 per ordinary share in respect of earnings for the year ended 31 December 2022. The dividend amounted to €22 million in total.

Dividends and share buybacks are funded out of distributable reserves.

Books and significant records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 of Ireland ('Companies Act 2014'), with regards to the keeping of accounting records, include the allocation of appropriate resources to maintain adequate accounting records throughout the Company and the Group, including the appointment of personnel with appropriate qualifications, experience and expertise.

The accounting records are maintained at the Company's registered office at 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland and at 51 Stasinou Street, 2002 Strovolos, Nicosia, Cyprus.

Research and development

In the ordinary course of business, the Group develops new products and services within its business lines. Additional information is disclosed in the 'Business Overview' section of this Directors' Report.

Relevant audit information

In the case of persons who are Directors at the time this report is approved in accordance with section 330 of the Companies Act 2014:

- the Directors hereby individually and collectively acknowledge, that so far as each Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- that he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Preparation of periodic reporting

The Board is responsible for ensuring that management maintains an appropriate system of internal controls which provides assurance of effective operations, internal financial controls and compliance with rules and regulations. It has the overall responsibility for the Group and approves and oversees the implementation of the Group's strategic objectives, ESG and risk strategy and internal governance.

The Group has appropriate internal control mechanisms, including sound administrative and accounting procedures, Information Technology (IT) systems and controls. The governance framework is subject to review at least once a year.

Policies and procedures have been designed in accordance with the nature, scale and complexity of the Group's operations in order to provide reasonable but not absolute assurance against material misstatements, errors, losses, fraud or breaches of laws and regulations.

The Board, through the Audit Committee and the Risk Committee, conducts reviews on a frequent basis, regarding the effectiveness of the Group's internal controls and information systems, as well as in relation to the procedures used to ensure the accuracy, completeness and validity of the information provided to investors. The reviews cover all systems of internal controls, including financial, operational and compliance controls, as well as risk management systems. The role of the Audit Committee is inter alia to ensure the financial integrity and accuracy of the Company's financial reporting.

The Group's financial reporting process is controlled using documented accounting policies and procedures supported by instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period. The submission of financial information from each reporting entity is subject to sign off by the responsible financial officer.

Further analytical review procedures are performed at Group level. The internal control system also ensures that the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with legal and regulatory requirements and relevant standards, is adequate.

Where occasionally areas of improvement are identified these become the focus of management's attention in order to resolve them and thus strengthen the procedures that are in place. Areas of improvement may include the formalisation of existing controls and the introduction of new information technology controls, as dependency on information technology is ever increasing.

The Annual Financial Report in advance of its submission to the Board is reviewed and approved by the Executive Committee. The Board, through the Audit Committee, scrutinises and approves the financial statements, results announcements and the Annual Financial Report and ensures that appropriate disclosures have been made. This governance process ensures that both management and the Board are given sufficient opportunity to challenge the Group's financial statements and other significant disclosures before their publication.

Corporate Governance Statement

In April 2024, the CSE released the 6th Edition of the Corporate Governance Code (the '2024 CSE Code'). It is mandatory for listed companies to incorporate a report by the Board of Directors on Corporate Governance, known as the Corporate Governance Report, in their Annual Financial Report. In the first part of their Corporate Governance Report companies are required to disclose their level of compliance with the 2024 CSE Code and the extent of implementation of its principles. The second part necessitates an explicit confirmation from the companies regarding their adherence to the provisions of the 2024 CSE Code. Additionally, in instances where there is any deviation from the provisions of the 2024 CSE Code, companies are obligated to provide a comprehensive explanation justifying the non-compliance.

Greek corporate governance law provisions, namely the provisions of articles 1-24 of Greek Law 4706/2020 (the 'Greek Corporate Governance Regime'), apply only to companies whose registered seat is in Greece. As a result, the Company, being a public limited company incorporated and registered in the Republic of Ireland, is not obliged to follow and adhere to the Greek Corporate Governance Regime. Instead, the Company complies with the corporate governance regime of the Republic of Ireland.

The Company has voluntarily chosen to adhere to the provisions of the UK Code. Following the delisting from the international commercial companies secondary listing category of the Official List of the London Stock Exchange (LSE), the Company continues to voluntarily adhere to the UK Code on a transitional basis. In accordance with the Corporate Governance Report, it is hereby noted that the Group has applied the principles and complied with the provisions of the UK Code, other than as set out in 'Introduction and Compliance Statement – Compliance Statement ('Second part' for purposes of CSE Code categorisation)' of the Corporate Governance Report for the year 2024.

In relation to the 2024 CSE Code requirements for the first part of the Corporate Governance Report, the Company, as an entity listed on the CSE, has formally adopted the 2024 CSE Code, and is actively implementing its principles. In reference to the 2024 CSE Code requirements for the second part of the Corporate Governance Report, it is affirmed that the Company adheres to the provisions of the 2024 CSE Code. The Corporate Governance Report for the year 2024 includes a detailed narrative statement on how the principles of the 2024 CSE Code have been effectively applied. The narrative also covers principles of the UK Code and how these have been applied throughout the year.

The rules governing the composition of the Board of Directors and the appointment and replacement of its members are set out in section 'Governance' of the Corporate Governance Report for the year 2024. The powers of the Board of Directors and committees of the Board with administrative, management and supervisory functions, including any powers of the Directors in relation to the issuing or buying back by the Company of its shares, are also set out in the Corporate Governance Report for the year 2024.

Any amendment or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a shareholders' meeting.

A description of the operation of the shareholders' meeting, the key powers of the shareholders' meeting, shareholders' rights and the exercise of such rights are contained in section 'Governance' of the Corporate Governance Report for the year 2024.

Details of restrictions in voting rights and special control rights in relation to the shares of the Company are set out in the section 'Other information' above. Other information required to be disclosed for the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 is included on page 33.

In accordance with section 167 of the Companies Act 2014, the Directors confirm that a Board Audit Committee is established. The Corporate Governance Report for 2024 details the role and responsibilities of the Board Audit Committee and also includes a thorough account of the Board Audit Committee's activities throughout the year ended 31 December 2024. Furthermore, the Corporate Governance Report explicitly enumerates the members of the Board Audit Committee and records the frequency of meetings held, as well as the attendance record of each member for the reporting year.

Diversity information for the purposes of European Union Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups Regulations 2017, SI No. 360 of 2017 (as amended) is included in the Corporate Governance Report for 2024 on pages 282 to 287.

Corporate Governance Statement (continued)

The Corporate Governance Report for 2024 is included within this Annual Financial Report on pages 259 to 359 and contains the information required for the purposes of section 1373 of the Companies Act 2014.

The statements and information referred to in this Corporate Governance Statement are deemed to be incorporated herein.

Directors' Compliance Statement

As required by section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its 'relevant obligations' (as defined in section 225(1) of the Companies Act 2014). The Directors further confirm that a compliance policy statement has been drawn up setting out the Company's policies and that appropriate arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. A review of those arrangements and structures has been conducted in the financial year to which this report relates.

Service agreements termination

The service contract of one of the Executive Directors in office as at 31 December 2024 includes a clause for termination, by service of six months' notice to that effect by the Executive Director but provided there is a change of control of BOC PCL as this is defined in the service agreement. In such an event, the Executive Director will be entitled to compensation as this is determined in the service contract. The terms of employment of the other Executive Director are mainly based on the provisions of the collective agreement in place, which provides for notice or compensation by BOC PCL based on years of service and for a four-month prior written notice by the Executive Director, in the event of a voluntary resignation.

Political donations

Political donations are required to be disclosed under the Electoral Act 1997 of Ireland (as amended). Based on the Donations, Sponsorships and Partnerships Policy of the Group, the Group does not sponsor political parties, or any associations/organisations related directly, or indirectly, to one. The Directors, on enquiry, have satisfied themselves that there were no political donations made during the year ended 31 December 2024.

Board of Directors

The members of the Board of Directors of the Company as at the date of this Directors' Report are listed on page 1. All Directors were members of the Board throughout the year and up to the date of this Directors' Report except as disclosed below.

On 26 September 2023 the Board of Directors nominated Mr William Stuart Birrell as a new member to the Board of Directors. On 29 April 2024 ECB approved the appointment of Mr William Stuart Birrell as a member of the Board of Directors and during the AGM on 17 May 2024, he was appointed to the Board of Directors.

On 30 August 2023 the Board of Directors nominated Mr Christian Philipp Hansmeyer as a new member to the Board of Directors. On 29 April 2024 ECB approved the appointment of Mr Christian Philipp Hansmeyer as a member of the Board of Directors and during the AGM on 17 May 2024, he was appointed to the Board of Directors.

On 17 June 2024 the Board of Directors announced the death of Mr Constantine (Dinos) Iordanou, who had served as a member of the Board of Directors since 29 November 2021 and also served as Senior Independent Director.

In accordance with the Articles of Association at each AGM of the Company every Director who has been in office at the completion of the most recent AGM since they were last appointed or reappointed, shall retire from office and offer themselves for re-election if they wish.

The remuneration of the Board of Directors is disclosed in Note 49 of the Consolidated Financial Statements and in the Remuneration Policy Report set out in the Corporate Governance Report.

Directors' and Secretary's interests

The interest in the share capital of the Company held by each member of the Board of Directors and the Company Secretary, including interests of their close family members at 31 December 2024, is presented in the table below:

	Ordinary shares or Depositary Interests representing Company ordinary shares of €0.10 each at 31 December 2024	Ordinary shares or Depositary Interests representing Company ordinary shares of €0.10 each at 1 January 2024 or at the date of appointment
<i>Non-executive directors</i>		
Efstratios-Georgios (Takis) Arapoglou	106,500	106,500
Constantine (Dinos) Iordanou (passed away on 16/06/2024)	n/a	1,395,449
<i>Executive directors</i>		
Panicos Nicolaou	5,027	5,027
Eliza Livadiotou	35	35
<i>Company Secretary</i>		
Katia Santis	5	5
	111,567	1,507,016

The table above excludes awards under the Company's long-term incentive plan and short-term incentive plan, details of which are outlined on pages 348 to 350 and 355 to 359 of the Remuneration Policy Report.

Apart from the interests set out above, the Board of Directors and the Company Secretary had no other interests in the shares of the Company or its subsidiaries at 31 December 2024.

Auditors

The Auditors, PricewaterhouseCoopers ('PwC') Chartered Accountants and Statutory Audit Firm, were re-appointed as Auditors at the last AGM of the Company held on 17 May 2024 in accordance with section 383(2) of the Companies Act 2014.

The Group commenced an external tender process for the Group's statutory auditor. This process is being led by the Audit Committee, and supported by management who will have an advisory role only. The Audit Committee will make its recommendation to the Board for selection of the preferred firm. The successful firm will commence the provision of services for the financial year ending 31 December 2027.

Non-financial Statement

In accordance with Part 28 of Companies Acts 2014, the Group has prepared a Sustainability Statement for the year ended 31 December 2024. This Sustainability Statement is set out on pages 77 to 254 of the Annual Financial Report 2024 and represents a dedicated section of the Directors' report. Information requirement in accordance with the EU (disclosure of non-financial and diversity information by certain large undertakings and groups) Regulations 2017 (the 'Irish NFRD Regulations') can be found in the Sustainability Statement.

The Sustainability Statement for the year ended 31 December 2024 has been prepared on a consolidated basis for the Group. This is in line with the basis of consolidation used in the Group's financial statements.

Key intangible resources

The Group's intangible resources, on which the Group depends and which are a source of value creation for the Group, are set out in Note 26 Intangible assets of the Consolidated Financial Statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report and the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRSs, the EU (Credit Institutions: Financial Statements) Regulations 2015 and, in respect of the consolidated financial statements, Article 4 of the International Accounting Standards (IAS) Regulation. Company law requires the Directors to prepare Group and Company financial statements for each financial year.

Under the Company law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Group's and Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group and the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs adopted by the EU and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the assets, liabilities and financial position of the Company and enable them to ensure that the financial statements comply with the provisions of the Companies Act 2014 and Article 4 of IAS Regulation. The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company's and the Group's obligations to keep adequate accounting records. These accounting records are kept at the Company's registered office at 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland and at 51 Stasinou Street, 2002, Strovolos, Nicosia, Cyprus.

In compliance with section 283 of the Companies Act 2014, the information and returns relating to the business dealt with in the accounting records for 2024 have been sent to the registered office of the Company. The Directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the preparation of the Sustainability Statement in accordance with Part 28 of the Companies Act 2014 and including the Sustainability Statement in a clearly identifiable dedicated section of the Directors' Report.

The Directors are also responsible for designing, implementing and maintaining such internal controls that they determine are necessary to enable the preparation of the Sustainability Statement in accordance with Part 28 of the Companies Act 2014 that is free from material misstatement, whether due to fraud or error.

In preparing the Sustainability Statement, the Directors are required to:

- prepare the statement in accordance with the European Sustainability Reporting Standards (ESRS) including the selection and application of appropriate sustainability reporting methods;
- disclose the double materiality assessment process performed to identify the information required to be reported in the sustainability statement;
- prepare the disclosures within the environmental section of the sustainability statement, in compliance with Article 8 of EU Regulation 2020/852 (the 'Taxonomy Regulations');
- ensure that the Group maintains adequate records for the preparation of the sustainability statement;
- make judgements and estimates that are reasonable in the circumstances including the identification and description of any inherent limitations in the measurement or evaluation of information in the sustainability statement; and
- prepare forward-looking information, where applicable, on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group.

Statement of Directors' Responsibilities (continued)

In addition, under applicable law the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance. The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007, as amended Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019 to include a Directors' report containing a fair review of the development and performance of the business and the position of the Group and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of each Director's knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group and the Company and of the profit or loss of the Group and the Company;
- the Directors' report contained in the Annual Financial Report 2024 includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Financial Report 2024 and the financial statements, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



Efstratios-Georgios Arapoglou
Chairman



Panicos Nicolaou
Chief Executive Officer

26 March 2025

Risk and Capital Management Report **2024**

The Group's approach to risk management

One of the Group's main priorities is to continually improve its risk management framework to be able to respond to the everchanging environment in an appropriate manner. Effective risk management is critical to the success of the Group, and as such the Group maintains a risk management framework designed to ensure the safety and soundness of the institution, protect the interests of depositors and shareholders and comply with regulatory requirements. Clearly defined lines of authority and accountability are in place as well as the necessary infrastructure and analytics to allow the Group to identify, assess, monitor and control risk.

1. Risk Management Framework (RMF)

The Board of Directors, through the Risk Committee (RC), is responsible to ensure that a coherent and comprehensive Risk Management Framework (the 'Framework' or 'RMF') is in place, for the identification, assessment, monitoring and controlling of all risks. The Framework ensures that there is proper governance and process for the identification of material and emerging risks, including, but not limited to, risks that might threaten the Group's business model, future performance, liquidity and solvency. Such risks are taken into consideration in defining the Group's risk appetite, ensuring that the Group's overall business strategy aligns with the Group's risk appetite and remains within the Group's risk bearing capacity, always maintaining appropriate capital and liquidity levels.

The RMF is supported by a strong governance structure and is comprised of several components that are analysed in the sections below. The RMF is reviewed, updated and approved by the Board at least annually to reflect any changes to the Group's business or to take into consideration external regulations, corporate governance requirements and industry best practices.

1.1 Risk Governance

The responsibility for the governance of risk at the Group lies with the Board of Directors (the 'Board') which is ultimately accountable for the effective management of risks and for the system of internal controls in the Group. The Board is assisted in its risk governance responsibilities by the Board Risk and Board Audit Committees (RC and AC respectively) and at executive management level by the Executive Committee (EXCO), Asset and Liability Committee (ALCO), Asset Disposal Committee (ADC), Technology Committee (TC), Sustainability Committee (SC), Data Quality & Governance committee and the Credit Committee.

The RC supports the Board on risk oversight matters including the monitoring of the Group's risk profile and of all risk management activities whilst the AC supports the Board in relation to the effectiveness of the system of internal controls. In addition, discussion and escalation processes are in place through both the Board Committees and executive level committees that provide for a consistent approach to risk management and decision-making.

Discussion around risk management is supported by the appropriate risk information submitted by the Risk Management Division (RMD) and Executive Management. The Chief Risk Officer (CRO) or his representatives participate in all such key committees to ensure that the information is appropriately presented, and that RMD's position is clearly articulated.

Furthermore, the roles of the CEO and the Group CRO are critical as they carry specific responsibilities with respect to risk management. These include:

1. Risk Management Framework (RMF) (continued)

1.1 Risk Governance (continued)

Chief Executive Officer (CEO)

The CEO is accountable for leading the development of the Group's strategy and business plans in a manner that is consistent with the approved risk appetite and for managing and organising executive management to ensure these are executed. It is the CEO's responsibility to manage the Group's financial and operational performance within the approved risk appetite.

Chief Risk Officer (CRO)

The CRO leads an independent RMD across the Group including its subsidiaries. The CRO is responsible for the execution of the Risk Management Framework and the development of risk management strategies. The CRO is expected to challenge business strategy and overall risk taking and risk governance within the Group and independently submit his findings, as necessary, to the RC. The CRO reports to the RC and for administrative purposes has a dotted line to the CEO, as presented in the organizational diagram below.

1.2 Organisational Model

The RMD is responsible for the risk identification and risk management of the Group on a day-to-day basis. The risk management process is integrated into the Group's internal control system. The RMD is organized into several departments, each of which is specialized in one or several categories of risks. The organization of RMD reflects the types of risks inherent in the Group.



*The Data Quality and Governance Unit of the Data Office & Risk Analytics Department directly reports through its manager to the Data Quality & Governance committee chaired by the Executive Director People & Change.

RMD organisational model

The RMD operates independently through:

- Organisational independence from the controlled activities;
- Unrestricted and direct access to executive management and the Board, either through the RC or directly;
- Direct and unconditional access to all business lines that have the potential to generate material risk to the Group. Front line managers are required to cooperate with the RMD managers and provide access to all records and files of the Group, as well as any other information necessary;
- A separate and independent budgeting process whereby the RMD's budget is submitted to the RC for approval;
- The CRO is a member of the EXCO and holds voting as well as veto rights in key executive and operational committees.

Furthermore, this independence is also ensured as:

- The CRO is assessed annually by the RC that is jointly responsible with the Human Resources & Remuneration Committee;
- The CRO maintains a close working relationship with both the RC and its Chairperson which includes regular and frequent direct communication both during official RC meetings, as well as unofficial meetings and discussions.

1. Risk Management Framework (RMF) (continued)

1.2 Organisational Model (continued)

The RMD organisational model is structured so as to:

- Define risk appetite and report regularly on the status of the risk profile;
- Ensure that all material and emerging risks have proper ownership, management, monitoring and clear reporting;
- Promote proper empowerment in key risk areas that will assist in the creation of a robust risk culture;
- Provide tools and methodologies for risk management to the business units;
- Report losses from risks identified to the EXCO, the RC and the Board and, where necessary, to the Regulatory Authorities;
- Collect and monitor Key Risk Indicators (KRIs).

1.3 Risk Identification

The risk identification process is comprised of two simultaneous but complementary approaches, namely, the top-down and the bottom-up approaches. The top-down process is led by Senior Management and focuses on identifying the Group's material risks, whilst in the bottom-up approach risks are identified and captured through several methods such as the Risk and Control Self-Assessment (RCSA) process, incident capture, fraud events capture, regulatory audits, direct engagement with specialized units and other. The risks captured by these processes are compiled during the annual ICAAP process and its quarterly updates and form the Groups' material risks.

To ensure a complete and comprehensive identification of risks the Group has integrated several key processes into its risk identification process, including the:

- Internal Capital Adequacy Assessment Process (ICAAP);
- Internal Liquidity Adequacy Assessment Process (ILAAP);
- Stress testing;
- Group Financial Plan compilation process;
- Regulatory, internal and external reviews and audits.

1.4 Three Lines of Defence

The Group complies with the regulatory guidelines for corporate governance and has established the "Three Lines of Defence" model as a framework for effective risk and compliance management and control. The three lines of defence model defines the responsibilities in the risk management process ensuring adequate segregation in the oversight and assurance of risk.

1. Risk Management Framework (RMF) (continued)
1.4 Three Lines of Defence (continued)



First Line of Defence
The first line of defence includes functions that own and manage risks as part of their responsibility for achieving objectives and are responsible for implementing corrective actions to address, process and control deficiencies identified in their processes. It comprises of the management and staff of business lines and support functions who are directly responsible for the delivery of products and/or services. Support functions include but are not limited to the human resources, legal services, information technology, central operations, etc. The first line of defence ensures that controls are designed into systems and processes under the guidance of the second line of defence.

Second Line of Defence
The second line of defence includes functions that oversee the compliance of the first line management and staff with the regulatory framework and risk management principles. It comprises of the RMD, Information Security and Compliance functions. The second line of defence sets the corporate governance framework of the Group and establishes policies and guidelines that the business lines and support functions, Group entities and staff should operate within. The second line of defence also provides support, as well as independent oversight of the risk profile and risk framework.

1. Risk Management Framework (RMF) (continued)

1.4 Three Lines of Defence (continued)

Third Line of Defence

The third line of defence is the Internal Audit Division (IA) which provides independent assurance to the Board and the EXCO on the design adequacy and operating effectiveness of the Group's internal control framework, corporate governance and risk management processes, including the manner in which the first and second lines of defence achieve risk management and control objectives. Findings are communicated to the Board through the committees and senior management and other key stakeholders, with remediation plans monitored for progress against agreed completion dates.

1.5 Risk Appetite Framework (RAF)

The objective of the Risk Appetite Framework (RAF) is to set out the level of risk that the Group is willing to take in pursuit of its strategic objectives, outlining the key principles and rules that govern the risk appetite setting. It comprises the Risk Appetite Statement (RAS), the associated policies and limits where appropriate, as well as the roles and responsibilities for the implementation and monitoring of the RAF.

The RAF has been developed in order to be used as a key management tool to better align business strategy (financial and non-financial targets) with risk management, and it should be perceived as the focal point for all relevant stakeholders within the Group, as well as the supervisory bodies, for the assessment of whether the undertaken business activities are consistent with the set risk appetite.

The RAF is one of the main elements of the Risk Management Framework which includes, among others, a number of frameworks, policies and circulars that address the principal risks of the Group.

Risk Appetite Statement (RAS)

The RAS is the articulation, in written form, of the aggregate level and types of risk that the Group is willing to accept in the course of executing its business objectives and strategy. It includes qualitative statements as well as quantitative measures expressed relative to Financial, Non-Financial and Strategic risks. As part of the overall framework for risk governance, it forms a boundary condition to strategy and guides the Group in its risk-taking and related business activities.

Risk appetite and Financial Plan interaction

The Group's Financial Plan is integral to how the Group manages its business and monitors performance. It informs the delivery of the Group's strategy and is aligned to the Risk Appetite Statement. The RAS is subject to an annual review process during the period in which the Group Financial Plan as well as the divisional strategic plans are being formulated. The interplay between these processes provides for a cycle of feedback during which certain RAS indicators (such as the ones related to minimum regulatory requirements) act as a backstop to the Group's Financial Plan, while for other indicators the Group Financial Plan provides input for risk tolerance setting. Furthermore, the Group Financial Plan is tested against the RAS indicators to ensure it is within the Group's risk appetite.

Risk Appetite monitoring

To ensure that the risk profile of the Group is within the approved risk appetite, a consolidated risk report and a risk appetite profile report are regularly reviewed and discussed by the Board and the RC.

Where a breach of a RAS indicator occurs, the Risk Appetite Framework provides the necessary escalation process to analyse the materiality and nature of the breach, notify the appropriate authorities and decide the necessary remediation actions.

1. Risk Management Framework (RMF) (continued)

1.6 Risk Taxonomy

In order to ensure that all risks the Group may face are identified and managed, a risk taxonomy is in place which is a key component of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP). The taxonomy ensures that the coverage of risks is comprehensive and identifies potential linkages between risks.

The risk taxonomy provides a categorisation of different risk types/factors enabling the Group to assess, aggregate and manage risks in a consistent way through a common risk language and mapping. It comprises of several levels of risks in increasing granularity and supports a multi-level tree categorization to enhance the overall risk classification. This risk categorization is also used to accommodate additional regulatory compliance requirements and internal risk analysis and reporting needs.

1.7 Risk measurement and reporting

The RMD uses several systems and models to support key business processes and operations, including stress testing, credit approvals, fraud risk and financial reporting. The RMD has established a model governance and validation framework to help address risks arising from model use.

Additionally, the RMD:

- Maintains a categorization and definitions of risks and terminologies used throughout the Group;
- Collates reports of Key Risk Indicators (KRIs) and other relevant risk information. When limit violations occur, escalation and reporting procedures are in place;
- Checks that risk information provided by management is complete and accurate and management has made all reasonable endeavour to identify and assess all key risks;
- Ensures that the risk information submitted to the RC and the Board by RMD and management is appropriate and enables monitoring and control of all the risks faced by the Group;
- Discloses risk information externally and prepares reports on significant risks in line with internal and external regulatory requirements.

Stress testing

Stress testing is a key risk management tool used by the Group to provide insights on the behaviour of different elements of the Group in a crisis scenario and to assess the Group's resilience and capital and liquidity adequacy. To make this assessment, a range of scenarios is used, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Group;
- Evaluating whether there is sufficient capital or adequate liquidity under stressed conditions (ICAAP and ILAAP) so as to put in place appropriate mitigants;
- Evaluating of the Group's strategy;
- Establishing or revising limits;
- Assisting the Group to understand the events that might push the Group outside its risk appetite.

The Group carries out the stress testing process through a combination of bottom-up and top-down approaches. Scenario and sensitivity analysis follows a bottom-up approach, whereas reverse stress testing follows a top-down approach.

1. Risk Management Framework (RMF) (continued)

1.7 Risk measurement and reporting (continued)

If the stress testing scenarios reveal vulnerability to a given set of risks, management makes recommendations to the Board, through the RC, for remedial measures or actions.

The Group's stress testing programme embraces a range of forward-looking stress tests and takes all the Group's material risks into account. These key internal exercises include:

- Stress testing undertaken in support of the Internal Capital Adequacy Assessment Process (ICAAP);
- Stress testing applied to the funding and liquidity plan in support of the Internal Liquidity Adequacy Assessment Process (ILAAP) to formally assess the Group's liquidity risks;
- Annual recovery stress tests which use scenarios to assess the adequacy of recovery indicators of both capital and liquidity in identifying the recovery plan options used to exit that stress;
- Ad hoc stress testing as and if required, including in response to regulatory requests.

Other business and specific risk type stress tests

The Market and Liquidity Risk Department performs additional stress tests, which include the following:

- Monthly stress testing for interest rate risk (2% shock on Economic Value (EV));
- Quarterly stress testing for interest rate risk (2% shock on Net Interest Income (NII));
- Quarterly stress testing for interest rate risk (based on the six predefined Basel interest rate scenarios which involve flattening, steepening, short up, short down, parallel up, parallel down shocks);
- Quarterly stress testing on items that are marked to market: impact on profit/loss and reserves is indicated from changes in interest rates and prices of bonds and equities.

ICAAP

The ICAAP is a process whose main objective is to assess the Group's capital adequacy in relation to the level of underlying material risks that may arise from pursuing the Group's strategy or from changes in its operating environment. More specifically, the ICAAP analyses, assesses and quantifies the Group's material risks, establishes the current and future capital needs for the material risks identified, and assesses the Group's capital adequacy under both the baseline scenario and stress testing conditions, aiming to assess whether the Group has sufficient capital, under both the base and stress scenarios, to support its business and achieve its strategic objectives as per the Board approved Risk Appetite and Strategy.

The Group undertakes quarterly reviews of its ICAAP results as well as on an ad-hoc basis if needed, which are submitted to the ALCO and the RC, taking into consideration the latest actual and forecasted information. During the quarterly review, the Group's risk profile is reviewed and any material changes/developments since the annual ICAAP exercise are assessed in terms of capital adequacy.

The 2024 annual ICAAP package will be submitted to the ECB on 31 March 2025, indicating that the Group has sufficient capital and available mitigants to support its risk profile and its business and to enable it to meet its regulatory requirements, both under baseline and stressed conditions.

ILAAP

The ILAAP is a process whose main objective is to assess whether the volume and capacity of liquidity resources available to the Group are adequate to support its business model, to achieve its strategic objectives under both the base and severe stress scenarios, and to meet regulatory requirements, including the LCR and the NSFR.

The Group undertakes quarterly reviews of its ILAAP results through quarterly liquidity stress tests which are submitted to the ALCO and the RC, where actual and forecasted information is considered. Any material changes since the annual ILAAP exercise are assessed in terms of liquidity and funding.

The 2024 annual ILAAP package will be submitted to the ECB on 31 March 2025, indicating that the Group maintains liquidity resources which are adequate to ensure its ability to meet obligations as they fall due under ordinary and stressed conditions.

1. Risk Management Framework (RMF) (continued)

1.8 The Group participated in the Fit-for-55 exercise.

During 2024, the Group participated in the European Banking Authority ("EBA") "Fit-for-55" climate risk scenario analysis exercise. The exercise was part of the new mandates received by the EBA in the scope of the European Commission's Renewed Sustainable Finance Strategy. Under the European Green Deal, all 27 EU Member States committed to turning the EU into the first climate-neutral continent by 2050 and pledged to reduce emissions by at least 55% by 2030, compared to 1990 levels. The one-off Fit-for-55 climate risk scenario analysis aimed at assessing the resilience of the financial sector in line with the Fit-for-55 package and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress.

1.9 The Group participated in the ECB Cyber Resilience Stress Test

The Group participated in the cyber resilience stress test exercise conducted by the ECB in the first half of 2024. The aim was to assess the cyber-resilience posture for all SSM Significant Institutions. In more detail, the objective of the exercise was to assess how banks respond to and recover from a cyberattack, rather than their ability to prevent it. The findings and lessons learned were discussed as part of the 2024 Supervisory Review and Evaluation Process.

1.10 2025 EU wide stress test

The Group is participating in the 2025 EU-wide stress test exercise. Balance sheets are assumed to remain constant with reference date 31 December 2024, with the primary focus being the evaluation of the impact of adverse shocks on solvency. The exercise is designed to provide valuable input for assessing the resilience of the European banking sector in a hypothetical adverse macroeconomic scenario. The exercise was launched in January 2025 and the results will be published in August 2025. The stress test results will be used to update each bank's Pillar 2 guidance in the context of the Supervisory Review and Evaluation Process (SREP). Qualitative findings on weaknesses in banks' stress testing practices could also affect banks' scores related to risk data aggregation capabilities and thus their Pillar 2 requirements.

2. Recovery and resolution planning

The Group's recovery plan sets out the arrangements and measures that the Group could adopt in the event of severe financial stress to restore the Group to long term viability. A suite of indicators and options are included in the Group's recovery plan, which together present the identification of stress events and the tangible mitigating actions available to the Group to restore viability. The Group's recovery plan is approved by the Board on the recommendation of the RC and ALCO.

The Group resolution plan is prepared by the Single Resolution Board in cooperation with the National Resolution Authority (Central Bank of Cyprus). The resolution plan describes the Preferred Resolution Strategy (PRS), in addition to ensuring the continuity of the Group's critical functions and the identification and addressing of any impediments to the Group's resolvability. The PRS for the Group is a single point of entry bail-in via BOC PCL. The resolution authorities also determine the Minimum Requirements for own funds and Eligible Liabilities (MREL) corresponding to the loss absorbing capacity necessary to execute the resolution.

3. Risk Culture

A robust risk culture is a substantial determinant of whether the Group will be able to successfully execute its strategy within its defined risk appetite. The RMD is committed to fostering a robust governance and risk culture that aligns with the Group's strategic objectives and risk appetite. This includes ensuring that risk management practices are integrated into all aspects of the business, promoting a culture of risk awareness, and maintaining effective communication and accountability across the Group.

An action plan towards the implementation of a firm-wide risk culture is in place across the Group involving various stakeholders including all the control functions, human resources, legal services, Company's secretary office and other. The action plan is under the auspices of the Chief Risk Officer and the Executive Director People and Change and the Board retains close oversight through Mr Adrian John Lewis, Senior Independent Director.

The RMD has a leading role in the action plan which includes, among other actions, the measurement of risk culture, both at Bank wide and divisional level, through a specific Risk Culture Dashboard, the communication of a series of topics aiming at re-enforcing risk culture and the provision of specific training for areas such as credit underwriting and other risk management related topics.

Other actions include the introduction and formalisation of the role of the 'Business Risk and Control Officers', dedicated control functions liaisons for non-financial risks, within the business lines.

4. Principal Risks

As part of its business activities, the Group faces a variety of risks. The principal and other risks faced by the Group are described below as well as the way these are identified, assessed, managed and monitored by the Group, including the available mitigants. The risks described below, should not be regarded as a complete and comprehensive statement of all potential risks, uncertainties or mitigants as other factors either not yet identified or not currently material, may also adversely affect the Group.

4.1 Credit Risk

Credit risk is defined as the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the Group (actual, contingent or potential claims both on and off balance sheet) or failure to perform as agreed. Within the general definition of credit risk, the Group identifies and manages the following types of risk:

- Counterparty credit risk (CCR): the Group's credit exposure with other counterparties. The risk of losses arising as a result of the counterparty not meeting their contractual obligations in full and on time.
- Settlement risk: the risk that a counterparty fails to deliver the terms of a contract with the Group.
- Issuer risk: the risk of losses arising from a credit deterioration of an issuer of instruments in which the Group has invested.
- Concentration risk: the risk that arises from the uneven distribution of exposures (i.e. credit concentration) to individual borrowers or by industry, collateral, product, currency, economic sector or geographical region.
- Country risk: the Group's credit exposure arising from lending and/or investments or the presence of the Group in a specific country.

4. Principal Risks (continued)

4.1 Credit Risk (continued)

In order to manage these risks, the Group has a Credit Risk Management function within RMD that:

- Develops policies, guidelines and approval limits necessary to manage and control or mitigate the credit and concentration risk in the Group. These documents are reviewed and updated at least annually, or more frequent if deemed necessary, to reflect any changes in the Group's risk appetite and strategy and consider the market environment or any other major changes from external or internal factors that come into effect;
- Evaluates credit applications from an independent credit risk perspective before submission for approval to Credit Committee 3, the RC, or the Board. This ensures compliance with the Group's risk appetite, policies, and guidelines, supporting the role of the observer who holds veto rights;
- Participates as an observer in the Credit Committee 3 and in specific cases that fall under the approving authority of Corporate Sanctioning as delegated by the CRO;
- Sets KRIs for monitoring the loan portfolio quality and adopts a proactive monitoring approach for such risks;
- Measures the expected credit losses in an appropriate way in order to have a fair representation of the loan book in the financial statements of the Group.

The Group sets and monitors risk appetite limits relating to credit risk. Furthermore, a limits framework is in place in relation to the credit granting process and also the general rules are documented in the Group's Lending Policy. Relevant circulars and guidelines are in place that provide parameters for the approval of credit applications and related credit limits. The Group has established credit approving authorities, which are authorised to approve the granting, review and restructuring of credit facilities in the Bank, including the Credit Sanctioning Department and the Credit Committee 3. Credit Committee 3 is comprised of members from various Group divisions outside RMD to ensure independence of opinion. Applications falling outside the approval limits of Credit Committee 3 are submitted to the RC or the Board, depending on the total exposure of the customer group.

The Group has adopted methodologies and techniques for credit risk identification. These methodologies are revised and modified whenever deemed necessary to reflect changes in the financial environment and adjusted to be in line with the Group's overall strategy and its short-term and long-term objectives.

The Group dedicates considerable resources to assess credit risk and to correctly reflect the value of its on-balance and off-balance sheet exposures in accordance with regulatory and accounting guidelines. This process can be summarised in the following stages:

- Analysing performance and asset quality
- Measuring exposures and concentrations
- Raising allowances for impairment

Furthermore, post-approval monitoring is in place to ensure adherence to both terms and conditions set in the approval process and credit risk policies and procedures. A key aspect of credit risk is credit risk concentration which is defined as the risk that arises from the uneven distribution of exposures to individual borrowers, specific industry or economic sectors, geographical regions, product types or currencies. The monitoring and control of concentration risk is achieved by limit setting (e.g. sector and name limits) and reporting them to senior management.

Approved policies and procedures are in place for the approval of credit and settlement limits per counterparty based on the business needs, current exposures and investment plans. Counterparty credit and settlement limits for Treasury transactions are monitored real-time through the Treasury front to back system.

With the aim of identifying credit risk at an early stage, a number of key reports are prepared for the EXCO and/or the Board. Indicatively, these include a credit quality dashboard which analyses, among others, the overall loan book performance, forbore facilities, the performance of new lending, specific products or portfolios, new forbearances and modifications and other portfolio quality KPIs.

4. Principal Risks (continued)

4.1 Credit Risk (continued)

Country Risk

Country Risk refers to the possibility that borrowers of a particular country may be unable or unwilling to fulfil their foreign obligations for reasons beyond the usual risks which arise in relation to all lenders. Country risk affects the Group via its operation in other countries and also via investments in other countries (Money Market (MM) placements, bonds, shares, derivatives, etc.). In addition, the Group is indirectly affected by credit facilities provided to customers for their international operations or due to collateral in other countries. In this respect, country risk is considered in the risk assessment of all exposures, both on-balance sheet and off-balance sheet. Country risk exposures are the aggregation of the various on-balance sheet and off-balance sheet exposures including investments in bonds, money market placements, loans or guarantees to residents of a country/companies incorporated in a country, letters of credit, properties etc.

The Group monitors country risk and on a quarterly basis reports to ALCO exposures by country and compares these against approved country limits. The Board, through the RC is also informed on a regular basis and at least annually. Any limit breaches are included in the regular reporting to ALCO, EXCO and RC. The country limits are allocated based on the CET1 capital of the Group, the country's credit rating and internal scoring.

Credit Risk Mitigation

The fundamental lending principle of the Group is to approve applications and provide credit facilities only when the applicant has the ability to pay and where the terms of these facilities are consistent with the customers' income and financial position, independent of any collateral that may be assigned as security and in full compliance with all external laws, regulations, guidelines, internal codes of conduct and other internal policies and procedures. The value of collateral is not a decisive factor in the Group's assessment and approval of any credit facility, since collaterals may only serve as a secondary source of repayment in case of default.

Collaterals are used for risk mitigation. Collaterals are considered as an alternative means of debt recovery in case of default. Collateral by itself is not a predominant criterion for approving a loan, except when the loan agreement envisages that the repayment of the loan is based on the sale of the property pledged as collateral or liquid collateral provided (e.g. cash). The Group's requirements around completion, valuation and management of collateral are set out in appropriate Group policies.

Credit risk mitigation is also implemented through a number of policies, procedures, guidelines circulars and limits. Policies are approved by the RC/Board and include the:

- Lending Policy
- Write-off policy
- Concentration Risk Policy
- Valuation Policy
- Credit Risk Monitoring Policy
- Environmental & Social Policy
- Asset Acquisition and Disposal Policy for Debt Settlement
- Loan Syndication Policy
- Green Lending Policy
- Shipping Finance Policy
- Early Warning Policy

4. Principal Risks (continued)

4.1 Credit Risk (continued)

Systems

The effective management of the Group's credit risk is achieved through a combination of training and specialisation as well as appropriate credit risk assessment (risk rating) systems. The Group continuously upgrades the systems and models used in assessing the creditworthiness of Group customers. Additionally, the Group continuously upgrades the systems and models for the assessment of credit risk so as to correctly reflect the value of its on-balance and off-balance sheet exposures in accordance with regulatory and accounting guidelines.

The analysis of loans and advances to customers in accordance with the EBA standards is presented below.

4. Principal Risks (continued)

4.1 Credit Risk (continued)

The tables below present the analysis of loans and advances to customers in accordance with the EBA standards.

	Gross loans and advances to customers				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
31 December 2024	Group gross customer loans and advances ^{1,2}	Of which: NPEs	Of which exposures with forbearance measures		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: NPEs	Of which exposures with forbearance measures	
			Total exposures with forbearance measures	Of which: NPEs			Total exposures with forbearance measures	Of which: NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	68,892	-	-	-	3	-	-	-
Other financial corporations	296,345	545	34,871	475	3,904	377	1,297	308
Non-financial corporations	5,033,827	75,589	209,835	57,040	58,681	36,952	33,041	29,324
Of which: Small and Medium sized Enterprises ³ (SMEs)	2,900,947	62,950	113,932	46,764	35,447	26,482	20,551	19,208
Of which: Commercial real estate ³	3,463,617	66,202	188,182	54,506	46,462	30,978	31,142	27,954
Non-financial corporations by sector								
Construction	483,832	1,862			9,069			
Wholesale and retail trade	891,437	16,086			8,565			
Accommodation and food service activities	1,149,973	1,614			3,002			
Real estate activities	892,563	21,252			12,666			
Transport and storage	551,168	194			1,131			
Other sectors	1,064,854	34,581			24,248			
Households	4,862,349	125,955	122,133	52,747	84,431	57,501	24,152	19,055
Of which: Residential mortgage loans ³	3,761,702	94,107	107,516	44,065	53,360	36,164	19,172	14,554
Of which: Credit for consumption ³	638,798	24,218	13,526	7,304	20,278	14,643	3,967	3,404
	10,261,413	202,089	366,839	110,262	147,019	94,830	58,490	48,687
Loans and advances to customers classified as held for sale	54,921	54,921	15,221	15,221	31,778	31,778	7,562	7,562
Total on-balance sheet	10,316,334	257,010	382,060	125,483	178,797	126,608	66,052	56,249

¹Excluding loans and advances to central banks and credit institutions and reverse repurchase agreements (including an amount of €6.865 thousand cash collateral placed).

²The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.

³The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across all categories as certain customers could be in both categories.

4. Principal Risks (continued)

4.1 Credit Risk (continued)

31 December 2023	Gross loans and advances to customers				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Group gross customer loans and advances ^{1,2}	Of which: NPEs	Of which exposures with forbearance measures		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: NPEs	Of which exposures with forbearance measures	
			Total exposures with forbearance measures	Of which: NPEs			Total exposures with forbearance measures	Of which: NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	35,249	-	-	-	6	-	-	-
Other financial corporations	253,077	805	1,201	448	4,247	378	308	305
Non-financial corporations	4,931,801	155,212	258,469	95,156	91,640	61,097	37,355	33,472
Of which: Small and Medium sized Enterprises ³ (SMEs)	3,017,909	125,600	161,086	69,551	66,104	48,370	25,743	22,814
Of which: Commercial real estate ³	3,567,684	136,152	228,516	90,842	66,458	50,862	33,774	31,716
Non-financial corporations by sector								
Construction	484,893	24,873			8,585			
Wholesale and retail trade	869,753	37,739			22,936			
Accommodation and food service activities	1,169,399	14,310			9,657			
Real estate activities	1,019,544	40,296			23,461			
Manufacturing	359,874	3,852			4,589			
Other sectors	1,028,338	34,142			22,412			
Households	4,781,114	207,883	196,070	96,019	83,560	58,962	30,330	25,227
Of which: Residential mortgage loans ³	3,726,056	169,734	173,407	83,445	52,863	39,732	25,119	20,849
Of which: Credit for consumption ³	590,945	29,347	21,312	12,704	21,108	13,357	4,897	4,157
Total on-balance sheet	10,001,241	363,900	455,740	191,623	179,453	120,437	67,993	59,004

¹Excluding loans and advances to central banks and credit institutions.

²The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.

³The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across all categories as certain customers could be in both categories.

4. Principal Risks (continued)

4.2 Market Risk

Market Risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in interest rates, currency/foreign exchange rates and from any other changes in market prices. The main types of market risk to which the Group is exposed, are listed below:

- a. Interest Rate Risk in the Banking Book (IRRBB);
- b. Currency/foreign exchange rates risk;
- c. Securities price risk (bonds, equities);
- d. Properties price risk.

Each of the risks above is defined and further analysed in the subsections below. Furthermore, additional information relating to Market risk is set out in Note 45 of the Consolidated Financial Statements.

The management of market risk in the Group is governed by the Group's Risk Appetite Statement and by the Market Risk Policy, approved by the Board. These are supplemented by a range of approved limits and controls also approved by the Board. The Group has an established governance structure for market risk. Market risk is measured using portfolio sensitivity analysis, Value at Risk (VaR), scenario analysis and stress testing measures. Measurement and reporting to the committees is performed on a frequent basis.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book ('IRRBB') is the current or prospective risk to both the earnings and capital of the Group as a result of adverse movements in interest rates. The four components of interest rate risk are: repricing risk, yield curve risk, basis risk and option risk. Repricing risk is the risk of loss of net interest income or economic value as a result of timing mismatch in the repricing of assets, liabilities and off-balance sheet items. Yield curve risk arises from changes in the slope and the shape of the yield curve. Basis risk is the risk of loss of net interest income or economic value as a result of imperfect correlation between different reference rates. Option risk arises from options, including embedded options, e.g. consumers redeeming fixed rate products when market rates change.

The Group does not operate a trading book and thus all interest rate exposure arises from the banking book.

In order to manage interest rate risk, the Group sets a one-year limit on the maximum reduction of the net interest income. Limits are set as a percentage of Group Tier 1 capital and as a percentage of Group annual net interest income (when positive). Whilst limit breaches must be avoided at all times, any such occurrence is reported to the relevant authorities (ALCO and/or the RC) following relevant escalation process and mitigating actions are put in place. Regular update is provided to the ALCO/ the EXCO/ the RC.

Treasury Division is responsible for managing the interest rate exposure of the Group. Corrective actions are taken by Treasury Division to minimize the risk exposure and in any event to restrict exposure within limits.

Currency/foreign exchange rates risk

Currency/foreign exchange rates risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

4. Principal Risks (continued)

4.2 Market Risk (continued)

Currency/foreign exchange rates risk (continued)

In order to limit the risk of loss from adverse fluctuations in foreign exchange rates, overall Intraday and Overnight open currency position limits have been set. These internal limits are lower compared to the maximum permissible by the regulator. Internal limits serve as a trigger to management for avoiding regulatory limit breaches. Due to the fact that there is no Foreign Exchange Trading Book, VaR (Value at Risk) is calculated on a quarterly basis on the position reported to the CBC. Intraday and overnight FX position limits are monitored daily and the open foreign currency position or any breaches follow the escalation process and are reported to the ALCO and to the RC through regular reporting.

Treasury Division is responsible for managing the foreign currency open position of the Group emanating from its balance sheet. The foreign currency position emanating from customer transactions is managed by the Global Markets & Treasury Sales Department. Treasury Division is also responsible for hedging the foreign currency open positions of the foreign non-banking units of the Group.

Equities Price Risk

Equities Price Risk is the risk of loss from changes in the price of equity securities when there is an unfavorable change in the prices of equity securities held by the Group as investments.

The Group holds equity and fund investments on its balance sheet. The equity portfolio mainly relates to certain legacy positions acquired through loan restructuring activity and specifically through debt for equity swaps, whereas the fund portfolio mainly relates to investments held by the insurance operations of the Group. The policy is to manage the current equity portfolio with the intention to reduce it by selling positions for which there is a market. No new purchases of equities are allowed without ALCO approval. Analysis of equity and fund holdings are reported to ALCO on a quarterly basis. Analysis of the positions the Group maintains as at 31 December 2024 is presented in Note 20 of the Consolidated Financial Statements.

Debt Securities Price Risk

Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Group. Debt security prices change as the credit risk of the issuers changes and/or as the interest rates of fixed rate securities change.

The Group invests a significant part of its liquid assets in debt securities. Changes in the prices of debt securities classified as investments at FVPL, affect the profit or loss of the Group, whereas changes in the value of debt securities classified as FVOCI affect directly the equity of the Group. Debt securities classified as HTC are measured at amortised cost.

Debt security investment limits exist at RAS level governing the level of riskiness of the overall portfolio. Credit limits per issuer as well as concentration limits are also in place. Limit monitoring is performed on a daily basis by the Market & Liquidity Risk Unit. Any breaches are reported following an established escalation process by reference to the limit breach.

The debt security portfolio is managed by the Treasury Division and governed by the Bond Investment Policy. The annual bond investment strategy is proposed by Treasury and approved by ALCO and ultimately by the Board as part of the approval of the Group Financial Plan. Treasury proceeds with the approved bond investments which are within the Bond Investment Policy and within limits and parameters set in the various policies and frameworks. Analysis of the positions the Group maintains as at 31 December 2024 is presented in Note 20 of the Consolidated Financial Statements.

4. Principal Risks (continued)

4.2 Market Risk (continued)

Property Price Risk

Property price risk is the risk that the value of property will decrease, either as a result of:

- Changes in the demand for, and prices of, real estate; or
- Regulatory requests which may increase the capital requirements for stock of property.

The Group is exposed to the risk of negative changes in the fair value of property which is held either for own use, as stock of property or as investment property. Stock of property has been predominately acquired in exchange of debt with a strategy and intention to be disposed of in line with the Group's strategy.

The Group has in place a number of actions to manage and monitor the exposure to property price risk as indicated below:

- It has an established Real Estate Management Unit (REMU), a specialised division to manage, promote and monetise the repossessed portfolio, including other non-core assets, through appropriate real estate disposal initiatives;
- It has placed great emphasis on the efficient and quick disposal of on-boarded properties and in their close monitoring and regular reporting. RAS indicators and other KPIs are in place monitoring REMU properties in terms of value, aging, and sales levels;
- It assesses and quantifies property price risk as one of the material risks for ICAAP purposes under both the normative and economic perspective;
- It monitors the changes in the market value of the collateral and, where necessary, requests the pledging of additional collateral in accordance with the relevant agreement;
- As part of the valuation process, assumptions are made about the future changes in property values, as well as the timing for the realisation of collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts;
- For the valuation of properties owned by the Group, judgement is exercised which takes into account available reference points, such as comparable market data, expert valuation reports, current market conditions and application of appropriate illiquidity haircuts where relevant.

4.3 Liquidity and Funding Risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its commitments as they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

Funding risk is the risk that the Group does not have sufficiently stable sources of funding or access to sources of funding may not always be available at a reasonable cost and thus the Group may fail to meet its obligations, including regulatory requirements (e.g. MREL).

Further information relating to Group risk management in relation to liquidity and funding risk is set out in Note 46 of the Consolidated Financial Statements. Additionally, information on encumbrance and liquidity reserves is provided below.

4.3.1 Encumbered and unencumbered assets

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations.

An asset is classified as encumbered if it has been pledged as collateral against secured funding and other collateralised obligations and, as a result, it is no longer available to the Group for further collateral or liquidity requirements. The total encumbered assets of the Group amounted to €3,566,251 thousand as at 31 December 2024 (2023: €3,681,929 thousand).

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets (continued)

An asset is classified as unencumbered if it has not been pledged as collateral against secured funding and other collateralised obligations. Unencumbered assets are further analysed into those that are available and can potentially be pledged and those that are not readily available to be pledged. As at 31 December 2024, the Group held €20,119,123 thousand (2023: €20,640,651 thousand) of unencumbered assets that can potentially be pledged and can be used to support potential liquidity funding needs and €1,167,169 thousand (2023: €717,575 thousand) of unencumbered assets that are not readily available to be pledged for funding requirements in their current form.

The table below presents an analysis of the Group's encumbered and unencumbered assets and the extent to which the unencumbered assets can be potentially pledged for funding or other purposes. The carrying amount of such assets is disclosed below:

31 December 2024	Encumbered	Unencumbered		Total
	Pledged as collateral	Which can potentially be pledged	Which are not readily available to be pledged	
	€000	€000	€000	€000
Cash and other liquid assets	55,434	8,373,595	1,002,441	9,431,470
Investments	39,958	4,298,155	20,230	4,358,343
Loans and advances to customers	3,470,859	6,536,252	107,283	10,114,394
Non-current assets and disposed groups held for sale	-	-	23,143	23,143
Property	-	911,121	14,072	925,193
Total on-balance sheet	3,566,251	20,119,123	1,167,169	24,852,543

31 December 2023				
Cash and other liquid assets	72,800	9,890,350	439,353	10,402,503
Investments	260,011	3,419,445	15,953	3,695,409
Loans and advances to customers	3,349,118	6,229,383	243,287	9,821,788
Property	-	1,101,473	18,982	1,120,455
Total on-balance sheet	3,681,929	20,640,651	717,575	25,040,155

Encumbered assets primarily consist of loans and advances to customers and investments in debt securities. These are mainly pledged for any potential use of the funding facilities of the European Central Bank (ECB) and for the covered bond (Notes 29 and 46 of the Consolidated Financial Statements for the year ended 31 December 2024 respectively). Encumbered assets include cash and other liquid assets placed with banks as collateral under ISDA agreements which are not immediately available for use by the Group but are released once the transactions are terminated. Cash is mainly used to cover collateral required for (i) derivatives and (ii) trade finance transactions and guarantees issued. It may also be used as part of the supplementary assets for the covered bond.

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets (continued)

BOC PCL maintains a Covered Bond Programme set up under the Cyprus Covered Bonds legislation and the Covered Bonds Directive of the Central Bank of Cyprus (CBC). Under the Covered Bond Programme, BOC PCL has in issue covered bonds of €650 million secured by residential mortgages originated in Cyprus. The covered bonds have a maturity date on 12 December 2026 and interest rate of 3-months Euribor plus 1.25% payable on a quarterly basis. On 9 August 2022, BOC PCL proceeded with an amendment to the terms and conditions of the covered bonds following the implementation of Directive (EU) 2019/2162 in Cyprus. The covered bonds are listed on the Luxembourg Bourse and have a conditional Pass-Through structure. All the bonds are held by BOC PCL. The covered bonds are eligible collateral for the Eurosystem credit operations and are placed in the ECB pool providing access to funding from the ECB.

Unencumbered assets which can potentially be pledged include debt securities and Cyprus loans and advances which are less than 90 days past due. Balances with central banks are reported as unencumbered and can be pledged, to the extent that there is excess available over the minimum reserve requirement. The minimum reserve requirement is reported as unencumbered not readily available to be pledged.

Unencumbered assets that are not readily available to be pledged primarily consist of loans and advances which are prohibited by contract or law to be encumbered or which are more than 90 days past due or for which there are pending litigations or other legal actions against the customer, a proportion of which would be suitable for use in secured funding structures but are conservatively classified as not readily available to be pledged as collateral. Properties whose legal title has not been transferred to the Company or a subsidiary are not considered to be readily available to be pledged as collateral.

Insurance assets held by Group insurance subsidiaries are not included in the table above or below as they are primarily due to the insurance policyholders.

The carrying and fair value of the encumbered and unencumbered investments of the Group as at 31 December 2024 and 31 December 2023 are as follows:

31 December 2024	Carrying value of encumbered investments	Fair value of encumbered investments	Carrying value of unencumbered investments	Fair value of unencumbered investments
	€000	€000	€000	€000
Equity securities	-	-	135,464	135,464
Debt securities	39,958	40,870	4,182,921	4,214,146
Total investments	39,958	40,870	4,318,385	4,349,610

31 December 2023				
Equity securities	-	-	144,016	144,016
Debt securities	260,011	250,480	3,291,383	3,303,818
Total investments	260,011	250,480	3,435,399	3,447,834

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.2 Liquidity regulation

The Group is required to comply with provisions on the Liquidity Coverage Ratio (LCR) under CRD IV/CRR (as supplemented by Delegated Regulations (EU) 2015/61), with the limit set at 100%. The Group must also comply with the Net Stable Funding Ratio (NSFR) calculated as per the Capital Requirements Regulation II (CRR II), with the limit set at 100%.

The LCR is designed to promote the short-term resilience of a Group's liquidity risk profile by ensuring that it has sufficient high-quality liquid resources to survive an acute stress scenario lasting for 30 days. The NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

As at 31 December 2024, the Group was in compliance with all regulatory liquidity requirements. As at 31 December 2024, the Group's LCR stood at 309% (compared to 359% at 31 December 2023) and the Group's NSFR stood at 162% (compared to 159% at 31 December 2023).

4.3.3 Liquidity reserves

The below table sets out the Group's liquidity reserves:

Composition of the liquidity reserves	31 December 2024			31 December 2023		
	Internal Liquidity Reserves	Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible		Internal Liquidity Reserves	Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible	
		Level 1	Level 2A & 2B		Level 1	Level 2A & 2B
	€000	€000	€000	€000	€000	€000
Cash and balances with central banks	7,341,141	7,341,141	-	9,428,052	9,428,052	-
Placements with banks	658,154	-	-	214,588	-	-
Liquid investments	4,787,396	4,206,223	377,572	3,299,967	2,801,667	354,128
Available ECB Buffer	1,999,540	-	-	92,088	-	-
Total	14,786,231	11,547,364	377,572	13,034,695	12,229,719	354,128

Internal Liquidity Reserves present the internally defined liquid buffer of the Bank. Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 present the liquid assets as per the definition of the aforementioned regulation i.e., High-Quality Liquid Assets (HQLA).

Balances in Nostro accounts and placements with banks are not included in Liquidity reserves as per LCR, as they are not considered HQLA (they are part of the LCR Inflows).

Liquid investments under the Liquidity reserves as per LCR are shown at market values reduced by standard weights as prescribed by the LCR regulation. Liquid investments under Internal Liquidity Reserves include additional unencumbered liquid bonds which are shown at market values net of haircuts based on the ECB methodology and haircuts for the ECB eligible bonds, while for the non-ECB eligible bonds, a more conservative internally developed haircut methodology is used.

Currently available ECB buffer is not part of the Liquidity reserves as per LCR.

4. Principal Risks (continued)

4.4 Operational Risk

Operational risk is defined as the risk of direct or indirect impact/loss resulting from inadequate or failed internal processes, people, systems or from external events. The Group includes in this definition compliance, legal and reputational risk.

The Group recognises that the control of operational risk is directly related to effective and efficient management practices and high standards of corporate governance. To that effect, the management of operational risk is geared towards maintaining a strong internal control governance framework and managing operational risk exposures through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

The Group also maintains adequate insurance policies to cover for unexpected material operational losses.

Operational Risk Management (ORM) Framework

The Group has established an Operational Risk Management Framework which addresses the following objectives:

- Raising operational risk awareness and building the appropriate risk culture;
- Providing effective risk monitoring and reporting to the Group's management at all levels in relation to the operational risk profile, so as to facilitate decision making for risk control activities;
- Mitigating operational risk to ensure that operational losses do not cause material damage to the Group's franchise and that the impact on the Group's profitability and corporate objectives is contained; and
- Maintaining a strong system of internal controls to ensure that operational incidents do not cause material damage to the Group's franchise and have a minimal impact on the Group's profitability and reputation.

Operational risks can arise from all business lines and from all activities carried out by the Group and are thus diverse in nature.

To enable effective management of all material operational risks, the operational risk management framework adopted by the Group is based on the three lines of defence model, through which risk ownership is dispersed throughout the organisation.

The key components of the Operational Risk Management Framework include the following:

Operational Risk Appetite

A defined Operational RAS is in place, which forms part of the Group RAS. Thresholds are applied for conduct and other operational risk related losses.

Risk Control Self-Assessment (RCSA)

An RCSA methodology is established across the Group. According to the RCSA methodology, business owners are requested to identify risks that arise primarily from the risk areas under the Group's Risk Taxonomy. Updating/enriching the risk register in terms of existing and potential new risks identified and their mitigation is an on-going process, sourced from RCSA, but also from other Risk and Control Assessments (RCAs) performed.

4. Principal Risks (continued)

4.4 Operational Risk (continued)

Operational Risk Management (ORM) Framework (continued)

Incident recording and analysis

An operational risk event is defined as any incident where through the failure or lack of a control, the Group has incurred an actual or potential loss/gain, or could have had a negative reputational or regulatory impact.

Operational risk loss events are classified and recorded in the Group's Risk and Compliance Management System (RCMS), which serves as an enterprise tool integrating all risk-control data (e.g. risks, loss incidents, KRIs) to provide a holistic view with regards to risk identification, corrective action and statistical analysis.

Key Risk Indicators (KRIs)

These are operational or financial variables, which track the likelihood and/or impact of a particular operational risk. KRIs serve as a metric, which may be used to monitor the level of particular operational risks.

Operational Risk Capital Requirements and ICAAP

Regulatory and economic capital requirements for operational risk are calculated using the Standardised Approach. Additional Pillar II Regulatory capital is calculated for operational risk on a scenario-based approach. Scenarios are built after taking into consideration the Key Risk Drivers, which are identified using a combination of methods and sources, through top-down and bottom-up approaches.

Training and awareness

The Group strives to continuously enhance its risk control culture and increase the awareness of its employees on operational risk issues through ongoing staff training (both through physical workshops and through e-learning).

Reporting

Important operational risks identified and assessed through the various tools/methodologies of the Operational Risk Management Framework, are regularly reported to top management, as part of overall risk reporting. Specifically, the CRO reports on risk to the EXCO and the RC on a monthly basis, while annual risk reports are submitted to the Regulators. Ad-hoc reports are also submitted to management, as needed.

4.4.1 Fraud Risk Management

The Group has a dedicated unit under the ORM Function, the Fraud Risk Management (FRM) unit, which is responsible for the oversight of internal and external fraud by:

- Developing and maintaining a framework and supporting policies for the management of internal and external fraud risks;
- Undertaking Specialised Fraud Risk Assessments and ensuring that divisions and business departments have a sound process for identifying new and emerging fraud risks;
- Promoting and adopting automated/alert-based systems and controls for the prevention and early detection of external and internal fraud;
- Establishing structured fraud incident response management processes and plans;
- Analysing data and emerging fraud trends for the proactive management of emerged fraud;
- Providing direction through policy, education, tools and training;
- Ensuring compliance with relevant regulations and assessing new regulations or amendments to existing ones with regards to fraud related issues, by performing regulatory gap analysis in cooperation with other related stakeholders.

4. Principal Risks (continued)

4.4 Operational Risk (continued)

4.4.1 Fraud Risk Management (continued)

Ongoing activities/initiatives towards further enhancements of FRM involved inter alia, the provision of fraud risks and emerged frauds awareness seminar to Group's staff and top-management, and the further strengthening of external fraud prevention controls and framework, as a result of the customers' accelerated shift towards digital channels and digital banking.

4.4.2 Third-Party Risk Management

Third-party risk is defined as the risk brought on to the organisation by external parties in its ecosystem or supply chain. Such parties include vendors, suppliers, partners, contractors or service providers who have access to internal company or customer data, systems, processes or other privileged information. Third Party Risk, remains of significant importance, and this is primarily due to the existence of outsourcing engagements and the risks identified through the Third-Party risk assessments.

To mitigate this risk, a number of controls are in place which include regular third-party risk assessments on outsourcing/intragroup and strategic contracts, third-party performance assessments, and established third party risk trainings to ensure third-party risk awareness by the Group's staff. The outsourcing contracts of the Group should be fully aligned with the EBA Guidelines on Outsourcing Arrangements and/or the Third-Party & Outsourcing Risk Management Policy. In cases where the arrangements in scope are not aligned with the EBA Guidelines and/or policies of the Group, risks are identified, and mitigating controls are put in place. Examples of potential risks include inadequate contract clauses, third-party resilience/inadequate due diligence, and over-reliance on third parties.

4.4.3 Business Continuity Risk Management (BCRM)

The Group has a dedicated unit under the ORM Function, the Business Continuity Risk Management unit, which provides direction and sets the overall framework to individual business units to mitigate business continuity risks and minimize the impact of severe disruptive incidents such as natural disasters, loss of Information Technology Center, loss of electricity, pandemics etc.

5. Other principal risks and uncertainties

In addition to the risks described in section 4 above, further principal risks are also faced by the Group. These risks are described below as well as the way these are identified, assessed, managed and monitored by the Group, including the available mitigants.

Emerging risks are defined as new risks or existing risks that may escalate in a different way, with the potential to threaten the execution of the Group's strategy or operations over a medium-term horizon. The Group is forward-looking in its risk identification processes to ensure emerging risks are identified. The internal and external risk environment of the Group as well as macro-themes are assessed to identify such emerging risks that may require escalation and implementation of suitable mitigation actions. Reporting of emerging risks to the RC and the EXCO is performed on a bi-annual basis to ensure all significant risks are escalated effectively for discussion and action. The main emerging risks currently considered by the Group are Geopolitical, Digital Transformation and Climate and Environment Risks all of which are also principal risks and are further described below.

The risks described, should not be regarded as a complete and comprehensive statement of all potential risks, uncertainties or mitigants, as other factors either not yet identified or not currently material, may also adversely affect the Group.

5. Other principal risks and uncertainties (continued)

5.1 Business Model and Strategic Risks

Business model and strategic risks refer to the uncertainty in implementing the Group's strategy and achieving its business targets. Such risks can arise from changes in the external environment, including economic trends, competition, geopolitics, and regulatory changes, or due to operational factors, such as inadequate planning or implementation. The Group faces competition from banks, financial institutions, insurance and financial technology companies operating locally or abroad. Also, deterioration of the macroeconomic environment can lead to adverse impacts in the financial performance impacting the Group's profitability, asset quality or capital resources.

Furthermore, the Group's business environment and operational performance are heavily dependent on the current and future economic conditions and prospects in Cyprus, where the Group's operations are based, and earnings are predominantly generated. The Group is also dependent on the economic conditions and prospects in the countries of the main counterparties it conducts business with.

The Group has a clear strategy with key objectives to enable delivery and operates within defined risk appetite limits which are calibrated considering the Group's risk bearing capacity. The strategy is closely monitored on a regular basis. Furthermore, the Group remains ready to explore opportunities that complement its strategy including diversification of income.

The Group monitors and manages business model risk within its Risk Appetite Framework, by setting limits in respect of measures such as financial performance, portfolio performance, concentration and capital levels. At a more operational level, the risk is mitigated by monitoring deviations from the Group Financial Plan, while during the year, periodic reforecast updates of the financial plan are prepared. The frequency of reforecast updates during each year is determined by the prevailing business and economic conditions. Performance against the plan is monitored on a monthly basis, both at Group and Business Line levels, and reported to the EXCO and the Board.

The Group also closely monitors the risks and impact of changing macroeconomic conditions on its lending portfolio, strategy and objectives, considering mitigating actions where necessary. An internal stress testing framework as part of the Group's ICAAP is in place to provide insights and to assess capital resilience to shocks.

5.2 Geopolitical Risk

Cyprus is a small, open, services-based economy, with a large external sector and high reliance on tourism and international business services. As a result, external factors such as economic and geopolitical events that are beyond the control of the Group can have a significant impact on domestic economic activity. A number of macro and market related risks, including weaker economic activity, a volatile interest rate environment for longer, and higher competition in the financial services industry, could negatively affect the Group's business environment, results, and operations.

Geopolitical tensions remain high because of the continuing war in Ukraine and the military conflict in the Middle East. The continuation of these conflicts adds considerable uncertainty to the outlook for the global economy with the impact dependent on how these conflicts are resolved.

A change in the US approach may drive changes in global trade. The potential for the introduction of a higher tariff regime by the US administration may result in inflationary and monetary policy reactions with the trading partners of the US.

5. Other principal risks and uncertainties (continued)

5.2 Geopolitical Risk (continued)

Up until now, the Cyprus economy has proved robust and flexible to withstand external shocks and has displayed the ability to sufficiently diversify income in order to maintain GDP growth and suppress unemployment.

These factors, as well as the current political context in the United States and Europe, increase the uncertainty about the evolution of the global economy. The Group closely monitors these events and their impact on the economy and the business and remains vigilant to take any precautionary measures as required.

Although, there have been distinct improvements in Cyprus' risk profile after the banking crisis, risks do remain given the open structure of the Cypriot economy.

The Group continuously monitors current affairs, the impact of forecasted macroeconomic conditions and geopolitical developments on the Group's strategy to proactively manage emerging risks. Where necessary, bespoke solutions are offered to affected exposures and close monitoring on those is maintained. Furthermore, the Group includes related events in its stress testing scenarios in order to gain a better understanding of the potential impact.

5.3 Legal Risk

The Group may, from time to time, become involved in legal or arbitration proceedings which may affect its operations and results. Litigation risk arises from pending or potential legal proceedings and regulatory investigations against the Group. In the event that legal issues are not properly dealt with by the Group, this may result in financial and/or reputational loss to the Group. Information on pending litigation, claims, regulatory and other matters is disclosed in Note 38 of the Consolidated Financial Statements.

The Group has procedures in place to ensure effective and prompt management of legal risk including, among others, the risk arising from regulatory developments, new products and internal policies.

The Legal Services Department (LSD) monitors the pending litigation against the Group and assesses the probability of loss for each legal action against the Group based on IFRS Accounting Standards. It also estimates the amount of potential loss where it is deemed as probable. Additionally, it reports pending litigation and latest developments to the Board.

5.4 Technology Risk

Technology risk arises from system downtimes impacting business operations and/or customer service. Downtimes may be caused by hardware or software failures due to malfunctions, failed processes, human error, or cyber incidents. The use of outdated, obsolete and unsupported systems increases this risk.

The Group has in place a Technology Strategy designed to support business strategy and a customer centric view. The strategy includes investments in skills and technology to minimize system downtimes and security risks, modernization of legacy applications, a risk-based approach to leverage the benefits of Cloud technologies and investments in new and innovative applications to support business requirements. The Group implements a collaborative operating model to implement the technology initiatives that support business strategy and its digital agenda. The Operating Model involves setting up cross-functional teams that combine technical, business and risk skills for accelerated results. Where necessary, the Group engages with appropriate external experts to augment capacity and meet peak demand for technical initiatives while always maintaining good levels of internal skills and capacity.

5. Other principal risks and uncertainties (continued)

5.4 Technology Risk (continued)

The Group's policies, standards, governance and controls undergo ongoing review to ensure continued alignment with the Group's Technology Strategy, compliance with regulation and effective management of the associated risks.

5.5 Digital Transformation Risk

Digital transformation risk continues to be a principal and emerging risk, as banking models are rapidly evolving both locally and globally as available technologies have resulted in the customers' accelerated shift towards digital channels. Money transmission, data driven integrated services and Digital Product Sales are rapidly evolving. How the Group adapts to these emerging developments could impact the realisation of its market strategies and financial plans.

In the context of the overall business strategy, the Group assesses and develops its Digital Strategy and maintains a clear roadmap that provides for migration of transactions to the Digital Channels, full Digital and Digital Assisted Product Sales, embedded banking and self-service banking support services. The Group's emphasis on the Digital Strategy is reflected in the operating model with a designated Chief Digital Officer supported by staff with the appropriate skills that work closely with Technology and Control functions to execute the strategy.

The Group's policies, standards, governance and controls undergo ongoing review to ensure continued alignment with the Group's strategy for digital transformation and effective management of the associated risk.

5.6 Information Security and Cyber Risk

Information security and cyber-risk is a significant inherent risk, which could cause a material disruption to the operations of the Group. The Group's information systems have been and will continue to be exposed to an increasing threat of continually evolving cybercrime and data security attacks. Customers and other third parties to which the Group is significantly exposed, including the Group's service providers (such as data processing companies to which the Group has outsourced certain services), face similar threats.

Current geopolitical tensions have also led to increased risk of cyber-attack from foreign state actors.

The Group has an internal specialized Information Security team which constantly monitors current and future cyber security threats (either internal or external, malicious or accidental) and invests in enhanced cyber security measures and controls to protect, prevent, and appropriately respond against such threats to Group systems and information. The Group maintains an approved Group Information Security Policy that provides a set of standards, guidelines, controls, measures designed to achieve a desired level of information security.

The Group also collaborates with industry bodies, the National Computer Security Incident Response Team (CSIRT) and intelligence-sharing working groups to be better equipped to face the growing threat from cyber criminals. In addition, the Group maintains insurance coverage which covers certain aspects of cyber risks.

5. Other principal risks and uncertainties (continued)

5.7 Regulatory Compliance Risk

The Group conducts its business subject to on-going regulations and the associated regulatory risks, including the effects of changes in laws, regulations, policies, codes of conduct etc. Regulatory compliance risk is the risk of impairment to the organization's business model, reputation and financial condition from failure to meet laws and regulations, internal standards and policies, and expectations of key stakeholders such as shareholders, regulators, customers, employees and society. Failure to comply with regulatory framework requirements or identify and plan for emerging requirements could lead to, amongst other things, increased costs for the Group, regulatory fines, limitation on BOC PCL's capacity to lend and could have a material adverse effect on the business, financial condition and results, operations and prospects of the Group.

The Group's management maintains continuous and transparent communication with its Regulators (including the ECB, the CBC, and others, such as the CySec, the CSE and the LSE/ATHEX). The Regulatory Steering Group, led by the CEO and composed of executive management, receives regular updates on Regulatory Compliance Risk issues via the Regulatory Affairs Department. The Group Compliance monitors the status of upcoming new laws and amendments to existing laws, to ensure that all regulatory developments and requirements are promptly addressed by the Group.

Regulatory compliance risks are identified and assessed using diverse methods as outlined in the Group Compliance Policy. This policy details the compliance framework for the Group, covering their business and legal environment, and assigning compliance responsibilities at both Group and entity levels. Additionally, it ensures BOC PCL adheres to CBC Internal Governance Directive and EBA Guidelines on Internal Governance.

The Compliance Risk Assessment Methodology outlines how to evaluate compliance risks. The Compliance team identifies and informs business areas about new or updated regulations, enabling them to conduct impact assessments or regulatory gap analyses, while the Compliance function reviews and challenges as the second line of defence.

Tools and mechanisms are in place for identifying, assessing, monitoring, escalating and reporting compliance risks which, inter alia, include:

- The assessment of periodic reports submitted by the network of compliance liaisons;
- The use of aggregated risk measurements such as compliance risk indicators;
- Overseeing and challenging regulatory risks identified by compliance liaisons and subsidiary officers through gap analysis of new or amended regulations, processes, procedures, projects, products/services, and other assessments, to ensure effective management of compliance risks within the Group and recommending additional controls and corrective actions as necessary;
- Supervising the compliance risk assessment procedures conducted by the compliance liaisons and subsidiary compliance officers, as well as overseeing the implementation of mitigation efforts to manage identified risks;
- Overseeing the complaints process and utilising customer complaints as a source of relevant information in the context of its general monitoring responsibilities;
- Collaborating and sharing information with other internal control and risk management teams on compliance issues, evaluating regulatory incidents, monitoring mitigating actions to avoid recurrence, managing the risk, and reporting non-compliance incidents to competent authorities in accordance with relevant regulations;
- Conducting periodic onsite/offsite reviews with applicable laws, rules, regulations and standards and providing recommendations/advice to management on measures to be taken to ensure compliance;
- Investigating potential breaches of compliance policy and regulations, and conducting these investigations as requested by relevant authorities, with the assistance of internal experts like those from Internal Audit, Legal Services, Information Security, or Fraud Risk Management if needed.

5. Other principal risks and uncertainties (continued)

5.7 Regulatory Compliance Risk (continued)

Regulatory compliance risks are reported promptly to senior management and the Board in accordance with the guidelines of the CBC Internal Governance Directive.

5.8 Insurance risk and re-insurance risk

The Group, through its subsidiaries, EuroLife Ltd ('EuroLife') and General Insurance of Cyprus Ltd ('Genikes Insurance'), provides life insurance and non-life insurance services, respectively, and is exposed to certain risks specific to these businesses. Insurance events are unpredictable and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial and statistical techniques. Insurance risk therefore is the risk that an insured event under an insurance contract occurs and uncertainty over the amount and the timing of the resulting claim exists.

The above risk exposure is mitigated by the Group through the diversification across a large portfolio of insurance contracts. The variability of risks is also reduced by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Although the Group has reinsurance coverage, it is not relieved of its direct obligations to policyholders and is thus exposed to credit risk with respect to ceded insurance, to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance arrangements.

The creditworthiness of reinsurers is evaluated by considering their solvency and credit rating and reinsurance arrangements are monitored and reviewed to ensure their adequacy as per the reinsurance policy. In addition, counterparty risk assessment is performed on a frequent basis.

Both EuroLife and Genikes Insurance perform their annual stress tests (ORSA) which aim to ensure, among others, the appropriate identification and measurement of risks, an appropriate level of internal capital in relation to each company's risk profile, and the application and further development of suitable risk management and internal control systems.

5.9 Climate Related & Environmental Risks

Climate and environmental matters is a growing agenda for financial institutions given the increasing effects of climate change globally and the sharp regulatory focus on addressing the resultant risks. The Group's businesses, operations and assets could be affected by climate-related and environmental (C&E) risks over the short, medium and long term. The Group is committed to integrate C&E risk considerations into all relevant aspects of the decision-making, governance, strategy and risk management and has taken the necessary steps to achieve this.

The Group applies the definition used in the Task Force on Climate-related Financial Disclosures (TCFD) for C&E risks whereby climate-related risks are divided into two major categories: (1) risks related to the transition to a lower-carbon economy (transition risks) and (2) risks related to the physical impacts of climate change (physical risks).

- **Physical risk** refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is categorised as "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity. Physical risk can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.

5. Other Principal Risks and uncertainties (continued)

5.9 Climate Related & Environmental Risks (continued)

- **Transition risk** refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

Accelerating climate change could lead to sooner than anticipated physical risk impacts to the Group and the wider economy and there is uncertainty in the scale and timing of technology, commercial and regulatory changes associated with the transition to a low carbon economy.

The Group has put in place targets which set transparent ambitions on its climate strategy and decarbonization of its operations and portfolio. An overall ESG strategy and working plan is thus in place to facilitate these ambitions and address ECB expectations.

The Group also acknowledges the growing importance of environmental / nature-related risks which, as per the Task Force for Nature-related Financial Disclosures (TNFD), are defined as those potential threats posed to an organization arising from its own and the wider society's dependencies and impacts on nature.

Dedicated teams both within Risk Management and Investor Relations & ESG Department, as well as other resources, have been mobilised across the Group and are engaged in various streams of work such as the measuring of own and financed emissions, the integration of C&E risk in the risk management framework and the enhancement of green products offering.

Further information on C&E risks and their risk management is provided in the Sustainability Statements, prepared in accordance with the European Sustainability Reporting Standards, that form part of the Group's 2024 Annual Financial Report.

6. Capital management

The primary objective of the Group's capital management is to ensure compliance with the relevant regulatory capital requirements and to maintain healthy capital adequacy ratios to cover the risks of its business, support its strategy and maximise shareholders' value.

The capital adequacy framework, as in force, was incorporated through the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) which came into effect on 1 January 2014 with certain specified provisions implemented gradually. The CRR and CRD transposed the new capital, liquidity and leverage standards of Basel III into the European Union's legal framework. CRR establishes the prudential requirements for capital, liquidity and leverage for credit institutions. It is directly applicable in all EU member states. CRD governs access to deposit-taking activities and internal governance arrangements including remuneration, board composition and transparency. Unlike the CRR, member states were required to transpose the CRD into national law and national regulators were allowed to impose additional capital buffer requirements.

On 27 June 2019, the revised rules on capital and liquidity (Regulation (EU) 2019/876 (CRR II) and Directive (EU) 2019/878 (CRD V)) came into force. As an amending regulation, the existing provisions of CRR apply, unless they are amended by CRR II. Certain provisions took immediate effect (primarily relating to Minimum Requirement for Own Funds and Eligible Liabilities (MREL)), but most changes became effective as of June 2021. The key changes introduced consist of, among others, changes to qualifying criteria for Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) instruments, introduction of requirements for MREL and a binding Leverage Ratio requirement (as defined in the CRR) and a Net Stable Funding Ratio (NSFR).

6. Capital management (continued)

The amendments that came into effect on 28 June 2021 are in addition to those introduced in June 2020 through Regulation (EU) 2020/873, which among others, brought forward certain CRR II changes in light of the COVID-19 pandemic. The main adjustments of Regulation (EU) 2020/873 that had an impact on the Group's capital ratio relate to the acceleration of the implementation of the new SME discount factor (lower RWAs), extending the IFRS 9 transitional arrangements and introducing further relief measures to CET1 allowing to fully add back to CET1 any increase in ECL recognised in 2020 and 2021 for non-credit impaired financial assets and phasing-in this starting from 2022 (phasing-in at 25% in 2022, 50% in 2023 and 75% in 2024) and advancing the application of prudential treatment of software assets as amended by CRR II (which came into force in December 2020).

In October 2021, the European Commission adopted legislative proposals for further amendments to the CRR, CRD and the BRRD (the '2021 Banking Package'). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that had not yet been transposed into EU law. The 2021 Banking Package included:

- a proposal for a Regulation ('CRR III') to make amendments to CRR with regard to (amongst other things) requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor;
- a proposal for a Directive ('CRD VI') to make amendments to CRD with regard to (amongst other things) requirements on supervisory powers, sanctions, third-country branches and ESG risks; and
- a proposal for a Regulation to make amendments to CRR and the BRRD with regard to (amongst other things) requirements on the prudential treatment of G-SII groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the MREL requirements.

In December 2023 the preparatory bodies of the Council and European Parliament endorsed the amendments to the CRR and the CRD and the legal texts were published on the Council and the Parliament websites. In April 2024, the European Parliament voted to adopt the amendments to the CRR and the CRD; Regulation (EU) 2024/1623 (the 'CRR III') and Directive (EU) 2024/1619 (the 'CRD VI') were published in the EU's official journal in June 2024, with entry into force 20 days from the date of the publication. Most provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased-in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III is estimated to have a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

The Regulatory CET1 ratio of the Group as at 31 December 2024 stands at 19.2% and the Total Capital ratio at 24.0%. The ratios as at 31 December 2024 include profits for the year ended 31 December 2024 and a deduction for the distribution in respect of 2024 earnings as described in Section 'Distributions' in the Directors Report included within the Annual Financial Report.

6. Capital management (continued)

The Group's minimum capital requirements are presented below:

Minimum CET1 Regulatory Capital Requirements	2024	2023
Pillar I – CET1 Requirement	4.50%	4.50%
Pillar II – CET1 Requirement	1.55%	1.73%
Capital Conservation Buffer (CCB)*	2.50%	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	1.875%	1.50%
Countercyclical Buffer (CcyB)	0.92%	0.48%
Minimum CET1 Regulatory Capital Requirements	11.34%	10.72%

* Fully phased in as of 1 January 2019

** Increasing by 0.0625% every year thereafter, until being fully implemented on 1 January 2026 at 2.00%.

Minimum Total Capital Regulatory Requirements	2024	2023
Pillar I – Total Capital Requirement	8.00%	8.00%
Pillar II – Total Capital Requirement	2.75%	3.08%
Capital Conservation Buffer (CCB)*	2.50%	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	1.875%	1.50%
Countercyclical Buffer (CcyB)	0.92%	0.48%
Minimum Total Capital Regulatory Requirements	16.05%	15.56%

* Fully phased in as of 1 January 2019

** Increasing by 0.0625% every year thereafter, until being fully implemented on 1 January 2026 at 2.00%.

The minimum Pillar I total capital requirement ratio of 8.00% may be met, in addition to the 4.50% CET1 requirement, with up to 1.50% by AT1 capital and with up to 2.00% by T2 capital.

The Group is also subject to additional capital requirements for risks which are not covered by the Pillar I capital requirements (Pillar II add-ons). Applicable Regulation allows a part of the said Pillar II Requirements (P2R) to be met also with AT1 and T2 capital and does not require solely the use of CET1.

The capital position of the Group and BOC PCL as at 31 December 2024 exceeds both their Pillar I and their Pillar II add-on capital requirements. However, the Pillar II add-on capital requirements are a point-in-time assessment and therefore are subject to change over time.

The CBC, in accordance with the Macroprudential Oversight of Institutions Law of 2015, sets, on a quarterly basis, the CcyB rates in accordance with the methodology described in this law.

On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the CcyB rate from 0.00% to 0.50% of the total risk exposure amount in Cyprus of each licensed credit institution incorporated in Cyprus effective from 30 November 2023. Moreover, on 2 June 2023, the CBC, announced its decision to raise the CcyB rate to 1.00% of the total risk exposure amount in Cyprus, effective from 2 June 2024. The CcyB for the Group as at 31 December 2024 has been calculated at approximately 0.92% (2023: 0.48%). In January 2025, the CBC, based on its macroprudential policy, decided to increase the CcyB rate from 1.00% to 1.50% of the total risk exposure amount in Cyprus effective from January 2026. Based on the above, the CcyB for the Group is expected to increase further.

6. Capital management (continued)

In accordance with the provisions of this law, the CBC is also the responsible authority for the designation of banks that are Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII Buffer requirement for these systemically important banks. BOC PCL has been designated as an O-SII. The O-SII Buffer as at 31 December 2023 stood at 1.50% and increased by 37.5 bps to 1.875% on 1 January 2024, following a revision of the O-SII buffer by the CBC in October 2023. In April 2024, following a revision by the CBC of its policy for the designation of credit institutions that meet the definition of O-SII institutions and the setting of an O-SII buffer to be observed, the Group's O-SII buffer has been set to 2.00% from 1 January 2026 (from the previous assessment carried out in October 2023 of 2.25% from 1 January 2025) to be phased-in by 6.25 bps annually to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026.

The ECB also provides non-public guidance for an additional Pillar II CET1 buffer (P2G) to be maintained.

Following the annual SREP performed by the ECB in 2024 and based on the final SREP decision received in December 2024, effective from 1 January 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to remain unchanged, when disregarding the phasing-in of the O-SII buffer. The non-public guidance P2G is also expected to remain unchanged compared to 2024. Furthermore, based on the final SREP decision, the requirement for prior regulatory approval for the declaration of dividends is lifted, effective from 1 January 2025.

The Group is subject to a 3% Pillar I Leverage Ratio requirement.

The above minimum ratios apply for both BOC PCL and the Group.

The EBA final guidelines on SREP and supervisory stress testing and the Single Supervisory Mechanism's (SSM) 2018 SREP methodology provide that the own funds held for the purposes of Pillar II Guidance (P2G) cannot be used to meet any other capital requirements (Pillar I requirement, P2R or the Combined Buffer Requirement (CBR)), and therefore cannot be used twice.

The regulatory capital position of the Group and BOC PCL as at the reporting date (after applying the transitional arrangements) is presented below:

6. **Capital management** (continued)

Regulatory capital	Group		BOC PCL	
	31 December 2024 ¹	31 December 2023 ³	31 December 2024 ²	31 December 2023 ³
	€000	€000	€000	€000
Common Equity Tier 1 (CET1) ⁴	2,075,484	1,798,015	2,015,685	1,766,707
Additional Tier 1 capital (AT1)	220,000	220,000	220,000	220,000
Tier 2 capital (T2)	307,138	300,000	307,955	300,000
Transitional total regulatory capital	2,602,622	2,318,015	2,543,640	2,286,707
Risk weighted assets – credit risk ⁵	9,172,397	9,013,267	9,228,404	9,005,552
Risk weighted assets – market risk	-	-	-	-
Risk weighted assets – operational risk	1,661,691	1,327,871	1,601,470	1,292,350
Total risk weighted assets	10,834,088	10,341,138	10,829,874	10,297,902
Transitional	%	%	%	%
Common Equity Tier 1 (CET1) ratio	19.2	17.4	18.6	17.2
Total capital ratio	24.0	22.4	23.5	22.2
Leverage ratio	8.8	7.6	8.5	7.5

¹Includes profits for the year ended 31 December 2024 net of a deduction for the distribution in respect of 2024 earnings of €241 million, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €211 million and approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €30 million and in compliance with the terms of the ECB approval.

²Includes profits for the year ended 31 December 2024 net of a deduction for the distribution in respect of 2024 earnings, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €241 million.

³Includes profits for the year ended 31 December 2023 net of a deduction for the distribution in respect of 2023 earnings of €137 million, following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €112 million and approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €25 million and in compliance with the terms of the ECB approval. Similarly, for BOC PCL, amounts include profits for the year ended 31 December 2023 net of a deduction for the distribution in respect of 2023 earnings following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €137 million.

⁴CET1 includes regulatory deductions, comprising, amongst others, intangible assets amounting to €25,231 thousand for the Group and €16,039 thousand for BOC PCL as at 31 December 2024 (31 December 2023: €24,337 thousand for the Group and €16,861 thousand for BOC PCL).

⁵Includes Credit Valuation Adjustments (CVA).

6. Capital management (continued)

The capital ratios of the Group and BOC PCL as at the reporting date on a fully loaded basis are presented below:

Fully loaded	Group		BOC PCL	
	31 December 2024 ^{1,4}	31 December 2023 ^{3,4}	31 December 2024 ^{2,4}	31 December 2023 ^{3,4}
	%	%	%	%
Common Equity Tier 1 ratio	19.1	17.3	18.6	17.1
Total capital ratio	24.0	22.4	23.5	22.2
Leverage ratio	8.7	7.6	8.5	7.5
^{1.} Includes profits for the year ended 31 December 2024 net of a deduction for the distribution in respect of 2024 earnings of €241 million, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €211 million and approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €30 million and in compliance with the terms of the ECB approval. ^{2.} Includes profits for the year ended 31 December 2024 net of a deduction for the distribution in respect of 2024 earnings, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €241 million. ^{3.} Includes profits for the year ended 31 December 2023 net of a deduction for the distribution in respect of 2023 earnings of €137 million, following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €112 million and approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €25 million and in compliance with the terms of the ECB approval. Similarly, for BOC PCL amounts include profits for the year ended 31 December 2023 net of a deduction for the distribution in respect of 2023 earnings following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €137 million. ^{4.} IFRS 9 fully loaded as applicable.				

During the year ended 31 December 2024, the regulatory CET1 ratio was mainly affected by pre-provision income, provisions and impairments, the payment of AT1 coupon, other movements and the movement in risk-weighted assets. The CET1 ratio is also impacted by the deductions for distribution in respect of 2024 earnings and charges in line with the applicable framework as set out above. As a result, the CET1 ratio (on a transitional and on a fully loaded basis) has increased by approximately 180 bps during the year ended 31 December 2024.

A charge, which amounted to 26 bps as at 31 December 2024, is deducted from own funds in relation to ECB expectations for NPEs. In addition, a prudential charge in relation to the onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which is 3 bps on the Group's CET1 ratio as at 31 December 2024. Furthermore, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 31 December 2024 the impact of these requirements was 51 bps on the Group's CET1 ratio compared to 24 bps as at 31 December 2023. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

6. Capital management (continued)

Capital requirements of subsidiaries

The insurance subsidiaries of the Group, the General Insurance of Cyprus Ltd and Eurolife Ltd, comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated Cyprus Investment Firm (CIF) of the Group, The Cyprus Investment and Securities Corporation Ltd (CISCO), complies with the minimum capital adequacy ratio requirements. In 2021 the new prudential regime for Investment Firms ('IFs') as per the Investment Firm Regulation (EU) 2019/2033 ('IFR') on the prudential requirements of IFs and the Investment Firm Directive (EU) 2019/2034 ('IFD') on the prudential supervision of IFs came into effect. Under the new regime CISCO has been classified as a Non-Systemic 'Class 2' company and is subject to the new IFR/IFD regime in full. The payment services subsidiary of the Group, JCC Payment Systems Ltd, complies with the regulatory capital requirements under the Provision and Use of Payment Services and Access to Payment Systems Laws of 2018 to 2023.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD) requires that from January 2016 EU member states shall apply the BRRD's provisions requiring EU credit institutions and certain investment firms to maintain a Minimum Requirement for Own Funds and Eligible Liabilities (MREL), subject to the provisions of the Commission Delegated Regulation (EU) 2016/1450. On 27 June 2019, as part of the reform package for strengthening the resilience and resolvability of European banks, the BRRD II came into effect and was required to be transposed into national law. BRRD II was transposed and implemented in Cyprus law in May 2021. In addition, certain provisions on MREL have been introduced in CRR II which also came into force on 27 June 2019 as part of the reform package and were immediately effective.

In January 2024, BOC PCL received final notification from the SRB regarding the 2024 MREL decision, by which the final MREL requirement was set at 25.00% of risk weighted assets (30.30% of risk-weighted assets when taking into account the prevailing CBR as at 31 December 2024 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure (LRE) (as defined in the CRR) and must be met by 31 December 2024.

In January 2025, BOC PCL, received final notification from the SRB regarding the 2025 MREL decision, by which the final MREL requirement is now set at 23.85% of risk weighted assets (or 29.21% of risk weighted assets taking into account the prevailing CBR as at 1 January 2025 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure. The revised MREL requirements became binding with immediate effect.

BOC PCL must comply with the MREL requirement at the consolidated level, comprising BOC PCL and its subsidiaries.

The MREL ratio as at 31 December 2024, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 33.7% of RWAs (including capital used to meet the CBR) and at 13.9% of LRE (based on the regulatory Total Capital as at 31 December 2024) demonstrating that the Bank finalized its MREL build-up and created a comfortable buffer over the final requirements. The CBR stood at 5.30% as at 31 December 2024, compared to 4.48% as at 31 December 2023, reflecting the increase of the CcyB and O-SII buffer by approximately 50 bps and 37.5 bps respectively. The CBR is expected to increase further as a result of the phasing-in of O-SII buffer from 1.875% to 1.9375% on 1 January 2025 and to 2.00% on 1 January 2026 as well as the expected increase of the CcyB rate as of January 2026 as aforementioned.

Sustainability Statement 2024

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Sustainability Statement – Summary

As part of its vision to be the leading financial hub in Cyprus, the Group is determined to be a leader in Cyprus towards sustainable future. The Group systematically moves forward to the alignment with sustainable banking and continues to embed Environmental, Social and Governance (ESG) in its infrastructure, strategies, risk management practises, governance arrangements and policies. Corporate Sustainability Reporting Directive (CSRD), coming into force in 2024, acts as a turning point in the sustainability reporting landscape in the European Union (EU). This is the first Sustainability Statement, based on CSRD, published by the Group, representing a step change in corporate reporting reflecting disclosures on impacts, risks and opportunities that are of material importance to our stakeholders on sustainability matters.

Environment

Climate change is one of the biggest challenges that humanity faces. The World Meteorological Organization (WMO) declared that 2024 is the warmest year on record, with the global average surface temperature being approximately 1.55°C above the pre-industrial level, breaching the 1.5 °C global warming level for the first time. Global Greenhouse Gas (GHG) emissions continue to increase, and extreme climate events are more frequent than ever. This means GHG emissions need to decline now. Consequently, the Group continues to be committed, through its ESG Strategy, to lead the transition of Cyprus to a sustainable future by aligning its own operations, supply chain and portfolios with the transition to a sustainable economy. Group's commitment is enforced through the Group's ESG primary ambitions:

1. Reduction by 42% of GHG emissions from own operations by 2030;
2. Become Net Zero by 2050;
3. Steadily increase Green Asset Ratio (GAR);
4. Steadily increase Green Mortgage Ratio.

The Group leads by example by decarbonizing its own operations. BOCH has developed a decarbonisation plan to reduce its own carbon footprint relating to Scope 1 and Scope 2 GHG emissions, and ultimately achieve the interim target to decrease emissions from own operations by 42% (absolute target) by 2030, compared to the baseline of 2021. The Group managed to reduce its Scope 1 and Scope 2 GHG emissions by 25% between the start of 2022 and the end of 2024.

In line with its Net Zero ambition by 2050, the Group, in 2023, set its first decarbonisation target on its loan portfolio, aiming to reduce the carbon intensity metric of its mortgage portfolio by 43% by 2030 compared to the baseline of 2022, by directing its new lending towards more energy efficient residential properties. In that respect, BOCH launched a Green Housing product to support the green transition and ensure reaching the decarbonisation target set. The Group managed to reduce the carbon intensity metric of Mortgage portfolio by 12% as at 31 December 2024 compared to 31 December 2022.

Additionally, by taking into account the regulatory, policy and macroeconomic developments in the climate and environmental area, the Group has set green new lending internal KPIs on Business Lines so as to mobilise and incentivise the green transition of its customers and effectively help to manage the risks to which its customers might be exposed. The Group's Gross environmentally friendly loans as at 31 December 2024 reached €355mn, 90% higher compared to 31 December 2023. In line with Beyond Banking approach, the Group proceeded, in 2024, with the issuance of its inaugural €300mn green bond, the proceeds of which will be allocated to green eligible projects under the Sustainable Finance Framework.

During 2024, the Group made progress in integrating climate-related and environmental (C&E) risks into risk management approach and risk culture. The Group established and enhanced the C&E risks identification and materiality assessment process (RIMA). The Group carried out a comprehensive identification and assessment of C&E risks as drivers of existing financial and non-financial risks considering its business profile, loan portfolio composition and other. In addition, the Group through a combination of sensitivity analysis and stress testing approaches, including scenario analysis, ensures the Group has the adaptive capacity to respond to the material C&E physical and transition risks. The Group established policies to support its ESG strategy, manage material C&E risks and impacts and grasp material opportunities.

Key Highlights

25% reduction in Group's Scope 1 and Scope 2 GHG emissions, in 2024 compared to 2021 baseline

12% reduction in kgCO₂/m² of Mortgage portfolio between December 2022 to December 2024

2,893,635 (tCO₂eq) GHG emission inventory in 2024

355mn Gross environmentally friendly loans as at 31 December 2024 (90% increase compared to 31 December 2023)

3.9% Gross loans exposures to coal, oil and gas related economic activities

300mn inaugural green bond issuance in 2024

0.6% GAR as at 31 December 2024 compared to 0% as at 31 December 2023

Sustainability Statement – Summary (continued)

Social

The Group embraces a broad approach to sustainability, from how we take care of our employees, to how we advise and work together with our customers and partners on sustainable choices. The Group respects human rights and integrates them into operational policies and procedures. The Group's Code of Ethics and Code of Conduct outline defined standards for behaviour, responsibilities, and ethical practices applicable to all employees. These frameworks are supported by reporting mechanisms and investigation procedures to address issues and ensure equitable treatment. BOCH engages with its workforce and customers through channels designed to promote accountability and inclusion, supporting a culture aligned with these principles.

The health and safety (H&S) of our own workforce and other stakeholders remains a top priority, reflecting Group's dedication to a culture that puts people first. The Group implements a Health and Safety management system (HSMS) designed to identify and address hazards across all operations. 94.65% of Group's own workforce is covered by the Group's HSMS. The Group implements actions such as incident investigation, emergency response, H&S inspections and H&S risk assessment studies to manage the H&S risks associated with own workforce. The Group recorded 3 work related injuries, in 2024, and the rate of recordable work-related injuries remains low at 0.65. The HSMS covers customers, suppliers and visitors.

BOCH prioritises the protection of data and personal data. The Group has implemented measures to mitigate the negative impact on privacy as well as the identified risks associated with cyber-attacks and data breaches, reflecting its compliance with applicable data protection regulations and its commitment to the secure handling of employee and customer information. The Group maintains a strict no-tolerance policy for any non-compliance with GDPR and expects full adherence to legal and regulatory requirements across all operations. The Group has zero tolerance towards data leakage.

The Group constantly strives to become an even more client-centric organization supporting the accessibility to products and services. A targeted digital transformation program is already underway, with the goal of facilitating the shift to a more modern way of conducting business, enhancing the digitisation of services provided to our clients, as well as the digitisation of our internal operations. The percentage of the Group's digital transactions in its total portfolio was 95.54% in 2024 with key digital features such as digital deposits, QuickLoans, QuickCards, digital accounts and digital housing being introduced. In addition, the Group through the implementation of Business Continuity Management system manages the risk of system downtimes impacting customers accessibility to products and services and customer service.

The Group, through its Digital Economy Platform (Jinius), is leading the efforts underway to digitise and technologically upgrade the Cypriot economy and to facilitate entrepreneurship. Jinius platform shapes the digital ecosystem of the Cypriot economy, bringing together businesses, organisations, suppliers, and customers in a single digital environment. Jinius through Business-to-Business Services offer tender management, ecosystem management, invoice management and remittance management services.

At the centre of positive impact lies our contribution to the Bank of Cyprus Oncology Centre which represents a partnership between the public and the private sector in Cyprus serving cancer patients and the society at large. Around €2mn was contributed to the Centre in 2024.

Key Highlights

58.8% of own workforce **is female**

98.7% of own workforce **is permanent**

94.65% of own workforce **is covered by the undertaking's HSMS**

3 work-related **injuries**

95.54% **Digital transaction ratio** (total portfolio)

€491mn new lending on retail housing

2mn contribution to the BOC Oncology Center in 2024

Sustainability Statement – Summary (continued)

Governance

BOCH recognises that responsible business conduct is the cornerstone to sustainability and ethical business practices. Group's approach to business conduct is guided by its core values of integrity, reliability, collaboration, professionalism and innovation, ensuring that every decision reached aligns with our ethical standards and stakeholder expectations.

The Group believes that a culture of ethical behaviour and strong governance is essential for long-term success and trust-building with our customers, partners, and communities. Our business conduct framework encompasses comprehensive policies, procedures, and training programs designed to promote responsible practices across all levels of our organization. The Board of Directors (Board) provides ethical leadership and promote the Group's vision, values, culture, and behaviour, within a framework of prudent and effective controls, which enables risk to be identified, assessed, measured, and managed. The Board sets the Group's corporate values and high ethical standards of business conduct for itself and all members of the Group and ensures that its obligations to its shareholders and others are understood and met. The Group implements a Whistleblowing system offering accessible, confidential channels for employees to report violations, unethical behaviour, or improper practices.

Expanding sustainable practices towards the supply chain, the Group implements Sourcing, Procurement & Vendor Management Policy which establishes clear expectations for suppliers to operate responsibly and sustainably, aligning with the Group's dedication to ethical and responsible business practices. The Group implements various actions and procedures to ensure long-term relationship with suppliers and adherence to ethical labor, human rights, working conditions and H&S principles. The Group is in the process to implement vendor ESG Due Diligence process, using structured ESG questionnaires, which will facilitate assessing vendors' performance towards ESG as well as their exposure to ESG risks.

The Group has no tolerance to facilitating any sort of Financial crime/ terrorism financing therefore, implements appropriate Due Diligence procedures to ensure that the Group's systems and processes are not used by money launderers or anyone involved in criminal and illegal activities. In addition, the Group is exposed to material risk of external fraud given the nature of its business model, therefore a set of actions, procedures and internal controls are implemented to identify, prevent, detect and respond to fraud.

Conflicts of interest and compliance with laws and regulations are fundamental to business conduct and sustainable business practices. The Group established a compliance framework that encompasses a set of policies, procedures, and controls designed to ensure that all our operations and activities align with applicable laws and regulations and conflicts of interest are identified and managed. The Group's conflict of interest registry reports zero conflict of interests assessed as High in 2024.

Key Highlights

Zero conflict of interests classified as High

1,576.5 training hours on Antibribery and Whistleblowing system

1,732.3 training hours on prevention of money laundering and terrorism financing

1,558.5 training hours on Fraud risk awareness

No tolerance to financial crime/terrorism financing

No tolerance to acts of bribery and corruption

No tolerance with regards to non-compliance with regulatory, legal and compliance requirements

ESRS 2 – General Disclosures

1. General Basis for Preparation

The Sustainability Statement of Bank of Cyprus Holdings Public Limited Company ('BOCH' or 'the Group') for the year ended 31 December 2024 has been prepared, on a consolidated basis, in accordance with Part 28 of the Companies Act 2014 and in compliance with the European Sustainability Reporting Standards (ESRS). The reporting period and the scope of consolidation of the Sustainability Statement is consistent with the consolidated financial statements of BOCH.

CSRD mandates the Group to present a comprehensive perspective on ESG topics, covering both the issues that affect the Group's business and those influenced by the Group's operations, including its entire value chain.

In 2024, BOCH conducted its first Double Materiality Assessment (DMA) to set the basis of the Sustainability Statement. This analysis identifies the Group's material impacts, risks and opportunities (IROs) across its operations, upstream and downstream value chain considering all time horizons; short, medium and long-term. The Group's policies, actions, targets, and metrics to address the material IROs identified as part of the DMA have been disclosed in the respective topical sections, including those associated with the broader value chain. The methodology and reporting criteria for the DMA process are outlined in 4. Impacts, Risks and Opportunities under ESRS 2 – General Disclosures in page 103. The results of the DMA are reflected in 4. Impacts, Risks and Opportunities under ESRS 2 – General Disclosures in page 107. The DMA supports to inform the Group's potential strategic choices and shapes its ESG data collection. The Group aims to support a deeper integration of sustainability across its operations and this includes influencing decision making at every level.

The Group has not omitted any specific information on the basis of intellectual property, know-how, or innovation results, or the basis of negotiation. Disclosures in the Sustainability Statement refer to the Group, except for disclosures associated with material impacts, risks and opportunities of banking activities of the Group in which reference to Bank of Cyprus Public Company Ltd ('BOC PCL' or 'the Bank') and may be used interchangeably with the terms BOCH or Group.

For the Statement of Directors' Responsibilities for the Sustainability Statement refer to pages 39 to 40 of the 2024 Annual Financial Report.

Limited Assurance

In accordance with section 1613 of the Companies Act, 2014, this sustainability statement, set out on pages 77 to 254, has been subject to limited assurance by PricewaterhouseCoopers. The elements of this report outside of the sustainability statement that are covered by their limited assurance procedures are clearly indicated by the specific '(limited assurance)' reference. Their limited assurance procedures do not extend to any comparative information, links or references to material outside of the Annual Financial Report (AFR) nor to other sections of the AFR unless clearly otherwise indicated to the contrary. Their limited assurance report is included on pages 255 to 258 of the AFR and should be read in conjunction with this sustainability report.

Key estimates and judgment

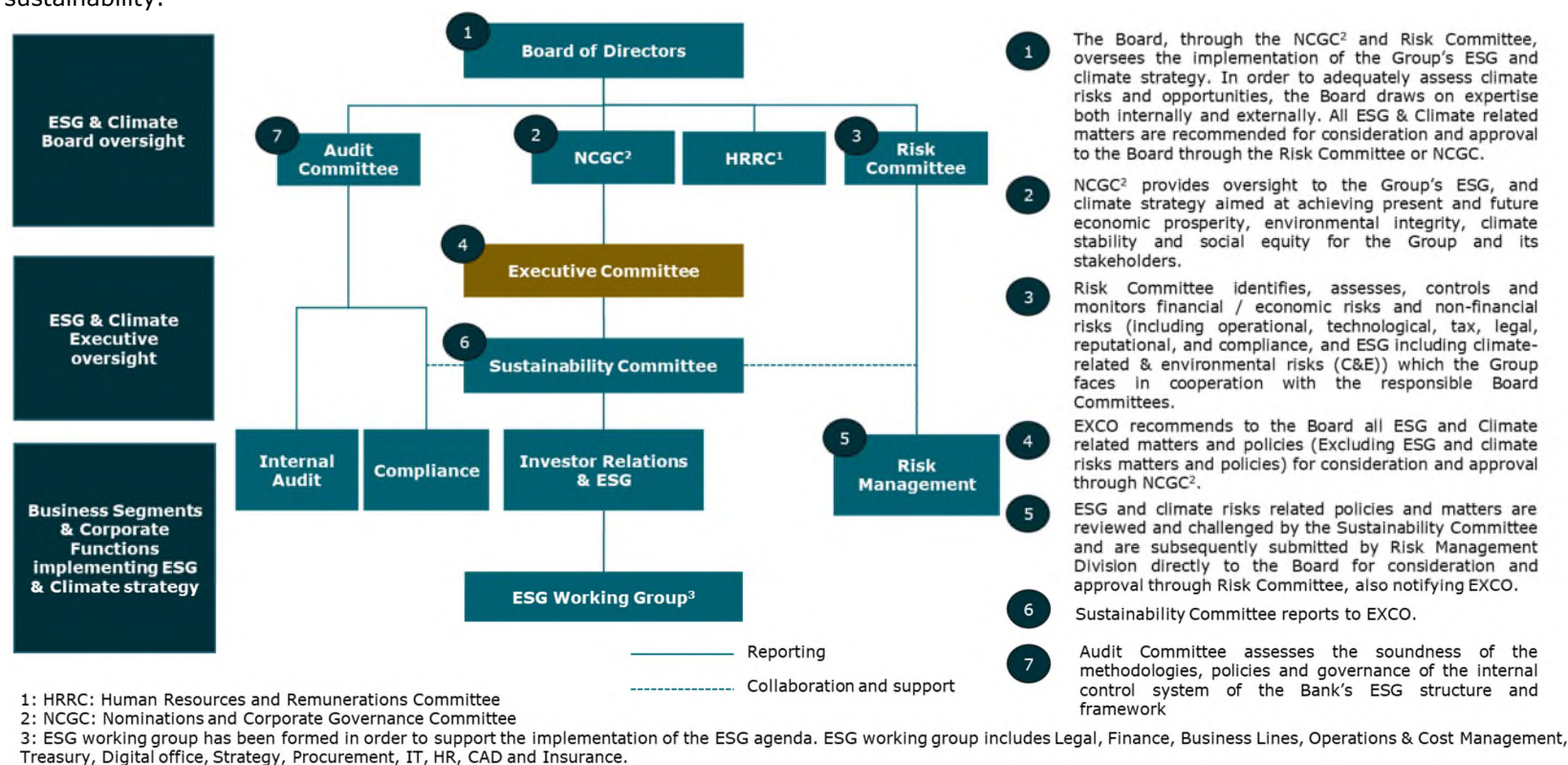
The Group's presentation of sustainability information may be subject to measurement uncertainty due to limitations in methodologies and data, including reliance on third-party data for GHG emissions estimation. The Group uses judgments and estimates for reporting towards Scope 3 GHG emissions. The Group has used estimates based on recognised frameworks available at this time. The Group will continue to monitor methodologies and data availability, and update as appropriate. Refer to Reporting Principles under the Sustainability Statement - Additional Information in page 247.

ESRS 2 – General Disclosures (continued)

2. Governance

The role of the administrative, management and supervisory bodies

The Board has ultimate oversight of the identification, assessment and integration of ESG impacts, risks and opportunities throughout the organisation. The Board has delegated authority to Board Committees to support the ESG oversight. These committees play a role in identifying, managing, and reporting material ESG impacts, risks, and opportunities as well as oversight the content, scope and reporting process of the CSRD Sustainability Statement. The Terms of Reference of each committee dictate the responsibilities regarding ESG matters. The following sustainability governance diagram illustrates how BOCH's governance is currently structured towards sustainability.



ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Sustainability Oversight at Board Level

Group Board Committees	Role and Responsibilities
Risk Committee	The main purpose of the Risk Committee (RC) is to review, on behalf of the Board, the aggregate Risk Profile of the Group, including performance against Risk Appetite for all risk types and ensure both Risk Profile and Risk Appetite remain appropriate. The RC is responsible for the following: i. Oversee the identification, assessment, control and monitor of financial/economic risks and non-financial risks (including operational, technological, tax, legal, reputational, compliance, and ESG including C&E risks) which the Group faces in cooperation with the responsible Board Committees. ii. Ensure that the Group's overall Risk Profile and Risk Appetite remain appropriate given the evolving external environment, the Group's character and the internal control environment. iii. Ensure effective and on-going monitoring and review of the Group's management or mitigation of risk, including the Group's control processes, training and culture, information and communication systems and processes for monitoring and reviewing their continuing effectiveness. iv. Report to the Board any current or emerging topics relating to ESG risks and matters, including C&E risks and matters, that are expected to materially affect the business, operations, performance, or public image of the Group or are otherwise pertinent to it and its stakeholders and if appropriate, detail actions taken in relation to the same. v. Determine the principles that should govern the management of risks (including ESG and C&E risks), through the establishment of appropriate Risk Policies. vi. Review and monitor key enterprise wide ESG, including C&E, metrics, targets, Key Performance Indicators (KPIs), Key Risk Indicators (KRIs) and related goals and monitor the progress towards achieving targets and benchmarks. vii. Receive and review periodic reports from management on ESG and climate trends, issues, and risks, including developments in applicable regulations, as well as the corresponding mitigation initiatives and controls.
Nominations and Corporate Governance Committee	The Nominations and Corporate Governance Committee (NCGC) has been delegated authority by the Board to provide oversight to the Group's sustainability strategy aimed at achieving present and future economic prosperity, environmental integrity, climate stability and social equity for the Group and its stakeholders. The NCGC is responsible for the following: i. Oversight the development of the strategy for ESG including C&E matters focusing on Environmental, Climate, Ethical, Social, and Economic pillars and ensure it is embedded throughout the operations of the Group. ii. Advise, support and guide the Chief Executive Officer (CEO) and Executive Management Team in formulating and implementing a business strategy geared to the sustainable development of the Group taking into account ESG, including C&E impacts. iii. Oversee the Sustainability Committee's (SC) implementation and progress regarding the ESG working plan. iv. Review the institution's response and plan of action to the objectives set out under international agreements. v. Review and recommend to the Board for approval the ESG targets and KPIs, including C&E targets and KPIs, and monitor their performance. vi. Review and recommend to the Board for approval the non-financial disclosures presented by the SC, including CSRD Sustainability Statement in accordance with ESRS. vii. Review and recommend to the Board for approval the ESG and Environmental Policy and Sustainable Finance Framework which enables BOCH and/or BOC PCL to issue Green/Social or Sustainable bonds.

ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Sustainability Oversight at Board Level (continued)

Group Board Committees	Role and Responsibilities
Human Resources and Remuneration Committee	The Human Resources and Remuneration Committee (HRRC) has been delegated authority by the Board to oversee the implementation of Strategic HR initiatives which promote and are aligned with the Group's ESG ambition, strategy and objectives. The HRRC reviews at least annually the appropriate structure of the remuneration system and whether the total amount of variable compensation has been set in accordance with the Remuneration Framework of the Central Bank Directive on Governance. Any enhancements to the Remuneration Policy to incorporate ESG and climate criteria are recommended to the Board for approval by the HRRC.
Audit Committee	The Audit Committee (AC) has been delegated authority by the Board to assess the soundness of the methodologies and policies that the management of the Group uses to develop ESG, including C&E metrics and other disclosures and to assess the key vendors' plans about sustainability. The AC is responsible for the following: i. Ensure the ESG frameworks/standards, including C&E frameworks/standards, used are proper and relevant climate-related financial disclosures are investor grade. ii. Consider materiality in terms of how ESG issues, including C&E issues, impact the Group's financial performance and ability to create long-term value (Financial materiality) and how the Group's actions impact people and the planet (Impact materiality). iii. Review other material public disclosures with respect to ESG, including C&E matters and discuss with management the Group's engagement with stakeholders on key ESG matters, including C&E matters, including in response to any proposals or other concerns that have been submitted to BOCH and/or BOC PCL or the Board. iv. Ensure that Internal audit incorporates ESG, including C&E risks, in its Risk and Audit Universe. v. Overseeing all matters relating to the relationship between the Group and the external auditors. This also includes overseeing the external audit activities in relation to the limited assurance over the Sustainability Statement.

ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Sustainability Oversight at Management level

The Group has set certain roles and responsibilities for the Group's Management Committees to provide oversight related to ESG impacts, risks, opportunities, goals and disclosures. Refer below to the roles and responsibilities associated with the Group Executive Committee and Group Sustainability Committee.

Role and Responsibilities – Group Sustainability Committee

The Sustainability Committee (SC) is an executive level committee chaired by the CEO and has as a primary role the oversight of the ESG agenda of the Group aiming to lead the Group towards a cleaner, fairer, healthier, and safer world by helping its customers manage risks in a long term sustainable and equitable way, and to be the employer of choice. The SC is responsible for the following:

- i. Monitor and review the development of the Group's ESG strategy including the management of ESG risks, including C&E risks and recommend to EXCO for approval. Following EXCO approval then it is recommended to the Board for consideration and approval through NCGC.
- ii. Oversee the implementation of the Group's ESG & Climate strategy.
- iii. Review the institution's response and plan of action to the objectives set out under international agreements and makes recommendations for the plan of actions to the EXCO for approval. Following EXCO approval then is recommended to the Board for consideration and approval through NCGC.
- iv. Review the ESG including C&E targets and KPIs and recommends to EXCO for approval. Following EXCO approval then is recommended to the Board for consideration and approval through NCGC. Monitor the performance of the targets and KPIs set.
- v. Review the incorporation of ESG including C&E targets, KPIs and KRIs in the business strategy and risk appetite.
- vi. Monitor progress against the Group's ESG working plan on a quarterly basis including the implementation of the ECB Guide on C&E risks.
- vii. Monitor progress on KPIs set to manage C&E risks and the performance against wider ESG targets, on a quarterly basis, through the Sustainability Performance Report. The Sustainability performance report is monitored by the EXCO and NCGC on a quarterly basis.
- viii. Request from the relevant departments to submit proposals and recommendations of corrective actions whenever a KPI to manage C&E risks is not aligned with the thresholds set.
- ix. Monitor KRIs set to manage C&E risks, through the Climate Risk report, on a quarterly basis. The Climate Risk Report is also monitored by the EXCO and RC on a quarterly basis.
- x. Oversee the degree of the Group's alignment with regulatory ESG including C&E related guidance, rules (such as EU Taxonomy, SFDR and CSRD) and ECB expectations.
- xi. Oversee the establishment of environmentally friendly products and Sustainable Finance Framework.
- xii. Review policies relating to ESG matters, including C&E matters, to ensure that they are in line with the needs of the Group and the Group's ESG strategy and that they comply with applicable legal and regulatory requirements. Monitors the implementation of policies relating to ESG including C&E matters (excluding ESG and C&E risks related policies).
- xiii. Review and challenge Risk Management Division (RMD) regarding ESG matters and policies, including C&E risks related matters and policies, such as ESG and C&E risk identification, quantification, materiality assessment (MA) and establishment of ESG and C&E criteria in the loan origination process. RMD subsequently submits to the Board for consideration and approval through RC for approval of ESG and C&E risks related matters and policies, also notifying EXCO.
- xiv. Review non-financial disclosures and recommends to the Board for consideration and approval through NCGC and EXCO.
- xv. Monitor the external ESG and C&E trends affecting the formulation of ESG policies, strategies and objectives

ESRS 2 – General Disclosures (continued)**2. Governance** (continued)**Sustainability Oversight at Management level** (continued)

Role and Responsibilities – Group Executive Committee	
The EXCO is responsible for the following:	
i.	Consider the overall financial performance and progress of the Group per line of business, including, but not limited to, the Group's capital and liquidity position, the Group profitability, the Non-Performing Exposures (NPE) and the REMU portfolio.
ii.	Consider the market conditions and strategic initiatives.
iii.	Monitor the recovery and early warning indicators and assess the need to escalate for further action to the RC and the Board.
iv.	Consider the Risk Report.
v.	Consider and approve budgets, business strategies/risk strategy to be presented to the Board for approval.
vi.	Consider and approve the Group's Risk Appetite Statement to be presented to the RC and Board for approval.
vii.	Consider and approve the Group's Capital Plan to be presented to the RC and the Board for approval.
viii.	Consider the Compliance Reports/Matters and progress.
ix.	Consider the Internal Audit Reports/Matters and progress.
x.	Consider the HR/People Management/Matters and progress.
xi.	Consider the Corporate Affairs Report/Matters and progress.
xii.	Approve all matters escalated to EXCO within its delegated authorities and/or recommend matters requiring escalation to the Board.
xiii.	Consider all other matters escalated for discussion by any member of the EXCO or any other Committee/Forum.
xiv.	Monitor the Board and Board Committees pending decision lists.
xv.	Note the minutes of the Acquisition & Disposal Committee (ADC), Group Asset & Liability Committee (ALCO), the Regulatory Steering Group (RSG) and the Business Development Committee (BDC).

Internal controls and procedures in place for Management Committees and Board to monitor the management of impacts, risks and opportunities are described in pages 84-87, 88, 91-92 and 104.

Following the compilation of the ESG strategy in 2021, and the ESG working plan in 2022 - 2024, specific accountabilities are assigned to the Group's Executives and Directors. The ESG responsibilities assigned to key Executives and Directors of the Group are summarised in the table below:

Chief Executive Officer	The CEO governs the sustainability performance of the Group, driving focus on ESG and climate stewardship and tracking progress made across the business to meet the Group's ESG and climate ambitions through the long-term ESG working plan. The CEO is involved in the identification of sustainable finance growth opportunities for the Group and promoting the development of these in tackling climate change.
Executive Director Finance	The Executive Director of Finance is responsible for the successful integration of ESG into the Group's core business operations, in cooperation with business lines Directors, and long-term business strategy as well as the oversight of the progress of the ESG working plan for the implementation of ESG and climate strategy and sustainability reporting including Sustainability Statement under CSRD. In addition, the Executive Director of Finance is responsible for the oversight of the estimation of Scope 1, Scope 2 and Scope 3 GHG emissions of the Group and the establishment of C&E decarbonisation targets and strategy, in cooperation with Deputy CEO and Chief Risk Officer.
Chief Risk Officer	The Chief Risk Officer (CRO) is responsible and accountable for the process of effectively managing ESG, including the C&E, risks of the Group. This includes the responsibility of overseeing the implementation of the ESG working plan which supports the C&E risk identification, measurement, assessment, stress-testing and limit setting, as well as the supporting governance. The role further encompasses the responsibility of reviewing risk appetite and C&E risk appetite metrics.

ESRS 2 – General Disclosures (continued)**2. Governance** (continued)**Sustainability Oversight at Management level** (continued)

The Group, in 2024, further enhanced the ESG working plan, compiled in 2022, which is monitored by Investor Relations & ESG Department (IR&ESG), RMD, the SC, the EXCO and ultimately by NCGC and RC. The ESG working plan is structured in workstreams which are designed to articulate delivery of Group's ESG strategic objectives and are aligned with ECB expectations and other regulatory disclosure requirements. Each workstream is associated with specific activities designed to meet relevant reporting and regulatory requirements and achieve the Group's targets and objectives. For the successful delivery of the Group's ESG strategic objectives the Group has formed an ESG working group comprising of experts from various departments assigned with specific activities under the ESG working plan. Each activity completed by the ESG working group, is reviewed by the IR&ESG and RMD. The progress, status and output of activities is following the relevant governance arrangements as described above. In addition, the Group has assigned roles and responsibilities on ESG to the Business Lines, Compliance Division (CD) and Internal Audit Division (IAD).

Sustainability related skills and expertise

At Board level, the NCGC assesses periodically, and at least annually, the structure, size, composition, and succession plan of the Board (including skills, knowledge, experience, independence and diversity) and recommends to the Board the skills and experience required to provide sound governance oversight. Following 2023 review of knowledge, experience and skills in the Board, the NCGC concluded that the Board's skills profile, both academic and professional, aligns with the diverse needs of the Group's business. However, it was identified that the area of ESG require further strengthening to align with the Group's strategic direction. The Group, on May 2024, appointed Mr. Christian Philipp Hansmeyer as an independent non – executive director with significant experience in sustainable finance, ESG and impact investing to enhance further the ESG expertise in the Board. NCGC, in 2024, concluded that the Board's skills profile, both academic and professional, aligns with the diverse needs of the Group's business. All members of the Board, as well as the Executive and Supervisory Committees, possess an appropriate level of understanding of sustainability matters. To ensure its administrative and supervisory bodies collectively maintain the necessary skills and expertise, the Group engages internal and external sustainability experts and provides dedicated training programs.

In support of the Group's sustainability strategy and to meet regulator, investor, customer and colleague expectations, the Group develops on an annual basis a Board training plan which includes trainings associated with sustainability. In addition, all employee training on climate concepts and processes as well as job specific training supports the development of skills and expertise across the Group.

2024 Sustainability Trainings			
Trainings	No. of participants	Training attendance (Hours)	Relevance to IROs
Board			
Embedding Climate Risk in Business Strategy & Execution	8	9	Climate Change - Climate Change Mitigation & Climate Change Adaptation & Energy
EXCO and SC			
Embedding Climate Risk in Business Strategy & Execution	22	30	Climate Change - Climate Change Mitigation & Climate Change Adaptation & Energy
All staff			
E-learning on Green Transition	2,561	1,280.5	Climate Change - Climate Change Mitigation & Climate Change Adaptation & Energy

The Board, during the Board offsite in 2024, received training associated with CSRD. For trainings conducted at Board, Senior Management level and individual contributors on Business Conduct IROs refer to 5. Training on Business Conduct under ESRS G1 – Business Conduct in page 216.

ESRS 2 – General Disclosures (continued)**2. Governance** (continued)**Board's Composition**

As at 31 December 2024, the Board comprised of eight (8) members (2023: nine (9)), the Group's Chairperson, who was independent at the time of appointment and remains independent, alongside two (2) executive directors (2023: two (2)) and five (5) non-executive directors (2023: six (6)). The Board comprises of six (6) non-executive directors (including the Chairperson) as at 31 December 2024 (2023: seven (7)). 75%ⁱⁱ (2023: 66.7%ⁱⁱ) of Board members have the status of independent as at 31 December 2024.

Board of Directors Composition – 31 December 2024		
Position in Board	Name	Independence Status
Chairperson	Efstratios-Georgios Arapoglou, (Non-Executive Member)	Independent
Vice-Chairperson	Lyn Grobler (Non-Executive Member)	Independent
Executive Members	Panicos Nicolaou	Non-independent
	Eliza Livadiotou	Non-independent
Non-Executive Members	Adrian John Lewis	Independent
	Monique Eugenie Hemerijck	Independent
	Christian Philipp Hansmeyer	Independent
	William Stuart Birrell	Independent

Note:

- i. The Chairperson, Mr. Arapoglou, was independent on appointment and continues to operate in a manner that is independent in character and remains objective in his opinions having no other relationship or circumstances to affect his judgement. He commits the appropriate time for the Group's business, which is slightly more than the other non-executive directors, and it approximately amounts between 60-70 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC, and member of the HRRC.
- ii. The ratio includes the Chairperson both in the numerator and denominator.

Topical details on the role of Administrative, management and supervisory bodies are described in the following sections.

GOV – 1 – Topical ESRS	
ESRS	Page
G1 - Business conduct	214

ESRS 2 – General Disclosures (continued)

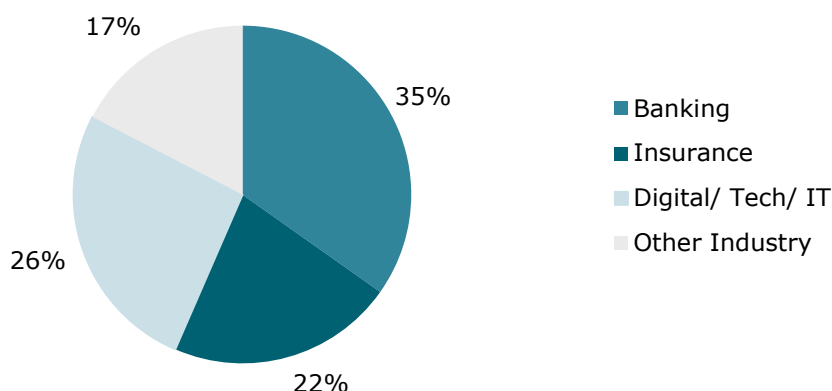
2. Governance (continued)

Board's Diversity

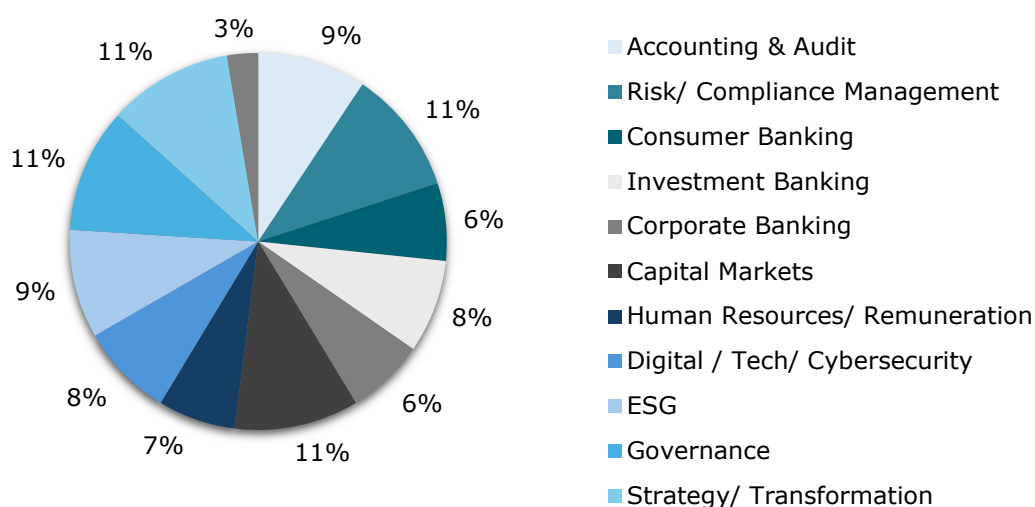
Female representation on the Board is a key aspect of diversity, with three (3) women and five (5) men, resulting in an average female-to-male ratio of 0.6:1 as at 31 December 2024 (2023: 0.8:1). BOCH has a strategic objective to include diverse perspectives, and this is assessed through the at least annual assessment performed by the NCGC on structure, size, composition and succession plan of the Board. For further information on the Group's approach to Board diversity, refer to the Board Nominations and Diversity Policy which is available on the Group's website.

In the 2024 review of knowledge, experience, and skills, the NCGC concluded that the Board's skills profile, both academic and professional, aligns well with the diverse needs of the Group's business. This includes sectors such as banking, insurance, audit and accounting, risk management, interactions with competent authorities, strategy and business modelling, capital markets, information technology, ESG and human resource management.

Industry Skills/ Experience



Functional Skills/Experience/Knowledge



ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Sustainability matters addressed by the Board and Management Committees

All ESG matters that are submitted to the Board and Management Committees are in the form of formal documentation describing the purpose and scope of the paper, the methodology applied, any considerations conducted during the process, any assumptions made, and the conclusions/results reached. The papers are presented to the Board and Management Committees by the responsible Division/Department. The relevant Board and Management Committee enquires and challenges the responsible Division/Department in order to approve the relevant paper. The Group has introduced frequent reporting to administrative, management and supervisory bodies around sustainability matters, predominantly climate, as follows:

Reporting	Frequency	Committee	Material Impacts, Risks and Opportunities
Progress update to the ESG working plan	Quarterly	1. SC/EXCO 2. NCGC/RC	1. Progress update on the ESG Working plan designed to articulate delivery of Group's ESG strategic objectives and is aligned with ECB expectations and other regulatory disclosure requirements
Sustainability performance report	Quarterly	1. SC/EXCO 2. NCGC	1. Progress update on Climate change mitigation GHG emission reduction targets (42% reduction of Scope 1 and Scope 2 GHG emissions by 2030 compared to 2021 and 43% reduction in carbon intensity metric of mortgage portfolio by 2030 compared to 2022) 2. Progress update on Climate change mitigation new lending internal KPIs
Climate risk report	Quarterly	1. SC/EXCO 2. RC	1. Update on exposure to C&E risks 2. Progress on Climate change mitigation KRIs 3. Progress on Climate change adaptation KRIs 4. Update on implementation of ESG Due Diligence on loan Origination process 5. Update on Energy Performance Certificates (EPC)
Risk appetite framework (RAS) dashboard	Quarterly	1. EXCO 2. RC	1. Climate change mitigation and climate change adaptation update on KRIs
Business environment scan (BES) preliminary impact assessment on C&E updates and developments	Quarterly	1. SC/EXCO	1. Identification of C&E related updates and developments impacting Business Strategy and Risk assessment of the Group (Climate Change ROs).
BES final impact assessment on C&E updates and developments	Annually	1. SC/EXCO 2. NCGC/RC	1. Identification of C&E risk related updates and developments and integration to the Business Strategy and Risk assessment of the Group (Climate Change ROs).
Double materiality assessment	Annually	1. SC/EXCO 2. NCGC/AC	1. Approach towards DMA 2. Approach to the Group's Business segments on DMA 3. Impacts identified and threshold applied 4. Risks and opportunities identified and threshold applied 5. Key assumptions used in the DMA and procedures performed to support the assumptions 6. Material IROs identified and comparison of IROs with best practices 7. Results of stakeholder validation and consultation procedures
Green new lending internal KPIs	Monthly	1. BDC/EXCO	1. Progress update on energy, climate change mitigation and adaptation new lending internal KPIs

ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Sustainability matters addressed by the Board and Management Committees (continued)

The Board, through Board committees engaged in a broad range of matters associated with sustainability IROs in 2024, including:

- Updates to Group's policies
- Corruption and bribery
- Financial crime and fraud
- Compliance with laws and regulations including occupational safety
- Information security
- Privacy matters
- Grievance mechanisms
- Double materiality assessment in accordance with ESRS
- Sustainability and C&E risks
- Green new lending internal KPIs embedded in Group's Financial Plan
- Strategic GHG emissions reduction targets
- Operational limits on C&E physical and transition risks
- Remuneration policy
- Digital transformation

Integration of sustainability in Business Strategy

The Group enhanced the Group Financial and Business Plan manual to ensure the incorporation of considerations on ESG including C&E impacts, risks and opportunities in the Business Strategy. Specifically, during the planning phase of new lending the RMD and IR&ESG provide the sectors associated with C&E risks, the preliminary impact assessment derived from BES process, science-based targets (GHG emission reduction targets aligned with a climate scenario) set and the direction of Green/Transition new lending based on BES. In addition, each Division, taking into account the preliminary impact assessment (performed by RMD, IR & ESG and Strategy) on risk profile and strategy arising from the BES on C&E risks as well as the MA on C&E risks, identifies which are the material C&E risks over the Financial plan period and defines the actions, strategies and products to mitigate the C&E risks identified. IR&ESG department is responsible for the adequacy, relevance and reasonableness of the business lines strategies to manage material C&E risks on the main portfolios.

Integration of sustainability-related performance in incentive schemes

The Group has taken necessary steps in embedding its ESG strategic goals within its remuneration policy, to connect the performance of its personnel to ESG and climate matters. The remuneration policy promotes sound and effective risk management, in line with the Group's ESG and climate strategy and does not encourage excessive risk taking that exceeds the level of risk tolerated by the Group. Remuneration structure of the Group typically consists of fixed plus variable pay. Fixed remuneration does not embed any ESG incentive considerations. Variable remuneration¹ is based on a combination of the performance of the employee, the overall performance of the business unit the individual belongs to, and the Group's consolidated financial results.

Regarding variable remuneration, performance criteria (financial and/or not financial), set to measure the performance of Senior Management, contain KPIs that relate to the implementation of the Group's ESG strategy, reflecting the Group's emphasis on achieving its sustainability related objectives, in accordance with the role and responsibility of each Senior Manager in relation to the ESG Strategy. These KPIs are used to evaluate the performance of Senior Management, when the distribution of a Short-Term Incentive Plan (STIP) is activated. Specifically, the percentage of the salary to be paid as STIP for Senior Management is adjusted in accordance with Group's performance and individual performance. The KPIs embedded in the performance criteria of Senior Management are primarily qualitative (Oversee the ESG Working Plan, effective implementation of decarbonisation activities on own operations etc.) but certain quantitative KPIs are included as well, such as annual Green new lending internal KPIs for Business Lines. The weight of ESG related KPIs on individual Senior Management's performance appraisal is between 3%-15%. Senior Management's KPIs for individual performance appraisal are approved annually by HRRC. The Board should annually approve a proposal for the implementation of a Short-Term Incentive Plan (STIP) across the organisation. The allocation criteria are to be decided on an annual basis by the HRRC.

¹ Additional discretionary remuneration paid to an individual as an incentive for increased productivity and competitiveness.

ESRS 2 – General Disclosures (continued)**2. Governance** (continued)**Integration of sustainability-related performance in incentive schemes** (continued)

The annual bonus pool will vary in accordance with the Group's performance/profitability for each financial year. Performance will typically be assessed based on a one-year performance period.

The Long-Term Incentive Plan (LTIP) was approved by the 2022 AGM, which took place on 20 May 2022. The LTIP involves the granting of share awards and is driven by scorecard achievement, with measures and targets set to align pay outcomes with the delivery of the Group's strategy. Currently, under the plan, the employees eligible for LTIP awards are the members of the Extended EXCO, including the executive directors. The LTIP stipulates that performance will be measured over a 3-year period and sets financial and non-financial objectives to be achieved. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. The AGM resolution, approved by the shareholders in May 2024, gave the Group the flexibility to increase the ratio of variable to fixed remuneration to up to a maximum of 100% for Material Risk Takers. Up to 100% of the awards will be subject to malus and clawback provisions in accordance with applicable legislation and regulations.

The applicable scorecard under the LTIP include a KPI on external ESG rating score with a target being an AA ESG rating for the Group, and this outcome has a 5% weight in the LTIP. Topical details on the integration of sustainability-related performance in incentive schemes is described in the ESRS E1 - Climate Change in page 110.

Statement on due diligence

The following table provides a mapping of how BOCH applies the core elements of due diligence for people and the environment and where they are presented in this Sustainability Statement:

Core elements of Due Diligence	ESRS	Does the disclosure relate to people and/or the environment?	Page
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	People and Environment	83
	ESRS 2 GOV-3	People and Environment	92
	ESRS 2 SBM-3	People and Environment	95
Engaging with affected stakeholders	ESRS 2 GOV-2	People and Environment	91
	ESRS 2 SBM-2	People and Environment	99
	ESRS 2 IRO-1	People and Environment	105
Identifying and assessing negative impacts on people and the environment	ESRS 2 IRO-1	People and Environment	103
	ESRS 2 SBM-3	People and Environment	102
Taking action to address negative impacts on people and the environment	ESRS – E1	People and Environment	132
	ESRS – E2	People and Environment	158
	ESRS – E3	People and Environment	164
	ESRS – E5	People and Environment	168
	ESRS – S1	People and Environment	176, 179, 184
	ESRS – S4	People and Environment	193, 195, 199, 203, 205, 209, 210, 211, 213
	ESRS – G1	People	217, 218, 219, 222, 224, 226, 227
Tracking the effectiveness of these efforts	ESRS – E1	People and Environment	132
	ESRS – E2	People and Environment	161
	ESRS – E3	People and Environment	165
	ESRS – E5	People and Environment	166
	ESRS – S1	People and Environment	176, 180, 184, 187
	ESRS – S4	People and Environment	193, 195, 197, 200, 203, 205, 207, 209, 210, 211, 213
	ESRS – G1	People	217, 219, 222, 223, 224, 226, 227

ESRS 2 – General Disclosures (continued)

2. Governance (continued)

Risk management and internal controls over sustainability reporting

The Group identified the operational risks in respect of sustainability reporting, which are similar to existing risks of the Group's Annual Report. This enabled the Group to leverage the existing suite of controls around the Annual Report and have applied those controls to the Sustainability Statement where appropriate. Key risks in sustainability reporting include inaccurate and/or incomplete reporting due to human error and failure to deliver the Sustainability Statement on time, due to system failure or manual processes.

Internal controls in place to mitigate those risks include:

- Responsible team comprises of properly qualified, well trained, experienced and competent staff.
- Automations to the extent possible are made (e.g. data automatically extracted from/uploaded in systems/files).
- Files are reconciled with Group's systems and/or other financial information.
- Four eyes principle in place.

Monitoring arrangements towards Sustainability Statement:

- Development and monitoring of work plan and deliverables ensures adherence to deadlines.
- The Sustainability Statement is reviewed by the relevant content owners (Senior Management), the Manager of the IR&ESG Department, Group's Deputy Chief Financial Officer and the Executive Director Finance.
- The Sustainability Statement is prepared with the support of external advisors.
- The Sustainability Statement is reviewed and recommended by the SC and EXCO to the Board for consideration and approval through NCGC, RC and AC. Detailed papers are prepared for review and approval by the Management and Board Committees covering all sustainability issues including presentations and disclosures.
- Monthly update performed to the AC regarding the Sustainability Statement in accordance with ESRS.

The Group has developed an Integrated Risk Identification Framework which provides for the identification, evaluation and management of the principal risks the Group faced. Risks on sustainability reporting are currently captured under the Key Risk Matrix, which is updated and is approved by the Board through RC, under the risk for Statutory reporting. The group will continue to enhance the procedures and controls as the reporting matures.

ESRS 2 – General Disclosures (continued)**3. Strategy, Business Model, Value Chain and Stakeholder Engagement****Strategy, business model and value chain****Strategy**

The Group's strategy is guided by the mission statement "Our organisation exists to support our clients in their most important life events as well as in their daily needs. To achieve this, we invest capital and effort to ensure that our services are provided by top quality professionals and the usage of cutting-edge technology and uphold sound and ethical practices. We will continue to be not only a systemic bank driving growth and shareholder value but also a key driver of progress in our community."

The Group, as enforced by the ESG strategy, is determined to play a leading role in the transition of Cyprus into a sustainable future. During 2024, the Group has made significant progress in enhancing its ESG agenda in its portfolio and operations. The Group continues its "Beyond Banking" strategic approach to sustainability and established ESG as one of its four strategic pillars, with a special focus on the fight against climate change and its ambition to Net Zero by 2050. BOCH's ESG strategy, formulated in 2021, is continuously expanding ensuring the Group maintains its leadership role in the Social and Governance pillars while accelerating efforts to address critical environmental challenges. In 2024, BOCH continues to be committed towards its primary ESG ambition:

Own operations 42% GHG emission reduction by 2030	The Group aims to become carbon-neutral in own operations by 2050, by gradually eliminating its scope 1 and 2 GHG emissions. The Group has estimated the Scope 1 and Scope 2 GHG emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target in own operations by 2050. The Group has estimated Scope 1 and Scope 2 GHG emissions for 2024 to monitor the progress on carbon neutrality target in own operations. The Group has set an interim target in line with carbon-neutrality ambition in own operations to reduce Scope 1 and Scope 2 GHG emissions by 42% (absolute target) by 2030 compared to the baseline of 2021.
Become Net Zero by 2050	The Group's ambition to become Net Zero, by reducing its Scope 1, Scope 2 and Scope 3 emissions through its supply chain (i.e. third-party providers) and its financing activities, which also entails the alignment and commitment of our customers towards this goal.
Steadily increase Green Asset Ratio (GAR)	The Group aims to increase GAR. The GAR indicates the degree of alignment with the EU Taxonomy, such as showing the proportion of the share of credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets, such as those consistent with the European Green Deal and the Paris agreement goals. The Group's GAR as at 31 December 2024 was 0.6% (Turnover based) and 0.3% (CapEx based) as at 31 December 2023 was 0% (Turnover based) and 0.01% (CapEx based).
Steadily increase Green Mortgage Ratio	In accordance with the Green Asset Ratio, the numerator consists of mortgages used only for sustainable activities related to the construction of new buildings and renovation of buildings, while the denominator includes all mortgages. The Group has not yet developed EU taxonomy aligned Mortgages, however, aims to launch such an offering in upcoming years.

The aspiration to achieve a representation of at least 30% women in Group's management bodies (Defined as the EXCO and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women, as at 31 December 2023 and 31 December 2024.

ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Strategy, business model and value chain (continued)

Business Model

Input	How we operate	How we add value Outputs and Impacts
Financial Capital 1. Total Assets 2. Cost (staff costs, other operating expenses, Special levy on deposits and other levies/contributions): €406mn 3. Customer deposits: €20,519mn	Group products and services 1. Retail Banking 2. SME Banking 3. Corporate Banking & Large Corporate Banking 4. International Business Unit & International Banking 5. Brokerage Services 6. Asset Management 7. Finance 8. Affluent Banking 9. Custody and Depositary Services 10. Global Markets execution services 11. Factoring 12. Investment Banking 13. Life Insurance 14. General Insurance	1. Net profit: €508mn 2. Total Operating income: €1,096mn 3. Tax: €81mn 4. Gross loans: €10,114mn 5. Net Interest Income: €822mn
Social and Relationship Capital 1. €1mn social responsibility budget to support society 2. €2mn in 2024 for Oncology Centre	Group's significant products and services and customer group applying AR13 ESRS 2 SBM 1, are the following: 1. Retail Banking 2. SME Banking 3. Corporate Banking & Large Corporate Banking 4. International Business Unit & International Banking Group's significant geographical area is Cyprus.	1. Oncology Centre reinforced medical education and research through collaborations with the University of Cyprus and St. George's University of London
Intellectual and Industrial Capital 1. Digital transformation 2. Internet Banking 3. BoC Mobile App (Group's mobile application) 4. GIC customer portal	The Group stands as a pioneer of digital banking innovation in Cyprus, reshaping the banking experience into something more intuitive, more responsive, and more aligned with the contemporary needs of its customers, consistently pushing the boundaries to offer unparalleled banking services. The Group aims to continue to innovate and simplify the banking journey, providing a unique and personalised experience to each of its customers. The Internet Banking and BoC Mobile App are central part of the ongoing ambition to refine, expand and elevate digital services.	1. Quick loans and e-loans: €106.7mn 2. Non-life insurance digital sales: €613k 3. Digital cards: 23k 4. Digital Deposit ratio: 92.2% 5. Digital Transaction ratio: 95.54% 6. Digital Accounts: 22k
Human Capital 1. Employee costs: €203mn 2. Strong team of data scientists, engineers and analysts 3. Health & Safety Management System	The Group employed on head count basis as at 31 December 2024 2,872 (2023: 2,819) employees in Cyprus, 8 (2023: 11) employees abroad.	1. 94.65% of Group's employees covered under HSMS 2. 3 recordable work-related injuries 3. 0.65 rate of work related injuries

ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Strategy, business model and value chain (continued)

Business Model

Input	How we operate	How we add value Outputs and Impacts
Natural Capital 1. ESG strategy 2. ESG working plan designed to deliver the ESG agenda of the Group 3. ESG working group 4. Investment in energy saving activities 5. Set Green/Transition new lending internal KPIs 6. Established a structured and detailed BES process 7. Set the first decarbonisation target on Mortgage portfolio aligned with climate scenario 8. Launched Green Housing product 9. Fil-eco Product Scheme	The Group in its ESG Strategy is committed to increase positive impacts on the Environment by transforming not only its own operations, but also the operations of its customers. A key part of the Group's commitment is to develop financial products that support the transition which aligns with the Group's commitments under the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB). Group's Environmentally friendly and green products offerings include: 1. Energy Loans (Solar panels, energy efficiency actions, energy upgrade and other systems) 2. Green Housing 3. Green Car 4. Renewable energy projects 5. Green lending to Corporate & SME customers under the Green lending policy At the end of 2024, the Group announced the following to support Cypriot economy: 1. Reward programme for performing housing loan borrowers 2. Provision of interest rate subsidies for young couples and Cypriots in designated or mountain areas 3. 5-year fixed rate business loan to microbusiness (Line 1) and small SMEs (Line 2) at preferential fixed interest rate for energy and digital upgrade	1. 25% reduction in Group's Scope 1 and Scope 2 GHG emissions, achieved by 2024 compared to baseline of 2021 2. 12% reduction achieved in carbon intensity metric on Mortgage portfolio between 2024 and 2022 baseline 3. €355mn gross loan amount for environmentally friendly products and Green Housing as at 31 December 2024 4. 17,412 MWh energy consumed 5. Solar Energy Production 408 MWh 6. Established an ESG Due Diligence process in the loan origination process

ESRS 2 – General Disclosures (continued)

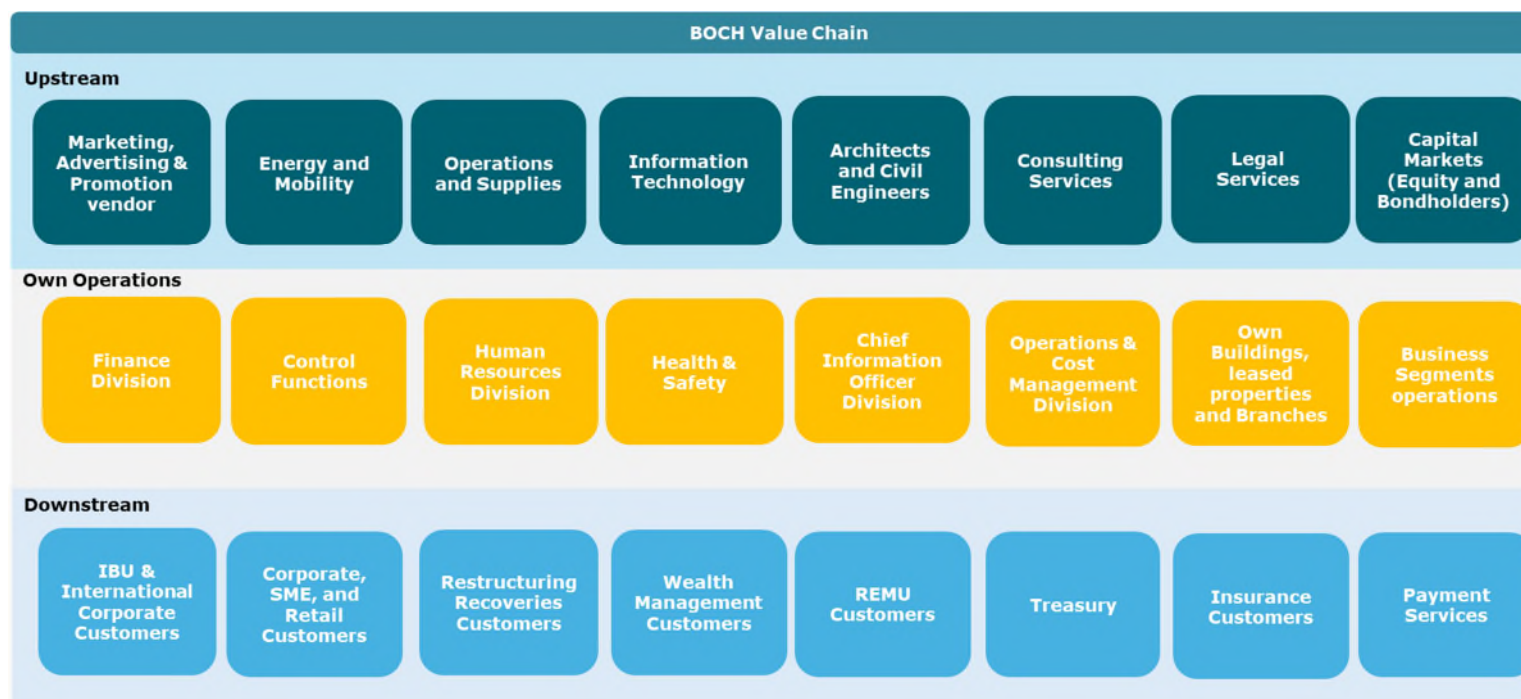
3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Strategy, business model and value chain (continued)

Value Chain

The concept of the value chain takes into account the entire spectrum of activities, resources, and relationships that are part of the Group's business model and its interaction with the external environment. This includes the Group's internal operations and its interactions with suppliers, partners, and customers. It is a comprehensive view of how the Group operates within its ecosystem:

1. an entity is considered downstream from the Group when it receives products or services from the Group.
2. an entity is considered upstream from the Group when it provides products or services that are used by the Group.
3. Group's own operations comprise the Group's properties, branches and its internal functions.



ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Interests and views of stakeholders

The Group's approach to sustainability is rooted in regular, transparent, and trust-based dialogue with its stakeholders. This engagement helps identify, evaluate, and prioritise the most significant impacts of the Group's activities on the environment, people, and the economy.

Stakeholders are defined as individuals or groups whose interests are affected or could be affected by the Group's activities or those who may reasonably influence the Group's ability to implement its strategies and achieve its objectives for building an inclusive and sustainable community. In 2024, BOCH reaffirmed the stakeholder groups identified in its 2023 sustainability report, ensuring consistency and relevance in its engagement efforts. While no direct consultations with external stakeholders were conducted, the Group leveraged the expertise of its internal management members who are in frequent communication with the external stakeholder groups and have a deep understanding of their expectations.

Stakeholders	Type of stakeholder engagement / Engagement Channels	Purpose	Outcome
Board	1. Meetings 2. AGMs 3. Ask the Board 4. Trainings	1. Drive accountability and transparency in decision-making processes 2. Provide strategic direction for achieving long-term value creation	1. Update the ESG Working Plan 2. Enhance Sustainability Statement 3. Product/service improvements 4. Improvements in the distribution channels 5. Improvements in the loan origination process 6. Establish GHG emission reduction targets
Employees	1. Personal/Group meetings 2. Internal workshops 3. Employee opinion survey 4. Management practices survey 5. Ask the CEO / Extended Leadership Team 6. Ask the Board	1. Foster a strong, engaged, and informed workforce 2. Improve job satisfaction and morale through feedback mechanisms 3. Enhance skills and knowledge 4. Build a culture of collaboration and innovation	1. Improved workplace morale reflected in employee engagement metrics 2. Update Organisation Health initiatives 3. Update employee training programme

ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Interests and views of stakeholders (continued)

Stakeholders	Type of stakeholder engagement / Engagement Channels	Purpose	Outcome
Investors and Shareholders	- Investor meetings, emails, conference calls - Annual and Extraordinary general meetings - Conferences and roadshows	- Ensure transparency on financial and non-financial performance, including ESG disclosures - Demonstrate commitment to long-term value creation and risk management - Attract responsible investment aligned with sustainability goals - Address investor concerns and align with shareholder expectations	- Update the ESG Working Plan - Enhance Sustainability Statement - Adapt internal communication on sustainability practices - Responses to investor queries
Customers	- Phone access to one's personal banker - Personal meetings - Teams or teleconference - Focus groups and surveys - SupportCY² network - ESG Due Diligence	- Understand and address customer needs and preferences through offering transparent, ethical, and innovative financial products and services. - Enhance customer loyalty through tailored solutions and strengthening customer relationships through clear communication and value-added services - Assess customers' performance and risk exposure against ESG criteria	- Product/service improvements - Improvements in the distribution channels - Improvements in the loan origination process - Adaptation of marketing strategies - Customer ESG score and high-level action plan to improve the ESG score - Support customer's decarbonisation through environmentally friendly and green solutions
Civil Society and Non-governmental organizations (NGOs)	- Regular direct contact and honest cooperation - Partnerships with NGOs - Contributions to research projects - Interviews, press releases - Advertising campaigns - Content creation and support on non-banking issues - SupportCY² network	- Contribute to community well-being through education, health and environmental initiatives, and social development programs. - Addressing concerns of communities - Strengthen relationships with local communities and NGOs to address societal needs effectively. - Collaborate to address environmental and social challenges, leveraging NGOs' expertise.	- Specific initiatives on education, health and environmental pillars - Develop new initiatives based on society's needs

² The SupportCY network was created in March 2020 by BOC PCL for immediate support to frontline professionals working in the battle against COVID-19, by forming a unique chain of supporters, receivers and enablers, and creating Social Capital. SupportCY also offers further assistance during other national and international crises and disasters, such as fires, earthquakes, etc. Furthermore, SupportCY focuses on meeting the various needs of the Cypriot society and has become a central point of response and assistance, not only for NGOs but also for governmental services.

ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Interests and views of stakeholders (continued)

Stakeholders	Type of stakeholder engagement / Engagement Channels	Purpose	Outcome
Government and Regulators	- Meetings - Public consultations - SupportCY network - Feedback letter	- Ensure compliance with regulatory frameworks, such as the CSRD, EU Taxonomy, and other financial and environmental regulations - Support national and EU-level climate, economic, and sustainability goals - Embedding C&E risks in Governance, Business Model and Strategy, Risk Management and Disclosures	- Aligning business model and strategy - Value creation and risk mitigation from compliance - Updating ESG Working Plan to address regulator's feedback
Business Partners	- Contact via telephone, email - Personal meetings - Vendor assessments - SupportCY network	- Foster collaboration to promote responsible supply chain practices and shared ESG objectives - Ensure mutual alignment on sustainability goals and ethical business conduct - Strengthen partnerships to drive innovation and shared growth	- Streamlined supplier expectations - Vendor improvement plans - Informed selection of vendor
Business Community	- SupportCY network - Telephone - Email - Personal meetings - Media campaigns - Focus groups and surveys	- Promote sustainable and ethical business practices within the broader business ecosystem. - Foster innovation and entrepreneurship in collaboration with peers and institutions.	- Product/service improvements - Improvements in the distribution channels
Peers/Competitors	- Personal meetings - Association of Cyprus Banks	- Share best practices and collaborate on common challenges, such as ESG data transparency and climate resilience - Improve industry-wide sustainability performance and standards - Foster healthy competition to drive innovation and accountability within the banking sector	Common ESG Due Diligence solution across Cyprus Banking industry
Nature	Updates and developments obtained BES process on C&E risks	Inform the Business Strategy and Risk assessment	Updates and developments from BES are incorporated in the Group's Financial Plan and Materiality Assessment on C&E risks

ESRS 2 – General Disclosures (continued)

3. Strategy, Business Model, Value Chain and Stakeholder Engagement (continued)

Interests and views of stakeholders (continued)

Key Stakeholders	How Administrative, management and supervisory bodies are informed about sustainability impacts
Board	1. Refer to 2. Governance under ESRS 2 – General Disclosures in page 83.
Employees	1. Through the Complaints Resolution Process. Refer to page 176. 2. Through Whistleblowing system. Refer to page 217. For more details on the employee engagement refer to ESRS S1 in page 174.
Investors and Shareholders	1. Through the monthly Market Update & Share Trading Activity report of IR&ESG to EXCO and Board.
Customers	1. Through the Complaints Management process. Refer to page 193. 2. Through Customer survey submitted to EXCO and BDC.
Civil Society and Non-governmental organizations (NGOs)	1. Through the Complaints Management process. Refer to page 193. For positive impacts through the six-monthly Corporate Social Responsibility Update Report to EXCO.
Government and Regulators	1. Regulatory Steering Group (RSG ³) update on bi-weekly basis. 2. Updates on major correspondence to Board Chairman and CEO on bi-weekly basis. 3. Regulatory engagement update to Board through RC on a quarterly basis.
Business Partners	1. Through the Complaints Management process. Refer to page 193.
Business Community	1. Through the Complaints Management process. Refer to page 193.
Peers/Competitors	1. The Group CEO is the chairman of the Association of Cyprus Banks informing EXCO and Board accordingly on any significant matters.
Nature	1. Preliminary impacts assessment report from BES is presented to SC, EXCO on a quarterly basis and annually to the Board through NCGC and RC.

Topical details on the interest and views of stakeholders are described in the following sections.

SBM – 2 – Topical ESRS	
ESRS	Page
S1 – Own workforce	171
S4 – Consumers and end-users	190

³ A forum of Senior Executives of the Group chaired by the Group CEO which was established to ensure proper procedures are in place for managing regulatory risk and to oversee Group's regulatory obligations.

ESRS 2 – General Disclosures (continued)

4. Impacts, Risks and Opportunities

Identification and assessment of material impacts, risks and opportunities

BOCH employs a Double Materiality Assessment (DMA) to determine the basis of the disclosures included in the Group's Sustainability Statement. The Group, through the DMA process, is identifying and assessing the material impacts, risks and opportunities (IROs) which are considered significant in achieving its long-term objectives and strategic plans. The scope of this assessment extends beyond the operational activities of BOCH, covering its entire value chain, from upstream to downstream, as well as any external parties affected by the Group's operations. The DMA was carried out in three distinct phases: value chain analysis, IRO identification, assessment and mapping, and stakeholder validation.

1. Value chain analysis

As part of the value chain analysis, the Group has identified the related activities, business relationships and geographies that are considered more relevant to the identification and assessment of IROs. The assessment incorporated information from all the business segments of the Group (i.e. Corporate, SME, Retail, International Corporate, Restructuring & Recoveries, Wealth Management, REMU, Treasury, Insurance and Payments services). In terms of geographical scope, the Group's activities are mainly concentrated in Cyprus; therefore, the assessment has been focused on activities in Cyprus. The Group have not identified any material IROs from the Group's overseas activities, namely Greece, Romania and Russia, given the size of these operations which are in a run-down mode and relate to legacy operations of the Group. The assessment considered the value chain of BOCH vendors through impacts identified and assessed at the loan portfolio, given the close alignment of sector exposures. Risks and opportunities associated with BOCH vendors were identified and assessed accordingly based on the approach described in the 4. Financial Materiality section below. Following detailed analysis of the underlying portfolio and consideration of the nature of these investments, the Group made the judgement that Impacts associated with direct or indirect exposures to mutual funds do not give rise to material IROs given the fact that the exposures to mutual funds include numerous underlying assets of small individual size within several jurisdictions and are associated with various industries. This results in multiple impacts fragmented across several sectors, jurisdictions and asset types which are not considered material.

2. IRO identification, assessment and mapping

The IROs identified and assessed through the DMA, embed considerations resulting from a range of Group's products and services, as well as from its operations. The scope of the assessment also considered the internal mechanisms of the Group, including legal reviews, anti-corruption compliance systems, occupational health and safety inspections, as well as shareholder filings. The dependencies between the Group's impacts with risks and opportunities were taken into account throughout the identification and assessment process of IROs, especially when assessing loan and investment portfolios. The most significant impacts of the Group are indirect impacts arising by financing industries that are impacting people and the environment. When assessing risks and opportunities the dependencies of our customers' impacts were assessed, through the transmission channels.

The Group ensured that the identified and assessed IROs are clearly distinguished and pragmatically mapped to the relevant ESRS Topics/Sub-topics/Sub-sub-topics before proceeding to the validation phase. For additional details on the process used to identify, assess, prioritise and monitor impacts, risks and opportunities refer to section 3. Impact Materiality and 4. Financial Materiality below.

3. Impact materiality

In order to assess the Group's Impact Materiality, internal stakeholders from various departments were requested to identify actual and potential operational impacts, including both positive and negative effects mapped to the impact areas and topics outlined in the UNEP FI Impact Radar. With regards to the impacts arising from loan and owned investment portfolios, the Group identified the actual and potential positive and negative impacts using UNEP FI PRB Impact Analysis (Institutional Banking, Consumer Banking and Investment Portfolio Impact Analysis Tools). The identified impacts were incorporated into an e-survey, requesting from the Group's Management and Senior Management to prioritise and score them based on scale and scope (+ irremediability for the negative Impacts) (+ likelihood for the potential Impacts). Group's Management and Senior Management was informed during prioritization sessions that in the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood. The results from the stakeholder prioritisation exercise were aggregated leading to a score between 1-5 for actual and potential, positive and negative impacts for each UNEP FI Impact Radar topic. Refer to the table below for the scoring approach:

ESRS 2 – General Disclosures (continued)**4. Impacts, Risks and Opportunities** (continued)**Identification and assessment of material impacts, risks and opportunities** (continued)**3. Impact materiality** (continued)

Grading scales	1	2	3	4	5
Scale	Minimal	Low	Medium	High	Absolute
Scope	Limited	Concentrated	Medium	Widespread	National-wide
Irremediability	Relatively easy to remedy short-term	Remediable with effort (time and cost to society)	Difficult to remedy or mid-term	Very difficult to remedy or long-term	Non-remediable or irreversible
Likelihood	Unlikely	Possible	Likely	Very Likely	Almost guaranteed

The UNEP FI – ESRS AR 16 Topics Mapping tool was utilized to associate the identified impacts and their scores to the relevant ESRS sub-sub-topics. For those ESRS topics, sub-topics and sub-sub-topics not addressed by the UNEP FI - ESRS AR 16 Topics Mapping tool, an independent impact identification and assessment exercise was conducted by the Group. This process led to the identification of specific impacts from Group's operations and loan and investment portfolios, at the sub-sub-topic level of ESRS 1 AR 16, including the scores derived from the e-survey, the impacted time horizons, and their association with relevant value chain activities.

The results of the Impact materiality assessment were aggregated at ESRS topic level, using the maximum score assigned at each sub-sub-topic level, to identify the material topics to be discussed and reported in the Sustainability Statement of the Group. The impact materiality threshold set is greater or equal to 3.9, which corresponds to the average score of each aggregated score at ESRS topic level. The Group performed corroborative procedures to support the impact materiality threshold set. Specifically, the Group utilised the average scoring approach rather than the maximum approach to aggregate the scores at ESRS topic level, using again the average score as threshold, leading to the same material topics with the threshold set. In addition, the Group considered the outcome of a range of sensitivities to support threshold set.

4. Financial Materiality

To assess Financial materiality, BOCH utilized its existing risk assessment processes and frameworks. The Group continuously monitors external developments, issues and events affecting its business model, integrating ESG considerations into these existing steering and risk management processes at different maturity levels. The Financial Materiality assessment involved the evaluation of the Group's business profile and the composition of its loan portfolio, further examining associated risk drivers, including credit risk, liquidity risk, market risk, operational risk, strategic risk, reputational risk and legal risk.

The Group has leveraged internal risk exercises, such as the Risk Identification Materiality Assessment (RIMA) and the Key Risk Matrix (KRM), which are designed to identify relevant financial and non-financial risks. RIMA has been used for the identification and assessment of the C&E risks related to the ESRS topics, as it combines qualitative and quantitative approaches, using both the Group's specific internal data and external sources to assess exposures related to C&E risks. KRM was the source of data regarding Social and Governance risks identification, which follows a similar assessment methodology as RIMA. Any additional risks, associated with ESRS sub-sub-topics identified were assessed independently by the Group.

Financial opportunities have been identified using BOCH's Financial Plan which highlights the strategic orientation of the Group, and is complemented by forecasts and industry research, as well as the BES process on C&E risks which informs the Group's risk and strategic profile. Financial opportunities were individually assessed taking into account qualitative and quantitative aspects of their Magnitude and Likelihood.

ESRS 2 – General Disclosures (continued)**4. Impacts, Risks and Opportunities** (continued)**Identification and assessment of material impacts, risks and opportunities** (continued)**4. Financial Materiality** (continued)

The financial risks and opportunities were assessed for likelihood and magnitude based on the approach already applied under existing KRM and RIMA processes:

Impact (1-5)	Critical (5)	H	H	H	C	C
	High (4)	M	M	H	H	C
	Moderate (3)	L	M	M	H	H
	Low (2)	L	L	M	M	M
	Minimal (1)	L	L	L	L	L
		Remote (1)	Unlikely (2)	Likely (3)	Highly likely (4)	Expected (5)
Likelihood (1 – 5)						

The threshold applied to identify material financial risks and opportunities as per scoring approach mentioned above, is greater or equal to 4 which correlates with the abovementioned risk management processes. Risk assessment tools are regularly enhanced to capture aspects of risks, including the latest CSRD requirements.

5. Stakeholder validation

The final DMA phase involves the validation of the results by internal stakeholders through workshops, round tables and interviews with the outcome of these validations being considered as part of the final DMA decisions. Engaging with key stakeholders who have expertise in their relevant topic is essential for achieving the appropriate prioritization of IROs. Stakeholder engagement was conducted in several stages of the assessment to ensure appropriate identification and validation of sustainability matters. While no direct consultations with external stakeholders were conducted, the Group leveraged the expertise of its internal management members who are in frequent communication with the external stakeholder groups and have a deep understanding of their expectations. By utilizing these internal proxies, the Group has ensured that the insights, perspectives and expectations of external stakeholders are incorporated in the DMA results and reflected in the Group's Sustainability Statement.

6. DMA Governance

The IR&ESG Department of the Group documented the DMA outcome and a summary of the process performed was submitted to the SC, EXCO, NCGC, AC and ultimately the Board, for consideration and approval. The paper included the following to provide adequate detail to the Management and Board Committees to review, challenge and approve the DMA:

1. Approach followed to identify and assess IROs under DMA.
2. External and internal tools utilised on the identification and assessment process.
3. The approach and rationale behind setting materiality thresholds to determine which IROs are material.
4. The corroborative assessments performed to support the Impact materiality threshold set.
5. Detailed DMA results embedding scores of positive and negative impacts as well as risks and opportunities, at a sub-sub-topic level.
6. Peer benchmarking on material topics identified.
7. Detailed explanation on how affected stakeholders were engaged in the process.
8. Mapping exercise between the material topics identified in previous Sustainability Statement (GRI) compared to material topics identified under the DMA.
9. Key assumptions and judgments along with relevant procedures performed to corroborate those assumptions and judgments.
10. Detailed definitions of sustainability topics under ESRS.
11. Detailed substantiations of positive and negative impacts as well risks and opportunities
12. Detailed Impact scores as derived from Management and Senior Management e-survey
13. Subsidiary scoping exercise

ESRS 2 – General Disclosures (continued)**4. Impacts, Risks and Opportunities** (continued)**Identification and assessment of material impacts, risks and opportunities** (continued)**6. DMA Governance**

14. Detailed mapping between UNEP-FI and ESRS Topics

15. DMA Handbook which provides a detailed guidance on how the DMA was conducted.

This paper was discussed, challenged and reviewed by the Board through the SC, EXCO, AC and NCGC, reaching an approval on the DMA and the material IROs disclosed in the Sustainability Statement and highlight the Group's strategic priorities.

7. Conclusion

To achieve its ambitions, the Group established, an ESG working plan, in 2021 which was further enhanced in 2024. This plan is designed to articulate the delivery of the Group's ESG strategic objectives and considered ECB expectations, and other regulatory disclosure requirements.

The working plan will be further enhanced to reinforce the Group's commitment to comprehensive and dynamic ESG practices based on DMA results. The Group understands that the incorporation of material IROs in the overall risk profile and risk management processes is an evolving process. Certain impacts and risks are reflected in the Risk Appetite Statement (RAF) through key risk indicators, and various risk policies. Opportunities identified across the Group's various business segments are assessed and embedded into the Group's Financial Plan following consultation, validation and authorisation from relevant Management and Board Committees, as required by the Group's Governance arrangements.

Topical details on the identification and assessment of material IROs are described in the following sections.

IRO – 1 – Topical ESRS	
ESRS	Page
E1 – Climate Change	122
E2 – Pollution	156
E3 - Water and marine resources	162
E5 - Resource use and circular economy	166
G1 - Business conduct	215

ESRS 2 – General Disclosures (continued)**4. Impacts, Risks and Opportunities** (continued)**Identification and assessment of material impacts, risks and opportunities** (continued)**8. DMA results – ESRS Sub-Topic**

The table shall be read in conjunction with the detailed IROs in the topical sections.

	ESRS	Material Topic	Material Sub-topics	I	R	O	Non - Material
E	E1	Climate change	Climate change adaptation	✓	✓		n/a
			Climate change mitigation	✓	✓	✓	
			Energy	✓	✓	✓	
	E2	Pollution	Pollution of air	✓			Pollution of water, Substances of concern, Substance of very high concern, Microplastics
			Pollution of soil	✓			
			Pollution of living organisms and food resources	✓			
	E3	Water and marine resources	Water		✓		Marine resources
	E5	Circular economy	Resources inflows, including resource use	✓			Waste
			Resource outflows related to products and services	✓			
S	S1	Own workforce	Working conditions		✓		Equal treatment and opportunities for all
			Other work-related rights	✓	✓		
	S4	Consumers and end-users	Information-related impacts for consumers and/or end users	✓	✓		n/a
			Personal safety of consumers and/or end-users		✓		
			Social inclusion of consumers and/or end-users	✓	✓		
G	G1	Business conduct	Corporate culture		✓		Protection of whistle-blowers Animal welfare ³ Political engagement Corruption and bribery
			Management of relationships with suppliers including payment practices		✓		
Entity specific		Information Security	n/a - Entity specific		✓		
		Financial Crime and Fraud			✓		
		Conflict of Interest			✓		
		Compliance with laws and Regulations			✓		
		Reputational risk			✓		
		Digitalisation		✓	✓	✓	
		BOC Oncology Centre		✓			

ESRS 2 – General Disclosures (continued)**4. Impacts, Risks and Opportunities** (continued)**Identification and assessment of material impacts, risks and opportunities** (continued)**9. Time Horizons**

Time horizon label	Start Year	End Year	Rationalisation
Short-term (1 years)	2024	2025	The Group is committed to become carbon neutral in own operations by 2050 with interim target to reduce Scope 1 and Scope 2 GHG emissions from own operations by 42% by 2030 compared to 2021 baseline. The Group has focused its main decarbonisation actions in the short-term up to 2026 in order to lead the decarbonisation efforts, lead by example and also to benefit from any government subsidies that will be announced as part of the Recovery and Resilience Facility (RRF) of the EU. Taking also into account the CSRD which is a milestone for sustainability activation effective for FY2024 for EU listed companies, and every year thereafter up until 2028 to include certain SMEs and large companies, the Group decided to set short-term time horizon at 1 year as of the end of the reporting date.
Medium-term (2-6 years)	2026	2030	The Group is committed to become carbon neutral in own operations by 2050 with interim target to reduce Scope 1 and Scope 2 GHG emissions from own operations by 42% by 2030 compared to 2021 baseline, therefore sustainability IROs should be identified and managed in a horizon of 2-6 years. As 2030 is the year set by the EU for the goal of "Fit for 55" (i.e., a 55% reduction of GHG emissions below 1990 levels), the Group has also set 2030 as the medium-term risk horizon for the identification and management of sustainability IROs. Therefore, the time horizon for medium term is between 2-6 years.
Long-term (>6 years)	2031	n/a	The Group considers a time horizon of more than 6 years. The Group has set its ambition to become net zero by 2050, which indicates that Scope 1, Scope 2 and Scope 3 GHG emissions should be reduced by 2050 to net zero. The climate related risks associated with Financed Scope 3 GHG emissions depend also on the useful life of the assets, which for the majority of the current loan portfolio of the Group this translates to a maturity beyond 7 years. As such a long-term time horizon has been set of over > 6 years to cover both the risks as well as the strategic aspects of climate-related risks within the organisation.

The time horizons used by the Group on the identification and management of sustainability IROs deviate from those prescribed by ESRS, except for short-term time horizon, in order to be aligned with the time-horizons applied by the Group when developing and formulating the strategy and risk management processes.

ESRS 2 – General Disclosures (continued)

4. Impacts, Risks and Opportunities (continued)

Identification and assessment of material impacts, risks and opportunities (continued)

10. Key assumptions in the DMA

DMA area	Assumption/Judgement	Corroborative procedures
UNEP – FI PRB tools	PRB's impact analysis tools are input and output models associating NACE codes (statistical classification of economic activities) or products (i.e. Housing, credit cards etc.) with actual and potential positive and negative impacts on Impact radar's topics (i.e. climate stability, education, finance etc.). Positive and negative impacts (loans and investment portfolios) are assumed based on the association between NACE/Product codes and impacts.	UNEP-FI PRB tools are used by more than 345 Financial Institutions globally for the identification of impacts and is considered a best practice approach.
Mapping between UNEP-FI topics and ESRS topics	In certain instances, the mapping of impact's substantiations, at the Impact radar's topic level, was not fully aligned with the ESRS topics/sub-topics/sub-sub-topics. Therefore, during the scoring exercise we utilised the most appropriate Impact radar topic to score the relevant ESRS sub-sub topic substantiation.	Mapping is aligned with UNEP-FI guidance.
Impact materiality threshold	Impact materiality threshold was set as the average of scores associated with each Topical ESRS. The aggregated scoring at Topical ESRS level was based on the maximum impact score of the underlying sub-sub-topic.	Corroborative procedures (Sensitivity, average scoring approach) were performed to ensure the threshold selected was appropriate.
Financial materiality threshold	Financial materiality threshold was set at level to be aligned with existing Group's risk processes like Key Risk Matrix and RIMA at ≥ 4 .	The approach is consistent with current Group's processes.
Mapping of RIMA and KRM to ESRS sub-sub topics	Risks identified through the RIMA and KRM process were mapped with ESRS sub-sub topic level and used the existing score based on existing methodology.	The mappings were confirmed with the relevant internal risk owners.
Mapping of Financial Plan and BES to ESRS sub-sub topics	Opportunities identified through Financial Plan and BES process were mapped with ESRS sub-sub-topic level and scored based on impact and likelihood using judgment.	The mappings and scoring was reviewed and agreed by external sustainability experts.
Use on internal proxies on consultation & validation	The Group performed consultation and validation procedures on DMA using internal proxy stakeholders	BOCH considered that given the maturity in the market, limited value would have been added to the DMA if external stakeholders were engaged.

11. Non-Material topics

The environmental topics ESRS E4 (Biodiversity and Ecosystems), ESRS S2 (Workers in the value chain) and ESRS S3 (Affected communities) were assessed as 'Non-Material', through both the financial and impact materiality lens. This is closely aligned with the Group's internal expectations, strategic objectives, industry trends and in particular, with the specifics of the Group's portfolio. However, the Group acknowledges that the integration of these considerations into business practices is evolving and the Group plans to revisit these topics as well as the associated IROs, as part of the annual DMA refresh. For more details on the Biodiversity IROs refer to ESRS E1 – Climate Change in page 118.

ESRS E1 - Climate Change

This section outlines the Group's policies, actions, metrics and targets in addressing material climate change negative impacts and risks as well as policies, actions, metrics and targets designed to further enhance material positive impacts and exploring material opportunities.

1. Integration of Sustainability-Related Performance in Incentive Schemes

In terms of climate-related considerations, the Group integrates sustainability factors into its remuneration process. Senior Management (EXCO and Extended EXCO) KPIs are linked to actions for the reduction of GHG emissions from own operations and the green lending associated with the decarbonisation of the mortgage portfolio. Specifically, the Director of Operations & Chief Cost Officer includes actions to reduce Scope 1 and Scope 2 emissions, while the Deputy CEO and Director of Consumer Banking have KPIs tied to Green Housing metrics aligned with the mortgage decarbonisation strategy.

For Senior Management, C&E KPIs, aligned with the Group's ESG strategy, are factored into Directors' variable remuneration as part of the performance appraisal cycle. These climate KPIs account for less than 15% of total Director KPIs and percentage weight vary for each Director. Specific details on Directors' C&E KPIs have not yet been disclosed.

The Group's Long-Term Incentive Plan (LTIP 2022), approved by shareholders, incorporates ESG objectives within its evaluation scorecard, which measures performance against the Group's Medium-Term Strategic Targets. The scorecard includes KPIs on external ESG ratings, based on independent external assessments of the Group's ESG performance. For more details on the integration of sustainability-related performance in incentive schemes refer to ESRS 2 - General Disclosures in page 92.

2. Transition plan for climate change mitigation**2.1 Introduction**

As a signatory to the UN PRB, the Group aims to align its own operations, supply chain and portfolios with the transition to a sustainable economy. This commitment was enforced through the Group's ESG primary ambitions, as determined in the ESG strategy, which was formulated in 2021. The Group's primary ESG ambitions are:

Group's ESG Primary ambitions	
Ambition	Description
Own operations 42% GHG emission reduction by 2030	The Group aims to become carbon-neutral in own operations by 2050, by gradually eliminating its scope 1 and 2 GHG emissions. The Group has set an interim target in line with carbon-neutrality ambition in own operations to reduce Scope 1 and Scope 2 GHG emissions by 42% (absolute target) by 2030 compared to the baseline of 2021.
Become Net Zero by 2050	The Group's ambition to become Net Zero, by reducing its Scope 3 emissions through its supply chain (i.e. third party providers) and its financing activities, which also entails the alignment and commitment of its clients towards this goal.
Steadily increase GAR	The GAR indicates the degree of alignment with the EU Taxonomy, such as showing the proportion of the share of credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets, such as those consistent with the European Green Deal and the Paris agreement goals.
Steadily increase Green Mortgage Ratio	In line with the Green Asset Ratio, the numerator consists of mortgages used only for sustainable activities related to the construction of new buildings and renovation of buildings, while the denominator includes all mortgages.

While the Group has established GHG emissions reduction targets in certain emission categories and asset classes, based on data and methodologies available (Refer to 7. Climate Change Metrics & Targets in page 139), and implements climate change mitigation actions to be aligned with those targets (Refer to 6. Policies and Actions related to Energy, Climate Change Mitigation and Adaptation in page 132), it has not yet established a comprehensive transition plan for climate change mitigation. The establishment of GHG emission reduction targets and climate change mitigation actions to meet those targets were reviewed, discussed and approved by the Board through the SC, EXCO and NCGC. The Group will perform reasonable efforts to establish a comprehensive climate change mitigation transition plan in order to be aligned with limiting the global warming to 1.5 °C by 31 December 2026. The Group's climate change mitigation transition plan will be reviewed and approved by the SC, EXCO and the Board through the NCGC.

ESRS E1 - Climate Change (continued)

2. Transition plan for climate change mitigation (continued)

2.2 Strategy integration of climate transition plan

The Group updated its Group Financial and Business Plan manual to incorporate considerations on C&E risks in the Business Strategy. Specifically, during the planning phase for new lending the RMD and IR&ESG provide the sectors associated with C&E risks, the preliminary impact assessment derived from the BES, the science-based targets set (GHG emission reduction targets aligned with a climate scenario) and the direction of Green/Transition new lending based on BES. In addition, each Division, considers the preliminary impact assessment (performed by RMD, IR & ESG and Strategy) on the risk profile and strategy arising from the BES and the RIMA on C&E risks. Based on this, the Division identifies which are the material C&E risks over the Financial plan period and defines the actions, strategies and products to mitigate them. The IR&ESG reviews the adequacy, relevance and reasonableness of the business lines strategies to manage material C&E risks in key portfolios.

The Group's approach to climate action is evolving over time and has progressively been embedded into the Group's activities, actions and strategies. Consequently, the Group focuses on creating lifelong partnerships with customers, as well as guiding and supporting them in a changing world by financing projects which bear a positive climate impact. Underpinning the Group's Climate Strategy (a pillar within its ESG strategy), there are three strategic areas where, moving forward, the Group will focus its climate action:

- i. Reinforcing the impact of climate financing;
- ii. Building resilience to climate change; and
- iii. Further integrating climate change considerations across all of Group's standards, methods and processes.

2.3 Emission reduction targets

The Group aims to work with its customers, colleagues and communities to support their transition to a resilient, low carbon 1.5°C aligned economy by 2050, in line with Cyprus governments' ambitions and actions.

The Group, taking into account the maturity of the market in Cyprus regarding climate change, the available methodologies for setting GHG emission reduction targets and the limited climate data, decided to set its GHG emission reduction targets by applying the International Energy Agency's Below 2 °C climate scenario (IEA B2DS), aiming to limit global warming to 1.75 °C. However, as methodologies evolve and more reliable climate data becomes available, the Group is committed to adjusting its targets to align with the 1.5°C goal. The Group utilized the Science Based Targets Initiative (SBTi) tools to set the GHG emission targets however, these targets are not externally validated by any global climate body. The Group has committed to reducing its scope 1, 2 and 3 GHG emissions to meet its stated targets below:

1. 42% reduction in GHG emissions (Scope 1 and 2) by 2030 compared to a 2021 base year;
2. 43% reduction in residential mortgage portfolio GHG emissions per square metre by 2030 from a 2022 base year.

For more details on GHG emission reduction targets refer to 7. Climate Change Metrics & Targets in page 139.

2.4 Sustainable finance metrics

The Group is providing customers with sustainable products, such as green housing, green car, energy loans, renewable energy financing and green lending for Corporate & SME under the Green lending policy, supported by green bond issuance under the Sustainable Finance Framework, and is continuing to develop its suite of green finance products offered to customers. The Group is taking these actions because it understands the significant role it can play in facilitating the transition to a low-carbon economy. The Group as at 31 December 2024, following the launch of Green housing product, reached €355mn gross environmentally friendly loans. For more details on Sustainable finance metrics refer to 7. Climate Change Metrics & Targets in page 144.

ESRS E1 - Climate Change (continued)**2. Transition plan for climate change mitigation** (continued)**2.5 Locked-in GHG emissions**

The Group under the current risk assessment framework, considers that changes in climate change mitigation and adaptation policies and regulations could lead in asset stranding or assets becoming locked-in to GHG emissions especially for organisations that operate in carbon intensive industries (i.e. oil and gas industry). The Group currently assesses the risk of stranded and locked-in assets qualitatively, however it will perform a detailed identification and quantification exercise during 2025 on stranded assets associated with the assets financed or assigned as collaterals. The Group's own assets are not considered to be locked-in to GHG emissions or stranded by nature as the vast majority relates to office buildings and branches. The Group's exposure to carbon intensive sectors, which are considered high risk of stranding or locked-in, is immaterial. Therefore, the risk of stranding and locked-in is low. Refer to the table below indicating Group's gross loan and corporate bond exposures to carbon intensive sectors as per ESRS E1-1 Paragraph 16(f).

Gross loans exposure to coal, oil and gas related economic activities		
	Gross Loans (€mn) - 2023	Gross Loans (€mn) - 2024
B.05 Mining of coal and lignite	-	-
B.06 Extraction of crude petroleum and natural gas (limited to crude petroleum)	-	-
B.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum)	0.2	-
C.19 Manufacture of coke and refined petroleum products	2.0	1.4
D.35.1 - Electric power generation, transmission and distribution	40.1	52.9
D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power and/or heat generation)	0.4	0.4
G.46.71 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels)	139.1	142.5
Total	181.8	197.2
% to total Non – Financial Corporation Gross Loans	3.7%	3.9%
Corporate Bonds exposure to coal, oil and gas related economic activities (excluding Green Bonds)		
	Corporate Bonds (€mn) - 2023	Corporate Bonds (€mn) - 2024
B.05 Mining of coal and lignite	-	-
B.06 Extraction of crude petroleum and natural gas (limited to crude petroleum)	-	-
B.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum)	4.9	15.2
C.19 Manufacture of coke and refined petroleum products	-	-
D.35.1 - Electric power generation, transmission and distribution	-	-
D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power and/or heat generation)	-	-
G.46.71 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels)	-	-
Total	4.9	15.2
% to total Non – Financial Corporation Corporate Bonds	4.5%	10.2%

ESRS E1 - Climate Change (continued)**2. Transition plan for climate change mitigation** (continued)**2.5 Locked-in GHG emissions** (continued)

The Group is not excluded from the EU Paris-aligned Benchmarks but maintains exposures to certain sectors within its portfolio that are classified as excluded under the EU Paris-aligned Benchmarks framework (Articles 12.1(d) and (g) and 12.2 of (EU) 2020/1818).

These exposures relate to economic activities that currently do not meet Paris-aligned benchmarks but are important to the market and transition efforts. Refer to the table below for details on financing exposure to excluded sectors:

Financing exposure to sectors excluded from EU Paris-aligned Benchmarks (Articles 12.1 (d) and (g) and 12.2 of (EU) 2020/1818)				
	2023		2024	
	Gross carrying amount (€mn)	Of which exposures towards companies excluded from EU Paris aligned Benchmarks	Gross carrying amount (€mn)	Of which exposures towards companies excluded from EU Paris aligned Benchmarks
D - Electricity, gas, steam and air conditioning supply	57	27	121	46
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	881	54	908	67
H.52 - Warehousing and support activities for transportation	47	19	162	49
Total	985	100	1,191	162

ESRS E1 - Climate Change (continued)

3. Material impacts, risks and opportunities and their interaction with strategy and business model

Material IROs - Climate Change (E1)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Climate Change - Climate Adaptation, Climate Mitigation and Energy	Impact	Actual and potential positive	The Group's decarbonisation plan on own operations to reduce Scope 1 and Scope 2 GHG emissions create actual positive impact to climate change adaptation, through increase in renewable energy utilisation, climate change mitigation, through reduction of GHG emissions, and energy consumption, through energy efficiency measures implemented				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓	✓			Originate from strategy	Own Operations
ESRS Topic/Sub-Topic	IRO	Type	Description				
Climate Change - Climate Adaptation, Climate Mitigation and Energy	Impact	Actual and potential positive	Financing activities to certain NACE sectors (i.e. Electric power generation, transmission and distribution) with total portfolio exposure of 1.44% out of €5bn exposures assessed under PRB institutional banking impact analysis of 2024, create key/direct actual positive impacts to climate stability. In addition, the Group implemented various actions in the downstream value chain which create positive impacts on climate change mitigation (sector limits, GHG emission reduction targets, ESG Due Diligence, Green lending internal KPIs). The Group is in the process to design the strategy to manage material physical risks through adaptation measures in the underwriting process associated with loan exposures, REMU portfolio and insurance contracts. Currently, the Group has positive impact to climate change adaptation through insurance contracts covering weather perils.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of finance	Customers

ESRS E1 - Climate Change (continued)

3. Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Material IROs - Climate Change (E1) (continued)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Climate Change - Climate Mitigation and Energy	Impact	Actual and potential negative	The Group produce Scope 1, 2 and 3 GHG emissions through operations and across the value chain.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓	✓	✓	✓	Connected to strategy	Own operations, vendors and customers
ESRS Topic/Sub-Topic	IRO	Type	Description				
Climate Change - Climate Adaptation, Climate Mitigation and Energy	Impact	Actual and potential negative	Financing activities to certain NACE sectors (i.e. Rental and operating of own or leased real estate, development of building projects, buying and selling of own real estate) with total portfolio exposure of 36.55% out of €5bn exposures assessed under PRB institutional banking impact analysis of 2024, create key/direct actual negative impacts to climate stability. The fact that the Group has not yet implemented sufficient risk management practises on climate change adaptation indicates that the Group negatively impacts climate change adaptation. The Group has not yet launched innovative solutions on climate change adaptation leading to a negative impact on climate change adaptation.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of finance	Customers

ESRS E1 - Climate Change (continued)

3. Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Material IROs - Climate Change (E1) (continued)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Climate Change - Climate Adaptation	Risk	Climate - Physical - Acute	Wildfire risk as a driver of credit risk, liquidity risk, market risk, operating risk and strategic risk has been identified as material. All acute hazards combined have been assessed as material as drivers to strategic risk (Extreme heat, Drought, High intensity / duration precipitation events, Landslide, River flood, Storms)			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓	✓	✓	No material current financial effects. Anticipated financial effects include the increase in probability of default (PD) and loss-given-default (LGD) of clients and counterparties, depositors might simultaneously withdraw deposits to address increased operational costs, devaluation of REMU portfolio, disruption and increased cost on owned buildings and branches and reduction in profitability for strategic sectors of the Group.
ESRS Topic/Sub-Topic	IRO	Type	Description			
Climate Change - Climate Adaptation	Risk	Environmental - Physical - Acute	Earthquake risk as a driver of credit risk, liquidity risk, market risk and operating risk has been identified as material			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓	✓	✓	No material current financial effects. Anticipated financial effects include the increase in PD and LGD of clients and counterparties, depositors might simultaneously withdraw deposits to address increased operational costs, devaluation of REMU portfolio, disruption and increased cost for owned buildings and branches.

ESRS E1 - Climate Change (continued)

3. Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Material IROs - Climate Change (E1) (continued)								
ESRS Topic/Sub-Topic	IRO	Type	Description					
Climate Change - Climate mitigation and energy	Risk	Climate - Transition	Transition risk as a driver of credit and liquidity risks arising from low emission alternative products and business models as well as increased costs of energy and raw materials.					
Time Horizons			Value Chain			Financial Effects		
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream			
✓	✓	✓		✓	✓	No material current financial effects. Anticipated financial effects include lagging behind competitors in terms of required technological change (shifts to low-carbon technologies) may affect clients and counterparties, retail customers might be vulnerable to increasing energy costs / dependence on single energy provider. Corporate clients might be affected by increasing energy costs as well as by carbon pricing on carbon intensive materials, which may result in increased cost of raw components such as steel, concrete, plastic, agricultural products, fuels etc., leading to increased PD and LDG.		
ESRS Topic/Sub-Topic	IRO	Type	Description					
Climate Change - Climate mitigation and energy	Opportunities	Green finance	Opportunity to provide Green lending so to finance the transition to low carbon economy and manage climate risks.					
Time Horizons			Value Chain			Financial Effects		
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream			
✓	✓	✓			✓	Increase profitability and mitigate the possibility of increased credit risk.		

ESRS E1 - Climate Change (continued)

4. Resilience to Climate Change

The concept of climate resilience requires that organisations develop the adaptive capacity to respond to climate change, leveraging opportunities and managing the associated transition and physical risks. The Group established and evolves climate risk stress testing and sensitivity practices to ensure climate resilience.

a. Climate Risk Sensitivity and Stress Testing

BOC PLC has a risk-based approach for the management of climate-related transition and physical risks in lending.

i. Stress Testing for ICAAP Quantification

Transition Risk Quantification

BOC PCL developed a Framework to quantify transition risk for the purposes of stress-testing within the context of ICAAP, under the normative perspective. The framework addresses all sectors of the BOC PCL's portfolio, but dedicated models were created for those sectors that are more susceptible to transition risks, based on their inherent activities and their exposures. Such sectors include Construction, Hotels, Real Estate and Mortgages whilst the remainder of BOC PCL's portfolio is catered through a generic model.

The approach builds on the risk quantification methodology that BOC PCL has put in place. The main elements of the approach are described below.

The overall approach regarding Climate Stress Testing (CST) design is structured into three layers:

- i. Scenario Layer: This layer encompasses scenario variables, which are divided into macroeconomic variables and climate risk parameters. It is essential that the macroeconomic variables remain internally consistent with the climate risk parameters.
- ii. Climate Risk Layer: The climate risk parameters are utilized to adjust the customer's rating components through transition risk models.
- iii. Quantification Layer: The macroeconomic variables are used to estimate IFRS 9 PD and LGD based on a forward-looking approach.

For the preliminary Stress Test run the following Network for Greening the Financial System (NGFS) scenarios have been selected:

- i. NDCs (Nationally Determined Contributions), which for the case of Cyprus, almost coincides with the "Below 2°C" scenario given the EU Members' aspiration for climate Policies. "Below 2°C" scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- ii. Current – Current Policies scenario assumes that only currently implemented policies are preserved, leading to high physical risks.
- iii. Delayed Transition – Delayed Transition scenario is under the Disorderly scenario category. It assumes annual emissions do not decrease until 2030. In addition, it requires strong policies to limit warming to below 2°C and negative emissions are limited.

The results of the above-mentioned approach are expected to be disclosed in the 2025 Sustainability Statement.

ESRS E1 - Climate Change (continued)

4. Strategy resilience to Climate Change (continued)

a. Climate Risk Sensitivity and Stress Testing (continued)

i. Stress Testing for ICAAP Quantification (continued)

Physical Risks on Collateral Portfolio

In terms of physical risks, efforts were focussed on estimating the impact on property value from the potential materialisation of climate-related physical risks. This is considered relevant to BOC PCL, given the concentration to clients in activities relating to immovable properties such as Construction, Accommodation & Food Service, Real Estate, Mortgages as well as the fact that a significant portion of BOC PCL's collaterals are real estate assets.

To that end, granular data were obtained from an external vendor, providing granular, location level information. Based on existing literature, only five physical hazards are considered as having impact on immovable properties and these were analysed further. These include wildfire, landslide, wind gust, flood and sea level rise. For the purposes of the analysis which was also used as part of its RIMA process, the NGFS scenarios were employed and used as a reference. In particular, the following scenarios were used and projected up to 2050:

- i. Orderly transition: assume that climate policies are introduced early and gradually become more stringent. Physical and transition risks are relatively small.
- ii. Disorderly transition: explore higher transition risk due to delayed or divergent policies across countries and sectors.
- iii. Hot House World: assume that some climate policies are being implemented in some jurisdictions, but that global efforts are insufficient to halt significant global warming. These scenarios pose serious physical risks.

The analysis of the data allowed BOC PCL to gain an understanding of the assets vulnerable to the various physical risks, their level of riskiness as well as potential concentrations across the island. Furthermore, following the identification of physical risks, the monetary impact (damage function) for each combination of property, hazard, scenario, and year was estimated. This monetary impact considered not only the geo-localisation features, but also the asset-specific characteristics, i.e., commercial, industrial, residential and other use.

Focusing on the most conservative climate scenario (Hot House World) the data indicated that only three physical hazards, namely wildfire, landslide and flood could potentially impact collaterals' market value. The impact of these physical hazards on the collateral portfolio was quantified in the 2024 year-end ICAAP as well as in the subsequent quarterly updates both from an economic and a normative perspective. The wildfire hazard was chosen, as the analysis indicated that it can potentially affect the largest amount of collaterals.

For the purposes of the quantification and taking a worst-case scenario perspective, BOC PCL considered the effectiveness of insurance contracts as mitigants of wildfire as well as the below factors:

- i. Macro-economic conditions: Economic downturns could increase insurance lapses.
- ii. Severe economic depression: This could challenge insurers' financial stability and ability to pay claims.
- iii. Climate change: Increasingly severe wildfires may lead insurers to limit coverage.
- iv. Limited coverage: Standard policies might not cover all wildfire damages.

Economic Perspective:

Conclusively, based on the revised reduced market value of collaterals, the economic capital requirement add-on for the impact on Physical Risk for the four-year period of the financial plan (2025 – 2028) was calculated to c. €3mn. The presence of insurance contracts as mitigant was considered in the calculation.

Normative Perspective:

For the normative perspective, three different potential scenarios were considered for each of the ICAAP horizon based on once-off event impact for wildfires in 2025, floods in 2026 and landslides in 2027.

Based on the revised reduced market value of the selected collaterals and the presence of insurance contracts as mitigant for both wildfire and flood, the impact was calculated at c.€0.4mn.

ESRS E1 - Climate Change (continued)

4. Strategy resilience to Climate Change (continued)

a. Climate Risk Sensitivity and Stress Testing (continued)

i. Stress Testing for ICAAP Quantification (continued)

Physical Risks on Non-Financial Corporations (NFCs)

BOC PCL is in the process of estimating the impact of physical risks on Non-Financial Corporations (NFCs) credit risk profiles. This project involves geolocating companies and their units to map and measure physical risks such as floods, heatwaves, and other hazards. The mapping process assigns risk levels to different locations based on the likelihood and severity of these hazards, and the potential financial impacts on companies are assessed by focusing on key financial metrics like revenue and operating costs.

The final output of this process will show the potential financial losses for each company due to various hazards, helping to understand the vulnerability of NFCs to these risks. This information will enable the Bank to adjust risk drivers in the rating model and calculate climate-adjusted ratings under different climate scenarios and time horizons.

ii. Sensitivity Analysis

Scenario analysis and climate risk stress testing are methods which assist in evaluating and managing the possible effects of C&E risks, to the Group's business strategy and financial planning decisions. By nature, this analysis is of an informative nature and focuses on the planning horizon of the Group's Financial plan. The sensitivity analysis carried out on physical and transition risks are described below.

Transition risks

To assess the potential impact of transition risks on the Business Model, a sensitivity analysis was carried out on portions of the corporate and mortgage portfolios that were identified as being exposed to transition risks. The analysis related to the Financial Plan for the period between 2025 – 2028 and reflected the potential impact of a short-term disorderly scenario according to which a set of climate related policies are implemented at the beginning of 2024.

Estimation of impact was done on a top-down basis considering the outcome of regulatory climate stress tests, and specifically the outcome of the Bank of England Climate Biennial Exploratory Scenario. Considering the specific composition of BOC PCL's portfolio, such climate related policies would most likely affect customers in the sectors identified as vulnerable to transition risks as well as customers with mortgage loans granted prior to 2009, implying thus a less-energy efficient property. These sectors account for c.49% of the BOC PCL's total loan portfolio as at September 2024. The outcome of the analysis thus provided a magnitude of losses BOC PCL might face if both BOC PCL and its customers do not respond effectively to climate risks.

The analysis indicated that over the period of the next financial plan (2025 – 2028), an average decrease of the Group's profitability of €19mn per year was estimated, aggregated to €75mn for the period. This is an adverse sensitivity scenario and given the energy strategy of Cyprus, this is not considered a likely outcome.

Physical risks

This sensitivity analysis is designed to evaluate the financial implications of climate-related physical risks on the real estate assets held as collateral within the four-year timeframe of the Financial Plan. It focuses on three risks, namely wildfire, landslide and flood. The analysis utilised the concept of damage functions. The analysis assumes that climate-related risks will gradually materialize through market pricing mechanisms, even before physical damage occurs. This assumption reflects growing market awareness of climate risks and their incorporation into property valuations. The transmission channels through which these risks affect property values could include:

- i. Insurance premium adjustments reflecting increased risk exposure
- ii. Market participants' risk perception and preference shifts
- iii. Regulatory changes affecting building requirements and land use
- iv. Adaptation costs necessary to protect properties
- v. Changes in local economic conditions due to climate vulnerabilities

ESRS E1 - Climate Change (continued)

4. Strategy resilience to Climate Change (continued)

a. Climate Risk Sensitivity and Stress Testing (continued)

Physical risks (continued)

While actual climate impacts may materialize over longer timeframes, it is possible that market pricing mechanisms will begin to incorporate these risks more rapidly as climate risk awareness increases.

Scenarios

The NGFS scenarios considered for this assessment were the Hot House World and the Orderly Transition. The former scenario is more appropriate for wildfires and floods as it implies that physical risks increase the further you move into the future. On the other hand, the Orderly Transition scenario is more appropriate for landslide as the particular risk requires the additional element of heavy rain to act as a trigger. Heavy rain is not assumed in the Hot House World scenario. The damage functions resulting from each scenario up to the year of 2034 were thus compared. No significant differences were observed between the two scenarios given the rather short time frame examined and therefore the Hot House World scenario was used to run the sensitivity analysis which aligns with the scenario used for physical risks in the RIMA process.

Results

The sensitivity analysis results indicate a collective charge of €3.5mn and €6.8mn, assuming that prices are reduced equally to the calculated damage functions for the years 2028 and 2034 respectively. Both charges are not deemed material.

Employing the damage functions over a longer term would yield additional provisions as per the logic embedded in the climate scenarios which provide for increasing impacts as you move further into the future. However, that would ignore both the dynamic nature of the balance sheet and the mitigating actions that the BOC PCL can put in place in the interim. Furthermore, the precise timing and magnitude of any climate impact on property prices remain uncertain.

b. Resilience of Strategy and Business Model

BOCH has embedded climate resilience into its strategic planning. ESG is a core pillar of the Group's long-term strategy, with the ambition to achieve Net Zero by 2050. In line with this commitment, a decarbonisation target has been established for the mortgage portfolio, aligned with the IEA's B2DS. The lending strategy has been adjusted to support this target, with integration into the Financial Plan for 2025-2028. Multiple scenario-based sensitivity tests have been conducted to ensure alignment with climate targets and resilience under varying transition risk scenarios.

The overall resilience of BOCH's business model is reinforced by a relatively low exposure to carbon-intensive sectors, such as coal, oil, and gas. Further mitigating measures include the introduction of new lending sector limits to carbon-intensive industries. These restrictions do not apply to green or transition financing or to entities operating in carbon-intensive sectors with an externally validated transition plan, thereby incentivising customers to transition toward a low-carbon economy.

The current assessment indicates that BOCH's business model remains resilient under a 2°C or lower climate scenario, supported by a risk assessment framework, portfolio management, and the integration of climate risk considerations into financial planning. Additional details on sectoral loan and investment exposures are provided in 7. Climate Change Metrics & Targets in pages 149 and 151.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities

C&E Risks Identification & Materiality Assessment (RIMA) process

The Group while conducting the DMA, utilised the results derived from the RIMA process in regards to C&E risks. In 2023, BOCH has refined its MA of C&E risks as drivers of existing financial and non-financial risks, namely Credit risk, Liquidity risk, Market risk, Operational risk, Strategic risk as well as Reputational and Legal risk, taking into consideration its business profile and loan portfolio composition.

As part of the RIMA process, BOCH has enhanced the following steps to ensure a comprehensive and structured MA process, having due consideration on the specificities of its business model, operating environment and risk profile:

- i. Identification and documentation of C&E risk drivers
- ii. Definition of transmission channels for C&E risks
- iii. Assessment of materiality of C&E risk drivers

Specifically, BOCH has conducted an assessment of the following C&E risks, as drivers of existing risks:

- i. Climate-related physical risk drivers
- ii. Climate-related transition risk drivers
- iii. Environmental transition risk drivers (other than climate risks)
- iv. Environmental physical risk drivers (other than climate risks)

The assessment has been conducted using both quantitative and qualitative methods. For data driven methods, a combination of internally collected BOCH specific data and external data have been used.

In summary, as a first step, a more granular list of potential C&E risk drivers has been identified through the enhancement of the inventory of C&E risks already developed by BOCH in the course of the previous C&E risk assessment exercises. In particular, BOCH has proceeded with an additional classification and categorisation of the C&E risks across four levels of granularity as per the following example:

- i. Climate-related risk (Level-1)
- ii. Physical risk (Level-2)
- iii. Acute risk (Level-3)
- iv. Wildfire (Level-4).

As a second step, the C&E risks have been mapped, by RMD, to the existing financial and non-financial risks through respective transmission channels. For transmission channels refer to page 125.

As a third step, a combination of qualitative and quantitative methods has been utilised for the purpose of the performance of the MA of C&E risks using various materiality parameters and thresholds, depending on the method and data used for the assessment. In addition, the evolution of C&E risks has been considered over the short, medium and long-term time horizons. For the time horizons considered refer to 9. Time Horizons in page 108.

ESRS E1 - Climate Change (continued)**5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities** (continued)**C&E Risks Identification & Materiality Assessment (RIMA) process** (continued)

An overview of the steps followed for the performance of the MA is presented in the following figure:

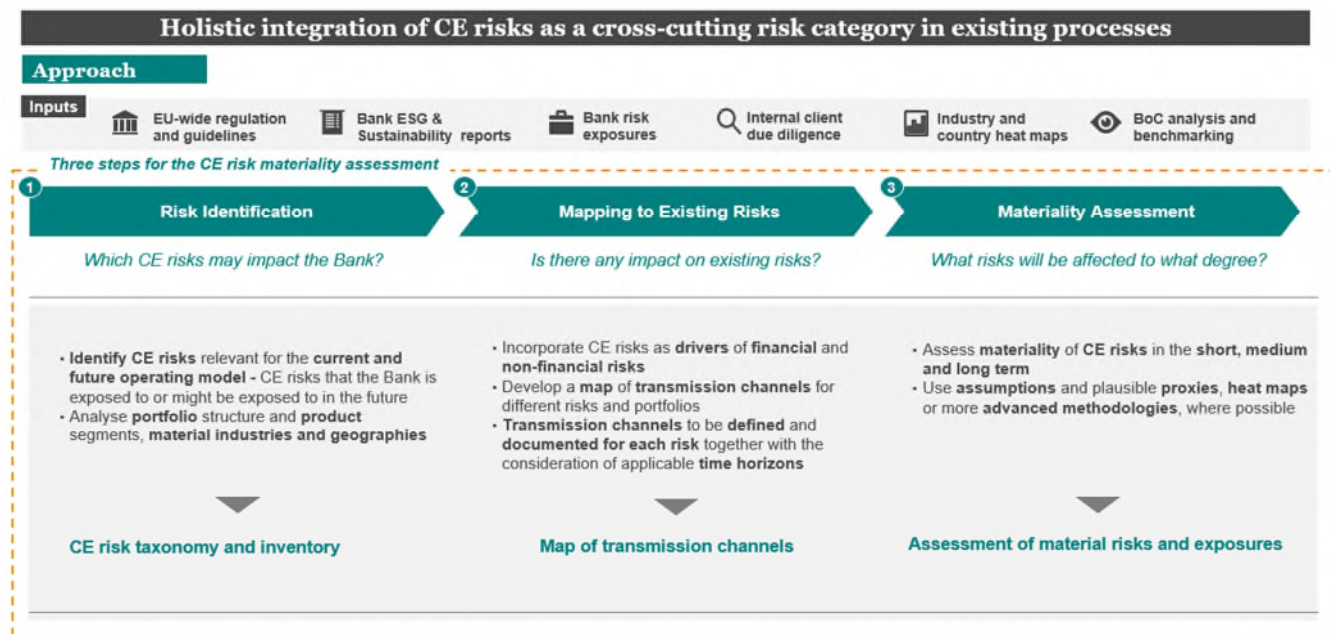


Figure 1: Overview of BoC's C&E MA 2023 stages

The following table (Table 2), provides an overview of BOCH's C&E risks inventory, which includes all C&E risks considered as part of the MA performed. A further break down of C&E risks has been considered accordingly by defining thirty (30) underlying risk types.

ID	C&E risk	C&E risk sub-type	C&E risk sub-type	C&E risk sub-type
	[Level 1]	[Level 2]	[Level 3]	[Level 4]
1	Climate-related	Physical	Acute	(Extreme) Heat
2				Drought (increased frequency, intensity, duration)
3				High intensity / duration precipitation events (increase; causing flooding)
4				Landslide
5				River flood
6				Storms (increased activity and/or intensity)
7				Wildfire
8			Chronic	Desertification
9				Ocean acidity
10				Precipitation (decreased average precipitation)
11				Sea level rise (increasing risk from coastal flood)
12				Temperature (increase of average temperature)
13		Transition	Policy and Regulation	Failure to comply with climate (ESG) disclosures and GHG reporting obligations
14				Risks from litigation

ESRS E1 - Climate Change (continued)**5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities** (continued)**C&E Risks Identification & Materiality Assessment (RIMA) process** (continued)

ID	C&E risk	C&E risk sub-type	C&E risk sub-type	C&E risk sub-type
	[Level 1]	[Level 2]	[Level 3]	[Level 4]
15	Climate-related	Transition	Technology	Transition to low-emission alternative products and services/business models
16			Market	Increased energy costs and costs of raw materials
17				Increased stakeholder concern or negative stakeholder feedback / markets sentiment and preferences
18	Environmental	Physical	Acute	Earthquake
19				Tsunami
20			Chronic	Air pollution
21				Soil pollution
22				Water pollution
23				Biodiversity loss (incl. species extinction)
24				Deforestation (incl. habitat destruction) and land use change
25				Water scarcity
26				Pests (increased prevalence)
27		Transition	Policy and Regulation	Circular economy & waste management
28				Environmental protection requirement
29			Technology	Environmentally friendly technologies
30			Market	Environmentally driven consumer behaviour

Each C&E risk has been individually assessed as a driver of Credit risk, Liquidity risk, Market risk and Operational risk, and individual risk scores have been assigned. For these categories of existing risks, the results of the assessment have been aggregated at the level of physical and transition risks sub-types. The assessment of C&E risks as drivers of Strategic risk, Reputational risk and Legal risk has been performed at the abovementioned granularity level.

C&E Transmission Channels

C&E risks are recognized as drivers of the existing risks and may impact BOCH directly or indirectly through counterparties, assets (microeconomic channels) or the broader economy in which the relevant clients and BOCH operates (macroeconomic channels). BOCH has defined the transmission channels through which the C&E risks can influence each of its existing risk categories, the Table below provides a non-exhaustive list of transmission channels and is not limited to the C&E risks identified as material. A more detailed description of each of the C&E risk transmission channels regarding the principal risks and the arising impact on BOCH is provided in Table 3 below.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

C&E Transmission Channels (continued)

C&E Risk Drivers	Transmission Channels (Non-exhaustive List)	Potential Impact on the Group	Affected Financial and Non-Financial Risk Types
Climate related and Environmental Transition Risks	i. Impact on repayment ability of clients through: i. Increased operating costs for compliance and/or lower revenues ii. Increased capital expenditures to comply with regulatory standards iii. Closure of business lines or facilities due to transition to greener economies and public sentiment	Increased Probability of Default ('PD') and Loss Given Default ('LGD')	Credit Risk ⁴
	i. Impact on the price of marketable instruments (bonds/equity) and to Real Estate assets ii. Impact on BOC PCL's valuation if it does not reduce its emissions and/ or increase its GAR	i. Decrease in value of the REMU portfolio due to increase in operational costs and decrease in the value of the assets ii. Large/ small sell-off (of High Quality Liquid Assets ('HQLA')) against reduced prices and/ or potential difficulty to liquidate iii. Interest rate and FX shocks, credit spreads changes	Market Risk ⁵
	i. Inability to raise funding due to lack of climate change action by the organisation ii. Depletion of deposits to address increase operational costs or mitigate transition risks	i. Rapid withdrawal of customer deposits ii. Unexpected significant expenses or charges that may influence liquidity position and net outflows iii. Lack of funding sources / negative changes in funding structure iv. Lower demand for BOC PCL's capital issuance v. Difficulties in selling assets / selling of assets with a discount	Liquidity Risk ⁶

Table 3: Overview of the key transmission channels and potential impact on the Group through C&E risks

⁴ Including Counterparty risk, Settlement risk, Issuer risk, Concentration risk and Country risk.

⁵ Including Interest rate risk, FX risk, Real Estate risk, Credit Spread risk and Equity risk.

⁶ Including Liquidity risk and Funding risk.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

C&E Transmission Channels (continued)

C&E Risk Drivers	Transmission Channels (Non-exhaustive List)	Potential Impact on the Group	Affected Financial and Non-Financial Risk Types
Climate related and Environmental Transition Risks	Socio-economic changes (e.g. changing consumption patterns / customer preferences)	i. Losses due to physical damages or shutdowns ii. Increased operational costs for the buildings of BOC PCL iii. Losses from lower productivity iv. Losses from wrong decisions/ process issues v. Additional significant operating or capital expenses	Operational Risk ⁷
	i. Inability to meet stakeholders' demands as a result of changing market sentiment ii. Reputational damage due to the financing of environmentally harmful projects	i. Limited business opportunities/ lessened expansion potential ii. Workforce fluctuations iii. Client withdrawal iv. Additional investments to improve internal processes and comply with expectations	Reputational Risk
	Litigation risks due to financing of environmentally harmful projects	i. Litigation costs may reduce the value of the REMU portfolio ii. Non-compliance with regulation and policy measures iii. Investments in carbon intensive and unsustainable projects, buildings or similar iv. Misalignment of communicated targets and reality	Legal/Litigation Risk
	i. Additional costs and regulatory repercussions relating to, for example, exposure to real estate portfolio without adequate EPC labels, or exposure to high emitting/ polluting sectors ii. Regulatory and / or market developments in relation to financial institutions offering 'green' products impacting BOC PCL's competitiveness	i. Loss of revenues due to strategic reorientation (e.g. loss of profitable business line) ii. Inadequate definition and execution of the strategy (e.g. incorrect or faulty assumptions, poor implementation) iii. Expenses for the implementation of upcoming C&E regulatory requirements / changes iv. Limited business opportunities/ lessened expansion potential	Strategic Risk

Table 3: Overview of the key transmission channels and potential impact on the Group through C&E risks (continued)

⁷ Including Regulatory Compliance/Conduct risk, FEC risk, Internal/ External Fraud risk, People risk, BC risk, IT/ Cyber Risk, Technology risk, Data Accuracy and Integrity risk, Physical Security and Safety risk, Statutory Reporting and Tax risk, Transaction Processing and Execution risk, Project risk, Model risk and Third Party risk.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

C&E Transmission Channels (continued)

C&E Risk Drivers	Transmission Channels (Non-exhaustive List)	Potential Impact on the Group	Affected Financial and Non-Financial Risk Types
Climate related and Environmental Physical Risks	i. Increased operating costs due to retrofitting and/or damage / substitution of assets ii. Increase in insurance costs iii. Lower revenues due to reduced productivity or damage in value chain operations iv. Decrease in value of property collateral	Increased PD and LGD	Credit Risk
	i. Impact on the price of marketable instruments (bonds/equity) and to Real Estate assets ii. Impact on BOC PCL's valuation if it does not reduce its emissions and/ or increase its GAR	i. Decrease in value of the REMU portfolio due to increase in operational costs and decrease in the value of the assets ii. Large / small sell-off (of HQLA) against reduced prices and/ or potential difficulty to liquidate iii. Interest rate and FX shocks, credit spreads changes	Market Risk
	Depletion of deposits to address increase operational costs or address or mitigate physical risks (e.g. to finance damage repairs)	i. Rapid withdrawal of customer deposits ii. Unexpected significant expenses or charges that may influence liquidity position and net outflows iii. Lack of funding sources / negative changes in funding structure iv. Lower demand for Bank's capital issuance v. Increase in funding costs vi. Difficulties in selling assets/ selling of assets with a discount	Liquidity Risk

Table 3: Overview of the key transmission channels and potential impact on the Group through C&E risks (continued)

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

C&E Transmission Channels (continued)

C&E Risk Drivers	Transmission Channels (Non-exhaustive List)	Potential Impact on the Group	Affected Financial and Non-Financial Risk Types
Climate related and Environmental Physical Risks	Increased operating costs due to damage on premises, operating locations and other facilities	i. Losses due to physical damages or shutdowns ii. Increased operational costs for the buildings of BOC PCL (e.g. to comply with energy efficiency standards) iii. Losses from lower productivity iv. Losses from wrong decisions/ process issues v. Unplanned or additional significant operating or capital expenses	Operational Risk
	Increased operating costs arising from the management of C&E risks	i. Limited business opportunities/ lessened expansion potential (including respective operating losses) ii. Workforce fluctuations (including respective operating losses) iii. Client withdrawal (including respective operating losses) iv. Additional investments to improve internal processes and comply with expectations	Reputational Risk
	Litigation risks arising from BOC PCL's exposure to physical climate-related and/ or environmental damages	i. Litigation costs may reduce the value of the REMU portfolio ii. Non-compliance with regulation and policy measures iii. Investments in carbon intensive and unsustainable projects, buildings or similar (knock on effects from reputational loss) iv. Misalignment of communicated targets and reality	Legal/Litigation Risk
	Inadequacies in BOC PCL's product offerings without factoring in the potential damages resulting from physical risks associated with climate change; this could result in increased defaults on loans and negatively impact BOC PCL's asset quality.	i. Loss of revenues due to strategic reorientation (e.g. loss of profitable business line) ii. Inadequate definition and execution of the strategy (e.g. incorrect or faulty assumptions, poor implementation) iii. Expenses for the implementation of upcoming C&E regulatory requirements / changes iv. Limited business opportunities	Strategic Risk

Table 3: Overview of the key transmission channels and potential impact on the Group through C&E risks (continued)

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

Assessment of C&E risks as drivers of financial and non-financial risks

Following the mapping of C&E risks as potentially relevant or not-relevant drivers of the principal risks through the transmission channels, follows the assessment of the C&E risks and their relevant impact based on the principal risks. BOCH has applied a combination of both qualitative and quantitative methods. The following methodologies have been applied:

a. Quantitative Geographic Assessment

This assessment is applicable to C&E physical risks as drivers of Credit, Market, Liquidity and Operational risks. Specific physical climate-related hazards, namely Wildfire, Landslide, River Flood, Wind Gusts (Storms), and Sea Level Rise have been considered using geolocation data (i.e. coordinates, postal codes, municipalities) with respect to the following:

- i. Credit risk: borrowers' collateralized (secured) portfolio (geolocation coordinates of collateral properties) and unsecured portfolio (postal codes or municipalities of borrowers' location);
- ii. Market risk: properties of BOCH's REMU portfolio (geolocation coordinates of collateral properties);
- iii. Liquidity risk: deposits held by Cyprus residents (postal codes or municipalities of deposit holders' locations);
- iv. Operational risk: BOCH's physical locations (postal codes or municipalities of Bank's facilities).

Furthermore, specific environmental hazards, namely Air Pollution, Soil Pollution and Earthquake have been considered with respect to the following:

- i. Property collateral for Credit risk secured portfolio (geolocation coordinates of collateral properties) - with respect to Air pollution, Soil pollution and Earthquake;
- ii. Borrowers for Credit risk unsecured portfolio (postal codes or municipalities of borrowers' location) - with respect to Air pollution, Soil pollution and Earthquake;
- iii. Property collateral for the REMU portfolio for Market risk (geolocation coordinates of collateral properties) - with respect to Earthquake;
- iv. Deposits held by Cyprus residents for Liquidity risk (postal codes or municipalities of deposit holders' locations) - with respect to Earthquake;
- v. BOC PCL's physical locations for Operational risk (postal codes or municipalities of BOC PCL's facilities) - with respect to Earthquake.

To further analyze the materiality of risk exposures to both physical and environmental hazards, a distribution analysis of underlying credit exposures (for both secured and unsecured portfolios), deposit amounts and employees count across risk scores (1-Low, 2-Medium, 3-High, 4-Critical) is performed. To conclude on the materiality of a specific hazard based on the distribution analysis across risk scores, a decision tree logic has been applied leading to one resulting risk score per hazard.

b. Quantitative Country Heatmaps

To inform the MA process, BOCH has performed a heatmapping exercise to determine how physical and transition risks affect certain industries that BOCH is exposed to, and subsequently to determine the impact on the overall BOCH's risk profile and operations. The following heatmaps were constructed to assess specific risks and segments as described below.

Country climate transition risk heat map

The heatmap was used to assess:

- i. Liquidity risk: deposits held by non-Cyprus residents (foreign deposit amounts)
- ii. Market risk: HQLA Bond portfolio (corresponding Conditional Value at Risk (CvaR))

A corresponding risk score from the heat map has been assigned to foreign deposit holders based on the underlying country of residence, and to bonds based on the underlying country of the issuer. As a next step, a distribution analysis of deposit amounts and CvaR across risk scores has been performed.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

Assessment of C&E risks as drivers of financial and non-financial risks (continued)

b. Quantitative Country Heatmaps (continued)

Country climate physical risk heat map

The heatmap was used to assess:

- i. Market risk and Liquidity risk: HQLA Bonds portfolio
- ii. Operational risk: Foreign locations of BOC PCL's third party outsourcing/ providers

A corresponding risk score from the heat map has been assigned to bonds based on the country of issuer and to third party providers based on country of location. As a next step, a distribution analysis of HQLA balances (CVaR for Market risk and market value for Liquidity risk) and number of employees (per country of third-party provider location) across risk scores has been performed.

In order to conclude on the materiality of climate transition and physical risks based on the distribution analysis described above, the same logic as described in the quantitative geolocation methodology (decision tree) has been applied, leading to a single resulting risk score (consistently, the same 4-level unique risk scale has been applied).

c. Qualitative analysis based on Expert Judgement

Expert judgement has been also employed to assess certain risk drivers including those for Strategic, Reputational and Legal risks. Expert judgement includes additional external sources and publicly available statistical data such as consultation reports, scientific publications and other sources featuring Cyprus-specific data from Eurostat, World Resource Institute, Climate Analytics, Climate Vulnerability Monitor etc.

d. Sectoral Analysis

For transition risks, the BOCH has used an industry heatmap with GHG emissions intensity as the indicator of the sectors' sensitivity to transition risks (the higher the GHG intensity, the higher exposure to transition risks). As a next step, a distribution of the credit exposures to these emissions categories has been allocated and an overall score for transition related risks was determined.

e. Determination of materiality

Different types of scores have been considered during the MA depending on the type of risks analysed and methods considered. Determination of materiality was concluded at C&E Risks Level 3, i.e., at the level of chronic, acute etc. risks sub-types, utilizing BOCH's existing Risk and Control Self-Assessment methodology and thus assessing Magnitude and Likelihood on a scale from one (1) to five (5), to ensure consistency.

The definitions of each Magnitude and Likelihood scores have been formulated, taking into account the nature of C&E risks and encompassing different characteristics of the physical and transition risks, as well as the acute and chronic drivers in a harmonised way. Thus, for the purposes of this MA, the definitions of Impact and Likelihood have been tailored to describe the occurrence of severe C&E events or circumstances, since these are typically responsible for the great majority of the potential risk. Following the assessment, score levels "High" and "Critical" have been considered as "material" for the purposes of the MA, whilst "Low" and "Medium" scores as "non-material".

Reperformance of MA for 2024

In November 2024, the Bank reperformed the MA using identical methodologies to establish whether new risks must be considered as material. More specifically, Credit, Liquidity, Market and Operational risk analysis was reperformed with revised data and for the rest of prudential risks that were critically assessed based on expert judgement, the assessment has been revisited to ensure its validity. The outcome of this analysis did not yield any changes in the material risks. The RIMA process will be performed at least on an annual basis, or ad-hoc, if necessary.

ESRS E1 - Climate Change (continued)

5. Description of the processes to identify and assess material climate-related impacts, risks and opportunities (continued)

The process to identify and assess climate-related impacts, using UN PRB impact analysis tools, is described in the 4. Impacts, Risks and Opportunities in page 103. The Group identifies climate-related opportunities through the BES process and Group's Financial Plan.

BOCH, established and implements a structured and detailed process, with clear roles and responsibilities, to gather a broad range of updates and developments, both internal and external, and link them with sectors/industries and products/services so to assess their impact, across different time horizons, and identify C&E risks emerging from these updates and developments and inform Group's risk and strategic profile.

The BES process facilitates the ongoing monitoring of potential impacts of C&E risks on its business environment across short-, medium- and long-term time horizons. This process involves the systematic monitoring of various news, updates, and developments, including regulatory developments, macroeconomic trends, competitive landscape, technological trends, as well as societal demographic developments and geopolitical updates. As part of the process, BOCH collects external information, on a monthly basis, from various sources, such as news articles, publications, policy and regulatory updates, as well as internal information such as strategy updates, process changes and other relevant internal documentation.

The identified developments are then mapped to the relevant business lines, sectors/industries and portfolios that might be impacted, as well as to specific products/services, where applicable. Developments are further assessed in terms of their relevance across the various time horizons, and preliminary impact scores are assigned based on the expected effect on the BOCH's risk and strategic profile. Scores range from 0 (No impact) to 5 (Critical impact).

BOCH has established a dynamic interaction between the BES and the RIMA to ensure that the insights from both exercises continually inform each other. The results of the BES, for 2024, have been considered and informed the RIMA and Business Strategy, particularly developments which have been classified as having a "High" or "Critical". The results of BES have been utilized to identify climate related opportunities as part of the DMA process.

The preliminary impact assessment of key updates and developments on risk profile and strategy is conducted and reported to the SC and EXCO on a quarterly basis. The final impact assessment of key updates and developments on risk profile and strategy is conducted and presented to the SC, EXCO, NCGC and RC on an annual basis.

BOCH established also a BES working group with specific responsibilities assigned to Compliance Division, RMD and Strategy Department so to collectively perform the impact assessment arising from key updates and developments on risk profile and strategy.

ESRS E1 - Climate Change (continued)

6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation

BOCH has developed a set of policies, embedding recurring actions, to effectively manage its material impacts, risks, and opportunities related to climate change mitigation, energy and adaptation.

Environmental and Social (E&S) Policy

BOCH's E&S Policy aims to address E&S responsibilities by establishing an E&S management framework, fostering a culture of E&S responsibility, managing E&S risks in lending activities, training staff for policy implementation, and supporting customers address E&S matters. The policy guides departments involved in credit granting process and applies to granting new facilities to physical persons or legal entities secured by mortgage on immovable property and granting of new funded facilities to legal entities (excluding credit cards). The Policy does not apply to activities outside of Cyprus nor to restructuring cases unless new facilities are also requested with the restructuring.

Lending applications associated with activities included in the policy's Exclusion Sectors / Prohibited Activities (i.e. Thermal coal mining, upstream oil exploration etc.) are rejected and reported to RMD. For activities that are classified as low risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits must be obtained. For activities that are classified as Medium / High risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits must be obtained and an E&S study by external expert should be performed. In addition, other E&S checks should be performed, such as investigations into penalties, public complaints, adverse media reports, accidents / incidents, regulatory investigations and legal actions as well as site visits. The findings of the above actions must be stated in the credit application together with any corrective measures for the mitigation of the E&S risk.

The approving authority decides whether the E&S risk is acceptable and set specific terms and covenants to control any E&S risks as well as decides the frequency of future E&S studies (at least every 3 years for High-Risk E&S ratings).

E&S risks associated with a facility are monitored throughout its lifetime:

1. As part of the normal monitoring of the facility (i.e. customer's credit review)
2. When certain events qualify for re-evaluation of the E&S risks, such as change in business activity, expiry of operating permits, regulatory investigations, company investments / improvements, public complaints or adverse media reports, changes to environmental legislation, accidents / incidents and legal actions.

The Board bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. Credit Risk Control & Monitoring (CRC&M) reviews the Policy for proper governance and is responsible to examine adherence to policy and report divergence to guidelines, as part of on-going monitoring, through the review of credit applications on a sample basis, at regular intervals, as described in the Credit Monitoring Policy and CRC&M operations manual. Monitoring compliance with this Policy, on a regular basis, is a key factor in minimizing E&S risks. This is achieved through quality checks from CRC&M, which indicate the level of adherence to the Policy in order to take corrective action. Findings are communicated to Chief Risk Officer (CRO), and recommendations are made for enhancing compliance. RMD performs periodic (at least on an annual basis) monitoring on the E&S management procedures, to inform management and other stakeholders if policies and procedures have been implemented and are functioning as expected or if improvements or revisions are required. An annual report is submitted by CRM to the EBRD, covering the previous financial year and confirming that BOCH is in full compliance with EBRD's E&S requirements. The Board approves the Policy, RC reviews and recommends the Policy prior to the submission to the Board for approval, making sure, that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the Policy and monitoring the effective implementation of the Policy via the Control Functions. The policy is available for all employees through internal portal.

Details on the E&S Policy are provided directly to customers through Business lines as part of the loan origination process.

The above-mentioned actions are not associated with any capital or operating expenditure as are allocated on existing resources of the Group including Consumer Banking Division, Corporate & SME Division, International Banking Division, Credit Risk Control & Monitoring, Corporate & SME Credit Risk and Credit Sanctioning.

ESRS E1 - Climate Change (continued)**6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation** (continued)**Lending Policy**

BOCH's Lending Policy underpins its efforts to manage environmental and social risks associated with financing activities, focusing also on minimising climate change mitigation, energy and adaptation impacts and risks. The Policy sets the standards and effective guidelines to be used during the credit granting process which is aligned with the BOCH's risk tolerance and approved limits and guides individuals involved in the credit granting process on effective credit granting standards and sound evaluation of credit risk, including ESG Due Diligence in the loan origination process for legal entities and its interaction with credit risk.

BOCH, considering the ESG Framework and the C&E risks, which might impact credit risk and repayment ability, has established an ESG Due Diligence process applied during credit granting and review process. The ESG Due Diligence process is applicable to customers that meet specific thresholds / criteria. Specifically, the ESG Due Diligence is applied on legal entities under Corporate & SME Division, within Cyprus, with new lending amount over €250,000 (direct facilities) and Group's exposure over €3,000,000 or new lending amount over €1,000,000 (direct facilities).

ESG Due Diligence process – Roll out plan		
2025	2026	2027
1. Amend eligibility criteria (Group exposure thresholds) to increase the number of entities from the SME Business Line 2. Initiate data collection for the Shipping portfolio 3. Include large customer groups from the International Corporate Banking (exact criteria to be determined) 4. Initiate data collection from existing international syndicated loans. The majority of these loans have external ESG reports which will be used by BOCH for the data collection.	1. Further amend eligibility criteria (Group exposure thresholds) to increase the number of entities from Corporate and the SME Business Line	1. Include selected legal entities of the Retail Division

ESG Due Diligence is not applied for dormant companies, start-ups, holding companies, management companies, companies with total exposure less than €250,000 and Group's exposure over €3,000,000, special purpose vehicles and Governmental authorities. During the credit application assessment process, that falls under specific thresholds / criteria, for granting new and/or reviewing existing credit facilities, Business Units must identify, evaluate and assess ESG matters that are relevant to the borrower. ESG Due Diligence includes the following:

1. ESG questionnaires (applicable for new lending and review): The questionnaires must be completed by the customer, in order to collect relevant quantitative and qualitative information, identify and assess ESG matters that are relevant to the borrower and derive an ESG score which reflects the performance of the customer towards ESG factors and exposure of customers towards ESG risks.
2. Scenario Analysis (applicable for new lending): The repayment ability of the borrower is evaluated under certain negative Environmental (E) scenarios, to assess the extent to which environmental risks affect the borrower's financial position and repayment ability.
3. Assessments under (1) and (2) above are evaluated and, where necessary, recommendations to borrowers in aligning with regulations and existing best practices are made, (depending on the ESG questionnaires results) and/or specific covenants will be set for monitoring (depending on the joint assessment of (1) and (2) above).

RMD is authorized to set thresholds and criteria through detailed guidelines, for the application of the above process to the Business Lines and to issue guidelines as to how the findings of the assessment under (1) and (2) may impact the cost of the borrower (refer to Lending Pricing Policy below) and/or whether any issues identified should be resolved before disbursement.

ESRS E1 - Climate Change (continued)

6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation (continued)

Lending Policy (continued)

The relevant ESG questionnaire incorporates specific questions relating climate change mitigation, adaptation and energy. Depending on the customer's response and the associated weight of the Environmental (E) score, the customer's aggregated score derives. The above-mentioned process develops also a high-level roadmap for the customer under assessment in order to improve the ESG score and mitigate potential ESG risks. The ESG questionnaire, Synesgy solution, takes into account Global Reporting Initiative (GRI) and ESRS metrics in order to assess customer's performance on ESG spectrum.

Investment cost for the implementation of ESG Due Diligence process (Synesgy Questionnaire & Data Lake) solution for the FY2024 was €62k. The budgeted cost included in the Financial Plan period 2025-2028, for the ESG Due Diligence, is €420k. Therefore, the above-mentioned actions are not associated with any significant capital or operating expenditure.

In addition, through this policy the Group mandates the collection of Energy Performance Certificates, in loan origination process, for properties financed or assigned as collaterals (building or planning permit after 01/01/2010) which indicate the exposure to climate transition risk. Currently, mandatory collection of EPCs has been instructed for better quality of data in assessing Group's exposure to climate transition risks, and classify Housing loans, with EPC Category A and meeting certain criteria, as Green, in accordance with the decarbonization strategy of Residential mortgage portfolio. Further details on EPC gathering in loan origination process are included in relevant procedure manuals and circulars.

The Board approves this Policy and bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top.

High-level information on the Lending policy is available on the Group's website and further details at product or service level are provided to customers either through direct communication with the Business Lines or through Group's website.

The Group follows the three lines of defence model, each performing certain duties in relation to credit risk exposure, namely front line, RMD and IAD.

CRC&M reports are used to monitor and assess Asset quality, examine Lending Policy compliance and identify any Policy deviations. This is achieved through:

1. identification of areas of risk and establishing if the risk / return relationship is within the appetite of the Group;
2. discussing and analysing possible risk scenarios and risk gaps;
3. assessing and reviewing the credit application and granting process;
4. identification of early warning signs in aggregated portfolio and separate sub portfolios and provision of information so that remedial actions are made.

Green Lending Policy

The Group's Green Lending Policy, which is based on Green Loan Principles (GLP) of Loan Market Association (LMA), actively promotes financing towards projects with tangible environmental benefits, including projects aiming to mitigate climate change mitigation, adaptation and energy impacts and risks. In addition, the policy enables the Group to grasp green lending opportunities in the market. The policy establishes the criteria to classify a loan as 'green', focusing, among others, on projects such as renewable energy, energy efficiency, clean transportation, green technologies, climate change adaptation and Green buildings. By providing Green lending BOCH effectively manages the material negative impacts and risks associated with energy, climate change mitigation and climate change adaptation. BOCH is in the process of preparing the relevant guidelines, which will provide further guidance on the specific procedures to be followed for the complete operationalisation of the Green Lending Policy.

ESRS E1 - Climate Change (continued)

6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation (continued)

Green Lending Policy (continued)

Following the BES process on C&E risks, BOCH incorporates Green new lending internal KPIs to Business Lines in order to promote Green lending practices and effectively manage climate change adaptation, climate change mitigation and energy impacts and risks as well as grasp available opportunities in the market. For more details on the Green new lending internal KPIs refer to page 144.

The Board bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. Monitoring of green loans is performed by CRC&M and control functions. More details on Green lending policy at product or service level can be provided to customers through direct communication with the Business Lines during the loan origination process.

The above-mentioned actions are not associated with any significant capital or operating expenditure. The resources allocated relate to existing resources including Consumer Banking Division, Corporate & SME Division, International Banking Division, CRC&M, Corporate & SME Credit Risk and Credit Sanctioning.

Sustainable Finance Framework

The Group established a Sustainable Finance Framework (SFF) aiming to improve disclosure and transparency on sustainability and to bring to international investors more opportunities to invest in sustainable developments in Cyprus. The SFF is designed to support the management of climate change mitigation, adaptation and energy impacts and risks and grasp opportunities through sustainable financing. The Group has set up a SFF which facilitate the issuance of:

- i. Green Bonds/Loans – for which the funds raised are exclusively allocated to Eligible Green Projects;
- ii. Social Bonds/Loans – for which the funds raised are exclusively allocated to Eligible Social Projects;
- iii. Sustainability Bonds – whereby the funds raised are exclusively allocated to Eligible Green Projects and to Eligible Social Projects.

The SFF is aligned with the Green Bond Principles and defines the following core elements:

- i. Use of Proceeds;
- ii. Process for Project Evaluation and Selection;
- iii. Management of Proceeds;
- iv. Reporting.

For Use of Proceeds an amount at least equivalent to the net proceeds of any Sustainable Financing Instrument issued by the Group will be allocated to finance new or re-finance, in whole or in part sustainable projects which meet the eligibility criteria of the following Eligible Green and/or Social Project categories.

The Project Evaluation and Selection Process ensures that the proceeds of any of the Group's Sustainable Financing Instruments are allocated to new lending or existing projects that meets the criteria set out under the SFF. The Group has established a Sustainable Financing Working Group (SFWG) to carry out the evaluation and selection process.

In addition, it is Group's intention to maintain an aggregate amount of Eligible Sustainable Projects that are at least equal to the aggregate net proceeds of all the Group's Sustainable Financing Instrument issuances that are concurrently outstanding under this Framework. In the event that the aggregate value of Eligible Sustainable Projects in the Group's Eligible Asset Portfolio is less than the total outstanding amount of the Group's Sustainable Financing Instrument(s), the unallocated surplus funds will be held in line with the Group's general liquidity management guidelines until allocated to Eligible Sustainable Projects. Eligible projects are:

- a) Renewable Energy (Environmental)
- b) Energy Efficiency (Environmental)
- c) Clean transportation (Environmental)
- d) Green Buildings (Environmental)
- e) Access to Essential Services – Healthcare
- f) Employment Generation and SME financing

ESRS E1 - Climate Change (continued)

6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation (continued)

Sustainable Finance Framework (continued)

For all Sustainable Financing Instrument issuances under this Framework, the Group is committed to providing investors with transparent reporting on the allocation of proceeds towards Eligible Sustainable Projects (Allocation Reporting), as well as to report on the positive environmental and social impacts of those projects (Impact Reporting). The Sustainable Financing Instrument Report will be updated annually, until full allocation of the proceeds of the issued Sustainable Financing Instrument(s).

Following the setup of the SFF in 2023, BOC PCL, in 2024, issued a €300mn green senior preferred notes under the EMTN programme in line with the Group's Beyond Banking approach, aimed at creating a stronger, safer and future-focused bank and leading the transition of Cyprus to a sustainable future. An amount equivalent to the net proceeds of the Notes will be allocated to eligible green projects as described in the SFF.

Concentration Risk Policy

The Concentration Policy applies at Group level and defines limits and the methodology for setting limits towards exposures in specific assets, liabilities and off-balance sheet items to ensure that concentration risk is within the Risk Appetite. The Concentration Risk Policy complements the efforts of managing negative impacts and risks associated with energy, climate change adaptation and climate change mitigation by restricting lending to carbon-intensive sectors, including oil, gas, manufacturing of cement, manufacturing of Iron & Steel & Aluminium and non-renewable power generation. Financing in these sectors is only permitted for carbon-intensive NACE sectors subject to a total (cumulative) exposure of €100m as per the provisions of this policy and for transition or green projects that align with the Group's sustainability objectives, subject to approval by its highest credit committees.

The Board approves the Policy and bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. Monitoring of Concentration Risk Policy is performed by:

1. CRC&M through monitoring of:
 1. Large exposures on a monthly basis.
 2. Credit risk concentration limits through semi-annual quality assurance reviewed.
2. Market & Liquidity Risk Department is responsible for monitoring country, counterparty risks, funding sources, derivatives and brokers.
3. Credit Risk Management Department is responsible for monitoring sector, collateral and name concentration. In general, monitoring is performed at least on a monthly basis and more frequently as required by the type of limit and Business Lines are informed accordingly, in order to ensure real time monitoring. As part of this process, data is sourced from the Data Warehouse system. Such data is governed by data quality rules put in place by the Data Quality & Governance department. RC is informed about the outcome of this monitoring.

The above-mentioned actions are not associated with any significant capital or operating expenditure. The resources allocated relate to existing resources including Consumer Banking Division, Corporate & SME Division, International Banking Division, Credit Risk Control & Monitoring, Corporate & SME Credit Risk and Credit Sanctioning.

Lending Pricing Policy (LPP)

The purpose of LPP is to define the principles of pricing new loans and overdrafts. The Group is recognising the importance of promoting sustainability in its lending practises so it has developed a comprehensive plan aiming to integrate ESG and climate factors into its loan pricing framework to ensure a long-term sustainable growth.

The Group performed market research to identify the best practices to incorporate ESG and climate considerations in the loan pricing. Following the market research, BOCH introduced margin discounts by taking into account the customer's ESG score and the transaction eligibility under Green Lending Policy. A margin discount, based on the client's ESG and climate impact, has been implemented for both new and existing clients on new lending requests, for all clients (all sectors) under Corporate Division, differentiating however between carbon-intensive vs. non-carbon intensive sectors. The Group linked the margin discount at the client level to the borrower's "E" scoring (extracted from borrower's ESG score). In addition, the margin discount is linked at the transaction level (i.e. whether lending is green or not) utilizing the provisions of the Green Lending Policy. This approach aims to incentivize customers to have a better ESG score and obtain Green lending in order to be exposed to lower level of energy, climate change transition and adaptation impacts and risks.

ESRS E1 - Climate Change (continued)

6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation (continued)

Lending Pricing Policy (LPP) (continued)

CRC&M currently monitors the implementation of the LPP through a sample review of new lending cases approved for a reduction in pricing on a semi-annual basis.

Treasury monitors pricing deviations (related to customer-based lending or to pre-priced products or to any other lending of which pricing has already been approved by ALCO) below Directors' discretionary limits (as per relevant ALCO approval) on a quarterly basis through a centralised ex-post reporting procedure. All pricing deviations per business line are reported to ALCO quarterly. In case pricing deviations exceed 10% of new lending in the respective reporting period (in terms of amount per business line), ALCO is informed accordingly. All pricing deviations below Director's discretionary limits should be agreed with the relevant line Director and approved by Deputy Chief Executive Officer.

LPP is reviewed and revised at least on an annual basis (or more frequently if deemed necessary), by Treasury, after considering the input provided by each stakeholder. The policy is subject to approval by the Board, following Asset & Liability Committee (ALCO) and RC recommendation and is subject to review at least on an annual basis or more frequently if deemed necessary.

The policy is made available through detailed circulars and procedures and is readily available in the Employee Internal Portal. More details on LPP at product or service level can be provided to customers through direct communication with the Business Lines during the loan origination process or through Group's website.

The above-mentioned actions are not associated with any significant capital or operating expenditure. The resources allocated relate to existing resources including Consumer Banking Division, Corporate & SME Division, International Banking Division, Credit Risk Control & Monitoring, Treasury, Corporate & SME Credit Risk and Credit Sanctioning.

Collateral Valuation Policy

The purpose of the policy is to set the guidelines on how collaterals obtained by BOCH are valued at origination and how such value is monitored and reviewed at regular intervals, to ensure:

- a) that they provide adequate coverage for the credit facilities granted by BOC PCL and an accurate picture of the value of collateral in case of enforceability, provisioning, or capital calculations.
- b) valuation risk is prevented and deterred and, where it does occur, it is addressed in a timely and expeditious manner.

The Policy guides relevant departments involved in the credit process, regarding collateral valuation and monitoring. All departments involved in the credit process must be aware and comply with this policy and related policies and circulars which are adopted in conjunction with the policy.

Furthermore, BOC PLC's collateral, REMU and own property valuation process involves several significant valuation parameters and considerations. The existing valuation templates include among other a section on environmental risks, which valuers must assess to determine the market value.

BOC PCL through a specific circular, during 2023, emphasised to the valuers the importance of considering certain physical risks during the valuation process. The following risks must be considered in the valuation process are listed below although the list is not considered as exhaustive.

- a) Ground Geological Suitability (identifying and reporting the zone and its characteristics)
- b) Area seismicity around the property (identifying and reporting the zone and intensity)
- c) Risk of flooding (identifying and reporting the zone and intensity)

It is also mandatory, during the valuation of collaterals, to request EPC of the collateral and to be adequately captured in the valuation report. It is also mandatory for valuers to include adequate commentary on the presence of contamination and hazardous substances deriving from current or past activities on the property or its location.

ESRS E1 - Climate Change (continued)**6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation** (continued)**Collateral Valuation Policy** (continued)

The Property Valuation System has been enhanced to record the above information about physical risks and EPC. The above-mentioned process mitigates the exposure of the Group towards energy, climate change mitigation and adaptation impact and risks. On a quarterly basis, a Quality Assurance Report, is submitted to the SC, by Premises & Valuations Department, indicating the percentage of valuation reports obtained that are full compliant with the new requirements, partial compliance or major deviations observed, on a sample basis. The SC determines the actions to be followed by the Valuations Department.

External valuations are reviewed on a regular and sample basis as appropriate, by Premises & Valuations Department, to confirm that the external valuer has complied with BOC PCL's valuation requirements. For all cases above, Premises & Valuations Department submits an annual report to the CRO with relevant information and suggestions. In addition, as part of on-going monitoring, CRC&M reviews credit applications on a sample basis, to ensure adherence to policy.

The Board approves the Policy and bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. RC reviews and recommends, the Policy, for approval to the Board, making sure, that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the Policy and monitoring the effective implementation of the Policy via the Control Functions. The above-mentioned action is not associated with any capital or operating expenditure. The resources allocated relate to existing resources including Consumer Banking Division, Corporate & SME Division, International Banking Division, Credit Risk Control & Monitoring, Treasury, Corporate & SME Credit Risk and Credit Sanctioning.

Group's Own Operations and Decarbonisation Levers

The Group, even with no established policy yet associated with energy, climate change mitigation and adaptation on own operations, has implemented and plans to implement several actions, on owned buildings and branches, aiming to mitigate material negative impacts on climate change mitigation, climate change adaptation, energy efficiency and renewable energy deployment.

The Group plans to establish an Environmental Management Policy on own operations within 2025 in order to provide guidance to the Group on how to actively promote environmental sustainability in own operations through ongoing identification, management and improved efficiency of environmental impacts associated with the Group's business activities, namely: energy management, adaptation measures, use of resources, renewable energy, recycling and waste management and procurement decisions. The decarbonisation activities conducted the last two years are depicted in the following table. Group's own funds are supporting the implementation of decarbonisation actions. The Group's Financial Plan embeds actions associated with the decarbonization plan for 2025-2028.

Group's Decarbonisation Actions – Own Operations		
	2023	2024
	(€ 000)	
Installation of electric chargers for cars	3	88
Air-conditioning systems replacements	42	107
Roof insulation		88
Solar Panels	132	38
Plug in hybrid vehicles		139
Electric vehicles		139
Lighting replacement	27	55
Total	204	654

In addition, Branch rationalisation associated with the Digital Transformation programme is considered a decarbonization lever as well. The Group is considering the implementation of a large project which is expected to reduce Scope 1 and Scope 2 GHG emissions between 10%-20% compared to 2024 emissions inventory. Resources allocated towards implementation of the above-mentioned actions are the existing employees under the Administrative operations Department of the Group. The above-mentioned investment costs are reflected as additions in the Note 25 Property and equipment of the Consolidated Financial Statements.

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**GHG Emission Reduction Targets – Own Operations – Scope 1 and Scope 2**

The Group has estimated the Scope 1 (Mobile Combustion, Stationary Combustion and Fugitive Emissions) and Scope 2 GHG emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target in own operations, given this was the year the Group's decarbonisation efforts were initiated. For the Group to meet the carbon neutrality target by 2050, the Group has set an interim target to reduce Scope 1 and Scope 2 GHG emissions by 42% (absolute target) by 2030. The absolute reduction target has been set following the IEA's B2DS and sectoral decarbonisation approach using Science Based target initiative's (SBTi) tool. The decarbonisation target has not been externally assured by relevant climate global bodies, such as SBTi. The target is directly linked with the Group's ESG strategy until the Group's Environmental policy becomes effective by the end of 2025.

BOCH's decarbonisation efforts, including actions described in section Group's Own Operations and Decarbonisation Levers, lead to the reduction in Scope 1 and Scope 2 GHG emissions by 3,431 tCO_{2e} in 2024 compared to 2021 which represents c.25% reduction. BOCH should perform additional decarbonisation actions to reduce Scope 1 and Scope 2 GHG emissions by c.17% to achieve the interim target of 2030.

The Group's own carbon footprint will continue to be calculated on an annual basis which will enable comparisons to be made and progress against decarbonisation target to be monitored.

The energy efficiency actions conducted in 2024 were netted off with the increased electricity consumption due to cooling needs associated with summer heatwaves, leading to stable Scope 2 GHG emissions between 2023 and 2024.

Metric	2021 Base line	Target year	Target	Target reduction	Performance as at 31 December 2024	Figure as at 31 December 2024	Methodology	Benchmark 1.5 °C Scenario
tCO _{2eq}	13,693	2030	7,942	(42%)	(25%)	10,262	SBTi	(66%)

Notes:

- 1) Scope 2 GHG emissions used to set the GHG emission reduction target are based on the location-based approach.
- 2) The gases included in the calculations are CO₂, CH₄, and N₂O.
- 3) The GHG emission reduction target is reported on a gross basis and does not include GHG removals, carbon credits or avoided emissions.
- 4) The carbon footprint for Scope 1 and Scope 2 were estimated based on the methodologies described in the Greenhouse Gas Protocol and ISO14064-1:2019 standard.
- 5) Benchmark 1.5°C indicates the % reduction compared to the baseline if the 1.5 °C scenario was used.

The Group monitors the performance against the GHG emission target on own operation through SC, EXCO and NCGC on a quarterly basis through the Sustainability Performance Report.

GHG Emission Reduction Targets – Loan Portfolio - Scope 3

The Group, by taking into account the GHG emissions estimated for loan portfolio, the most significant loan exposures and the RIMA on C&E risks, decided to set a decarbonisation target on Mortgage portfolio, since their exposure corresponds to 34% of Households, Non-Financial and Other-Financial Corporations exposures and corresponds to c.6% of Group's GHG emissions of loan portfolio. The target is aligned with the Group's ESG ambition to reach Net Zero by 2050 and is linked with the objectives of the policies mentioned above. The Group has estimated the GHG emissions per square metre, as at 31 December 2022, for the properties financed under its Mortgage portfolio using the PCAF methodology and proxies, to identify the baseline. By applying SBTi target setting methodology, the baseline should be no more than a year from the target's effective date. Therefore, given the target was effective from December 2023, the baseline was set at December 2022. Then Group utilised the SBTi's tools, sectoral decarbonisation approach, in order to estimate the decarbonisation pathway that the Mortgage portfolio should follow to be aligned with the IEA B2DS. The Group decided to align the Mortgage portfolio with IEA B2DS due to the following reasons:

- i. The scenario is consistent with Global warming projections (IEA and Intergovernmental Panel on Climate Change ('IPCC')) and is considered a widely acceptable scenario.
- ii. The scenario is considered more plausible compared to the IEA's Net Zero Scenario given the fact that Cyprus market is pre-mature in the climate field. Therefore, BOCH considers reasonable to initiate its efforts based on a less intense scenario and then intensify its efforts when the overall Cyprus market is more mature in the field.
- iii. Lack of data, enhances the risk of not having a solid baseline, so BOCH considers that is more prudent to initiate its efforts based on a less optimistic scenario until data availability and quality is enhanced.
- iv. The scenario is more straightforward to obtain and use as it is aligned with SBTi's available tools.

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**GHG Emission Reduction Targets – Loan Portfolio - Scope 3** (continued)

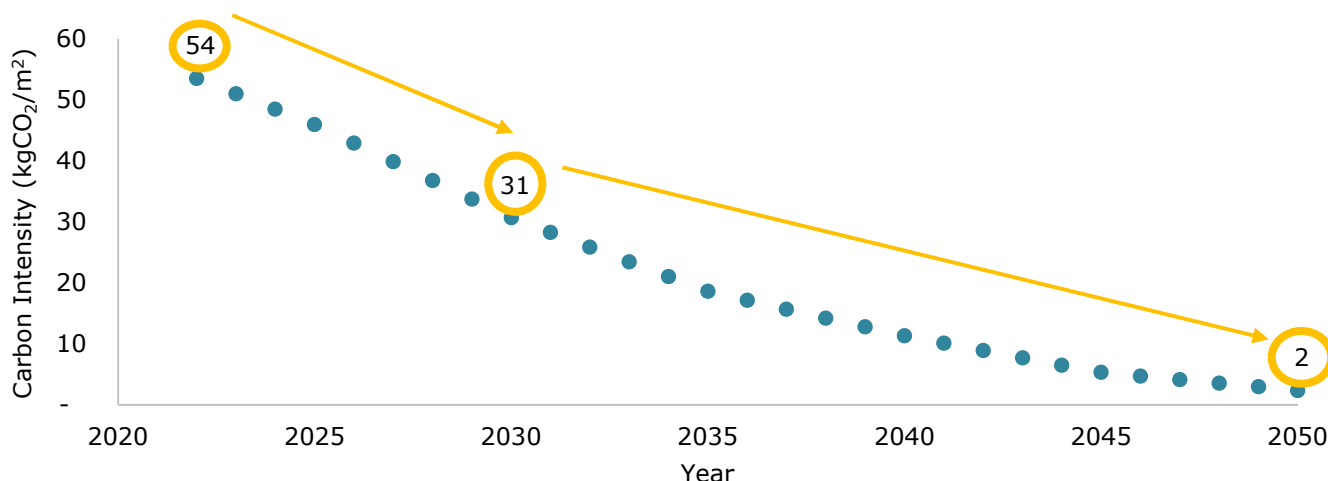
In order to ensure the feasibility of the interim decarbonisation target and derive the decarbonisation strategy of Mortgage portfolio, the Group has projected the GHG emissions per square metre for the properties financed under its Mortgage portfolio as at 31 December 2030. In order to project the Mortgage portfolio as at 31 December 2030, BOCH used various assumptions such as:

- Projected new lending on Mortgage portfolio between 2025-2030;
- Projected square metres of each property financed under projected Mortgage new lending;
- Allocation of new lending on Mortgages to EPC classifications;
- PCAF proxies on GHG emissions per financed residential property;
- Cyprus Government targets on the reduction of GHG emissions as well as the utilisation of renewable energy on residential buildings by 2030;
- Maturity of Mortgage exposures between 2025-2030.

When setting the target, the Group performed several sensitivities on the assumptions used to project Mortgage portfolio as at 31 December 2030 in order to ensure the feasibility of the target. Under all scenarios (sensitivities) the decarbonisation target on Mortgage on 2030 is achieved. In addition, sensitivities were performed to the baseline of 2022, given the lack of sufficient data, in order to ensure that when data quality of the estimation is improved in the upcoming years the adjusted decarbonisation target will be met. The decarbonisation target on Mortgage is also achieved after the increase / decrease of baseline by 10%, under all scenarios. The decarbonisation target has not been externally assured by relevant climate global bodies such as SBTi.

Metric	2022 Base line	Target year	Target	Target reduction	Performance as at 31 December 2024	Figure as at 31 December 2024	Methodology	Benchmark 1.5 °C Scenario
kgCO ₂ /m ²	53.50	2030	30.65	(43%)	(12%)	47.19	PCAF/SBTi	25.32
kgCO ₂ /m ²	53.50	2035	18.60	(65%)	(12%)	47.19	PCAF/SBTi	13.77
kgCO ₂ /m ²	53.50	2040	11.27	(79%)	(12%)	47.19	PCAF/SBTi	4.78
kgCO ₂ /m ²	53.50	2045	5.29	(90%)	(12%)	47.19	PCAF/SBTi	2.47
kgCO ₂ /m ²	53.50	2050	2.34	(96%)	(12%)	47.19	PCAF/SBTi	1.22

The Group aims to reduce by 43% the kilograms of GHG emissions financed per square metre (kgCO₂e/m²) under the Mortgage portfolio, by 2030 compared to 2022 baseline. The Mortgage portfolio as at 31 December 2024 produced 47.19 kgCO₂e/m² which is 12% lower compared to the baseline due to increase in energy efficient residential properties financed in 2024 following introduction of Green Housing product.

Carbon Intensity Target – Mortgage Portfolio

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**GHG Emission Reduction Targets – Loan Portfolio - Scope 3** (continued)

At the end of 2023, the Group introduced the Green Housing product with a variable interest rate. In 2024, the Group introduced the Green Housing product with a fixed interest rate. Both products are aligned with the GLP of the LMA, supporting the decarbonization strategy of the mortgage portfolio. The Group's new lending strategy, embedded in the 2025-2028 Financial Plan, include a new lending internal KPI associated with the Green Housing product which represents the decarbonization lever to reach the carbon intensity reduction as presented in the above graph.

The feasibility of this GHG emission reduction target is strengthened by Cyprus legislation, which mandates that residential properties must have an EPC Category A to obtain a planning permit for construction after July 1, 2020. The Group's Mortgage portfolio should be aligned with the abovementioned graph in order to be aligned with the climate scenario of IEA B2DS and being exposed to lower transition risks. BOCH following the abovementioned analysis determined its new Mortgage lending strategy to meet the decarbonisation target on Mortgage.

The Group monitors the performance against the new lending metric associated with decarbonisation target on Mortgage in order to take remedial action on time:

- i. By the SC, EXCO and NCGC through the Sustainability Performance Report (Quarterly)
- ii. By the SC, EXCO and RC through the Climate Risk Report (Quarterly)
- iii. By EXCO through the monthly performance pack (Quarterly)
- iv. By BDC on a monthly basis.

The GHG emission reduction target on Mortgage portfolio is reported based on the intensity value, adopting the transitional provision to limit the information on value chain targets, for the first three years, to the information available in-house, on absolute values for target year and interim years.

Operational Limits to manage material climate transition and physical risks

In addition to the decarbonisation target set on Mortgage portfolio, the Group has set Key Risk Indicators (KRIs) for both climate-related transition and physical risks. The KRI related to transition risks of Non-Financial Corporations (NFCs) measures the Scope 1 intensity per loan as compared with the average Scope 1 emission intensity of Cyprus Republic. The KRI and relevant thresholds are updated on an annual basis through revision of Risk Appetite process. The indicator is monitored by the SC, EXCO, RC and Board as part of the Risk Appetite quarterly reporting. The KRI is effective for the FY2025 therefore no progress against the indicator has been reported. The limit is linked with the Group's Lending Policy.

Description	The indicator measures the potential exposure at risk in relation to transition risk. The indicator is applicable to Non – Financial Corporations only.		
Thresholds	Business as usual:	Early warning:	In-breach:
	<=30%	30 – 40%	>40%

Note:

- 1) The KRI measures the Potential Exposure at Risk [PEAR = (Exposures with GHG emissions $\geq$ the Cyprus average Scope 1 emissions)/(Total Exposure)].
- 2) The GHG emissions for BOC PCL's exposures are estimated using the PCAF proxies and standard.
- 3) The average Scope 1 emissions (kg per euro) for Cyprus, as reported by the Republic to EuroStat, covering the period between 2013 to 2019. The data from 2020 to 2021 were excluded due to the impact of COVID-19, which resulted in lower and non-representative emissions figures. When setting the indicator those were the latest available GHG emission data for Cyprus.
- 4) To calculate the PEAR ratio, the Scope 1 emissions per loan exceeding the Cyprus average were summed (numerator) and then divided by the total GHG emissions of the Non-Financial Corporation Bank (denominator).

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**Operational Limits to manage material climate transition and physical risks** (continued)

The Group is also exposed to climate-related physical acute risks driven by the wildfire risk through its impact on credit risk on the loan portfolio. Therefore, the Group has set a KRI that measures the exposure collateralised by immovable property with a "Very High" rating for any physical risk that can impact collaterals (wildfire and landslides) over the total exposure collateralised with immovable property. This allows the monitoring and mitigation of such risks. The KRI is effective for the FY2025 therefore no progress against the indicator has been reported. The limit is linked with the Group's Lending Policy.

Description	The indicator measures the exposure collateralised by immovable property with a "Very High" rating for any physical risk over the total exposure collateralised with immovable property.		
Thresholds	Business as usual:	Early warning:	In-breach:
	<=30%	30 – 45%	>45%

Note:

- 1) The KRI measures the Potential Exposure at Risk [$PEAR = (Exposures\ with\ physical\ risk\ graded\ "Very\ High") / (Total\ Exposure)$] both at country and district level.
- 2) Potential exposure at Risk is calculated by considering exposure collateralised by immovable property with a "Very High" rating for wildfire and / or landslide over the total exposure collateralised with immovable property.
- 3) Each collateral location receives a rating for each risk, ranging from "Low" to "Very High". This is referred to as the SPRI (Synthetic Physical Risk Index), representing the asset's vulnerability to physical risk based on its geographic location, different climate scenarios and time periods. It is noted that SPRI do not indicate losses on asset values but aid in measuring the materiality of exposure to physical risks in the bank's collateral portfolio.

The above indicator also monitored across material portfolios and geographies (concentration) and their thresholds are the same as indicated above. The Group has set the following operational limits, applicable for FY2025, to track the effectiveness of the policies mentioned in Section Policies and Actions Related to Climate Change Mitigation and Adaptation:

limits	Level	Policies to address material impacts and risks
% of customers with ESG Due Diligence	100% of all eligible (as per Lending Policy) customers	Lending Policy
Overdue insurance policies	0% overdue insurance policies	Lending Policy
Outstanding valuations	0% overdue outstanding valuations	Valuation Policy
EPCs collections for new lending	100% of eligible (as per Lending Policy) collateral population	Lending Policy
50% of new EPCs to be > C	50% of eligible (as per Lending Policy) new collateral to be greater than EPC C	Lending Policy

Operational Limits – Details

Limit	% of customers with ESG Due Diligence
Description	Requires the completion of the ESG Due Diligence process through the Synesgy platform (ESG questionnaires). The assessment takes place annually.
Risks addressed	The questionnaires cover a wide spectrum of ESG risks as it is structured based on GRIs, ESRS and SDGs.
Lines / Portfolios	All eligible customers under SME Banking (Line 2) and Corporate Banking (Line 3). The KPI will become applicable to any line to which the ESG Due Diligence process is introduced.
Thresholds	100% of eligible customers within a single calendar year
limit	Overdue insurance policies
Description	Requires that all real estate obtained as collateral maintains insurance against the main physical risks
Risks addressed	Physical risks: wildfire, flood, earthquake
Lines / Portfolios	All lines that obtain real estate as collateral
Thresholds	0% overdue insurance policies

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**Operational Limits to manage material climate transition and physical risks** (continued)**Operational Limits – Details** (continued)

Limit	Outstanding valuations
Description	Requires that all real estate obtained as collateral maintains current valuations as defined in the Valuation Policy. Since 2024, all valuers are requested to comment on C&E risks that affect each property. Furthermore, they are required to record in the Valuations System any flood, earthquake, and ground geological suitability findings as determined by the various authorities of the Republic.
Risks addressed	Physical risks: flood, earthquake, geological findings
Lines / Portfolios	All lines that obtain real estate as collateral.
Thresholds	0% overdue outstanding valuations
Limit	EPCs collections for new lending
Description	Requires that EPCs are collected for all new real estate obtained as collateral as part of new lending and are required by Law to have an EPC issued.
Risks addressed	Transition risks
Lines / Portfolios	All lines that obtain real estate as collateral.
Thresholds	100% of eligible collateral population
Limit	EPCs classification for new lending
Description	Requires that 50% of EPCs collected for all new real estate obtained as collateral as part of new lending to have a classification greater than C. The KPI relates to collaterals that are required by Law to have an EPC.
Risks addressed	Transition risks
Lines / Portfolios	All lines that obtain real estate as collateral.
Thresholds	50% of eligible collateral population to be greater than C

The KRIs and operational indicators are effective for the FY2025 therefore no progress against the indicators is reported. The limits are not based on scientific evidence and only internal stakeholders were engaged in setting those limits.

KPIs Escalation process

If any of the KRIs listed above is breached (whether at the early warning level or the in-breach level) then the breach is escalated to the CRO. If the breach relates to either a RAS or a Recovery Plan indicator, then the respective escalation process is followed. KPIs will be monitored as per the existing monitoring process in place which provides for:

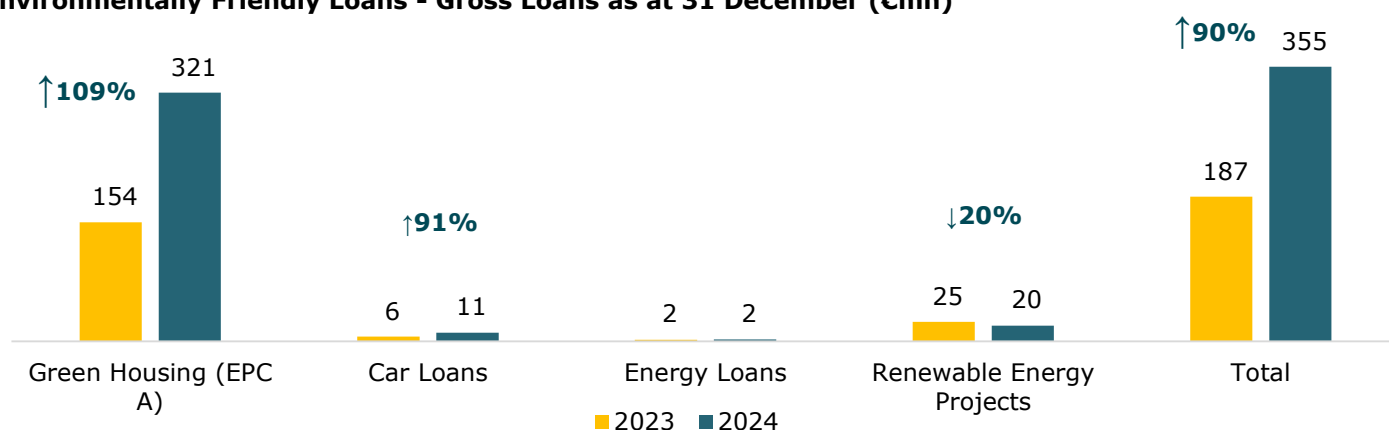
1. KPIs are reported to the Credit Monitoring Forum on a monthly basis and monitored versus thresholds on a quarterly basis
2. In case of material deviations, these will be reported to the RC as necessary.

Given that the KPIs related to C&E risks, deviations will be reported to the CRO who may decide to escalate to the SC before any further escalation to the RC.

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**Green lending to manage climate transition and physical risks**

The Group, by taking into account the results of BES and the RIMA on C&E risks, has set Green /Transition new lending internal KPIs for 2024 in order to support the transition of its customer and Cyprus to a low carbon economy and limit its exposure to transition and physical risks in certain sectors. Specifically, BOCH by taking into account the results of the RIMA on C&E risks, the expected introduction of Green taxation in Cyprus, the amendments adopted on the Energy Performance Directive on buildings as well as the Cyprus Government subsidies identified climate related opportunities and has set Green/Transition new lending internal KPIs on specific sectors (i.e., Manufacturing, Trade, Construction and Accommodation) to enable the Green transition. The Green/Transition new lending internal KPIs have been included in the Group's Financial Plan for 2024 – 2027 and monitored on a monthly basis by the BDC of the Group. Green / Transition new lending internal KPIs are set on an annual basis during the development of the Group's Financial Plan.

In addition, BOCH offers a range of environmentally friendly products to manage transition risk and help its customers become more sustainable. For example, a number of loan products are offered under the Fil-eco Product Scheme. BOCH offers environmentally friendly Car Hire Purchase addressed to anyone who wants to buy a new hybrid or electric car, providing its customers the opportunity to buy a new electric or hybrid vehicle and to move away from transport options reliant on fossil fuels. Moreover, an environmentally friendly loan for home renovation is offered to customers who want to renovate and upgrade the energy efficiency of their privately owned primary residence or holiday home and achieve a higher energy efficiency rating. Further, the customers may benefit from an Energy Loan for the installation of energy saving systems for home use. This product is addressed to customers who seek financing for the installation of photovoltaic systems for home use and other home energy-saving systems. At the end of 2023, the Group launched the Green Housing product, with variable interest rate and in 2024 launched Green Housing product with fixed interest rate, aligned with GLP of LMA, which drives the decarbonisation strategy of Mortgage portfolio. Green housing products provide a discount to customers providing the EPC Category A. The new lending strategy of the Group, embedded in the Financial Plan for 2025-2028, includes the ambition on the new Green Housing product in order to be aligned with the GHG emissions reduction target set and manage transition risk. The fact that the Cyprus legislation imposes residential properties to have an EPC A so to issue a planning permit after 1 July 2020 facilitates the process. The Environmentally friendly Gross Loans are not verified by independent body.

Environmentally Friendly Loans - Gross Loans as at 31 December (€mn)**Notes:**

- 1) Renewable energy projects relate to Solar and wind parks financed.
- 2) Energy loans relate to energy efficient equipment, solar panels and energy upgrade financed.
- 3) Car loans relate to financing the acquisition of Environmentally friendly vehicles under Fil-eco and Green cars under hire purchase agreement.
- 4) Green Housing relates to financing the acquisition or construction of a residential property with EPC A. The EPC is available at collateral level in the Group's database therefore the one to one (one account number one collateral property with EPC A) assumption has been applied to identify the Green Housing loans as at 31 December 2024 and then used the same pool to identify the Green Housing as at 31 December 2023.

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Energy Consumption and mix

Energy Consumption and mix		
Energy consumption and mix	For the period ending 31 December 2023	For the period ending 31 December 2024
(1) Fuel consumption from coal and coal products (MWh)	-	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	1,749	1,716
(3) Fuel consumption from natural gas (MWh)	-	-
(4) Fuel consumption from other fossil sources (MWh)	-	-
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	12,816	12,792
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	14,565	14,508
Share of fossil sources in total energy consumption (%)	84%	83%
(7) Consumption from nuclear sources (MWh)	-	-
Share of consumption from nuclear sources in total energy consumption (%)	-	-
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-	-
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2,501	2,497
(10) The consumption of self-generated non-fuel renewable energy (MWh)	285	408
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	2,786	2,905
Share of renewable sources in total energy consumption (%)	16%	17%
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	17,351	17,412

Notes: Energy mix as published by Electricity Authority of Cyprus has been used to break-down energy consumption between fossil fuels sources and renewable energy sources.

The Group is a Financial Institution and does not belong to High climate impact sectors.

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions

Group's Gross Scopes 1, 2, 3 and Total GHG emissions				
Reporting Year	Gross Scope 1 Emissions (tCO₂eq)	Gross Scope 2 Emissions (tCO₂eq)	Gross Scope 3 Emissions (tCO₂eq)	Total GHG Emissions (tCO₂eq)
2023	969	9,422	2,512,729	2,523,120
2024	934	9,327	2,883,374	2,893,635

Note: Refer to GHG emissions reporting principles in Additional Information – Sustainability Statement in page 247.

Group's Gross Scopes 1, 2, 3 and Total GHG emissions				
Reporting Year	Gross Scope 1 Emissions (tCO₂eq)	Gross Scope 2 Emissions (tCO₂eq)	Gross Scope 3 Emissions (tCO₂eq)	Total GHG Emissions (tCO₂eq)
2023				
BOC PCL (including Jinius)	844	8,565	2,495,033	2,504,442
Eurolife	74	697	4,496	5,267
GIC	31	123	12,793	12,947
CISCO	20	37	407	464
Total	969	9,422	2,512,729	2,523,120
2024				
BOC PCL (including Jinius)	845	8,424	2,857,758	2,867,027
Eurolife	44	726	6,048	6,818
GIC	25	142	19,150	19,317
CISCO	20	35	418	473
Total	934	9,327	2,883,374	2,893,635

Note: Refer to GHG emissions reporting principles in Additional Information – Sustainability Statement in page 247.

Scope 3 GHG emissions

BOC PCL (including Jinius) – Scope 3 GHG Emissions			
(tonnes CO₂e)	2023	2024	% of inputs used from upstream and downstream value chain
Purchased Goods and Services (Cat. 1)	47,171	43,891	0%
Upstream transportation and distribution (Cat. 4)	1,376	1,735	0%
Waste generated in operations (Cat. 5)	2,929	2,970	0%
Business Travel (Cat. 6)	317	327	100%
Employee commuting (Cat. 7)	1,732	1,957	47%
Mortgages Loans (Cat. 15)	152,251	139,419	12%
Motor Vehicles Loans (Cat. 15)	61,879	51,900	0%
Business Loans (Cat. 15)	1,763,963	2,024,808	0%
Commercial Real Estate Loans (Cat. 15)	59,685	64,634	0%
Sovereign Bonds (Cat. 15)	343,103	381,871	60%
Corporate Bonds (Cat. 15)	60,627	144,246	0%
Total Scope 3 emissions	2,495,033	2,857,758	

Note: Refer to GHG emissions reporting principles in Additional Information – Sustainability Statement in page 247.

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

Scope 3 GHG emissions (continued)

Aligned with the Group's 2050 Net Zero ambition, BOCH joined the Partnership for Carbon Accounting Financials (PCAF) in October 2022 and adopted its recommended methodology for estimating Financed Scope 3 GHG emissions from the Group's investment and lending activities, as well as its insurance contracts. Group's Financed Scope 3 GHG emissions constitute 97% of the Group's total emissions, estimated using the PCAF Standard and proxies. The PCAF Standard, reviewed by the GHG Protocol, aligns with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for category 15 investment activities. It includes a data quality ranking scale from 1 (highest quality) to 5 (lowest quality), applied to the estimation of emissions for each asset class.

To improve data quality and reduce data gaps, BOCH launched ESG Due Diligence process to gather relevant data and enhanced its loan origination process to gather Energy Performance Certificates (EPCs) for financed and certain collateral properties. Additional data collection actions will be undertaken in 2025 based on the ESG and Climate Data Gap & Strategy. The loan portfolio has been classified into PCAF asset classes to facilitate future decarbonisation target-setting.

PCAF Asset class	Definition
Business loans⁸	Business loans include all loans and lines of credit for general corporate purposes (i.e., with unknown use of proceeds as defined by the GHG Protocol) to businesses, non-profits, and any other structure of organisation that are not traded on a market and are on the balance sheet of the financial institution. Revolving credit facilities, overdraft facilities, and business loans secured by real estate such as CRE-secured lines of credit are also included. Any off-balance sheet loans and lines of credit are excluded.
Commercial real estate	This asset class includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of CRE, and on-balance sheet investments in CRE. This definition implies that the property is used for commercial purposes, such as retail, hotels, office space, industrial, or large multifamily rentals. In all cases, the building owner or investor leases the property to tenants to conduct income-generating activities
Mortgages	This asset class includes on-balance sheet loans for specific consumer purposes namely the purchase and refinance of residential property, including individual homes and multifamily housing with a small number of units. This definition implies that the property is used only for residential purposes and not to conduct income-generating activities
Motor vehicles	This asset class refers to on-balance sheet loans and lines of credit for specific (corporate or consumer) purposes to businesses and consumers that are used to finance one or several motor vehicles. Corporate loans for acquisition of vehicles for trade purposes were classified as 'Business Loans

⁸ The Group classified Project Finance under Business Loans asset class due to limited available data on use of proceeds to classify them under Project Finance asset class. GHG emission estimation is not impacted by this classification, as the two asset classes utilise the same PCAF proxies.

ESRS E1 - Climate Change (continued)

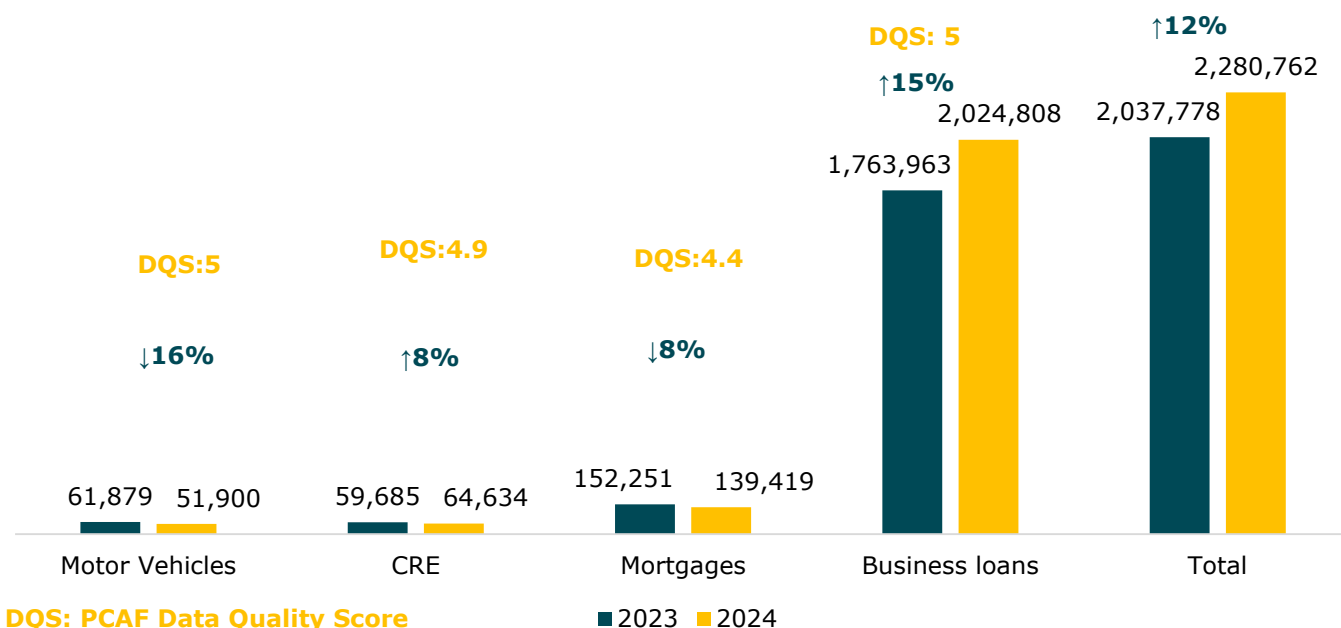
7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

Scope 3 GHG emissions (continued)

The Group estimated the Financed Scope 3 GHG emissions for the above-mentioned asset classes. GHG emissions associated with loan portfolio are metrics of transition risks that the portfolio is exposed. The Group, by taking into account the GHG emissions estimated for loan portfolio, the most significant loan exposures and the Materiality Assessment on C&E risks, it has decided to set a decarbonisation target on Mortgage portfolio in order to be aligned with its Net Zero ambition and manage transition risk by directing its lending to more energy efficient residential buildings.

Financed Scope 3 GHG emissions (tCO₂e per year) - Loan Portfolio



Note: Refer to GHG emissions reporting principles in Additional Information – Sustainability Statement in page 247.

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

Scope 3 GHG emissions (continued)

Given that the majority of Financed Scope 3 GHG emissions of loan portfolio derive from Business Loan asset class, the carbon concentrated sectors under Business Loan asset class have been identified and are considered primary sectors for setting decarbonisation targets. The primary sectors identified under Business Loan asset class are:

1. Transportation and storage (51%),
2. Wholesale and retail trade (19%),
3. Manufacturing (11%) and
4. Construction (6%).

BOC PCL – Financed Scope 3 GHG emissions – Business loan asset class					
NACE	Sector	2023		2024	
		OS Loan Amount (€mn)	Emissions (tCO₂e per year)	OS Loan Amount (€mn)	Emissions (tCO₂e per year)
H	TRANSPORTATION AND STORAGE	299	736,988	504	1,029,608
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	745	377,354	764	385,555
C	MANUFACTURING	331	256,115	279	225,123
F	CONSTRUCTION	306	112,440	317	116,190
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	86	85,758	97	84,408
A	AGRICULTURE, FORESTRY AND FISHING	34	65,941	31	58,568
M	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	235	42,638	231	41,850
I	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	712	28,090	651	25,664
L	REAL ESTATE ACTIVITIES	595	26,198	453	19,973
J	INFORMATION AND COMMUNICATION	43	9,922	43	9,014
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	53	5,479	49	5,045
B	MINING AND QUARRYING	8	4,144	8	4,003
N	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	22	3,794	38	8,331
K	FINANCIAL AND INSURANCE ACTIVITIES	211	2,263	282	2,916
S	OTHER SERVICE ACTIVITIES	16	2,038	19	2,476
R	ARTS, ENTERTAINMENT AND RECREATION	15	1,816	13	1,642
P	EDUCATION	40	1,501	36	1,364
E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	4	1,484	18	3,078
Total		3,755	1,763,963	3,833	2,024,808

Note: Refer to GHG emissions reporting principles in Additional Information – Sustainability Statement in page 247.

ESRS E1 - Climate Change (continued)

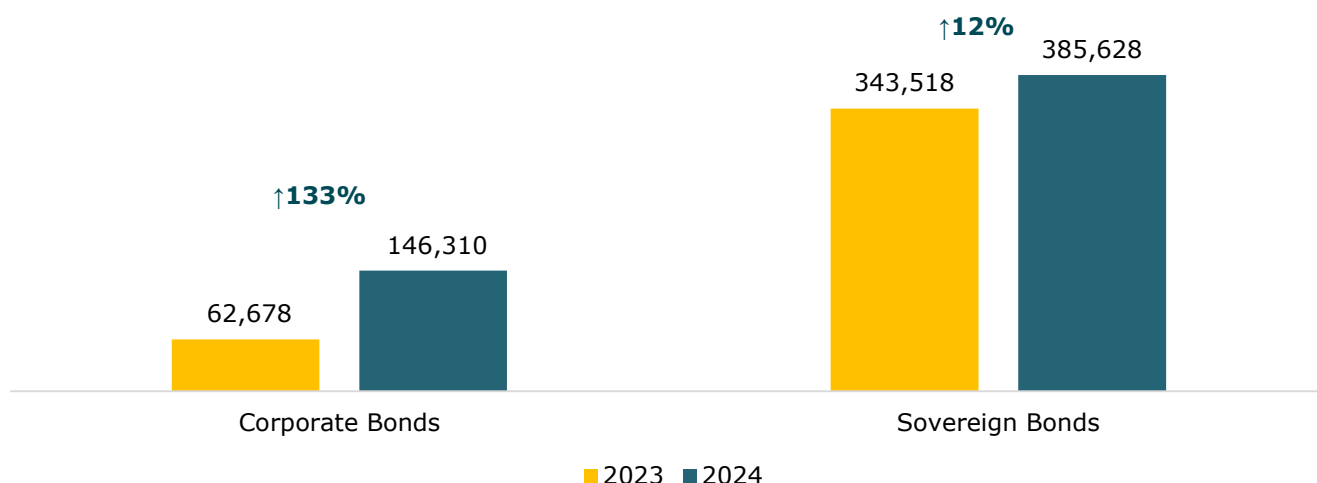
7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

Scope 3 GHG emissions (continued)

The Group has estimated the Financed Scope 3 GHG emissions of Corporate and Sovereign bond investment portfolio for 2023 and 2024 using the PCAF standard and proxies.

Financed Scope 3 GHG emissions (tCO₂e/yr) - Bond portfolio



Note 1: BOCH has not estimated Financed Scope 3 GHG emissions of c.18% of Corporate and Sovereign bond portfolio due to lack of available data mainly on Supranational Organisations which is allowed by PCAF methodology.

BOCH – Financed Scope 3 GHG emissions – Bond portfolio – 31 December 2024				
Investment Class	Total investment amount (€mn)	Total GHG Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/€mn)	Weighted data quality score
Corporate Bonds	1,378	146,310	106	5
Sovereign Bonds	1,982	368,452	186	2
Total	3,360	514,762		

Note: As at 31 December 2024 BOCH has bond exposures to Supranational Organisations amount to €848mn of which €738mn are out of scope for GHG emission estimation due to lack of publicly available information and relevant proxies. The Financed Scope 3 GHG emissions of bond exposures to Supranational Organisations, with publicly available information, are estimated at 17,176 tCO₂e. Refer to GHG emission estimation principles in Additional Information – Sustainability Statement in page 247.

BOCH – Financed Scope 3 GHG emissions – Bond portfolio – 31 December 2023				
Investment Class	Total investment amount (€mn)	Total GHG Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/€mn)	Weighted data quality score
Corporate Bonds	1,276	62,678	49	5
Sovereign Bonds	1,575	327,820	208	2
Total	2,851	390,498		

Note: As at 31 December 2023 BOCH has bond exposures to Supranational Organisations amount to €696mn of which €600mn are out of scope for emission estimation due to lack of publicly available information and relevant proxies. The Financed Scope 3 GHG emissions of bond exposures to Supranational Organisations, with publicly available information, are estimated at 15,698 tCO₂e. Refer to GHG emission estimation principles in Additional Information – Sustainability Statement in page 247.

The increase in Financed Scope 3 GHG emissions for the Corporate and Sovereign bond portfolios reflects the rise in investment exposure at each reporting date. To address this, BOCH has established sector limits on corporate bond investments in carbon-intensive sectors to reduce the corporate portfolio's GHG emissions.

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

Scope 3 GHG emissions (continued)

For the Sovereign bond portfolio, 56% of Financed Scope 3 GHG emissions are linked to exposure to Cyprus Government bonds. As Cyprus accelerates its transition to a low-carbon economy, the associated emissions are expected to decrease. Under the Effort Sharing Regulation, each EU Member State has targets to reduce GHG emissions by 2030 in key sectors, covering nearly 60% of total domestic EU emissions. Cyprus aims to cut GHG emissions in these sectors by 32% by 2030, contributing to the EU's commitment to Net Zero by 2050.

BOCH's decarbonisation strategy for Sovereign exposure considers progress against EU targets and evaluates GHG emissions per million euros invested and ESG scores for Government bonds. As of 31 December 2024, countries like Saudi Arabia, USA and Canada and Bulgaria exhibit the highest emission intensity per million euros invested. Notably, Bulgaria is Paris Agreement signatory, while Saudi Arabia and USA and Canada are not.

Sovereign Bond Portfolio –2024 – Analysis by country			
Country	Investment amount (€mn)	Financed Scope 3 GHG emission (tCO ₂ e)	Emission intensity (tCO ₂ e/€mn)
Cyprus	1,023	205,000	200
France	125	14,899	119
Finland	108	16,924	157
Belgium	83	13,375	161
Luxembourg	80	8,786	110
Croatia	58	10,310	178
Spain	58	8,333	144
Poland	40	10,820	271
Austria	39	5,585	143
Ireland	38	4,160	109
Slovakia	37	7,645	207
Iceland	35	7,235	207
Chile	34	6,800	200
Israel	31	6,368	205
USA and Canada	27	8,709	328
Italy	26	3,744	144
Hungary	21	3,822	182
Saudi Arabia	21	9,279	442
Sweden	21	1,560	74
Slovenia	18	3,169	176
Bulgaria	18	5,065	281
Germany	18	2,713	151
Peru	10	2,057	206
Lithuania	10	1,668	167
Netherlands	3	426	142
Total	1,982	368,452	

ESRS E1 - Climate Change (continued)

7. Climate Change Metrics & Targets (continued)

Gross Scope 1, 2, 3 and Total GHG emissions (continued)

GHG Emission Inventory							
Emission Categories	Retrospective				Milestones and target years		
	Base year	2023	2024	% Change (yoy)	2030	2050	Annual % target / Base year
Gross Scope 1 GHG emissions (tCO₂eq)	1,166	969	934	-3%	-42%		-20%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%				
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	12,528	9,422	9,327	-1%	-42%		-26%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)							
Total Gross indirect (Scope 3) GHG emissions (tCO₂eq)		2,512,729	2,883,374				
Purchased goods and services		50,298	47,608	-5%			
Capital goods							
Fuel and energy-related							
Upstream transportation and distribution		1,508	1,852	23%			
Waste generated in operations		3,202	3,263	2%			
Business traveling		363	405	11%			
Employee commuting		1,929	2,170	12%			
Upstream leased assets							
Downstream transportation							
Processing of sold products							
Use of sold products							
End-of-life treatment of sold products							
Downstream leased assets							
Franchises							
Investments		2,443,974	2,812,698	15%			
of which lending portfolio		2,037,778	2,280,762	12%			
of which investment portfolio		406,196	531,937	31%			
Insurance associated GHG emissions		11,454	15,377	34%			
Total GHG emissions (location-based) (tCO₂eq)		2,523,120	2,893,635				
Total GHG emissions (market-based) (tCO₂eq)							

ESRS E1 - Climate Change (continued)**7. Climate Change Metrics & Targets** (continued)**Gross Scope 1, 2, 3 and Total GHG emissions** (continued)**Scope 3 GHG emissions** (continued)

GHG intensity per net revenue			
	2023	2024	% Change
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/Mn of Total operating Income)	2,288	2,641	15%
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/Mn of Total operating Income)			

Revenue reconciliation with Note 6 of the Consolidated Annual Financial Statements (€ mn)		
	2023	2024
Net revenue used to calculate GHG intensity – Total operating income	1,103	1,096
Total net revenue – Note 6	1,103	1,096

8. Increasing the Green Asset and Green Mortgage Ratios**EU Taxonomy Disclosures in accordance with Article 8 of the Taxonomy Regulation**

The preparation of the EU Taxonomy reporting is based on prudential consolidation of the Group. The consolidation is in accordance with the supervisory reporting of financial institutions as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council, and the Commission Implementing Regulation (EU) 2021/451 (FINREP). The EU Taxonomy is a classification system of economic activities that make a substantial contribution to environmental sustainability under Taxonomy Regulation (EU) 2020/852. In addition, the preparation of reporting is based on the Delegated Act supplementing Article 8 of the Taxonomy Regulation (Disclosures Delegated Act 2021/2178). Article 3 of the EU Taxonomy Regulation sets out the criteria that an economic activity must meet to qualify as environmentally sustainable. This includes economic activity that is carried out in compliance with the minimum safeguards and contributes substantially to one or more of the environmental objectives.

The EU Taxonomy has six environmental objectives namely:

1. climate change mitigation (CCM);
2. climate change adaptation (CCA);
3. sustainable use and protection of water and marine resources (WTR);
4. transition to a circular economy (CE);
5. pollution prevention and control (PPC); and
6. protection and restoration of biodiversity and ecosystems (BIO).

Minimum Safeguards

As part of the assessment of environmentally sustainable economic activities, it is required that economic activity is carried out in compliance with minimum safeguards as part of Article 18 of the EU Taxonomy Regulation. The purpose of the minimum safeguards is to ensure compliance with minimum human and labour rights standards, preventing activities that breach key social principles by aligning with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. As part of Taxonomy reporting, compliance with minimum safeguards is a mandatory requirement for non-financial undertakings. In alignment with this requirement, the Group integrates minimum safeguards assessments into the Taxonomy Key Performance Indicators (KPIs) applied to its exposures.

ESRS E1 - Climate Change (continued)**8. Increasing the Green Asset and Green Mortgage Ratios** (continued)**Substantial contribution to the EU environmental objectives**

Through its financing of large undertakings subject to the Non-Financial Reporting Directive (NFRD) and investments in bonds and equities, the Group supports a variety of economic activities that contribute to the EU environmental objectives. In addition, the Group's sustainable finance products including green housing and green motor loans contributes to the EU environmental objective of climate change mitigation. To classify such sustainable products as Taxonomy-Aligned there are further criteria that must be adhered in addition to the contribution to EU environmental objectives. The above-mentioned products are designed based on the GLPs of LMA and are not structured as EU taxonomy aligned products. The Group intends to perform necessary action so to be able to classify such products as EU taxonomy aligned.

Taxonomy KPIs

The Group is reporting on Taxonomy KPIs and GAR. The total GAR covers all six EU environmental objectives. GAR is calculated as Taxonomy Aligned Assets as a % of Total Covered Assets. Total Covered Assets comprise of total assets as defined under the prudential consolidation of the Group per FINREP, minus trading book assets and minus exposures to central banks, central governments and supranational issuers (Total covered assets are also referred to as total GAR assets). The GAR is calculated on two bases. One, referred to as the "Turnover basis", uses the % of each counterparty's turnover that they report as taxonomy-eligible and taxonomy-aligned to quantify how much of our loan exposure to that counterparty is taxonomy-aligned. The other, referred to as the "CapEx basis", uses the % of each counterparty's CapEx that they report as taxonomy-eligible and taxonomy-aligned to quantify how much of our loan exposure to that counterparty is taxonomy-aligned. The Group's total GAR based on turnover amounted to 0.6% of total covered assets, with the total GAR based on CapEx equivalent to 0.3% of total covered assets as at year end 2024. The Taxonomy-aligned activities amounted to €91mn at year end 2024. Gross carrying amount of total covered assets amounted to €15,774mn as at year end 2024.

Climate Delegated Act the Complementary Climate Delegated Act 2022/1214 including specific nuclear and gas energy activities published in July 2022, requires the Group to assess and disclose taxonomy eligibility and non-eligibility of nuclear and fossil gas-related activities at 31 December 2024. The Group has no direct exposure through lending to customers that have economic activities related to the production of electricity or heating using nuclear installations or electricity generation facilities that produce electricity from nuclear processes. The Group also has exposure to customers involved in the operation of electricity generation facilities that produce electricity using fossil gaseous fuels. See supplementary information in the section 'Additional Information – EU Taxonomy Disclosure Tables' of Annual Financial Report under Annex XII of the Delegated Act in page 599.

EU taxonomy reporting principles

As companies' transparency in line with the EU Taxonomy increases, it will enable expanded reporting against the Taxonomy. The adoption of CSRD and ESRS will support the further implementation of the EU Taxonomy Regulation into our business strategy, systems, and investment and lending processes. Due to limitations in data when assessing Taxonomy-eligible and Taxonomy-aligned activities for financial and non-financial undertakings, actual published information provided by counterparties is utilised. However, a complete data collection has been limited as published reporting on Taxonomy-alignment KPIs from financial and non-financial undertakings is not yet available at the reporting date.

The EU Taxonomy disclosures have been prepared on a 'best efforts' basis using corporate disclosures and published financial reports and information from our counterparty exposures (which primarily cover activity in FY23 and not FY24). Our approach is to analyse and calculate taxonomy-eligibility and taxonomy-aligned based on the published Taxonomy KPIs of our counterparties. The EU Taxonomy related disclosures presented in this section have been made on the basis of our understanding of the terms and concepts used under the EU Taxonomy Regulation and its implementing acts. As the EU Taxonomy reporting requirements and guidance evolve over the coming years, and as we continue to develop our industry data sourcing methodologies, we will continue to review our disclosure in future periods.

ESRS E1 - Climate Change (continued)

8. Increasing the Green Asset and Green Mortgage Ratios (continued)

Summary of KPIs

The following table is a summary of KPIs to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation. See supplementary information in section 'Additional Information – EU Taxonomy Disclosure Tables' in page 599 of the 2024 Annual Financial Report for additional EU Taxonomy tables reported under Annex VI of the Disclosures Delegated Act and taxonomy aligned activities.

		Total environmentally sustainable assets (€mn)	KPI turnover⁹ %	KPI CapEx¹⁰ %	% coverage (over total assets)¹¹	% of assets excluded from the numerator of the GAR	% of assets excluded from denominator of the GAR
Main KPI	Green asset ratio (GAR) stock	91	0.6%	0.3%	0.4%	27%	38%
Additional KPIs	GAR (flow)	27	1.18%	0.8%	1%	33%	12%
	Trading book ¹²	n/a	n/a	n/a			
	Financial guarantees	-	0%	0%			
	Assets under management	-	0%	0%			
	Fee and commission income ¹¹	n/a	n/a	n/a			

Limitations in data Reporting on Taxonomy-aligned activities for FY 2024 has been constrained due to current limitations on the availability of relevant information across key categories:

- i. When assessing Taxonomy-eligible and Taxonomy-aligned activities for financial and non-financial counterparties, actual information published by counterparties is required:
 - i. published reporting on Taxonomy-alignment KPIs from financial undertakings is not available at the reporting date for WTR, CE, PPC environmental objectives given financial undertakings are required to report towards eligibility on these objectives for the first time in FY2024;
 - ii. non-financial undertakings have not yet published data for FY2024; consequently, the Taxonomy reporting of eligibility and alignment for non-financial undertakings is based on published data from FY2023;
 - iii. furthermore, reporting on Taxonomy-eligibility for the four additional environmental objectives is implemented in 2024, limited to information of non-financial undertakings that were required to report towards these objectives from FY2023; and
 - iv. exposure to non-financial counterparties in the Group's corporate lending portfolio currently considered taxonomy eligible is limited due to the eligibility criteria requiring counterparties to be large companies publicly listed in the EU.
- ii. When assessing Taxonomy-eligible and Taxonomy-aligned activities for lending to households, other data limitations impact reporting:
 - i. Hybrid and Electric Vehicles lending exposures originated since the beginning of FY2024 are considered eligible per taxonomy criteria. However, they are not classified as aligned due to the lack of available information in the industry to assess the vehicles against the Taxonomy DNSH (Do No Significant Harm) criteria.

⁹ Based on the Turnover KPI of the counterparty.

¹⁰ Based on the CapEx KPI of the counterparty.

¹¹ Percentage of assets covered by the KPI over the total assets.

¹² Trading book and Fees and Commissions KPIs only apply starting 2026.

ESRS E2 – Pollution

This section outlines the Group's approach in addressing pollution-related impacts. It highlights the policies and actions in place to mitigate pollution associated with lending activities and support sustainable development.

1. Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

As outlined in detail in ESRS E1 – Climate Change in pages 122 - 130, BOCH has established a RIMA process for the identification and assessment of C&E risks and utilises PRB Impact analysis tools to systematically identify, measure, and assess C&E IROs, including pollution-related impacts, risks, and opportunities across its operations and value chain.

Through a structured screening of site locations and business activities, the Group evaluates actual and potential pollution IROs using both quantitative and qualitative methodologies. For the assessment of soil and air pollution as credit risk drivers the Group utilized geolocation database for collaterals, using coordinates, and unsecured lending, using postal codes. For Group's site locations, given the quantitative assessment performed on collaterals and unsecured lending, using expert judgement, the Group concluded that that pollution impacts and risks are low for Group's site locations. BOCH assesses the materiality of pollution across multiple financial risk categories, including credit risk, market risk, liquidity risk and operational risk.

The Group applies geolocation-based risk scoring methodologies to assess physical pollution hazards, such as air pollution, soil contamination, and seismic activity, across its secured lending portfolio, deposit base, and business locations.

BOC PCL, as part of stakeholder engagement, incorporates insights from expert judgment and external datasets such as Eurostat, the World Resource Institute, and Climate Analytics which also capture the views of affected communities. Additionally, internal consultations were performed through the DMA conclusion process, where key affected stakeholders' views on the Group's material impacts on pollution were gathered. The Group has not consulted directly with affected communities. Following the deployment of ESG due diligence process in loan origination process in 2024, BOC PCL will be in a better position to engage with customers on the ESG spectrum, including pollution related matters. For more details on the identification and assessment of pollution related impacts and opportunities refer to 4. Impacts, Risks and Opportunities in page 103.

ESRS E2 – Pollution (continued)

2. Material impacts, risks and opportunities and their interaction with strategy and business model

Material IROs - Pollution (E2)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Pollution - Pollution of soil, living organisms and food resources	Impact	Actual Negative	Financing activities to certain NACE sectors (i.e. Development of building projects, other specialized wholesale, construction of residential and non-residential buildings) with total portfolio exposure of 15.94% out of €5b exposures assessed under PRB institutional banking impact analysis of 2024, create key/direct actual negative impacts to composition of soil and its ability to deliver ecosystem services.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of finance	Customers
ESRS Topic/Sub-Topic	IRO	Type	Description				
Pollution - Pollution of air, living organisms and food resources	Impact	Actual Negative	Financing activities in certain NACE sectors (i.e. sea and coastal freight transport, electric power generation, and pharmaceutical manufacturing), with total portfolio exposure of 11.11% out of €5b exposures, create key/direct actual negative impacts to air quality.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of finance	Customers

The Group has not identified material risks and opportunities for pollution, therefore no material current financial effects on financial position, financial performance and cash flows are disclosed.

ESRS E2 – Pollution (continued)**3. Policies, actions and resources related to pollution**

BOCH's material negative impacts on pollution stem from downstream value chain, through its loan portfolio. Material pollution related impacts include air pollution, pollution of living organisms and food resources, and soil pollution as shown in the table above.

As per the PRB impact analysis of 2024, BOC PCL provides financing to certain sectors that create negative impact among others, to the air quality. As per the 2024 PRB institutional banking impact analysis, financing to key sectors that amount to 11.11% of the portfolio under assessment (i.e. 49% of the Bank's overall business activity represented per business segment) and account for €560bn loans, create negative impacts to Air pollution.

Financing to key NACE sectors that create negative impacts on air (as per the 2024 PRB Impact Analysis)					
Sectors	2023		2024		E&S Policy Score – Risk Categorization
	Total % to total portfolio	OS Loan Amount (€mn)	Total % to total portfolio	OS Loan Amount (€mn)	
01.4 Animal production	0.50%	€24	0.43%	€22	Medium
10.8 Manufacture of other food products	0.41%	€20	0.52%	€26	Medium
21.2 Manufacture of pharmaceutical preparations	0.77%	€38	0.83%	€42	High
28.9 Manufacture of other special-purpose machinery	0.21%	€11	0.40%	€20	Medium
35.1 Electric power generation, transmission and distribution	1.15%	€57	1.44%	€72	High
49.3 Other passenger land transport	0.83%	€41	0.74%	€37	Medium
50.2 Sea and coastal freight water transport	4.98%	€245	6.76%	€341	High
Total	8.86%	€436	11.11%	€560	

Additionally, BOC PCL provides financing to certain sectors that as per PRB impact analysis of 2024, create negative impacts among others, on the composition of soil and its ability to deliver ecosystem services. As per the 2024 PRB institutional banking impact analysis, financing to key sectors that amount to 15.94% of the portfolio under assessment (i.e. 49% of the Bank's overall business activity represented per business segment) and account for €804bn of loans, create negative impacts to the pollution of soil, by exposing it to pollutants and factors that may interfere with soil stability for future land use.

ESRS E2 – Pollution (continued)**3. Policies, actions and resources related to pollution** (continued)

Financing to key NACE sectors that create negative impacts on soil (as per the 2024 PRB Impact Analysis)					
	2023		2024		
Sectors	Total % to total portfolio	OS Loan Amount (€mn)	Total % to total portfolio	OS Loan Amount (€mn)	E&S Policy Score – Risk Categorization
01.4 Animal production	0.50%	€24	0.43%	€22	Medium
21.2 Manufacture of pharmaceutical preparations	0.77%	€38	0.83%	€42	High
35.1 Electric power generation, transmission and distribution	1.15%	€57	1.44%	€72	High
41.1 Development of building projects	7.18%	€354	6.18%	€312	Low
41.2 Construction of residential and non-residential buildings	1.22%	€60	1.35%	€68	High
42.9 Construction of other civil engineering projects	0.17%	€8	0.68%	€34	
43.9 Other specialised construction activities	0.51%	€25	0.74%	€38	Medium
46.6 Wholesale of other machinery, equipment and supplies	0.74%	€36	0.72%	€37	Low
46.7 Other specialised wholesale	2.82%	€139	2.82%	€142	Medium - High
49.3 Other passenger land transport	0.83%	€41	0.74%	€37	Medium
Total	15.89%	€782	15.94%	€804	

BOCH's policies, integrated into broader environmental and/or sustainability policies, are designed to address considerations towards pollution. Aligned with the guidelines of the European Bank for Reconstruction and Development (EBRD), Green Loan Principles, these policies establish a structured approach to identifying and mitigating ESG impacts and risks. The Group recognises the interconnected nature of pollution, biodiversity, and sustainability and integrates this perspective into its financing activities. Hence, it addresses pollution in key areas, including air pollution, soil pollution, and pollution affecting living organisms and food resources, through a combination of due diligence processes, and sustainable financing practices.

Environmental and Social (E&S) Policy

BOCH's E&S Policy underpins its efforts to manage environmental and social risks associated with financing activities, including minimisation of potential pollution impacts. For the abovementioned activities, financed by the Group and lead to material negative impacts, that are classified as low risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits is obtained. For activities that are classified as Medium / High risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits is obtained and an E&S study by an external expert is performed. In addition, other E&S checks are performed, such as investigations into penalties, public complaints, adverse media reports, accidents / incidents, legal actions, and regulatory investigations as well as site visits. The findings of the above actions must be stated in the credit application together with any corrective measures for the mitigation of the E&S risk. The approving authority decides whether the E&S risk is acceptable and set specific terms and covenants to control any E&S risks as well as decides the frequency of future E&S studies (at least every 3 years for High-Risk E&S ratings).

ESRS E2 – Pollution (continued)

3. Policies, actions and resources related to pollution (continued)

Environmental and Social (E&S) Policy (continued)

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources other relevant information to Environmental and Social (E&S) Policy refer to page 132.

Lending Policy

BOCH's Lending Policy underpins its efforts to manage environmental and social risks associated with financing activities, including minimization of potential pollution impacts. The Policy sets the standards and guidelines to be used during the credit granting process. This guides individuals involved in the credit granting process on credit granting standards and evaluation of credit risk, including ESG Due Diligence in the loan origination process for legal entities and its interaction with credit risk.

During the credit application assessment process, that falls under specific thresholds / criteria, for granting new and/or reviewing existing credit facilities, Business Units must identify, evaluate and assess ESG matters that are relevant to the borrower by applying the ESG Due Diligence process. The first step of ESG Due Diligence embeds an ESG questionnaire designed to assess customer's performance and risk exposure against ESG factors (applicable for new lending and customer's annual review). The questionnaires must be completed by the customer, in order to collect relevant quantitative and qualitative data, identify and assess ESG matters that are relevant to the borrower and derive an ESG score which reflects the performance of the customer towards ESG factors and exposure of customers towards ESG risks. The relevant ESG questionnaire includes queries designed to assess the performance and risk exposure of the counterparty towards pollution, taking into account the industry the counterparty operates. The question relates to whether the counterparty, in the context of production process, releases polluting chemicals into the environment. The customers have the option to not provide information under the ESG questionnaire, hence in such case their overall ESG performance is penalised and reflected in the overall ESG score obtained.

Following completion of ESG questionnaire an ESG score is derived which in combination with scenario analysis to assess customer's repayment ability under certain negative transition risk scenarios derives to the aggregated score for environmental aspect of ESG. The aggregated score is then used to derive the loan pricing. In line with the Lending Pricing Policy, a margin discount, based on the client's E aggregate score, is implemented for both new and existing clients on new lending requests, for all clients (all sectors) under Corporate Division, differentiating however between carbon-intensive vs. non-carbon intensive sectors. The Group linked the margin discount at the client level to the borrower's "E" scoring (extracted from borrower's ESG score). In addition, the Group linked the margin discount at the transaction level (i.e. whether lending is Green or not) utilizing the provisions of the Group's Green Lending Policy.

All customers operating in the abovementioned industries are eligible for ESG Due Diligence process subject to meeting relevant thresholds. For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Lending Policy refer to page 133.

Green Lending Policy

The Group's Green Lending Policy, which is based on GLP of LMA, promotes financing towards projects with tangible environmental benefits, including those aimed at pollution mitigation. The policy establishes the criteria to classify a loan as green, focusing on projects such as renewable energy, sustainable construction, and pollution prevention and control including reduction of air emissions, soil remediation, waste prevention, waste reduction, waste recycling and other. By providing green lending BOC PCL manages the material negative impacts associated with pollution of air and soil.

Following the BES process on C&E risks, BOC PCL incorporates green new lending internal KPIs, in the Group's Financial Plan, to Business Lines in order to promote green lending practices and manage C&E risks. For environmentally friendly gross loans refer to page 144.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Green Lending Policy refer to page 134.

ESRS E2 – Pollution (continued)

3. Policies, actions and resources related to pollution (continued)

Concentration Risk Policy

The Concentration Policy applies at Group level and defines limits and the methodology for limit setting towards exposures in specific assets, liabilities and off-balance sheet items to ensure that concentration risk is within the Risk Appetite. The Concentration Risk Policy complements the efforts of managing negative impacts towards air and soil pollution by restricting lending to carbon-intensive sectors, including oil, gas, manufacturing of cement, manufacturing of Iron & Steel & Aluminium and non-renewable power generation. Financing in these sectors is only permitted for transition or green projects that align with the Group's sustainability objectives, subject to approval by its highest credit committees.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Concentration Policy refer to section ESRS E1 in page 136.

Together, these policies and actions demonstrate the Group's commitment to addressing pollution impacts and risks through responsible financing practices. The above-mentioned policies do not include specific information on pollutants or substances covered given that impacts derive from the value chain on the Group.

4. Metrics & Targets related to Pollution

While the policies and actions described above address air and soil pollutants downstream value chain negative impact of the Group, no specific, measurable, time-bounded and outcome-oriented targets have been established to directly prevent or control these impacts. This is due to the current lack of industry-wide data readiness, which limits the ability to establish informed and measurable objectives.

Nevertheless, the Group intends to:

1. Examine, following the data gathered from ESG Due Diligence process, to establish and monitor pollution related targets associated with loan portfolio by applying Science Based Target initiative's guidance for nature.
2. Set Green new lending KPIs, that will be embedded in the Group's Financial Plan, associated with pollution and sectors of the economy which we are currently associated with negative impacts to pollution of air, soil and living organisms and food resources.

Given the fact that the Group has not yet set measurable outcome-oriented targets, it tracks the effectiveness of actions to meet the objectives of the above-mentioned policies through the monitoring arrangements established on each policy which are explained in detail in 6. Policies and Actions Related to Energy, Climate Change Mitigation and Adaptation in page 132.

ESRS E3 - Water and Marine Resources

This section outlines the Group's approach in addressing water-related risks. It highlights the policies and actions in place to manage water scarcity risks as drivers of credit risk associated with lending activities.

1. Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

BOCH acknowledges the essential role of water and marine resources in maintaining sustainable ecosystems, supporting societal wellbeing, and driving economic development. The Group has assessed material water related IROs using primarily qualitative methodologies and expert judgment. The Group determined that the material water-related topics are primarily associated with its loan portfolio rather than its operating activities given the nature of operations. Water scarcity, in particular, has been identified as a material risk.

Water scarcity was evaluated based on the Cyprus Government's annual water balance reports and external tools such as the Aqueduct Water Risk Atlas and Climate ADAPT initiative. The assessment recognised water scarcity as a material risk due to Cyprus' reliance on rainfall and desalination, with water stress exceeding 80% in current and projected scenarios. Sectoral exposure was analysed, identifying potential financial implications, particularly in energy, manufacturing, and agriculture.

In case of years with insufficient rainfall, there might be profitability issues in water-intensive sectors such as "D: Energy", "C: Manufacturing" and Agriculture, where water is needed for instance for cooling, cleaning or production purposes leading to increased credit risk. While the Bank's exposure to these sectors is limited, important secondary effects might spread to other economic sectors. In a long-term time horizon, the water scarcity issue might be exacerbated by an increase of anomalies in precipitation patterns, as also discussed in the context of Drought risk as well as long-term desertification risk and rainfall trends. The tool Climate ADAPT also labels Water Scarcity as a "significantly increasing" hazard in Cyprus with high impact and vulnerability, and provides a dedicated section to Water Management as a key affected sector: "Cyprus is already facing intense problems of water shortage and drought, which are expected to intensify as a result of climate change". Cyprus' Government has been already implementing actions to reinforce Cyprus' adaptive capacity to the decreasing availability of freshwater resources. For the next decades, Climate ADAPT indicates that the estimated water resources are expected to satisfy the future water demand from all sectors. However, the occurrence of severe droughts and water scarcity events might induce overexploitation of water resources.

Overall, the assessment incorporated expert judgement, consultation reports, and statistical data from sources such as Eurostat, the World Resource Institute, and Climate Analytics to enhance the accuracy of its evaluations and capture the views of affected communities. Additionally, internal consultations were performed through the DMA conclusion process, where key affected stakeholders' views on the Group's material IROs on water and marine resources were gathered. The Group has not consulted directly with affected communities. Following the deployment of ESG due diligence process in loan origination process in 2024, BOC PCL will be in a better position to engage with customers on the ESG spectrum, including water related matters. For more details on the identification and assessment of water related impacts and opportunities refer to 4. Impacts, Risks and Opportunities in page 103.

ESRS E3 - Water and Marine Resources (continued)

2. Material impacts, risks and opportunities and their interaction with strategy and business model

Material IROs - Water and Marine Resources (E3)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Water and marine resources - Water Consumption, Water Use and Water Withdrawals	Risk	Environmental - Physical - Chronic	Chronic Water Scarcity could gradually impact the evaluation and operations of buildings, assets, internal operations of customers and counterparties (e.g. data centres or buildings, pledged as collaterals with the Bank). As a result, the PD and LGD of customers and counterparties might be increased, and hence, the corresponding normative and economic capital of BOCH.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
		✓			✓	No material current financial effects were identified. Anticipated financial effects include increase in PD and LGD of customers.

ESRS E3 - Water and Marine Resources (continued)**3. Policies, actions and resources related to water and marine resources****Environmental and Social (E&S) Policy**

BOCH's E&S Policy provides the foundational framework for managing environmental and social risks, including indirect considerations for water and marine resources. While the policy does not explicitly address water and marine resources as standalone topics, it incorporates these considerations within its broader environmental management system requirements.

Lending applications in Exclusion Sectors (e.g., thermal coal mining) are rejected and reported to RMD. For activities classified as low-risk by EBRD's E&S Risk Categorization assessment, a written confirmation of compliance and permits are required. For medium/high-risk activities, a written customer confirmation for proper business conduct, relevant licenses and work permits are obtained and an E&S study by external expert is performed. In addition, other E&S checks are performed, such as investigations into penalties, public complaints, adverse media reports, accidents / incidents, legal actions, and regulatory investigations as well as site visits. The findings of the above actions must be stated in the credit application together with any corrective measures for the mitigation of the E&S risk.

The approving authority decides whether the E&S risk is acceptable and set specific terms and covenants to control any E&S risks as well as decides the frequency of future E&S studies (at least every 3 years for High-Risk E&S ratings).

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Environmental and Social (E&S) Policy refer to page 132.

Lending Policy

BOCH's Lending Policy underpins its efforts to manage environmental and social risks associated with financing activities, including minimization of water and marine resources risks. The Policy sets the standards and guidelines to be used during the credit granting process. This guides individuals involved in the credit granting process on credit granting standards and evaluation of credit risk, including ESG Due Diligence in the loan origination process for legal entities and its interaction with credit risk.

During the credit application assessment process, that falls under specific thresholds / criteria, for granting new and/or reviewing existing credit facilities, Business Units must identify, evaluate and assess ESG matters that are relevant to the borrower by applying the ESG Due Diligence process. The first step of ESG Due Diligence embeds an ESG questionnaire designed to assess customer's performance and risk exposure against ESG factors (applicable for new lending and customer's annual review). The questionnaires must be completed by the customer, in order to collect relevant quantitative and qualitative data, identify and assess ESG matters that are relevant to the borrower and derive an ESG score which reflects the performance of the customer towards ESG factors and exposure of customers towards ESG risks. The relevant ESG questionnaire includes queries designed to assess the performance and risk exposure of the counterparty towards water and marine resources, taking into account the industry the counterparty operates. The customers have the option to not provide information during the ESG questionnaire, hence in such cases their overall ESG performance is penalised and reflected in the overall ESG score obtained. The ESG questionnaire's questions include the following:

1. Water consumption in cubic meters (m³);
2. Whether the customer's operations are located in areas classified as water-stressed;
3. Whether the customer adopted technologies for water reuse and recovery.
4. Whether the customer integrated advanced systems for processing and reusing water or sewage within the production processes

Following completion of ESG questionnaire an ESG score is derived which in combination with scenario analysis to assess customer's repayment ability under certain negative transition risk scenarios, derives to the aggregated score for environmental aspect of ESG. The aggregated score is then used to derive the loan pricing. In line with the Lending Pricing Policy, a margin discount, based on the client's E aggregate score, is implemented for both new and existing clients on new lending requests, for all clients (all sectors) under Corporate Division, differentiating however between carbon-intensive vs. non-carbon intensive sectors. The Group linked the margin discount at the client level to the borrower's "E" scoring (extracted from borrower's "ESG" score). In addition, the Group linked the margin discount at the transaction level (i.e. whether lending is Green or not) utilizing the provisions of the Group's Green Lending Policy.

ESRS E3 - Water and Marine Resources (continued)

3. Policies, actions and resources related to water and marine resources (continued)

Lending Policy (continued)

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Lending Policy refer to section ESRS E1 in page 133.

Green Lending Policy

The Group's Green Lending Policy, which is based on GLP of LMA, promotes financing towards projects with tangible environmental benefits, including those aimed at sustainable water-related initiatives. The policy establishes the criteria to classify a loan as 'green', including projects associated with sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation). By providing green lending BOC PCL manages the material risks associated with water and marine resources.

Following the BES process on C&E risks, BOC PCL incorporates green new lending internal KPIs, in the Group's Annual Financial Plan, to Business Lines in order to promote green lending practices and manage C&E risks. For environmentally friendly gross loans refer to page 144.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Green Lending Policy refer to page 134.

Concentration Risk Policy

The Concentration Policy applies at Group level and defines limits and the methodology for limit setting towards exposures in specific assets, liabilities and off-balance sheet items to ensure that concentration risk is within the Risk Appetite. The Concentration Risk Policy complements the efforts of managing material risks identified on water scarcity by restricting lending to carbon-intensive and water-intensive sectors, including oil, gas, manufacturing of cement, manufacturing of Iron & Steel & Aluminium and non-renewable power generation. Financing in these sectors is only permitted for transition or green projects that align with the Group's sustainability objectives, subject to approval by its highest credit committees.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Concentration Policy refer to page 136.

4. Metrics & Targets related to water and marine resources

The Group has not yet established specific targets for water management. European Central Bank's (ECB) expectations (Expectation 2.1, 2.2, 4.1 and 4.2) on C&E risks, as described in the ECB Guide, require the Bank to set specific KPIs and KRIs for material C&E risks identified. Given the fact that water scarcity risk has been identified as material in the long-term, the Bank is obligated by June 2025 to set measurable water scarcity related KPI and KRI. The Group acknowledges this regulatory requirement and is in the process of aligning its strategies and frameworks to address this in future reporting, with a target to be set by 30 June 2025.

Given the fact that the Group has not yet set measurable outcome-oriented targets, it tracks the effectiveness of actions to meet the objectives of the above-mentioned policies through the monitoring arrangements established on each policy which are explained in detail in page 132.

ESRS E5 – Resource Use and Circular Economy

This section outlines the Group's approach to addressing resource use and circular economy related impacts. It highlights the policies, actions and targets in place to increase circularity associated with lending activities and support sustainable development.

1. Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

BOCH has conducted a screening of its assets and activities to identify actual and potential impacts, risks, and opportunities across its operations and value chain for resource use and the circular economy. The assessment was performed using UNEP FI tools (loan & investment portfolio impact assessment) to evaluate material negative impacts on resource intensity topics and the RIMA framework for risk identification as described in page 122.

Key areas examined include:

1. Circular Economy & Waste Management and Environmental Protection Requirements: Cyprus' low circular material usage rate (Eurostat) and national waste management and environmental protection initiatives were analyzed. Potential additional costs for businesses in key sectors (Accommodation & Food Services, Wholesale & Retail Trade, Construction, Manufacturing) were considered, but no material risk was identified.
2. Environmentally Friendly Technologies: The impact of regulatory and market-driven technological upgrades (e.g., water-efficiency, circular economy solutions) was assessed, particularly for Real Estate, Transport & Storage, and Manufacturing. While potential short-term financial distress was noted, no material risk was identified.
3. Environmentally Driven Consumer Behaviour: The market sentiment in Cyprus towards sustainable products remains at an early stage (PwC Cyprus CEO Survey 2023), leading to an overall low risk impact. The Bank will monitor future developments through its Business Environment Scan process on C&E risks.

BOCH conducted qualitative consultations based on expert judgment, utilising external sources such as consultation reports, scientific publications, and Cyprus-specific data from Eurostat, World Resource Institute, Climate Analytics, and Climate Vulnerability Monitor. Additionally, internal consultations were performed through the DMA conclusion process, where key affected stakeholders' views on the Group's material impact on resource use and the circular economy were gathered. The Group has not consulted directly with affected communities. Following the deployment of ESG due diligence process in loan origination process in 2024, BOC PCL will be in a better position to engage with customers on the ESG spectrum, including resource use and circularity matters. For more details on the identification and assessment of resource use and identification of impacts and opportunities refer to 4. Impacts, Risks and Opportunities in page 103.

ESRS E5 – Resource Use and Circular Economy (continued)

2. Material impacts, risks and opportunities and their interaction with strategy and business model

Material IROs - Resource Use and Circular Economy (E5)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Resource Use and Circular economy - Resources inflows, including resource use and resource outflows related to products and services	Impact	Actual Negative	Financing activities to certain NACE sectors (i.e. Rental and operating of own or leased real estate, development of building projects, buying and selling of own real estate) with total portfolio exposure of 40.58% out of €5b exposures assessed under PRB institutional banking impact analysis of 2024, create key/direct actual negative impacts to the efficient use of limited, non-renewable and renewable natural resources.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of finance	Customers

The Group has not identified material risks and opportunities for resource use and circular economy, therefore no material current financial effects on financial position, financial performance and cash flows are disclosed.

ESRS E5 – Resource Use and Circular Economy (continued)**3. Policies, actions and resources related to resource use and circular economy**

BOCH's negative impacts to circular economy derive from the downstream value chain as those associated with loan portfolio. As part of its business activity, the Group provides financing to key certain sectors that as per PRB impact analysis of 2024, create negative impacts among others, on the efficient use of limited, non-renewable and renewable natural sources. In detail, as per the 2024 PRB institutional banking analysis, financing to sectors that amount to 40.58% of the portfolio under assessment (i.e. 49% of the Bank's overall business activity represented per business segment) and account for €2,046mn of loans, create negative impacts to resource use and circular economy. Refer to the table below for the Group's exposure to certain sectors (Exposure >1%) associated with negative impacts on resource use and circular economy.

Financing to key NACE sectors with an exposure of >1% that create negative impacts on resource use and circular economy (as per the 2024 PRB Impact Analysis)					
Sectors	2023		2024		E&S Policy Score – Risk Categorization
	Total % to total portfolio	OS Loan Amount (€mn)	Total % to total portfolio	OS Loan Amount (€mn)	
35.1 Electric power generation, transmission and distribution	1.15%	€57	1.44%	€72	High
41.1 Development of building projects	7.18%	€354	6.18%	€312	Low
41.2 Construction of residential and non-residential buildings	1.22%	€60	1.35%	€68	High
50.2 Sea and coastal freight water transport	4.98%	€245	6.76%	€341	High
68.1 Buying and selling of own real estate	4.05%	€200	4.14%	€209	Low
68.2 Rental and operating of own or leased real estate	15.48%	€763	13.04%	€658	Medium
68.3 Real estate activities on a fee or contract basis	1.14%	€56	0.52%	€26	Medium
Total	35.20%	€1,735	33.44%	€1,686	

The policies adopted to manage the material negative impacts on resource use and circular economy are:

Environmental and Social (E&S) Policy

BOCH's Environmental and Social (E&S) Policy underpins the efforts to manage environmental and social risks associated with financing activities, including minimisation of potential resource use and circular economy impacts.

For the abovementioned activities, financed by the Group and lead to material negative impacts, that are classified as low risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits is obtained. For activities that are classified as Medium / High risk by EBRD's E&S Risk Categorization assessment a written customer confirmation for proper business conduct, relevant licenses and work permits must be obtained and an E&S study by external expert should be performed. In addition, other E&S checks should be performed, such as investigations into penalties, public complaints, adverse media reports, accidents / incidents and regulatory investigations as well as site visits. The findings of the above actions are stated in the credit application together with any corrective measures for the mitigation of the E&S risk.

The approving authority decides whether the E&S risk is acceptable and set specific terms and covenants to control any E&S risks as well as decides the frequency of future E&S studies (at least every 3 years for High-Risk E&S ratings).

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Environmental and Social (E&S) Policy refer to page 132.

ESRS E5 – Resource Use and Circular Economy (continued)**3. Policies, actions and resources related to resource use and circular economy** (continued)**Lending Policy**

BOCH's Lending Policy underpins its efforts to manage environmental and social risks associated with financing activities, including minimization of potential resource use and circularity impacts. The Policy sets the standards and guidelines to be used during the credit granting process. This guides individuals involved in the credit granting process on credit granting standards and evaluation of credit risk, including ESG Due Diligence in the loan origination process for legal entities and its interaction with credit risk.

During the credit application assessment process, that falls under specific thresholds / criteria, for granting new and/or reviewing existing credit facilities, Business Units must identify, evaluate and assess ESG matters that are relevant to the borrower by applying the ESG Due Diligence process. The first step of ESG Due Diligence embeds an ESG questionnaire designed to assess customer's performance and risk exposure against ESG factors (applicable for new lending and customer's annual review). The questionnaires must be completed by the customer, in order to collect relevant quantitative and qualitative data, identify and assess ESG matters that are relevant to the borrower and derive an ESG score which reflects the performance of the customer towards ESG factors and exposure of customers towards ESG risks. The relevant ESG questionnaire includes queries designed to assess the performance and risk exposure of the counterparty towards resource use and circularity, taking into account the industry the counterparty operates. The questions are the following:

1. Whether the counterparty promotes separation of waste in its facilities.
2. Description of nature and weight (kg/tonnes) of the main raw materials used in production.
3. Indication of the percentage of recycled and reused raw material that are used in production over total raw materials used.
4. Description of main materials/products and relevant weight (kg/tonnes), associated with counterparty's production process.
5. Indication of percentage of company's products that can be considered recycled / reused.
6. Indicate the total amount of waste produced in the latest financial year.

Following completion of ESG questionnaire an ESG score is derived which in combination with scenario analysis to assess customer's repayment ability under certain negative Environmental scenarios derives to the aggregated score for environmental aspect of ESG. The aggregated score is then used to derive the loan pricing. In line with the Lending Pricing Policy, a margin discount, based on the client's E aggregate score, is implemented for both new and existing clients on new lending requests, for all clients (all sectors) under Corporate Division, differentiating however between carbon-intensive vs. non-carbon intensive sectors. The Group linked the margin discount at the client level to the borrower's "E" scoring (extracted from borrower's "ESG" score). In addition, the Group linked the margin discount at the transaction level (i.e. whether lending is Green or not) utilizing the provisions of the Group's Green Lending Policy.

All customers operating in the abovementioned industries are eligible for ESG Due Diligence process subject to meeting relevant thresholds. For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Lending Policy refer to page 133.

Green Lending Policy

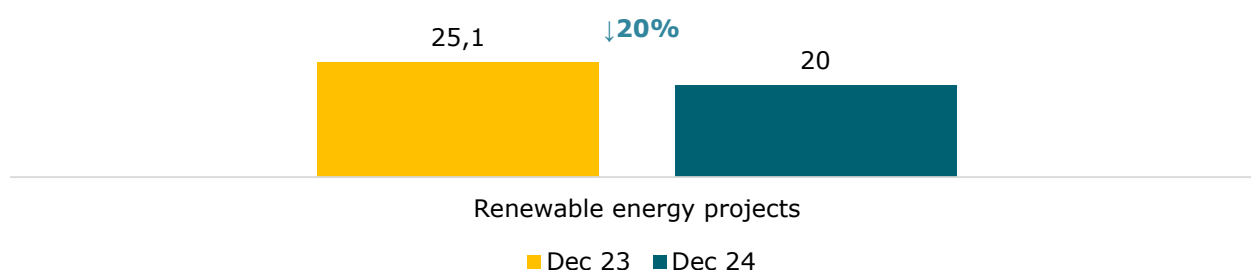
The Group's Green Lending Policy, which is based on Green Loan Principles ('GLP') of Loan Market Association ('LMA'), actively promotes financing towards projects with tangible environmental benefits, including those aimed at improving resource use and circular economy. The policy establishes the criteria to classify a loan as 'green', focusing, among others, on projects such circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services; and/or certified eco-efficient products) as well as renewable energy. By providing Green lending the Group effectively manages the material negative impacts associated with resource use and circular economy.

ESRS E5 – Resource Use and Circular Economy (continued)**3. Policies, actions and resources related to resource use and circular economy** (continued)**Green Lending Policy** (continued)

Following the Business Environment Scan process on C&E risks, BOC PCL incorporates Green new lending internal KPIs to Business Lines in the Group's Financial Plan in order to promote Green lending practices and manage C&E risks. For the environmentally friendly gross loans associated with the above-mentioned KPIs refer to page 144.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Green Lending Policy refer to page 134.

The Cyprus market's demand for financing Green projects is focused on energy efficiency and renewable energy projects at the moment. The Bank's exposure to renewable energy projects (solar and wind parks) is disclosed in the following graph. Reduction of c.20% has been observed in Gross loans to renewable energy projects due to increased repayments in 2024 compared to new renewable energy projects financed in 2024.

Renewable energy - Gross Loans (€mn)**Concentration Risk Policy**

The Concentration Policy applies at Group level and defines limits and the methodology for limit setting towards exposures in specific assets, liabilities and off-balance sheet items to ensure that concentration risk is within the Risk Appetite. The Concentration Risk Policy aims to manage negative impacts towards resource use and circular economy by restricting lending to resource intensive sectors, including oil, gas, manufacturing of cement, manufacturing of Iron & Steel & Aluminium and non-renewable power generation. Financing in these sectors is only permitted for transition or green projects that align with the Group's sustainability objectives, subject to approval by its highest credit committees.

For more details on the key content, general objectives, scope, monitoring arrangements, most senior level accountable for the policy, any third-party standards, allocated resources and other relevant information to Concentration Policy refer to section ESRS E1 in page 136.

4. Metrics & Targets related to resource use and circular economy

While the policies and actions described above address resource use and circular economy downstream value chain negative impact of the Group, no specific, outcome-oriented targets have been established to directly prevent or control these impacts. This is due to the current lack of industry-wide data readiness, which limits the ability to establish informed and measurable objectives.

Nevertheless, the Group intends to:

1. Examine, following the data gathered from ESG Due Diligence process, to establish and monitor resource use and circular economy targets associated with loan portfolio by applying Science Based Target initiative's guidance for nature.
2. Set Green new lending KPIs, that will be embedded in the Group's Financial Plan, associated with resource use and circular economy and sectors of the economy which we are currently associated with negative impacts to resource use and circular economy.

Given the fact that the Group has not yet set measurable outcome-oriented targets, it tracks the effectiveness of actions to meet the objectives of the above-mentioned policies through the monitoring arrangements established on each policy which are explained in detail in page 132.

ESRS S1 - Own Workforce

BOCH's employees are crucial to the Group's operations, culture and success. Group's employees are all part of the business, which is governed by the Group's strategy and business model and may be exposed to identified impacts, risks and opportunities. This applies to employees of BOCH, as well as those who perform assignments on behalf of the Group as self-employed or employees of third-party service providers or seconded staff. As an employer, BOCH has a great responsibility to use policies, procedures and processes to manage impacts, risks and opportunities and to continue to take these into account in the overall strategy. To continue to be a successful Group and promote long-term sustainable growth, it is important that BOCH has committed and motivated employees. The Group's employees are paid an adequate wage compared to Cyprus average wage.

1. Interests and views of stakeholders

The Group integrates own workforce interests, views, and rights into its strategy and business model through engagement and governance mechanisms. Employee feedback from surveys, performance appraisals, complaints and whistleblowing channels directly inform decisions on workforce policies, training programs, wellbeing initiatives and system of internal controls. The Executive Director of People & Change and Trade Union's representatives ensure workforce concerns are embedded in leadership's decision-making process. Workforce-related matters are factored into strategic planning, embedding areas such as talent retention, diversity, remuneration, learning & development and workplace safety.

2. Material impacts, risks and opportunities and their interaction with strategy and business model

The following categories of employees and non-employees within the organisation have been identified as subject to material impacts from the Group's operations:

1. Normal salaried employees – Individuals directly employed by the Group under permanent full-time contracts (employees).
2. Part-time employees – Individuals directly employed by the Group under part-time contracts (employees).
3. Fixed-term employees – Individuals directly employed by the Group on a temporary basis under a fixed-term contract (employees).
4. Interns – Individuals engaged for internships, either directly employed or provided through educational or third-party programs (employees or third-party personnel).
5. External associates – Professionals engaged under contractual agreements, classified as self-employed or provided through third-party service providers (self-employed or third-party personnel).

The Group as described in ESRS E1 - Climate Change, has not yet established a comprehensive transition plan. However, based on the existing decarbonisation actions to reach GHG emission reduction target on own operations and achieve Net Zero ambition by 2050, no material impacts on the company's own workforce were identified. The decarbonization strategy on own operations does not involve branch closures. Branch rationalisation conducted during 2023 and 2024 was part of the digitalization agenda of the Group and any affected staff resulting from branch rationalisation were redeployed within the Group.

The risk of forced labour, compulsory labour, or child labour is not relevant for the Group. The Group's vision, mission and values as well as strategy and business model do not ignite significant risks associated with forced or child labour. The Group does not operate in countries or geographic areas considered high-risk for forced or child labour, given the fact that the majority of the operations are in Cyprus.

ESRS S1 - Own Workforce (continued)

3. Commitment to Human Rights

Respect for human rights is integrated into the Group's operational policies and procedures. The Group's Code of Ethics and Code of Conduct outline defined standards for behaviour, responsibilities, and ethical practices applicable to all employees. These frameworks are supported by reporting mechanisms and investigation procedures to address issues and ensure equitable treatment. BOCH engages its workforce through channels designed to promote accountability and inclusion, as detailed below, supporting a culture aligned with these principles.

The Group's approach to Human rights is based on internationally recognised frameworks, including the International Bill of Human Rights and international directives, principles and initiatives to protect human rights, such as the Core Labour Conventions of the International Labour Organisation (ILO). The Group adheres to the ILO Declaration on Fundamental Principles and Rights at Work, integrating its principles into various aspects of operations. For instance, the Group's collective agreement and relationship with the trade union address the first principle of the Declaration. Fair and inclusive hiring practices ensure compliance with the second and third principles, while health and safety measures, supported by the "Well at Work" wellbeing programme and Health & Safety Management system, reflect the fifth principle. Group's policies and practices are aligned with ILO Declaration on Fundamental Principles and Rights at Work so by monitoring adherence to such policies and practises also align with ILO. Additionally, the OECD Guidelines for Multinational Enterprises are encompassed within the Group's Code of Conduct, Code of Ethics, and Employee Handbook. These frameworks establish clear expectations for ethical behaviour and corporate responsibility. Violations are addressed through the Group's formal disciplinary process.

BOCH's existing policies and processes, including the Recruitment Policy, Code of Ethics, and Code of Conduct, already address concerns related to human trafficking, forced labour, and child labour, ensuring responsible management. However, to enhance clarity and explicitly reinforce these commitments, the Group will update its policies and processes by the end of 2025.

BOCH maintains a zero-tolerance policy toward discrimination of any kind. This includes, but is not limited to, discrimination based on race, ethnicity, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national origin, social background, or any other grounds. Similarly, harassment in any form—whether verbal, physical, visual, sexual, or bullying—is strictly prohibited. In addition, decisions related to recruitment, promotion, and remuneration are based solely on objective criteria such as ability, ethics, and experience. The Group through the Code of Conduct and Anti-Sexual Harassment Code of Practice set clear standards for employee behaviour and responsibilities against any form of discrimination. No human rights violations, such as forced labour or discrimination, were reported during the period.

The Group promotes integrity, as a core organisational value, through the implementation of the Disciplinary code. This framework ensures timely detection and mitigation of any violations related to the Code of Conduct, Code of Ethics, Anti-Sexual Harassment Code, internal policies, employment terms, circulars and any other decisions of the Group associated with own workforce. To address significant breaches, the Group has established the Disciplinary Committee. Misconduct, breaches or violations can be reported through various channels:

1. Whistleblowing channel (Refer to page 217);
2. Planned or unplanned internal audits;
3. Complaints;
4. Other means (Direct communication to Branch Manager, Manager, Director or through Internet Banking).

The internal Audit Division investigates the violation and submits a report to the Executive Director People & Change who oversees the process. If the investigation confirms a violation, the report is escalated to the Disciplinary Committee. For breaches relating to the Code of Conduct or Code of Ethics (or any other matter associated with HR) the matter is investigated by the relevant HR department and the relevant report is submitted as described above. A Senior Management committee decides whether the matter requires escalation to the Disciplinary Committee, which is responsible for determining appropriate disciplinary actions.

ESRS S1 - Own Workforce (continued)

3. Commitment to Human Rights (continued)

Incidents, complaints and severe human rights impacts

In FY2024, zero incidents of discrimination, including harassment, were reported.

Separately, a total of 12 matters were reported through the Group's channels for its workforce to raise concerns. Matters reported / complaints filed relate to employee grievances or allegations made under the either complaints or Whistleblowing process. These can relate to various issues including working conditions and other work-related matters. Numbers quoted reflect all such incidents and complaints reported whether upheld or not. In FY24, the Group faced no fines, penalties or compensation for damages as a result of these incidents and complaints.

In FY2024, the Group has not had any severe human rights incidents connected to the Group, in relation to cases of non- respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. The Group faced no fines, penalties or compensation as a result of severe human rights incidents. Severe human rights incidents are defined as cases of modern slavery, human trafficking or child labour.

ESRS S1 - Own Workforce (continued)

4. Processes for engaging with own workforce and workers' representatives about impacts

Own workforce engagement occurs at planning, decision-making, implementation, and evaluation stages to ensure a comprehensive approach that integrates employee input throughout the process. Engagement occurs directly with employees, as well as through structured interactions with workers' representatives, where relevant. The following table summarises the general processes for engaging with people in its own workforce and worker's representatives about actual and potential positive and/or negative impacts.

Engagement Description	Direct Engagement/Worker representative	Stages of the engagement	Type of engagement	Frequency	Operational responsibility of the engagement	Effectiveness of the Engagement
Divisional/Regional Meetings with all staff	Direct	1. Identification 2. Determine the approach for mitigation	1. Participation 2. Consultation	1. Annually for strategy 2. 6-monthly for other communications	1. Divisional Directors	1. Determination of key priorities and establishment of strategic initiatives aligned with the set priorities 2. Divisional Strategy approved by Divisional Director 3. Divisional Strategy is reflected in Group's Financial Plan submitted for approval to the EXCO and the Board. 4. Financial Plan is monitored by EXCO and the Board.
Employee Opinion Surveys		1. Identification 3. Evaluating effectiveness of mitigation	1. Consultation	1. Annual	2. Human Resources – Executive Director of People & Change	1. Determination of key priorities 2. Establishment of an action plan with initiatives designed to meet these priorities 3. Quarterly monitor the action plan by EXCO and HRRC
Focus Groups		4. Determine the approach for mitigation	1. Participation			

ESRS S1 - Own Workforce (continued)

4. Processes for engaging with own workforce and workers' representatives about impacts (continued)

Engagement Description	Direct Engagement/Worker representative	Stages of the engagement	Type of engagement	Frequency	Operational responsibility of the engagement	Effectiveness of the Engagement
Kill-Bureaucracy program (email/Yammer) ¹³	Direct	1. Identification 2. Determine the approach for mitigation 5. Evaluating effectiveness of mitigation	1. Participation 2. Consultation	1. Ongoing	1. Human Resources – Executive Director of People & Change	1. Determination of key priorities 2. Establishment of an action plan with initiatives designed to meet these priorities 3. Quarterly monitor the action plan by EXCO and HRRC

The steps BOCH takes to gain insight into its workforce perspectives are inclusive of all employees, including those who may be particularly vulnerable or marginalised. While current engagement processes do not explicitly differentiate between employee groups, those ensure that diverse voices are considered in shaping workplace policies and decisions. BOCH is a member of the European Banking Federation (EBF). This membership provides a platform for the Group to engage in industry-wide discussions, share best practices, and gain deeper insights into the perspectives of its own workforce, particularly regarding human rights and labour standards. EBF facilitates regular dialogue with workers' representatives and contributes to shaping policies that respect and promote the rights of employees across the banking sector.

¹³ Kill-Bureaucracy program: Internal program that employees can provide their recommendations through email / yammer / internal portal and those are evaluated for implementation.

ESRS S1 - Own Workforce (continued)**5. Processes to remediate negative impacts and channels for own workforce to raise concerns**

The Group provides employees with a formal mechanism to raise concerns or complaints as outlined in the Code of Conduct, which is accessible through the Internal Employee Portal. Employees may submit formal complaints in writing, which are addressed through the Group's Complaints Resolution Process. This process is designed to manage and resolve employee grievances effectively, aiming to eliminate any form of discrimination or unequal treatment. Complaints are addressed hierarchically, with escalation to the Personal Complaints Committee, if necessary. The Committee consists of at least three members, one of whom is selected by Trade Union among Group staff to represent the employees, and one member is appointed by Group's Management. Following consultation with the two members, the Group appoints a suitable individual to act as Committee Chair.

Employees can submit complaints in writing to their direct superior. Where the complaint is such that it pertains to, or affects, the direct superior or supervisors, the complaint is submitted to the immediately higher superior in the hierarchy. In exceptional circumstances, and provided this can be justified, the employee may submit their complaint directly to the Personal Complaints Committee. Upon receiving a complaint, the recipient must provide a written response to the employee within 15 days. If no response is provided, within the designated timeframe, or if the employee concerned is not satisfied with the response, the complaint is submitted to the Personal Complaints Committee. Complaints submitted to the Committee must be in writing and accompanied by all relevant data and documentation. These submissions are routed through the Committee member appointed by Trade Union or their alternate representative.

The Human Resources Division is responsible for the preparation of the case file, which is delivered to all Committee members. Committee sessions are convened by the Chair whenever there are matters to be discussed. The list of matters to be discussed during the session is submitted to the Committee Chair at least four days prior to the day of the session. Committee members are entitled to request that the Committee examines both the employee concerned as well as any other staff member they believe may assist in reviewing the complaint. The request is submitted to the Committee Chair, who is responsible for issuing the necessary summons. Additionally, Committee members are entitled to request the submission of any evidence which might assist in reviewing the case. The minutes of sessions are kept by the Committee secretary, who shall be appointed by the Committee and is a Group staff member. Copies of the minutes are distributed to all Committee members after the session and are formally ratified during the subsequent session. The complaints review procedure must be concluded at the latest within one month of the date of submission of the complaint to the Committee.

The Committee's findings, which are solely advisory in nature, are forwarded by the Committee Chair to the relevant Divisional Director and to the complainant.

The effectiveness of Complaints Resolution Process is measured on a case-by-case basis. Follow-up discussions are conducted between the employee and the HR Business Partner (HRBP) to assess whether the grievance has been resolved. In addition, the HRBPs through ad-hoc communication with employees (one to one meetings performed throughout the year) explore the overall working conditions and employee relations. In order to gain employee's trust on these channels the Group provides information through Internal portal on how it deals with complaints and information on the governance and monitoring arrangements of handling any complaint.

The departments responsible for managing workforce complaints and related processes are subject to a risk assessment and audits relevant to these areas are included in the Internal Audit's Internal Audit Plan.

In addition to the above, BOCH has established a Whistleblowing Policy, offering accessible, confidential channels for employees and external stakeholders to report violations, unethical behaviour, or improper practices. For more details on the Whistleblowing system refer to page 217.

ESRS S1 - Own Workforce (continued)

6. Data Protection & Privacy

Material IROs - Own Workforce (S1)								
ESRS Topic/Sub-Topic	IRO	Type	Description					
Own Workforce - Other work-related rights - Privacy	Impact	Potential - Negative	Given the number of Group's employees there is a potential negative impact to own workforce arising from personal data leakage.					
Time Horizons			Value Chain			Originate from / Connected to Group's strategy and business models	Widespread or Systemic / Individual Incidents	Inform and contribute to adapting the undertaking's strategy and business model
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream			
✓	✓	✓	✓			Connected to business Model	Individual Incidents	Refer to 6. Data Protection & Privacy Section
ESRS Topic/Sub-Topic	IRO	Type	Description					
Own Workforce - Other work-related rights - Privacy	Risk	Regulatory Compliance / Conduct Risk	Non-compliance with Data Protection Law (GDPR) leading to data leakage to employee personal data.					
Time Horizons			Value Chain			Financial Effects		
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream			
✓	✓	✓	✓			Anticipated financial effects include increased costs due to penalties arising from Commissioner for Personal Data Protection (CPDP) and possible litigation costs. No litigation or penalties arising due to personal data leakage in 2024.		

ESRS S1 - Own Workforce (continued)

6. Data Protection & Privacy (continued)

Material IROs - Own Workforce (S1)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Own Workforce - Other work-related rights - Privacy	Risk	Information Security (Including Cyber) Risk	Cyber-attacks targeting the Group through Internet using a variety of techniques may lead to loss or theft of data (including employee data), execution of fraudulent payments and IT disruption.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓			No material current financial effects associated with cyber-attacks. Anticipated financial effects include reputational issues, identity theft, fraud and regulatory penalties, fines, increased cost to due inefficiencies and loss of business.

The Group's material risks on Data Protection and Privacy have not arisen from any negative impacts or dependencies on own workforce. Group's own workforce is exposed to similar types of privacy impacts and risks. It is important to note that employees who operate in departments which have access to personal data and sensitive data are inherently exposed to greater Data Protection & Data Privacy risks. Information security and data privacy trainings are conducted annually to all staff.

ESRS S1 - Own Workforce (continued)

6. Data Protection & Privacy (continued)

6.1 Policies on Data Protection & Privacy

BOCH prioritises the protection of data and personal data in its operations. The Group has implemented measures to mitigate the negative impact on privacy as well as the identified risks associated with cyber-attacks and data breaches, reflecting its compliance with applicable data protection regulations and its commitment to the secure handling of employee information.

The Group maintains a Personal Data Protection Compliance Policy, to align with relevant regulations, including the EU General Data Protection Regulation (GDPR) and national laws such as the Protection of Natural Persons regarding the Processing of Personal Data Law 125(1)/2018 and section 106 of the 'Regulation of Electronic Communications and Postal Services Law 112(I)/2014', as well as the relevant guidelines issued by the CPDP from time to time. This policy outlines the Group's commitment in protecting the personal data of customers, employees, suppliers, and business partners, ensuring that data collection, use, and retention are lawful, transparent, and aligned with GDPR principles. Protecting the security and privacy of personal data is important to the Group, in order to conduct its business activities in the context of the envisaged privacy culture. The Board and Senior Management are responsible to oversee the Group's compliance with this policy. Additionally, they have the ultimate responsibility for the implementation and adherence to this policy throughout the Group, and the imposition of any remedial action. BOCH and its subsidiaries must, as a minimum meet the requirements of this policy. The policy is applicable for all subsidiaries of the Group as they are considered separate data controllers. The management of each subsidiary is ultimately responsible for the implementation of this policy and to ensure, at entity level, that there are adequate and effective procedures in place for its implementation and ongoing monitoring to its adherence. The policy is readily available to all employees through internal portal and to any affected stakeholder through Group's website.

The Group also complies with the ISO 27001 Information Security Standard. The Group's Information Security Policy further outlines a structured incident management approach, ensuring that all information and cyber-security risks associated with the Group's systems and assets are handled in a timely and consistent manner. More information on the policy is described in ESRS S4 – Consumers and end-users in page 195.

6.2 Actions on material impacts approach to managing material risks on Data Protection and Privacy

The Group complies with GDPR requirements, ensuring transparency and accountability in employee data processing activities. The Employee Privacy Notice, which was last updated in March 2024, outlines how employee data is collected, processed, and protected. This notice is readily accessible on the Group's internal portal, ensuring employees are informed of their data privacy rights at all times.

The Group collects and processes personal data strictly as necessary for its business activities, in accordance with legal obligations, contractual requirements, legitimate interests, or with employee consent. Data collection is limited to relevant and essential information, with retention periods aligned to guidelines provided by the Local CPDP. To ensure lawful processing, employees are informed of their right to withdraw consent at any time, and specific consent is appropriately secured and documented when required.

Employees can raise concerns about how employee data are collected, processed or protected by emailing a dedicated Human Resources address for GDPR matters or contacting the CPDP, as described in the Employee privacy notice.

In the event of suspected or actual data breaches, employees are required to report such incidents to the Data Protection Officer (DPO), within a maximum timeframe of 24 hours. The reporting can be done through designated communication channels, including email or phone and after completing a form (form for reporting a possible personal data breach). In case where the data breach incident affects a large volume (combination between data subjects affected and systems affected or could be affected) of customers/employees, the Information Security Department is notified, and the Security Incident Response Plan procedures are initiated. The Group has established an incident response plan that includes containment, investigation and notification procedures in the event of data breach. The plan is annually tested and updated to ensure effectiveness and compliance with applicable laws and regulations. To facilitate effective reporting of data breaches, the Group has established a guidance that serves as a reference for all employees and is embedded in the Employee Portal. This guidance outlines the criteria and procedures for identifying and reporting reportable data breaches, empowering employees to promptly and accurately report any incidents.

ESRS S1 - Own Workforce (continued)

6. Data Protection & Privacy

6.2 Actions on material impacts approach to managing material risks on Data Protection and Privacy
(continued)

BOCH has faced privacy-related challenges, including a data breach in 2023 due to human error, where inaccurate addresses were used to mail loan sale notification letters. The breach was identified through internal reporting mechanisms and assessed by the DPO within 72 hours, as required by GDPR. Remedial actions were immediately implemented, including strengthening internal controls, while the breach was reported to the CPDP, resulting in a fine of €8,000. The Group did not have any fine relating to breach of the Regulation 2016/679 in 2024.

In addition, the Group employs Data Protection Impact Assessments (DPIAs) at all stages of data processing and follows a data minimisation strategy. DPIAs support the identification of potential data privacy risks and comply with data protection obligations and meet individuals' expectations on privacy. The DPIA is initiated whenever a new process/ product or system that involves personal data is implemented and it shall be revisited/updated when there is a change in the risk profile of the process (e.g. new vendor, change of the procedure etc.). All procedures relating to DPIA are analysed in the relevant circular which is readily available in the Internal Employee Portal.

Internal circulars and manuals are annually reviewed and updated to ensure adherence from own workforce. The Group's DPO oversees GDPR compliance, provides guidance on data protection policies, and ensures effective handling of data breaches and privacy complaints as part of the complaints handling procedure. The DPO advises the Group on GDPR obligations, monitors compliance, oversees DPIAs, consults on high-risk processing, and liaises with supervisory authorities. The DPO also ensures the resolution of data breaches and privacy complaints, coordinating with other Group DPOs to address compliance issues. The Chief Information Officer (CIO) works closely with the DPO to address and mitigate data security incidents. This collaborative approach reflects the Group's commitment to maintaining a high standard of data privacy and security, protecting employees' personal data, and adhering to all regulatory requirements.

The Group tracks the effectiveness of its privacy actions through quarterly monitoring report submitted by the DPO to the Board through AC. Metrics such as the number of reported incidents, participation rates in training programs, and vendor compliance evaluations enhance processes. The incident response plan undergoes annual testing to ensure readiness, while privacy statements and data-handling procedures are reviewed annually to maintain compliance with the regulations.

Internal Audit includes Personal Data Protection Compliance Policy as part of its Risk & Audit Universe and assesses the need for audit engagements during the annual audit planning process.

BOCH invests in privacy management through cybersecurity tools, dedicated DPOs for each legal entity handling personal data, and cross-departmental collaboration across Legal, IT, HR, Internal Audit, Compliance, Procurement, Vendor Management and Risk Management. This approach aims to mitigate risks, enhance privacy practices, and maintain stakeholder trust.

6.3 Metrics and Targets to manage negative impacts and material risks

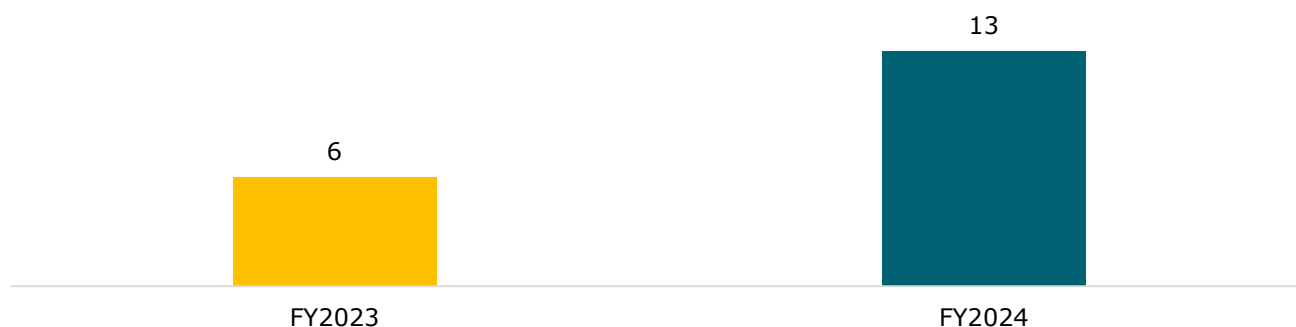
There is no set measurable, time-bound and outcome-oriented target associated with data protection and privacy however, the Group nevertheless tracks the effectiveness of these actions through quarterly reporting to EXCO and AC. Metrics reported include the number of data incidents, employee participation in privacy and information security training programs. Board, Management and all staff participate, in 2024, in Information security training (9,889 training hours), GDPR training (107 hours) and use of personal data training (1,207.5 hours).

ESRS S1 - Own Workforce (continued)

6. Data Protection & Privacy (continued)

6.3 Metrics and Targets to manage negative impacts and material risks (continued)

Personal data leakage reported to the Commissioner for Personal Data Protection



Metrics associated with information security and GDPR training hours as well as personal data leakage reported to the CPDP, are not validated by an external body.

In line with its Risk Appetite Statement (RAS), the Group has adopted the following qualitative stances associated with data privacy and information security:

1. **Zero Tolerance for Privacy Risks:** BOCH maintains a strict no-tolerance policy for any non-compliance with GDPR and expects full adherence to legal and regulatory requirements across all operations.
2. **No Data Leakage:** The Group has zero tolerance to data leakage, whether due to system vulnerabilities or employee mishandling. Rigorous protocols are in place to prevent and respond to potential breaches.
3. **Vendor Compliance:** BOCH does not engage with vendors who lack robust GDPR-aligned procedures and practices. All third-party relationships are subject to assessments to ensure compliance with data protection standards.
4. **Immediate Response to Data Subject Rights:** The Bank has a zero-tolerance approach to delays or avoidance in responding to data subject rights under GDPR. Processes are streamlined to ensure timely action on data access, correction, or deletion requests.

The process for setting the above-mentioned qualitative metrics is described in the Risk Appetite Framework of the Group. The objective of the Risk Appetite Framework (RAF) is to set out the level of risk that the Group is willing to accept in pursuit of its strategic objectives, outlining the key principles and rules that govern the risk appetite setting. It comprises the Risk Appetite Statement (RAS), the associated policies and limits where appropriate, as well as the roles and responsibilities for the implementation and monitoring of the RAF.

ESRS S1 - Own Workforce (continued)

7. Health and Safety

Material IROs - Own Workforce (S1)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Own Workforce - Working Conditions - Health & Safety	Risk	Health & Safety risks	Poor health and safety practices can result in workplace accidents, incurring costs for increased insurance premiums, legal defences, compensation payouts, and potential regulatory fines for non-compliance. Operational disruptions stemming from such incidents can diminish productivity and revenue, further straining financial performance.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓			No material current financial effects associated with work related injuries and accidents. Anticipated financial effects include reputational issues, increased costs due to litigations and compensation.

The Group's material risks on Health & Safety have not arisen from any negative impacts or dependencies on own workforce. Group's entire own workforce is exposed to similar types of Health & Safety risks given the office nature of operations, this is also evident from Health & Safety trainings conducted to all staff.

ESRS S1 - Own Workforce (continued)**7. Health and Safety** (continued)**7.1 Health and Safety Policies (H&S)**

The Group implements systems and policies to mitigate H&S risks associated with its own workforce. These measures support operational efficiency and align with the Group's commitment to maintaining a safe and accountable workplace.

Health & Safety Policy

The Group's H&S policy supports a safe and healthy environment for its employees, customers, visitors, suppliers, external associates and other third parties. The policy emphasises risk prevention, legal compliance, and continuous improvement. It includes regular risk assessments, workplace inspections, corrective actions, and oversight by Safety Committees.

The policy was updated in 2023 and is readily available through Internal Employee Portal. The policy was reviewed in 2024 and no changes were deemed necessary. The Organisational Procedure on H&S and the H&S internal manual, outlines the responsibilities of line management, employees, and departments. These resources foster collaboration and accountability in maintaining safety standards.

Executive Management has the ultimate responsibility to ensure compliance with the H&S regulatory framework, its relevant provisions and adherence to H&S policy.

Health and Safety Management System (HSMS)

The HSMS, complies with the Safety and Health at Work Laws of 1996 to 2020 in Cyprus. This system defines roles and responsibilities for management, employees, and technical teams to identify and address hazards across all operations. It incorporates tailored measures for each facility, including emergency response plans, risk assessments, training protocols, and detailed record-keeping.

In 2023, the HSMS underwent an external audit by a H&S consultant (approved by the Department of Labour Inspection – member in EXYPP registry). The findings identified, were assessed and an action plan was prepared to address them. External audit confirmed the system's compliance and effectiveness. Senior Management ensures consistent application of HSMS protocols, promoting accountability and standardisation across all offices. The system applies to all employees and extends to outsourced workers and associates whose work is under the Group's control.

Employees under HSMS			
	Unit	2023	2024
Percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	#	2,673	2,726
	%	94.45%	94.65%

Notes:

- The percentage of own workforce who is covered by the BOCH's HSMS is calculated on a head count basis at the end of the reporting date.
- Employees of JCC Payment Systems Ltd, Unoplan and representative offices abroad are not covered by BOCH's HSMS.
- The above-mentioned metric has not been validated by an external body.

ESRS S1 - Own Workforce (continued)

7. Health and Safety (continued)

7.2 Actions to manage material risks on Health and Safety

H&S Committees

The Group promotes H&S at work and takes measures to prevent any occupation hazards and inform and share knowledge to its workforce on H&S issues. The Group has approximately 51 H&S Committees that meet every six months and, on an ad-hoc basis when requested by a member or in response to an incident. The Group's employees are represented in committees by staff from all the units of the buildings. As per the regulatory framework, a committee must exist at all premises with more than 10 employees and its composition depends on the number of employees stationed at the premises. The presidents of H&S Committees are the manager of the branch or the Technical Project Coordinator of the building. Buildings with less employees have a responsible person for the H&S issues which is the manager. The Committees are responsible to identify workplace hazards, prevent / assess risks of accidents and resolve issues at the premises in cooperation with other departments (e.g. Technical Services).

Incident Investigation

Employees play an active role in the HSMS by identifying hazards in their work environment. They are trained to report these hazards via the Group's dedicated application, or directly to the Safety Committee of their respective building or H&S Officer. This ensures timely response and resolution of any identified issues.

The investigation of H&S incidents and work-related accidents are managed by the H&S Officer in collaboration with the Manager of the respective branch or unit. The procedure includes:

1. A detailed analysis of the cause,
2. A description of the incident provided by the affected employee and witnesses,
3. A site inspection, and
4. The implementation of corrective actions to minimise future risks.

Any investigation of an incident/accident is documented in the relevant form, by the H&S officer and delivered to the Manager of the Branch or Unit, Head of Claims of General Insurance and Human resources. The H&S officer, within 15 working days from the accident, reports through dedicated forms the Department of Labour Inspection of Cyprus Government.

Following the incident investigation, a form detailing corrective measures and actions is delivered by the H&S officer to the Manager of Branch or Unit associated with the incident. The measures and actions are implemented by Technical Services Department of the Group. The Implementation of corrective measures is monitored by the Manager of the Branch or Unit associated with the incident and the Chairman of H&S Committee. Written confirmation of the completion of these actions is provided to all involved parties.

Emergency Response and Preparedness

The Group premises have emergency evacuation plans. Annual evacuation drills are conducted across branches and buildings, under the supervision of the Corporate Security Manager for all employees. These drills involve fire prevention and evacuation training for assigned employees, with outcomes reviewed to implement any necessary improvements.

The H&S Officer, as mandated by law, oversees the coordination and effectiveness of these procedures within the broader HSMS. This ensures that emergency response measures are both comprehensive and compliant with legal and operational standards, supporting the Group's commitment to a safe and secure working environment.

H&S Inspections

Inspections are conducted across the Group's branches and buildings to identify and mitigate H&S risks to maintain a healthy environment for own workforce and any other party.

Inspections are conducted by:

1. An H&S officer on an annual basis (random inspection and ad-hoc following incidents or complaints)
2. An H&S representative of the property every three months
3. The Chairman of H&S Committee on a six-month basis

ESRS S1 - Own Workforce (continued)**7. Health and Safety** (continued)**7.2 Actions to manage material risks on Health and Safety** (continued)

Inspections are conducted to:

1. Identify issues and weaknesses that should be remediated;
2. Assess issues and weaknesses identified;
3. Document an action plan to remediate the issues and weaknesses identified.

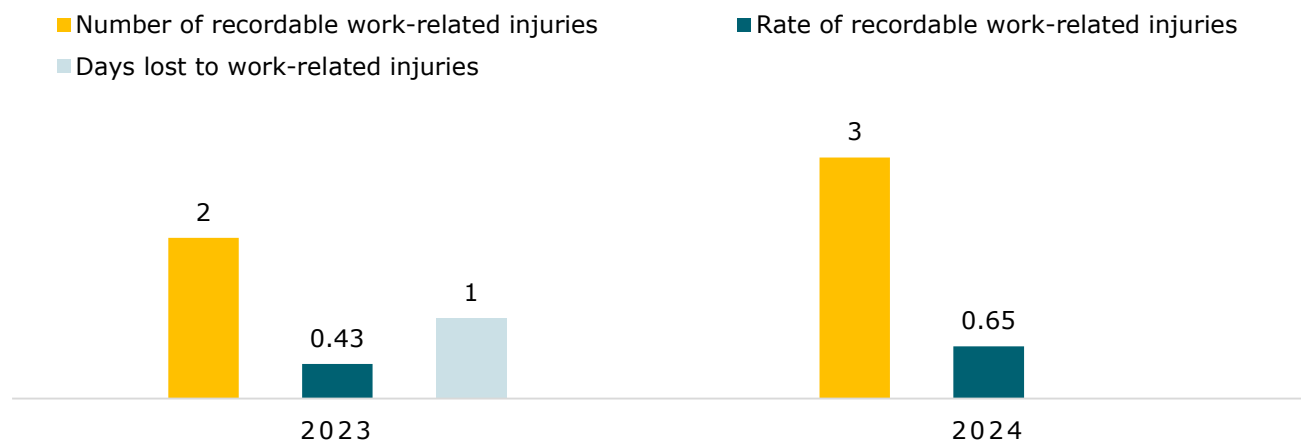
The Technical Services department or any other relevant department should be informed about the action plan and the relevant timelines for implementation. The measures to remediate the issues and weaknesses identified are monitored by the H&S Officers and Chairman of the H&S Committee. When the measures are implemented the H&S Officer and Chairman of the H&S Committee are properly informed, and subsequently re-assess whether the remedial actions implemented have resolved the issues and weaknesses identified.

H&S risk assessment studies

Additionally, the Group conducts H&S risk assessments in partnership with external H&S consultants (EXYPP). These assessments, performed every two years, prioritise high and medium risks through detailed action plans. Hazards such as slips and falls are addressed proactively by measures like floor inspections, placement of anti-slip tapes, and safety signage.

Work-related injuries

The work-related injuries reported by the Group relate to slip and fall type injuries, none of which resulted in high-consequence injuries. A procedure has been implemented by the Group in order to provide an analysis of the cause, description of the incident by the affected employee and the people involved, along with the site inspection and decisions taken to minimise the identified incident. Such incidents are addressed on a case-by-case basis, and the actions taken by the Group include floor inspection, placement of anti-slip tapes and safety signs wherever considered necessary. The chart below illustrates Group's employees only, as no work-related injuries occurred for workers who are not employees but whose work is controlled by the Group.

Recordable work-related injuries - Employees**Notes:**

- i. The rate of recordable work-related injuries has been calculated as follows:
$$\frac{\text{Total number of recordable work-related injuries}}{\text{Total number of hours worked}} \times 1,000,000$$
- ii. The number of hours worked was compiled using estimation. The total number of hours (2024: 4,646,016 2023: 4,670,066) is estimated based on total number of employees at each year end multiplied by 52 weeks/year multiplied by 5 working days/week and excludes average leave days per employee and public holidays.
- iii. Recordable work-related injuries exclude JCC Payment Systems Ltd, Unoplan and representative offices abroad as those establishments are not covered by BOCH's Health and Safety Management System.
- iv. The above-mentioned metrics have not been validated by an external body.

ESRS S1 - Own Workforce (continued)**7. Health and Safety** (continued)**7.2 Actions to manage material risks on Health and Safety** (continued)

No fatalities existed as a result of work-related injuries or high consequence work-related injuries to either employees and non-employees, nor any work-related ill health occurred in any of the years reported either to employees and non-employees. The Group's responsibility for H&S extends beyond its employees to outsourced workers, visitors, customers, and suppliers. Vendors are required to comply with BOCH's H&S standards, including risk assessments and certifications for equipment like lifting machinery. These assessments are reviewed biannually, with corrective actions implemented as necessary to minimise risks.

Key action taken in 2024 in adherence to Group's H&S policy and in management H&S risks:

1. Monitor implementation of remedial actions identified from H&S risk assessments
2. H&S training
3. Buildings evacuation drills
4. Air quality measurements for Head Office and IT buildings
5. Electromagnetic and Magnetic Field Measurements at IT building
6. Microbiological analysis of water quality from drinking dispensers
7. Disinfection of water tanks at owned buildings and installation of filtration system.

Key actions planned		
2025	2026	2027
1. H&S risk assessment on: 1. Job positions 2. Installation of special equipment 3. Safe evacuation of vulnerable people 4. Branches and buildings (re-assessment) 2. Estimation harmful factors (air quality) – 3 buildings and 3 branches 3. Monitor implementation of remedial actions identified from H&S risk assessments 4. Support in drafting new procedure manuals and update of existing procedure manual associated with H&S 5. Trainings to Protection & Prevention Internal Service and H&S representatives 6. Diagnostic assessment towards fire safety, analysis of the results and drafting of a report of deviations and remedial actions - (Head office)	1. Confirmation of Group's adherence to regulatory requirement through external audit and preparation of relevant report. 2. Diagnostic assessment towards fire safety, analysis of the results and drafting of a report of deviations and remedial actions – 1 Building per district for 2026. 3. Support and guide an internal process to inform own workforce on H&S 4. H&S risk assessment on management of new working conditions like hybrid working environment. Policies and procedures drafted, approved and adhered at Group level. 5. Trainings to Protection & Prevention Internal Service and H&S representatives 6. Coordination and monitoring of action plan on the outcome of H&S Risk Assessment for period 2025-2026.	1. H&S risk assessment on Branches and buildings (re-assessment and assessment on new buildings) 2. Coordination and monitoring of action plan on the outcome of H&S risk assessment for period 2025-2026. 3. Trainings to Protection & Prevention Internal Service and H&S representatives. 4. Support and guidance in an internal staff awareness campaign. 5. Diagnostic assessment towards fire safety, analysis of the results and drafting of a report of deviations and remedial actions – 1 Building per district for 2027. 6. Diagnostic assessment of H&S culture using e-survey.

The actions taken and planned for the future are all associated, derived and aligned with the Group H&S Policy aiming on a safe and healthy environment for employees, customers, visitors, suppliers, external associates and other third parties. In addition, the above-mentioned actions did not and will not require significant operating expenditure and capital expenditure. The Group's resources associated with H&S extend beyond H&S department, certain roles and responsibilities (First aids, Security, Fire prevention) are assigned to employees of each Branch and Building as well as members of the H&S committees.

ESRS S1 - Own Workforce (continued)

7. Health and Safety (continued)

7.3 Metrics & Targets related to managing material risks on Health and Safety

There are no measurable, time-bound, outcome-oriented targets associated with H&S risks, however the Group nevertheless tracks the effectiveness of these actions through qualitative Key Risk Indicators and monitoring mechanisms designed to mitigate potential hazards and ensure a safe working environment. Current qualitative statements include:

1. Managing H&S risks:

1. Reducing the number of occupational accidents, illnesses, and injuries through preventive measures and improved systems.
2. Monitoring and reducing the number of untrained first aiders across premises to ensure preparedness in emergencies.
3. Addressing high- and medium-risk findings from risk assessments through corrective actions within defined timelines.
4. Conducting regular audits and inspections of the HSMS to ensure compliance with regulatory requirements and industry standards.

2. Compliance statements:

1. Maintaining full compliance with the H&S regulatory framework, ensuring all policies and practices align with legal obligations.
2. Incorporating new regulations into the H&S Management System as they are issued, with annual reviews to ensure alignment.

The process of setting the above-mentioned qualitative indicators is described in the Risk Appetite Framework of the Group. The objective of the Risk Appetite Framework (RAF) is to set out the level of risk that the Group is willing to accept in pursuit of its strategic objectives, outlining the key principles and rules that govern the risk appetite setting. It comprises the Risk Appetite Statement (RAS), the associated policies and limits where appropriate, as well as the roles and responsibilities for the implementation and monitoring of the RAF.

ESRS S1 - Own Workforce (continued)

8. Own workforce characteristics

Characteristics of Group's own workforce

Gender	Number of employees (head count) ¹⁴	
	2024	2023
Male	1,187	1,177
Female	1,693	1,653
Other	-	-
Not reported	-	-
Total Employees	2,880	2,830

Number of employees (head count)	Female		Male		Other		Not Disclosed		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total employees	1,693	1,653	1,187	1,177	-	-	-	-	2,880	2,830
Permanent employees	1,667	1,637	1,176	1,168	-	-	-	-	2,843	2,805
Temporary employees	19	9	10	8	-	-	-	-	29	17
Non-guaranteed hours	7	7	1	1	-	-	-	-	8	8

New employee hires and turnover	Total	
	2024	2023
Number of new employee hires	105	124
Number of employees turnover	81	211
Number of intragroup employee transfers	26	28
Rate of employee turnover	0.03	0.07

Notes:

- The number of employees (headcount) refers to the total number of people employed by the Group at the end of each reporting period.
- The data has been collected based on the detailed payroll registers as of 31/12 for every fiscal year, in headcount. If data about a specific legal subsidiary of the Group was not available in the systems, the legal entity representative was requested to provide the data.
- 99.7% of the employees relate to BOCH's own workforce in Cyprus (2023: 99.6%).
- Staff turnover has been calculated as the aggregated number of employees who left voluntary or due to dismissal, retirement or death / Total head count of employees at each year end.

Temporary staff consist of staff employed to undertake specific projects within the Group or are employed on a temporary basis at Real Estate Management Unit (REMU).

¹⁴ As disclosed in Note 14 of the 2024 Annual Financial Statements on page 443.

ESRS S1 - Own Workforce (continued)

9. Own workforce related metrics

Collective Bargaining

The freedoms to associate and to bargain collectively are fundamental rights and require a conducive and enabling environment. At BOCH we recognise the right to collective bargaining as the key to the representation of collective interests.

2024	#	%
Employees covered by collective bargaining agreements	2,766	96%

Notes:

- The % of employees covered by collective bargaining agreements is calculated using the number of employees covered by collective bargaining agreements on a head count basis as at 31 December 2024 / Total head count of employees as at 31 December 2024*100.
- Employees not covered by collective bargaining agreement primarily relates to fixed term contract employees. Temporary employees are entitled to Provident Fund benefit under the collective agreement with Trade Union. They are eligible to all other benefits included on the collective agreements with full -time employees (including Medical Fund and Life Insurance, in case of death or permanent total disability - once permanency is confirmed).

2024	Collective Bargaining Coverage		Social Dialogue
	Employees – EEA	Employees – Non-EEA	Workplace representation (EEA only)
0-19%	-	-	-
20-39%	-	-	-
40-59%	-	-	-
60-79%	-	-	-
80-100%	Cyprus	-	Cyprus

The Group has collective bargaining agreements in place within the European Economic Area (EEA). The Group does not have representation agreements with any European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council in place.

Gender Pay Gap

The Gender Pay Gap (GPG) is the difference in the hourly pay of men and women across the organisation. The Group's gender pay gap (excluding LTIP 2024) is calculated at 12.6%. The Group's gender pay gap (including LTIP 2024) is calculated at 15.1%. The primary reason for the GPG is the larger number of females in lower level roles, and higher numbers of males in more senior roles. The highest paid individual in our organisation is our CEO. The median annual total compensation for all employees (excluding the CEO) for 2024 was €54,603 and, the ratio of the annual total compensation of our CEO to the median annual total compensation of all employees (excluding the CEO) was 15:1 (excluding LTIP 2024) and 31:1 (including LTIP 2024). The Group prepared for the first time a gender pay gap analysis in line with the EBA guidelines which will be monitored through an annual internal benchmarking study, aiming to identify the reasons for any such gap and find ways to address it via our remuneration practices and policies.

Notes:

- For the calculation of GPG the Group utilizes all cash emoluments paid, in 2024, to all employees including base salary, bonus and benefits in kind. STIP bonus included in the calculation relates to the amount paid in 2024 for FY2023, given the STIP 2023 and STIP 2024 are comparable amounts.
- The GPG and the ratio of the annual total compensation of our CEO to the median annual total compensation of all employees has been calculated based on 98% of employee headcount as at 31 December 2024.

ESRS S4 - Consumers and End Users

Consumers and end-users include individuals and legal entities who purchase or use our financial products and services. BOCH offers customers a wide range of financial products and services, which might affect our customers in several ways. Additionally, how the Group interacts with its customers might also affect and pose risks to us as a financial institution.

1. Interests and views of stakeholders

Consumers and end-users are central to the Group's decision-making, as outlined in BOCH's Code of Conduct and the Ethics Code. Stakeholder engagement mechanisms, including complaint channels, surveys, focus groups and direct customer interactions, enable the Group to integrate customer feedback into strategic decision making. Customer complaint statistics are analysed and reported quarterly to the AC and the Central Bank of Cyprus (CBC), and their satisfactory resolution is monitored on an ongoing basis. The Group also evaluates its broader impact on consumers and end-users as part of its sustainability and risk management strategy. It provides several engagement channels where customers can communicate concerns and suggestions, which are an input into strategic decision making. To ensure business resilience and adaptability, the Group remains responsive to operational disruptions, by accelerating digital banking solutions to meet evolving consumer needs.

2. Material impacts, risks and opportunities and their interaction with strategy and business model

As a result of the DMA, the Group identified three material actual and potential positive impacts and one negative impact. The types of consumers and end-users subject to a material impact include retail customers, business customers, digital and online customers, marginalised customers and customers in vulnerable circumstances. These can be divided into the below categories:

Category of consumer and / or end-user	Group applicability
Consumers and / or end-users of services that potentially negatively impact their rights to privacy, to have their personal data protected, to freedom of expression and to non-discrimination.	All types of Group consumers and end-users.
Consumers and / or end-users who are dependent on accurate and accessible product- or service-related information, to avoid potentially damaging use of a product or service.	All types of Group consumers and end-users.
Consumers and / or end-users who are particularly vulnerable to health or privacy impacts or impacts from marketing and sales strategies, such as children or financially vulnerable individuals.	Excluded populations and customers in vulnerable circumstances

The Group positively impacts Health & Safety within Cypriot Society through the Bank of Cyprus Oncology Centre, which represents a partnership between the public and the private sector. Since its inauguration in 1998, it has served cancer patients and the society at large. In addition, the Group creates positive impacts through its Digital Transformation, which facilitates accessibility to financial services for all customers. In addition, the Group identified material positive impacts associated with financing certain NACE (statistical classification of economic activities) sectors such as Rental and operating of own or leased real estate, development of building projects, buying and selling of own real estate which support the access to safe and affordable housing. Regarding retail customers, the Group through provision of housing loans, consumer loans and overdrafts create positive impacts on the accessibility to the use of financial services and being confident for the financial future through the enhanced capacity to reach future goals.

A material negative impact arises, in relation to privacy, due to one privacy incident identified at the end of 2023. There was an internal data leak which resulted in the improper use of addresses for loan notification letters leading to fine from the Commissioner for Personal Data Protection. Risks and opportunities described below arise through impacts and dependencies with all Group's consumers and end-users categories.

ESRS S4 - Consumers and End Users (continued)

2. Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

The Group's strategy and business model are actively shaped by both negative and positive impacts identified. The negative impact on privacy drives the enhancement of policies and governance, while by continuously adapting its products, services, and operational model in line with economic and technological changes, the Group ensures that its business strategy drives positive consumer impact. Similarly, the Group's strategy and business model are informed by material risks and opportunities arising from its dependencies on consumers and end-users. These are explained in the sections below.

The Group offers financial products and services to businesses and individuals, both nationally and internationally. All types of customers, can be materially impacted, positively or negatively, by the Group's operations, products, services, value chain, and business relationships, and are therefore included in the scope of disclosures. The Group has considered all types of consumers in its materiality assessment, incorporating historical incidents (privacy, health, safety) and scientific assessment tools (PRB Tool) to evaluate actual and potential negative impacts. The material IROs relate to, all consumers and / or end-users, rather than to any specific groups.

3. Commitment to Human rights

At BOCH, respecting human rights of consumers and end-users is embedded in the Group's Code of Ethics, Code of Conduct, and organisational values. These commitments are integrated into the Group's strategy and business model to ensure that the interests, views, and rights of consumers and end-users are considered in the decision-making processes. BOCH's policies follow internationally recognised frameworks, including the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Conventions, the Universal Declaration of Human Rights (UDHR), and the OECD Guidelines for Multinational Enterprises. BOCH has established formal policies to ensure ethical practices, consumer protection, and operational transparency. The Customer Complaints Management Policy provides a structured framework for addressing and resolving complaints. The Group Information Security Policy sets out safeguards for customer data, breaches, and GDPR compliance. These policies are supported by the Code of Ethics and Code of Conduct, embedding fairness, accountability, and respect for consumer and end-user rights into all operations. For more details on Human rights impacts refer to ESRS S1 – Own Workforce in page 172. The Group has no reported cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving consumers or end-users have been reported in its downstream value chain. Additionally, there were no reported severe human rights issues or reported incidents connected to consumers or end-users.

ESRS S4 - Consumers and End Users (continued)

4. Processes for engaging with consumers and end-users about impacts

The Group actively engages with consumers and end-users, their representatives or with credible proxies about actual and potential impacts, including human right impacts, in alignment with Group's vision to create partnerships with customers, guiding and supporting them in a changing world. BOCH is actively engaging with customers at various stages and through different channels to ensure a comprehensive approach is in place to integrate customer's input throughout the decision-making process. The following table summarises the general processes for engaging with customers about actual and potential impacts.

Engagement Description	Direct Engagement	Stages of the engagement	Type of engagement	Frequency	Operational responsibility	Effectiveness of the Engagement
Call Centre	Direct	1. Identification	1. Participation 2. Consultation 3. Information	1. Ongoing	1. Corporate Affairs Department 2. Business Banking Division 3. Complaints Management Unit (CMU)	1. The customer is requested monthly to complete a satisfaction survey on the customer service received by the Group which is communicated to line Directors and may lead to improvements in processes, products and activities. 2. For the effectiveness of handling complaints for consumers and end users refer to 5. Customer complaint management in page 193.
Personal Meeting		2. Determine the approach for mitigation				
Branches		3. Evaluating effectiveness of mitigation				
Complaints through various means						
Website						
Customer Survey		1. Identification	1. Participation	1. Monthly	1. Corporate Affairs Department	

The steps BOCH takes to gain insight into its customers' perspectives aim to be inclusive of all customers, including those who may be vulnerable. While current engagement processes do not explicitly differentiate between customer groups, they engage across diverse voices in shaping policies and decisions. In addition to the above, the Group engages with credible proxies, such as regulatory authorities, the Association of Banks, the Central Bank of Cyprus, and Financial Ombudsman, who have knowledge of the interests, experiences or perspectives of consumer and end-users.

ESRS S4 - Consumers and End Users (continued)

5. Customer Complaints Management

BOCH addresses negative impacts on consumers through a formal Customer Complaints Management Policy, aiming to ensure a consistent, efficient, and impartial resolution process. The policy is publicly available for transparency and includes follow-up feedback mechanisms to assess remedies and drive continuous improvement. The Board holds ultimate responsibility for its implementation. The Policy and the underlying Circular for Handling Complaints set the tone for managing feedback and complaints, ensuring that customers and other stakeholders can express their dissatisfaction and allowing the Group to take appropriate action.

Customers can raise concerns through multiple channels, including in-person interactions with customer-facing employees, call centre, formal letter and digital channels such as website, internet banking and portal, BOC mobile application and emails. Information on how to raise concerns or complaints are readily available in the Group's website. Customers can raise concerns through institutional bodies, such as Central Bank of Cyprus, Cyprus Securities and Exchange Commission, Cyprus Government Ministries, Commissioner of Data Protection and Financial Ombudsman.

While the Customer Complaints Management Policy applies to BOCH's operations, vendors are expected to adhere to similar standards on Complaints Management. The Group expects that all the principles regarding Labor / Human Rights / Ethics, Working Conditions and Health & Safety matters will be adhered by the vendors. Refer to page 219.

Complaints are registered with sufficient detail to enable tracking and analysis. The analysis support the identification of systemic issues and the effectiveness of remediation measures, aiming to ensure that the complaints handling process is continually improved and the issues are identified and addressed. Statistics on customer complaints are prepared and reported by Internal Governance & Operations Department to the AC on a quarterly basis. The Regulatory Compliance Division (RCD) also submits to the Central Bank of Cyprus (CBC) a numerical complaint report on a quarterly basis. In addition, following the resolution of a complaint, the customer is requested to provide feedback on how satisfied the customer is with the handling of the complaint. On a monthly basis, the Complaint Management Unit provides a number of complaints to 1bank so to be provided with customer's feedback. Furthermore, on an annual basis the customer's complaints are reviewed by RCD.

The Internal Audit Division evaluates the Customer Complaint Management Policy and reports any findings to the AC with recommendations for improvement. Complaint investigations identify root causes and corrective measures to prevent recurrence and enhance processes. Findings and recommendations are included in the Annual Audit Report to the Board. Departments handling grievances undergo risk assessments and audits as part of the Internal Audit's Annual Plan, aiming to ensure oversight and compliance.

In order to gain customer's trust on these channels the Group provides public information on how it deals with complaints and information on the governance and monitoring arrangement of handling any complaint. BOCH's Customer Complaints Management policy describes procedures and mechanisms to ensure confidentiality in dealing with customer complaints which are implemented by the Group.

ESRS S4 - Consumers and End Users (continued)

6. Data Privacy, Information technology and security risks for consumers and end-users

The operational activities of the Group may negatively impact individuals' right to privacy, particularly through the unauthorised use or mishandling of personal data. With expanding digital financial transactions, safeguarding personal information is a priority. Risks include GDPR compliance challenges, cybersecurity threats, financial losses, and reputational damage. Cyberattacks and data breaches necessitate regular enhancement of secure networks. To mitigate these risks, the Group implements safeguards to strengthen security and prevent threats.

Material IROs - Consumers and End-Users (S4)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Consumers and end-users - Information-related impacts for consumers and/or end users - Privacy	Impact	Potential Negative	Negative impacts linked to incidents regarding customer privacy breaches during the last three years (one incident during 2023, which was due to human error).				
Time Horizons			Value Chain			Originate or connected to strategy/Business Model	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to business model through processing of personal data	Customers
ESRS Topic/Sub-Topic	IRO	Type	Description				
Consumers and end-users - Information-related impacts for consumers and/or end users - Privacy	Risk	Regulatory compliance and Information Security (Including Cyber risk)	The risk of: a) non-compliance with Data Protection Law; b) cyber-attacks leading to loss of theft or data; c) lack or inadequate control provisions on information assets, leading to data misuse, unrestricted or unauthorised access to information assets; d) Unauthorised disclosure of sensitive data by staff and agents/services providers, either accidentally or maliciously, may lead to significant reputational issues, identity theft, fraud and regulatory penalties.				
Time Horizons			Value Chain			Financial Effects	
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	No material current financial effects. Anticipated financial effects include fines, penalties and loss of business.	

ESRS S4 - Consumers and End Users (continued)**6. Data Privacy, Information technology and security risks for consumers and end-users** (continued)**6.1 Policies to manage material impacts and risks on Data Privacy, Information technology and security for consumers and end-users****Data Privacy**

The Group maintains Personal Data Protection Compliance Policy, to comply to relevant regulations, including the EU General Data Protection Regulation (GDPR) and national laws such as the Protection of Natural Persons regarding the Processing of Personal Data Law 125(1)/2018 and section 106 of the 'Regulation of Electronic Communications and Postal Services Law 112(I)/2014', as well as the relevant guidelines issued by the Commissioner of Personal Data protection from time to time. This policy outlines the Group's commitment to protect the personal data of customers, employees, suppliers, and business partners, to ensure that data collection, use, and retention are lawful, transparent, and aligned with GDPR principles. Protecting the security and privacy of personal data is important to the Group, in order to conduct its business activities in the context of the envisaged privacy culture. The Group complies with the ISO 27001 Information Security Standard, reinforcing its commitment to secure data handling. The Board and Senior Management are responsible to oversee the Group's compliance with this policy. Additionally, they have the ultimate responsibility for the implementation and adherence to this policy throughout the Group, and the imposition of any remedial action. BOC PCL and its subsidiaries must, as a minimum meet the requirements of this policy. The policy is applicable for all subsidiaries of the Group as they are considered separate data Controllers. The management of each subsidiary is ultimately responsible for the implementation of this policy and to ensure, at entity level, that there are adequate and effective procedures in place for its implementation and ongoing monitoring to its adherence. The privacy statement of the Group is published in Group's website to be made available to potentially affected stakeholder. For more detail on Personal Data Protection Compliance Policy refer to ESRS S1 – Own Workforce in page 179.

Information Technology and security risks

The Group's Information Security Policy further outlines a structured management approach, to address information and cybersecurity risks and events associated with the Group's technology systems and information assets.

The purpose of the Policy is to provide an unambiguous set of standards, guidelines, controls, measures and requirements designed to achieve a desired level of information security across all business and technical layers of the Group. In essence, it governs the direction of all activities in the areas of information security and acts as an umbrella document to all other Group Security Policies and associated standards, aiming to contribute to a safe and responsible Information Security Management System (ISMS) within the Group, while supporting the overall business objectives and goals. The scope of this policy includes all subsidiaries of the Group and all individuals working at all levels and grades.

The functional scope of the policy includes all assets (in the broadest sense, e.g. systems, platforms, networks, applications, documents, devices, etc.) that are used to store, process and transport Group's information and the information belonging to the customers, as well as facilities, equipment, resources, people and property.

This Policy is approved by the Group Board Risk Committee (RC) and reviewed on an annual basis, adhering to internal guidelines for continued pertinence of the business documentation, to reflect in the policies and procedures the latest regulatory requirements and any changed business processes and circumstances.

6.2 Actions to manage material impacts and risks on Data Privacy, Information technology and security for consumers and end-users**Data Privacy**

The Group safeguards customer data in compliance with GDPR and with transparency and accountability in all processing activities. Data is collected through direct interactions, digital platforms (1bank, website), and representatives, covering employees, clients, suppliers, and business partners when required for contractual, legal, or legitimate interests. Data is limited to necessity, retained as per GDPR principles, and aligned with Local Commissioner guidelines. Privacy Statements, available on the website, branches, and customer documents, provide clear, accessible information, especially for children.

ESRS S4 - Consumers and End Users (continued)

6. Data Privacy, Information technology and security risks for consumers and end-users (continued)

6.2 Actions to manage material impacts and risks on Data Privacy, Information technology and security for consumers and end-users (continued)

Data Privacy (continued)

The Privacy Statement, last updated in July 2024, outlines the right to withdraw consent anytime. Consent is specific, documented, and managed. The Legal Department reviews and updates policies annually to ensure compliance.

Customers can raise concerns on how their personal data are collected, processed or protected through channels described in 5. Customer Complaints Management in page 193 respectively.

For details on actions on suspected or actual data breaches, actual negative impacts remediation, Data Protection Impact Assessment, resources involved in Data privacy and effectiveness of actions performed refer to ESRS S1 – Own Workforce in page 179.

Information Technology and security risks

The Group has adopted an Information Security Management System (ISMS), in line with acknowledged international standards (ISO/IEC 27001, NIST, CSA), as a basis for the structuring and maintaining of a system of measures to safeguard confidentiality, integrity and availability of its information assets and information systems. The ISMS provides a set of policies, frameworks, standards, guidelines, controls, measures and requirements designed to achieve a desired level of information security across all business and technical layers of the Group.

The Group is committed in protecting the security of its business information. For the purposes of meeting that business objective the Group established the Information Security Division with the IT related personnel and implemented, maintained an ISMS based on internationally acknowledged standards. Information Security team is constantly monitoring cyber security threats (either internal or external, malicious or accidental) and invests in cyber security measures and controls to protect, prevent, and respond against such threats to Group systems and information. The ISMS ensures the protection of information assets through key security controls:

- 1) Risk Management: Identifies, assesses, and mitigates security risks.
- 2) Information Protection: Implements measures to classify, handle, and secure data.
- 3) Supplier Security: Ensures third-party security compliance.
- 4) Human Resources Security: Trains employees and contractors on security responsibilities.
- 5) Physical Security: Protects assets from unauthorized access and disruptions.
- 6) Operations Security: Secures IT infrastructure, networks, and communication channels.
- 7) Cloud Security: Maintains data integrity and security in cloud environments.
- 8) Mobile Security: Controls for secure mobile device management.
- 9) Access Management: Restricts system and data access to authorized users.
- 10) System Security: Integrates security in system development and maintenance.
- 11) Backup Management: Ensures data recovery through secure backups.
- 12) Data Retention: Defines retention and archival policies.
- 13) Data Leakage Prevention: Detects and prevents unauthorized data distribution.
- 14) Patch Management: Regularly updates systems to address vulnerabilities.
- 15) Incident Response: Implements processes for managing security incidents.
- 16) Business Continuity: Ensures resilience against data loss and disruptions.

The Group implements processes to conduct periodic reviews to evaluate the effectiveness of implemented information security controls in accordance with current risk appetite and prioritise corrective actions. The reviews combine several different approaches, to improve situational awareness on the status of security controls across the Group's environment and increase insights into the processes used to manage organisational security. Those reviews include Information security assessments, Information security controls maturity assessment, Vulnerability and Security Configuration assessments/scanning, Enterprise penetration testing and Penetration testing of specific applications/systems.

ESRS S4 - Consumers and End Users (continued)

6. Data Privacy, Information technology and security risks for consumers and end-users (continued)

6.2 Actions to manage material impacts and risks on Data Privacy, Information technology and security for consumers and end-users (continued)

Information Technology and security risks (continued)

Where a control is found to operate outside the Group's defined risk appetite:

1. A risk assessment should be performed and risks should be managed using the procedure defined in the Information Security Risk Management Methodology.
2. Each control owner should aim to reduce the identified exposure within the defined risk appetite, in line with the defined risk remediation targets.

The Board Technology Committee (TC) supports the Board in fulfilling the oversight responsibilities with respect to the overall role of technology, including information security. The RC has the responsibility for the oversight of Operational and Information Security risks. The TC is informed on the application of Information Security policies. No significant operational expenditures and/or capital expenditures are associated with the above-mentioned actions.

6.3 Metrics & Targets on Data Privacy, Information technology and security

There is no set measurable, time-bound, outcome-oriented target however, the Group nevertheless tracks the effectiveness of these actions through established processes, procedures and KRIs. The Group maintains a leakage registry to document and monitor data incidents, reviewed quarterly and reported to senior management and the AC. Data subject requests and complaints are tracked to ensure resolution. Cyber-attacks and resolutions are recorded, with updates provided to the DPO and regulatory authorities. The Group also maintains a Record of Processing Activities (RoPA), conducts Data Protection Impact Assessments (DPIAs), updates GDPR-related actions, including Privacy Statement revisions and provides internal training. Moreover, the Group's Risk Appetite Statement (RAS) reflects a zero-tolerance approach to privacy and data protection risks. Board, Management and all staff participate, in 2024, in Information security training (9,889 training hours), GDPR training (107 hours) and use of personal data training (1,207.5 hours).

For personal data leakage reported to the Commissioner for Personal Data Protection refer to the quantitative metrics in ESRS S1 – Own Workforce in page 180.

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services

7.1 Digital Transformation

The Group positively impacts accessibility to products and services through the strategic orientation to continuously scale up digital transformation.

Material IROs - Consumers and End-Users (S4)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Impact	Actual & Potential Positive	The Group's Branch network, expansion in digital means and digital product offerings (1Bank, Internet Banking, Subsidiary portals) contribute positively to accessibility on products and services.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Originate from Digital Transformation value proposition	Customers

7.1.1 Policies related to consumers and end-users associated with access to product and services through Digital transformation

The Group through digital networks supports customer accessibility to financial products and services. Digital solutions like Internet Banking (1bank) and BOC Mobile Application with offerings like QuickLoans, Digital Deposits, QuickPay, QuickCards, Digital Accounts, Antamivi Scheme, Digital card 'wallets' which provide secure, efficient, and accessible way to financial services, reducing the need for branch visits and allowing customers to manage their finances remotely. The Group's Treating Customers Fairly Policy, on the Consumer Protection Law of 2021 (Law 112(I)/2021), emphasises the customer's best interests and understanding of their needs, ensuring products are designed with customer's interest in mind and are easy to explain. This policy is available publicly in Group's website through Code of Ethics and Code of Conduct. The Board is responsible to oversee the Group's compliance with this Policy. Additionally, the Board has the ultimate responsibility for the implementation and adherence to this policy throughout the Group, and the imposition of any remedial action. The Board approves this Policy through AC and oversee that sufficient, dependable, and secure internal procedures are in place to facilitate compliance with the policy. Internal audit includes the policy as an auditable area in its Risk & Audit Universe and assesses the need for audit engagements during the annual audit planning process.

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.1 Digital Transformation (continued)

7.1.2 Actions enhancing positive impacts through Digital transformation

The Group in 2024, undertaken several actions to evolve its positive impact arising from digitalisation:

Schemes/Feature /Product	Scope	Expected Outcome	Effectiveness Tracking
Pronomia	The new 'pronomia' loyalty scheme primarily aims to acknowledge and reward loyal Group's customers through privileges and benefits	Increase customer satisfaction, facilitate access to products and services through reward schemes and increase customer's trust.	Internal KPIs are set towards these features, products and schemes which are monitored through BDC and EXCO on a monthly basis. In addition, customers are providing feedback through monthly customer survey towards satisfaction on Group's digital means.
JOEY	Next-generation banking application designed specifically for kids aged 9 to 17	Joey supports kids and teens learn to manage money in a safe, structured way, with the guidance of their guardian.	
GIC Portal	Customer portal to apply or renew general insurance contracts embedding also reward schemes	Increase customer satisfaction, facilitate access to products and services through reward schemes and increase customer's trust.	
Quick Loans	Digital lending solution for rapid credit access with minimal processing time and lower fees.	Increase customer satisfaction, facilitate access to products and services and increase customer's trust.	
Digital Deposits	Online platform for deposit management, reducing physical interactions.	Increase customer satisfaction, facilitate access to products and services and increase customer's trust.	
Digital Accounts and Cards	Fully digital banking accounts and card solutions for enhanced accessibility.	Increase customer satisfaction, facilitate access to products and services and increase customer's trust.	

ESRS S4 - Consumers and End Users (continued)

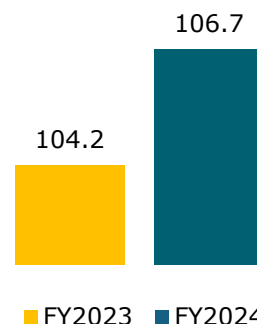
7. Access to Products and services (continued)

7.1 Digital Transformation (continued)

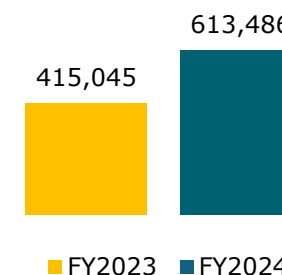
7.1.3 Metrics & Targets on positive impacts through Digital transformation

There is no set measurable, time-bounded and outcome-oriented target however, the Group tracks effectiveness of these actions through the internal KPIs. The Group sets annual internal KPIs towards its digital offerings, features and schemes. Those KPIs are monitored on a monthly basis through BDC and EXCO. Those KPIs are set taking into account market conditions, operating environment and historic information. Refer to the following metrics on the above-mentioned internal KPIs. The below metrics are extracted either through internally established dashboards or through export from Group data warehouse. No significant assumptions made towards extraction of metrics. Metrics are not validated by any external body.

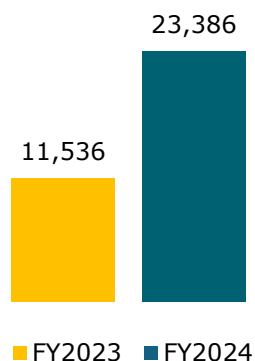
Quick Loans and ELoans (€mn)



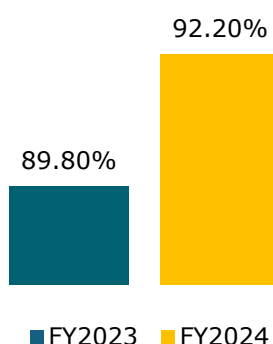
Digital Sales Non-life insurance (€000)



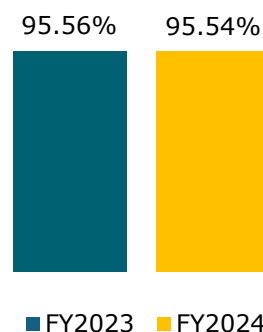
Debit Cards (#)



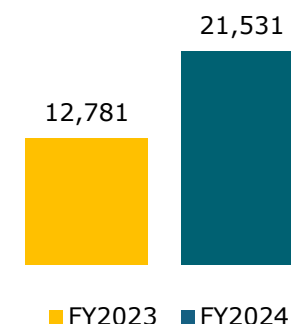
Digital Deposit Ratio (%)



Digital Transactions Ratio (Total Portfolio)



Digital Accounts (#)



ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.1 Digital Transformation (continued)

7.1.4 Material Opportunities on Digital Transformation

Material IROs - Consumers and End-Users (S4)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Opportunity	Digital Transformation	Expand the QuickLoans offering through digital channels by allowing individuals to an end-to-end Housing Loan capability.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	Enhance customer's accessibility to financial products and increase market share and revenue
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Opportunity	Digital Transformation	A POS (Point-of-Sale) credit facility is a lending product that offers the opportunity to the customers to instantly obtain a product or a service both digitally and physically (at the Point of Sale) with flexible payment options over a period of time.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	Enhance customer's accessibility to financial products and increase market share and revenue

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.1 Digital Transformation (continued)

7.1.4 Material Opportunities on Digital Transformation (continued)

Material IROs - Consumers and End-Users (S4)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Opportunity	Digital Transformation	Evolution of Jinius platform.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓		✓	✓	Digitalise Cyprus economy and enhance customer's accessibility to financial products leading to increased revenue and market share

7.1.4.1 Policies associated with material opportunities on Digital Transformation

The Group implements a Group New product/Services Management policy to pursue a new product opportunity. This policy sets out and addresses key principles for the development of new Products/Services and modification/amendment of existing ones. Failure to promptly identify, assess and mitigate product risk can have adverse financial, regulatory, technology and/or reputational impact. This policy applies to all Group entities and in any country. The Board bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. The RC maintains oversight and ensures that the framework for assessing new Products/Services is in place and is effective, making sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the policy. RC also monitors the effective implementation of the Policy through the Control Functions. The Group dedicates resources to ensure appropriate launch of new products. The departments involved in the process are Operational Risk Management, Risk Operations, Data Office & Risk Analytics, Information Security, Compliance Division, Data Protection Officer, Corporate Affairs, Legal, Information Technology, Organisation Department, Treasury Division, Finance, HR, Internal Audit, Product Owner and Chief Digital Division. Certain Committees are involved in the process, Executive Committee, Product Governance, Asset and Liability Committee and New Products Forum.

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.1 Digital Transformation (continued)

7.1.4 Material Opportunities on Digital Transformation (continued)

7.1.4.2 Actions associated with material opportunities on Digital Transformation

1. Digital Housing

The Bank aims to offer Housing loans through Internet Banking and BOC Mobile Application. This initiative streamlines the loan assessment process by enabling automatic approvals or rejections based on predefined criteria, improving both customer experience and the in-branch application processing. The Digital Housing is expected to increase in-branch efficiency and sales. The Group followed the New Products/Services procedure, engaged with all relevant stakeholders to pursue the relevant opportunity. The Phase 1 of the product was launched in January 2025 and relates to Digital Housing Product through Internet Banking. The Phase 2 of the product is expected to be launched in 2025 allowing Digital Housing to be offered through BOC Mobile Application. A detailed road map has been established for effective implementation and rollout.

2. POS Credit Facility (Flexy)

The POS Credit Facility is a lending solution that allows customers to access products or services, both digitally and physically at the point of sale, with flexible payment options. Delivered through the Group's Internet banking, it enhances customer convenience while expanding the Group's financial services portfolio. The POS Credit Facility is expected to streamline operations with automated assessments and support environmental sustainability by cutting paper consumption and carbon emissions, drive revenue growth through expanded loan offerings, empower customers with tools for better financial decision-making and enhance customer engagement and gather valuable feedback.

After conducting market analysis, cost-benefit evaluation, benchmarking, and other assessments to explore the opportunity, the product is now progressing through the appropriate governance framework under the New Products Circular, with a planned launch in 2025. The opportunity does not include any significant operating and capital expenditure to pursue the above-mentioned opportunities.

3. Digital Economy Platform (Jinius)

The Jinius platform offers services and tools that digitalise, simplify, and speed up the daily transactions and activities of businesses. Jinius through Business-to-Business Services offer tender management, ecosystem management, invoice management and remittance management services. Jinius through Business to Consumers services, launched in February 2024, offer product marketplace where retailers and consumers can interact. Jinius represents a significant opportunity for growth and thus the strategic evolution of Jinius is part of the 5-year Group's Financial Plan, evaluated each year, and any internal KPIs are monitored through BDC on a monthly basis.

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.2 Financed Positive Impacts

Material IROs - Consumers and End-Users (S4)							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Impact	Actual & Potential Positive	a) Financing activities to certain NACE sectors (i.e. Rental and operating of own or leased real estate, development of building projects, buying and selling of own real estate) with total portfolio exposure of 25.98% out of €5b exposures assessed under PRB institutional banking impact analysis of 2024, create key/direct actual positive impacts to stakeholders' accessibility to affordable housing. Financing activities to consumer banking portfolio (i.e. Home loans /mortgages) with total portfolio exposure of 80.8% out of €4.9b exposures addressed under consumer banking impact analysis of 2024, create key/direct actual positive impacts to stakeholders' accessibility affordable housing. b) Financing activities to consumer banking portfolio (i.e. Home loans /mortgages, consumer loans & overdraft) with total portfolio exposure of 100% out of €4.9b exposures assessed under consumer banking impact analysis of 2024, create key/direct actual positive impacts to accessibility to the use of financial services.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓			✓	Connected to strategy through provision of Finance	Customer

The Group provides a wide range of high-quality financial products and services, including retail and commercial banking, factoring, private banking, life and general insurance, aiming to cover fully and effectively the constantly changing needs of its customers, whether businesses or individuals. Products such as Housing loans, Consumer loans, Credit Cards and Overdrafts as well as loans granted to the Real estate sector, positively contribute to the accessibility to adequate, safe and affordable housing and to the use of financial services by individuals and firms.

ESRS S4 - Consumers and End Users (continued)**7. Access to Products and services** (continued)**7.2 Financed Positive Impacts****7.2.1 Policies on Financed positive impacts associated with access to product and services**

The Group's Lending Policy sets the principles for credit risk management and supports the risk culture in the Group in order to be aligned with regulatory requirements and the strategic ambitions. The acceptance of credit risk is an integral part of our core business, and fulfilling our financial goals requires commercial decisions that balance risk and reward. The Policy sets principles for the customer's credit risk profile (Risk rating systems), repayment ability, loan to value and loan to cost limits, collateral, concentration risks, ESG Due Diligence and how the exposures are monitored and reported on. Detailed guidelines for the implementation of the Policy are incorporated in the Credit Risk Circulars which are approved by the CRO.

The Board bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. The Board approves this policy through RC, making sure, that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the Policy and monitoring the effective implementation of the Policy via the Control Functions. Internal Audit Division reviews the policy for proper governance and periodically assesses the Policy and the Group's system of internal controls, corporate governance and risk management processes related to the Policy and informs Audit Committee of its findings and relevant recommendations. Credit Risk Control & Monitoring reviews the Policy for proper governance and is responsible to examine adherence to policy, as part of on-going monitoring through reporting in regular intervals or the review of credit applications on a sample basis, as described in the Group's Credit Monitoring Policy and CRC&M operations manual. For more details on MDR-P refer to ESRS E1 – Climate Change in page 133.

7.2.2 Actions on Financed positive impacts associated with access to product and services**1. Housing**

Housing is a key strategic priority, representing 35% of its performing loan portfolio as at 31 December 2024. Taking into account the high construction costs and increased property prices in Cyprus market, the Group understands that through the provision of finance it supports the increase of the housing supply in Cyprus. In addition, the Group recognizes that increasing housing supply has a material positive social impact and acknowledges any potential negative environmental impacts from the construction (Refer to ESRS E1 – Climate Change in page 110, ESRS E2 – Pollution page 156 and ESRS E5 – Resource Use and Circular Economy page 166).

At the end of 2023 and during 2024, the Bank launched the "Green Housing" product, aligned with GLP of LMA, in order to support the decarbonisation of residential properties in Cyprus and achieve the decarbonisation target set. The Green Housing product enhances the accessibility and affordability on Housing, as it finances the construction or acquisition of an energy efficient residential property (Energy Performance Certificate (EPC) Category A) which has lower environmental impact and lower energy costs. In addition, the Green Housing product is offered at lower interest rates as it provides discounts to those who provide the design and post construction (EPC) Category A.

The retail housing is considered a critical financial product to support our customers to acquire their own home. BOC PCL supports customers who are buying their first home, their holiday home, carrying renovation to their existing home or acquiring a home for investment. In the Group's website, new and existing customers can find useful information to support them on their way. The Bank offers also an online calculation tool to provide an indicative instalment to its customers. In addition, the Bank launched the Digital Housing product through internet Banking and aims to launch it through BOC Mobile Application during 2025 to support further customer's access to affordable housing.

ESRS S4 - Consumers and End Users (continued)**7. Access to Products and services** (continued)**7.2 Financed Positive Impacts****7.2.2 Actions on Financed positive impacts associated with access to product and services** (continued)**1. Housing** (continued)

The Group to further support the access to Housing, given the increases in interest rates the recent years, introduced a series of support measures to the Cypriot society. The following measures were announced at the end of 2024 and will be implemented in 2025:

- 1) Support to performing borrowers: Rewarding performing Housing loan borrowers who have a Housing loan with ECB or Euribor base rates if certain criteria are met. The rewards can be either through Antamivi points or cash. The reward represents 0.5% of interest rate for the period 30/06/24-31/12/24.
- 2) Personal Loans to Performing Borrowers with Housing loans: Introduction of new five-year fixed rate personal loan product with limit 5,000 at preferential interest rate for energy upgrade.
- 3) Interest Rate Subsidies:
 - a. In alignment with Government Subsidy Scheme "Housing Subsidy Scheme for Young Couples and/or Individuals up to 41 Years Old" a 1% interest rate subsidy for the approved Cypriot residents under the scheme. The subsidy to be offered with the Bank's 3 Years Fixed interest rate Housing Loan product during the fixed rate period of the loan only.
 - b. In alignment with Government Subsidy Scheme "Housing Scheme for the Revitalization of Mountainous, Near the Buffer Zone and Disadvantaged Areas" a 1% interest rate subsidy for the approved Cypriot residents under the scheme. The subsidy to be offered with the Bank's 3 Years Fixed interest rate Housing Loan product during the fixed rate period of the loan only.
- 4) Offering of Housing Loans at lower Fixed interest rate by the Bank: Offering 3 year fixed interest housing loan at a discount of 0.75% during the three-year Fixed rate period of the loan only. The product will be with a rate of 2.85% or 2.90% depending on customer contribution (higher or below 30%). The discount to be available only for primary residence Housing Loans for the acquisition of properties up to €350K for a total amount of €100m.

The are no significant operating expenditure or capital expenditure on the above-mentioned actions.

In addition to the above, the Group through financing to certain sector of the economy continues to support the access to adequate housing:

Financing to key NACE sectors that create positive impacts on Housing (as per the 2024 PRB Impact Analysis)				
Sectors	2023		2024	
	Total % to total portfolio	OS Loan Amount (€mn)	Total % to total portfolio	OS Loan Amount (€mn)
41.1 Development of building projects	7.18%	354	6.18%	312
41.2 Construction of residential and non-residential buildings	1.22%	60	1.35%	68
43.9 Other specialised construction activities	0.51%	25	0.74%	38
68.1 Buying and selling of own real estate	4.05%	200	4.14%	209
68.2 Rental and operating of own or leased real estate	15.48%	763	13.04%	658
68.3 Real estate activities on a fee or contract basis	1.14%	56	0.52%	26
Total	29.58%	1,458	25.98%	1,311

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.2 Financed Positive Impacts

7.2.2 Actions on Financed positive impacts associated with access to product and services (continued)

2. Consumer Banking

The Group also provides a of day-to-day banking products and services, such as current accounts, deposits and savings, cards, loans and insurance. The Bank acknowledges that its retail product offerings relating to Credit cards, Consumer loans and Overdrafts positively impact the customers' access to finance. At the same time, the Bank also understands that those offerings may impact the customers' disposable income due to higher interest rates and fees. The above-mentioned product offerings correspond to 13% (€660mn) and 13% (€642mn) in 2024 and 2023 respectively of the Group's consumer banking portfolio, as per the 2024 and 2023 PRB consumer banking impact analysis. Even though not significant in terms of value those products provide individuals with access to finance for any unexpected expenses and cover their needs. In addition, the Group associates Credit Card products with 'Privileges' to boost the access to finance and mitigate the inherent negative impacts:

- Participation in Antamivi Scheme;
- Worldwide free ATM withdrawals;
- Lounge key;
- Free travel insurance and purchase protection insurance.

Through its digitalisation journey as already mentioned in Digital Transformation section, the Group offers QuickLoans which provide easy access to Consumer loans with less impact to the customers' disposable income. The customers have quick access to finance as the applications for such products are submitted and assessed electronically based on the creditworthiness, repayment ability and the Group's credit policy. The decision for the approval or rejection of the online credit application will be reached by processing the personal data using solely automated means (including profiling), without human involvement, and only after the explicit consent to do so. Therefore, the Quick Loan products are offered without any initial bank charges (arrangement or documentation fees, except stamp duties which are required by law).

The above-mentioned metrics are extracted either through internally established dashboards or through export from Group data warehouse. No significant assumptions made towards extraction of metrics. Metrics are not validated by any external body.

7.2.3 Metrics & Targets related to financed positive impacts associated with access to product and services

There are no set measurable, time-bound, outcome-oriented targets associated with financed positive impacts nevertheless, the Group tracks the effectiveness of these actions through the Financial Plan process. The Group sets specific internal annual KPIs associated with new lending of housing and other consumer banking offerings. The Group has set its new lending internal KPIs for 2025-2028 in the Group's Financial Plan. Those metrics are monitored on a monthly basis at the BDC and EXCO and on quarterly basis from the Board. The Bank joined UN PRB last year, therefore, a public outcome-oriented target on financial inclusion should be set in the upcoming years.

During the year, the Group offered €491mn new lending on retail housing (2023: €454mn) which comprises 20% of Group's new lending and indicates the Group's commitment to this area. The total performing gross loans under performing retail housing amounts to €3,56bn as at 31 December 2024 (2023: €3.35bn). The Group aims to steadily increase its retail housing portfolio and continue its positive impact to affordable housing. The above-mentioned metrics are extracted either through internally established dashboards or through export from Group's data warehouse. No significant assumptions made towards extraction of metrics. Metrics are not validated by any external body. In addition, there were €355mn gross environmentally friendly loans as at 31 December 2024 which correspond to a 90% increase compared to 31 December 2023. For details on environmentally friendly loans refer to ESRS E1 – Climate Change in page 144. For the measures launched to support the Cypriot society, describes above, metrics will be reported in FY2025, given those were launched in December 2024.

ESRS S4 - Consumers and End Users (continued)

7. Access to Products and services (continued)

7.3 System Downtime and Disaster risks

Material IROs - Consumers and End-Users (S4)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Risk	Technology risk	Group's system downtimes impacting accessibility to products and services and customer service.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	No current material financial effect. Anticipated financial effect include loss of business
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to products and services	Risk	Business Continuity risk	One of the IT Data centres to be rendered unavailable due to natural disaster			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	No current material financial effect. Anticipated financial effect include loss of business

ESRS S4 - Consumers and End Users (continued)**7. Access to Products and services** (continued)**7.3 System Downtime and Disaster risks** (continued)**7.3.1 Policies related to system downtime and disaster risks associated with access to product and services**

The Group's wide range of financial products and services change from time to time and in order to adapt to the needs of its customers, whether businesses or individuals, and aim to be in line with the changes in the broader economy and environment. However, access to products and services can be significantly affected by system downtimes, posing a material risk to the Group's operations. Such downtimes disrupt customer services and hinder transaction capabilities, leading to potential revenue losses, customer dissatisfaction, and reputational damage. To address these risks, the Group has adopted a Business Continuity Management Policy that demonstrates its commitment to maintaining a Business Continuity Management System (BCMS). This policy applies to all employees within the Group that support the delivery of financial products and services to consumers and businesses. It ensures that essential banking functions remain available, even in the event of disruptions, safeguarding customer access and operational stability.

This internal policy approved by the Board through RC, supports with the Group's business continuity objectives as well as statutory, regulatory, and contractual obligations. The BCMS framework is designed according to the standards set by ISO 22301:2019 "Societal security - Business continuity management systems - Requirements." BCMS aims to safeguard the interests of key stakeholders, reputation, brand and value creating-activities. It also adheres to directives from the Central Bank of Cyprus, in order to ensure a structured and reliable approach to mitigating the risks associated with service disruptions. The overall responsibility for approving and monitoring the Group's strategy and policy for managing Business Continuity risk lies with the Board which exercises this responsibility through the RC. The Policy, circulars and procedures are readily available on the Employee Internal Portal. In addition, the Head Business Continuity Risk Management conducts BCMS workshops and training programs to ensure that the business continuity liaisons who are assigned business continuity responsibilities are competent to perform the required tasks.

7.3.2 Actions related to system downtime and disaster risks associated with access to product and services

To manage interruptions of critical IT systems and to avoid loss of data and services, as an after effect of natural or man-made disasters, the Group implements a Disaster Recovery Plan (DRP). The DRP applies both to major events that deny access to datacentres for an extended period, and to events that may deny access to parts of the datacentres or certain systems. In that respect, the DRP is IT focused and designed to restore operability of IT systems and applications at an alternative site, with the aim to mitigate any effects a disaster might have upon the on-going operations of the Group. The Executive Director Technology & Operations is responsible for reviewing, amending and updating the Group's DRP for the recovery of key IT systems, telecommunications and data to support the implementation of recovery locations in the context of Business Continuity Plan (BCP).

The DRP covers all relevant risk and incident types (i.e., flood, fire, tornado, electrical storms, act of sabotage, electrical power failure, loss of communications network services), including recovery options and strategies for cyber-security scenarios. The plan incorporates and define the priorities in recovering IT systems, considering their interdependencies. Procedures for recovery priority identification and management are defined and periodically reviewed. Ownership of the DRP is assigned to the Disaster Recovery Committee (DRC), which nominates a Disaster Recovery Coordinator (DR Coordinator) to undertake responsibility for the efficient maintenance of the DRP. The DRP is tested annually for the identification and implementation of necessary remedial actions on any issues recognised during the test. The Group must maintain Crisis Management processes towards the effective and efficient management of any crisis events in order to mitigate, as much as possible, the impact on the organization, its stakeholders and its customers.

7.1 Metrics & Targets related to system downtime and disaster risks

There are no measurable, time-bound and outcome-oriented targets on system downtime and disaster risks however, the Group tracks effectiveness of these actions through established escalation arrangements to CEO, CRO and Deputy CEO in case of a critical impact incidents. The Group, in 2024, conducted Business Continuity Management training (1,299.5 hours in 2024) and Disaster Recovery training (161 hours in 2024). 5 system downtime incidents were reported, in 2024, to CBC. No disaster incidents occurred in 2024.

ESRS S4 - Consumers and End Users (continued)

8. Health & Safety

The Group faces material physical security risks and health & safety risks for its stakeholders.

Material – IROs Consumers and End-Users (S4)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Health & Safety and Security of a person	Risk	Physical Security and Safety Risk	Increased physical security risks (theft, vandalism, property damage, trespassers, squatters etc.) health and safety risks (injuries, public health and safety hazards) and/or legal and regulatory violations and penalties.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	No current material financial effects. Anticipated financial effects include potential litigation claims

9. Policies and actions related to physical security risks and H&S

To mitigate the above-mentioned risks, the Group is implementing the following policies:

- Health & Safety Policy:** For the description, actions and metrics and targets associated with this policy refer to page 183 of ESRS S1 – Own Workforce.
- Physical and Environmental Security Policy:** This policy applies to all premises and facilities and establishes minimum standards for safeguarding company assets and creating a secure working environment. By protecting against unauthorised physical access, theft, and damage to operational equipment, this framework minimises service disruptions and ensures the safety of individuals at Group premises.

This policy applies to all property, facilities, assets, and equipment, whether owned or leased by the Group, including but not limited to all premises and buildings of the Group. In addition, this policy applies to all individuals working at all levels and grades. The Group regularly reviews and updates its strategic plans and compliance with health and safety and physical security policies taking into account any H&S incident. The Operations and Cost Management Division oversees the policy, addresses interpretation queries, ensures appropriate access controls based on the criticality of each location, and monitors adherence to established physical security KRIs. KRIs and compliance audits ensure risks are effectively mitigated. The policy ensures implementation of security controls, access controls, physical monitoring controls, equipment security and measures against physical and environmental threats. The material risks primarily affect customers who visit the Group's branches or premises. By mitigating these risks, the Group ensures a safe and secure environment for these interactions, by reducing potential harm to consumers and end-users.

10. Metrics & Targets related to physical security risks and H&S

There are no set measurable, time-bound and outcome-oriented targets nevertheless, the Group tracks the effectiveness of these actions through the following monitoring mechanisms. BOCH is committed to managing material risks on consumers and end-users, particularly in the area of physical security and health and safety, through KRIs and monitoring mechanisms designed to mitigate potential hazards and ensure a safe working environment. For more details on the refer to page 187 of ESRS S1 – Own Workforce.

ESRS S4 - Consumers and End Users (continued)

9. Bank of Cyprus Oncology Centre

The Group positively impacts Health & Safety of customers, end-users and Cypriot Society through the Bank of Cyprus Oncology Centre, which represents a partnership between the public and the private sector. Since its inauguration in 1998, it has served cancer patients and the society. It is also the first hospital in Cyprus and Greece to receive quality accreditation from Caspe Healthcare Knowledge Systems (CHKS), one of Europe's hospital accreditation organisation.

Material IRO							
ESRS Topic/Sub-Topic	IRO	Type	Description				
Entity Specific - BOC Oncology Centre	Impact	Actual Positive	The Group positively impacts Health & Safety of customers, end-users and Cypriot Society through the Bank of Cyprus Oncology Centre, which represents the biggest and most successful partnership between the public and the private sector.				
Time Horizons			Value Chain			Originate or connected to strategy	Business relationship
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream		
✓	✓	✓	✓	✓	✓	Connected to strategy	Operational/Customers/Suppliers

9.1 Policies and actions related to BOC Oncology Centre

Through their efforts, the Centre continues its positive impacts through innovation, research, and patient care. The Centre reinforced medical education and research through collaborations with the University of Cyprus and St. George's University of London, offering training to medical students. Additionally, an amount was invested for research from the A.G. Leventis Foundation which was allocated towards establishing a clinical trials unit, supporting cancer research. The Centre also participated in multiple European research programs, including EU4Health initiatives, and expanded its digital molecular profiling system, benefiting patients with breast, lung, and colorectal cancer.

9.2 Metrics and Targets related to BOC Oncology Centre

There is no set measurable, time-bound and outcome-oriented target, however the Group nevertheless track the effectiveness of the above actions through Group's Executive and Senior Management being members of the BOC Oncology Centre's Board. The Group, through annual contribution, €2mn in 2024 and €2mn in 2023, supports the Centre's vision and mission. Through the years with the Group's financial support the Oncology Center was able to support cancer patients in Cyprus.

ESRS S4 - Consumers and End Users (continued)

10. Responsible marketing practices and Access to quality information

Material – IROs Consumers and End-Users (S4)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Responsible marketing practices	Risk	Regulatory Compliance	Non-compliance of new products with law and customer related regulations. The Group introduces a large number of products with different legal or compliance requirements that need to be assessed by different departments. There is a risk associated with misselling and non-compliance with the relevant regulations.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	No material current financial effects. Anticipated financial effects include fines, penalties, litigations and loss of business.
ESRS Topic/Sub-Topic	IRO	Type	Description			
Consumers and end-users - Social inclusion of consumers and/or end-users - Access to (quality) information	Risk	Data Accuracy and Integrity Risk	Data quality remains an inherent risk for the Group resulting from lack of data validation controls, which might lead to wrong, inaccurate and incomplete data, system errors in batch processing and absence of data reconciliation controls.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓			✓	No material current financial effects. Anticipated financial effects include fines, penalties, litigations and loss of business.

10.1 Policies related to responsible marketing practices

The Group recognises the material risks associated with non-compliance with legal and customer-related regulations during the introduction and management of new products and services. Given the large number of offerings introduced, each with varying compliance requirements, the potential for misselling or regulatory non-compliance could lead to significant financial, regulatory, technological, or reputational impacts. To mitigate these risks, the New Products/Services Management Policy has been established. This policy sets out and addresses key principles for the development of new Products/Services and modification/amendment of existing ones. Failure to promptly identify, assess and mitigate product risk can have adverse financial, regulatory, technology and/or reputational impact. This policy applies to all Group entities. In any country or entity where the requirements of applicable legislation, directives or practices establish a higher standard, the corresponding Group entities must meet those standards. The Board of Directors bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top.

ESRS S4 - Consumers and End Users (continued)

10. Responsible marketing practices and Access to quality information (continued)

10.2 Actions related to responsible marketing practices

The New Products/Services procedure provides a framework addressing critical aspects of marketing and product development. This includes a process involving SWOT analysis, target market identification, testing minimum viable products, conducting product and beta testing, analysing business data, and running marketability tests. Additional steps include market research, procedures to consider alignment with the Group's marketing and brand strategy, breakeven analysis, lead capture systems, lead nurturing, and enhancement of customer experience. Specific controls are set with roles and responsibilities throughout the product lifecycle, particularly during development and marketing.

Once new products or services receive the necessary approvals, the Corporate Affairs Division (CAD) collaborates with the Product Owner to implement marketing campaigns that adhere to the Group's branding and strategic objectives. The objective is that consumers and end-users are provided with reliable, accurate, and high-quality information.

10.3 Policies and Actions related to access to quality information

To mitigate risks related to data quality, such as incomplete, inaccurate, or poorly validated information, the Group has a Data Quality & Governance Policy. This internal policy establishes the Group's standards, controls and guidelines for managing data Governance, Data Organisation, Data Architecture, Data Quality, Data Culture and Data Security and Compliance integrity across relevant business and technical layers. The policy applies to all applicable data held by the Group. The Board bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. RC reviews and recommends the Policy prior to submission to the Board and considers that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the policy. Updates on Data & Report Quality progress / status, as well as level of compliance to BCBS 239 Principles, are submitted to Data Quality & Governance Committee, Executive Committee and Board through Joint AC & RC once a quarter, or as required. These measures aim to ensure that consumers and end-users are provided with reliable, accurate, and high-quality information.

10.4 Metrics & Targets related to responsible marketing practices and Access to quality information

The Group has not set a measurable, time-bound and outcome-oriented target on responsible marketing practices and access to quality information, nevertheless the above risks are monitored through the Risk Appetite Framework procedures. KRIs are embedded in RAS which are monitored through EXCO and RC on a quarterly basis. The Group conducted, in 2024, training associated with responsible marketing practices (94 hours). Regarding data quality risks, those are monitored on a quarterly basis through the Data Quality & Governance Committee (DQGC), EXCO and Board.

ESRS G1 - Business Conduct

1. Role of the Board on Business Conduct

The Board's role, as stated in the Group's Group Corporate Governance Policy & Framework, is to provide ethical leadership and promote the Group's vision, values, culture, and behaviour, within a framework of prudent and effective controls, which enables risk to be identified, assessed, measured, and managed. The Board sets the Group's corporate values and high ethical standards of business conduct for itself and all members of the Group and ensures that its obligations to its shareholders and others are understood and met. Through oversight, monitoring and review functions, the Board ensures the Group is being run in a sound and prudent manner on a going concern basis to fulfil its obligations to all majority and minority shareholders while upholding and protecting the interests of different constituencies.

The Board is responsible to set, approve and oversee the implementation of adequate and effective internal governance and internal controls framework that includes a clear organisational structure and well-functioning independent internal risk management, information security, compliance and audit functions that have sufficient authority, stature and resources to perform their functions and ensures compliance with regulatory requirements related to the prevention of money laundering. Arrangements adopted to ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.

The Board sets the Group's strategic objectives and risk appetite to support the strategy; integrates sustainability into the way business is conducted and should ensure that it is embedded in the Corporate Governance Framework; ensures that the necessary financial and human resources are in place for the Group to meet its objectives; ensures that the Group's purpose, values, strategy and culture are all aligned and reviews management performance in that regard. In addition, the Board ensures that policies to identify conflicts of interest are developed and implemented and if these conflicts cannot be prevented, are appropriately managed.

The Board receives reports on, and reviews annually, the effectiveness of the Group's internal control processes to support its strategy and objectives in the context of its Risk Appetite.

2. Expertise of the Board on Business Conduct

The Chairperson of the Board is responsible for ensuring the assessment of performance of individual Board Directors, the Board as a whole and its Committees at least once a year and for preparing and submitting the evaluation report to the Board. The Chairperson shall have due regard to the Group's Suitability Policy. Pursuant to the provisions of the CBC Governance Directive at least every three years an independent external consultant performs an external review of the (i) composition and (ii) efficiency as well as (iii) effectiveness of the Board and its Committees having regard to the requirements of the CBC Governance Directive and the EBA Governance Guidelines, to bring an objective perspective and share leading industry practices. Such external advisors must be rotated after two consecutive appraisals. The NCGC assesses annually the structure, size, composition, performance, effectiveness, and diversity of the Board and submits recommendations and initiate the renewal and replacement processes of the Directors. The Committee also assess the skills, knowledge, and expertise of the Directors of the Board annually in accordance with the requirements of the EBA Governance Guidelines and Joint Suitability Guidelines. Details of nature and depth of skills and experience of the Board are submitted to NCGC for approval each year.

Board members have access to seminars and presentations on aspects of the Group's business activities and opportunities to familiarise themselves with the Group's strategic plans, enterprise risks, group structure, compliance programs, Code of Conduct, and corporate governance arrangements. The Company Secretary prepares an annual training program for the Board, which is submitted to the NCGC for approval. The Board and Key Function Holders require ongoing training sessions and a continued education program that keeps the Board and Key Function Holders fluent and up to date regarding rapidly developing topics, which supports the Board and Key Function Holders maintain the skills, knowledge and competence needed to effectively execute their responsibilities on an on-going basis.

ESRS G1 - Business Conduct (continued)

3. Description of the processes to identify and assess material impacts, risks and opportunities

The overall process to identify and assess material impacts, risks and opportunities is described in 4. Impacts, Risks and Opportunities in page 103. Regarding Business Conduct the Group analyses its business structure, organisational structure, control environment, historic incidents as well as loan portfolio exposures to sectors that ethics and compliance are considered key issues for the identification of impacts, risks and opportunities. In identifying and assessing financial materiality, internal stakeholders and internal experts within relevant units (Fraud Risk Management, Third Party Risk Management, Legal, Regulatory Compliance, Financial Crime & Sanctions, Compliance and other) provided their opinions and assessments. In identifying and assessing material impacts the PRB tool was engaged for loans and investment portfolio and assessment was conducted from various internal stakeholders within the Group.

4. Business conduct policies and corporate culture

The Group's Corporate Governance Policy and Framework, which is aligned with internationally recognised standards, including the UK Governance Code, CSE Code, EBA Guidelines on internal governance and CBC Internal Governance Directive, provides the standards for Business Conduct and Ethical Behaviour across the Group.

BOCH's approach to business conduct is driven by leadership at the highest levels and firmly rooted in three key pillars that define how the Group operates:

1. Code of Ethics

The foundation of BOCH's values, the Code of Ethics guides decision-making by distinguishing right from wrong. It provides ethical standards and general guidelines to help employees exercise sound judgement and demonstrate appropriate behaviour in all situations.

2. Code of Conduct

Establishing clear rules, the do's and don'ts, the Code of Conduct outlines the required and prohibited practices and behaviours for all employees. Adherence is mandatory, with accountability for any violations ensuring consistent ethical practices.

3. Policies

Designed to align operations with the expectations of the Board, the Group and stakeholders, the policies detail the principles, processes and procedures essential for sound Business Conduct.

The Group's Vision, Mission and Values indicating Group's commitment to Business Conduct and Ethical Behaviour.

Our Vision

To create lifelong partnerships with our customers, guiding and supporting them in a changing world.

Our Mission

Our organisation exists to support our clients in their most important life events as well as in their daily needs. To achieve this, we invest capital and effort to ensure that our services are provided by top quality professionals and the usage of cutting edge technology and uphold sound and ethical practices. We will continue to be not only a systemic bank driving growth and shareholder value but also a key driver of progress in our community.

Our Values

The following key values comprise the core values of the Bank and the Group.

- Integrity: We are honest, ethical and fair.
- Reliability: We keep our promises and adhere to our word.
- Collaboration: We build lifelong partnerships and work together for a better common future.
- Professionalism: We constantly enrich our skills and knowledge, keeping up to date with the developments in our industry.
- Innovation: We continuously move forward, innovating and improving.

These pillars, which apply to all employees and Group's subsidiaries, work together to guide ethical practices into BOCH's operations. BOCH offers clear guidance on expected behaviour across all levels of the organisation. The Code of Ethics and Code of Conduct are readily available to all employees through internal portal and to any affected stakeholder through Group's website.

ESRS G1 - Business Conduct (continued)**4. Business conduct policies and corporate culture** (continued)

The Board obtains reasonable assurance that there is an ongoing appropriate and effective process in place for ensuring adherence to the Code of Conduct. Compliance reports are submitted to the AC on such compliance, noting any instances or material deviation from the standards together with any corrective action taken. The Group promotes a strong compliance culture by strictly enforcing the Code of Conduct and by taking decisive disciplinary action where warranted.

The Group's established and implements policies, which provide additional guidance to support these principles, the policies associated with material IROs are describes later in the section.

5. Training on Business Conduct

To reinforce employee awareness on Business Conduct policies, the Board and the CEO actively promote a culture of openness and accountability. Ad-hoc messages from the CEO encourage staff to raise concerns, while training programs, tailored for all employees and the Board, provide an understanding and awareness of these critical policies and mechanisms to raise concerns.

During 2024, Business Conduct and compliance related e-learning, face-to face seminars and trainings were organised and attended by the Board, Management and employees of the Group as presented in the table below. All participants had to pass a short assessment course related to the training.

Business Conduct - Board of Directors – Training				
	No of participants	Training – Hours		
		Women	Men	Total
AML ESSENTIALS & SANCTIONS				
Board	5	0.5	2	2.5
Sanctions				
Board	8	2.3	3.8	6.1
Prevention of ML & TF				
Board	6	0.5	2.5	3
Market Abuse				
Board	2	-	1	1
Business Conduct – All Staff – Training				
	No of participants	Training – Hours		
		Women	Men	Total
Antibribery, Whistleblowing, Gifts				
Management	564	146.5	149	295
Individual contributors	2,428	790	491.5	1,281.5
AML				
Management	518	197.3	165.5	362.8
Individual contributors	2,155	914	455	1,369.5
Business Ethics				
Board	10	10	6.5	16.5
Individual contributors	45	35.5	31.5	67
Conflict of interest				
Management	6	21	-	21
Individual contributors	39	87.5	49	136.5
Complaints Management				
Management	456	104.5	122.5	226.5
Individual contributors	1,925	607	355.5	962.5
Compliance Management				
Management	44	57	57.5	114.5
Individual contributors	146	203.5	157.5	361
Fraud Risk Awareness				
Management	572	145.5	151.5	297
Individual contributors	2,386	792	469.5	1,261.5

ESRS G1 - Business Conduct (continued)

5. Training on Business Conduct (continued)

The Group adopted an Induction and Training policy applicable to the Board and Key Function Holders. The policy aims on continues professional development and ongoing training to ensure the ongoing enhancement of skills, knowledge and familiarity with the Group's activities to ensure that they fulfil their roles effectively, and in accordance with their duties. Regarding rest of the employees there is no specific Training Policy, however during the annual performance appraisal, a mandatory development plan should be agreed between the appraiser and the appraisee which includes training towards areas of development which are customised to each employee's needs. In addition, each Business Conduct policy specifically states training requirements to employees of the Group. Refer to the table below.

Business Conduct Policies - Training			
Business Conduct Policy	Frequency	Target audience	Depth of coverage
Group Anti-Bribery & Corruption	This will be reflected in the relevant policy by the end of FY2025.	All employees, High risk positions, Recently appointed staff	Anti-Bribery and Corruption issues, policies, and procedures
Group Whistleblowing policy	This will be reflected in the relevant policy by the end of FY2025.	Management and employees	Principles of whistleblowing and relevant procedures
Group policy Relating to the Prevention of Money Laundering and Terrorism Financing	Annually	Management and employees	Changes in policies / procedures, new regulatory developments, identification and reporting of suspicious transactions
Conflicts of Interest Group Policy	Annually	Management and employees	Matters of conflict of interest, to build awareness around the topic and develop the knowledge around processes and procedures
Group Sanctions Policy	This will be reflected in the relevant policy by the end of FY2025.	All employees, High risk positions, Recently appointed staff	Outlines the provisions of this policy, importance of compliance with the policy and the implications of failure
Fraud Risk Management Policy	Annually	Compliance, DPO, HR, Business Lines, FRM Department	Fraud related policies, standards and procedures

6. Whistleblowing system

BOCH established and implements a Whistleblowing Policy, in compliance with the Protection of Persons who Report Breaches of Union and National Law, Law N. 6(I)/2022, and harmonised with the EU Directive 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law, offering accessible, confidential channels for employees to report violations, unethical behaviour, or improper practices.

The policy offers multiple reporting channels, including an anonymous telephone line, written submissions via letters or email to Internal Audit Director or Whistleblowing Champion, and in-person meetings with the Internal Audit Division upon request. All staff members have a duty to report such concerns and incidents in accordance with the relevant provisions of the Code of Conduct and Code of Ethics of the Group and this Policy. Reports can be submitted anonymously or eponymously, ensuring flexibility and comfort for whistleblowers. The Board bears the ultimate responsibility for the effective implementation of this Policy and setting the right tone from the top. The Chairperson of the Audit Committee acts as the Whistleblowing Champion and oversees the integrity, independence and effectiveness of the Group's policy and procedure on whistleblowing.

ESRS G1 - Business Conduct (continued)

6. Whistleblowing system (continued)

Upon receiving a report, the Internal Audit Division evaluates and prioritises each case based on a preliminary assessment. Investigations are conducted by the Internal Audit Division, with findings and recommended actions submitted to the AC and other relevant reporting lines on a need-to-know basis. Investigation outcomes are shared with the Board through the Annual Audit Report. Records of reports are securely maintained and stored for as long as necessary, in accordance with the provisions of the Law N.6(I)/2022. If procedural risks are identified during investigations, recommendations are made to the relevant divisions for improvement. When breaches involve staff, the Human Resources Division (HRD) initiates disciplinary actions following the Code of Conduct and Code of Ethics. For sensitive matters, the Corporate Affairs Division manages any potential media exposure to safeguard the organisation's reputation.

BOCH whistleblowing policy and procedures ensure confidentiality for whistleblowers as permitted by law. If disclosure of a whistleblower's identity is legally required, they are informed beforehand. The policy includes anti-retaliation measures to protect whistleblowers from any form of reprisal, with strict disciplinary action for violations. Additionally, the Group also protects persons that have been reported, from any negative effect, in case the investigation results do not justify taking measures against that person.

7. Zero tolerance on Bribery and Corruption

The Group implements an Anti-bribery and Corruption policy which is aligned with international frameworks, such as the United Nations Convention Against Corruption. The Board bears the ultimate responsibility for the effective implementation of the Policy and setting the right tone from the top. The Board approves the Policy through AC, and makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the policy and monitors the effective implementation of the Policy through the Control Functions. Executive Management and Board Members file an annual declaration confirming their compliance with the Anti-Bribery and Corruption Group Policy. This policy sets out comprehensive system of internal controls, including a gift registry, conflict-of-interest declarations, approval thresholds, fraud prevention and detection tools, to mitigate risks in high-exposure functions of the organisation. These functions encompass the Management, Senior Management, Local Management, and Regional Management. In addition, the Group conducts Due Diligence procedures in respect of persons who perform or will perform services on its behalf including appointment of employees or agents, procurement procedures, acceptance of gifts or hospitality, avoid dealing with suppliers and contractors known or reasonably suspected to pay bribes or involved in corrupt activities. The Group has procedures in place which enable it to take disciplinary action against personnel who violate the Policy. It could also result in the relevant person being convicted of a criminal offence and being liable to a fine and/or imprisonment (depending on the relevant jurisdiction). It is important to note that in the general principles of this policy, funds, property or facilities of the Group must not be used to provide support for, or contribute to, any political organization or political candidate and Government and/or public/local authority official interactions require heightened care, diligence and transparency and a need for appropriate disclosures and prior approvals. There were no incidents of corruption and bribery in 2024.

ESRS G1 - Business Conduct (continued)

8. Management of relationships suppliers

Material IROs - Business Conduct (G1)						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Business Conduct - Management of relationships with suppliers	Risk	Data Loss & Outsourcing & Third-party Risk	Partial compliance with EBA Guidelines on Outsourcing Arrangements and/or the Third-Party & Outsourcing Risk Management Policy may result in weak contracts, over-dependence on a few providers, poor vendor monitoring, and potentially lower service quality and continuity. In addition, risks identified associated unauthorised disclosure of sensitive data by agents/services providers, either accidentally or maliciously.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓	✓		Reputational issues, identity theft, fraud and regulatory penalties, fines, increased cost due to inefficiencies and loss of business.

BOCH's Sourcing & Procurement and Vendor Management Policy establishes clear expectations for vendors to operate responsibly and sustainably, aligning with the Group's dedication to ethical and responsible business practices. The purpose of this policy is to set the rules governing procurement, upstream value chain. These rules principally ensure the prevalence of transparency, integrity, fair competition, and accountability throughout the execution of the process. To this extent, the policy aims to maximize the benefit in terms of expenditure on products and services, always within a fair, lawful, and ethical framework. Each Divisional or Business Unit Director is responsible for ensuring that the principles of this policy are implemented by the operations under control. Tenders Committee maintains the overall responsibility for monitoring the implementation and effectiveness of this policy. The manager of Sourcing & Procurement is responsible for the maintenance, institutionalization, and implementation of this policy throughout the Group. Assigns a responsible Sourcing & Procurement Analyst for each case. Follows up and monitors the execution. The policy is readily available for all employees in the Group's internal portal and Group's website for all stakeholders. As part of Kill Bureaucracy program stakeholders views are taken into account for setting and enhancing the policy.

All required purchases must follow the provisions of the Group's Sourcing & Procurement and Vendor Management process. Received proposals from potential vendors in response to the Group's corresponding requests, should not be judged solely based on economic competitiveness, but should be taking into consideration factors such as the quality of the goods / services (fit to serve the purpose) and the Vendors/Service Providers ability to perform. Standing by its longstanding commitment to responsible procurements / sourcing, in 2022 the Group has implemented ZYCUS, the eProcurement system to manage vendor, contracts, and invoices.

Pre-selection process must use defined criteria regarding capacity, capability, consistency, effectiveness, experience, current or previous cooperation and reciprocity. A structured assessment and, where appropriate, vendor due diligence must be executed prior to selecting a Vendor/Service Provider. This is done before accepting any proposal or signing any contract, as a key part of a vendor's assessment or the tenders' evaluation where Privacy Matters are also taken into consideration.

The Procurement Process is aligned with the Group's ESG strategy as this evolves and provides general principles that should be adhered to. Additionally, vendors are expected to carry forward these principles to their vendors and subcontractors. However, the Group is currently considering incorporating the ESG criteria through the vendor qualification/onboarding process. The Group reserves the right to request from the vendor for any policies, procedures, or documents that warrants the compliance with these principles. The Group encourages its vendors to adopt, utilise and provide environmentally friendly technologies, products and services looking to contribute to the sustainable development of Cyprus and the world and expects from its vendors to adhere to

ESRS G1 - Business Conduct (continued)

8. Management of relationships suppliers (continued)

all the principles regarding Labor / Human Rights / Ethics, Working Conditions and Health & Safety matters. Vendors are expected to uphold the highest ethical standards and comply with the principles and values of transparency, integrity, fair competition, and accountability, in all their exchanges with the Group. They must abstain from any action that might be linked to conflict of interest, bribery, any form of corruption or financial crime. The Group expects its vendors to comply with local laws, anti-corruption measures and initiatives that ensure commercial integrity (refrain from all forms of financial crime, improper or unwarranted payments, conflicts of interest, fraud, presents, copyright, among others). No confirmed incidents where contracts with vendors were eliminated or not renewed due to violations related to corruption during 2024. The evaluation of tenders must be transparent and be using standardised methods based on accepted industry practices. The integrity of the evaluation weighting structure and criteria must be assured through the employment of necessary controls before the invitation to tender is issued and maintained as such throughout the process. At the highest level the proportional rule of 40% to 60% as regards the weight of financial criteria to technical criteria respectively should apply. The award should always be made by the competent Approving Authority, upon submission of a detailed proposal (evaluation report) through Group's Sourcing Procurement & Vendor Management Policy.

A vendor / service provider is engaged for the supply of goods or services through a legal contract and its performance is regularly appraised on the basis of meeting their contractual objectives. The Group pays particular attention to the relationships it forges with its vendors and business partners. In 2024, the Bank continued to apply its centralised procurement process, while it carried out tenders to purchase products or services or to outsource services or activities. In order to maintain long term relationships with vendors, the Group:

- 1) Follows a Qualification (Due Diligence) procedure for vendors
- 2) Performs Vendor Performance Monitoring through specific templates in accordance with official procedures and circulars, and reviews results
- 3) Maintains a Complaints Procedure
- 4) Offers e-learning sessions to employees and publishes Portal announcements on important provisions of procedures and circulars
- 5) Prepares manuals to be used by vendors for new tools and procedures or software
- 6) Includes certain ESG criteria, where applicable, in RFPs/RFQs, which are evaluated during the evaluation process by the Business Owners

The Group undertakes necessary actions to incorporate ESG due diligence procedures in the Group's procurement and vendor management processes. The initiative involves the implementation of an approved platform to extract ESG scores for vendors. This platform will feature a comprehensive ESG questionnaire, with vendor responses analysed to derive and validate ESG scores that will be integrated into the Group's vendor assessment and selection framework. Scheduled for rollout in 2025, this project underscores Group's commitment to embedding formal social and environmental criteria into its operations, ensuring alignment with its long-term sustainability goals and principles.

By refining its procurement framework and embedding further sustainability into vendor management practices, the Group is laying the groundwork for ethical, responsible, and sustainable operations.

The Group through the Risk Appetite Statement establishes, annually, certain indicators to monitor risks associated with Outsourcing arrangements. Specifically, zero number of third-party critical outsourced arrangements not risk assessed prior to initial signing or renewal.

For details on how privacy and information security risks are mitigated on sourcing arrangement refer to ESRS S1 – Own Workforce in page 179.

ESRS G1 - Business Conduct (continued)**9. Financial Crime and Fraud**

This section concerns the Group's reporting related to the work conducted to combat financial crime. This section describes financial crime, defined as money laundering, financing of terrorism, bribery and corruption and fraud. Bribery and corruption are reported above under Section Zero tolerance on Bribery and Corruption. Group's work with cyber security is described in S4. Refer to the following table for the material IROs towards Financial Crime.

Material IROs – Entity Specific						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Entity Specific - Financial Crime	Risk	Financial Crime	The risk identified covers situations which the Group's infrastructure and services are misused for criminal purposes. In addition, risk was identified that Group's customers may violate sanctions. External fraud attempts that may take various forms from phishing and vishing attacks towards customers, bogus unauthorised payment instructions and card transactions. These risks lead to increased cost, legal and regulatory penalties and reputational damage to the Group.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓		✓	✓	Increased costs due to fines and penalties

11. Policies associated with Financial Crime and Fraud

The Group adopted a Policy relating to the Prevention of Money Laundering and Terrorism Financing. The purpose of this policy is to set the minimum standards and provide general guidance and clarity on Group's effort to prevent and suppress money laundering, terrorist financing and other illegal activities and to ensure compliance with all applicable legal and regulatory requirements. The Group is committed in the fight against money laundering and terrorism financing and institutes appropriate procedures to comply with relevant legislation, regulations, guidelines and best practices, and exercises due diligence to deter the use of its services and products by money launderers and those involved in illegal activities including the financing of terrorism. The policy is readily available for all employees in the Group's internal portal and Group's website for any affected stakeholders. The policy covers both upstream and downstream value chain.

The main objectives of the principles incorporated in this Policy are to:

1. Take all reasonable steps and exercise Due Diligence to deter the use of Group's systems and processes by money launderers and those involved in criminal and illegal activities including the Financing of Terrorism.
2. Avoid violations, since they may result in criminal, civil and regulatory sanctions and/or penalties/fines imposed.
3. Protect Group's reputation by protecting the Group and its employees from unfounded allegations of facilitating Money Laundering and Terrorist Financing.
4. Create a high standard of compliance culture among all the staff across the Group.

The Group through this policy ensures that the legal and regulatory requirements stemming from the provisions set out in the Law 188(I) 2007, the 5th edition of the Central Bank of Cyprus Directive for the prevention of Money Laundering and Terrorist financing and the 1st edition of the Central Bank of Cyprus Directive for Compliance with the Provisions of UN Security Council of the European Union, are addressed.

In addition, the Group adopted a Sanction Policy to manage the risk of customer's sanction violation. The purpose of the Policy is to ensure Group's full compliance with sanctions or restrictive measures imposed on countries, territories, entities, or specific persons and bodies. The policy is readily available for all employees in the Group's internal portal and Group's website for all stakeholders. The Sanctions Policy outlines the legal and regulatory requirements/principles emanated from the provisions set out in (a) the Law for the Implementation of the Provisions of the United Nations (UN) Security Council Resolutions (Sanctions) and the Decisions and Regulations of the Council of the European Union (EU) Law 58(I) of 2016, and (b) the Central Bank of Cyprus Directive for Compliance

ESRS G1 - Business Conduct (continued)

9. Financial Crime and Fraud (continued)

9.1 Policies associated with Financial Crime and Fraud (continued)

with the Provisions of United Nations Security Council Resolutions and the Decisions/Regulations of the Council of the European Union. In addition to UN, EU sanctions, the Group fully adheres to sanctions imposed by the US and the UK. The policy covers both upstream and downstream value chain.

The Board bears the ultimate responsibility for the effective implementation of the above-mentioned Policies and for setting the right tone from the top. The AC makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the above-mentioned policies and monitors the effective implementation of those Policies through the Control Functions. The Internal Audit Division is responsible for providing independent and objective assurance to the Board, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to those policies and informs the AC of any findings and relevant recommendations.

The Group also adopted a Fraud Risk Management Policy (applicable to activities in both upstream and downstream) which sets out the appropriate steps to be followed for managing Internal and External Fraud risks within the Group. The purpose of this Policy is to set out the minimum requirements and basic principles underlying the governance and management of Fraud Risks in the Group, providing guidelines on the prevention, detection, investigation, and response of actual (perpetrated) and suspected Fraud. The policy is readily available for all employees in the Group's internal portal. The Policy aims to safeguard the Group and internal or external stakeholders' interests.

The overall responsibility for approving and monitoring the Group's strategy and policy for managing Fraud risk lies with the Board, which exercises this responsibility through the RC. The RC annually reviews the adequacy and effectiveness of the internal controls system, including areas related to Fraud Risk Management (FRM), based on data and information produced by the Internal Audit (IA) division, the observations and comments of the Group's external auditors and the competent supervisory authorities as well as the assurance provided by the CEO and make appropriate recommendations to the Board.

9.2 Actions and preventive work associated with Financial Crime and Fraud

The key element of Group's preventing Financial crime is the Customer Due Diligence. Customer Due Diligence includes the following:

- 1) ascertaining the identity of the customer before establishing a business relationship or making a one-off transaction;
- 2) establishing the Ultimate Beneficial Owner of legal entities taking particular care on the identification of the true owners of trusts, foundations, client accounts and other similar entities;
- 3) building a detailed Economic Profile of the Customer;
- 4) undertaking Enhanced Due Diligence for High and Significant Risk Customers and transactions;
- 5) updating the identification data of customers on a regular basis;
- 6) Detecting suspicious activities/transactions and where appropriate, reporting such activities/transactions to the local FIU.

The Group also implements specialised software packages for the continuous monitoring of the customers' accounts, to enable suspicious transactions to be recognised and to maintain procedures for the reporting of such transactions to the appropriate authorities. The Group through specific procedures and circulars established a specific process to identify and manage specific, general, sectoral sanctions imposed by the UN, EU, US and the UK and focused prohibitions on the export / import of commercial and dual-use goods, software and technology issued by the Council of the European Union, or subject to U.S. jurisdiction under the Export Administration Regulations sanctions.

The Group established a Fraud Risk Management program with the following main components to identify, prevent, detect and respond to Fraud Risk:

- 1. Fraud risk identification and assessment:** The risk of Fraud is identified, assessed and monitored in all activities through established methodologies and processes. Fraud risks are scored and suitably prioritised for action. The Group identifies inherent Fraud risk through an assessment of incentives, pressures and opportunities to commit fraud. The Group assess likelihood and potential impact of residual Fraud risk. The Group responds to reasonably likely, significant fraud risks through identification and implementation of effective controls or detection procedures for the risks identified.

ESRS G1 - Business Conduct (continued)

9. Financial Crime and Fraud (continued)

9.2 Actions and preventive work associated with Financial Crime (continued)

2. Fraud prevention:

- a. **Process-level controls:** Business lines supported by Fraud Risk Management (FRM) department, Organisation (OD) and Digital Transformation departments developed and implement appropriate anti-Fraud control procedures and mechanisms for all relevant business processes that either prevent or minimise the likelihood and/or the potential impact of Fraudulent Conduct.
- b. **Transaction level controls:** Reviews of third-party and related-party transactions are established throughout business processes. These controls are driven by appropriate know-your-customer/client (KYC), know-your-intermediary (KYI) and know-your-staff (KYS) procedures, as well as background checks on suppliers and business partners, to indicate potential entities that bear higher risk of Fraud.
- c. **Awareness:** Ensure that all employees receive training on Code of Conduct, Fraud trainings as well as training on any updates or changes on related processes and procedures.

3. Fraud detection:

- a. **Business process-level mechanisms:** Business processes and procedures are designed so that they accommodate and integrate the systematic identification of the types of Fraud schemes that can be perpetrated in relation to the specific business process.
- b. **Key Fraud Indicators:** Key Fraud Indicators (KFIs) are established and updated to monitor variables, which may indicate the possibility of Fraud. Breach of relevant KFIs or adverse trend indications provide early warning for high-risk Fraud areas and must trigger further assessment of the necessary controls in that area and the residual risk.
- c. **Other detection mechanisms:** Includes IA reports, periodic reviews by external auditors or regulators or findings and reports from other expert external business partners.
- d. **Proactive Fraud detection procedures:** Automated data analysis, continuous Monitoring techniques, and appropriate technology tools to effectively detect Fraudulent Activity
- e. **Internal Fraud reporting channels:** Report fraud incidents to Internal Audit, Compliance or Fraud Risk Management Department or through whistleblowing channels.
- f. **Other external reporting channels:** Complaint Management system. Refer to page 193.

4. **Fraud investigation and response:** The Internal Audit Director is responsible for receiving reports of alleged or suspected internal Fraudulent Conduct involving the Group's activities or the members of governing bodies and employees, carry out an investigation of actual or suspected Internal Fraud and report findings to the AC, as well as the CEO or any other reporting line, on a need-to-know basis.

The above-mentioned actions are ongoing and associated with both upstream and downstream activities. For Information security and cyber risk management refer in page 179 of ESRS S1 – Own Workforce.

9.3 Metrics and Targets associated with Financial Crime and Fraud

There are no measurable, time-bounded and outcome oriented targets nevertheless there are indicators which monitors the effectiveness of these actions. The Group through the Risk Appetite Statement establishes certain qualitative indicators to monitor risks associated with Financial Crime, Sanctions and Fraud risks:

- 1) No tolerance for violating sanctions or other measures imposed by American Authorities, such as the US Department of Treasury's Office of Foreign Assets Control (OFAC), and by the UN, the EU and by the government of countries that the Group operates in, with respect to violations of AML legislation 39 or Sanction programs. In case of such deviations, immediate rectification and investigation actions shall be enacted.
- 2) No tolerance for deviations with regards to the opening of accounts in US Dollars for persons connected with countries subject to strict sanctions imposed by the US Department of Treasury's Office of Foreign Assets Control (OFAC).
- 3) No tolerance to facilitating any sort of financial crime/terrorism financing.

The Group, as previously mentioned, ensures relevant trainings are conducted to support mitigation of Financial Crime risks. Refer to 5. Training on Business Conduct in page 216.

ESRS G1 - Business Conduct (continued)**10. Conflict of Interest**

Material IROs – Entity Specific						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Entity Specific – Conflict of Interest	Risk	Improper Business or Market Practices	Risk of inadequate management of conflict of interest.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium -Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓			Fines, penalties and loss of business

10.1 Policies on conflict of interest

The Group adopts a Conflict of Interest (COI) policy which sets out the framework for the prevention, identification, assessment, documentation, escalation, and effective management of COI in compliance with the legal and regulatory framework to which the Group is subject. This Policy applies to the Members of the Board, Senior Management, and all employees of the Group in every country the Group operates and to the Group's contractors, agents, and other Relevant Persons. The policy is readily available for all employees in the Group's internal portal and Group's website for all stakeholders.

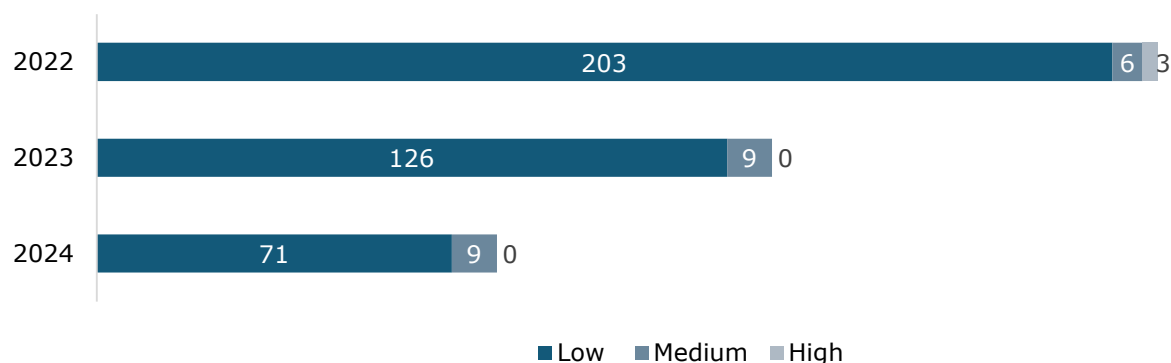
The Board bears the ultimate responsibility for the effective implementation of this Policy and setting the right tone from the top. The AC makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the above-mentioned policies and monitors the effective implementation of those Policies through the Control Functions. The Internal Audit Division is responsible for providing independent and objective assurance to the Board, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to those policies and informs the AC of any findings and relevant recommendations.

10.2 Actions and preventive work on conflict of interest

The Group implements procedures to identify the relationships, services, activities, or transactions in which COI may arise. These procedures cover relationships between the Group and customers, shareholders, Members of management body and their family members, employees, significant business parties and other related parties. In addition, these procedures cover COI between different customers of the Group. Board members and Senior Management self-assess potential conflict of interests annually. All COI identified by Compliance Division across the Group are documented in a dedicated software and relevant information is presented to the AC and EXCO quarterly. COI identified at Management Level and Board level are reported to the NCGC for decision-taking. The above-mentioned actions are ongoing and associated with Group's own operations.

10.3 Metrics and Targets on conflict of interest

The Group conflicts registry recorded 80 perceived conflicts of interest in 2024 (2023: 135, 2022: 212). Zero incidents of conflict of interest (2023: 0, 2022: 3) were considered as high, 9 (2023: 9, 2022: 6) were considered as medium and the remaining 71 (2023: 126, 2022: 203) were considered as low.

ESRS G1 - Business Conduct (continued)**11. Conflict of Interest** (continued)**10.3 Metrics and Targets on conflict of interest** (continued)**Perceived conflicts of interests**

The Group through the Risk Appetite Statement establishes, annually, qualitative statements associated with the mitigation of Conflict of Interest risks:

- 1) The Bank has no tolerance for participation in the decision making or voting on matters by persons that have a conflict of interest.
- 2) No transactions in BOC securities are tolerated for persons classified as 'Relevant persons in possession of inside information for BOC Group', except in cases where permission is granted under the provisions of the BOC Dealing code.
- 3) The Bank has no tolerance for selecting outsourcing service providers, connected to any member of the Group's senior management or management body, the Group's external auditors or legal advisors and where this information has not been duly disclosed to the Bank.
- 4) The Bank has no tolerance to acts of bribery and corruption by any of its employees or any business partner.

The Group, as previously mentioned, ensures relevant trainings are conducted to support mitigation of Conflict-of-Interest risks. Refer to 5. Training on Business Conduct in page 216.

12. Compliance with Laws and Regulations

Material IROs – Entity Specific						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Entity Specific - Compliance with Laws and Regulations	Risk	Compliance Risk	As a listed Group which operates in an evolving and complex regulatory and legal environment there is an increased risk of not compliance with laws and regulations (such as Arrears Directive, ESG regulations, MIFID, EMIR, Competition Law, FACTA, Market Abuse, Benchmark regulations, GDPR) which may lead to fines and penalties.			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓			Fines, penalties and loss of business

ESRS G1 - Business Conduct (continued)

12. Compliance with Laws and Regulations (continued)

12.1 Policies associated with Compliance with Laws and Regulations

The Group adopted a Compliance policy which sets out the business and legal environment applicable to the Group, the principles and responsibilities for compliance and how these responsibilities are allocated and carried out at group and entity level. The policy is readily available for all employees in the Group's internal portal and Group's website for all stakeholders. The policy covers operations at Group level.

The Board bears the ultimate responsibility for the effective implementation of the above-mentioned Policies and for setting the right tone from the top. The AC makes sure that sufficient, dependable, and secure internal procedures are in place to ensure that the Group complies with the above-mentioned policies and monitors the effective implementation of those Policies through the Control Functions. The Internal Audit Division is responsible for providing independent and objective assurance to the Board, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to those policies and informs the AC of any findings and relevant recommendations.

12.2 Actions and preventive work on Compliance with Laws and Regulations

The Regulatory Compliance Department ensures that the Group adopts all regulatory, legal, and compliance requirements and is committed to the establishment of relevant controls and procedures to protect its clients and all other stakeholders. Regulatory compliance implemented, through the network of Compliance Liaisons at the various Departments, the compliance management system which automated most of the compliance processes. The system is an integrated compliance management system which provides a comprehensive set of tools for managing regulatory risks, including modules on regulatory change management with live regulatory feeds on new or amended regulations, the recording and management of identified risks through various assessment processes, the recording and management of regulatory incidents, conflicts of interest and gifts, KRIs and the monitoring and follow up of issues and actions. Additionally, Regulatory Compliance Department regularly performs compliance assurance reviews based on clear and aligned Compliance Review Methodologies aiming to cover high risk areas. The Compliance Division presents its Key Risk and Key Performance Indicators to the EXCO and the AC. Cases of significant non-compliance are identified through the three lines of defence model, whereby responsibility for compliance reviews lies primarily with management, secondly with the control functions, by assessing the severity of the instances of non-compliance. The above-mentioned actions are ongoing and associated with Group's own operations.

12.3 Metrics and Targets on Compliance with Laws and Regulations

There are no measurable, time-bounded and outcome oriented targets nevertheless there are indicators which monitors the effectiveness of these actions. We are pleased to note that in the current year, the Group did not receive any regulatory fines in relation to breaches of compliance with laws and regulations. The Group through the Risk Appetite Statement establishes, qualitative statements associated with the Compliance Risks and has no tolerance with regards to non-compliance with regulatory, legal and compliance requirements.

The Group, as previously mentioned, ensures relevant trainings are conducted to support mitigation of Compliance risks. Refer to 5. Training on Business Conduct in page 216.

ESRS G1 - Business Conduct (continued)**13. Reputational Risk**

Material IROs – Entity Specific						
ESRS Topic/Sub-Topic	IRO	Type	Description			
Entity Specific – Reputational Risk	Risk	Reputational Risk	Ineffective handling of reputational risk (at national and institution level)			
Time Horizons			Value Chain			Financial Effects
Short-Term	Medium-Term	Long-Term	Own Operations	Upstream	Downstream	
✓	✓	✓	✓			Loss of business

13.1 Policies associated with Reputational risk

The Group adopted a Reputational Risk Management Policy to provide guidelines on the identification, quantification and management of reputational risks that might arise from the business activities of the Group. The overall responsibility for approving, monitoring and managing reputational risk lies with the BOD, which exercises this responsibility through the Board Risk Committee (BRC). The policy is available for all employees through internal portal. The engagement of customers on the effectiveness of the policy is measured through customer's surveys performed on monthly basis from Corporate Affairs Department. The policy is applicable for Group's operations. Internal Audit (IA) provides objective assurance to the AC and to EXCO that the controls in place are appropriate in relation to this area, by including reputational risk as a primary risk in its Risk and Audit Universe (RAU) and as such it is assessed as part of the annual update of the Internal Audit Plan.

13.2 Actions and preventive work on Reputational risk

The preventive actions associated with the management of reputational risk are primarily related to the effective implementation of Code of Ethics, Code of Conduct as well as Business Conduct policies described in sections above. Identification of reputational risk is primarily conducted through monitoring of media reports for possible negative press coverage, social media, possible Information/data leaks, Customer complaints, major operational losses (including legal cases) and key risk indicator breaches, system downtimes causing disruption of customer service, Negative reports by statutory auditors and investigations, or penalties by regulators, Whistleblowing reports and other. The Group prevents and reduce the impact of reputational risks through system of internal process-level and transaction-level controls as described in detail in previous sections.

In case a reputational event has been identified the Corporate Affairs Department in conjunction with Operational Risk Management Function, assess the impact of the event. Events with low impact are managed and resolved at this level. For reputational events assessed as High/Critical the Incident Management & Response Team (IMRT) undertakes to handle the incident. The IMRT convenes to further analyze the severity/impact of the reputational event and suggest actions to effectively respond to this event. Continuous assessment of the potential impact of the incident is being carried out throughout the lifecycle of the incident. In cases, whereby the reputational event is believed to have the potential to escalate to a crisis, the Group Reputational Risk Committee (GRRC) and Crisis Management and Response Plan are activated. The above-mentioned actions are ongoing and associated with Group's own operations.

13.3 Metrics and Targets on Reputational risk

There are no measurable, time-bounded and outcome oriented targets nevertheless there are indicators which monitors the effectiveness of these actions. The Group has zero tolerance in respect to internal practices by Management and employees that could lead to material reputational impact, i.e., it will not tolerate headline risk associated with unacceptable business practices, privacy and other regulatory breaches and internal fraud.

ESRS G1 - Business Conduct (continued)

14. Process on setting Metrics and Targets on Business Conduct, Financial Crime & Fraud and Conflict of Interest

The process of setting the above-mentioned qualitative indicators is described in the Risk Appetite Framework of the Group. The objective of the Risk Appetite Framework (RAF) is to set out the level of risk that the Group is willing to accept in pursuit of its strategic objectives, outlining the key principles and rules that govern the risk appetite setting. It comprises the Risk Appetite Statement (RAS), the associated policies and limits where appropriate, as well as the roles and responsibilities for the implementation and monitoring of the RAF.

The Group has established in RAF qualitative statements to set the overarching risk appetite direction of the Group across material and critical risk types, articulating also the reasoning behind assuming or avoiding certain types of risk, and to cover areas that are not fully quantifiable.

The RAS indicators are reported on a quarterly basis via the Risk Profile Report to the EXCO, RC and the Board. Any interim breaches are assessed with respect to their Tier and breach severity and are reported/escalated to the appropriate committee/authority. The dashboard is accompanied with a relevant commentary which indicates:

1. All violations present at the time.
2. The nature of each violation.
3. Whether management has taken or will take remedial steps.

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Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement

ESRS Standard	Disclosure Requirement	Description	Page number
General Information			
ESRS 2	BP-1	General basis for preparation of sustainability statement	82
ESRS 2	BP-2	Disclosures in relation to specific circumstances	82, 108, 244, 247
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	83
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	84
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	92
ESRS 2	GOV-4	Statement on due diligence	93
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	94
ESRS 2	SBM-1	Strategy, business model and value chain	95
ESRS 2	SBM-2	Interests and views of stakeholders	99
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114-117, 157, 163, 177-178, 182, 194, 198, 202, 204, 208, 210, 211, 212, 219, 221, 224, 225, 227
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	103
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	231
E1- Climate Change			
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	110
ESRS E1	E1-1	Transition plan for climate change mitigation	110
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114
ESRS 2	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	122
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	132
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	132
ESRS E1	E1-3	Actions and resources in relation to climate change policies	132
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	132
ESRS E1	E1-4	Targets related to climate change mitigation and adaptation	139
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	139
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	139
ESRS E1	E1-5	Energy consumption and mix	145
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Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement (continued)

ESRS Standard	Disclosure Requirement	Description	Page number
E2-Pollution			
ESRS 2	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	156
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	157
ESRS E2	E2-1	Policies related to pollution	158
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	158
ESRS E2	E2-2	Actions and resources related to pollution	158
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	158
ESRS E2	E2-3	Targets related to pollution	161
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	161
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	161
E3 – Water and Marine Resources			
ESRS 2	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	162
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	163
ESRS E3	E3-1	Policies related to water and marine resources	164
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	164
ESRS E3	E3-2	Actions and resources related to water and marine resources	164
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	164
ESRS E3	E3-3	Targets related to water and marine resources	165
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	165
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	165
E5- Resource Use and Circular Economy			
ESRS 2	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	166
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	167
ESRS E5	E5-1	Policies related to resource use and circular economy	168
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	168
ESRS E5	E5-2	Actions and resources related to resource use and circular economy	168
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	168
ESRS E5	E5-3	Targets related to resource use and circular economy	170
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	170
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	170

Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement (continued)

ESRS Standard	Disclosure Requirement	Description	Page number
S1-Own workforce			
ESRS 2	SBM-2	Interests and views of stakeholders	171
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	171, 177, 182
ESRS S1	S1-1	Policies related to own workforce	179, 183
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	179, 183
ESRS S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	174
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	176
ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	179, 184
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	179, 184
ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	180, 187
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	180, 187
ESRS S1	S1-6	Characteristics of the undertaking's employees	188
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	189
ESRS S1	S1-14	Health and safety metrics	183, 185
ESRS S1	S1-16	Remuneration metrics (pay gap and total remuneration)	189
ESRS S1	S1-17	Incidents, complaints and severe human rights impacts	173
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	180, 183, 185, 187
S4 – Consumers and end-users			
ESRS 2	SBM-2	Interests and views of stakeholders	190
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	190, 194, 204, 208, 210, 212
ESRS S4	S4-1	Policies related to consumers and end-users	195, 205, 209, 210, 212
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	195, 205, 209, 210, 212
ESRS S4	S4-2	Processes for engaging with consumers and end-users about impacts	192
ESRS S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	193
ESRS S4	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	195, 205, 209, 210, 213
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	195, 205, 209, 210, 213
ESRS S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	197, 207, 209, 210, 213

Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement (continued)

ESRS Standard	Disclosure Requirement	Description	Page number
S4 – Consumers and end-users (Continued)			
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	197, 207, 209, 210, 213
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	197, 207, 209, 210, 213
G1- Business Conduct			
ESRS 2	GOV-1	The role of the administrative, supervisory and management bodies	214
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	215
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	219
ESRS G1	G1-1	Business conduct policies and corporate culture	215
ESRS 2	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	215
ESRS G1	G1-2	Management of relationships with suppliers	219
ESRS G1	G1-4	Incidents of corruption or bribery	218
ESRS 2	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	219
ESRS 2	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	219
ESRS 2	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	219
Entity-specific information			
BOC Oncology Centre	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	211
BOC Oncology Centre	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	211
BOC Oncology Centre	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	211
BOC Oncology Centre	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	211
Financial Crime and fraud	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	221
Financial Crime and fraud	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	222
Financial Crime and fraud	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	223, 228
Financial Crime and fraud	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	223, 228

Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement (continued)

ESRS Standard	Disclosure Requirement	Description	Page number
Entity-specific information			
Conflict of Interest	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	224
Conflict of Interest	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	224
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Conflict of Interest	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	224, 228
Compliance with laws and Regulations	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	225
Compliance with laws and Regulations	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	226
Compliance with laws and Regulations	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	226, 228
Compliance with laws and Regulations	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	226, 228
Reputational Risk	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	227
Reputational Risk	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	227
Reputational Risk	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	227, 228
Reputational Risk	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	227, 228
Digitilisation	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	198, 202
Digitilisation	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	199, 203
Digitilisation	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	200
Digitilisation	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	200
Information Security	MDR-P Policies	Minimum disclosure requirements – Policies adopted to manage material sustainability matters	195
Information Security	MDR-A Actions	Minimum disclosure requirements – Actions and resources in relation to material sustainability matters	195
Information Security	MDR-T Targets	Minimum disclosure requirements – Tracking effectiveness of policies and actions through targets	197
Information Security	MDR-M Metrics	Minimum disclosure requirements – Metrics in relation to material sustainability matters	197

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR _reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5) , Annex II		Yes	90
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Yes	89
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Yes	93
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable	n/a
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable	n/a
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable	n/a
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable	n/a

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR _reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Yes	110
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Not Applicable	n/a
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Yes	139
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not Applicable	n/a
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Yes	145
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1	n/a	n/a	n/a	Not Applicable	n/a

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR _reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Yes	152
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Yes	153
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	n/a
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable – Phase-in	n/a
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not Applicable – Phase-in	n/a

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR_reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not Applicable – Phase-in	n/a
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not Applicable – Phase-in	n/a
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	n/a
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Yes	164
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	n/a
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	n/a
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	n/a

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR_reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	n/a
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	n/a
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	n/a
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	n/a
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	n/a
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	n/a
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	n/a
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	n/a
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	n/a
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Yes	171

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR _reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Yes	171
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Yes	172
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Yes	172
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Yes	172
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Yes	183
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Yes	172, 176
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Yes	185
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Yes	185
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Yes	189

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR_reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Yes	189
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Yes	173
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Yes	173
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	n/a
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	n/a
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material	n/a
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	n/a
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	n/a
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	n/a
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	n/a

List of disclosure requirements and related data points in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure Requirement and related datapoint	SFDR _reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Applicable for the Group	Page
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	n/a
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	n/a
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Yes	191
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Yes	191
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Yes	191
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not Applicable – The Group has a policy	n/a
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Not Applicable – The Group has a policy	n/a
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Not material	n/a
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Yes	218

Phase-in provisions and transitional provisions

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Phase-in or effective date (including the first year)	BOCH approach in Phase-in provisions
ESRS 2	SBM-1	Strategy, business model and value chain	The undertaking shall report the information prescribed by ESRS 2 SBM-1 paragraph 40(b) (breakdown of total revenue by significant ESRS sector) and 40(c) (list of additional significant ESRS sectors) starting from the application date specified in a Commission Delegated Act to be adopted pursuant to article 29b(1) third subparagraph, point (ii), of Directive 2013/34/EU.	Adopted
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	The undertaking may omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects) for the first year of preparation of its sustainability statement. The undertaking may comply with ESRS 2 SBM-3 paragraph 48(e) by reporting only qualitative disclosures for the first 3 years of preparation of its sustainability statement, if it is impracticable to prepare quantitative disclosures.	Adopted
ESRS E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable) may omit the datapoints on scope 3 emissions and total GHG emissions for the first year of preparation of their sustainability statement.	Not eligible
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	The undertaking may omit the information prescribed by ESRS E1- 9 for the first year of preparation of its sustainability statement. The undertaking may comply with ESRS E1-9 by reporting only qualitative disclosures for the first 3 years of preparation of its sustainability statement, if it is impracticable to prepare quantitative disclosures.	Adopted
ESRS E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	The undertaking may omit the information prescribed by ESRS E2- 6 for the first year of preparation of its sustainability statement. Except for the information prescribed by paragraph 40 (b) on the operating and capital expenditures occurred in the reporting period in conjunction with major incidents and deposits, the undertaking may comply with ESRS E2-6 by reporting only qualitative disclosures, for the first 3 years of preparation of its sustainability statement	Adopted
ESRS E3	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	The undertaking may omit the information prescribed by ESRS E3-5 for the first year of preparation of its sustainability statement. The undertaking may comply with ESRS E3-5 by reporting only qualitative disclosures, for the first 3 years of preparation of its sustainability statement.	Adopted

Phase-in provisions and transitional provisions (continued)

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Phase-in or effective date (including the first year)	BOCH approach in Phase-in provisions
ESRS E4	All disclosure requirements	All disclosure requirements	Undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable) may omit the information specified in the disclosure requirements of ESRS E4 for the first 2 years of preparation of their sustainability statement.	Not material
ESRS E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	The undertaking may omit the information prescribed by ESRS E4-6 for the first year of preparation of its sustainability statement. The undertaking may comply with ESRS E4- 6 by reporting only qualitative disclosures, for the first 3 years of preparation of its sustainability statement	Not material
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	The undertaking may omit the information prescribed by ESRS E5-6 for the first year of preparation of its sustainability statement. The undertaking may comply with ESRS E5- 6 by reporting only qualitative disclosures, for the first 3 years of preparation of its sustainability statement	Adopted
ESRS S1	All disclosure requirements	All disclosure requirements	Undertakings or groups not exceeding on their balance sheet dates, the average number of 750 employees during the financial year (on a consolidated basis where applicable) may omit the information specified in the disclosure requirements of ESRS S1 for the first year of preparation of their sustainability statement.	Not eligible
ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	The undertaking may omit reporting for all data points in this Disclosure Requirement for the first year of preparation of its sustainability statement.	Adopted
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	The undertaking may omit this Disclosure Requirement with regard to its own employees in non-EEA countries for the first year of preparation of its sustainability statement.	Not material
ESRS S1	S1-11	Social protection	The undertaking may omit the information prescribed by ESRS S1-11 for the first year of preparation of its sustainability statement.	Not material

Phase-in provisions and transitional provisions (continued)

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Phase-in or effective date (including the first year)	BOCH approach in Phase-in provisions
ESRS S1	S1-12	Percentage of employees with disabilities	The undertaking may omit the information prescribed by ESRS S1-12 for the first year of preparation of its sustainability statement.	Not material
ESRS S1	S1-13	Training and skills development	The undertaking may omit the information prescribed by ESRS S1-13 for the first year of preparation of its sustainability statement.	Not material
ESRS S1	S1-14	Health and Safety	The undertaking may omit the datapoints on cases of work-related ill-health and on number of days lost to injuries, accidents, fatalities and work-related ill health for the first year of preparation of its sustainability statement.	Not adopted
ESRS S1	S1-14	Health and Safety	The undertaking may omit reporting on non-employees for the first year of preparation of its sustainability statement	Adopted
ESRS S1	S1-15	Work-life balance	The undertaking may omit the information prescribed by ESRS S1-15 for the first year of preparation of its sustainability statement.	Not material
ESRS S2	All disclosure requirements	All disclosure requirements	Undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable) may omit the information specified in the disclosure requirements of ESRS S2 for the first 2 years of preparation of their sustainability statement.	Not eligible
ESRS S4	All disclosure requirements	All disclosure requirements	Undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable) may omit the information specified in the disclosure requirements of ESRS S4 for the first 2 years of preparation of their sustainability statement.	Not eligible

Other transitional provisions	BOCH approach in other transitional provisions
First-time application on comparative information	Adopted
Entity specific information	Adopted
First three-year value chain information	Adopted

Reporting principles

GHG Emission

The carbon footprint for Scope 1, Scope 2 and material Scope 3 categories were estimated based on the methodologies described in the Greenhouse Gas Protocol and ISO14064-1:2019 standard.

- i. For the purpose of the calculation of its 2023 and 2024 carbon footprint, the Group uses the operational GHG accounting approach.
- ii. The Group considers the GHG protocol guidance, a Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol) for its Scope 1, 2 and 3 emissions calculations and guidance from PCAF, when calculating its financed emissions.
- iii. The gases estimated and presented as in tonnes of CO₂e where the calculations consist of are CO₂, CH₄, and N₂O gases.
- iv. The Group utilises the PCAF database and standard for the estimation of Financed Scope 3 GHG emissions associated with Business Loans, Motor Vehicles, CREs, Mortgages, Corporate Bonds and Sovereign Bonds as well as Insurance associated GHG emissions. For other asset classes the Group adopted the transitional provision in relation to the entity specific information and therefore, has not included other asset classes within the disclosures.
- v. The Group uses the most updated available emission factors for the estimations of 2024 and 2023, utilizing the UK Department for Environment, Food and Rural Affairs (DEFRA) and US Environmental Protection Agency (EPA) emission factor databases.
- vi. The Group has not entered in any power purchase agreement therefore, market-based Scope 2 GHG are not estimated. The Group reports only location-based Scope 2 GHG emissions.
- vii. Gross Scope 1, 2, 3 GHG emissions do not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation.
- viii. The Group has not been involved in any Emission Traded Scheme (ETS) until reporting date.
- ix. The most recent Global Warming Potential (GWP) values published by the IPCC based on a 100 year time horizon have been used to estimate CO₂e emission of non-CO₂ gases.
- x. The Group's GHG emissions comprise of GHG emissions of BOC PLC, Eurolife, Genikes Insurance, CISCO and Jinius.

The estimation of GHG emissions involves assumptions and proxy data. The methodology applied, assumptions used and sources to estimate GHG emissions are summarized below:

Scope 1

- i. The Group's direct (Scope 1) GHG emissions come from sources owned or controlled by the Group and include stationary combustion, mobile combustion and fugitive emissions.
- i. In line with the GHG Protocol, the Group's emissions are presented in tonnes of carbon dioxide equivalent units (tCO₂e) and include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).
- ii. The factors used for estimation of Scope 1 emissions are:
 - a. **Mobile Combustion:** EPA 2024 and 2023 conversion factors (kg CO₂e/ L) for diesel and gasoline passenger cars, gasoline motorcycles, diesel and gasoline light duty trucks and hybrid (gasoline) passenger cars. Emissions are estimated by multiplying the total consumption in litres per fuel category with the EPA 2024 conversion factors.
 - b. **Stationary Combustion:** DEFRA 2024 and 2023 conversion factors (kg CO₂e/ kWh) for diesel (average biofuel blend) and gas oil, in line with applicable GWP (AR5). Emissions are estimated by multiplying the total kWh per fuel type with the DEFRA conversion factors.
 - c. **Refrigerants:** DEFRA 2024 and 2023 conversion factors were used to estimate the emissions from refrigerants leakage.

Scope 2

- i. The Group's Scope 2 GHG emissions represent consumption of purchased electricity. The Group does not consume purchased or acquired steam, heating and cooling.
- ii. In line with the GHG Protocol, the Group's emissions are presented in tonnes of carbon dioxide equivalent units (tCO₂e) and include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).
- iii. Bio-based CO₂ emissions are not considered significant for the Group's Scope 2 emissions.
- iv. Electricity Authority of Cyprus (EAC) emission factor, based on Cyprus energy mix, was used for the calculation of Scope 2 GHG emissions (location-based). Currently, Scope 2 GHG emissions are based on EAC emission factor for 2023 as the EAC emission factor for 2024 has been published.

Reporting principles (continued)

GHG Emission (continued)

Scope 3

- i. A materiality assessment was conducted to identify the material emission categories relative to the Group's business model, activities and processes so to estimate the most significant categories of indirect Scope 3 GHG emissions. By performing desktop benchmark analysis and analyzing data from peers, international reports and industry sector standards, the Group identified which of the 15 categories, as identified by GHG protocol, are significant for the Group.
- ii. In line with the GHG Protocol, the Group's emissions are presented in tonnes of carbon dioxide equivalent units (tCO₂e) and include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Category 1 - Purchased Good and Services

The Group utilises PCAF's proxies tCO₂ per million of revenue (€), per sector, for Cyprus to estimate GHG emission under Category 1. The Group's expense amount as per Trial Balance account was classified to relevant sector and the associated emission factor was multiplied to derive GHG emissions.

Category 4 - Upstream transportation and distribution

The Group utilises PCAF's proxies tCO₂ per million of revenue (€), per sector, for Cyprus to estimate GHG emission under Category 4. The Group's expense amount as per Trial Balance account was classified to relevant sector and the associated emission factor was multiplied to derive GHG emissions.

Category 5 - Waste generated in operations

The Group utilises online available sources to estimate the waste, per material, based on Group's employee headcount at the end of the reporting period. DEFRA emission factors (kgCO₂e/ ton of waste activity) for 2024 and 2023 were multiplied with the waste volume to estimate GHG emissions under Category 5.

Category 6 - Business Travel

The Group collects data of business travelling (inland and abroad including air travel and accommodation) using internal process and the Group's systems. Air travel GHG emissions are estimated by multiplying distance travelled (in kilometers) with EPA emissions factors for short, medium and long hauls. Inland travelling emissions are estimated by multiplying distance travelled (in kilometers) by DEFRA emission factors (diesel and petrol average vehicles). Hotel accommodation emissions are estimated by multiplying nights of hotel accommodation by DEFRA emissions factors for hotel stay (kgCO₂e/ Room per night).

Category 7 - Employee commuting

The Group conducts annually internal questionnaire to collect data regarding employee commuting (vehicle type, fuel type, distance travelled). The GHG emissions of Category 7 were estimated by multiplying the distance commuted (in kilometers) by DEFRA emission factors (kgCO₂e/ km).

Category 15 - Financed Emissions

Category 15: Investments' covers emissions associated with operation of investments (including equity and debt investments and project finance) in the reporting year. This is considered the most material category for the Group and relates to its lending activities. The estimation of financed emissions covers lending customers assets and companies' Scope 1, Scope 2 and Scope 3 emissions. The PCAF Standard defines these as follows:

- i. **Scope 1 of the lending customer:** Direct GHG emissions that occur from sources owned or controlled by the customer, i.e. emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
- ii. **Scope 2 of the lending customer:** Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the customer. Scope 2 emissions physically occur at the facility where the electricity, steam, heating or cooling is generated.
- iii. **Scope 3 of the lending customer:** All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the customer. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the lifecycle of a material / product / service up to the point of sale by the producer, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur because of the distribution, storage, use and end-of-life treatment of the organisation's products or services.

Reporting principles (continued)

GHG Emission (continued)

Category 15 - Financed Emissions (continued)

The PCAF Standard applies the same general attribution principles across all lending asset classes:

- i. financed emissions are always calculated by multiplying an attribution factor (specific to that asset class) by the emissions of the borrower or asset;
- ii. the attribution factor is defined as the share of total annual GHG emissions of the borrower or asset that is allocated to the loan(s) or asset(s);
- iii. the attribution factor is calculated by determining the share of the outstanding amount of loans of a financial institution over:
 - a. the company value (total equity and debt of the company, project, etc.) to which the financial institution has lent money to; or
 - b. the asset value in the case of asset finance (such as for properties, motor vehicles etc).

The PCAF standard provides detailed methodological guidance to measure and disclose GHG emissions associated with six asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, and motor vehicle loans. The Group measures the financed emissions associated with the following asset classes adopting the entity specific disclosure transitional provision.

1. Asset Class - Business Loans

Financed GHG emissions (tCO₂e) for non-financial and other financial loan portfolio are estimated using the following formula:

$$\text{Financed emissions} = \frac{\text{Outstanding amount}}{\text{Equity} + \text{Debit or Total assets}} \times \text{Company's emissions}$$

Exposures classified as CRE or Motor vehicles under the non-financial and other financial portfolio were excluded from the estimation under the Business loan asset class as those are estimated separately.

Data Inputs:

- i. **Outstanding amount:** Relates to the gross carrying amount as of 31 December 2024 and 31 December 2023 from Group's FINREP reporting system.
- ii. Customer's equity and debt are not readily available in the Group's database, therefore the total assets were used to estimate financed emissions. The Group, given the lack of customer's emission data, utilized the PCAF emission factors per sector, per million of total assets, for Cyprus. The emission factors were multiplied with outstanding amount to estimate GHG emissions. The Group introduced the ESG Due Diligence process aiming to enhance the emission data in the future.

Reporting principles (continued)

GHG Emission (continued)

Category 15 - Financed Emissions (continued)

2. Asset Class - Residential Portfolio (Mortgages)

The estimation covers the absolute scope 1 and 2 emissions related to the energy use of the property financed through the mortgage (energy use includes the energy consumed by the building occupant).

Residential (Mortgage) portfolio financed emissions (tCO₂e) are estimated using the formula from the PCAF standard (Chapter 5.5 Mortgages):

$$\text{Financed emissions} = \frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Building's emissions}$$

Data inputs:

- i. The **outstanding amount** relates to the Gross Carrying Amount as of 31 December 2024 and 31 December 2023 as obtained from the Group FINREP reporting system.
- ii. Due to the fact that details of the financed property (market value, floor size, year of built) are not currently available in the Group's database, the collateral property details associated with each loan were utilized assuming that collateral property with priority 1 collateral is the financed property which aligned with the principles of the Lending Policy.
- iii. PCAF allows, in case the **property value at origination** is not available, the latest property value to be used. The Group used the latest value of collateral property to estimate the attribution factor. In case the latest property value was not available as well, the loan original amount was used to estimate the attribution factor following communication with PCAF.
- iv. **Building's Emissions:**
 - a. **Square metres:** Obtained from Cyprus Department of Land and Surveys (DLS), by connecting the collateral property to the DLS register.
 - b. **Year built:** Obtained from Cyprus Department of Land and Surveys (DLS), by connecting the collateral property to the DLS register.
 - c. **Energy Performance Certificate (EPC):** EPC was obtained from the Cyprus Government's EPC database or directly through loan origination process documentation and stored in Group's database.
 - d. For properties with no year built and loan account open date at least two years from the reporting date, no emissions were estimated as those properties were assumed to be under construction, which are not within PCAF standard's scope.
 - e. PCAF proxies utilised, in case actual EPC data was not available, for residential properties:
 - i. Average Cyprus residential property proxies per EPC Category, per property;
 - ii. Average Cyprus residential property proxies per EPC Category, per square metres;
 - iii. Average Cyprus residential property proxy.
 - f. Based on data available, per loan account, the financed property emissions were estimated and multiplied with attribution factor.

Reporting principles (continued)

GHG Emission (continued)

Category 15 - Financed Emissions (continued)

3. Commercial Real Estate (CRE) portfolio

For property already built, financial institutions shall cover the absolute scope 1 and 2 emissions related to the energy use of financed buildings during their operation. Energy use includes the energy consumed by the building's occupant and shared facilities.

CRE portfolio financed emissions (tCO₂e) are estimated using the formula from the PCAF standard (Chapter 5.4 Commercial Real Estate):

$$\text{Financed emissions} = \frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Property's emissions}$$

Data inputs:

- i. The **outstanding amount** relates to the Gross Carrying Amount as of 31 December 2024 and 31 December 2023 as obtained from the Group FINREP reporting system.
- ii. Due to the fact that details of the financed property (market value, floor size, year of built) are not currently available in the Group's database, the collateral property details associated with each loan were utilized assuming that collateral property with priority 1 collateral is the financed property which aligned with the principles of the Lending Policy.
- iii. PCAF allows, in case the **property value at origination** is not available, the latest property value to be used. The Group used the latest value of collateral property to estimate the attribution factor. In case the latest property value was not available as well, the loan original amount was used to estimate the attribution factor following communication with PCAF.
- iv. **Building's Emissions**
 - a. **Square metres:** Obtained from Cyprus Department of Land and Surveys (DLS), by connecting the collateral property to the DLS register.
 - b. **Year built:** Obtained from Cyprus Department of Land and Surveys (DLS), by connecting the collateral property to the DLS register.
 - c. **Energy Performance Certificate (EPC):** EPC was obtained from the Cyprus Government's EPC database or directly through loan origination process documentation and stored in Group's database. Trivial number of EPC were gathered for CREs.
 - d. PCAF proxies utilized for CREs:
 - i. Average Cyprus proxies per EPC Category, per property type;
 - ii. Average Cyprus proxies per EPC Category, per square metres, per property type;
 - iii. Average Cyprus non-residential property proxy.
 - e. Based on data available, per loan account, the financed property emissions were estimated and multiplied with attribution factor.

Reporting principles (continued)

GHG Emission (continued)

Category 15 - Financed Emissions (continued)

4. Motor Vehicles Portfolio

The Group estimated the scope 1 and scope 2 emissions of the vehicles being financed:

- i. Scope 1: Direct emissions from fuel combustion in vehicles
- ii. Scope 2: Indirect emissions from electricity generation consumed in electric vehicles (EVs) (hybrid and fully EVs)

Motor Vehicles portfolio financed emissions (tCO₂e) are estimated using the formula from the PCAF standard (Chapter 5.6 Motor Vehicle Loans):

$$\text{Financed emissions} = \Sigma \frac{\text{Outstanding amount}}{\text{Total value at origination}} \times \text{Vehicle's emissions}$$

Data Inputs:

- i. The **outstanding amount** relates to the Gross Carrying Amount as of 31 December 2024 and 31 December 2023 as obtained from the Group FINREP reporting system.
- ii. PCAF allows, in case the **property value at origination** is not available, the latest vehicle value to be used. The Group used the latest value of collateral to estimate the attribution factor given that the collateral vehicle is in the majority of cases the financed vehicle. In case the latest property value was not available as well, the loan original amount was used to estimate the attribution factor following communication with PCAF.
- iii. **Vehicle emissions:**
 - a. Vehicles type (passenger, heavy truck etc.) was obtained from the collateral database.
 - b. PCAF proxies utilized for CREs:
 - i. Average Cyprus proxies per year ((kgCO₂e/ year)
 - c. For exposures with no collaterals the Group used an internal proxy using the emissions estimated for the Motor vehicle portfolio with vehicle type data at collateral level.

5. Corporate Bonds

This asset class includes all on-balance sheet listed corporate bonds that are traded on a market and are for general corporate purposes (i.e., unknown use of proceeds as defined by the GHG Protocol).

The Group does not estimate the emissions from corporate bonds issued by Supranational companies due to lack of data availability except in cases where public data is available.

The Group reports Scope 1, Scope 2 and Scope 3 GHG emissions of corporate bonds using PCAF standard and proxies.

Corporate bond portfolio financed emissions (tCO₂e) are estimated using the formula from the PCAF standard (Chapter 5.1 Listed equity and corporate bonds):

For listed companies:

$$\text{Financed emissions} = \Sigma \frac{\text{Outstanding amount}}{\text{Enterprise Value Including Cash (EVIC)}} \times \text{Company's emissions}$$

For bonds to private companies:

$$\text{Financed emissions} = \Sigma \frac{\text{Outstanding amount}}{\text{Total equity + debt or Total assets}} \times \text{Company's emissions}$$

Data Inputs:

- i. The **outstanding amount** as of 31 December 2024 and 31 December 2023 obtained from the Group FINREP reporting system.
- ii. The EVIC, Total equity + debt and the emissions of corporates are not currently available in the Group's database. Therefore, the Group applies total assets for the estimation of financed emissions.
- iii. **Company's emissions:** The Group utilizes PCAF proxies, CO₂ per million of euro of total assets, per industry and per County to estimate the financed emissions associated with Corporate Bond portfolio. The outstanding amount was multiplied with the PCAF proxies to estimate financed emissions.

Reporting principles (continued)**GHG Emission** (continued)**Category 15 - Financed Emissions** (continued)**6. Sovereign Bonds**

This asset class includes sovereign bonds and sovereign loans of all maturities issued in domestic or foreign currencies. Sovereign debt is typically issued by the central government or treasury.

The Group reports gross Scope 1, domestic emissions from sources located within the country territory.

Sovereign bond portfolio financed emissions (tCO₂e) are estimated using the formula from the PCAF standard (Chapter 5.7 Sovereign Debt):

$$\text{Financed emissions} = \frac{\text{Exposure to Sovereign Bond (USD)}}{\text{PPP} - \text{adjusted GDP (International USD)}} \times \text{Sovereign Emissions (tCO}_2\text{e)}$$

Data inputs:

- Exposure to Sovereign Bond** as of 31 December 2024 and 31 December 2023 obtained from the Group FINREP reporting system.
- Purchasing power parity adjusted GDP** is obtained from World Bank (latest available data relate to 2023).
- Sovereign emissions** obtained from the GHG Profiles per Country United Nations Climate Change Convention (UNFCCC) (latest available data relate to 2021).

An emission factor was created using the PPP- adjusted GDP (International USD) of 2021 and Country emission inventory which was applied to the exposure as at 31 December 2024.

7. Insurance-Associate GHG emissions

The Group applies the PCAF methodology and proxies to estimate the insurance associated GHG emissions resulting from the general insurance contracts issued by the Group. PCAF provides guidance on the estimation of emission on certain lines of business. Specifically, Commercial lines and Personal motor lines portfolios.

Insurance contracts - Commercial line portfolios

Commercial line portfolio emissions (tCO₂e) are estimated using the formula from the PCAF standard (Insurance-Associated emissions Chapter 5.2 Emissions associated with commercial lines portfolios):

$$\text{Insurance associated emissions} = \frac{\text{Insurance premium}}{\text{Customer revenue}} \times \text{Emissions}$$

Data Inputs:

- The **Insurance premium** for the year ended 31 December 2024 obtained from the Group's reporting system.
- The **customer's revenue and emissions** are not available in the Group's database. Therefore, the PCAF proxy per customer's revenue, per sector was utilized to estimate customer's emissions (PCAF proxy multiplied by customer's revenue), leading to the following equation to estimate insurance associated GHG emissions.

$$\text{Insurance associated emissions} = \text{Insurance premium} \times \text{PCAF proxy}$$

The following table summarizes the lines that, at the moment, are out of scope of PCAF standard.

Segment	Line of Business (LoBs)
Commercial insurance	Structured trade credit
	Surety
	Engineering lines: Construction all-risk, erection all-risk only
	Corporate life and pensions, personal accident
Personal lines	Liability
	Property
	Travel assistance
	Life and Health
Treaty reinsurance	All LoBs
Facultative reinsurance	All LoBs

Reporting principles (continued)

GHG Emission (continued)

Category 15 - Financed Emissions (continued)

7. Insurance-Associate GHG emissions (continued)

Insurance contracts – Motor line portfolios

The Group estimated and reports the insurance-associated GHG emissions of the annual emissions of the vehicles being insured as:

- i. Scope 1: Direct emissions from fuel combustion in vehicles;
- ii. Scope 2: Indirect emissions from electricity generation consumed in plug-in hybrid vehicles and electric vehicles.

Personal motor line portfolio emissions (tCO₂e) are estimated using the formula from the PCAF standard (Insurance-Associated emissions Chapter 5.3 Emissions associated with personal motor portfolios):

Insurance associated emissions

$$= \frac{\text{Insurance industry's total premium from the motor line of business}}{\text{Total costs associated with vehicle ownership of all vehicles}} \times \text{Emissions of insured vehicles w}$$

Data Inputs:

- i. The **Insurance industry's total premium and total costs associated with vehicles** for the year ended 31 December 2024 are not currently available. The Group utilised the global weighted average (Industry) attribution factor (6.99%) used to determine the percentage of cost of insurance. This factor is calculated using consumer price index (CPI) data, which reflects the relative importance of insurance cost based on their share in total household consumption
- ii. **Emissions of insured vehicles** are estimated using average PCAF emission factors for Scope 1 and Scope 2 emission (kgCO₂/ year) for Cyprus, per vehicle type and fuel type.



Independent practitioners' limited assurance report on Bank of Cyprus Holdings Public Limited Company's Sustainability Statement

To the Directors of Bank of Cyprus Holdings Public Limited Company

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated Sustainability Statement of Bank of Cyprus Holding Public Limited Company (the "Company") included in pages 77 to 254 of the Directors' Report (the "consolidated Sustainability Statement"), as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024, prepared in accordance with Part 28 of the Companies Act 2014.

Certain required disclosures have been presented elsewhere in the Annual Financial Report, rather than in the consolidated Sustainability Statement. These are cross referenced from the consolidated Sustainability Statement and are identified as subject to limited assurance.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Part 28 of the Companies Act 2014, including:

- compliance of the sustainability reporting with the European Sustainability Reporting Standards ("ESRS");
- the process carried out by the Company to identify the information reported pursuant to the sustainability reporting standards, is in accordance with the description set out in the section 'Identification and assessment of material impacts, risks and opportunities'; and
- compliance of the disclosures in subsection 'EU Taxonomy Disclosures in accordance with Article 8 of the Taxonomy Regulations' within the environmental section of the consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (Ireland) 3000, *Assurance engagements other than audits or reviews of historical financial information - assurance of sustainability reporting in Ireland* ("ISAE (Ireland) 3000"), issued by the Irish Auditing & Accounting Supervisory Authority (IAASA). The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioners' responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the independence requirements of the Companies Act 2014 and the Code of Ethics issued by Chartered Accountants Ireland that are relevant to our limited assurance engagement of the consolidated Sustainability Statement in Ireland.

The firm applies International Standard on Quality Management (Ireland) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the consolidated Sustainability Statement

As explained more fully in the Statement of Directors' Responsibilities as set out on pages 39 to 40, the Directors' of the Company are responsible for designing and implementing a process to identify the information reported in the consolidated Sustainability Statement in accordance with the ESRS and for disclosing this Process in note 'Identification and assessment of material impacts, risks and opportunities' of the consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

The Directors of the Company are further responsible for the preparation of the consolidated Sustainability Statement, in accordance with Part 28 of the Companies Act 2014, including:

- compliance with the ESRS;
- preparing the disclosures in subsection "EU Taxonomy Disclosures in accordance with Article 8 of the Taxonomy Regulations" within the environmental section of the consolidated Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that the Directors determine is necessary to enable the preparation of the consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the consolidated Sustainability Statement

In reporting forward-looking information in accordance with ESRS, the Directors of the Company are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Certain metrics reported within the Sustainability Statement may be subject to inherent limitations, for example, value chain information relating to emissions data provided by third parties (as discussed in section 'ESRS E1 - Climate Change', subsection 'Scope 3 GHG emissions', subsection 'GHG Emission' of 'Reporting Principles' under the 'Sustainability Statement - Additional Information', and subsection 'Key estimates and judgements' within the 'General Basis for Preparation' section of the Sustainability Statement).

Practitioners' responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE (Ireland) 3000 we exercise professional judgement and maintain professional scepticism throughout the engagement. Our responsibilities in respect of the consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in note 'Identification and assessment of material impacts, risks and opportunities'.

Our other responsibilities in respect of the consolidated Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the consolidated Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by: performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents), and reviewing the Company's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in note 'Identification and assessment of material impacts, risks and opportunities'.

In conducting our limited assurance engagement, with respect to the consolidated Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its consolidated Sustainability Statement by obtaining an understanding of the Company's control environment, processes and information systems relevant to the preparation of the consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control.
- Evaluated whether the information identified by the Process is included in the consolidated Sustainability Statement.
- Evaluated whether the structure and the presentation of the consolidated Sustainability Statement is in accordance with the ESRS.



- Performed substantive assurance procedures on selected information in the consolidated Sustainability Statement.
- Where applicable, compared disclosures in the consolidated Sustainability Statement with the corresponding disclosures in the Financial Statements and Directors' Report.
- Evaluated the methods assumptions and data for developing estimates and forward-looking information.
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated Sustainability Statement.

Other Matter – Compliance with the requirement to mark-up the consolidated Sustainability Statement

Section 1613(3)(c) of the Companies Act 2014 requires us to report on the compliance by the Entity with the requirement to mark-up the consolidated Sustainability Statement in accordance with Section 1600 of that Act. Section 1600 of the Companies Act 2014 requires that the Directors' Report is prepared in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and shall mark-up the consolidated Sustainability Statement. However, at the time of issuing our limited assurance report, the electronic reporting format has not been specified nor become effective by Delegated Regulation. Consequently, the Entity is not required to mark-up the consolidated Sustainability Statement. Our conclusion is not modified in respect of this matter.

Other Matter- References to external sources or websites

The references to external sources or websites in the Sustainability statement are not part of the Sustainability statement and therefore are not within the scope of our limited assurance engagement.

Other Matter- Comparative Information

The comparative information included in the consolidated Sustainability Statement of the Company for any period prior to 1 January 2024 was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Use of this report

Our report is made solely in accordance with Section 1613 of the Companies Act 2014 to the Directors of the Company.

Our assurance work has been undertaken so that we might state to the Directors those matters we are required to state to them in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Directors, as a body, for our limited assurance work, for this report, or for the conclusions we have formed.

Fidelma Boyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

26 March 2025

Annual Corporate Governance Report

2024

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1. INTRODUCTION AND COMPLIANCE STATEMENT

The 2024 Corporate Governance Report (the 'Report') sets out the governance framework within which Bank of Cyprus Holdings Public Limited Company (the 'Company') and Bank of Cyprus Public Company Limited ('BOC PCL' or the 'Bank') operate and sets out how the Board of Directors (the 'Board') oversees, evaluates and complies with such governance framework. The Report also outlines the key areas of focus of the Board and Board Committees in 2024. In addition, the Report includes the Remuneration Policy Report, which details the remuneration policy and practices. The Group's commitment to the highest standards of corporate governance ensures transparency, accountability, and sustainable growth.

I. The Group at a glance

The Company is the holding company of BOC PCL. The Bank of Cyprus Holdings Group (the 'Group') comprises the Company, its subsidiary, BOC PCL, and the subsidiaries of BOC PCL. All Group companies and branches are set out in Note 50 to the Consolidated Financial Statements included within the 2024 Annual Financial Report. A common board and committee structure applies for the Company and BOC PCL, while the subsidiary companies have their own separate boards and, where applicable, their own board committee structures. The Board exercises oversight of the Group's risk profile and internal control framework.

II. Purpose of this Report

The Report provides a comprehensive overview of how the Group integrated and adhered to applicable corporate governance requirements in 2024 and includes reports from the four statutory Board Committees and one non-statutory Board Committee, illustrating their main areas of focus, challenges and future goals. The Report also includes the 2024 Remuneration Policy Report, which sets out the Group's policy on remuneration. The Report also illustrates how the Group, and more specifically the Board, manages to maintain an open and transparent engagement and communication with stakeholders, to continuously improve governance practices.

The Board, and the Executive Committee, are committed to upholding the highest standards of governance, ensuring that the decision-making processes are consistently aligned with the Group's goals, values, and ethical principles. Through its corporate governance framework, the Group leads as a pioneer in an era characterized by rapid changes, disruption, and digitalization. The primary objective of its governance is to create long-term sustainable value for its shareholders, while also considering and respecting the interests of all stakeholders: investors, customers, employees, the regulators and the wider society (the 'Stakeholders'). Additionally, the Board seeks to provide constructive challenges, advice, and support to the management team by establishing the necessary checks and balances that drive informed, collaborative, and accountable decision-making.

III. Applicable Governance Requirements ('First part' for purposes of CSE Code categorisation)

The Group's governance framework manages to achieve its objectives by adopting and embracing all applicable corporate governance requirements. For the year ended 31 December 2024, the Group has adopted, adhered to the following:

- a) The CBC Directive on Internal Governance of Credit Institutions of 2021 (the '**CBC Internal Governance Directive**'), as amended (available at www.centralbank.cy);
- b) The EBA Guidelines on Internal Governance under Directive 2013/36/EU, as amended;
- c) The CSE Code (6th edition – April 2024) (the '**2024 CSE Code**'), as amended (available at www.cse.com.cy);
The UK Corporate Governance Code 2018 published by the Financial Reporting Council in the UK (the '**2018 UK Code**') (available at www.frc.org.uk)¹;
The ESMA and EBA Guidelines on assessment of the suitability of the Board (the '**Joint Guidelines on Suitability**'), as amended;
- d) The CBC Directive on the assessment of the suitability of members of the Board and Key Function Holders (the '**CBC Suitability Directive**') (available at www.centralbank.cy);
- e) The Companies Act 2014 of Ireland (the '**Irish Companies Act**'), as amended.

¹ The Group has decided to voluntarily apply the 2018 UK Code. It is noted that the 2024 UK Corporate Governance Code will be applicable from 1st January 2025 and afterwards, hence, for the purposes of this Report the 2018 UK Corporate Governance Code applies.

1. INTRODUCTION AND COMPLIANCE STATEMENT (continued)

IV. Compliance Statement ('Second part' for purposes of CSE Code categorisation)

The shares of the Company are admitted and traded on the Cyprus Stock Exchange (the 'CSE'), and hence, the Group adopts and adheres to the 2024 CSE Code. All principles and provisions of the 2024 CSE Code have been incorporated in the Group's Corporate Governance Policy and Framework, a copy of which can be found at <https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/corporate-governance-other-group-policies/>. For the year ended 31 December 2024, and as at the date of this Report, the Group has maintained full compliance with the requirements of the CSE Code except for:

1. Provision C3.1 with respect to the Audit Committee (the 'AC') stating 'the *President or any other members of the said committee should have experience in accounting or audit*'. Currently none of the members of the AC have direct experience in accounting or audit. The Board resolved that its functioning could benefit from further breadth of perspectives and experiences and an enhancement of its collective experience in audit and banking whilst at the same time considering its gender and regional diversity targets. Actions have been taken to further enhance the composition of the Board and new members are expected to join the Board within 2025.

The shares of the Company were admitted and, starting from 23 September 2024, are also being traded on the Main Market of the Regulated Securities Market of the Athens Stock Exchange (the 'ATHEX'). Greek corporate governance law provisions, namely the provisions of articles 1-24 of Greek Law 4706/2020 (the 'Greek Corporate Governance Regime'), apply only to companies whose registered seat is in Greece. As a result, the Company, being a public limited company incorporated and registered in Ireland, is not obliged to follow and adhere to the Greek Corporate Governance Regime. Instead, the Company complies with the corporate governance regime of Ireland.

The shares of the Company were admitted and traded, up until 19 September 2024, on the international commercial companies secondary listing category of the Official List of the London Stock Exchange (the 'LSE'). Although not legally required to do so, the Group while complying with the LSE Listing Rules also voluntarily opted to 'comply or explain' with the 2018 UK Code to demonstrate its commitment to upholding the highest standards of corporate governance and ethical conduct. Even after the delisting of the Company from the LSE, the Board decided, on a transitional basis, to continue to voluntarily "comply or explain" with the principles and provisions of the 2018 UK Code. This reflects the Board's proactive and ongoing approach in embracing a comprehensive corporate governance framework that promotes transparency, integrity, and accountability in its operational and strategic endeavors. For the year ended 31 December 2024, the Group has applied the principles and complied with the provisions of the 2018 UK Code, other than with the requirements set out below:

1. As per provision 5 of the 2018 UK Code, the Board is not using any of the methods described therein, for engagement with the Group's workforce. The Board has instead opted to use an alternative arrangement as provided for in the said provision, through the work of the Human Resources and Remuneration Committee (the 'HRRC') by continuing to receive regular updates and continuously monitoring the progress of the HR function initiatives and work anchored on key strategic goals. The work of the HRRC is further explained in Section 2, subsection XII.
2. With regards to provision 12 of the 2018 UK Code, it is noted that Mr. Constantine Iordanou held the position of Senior Independent Director (the 'SID') up until 16 June 2024, the date on which he sadly passed away. On 21 June 2024 Mr. Adrian Lewis assumed the position of SID. The three working days in between were necessary for the Board to resume and appoint the new SID.
3. With regards to provision 23 of the 2018 UK Code, for 2024, the Board Nominations and Diversity Policy included a target of ensuring a 40% female representation on the Board. As of 31 December 2024, 37.5% of the individuals on the Board were women following the departure of two female members at the end of 2023. Gender diversity continues to be considered in Board enhancement considerations.
4. With regards to provision 24 of the 2018, UK Code (DTR 7.1.1A), '*...at least one member of the Audit Committee must have competence in accounting or auditing...*'. Currently none of the members of the AC have direct experience in accounting or audit. The Board resolved that its functioning could benefit from further breadth of perspectives and experiences and an enhancement of its collective experience in audit and banking whilst at the same time considering its gender and regional diversity targets. Actions have been taken to further enhance the composition of the Board and new members are expected to join the Board within 2025.

1. INTRODUCTION AND COMPLIANCE STATEMENT (continued)

IV. Compliance Statement ('Second part' for purposes of CSE Code categorisation)
(continued)

5. With regards to provision 32 of the 2018 UK Code, currently the Chair of the HRRC has not had previous experience in remuneration committees for at least 12 months. The matter has been identified, and it is expected that this will be resolved within 2025 since with the lapse of time (i.e. of 12 months) the current Chair will be in office and will gain the relevant experience.

In accordance with section 225 of the Irish Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The Board confirms that a compliance statement has been drawn up, setting out the Company's policies, and that appropriate arrangements and structures have been put in place that are, in the Board's opinion, designed to secure material compliance with the relevant obligations. The Board continuously monitors and reviews internally, at least once a year, its governance framework and that of the Group's subsidiary companies (where applicable) through effective oversight.

2. GOVERNANCE

I. Chair's Foreword

Dear Stakeholders,

It is with great pride that I present this comprehensive overview of the Board of Directors' focus and activities in 2024, encapsulated in this Corporate Governance Report of 2024. This document provides a detailed account of the governance framework, within which the Board and its Committees operate, presents the role of the Board and its Committees, and provides an account of key activities and focus areas of the Board and its Committees during 2024.

During the last year the Board experienced a notable change in its composition as it was marked by the sudden passing of our Senior Independent Director, late Dinos Iordanou, in June 2024. Mr. Iordanou's contribution and unwavering commitment to the Group will always be remembered with great respect and appreciation. Considering the loss, the Board capitalised on the skills and experiences of existing members, many of whom have taken on new responsibilities during the year, ensuring that the quality of the Board's work and its standards remained uncompromised during this period. At the same time the Board has taken several initiatives to enhance its composition, during the year, which are expected to take effect within 2025.

The year 2024 has been marked by significant strides in our strategic initiatives, underpinned by rigorous planning and execution. The Board has been steadfast with the listing of the Company's shares on the ATHEX, a move anticipated to enhance stock liquidity and capital access. The year 2024 marked the second consecutive year that dividends were paid to our shareholders since the resumption of dividend payments in 2023. Effective corporate governance, together with an effective risk management framework, are fundamental to the Group's realisation of the strategy and in our ongoing commitment to providing sustainable shareholder returns. Our commitment to Environmental, Social, and Governance (ESG) standards was reinforced with regular updates on sustainability initiatives, compliance, and impact assessments. Furthermore, our digitalisation strategy has seen consistent advancements, with quarterly updates and dedicated discussions shaping its course. These efforts collectively underscore our dedication to long-term value creation and resilient governance, positioning us for sustained success in a dynamic financial landscape.

Our Board has overseen and addressed regulatory matters, ensuring compliance and upholding the highest standards of governance. In 2024, the Board enhanced its own governance practices and functioning, and among other governance initiatives considered, discussed and approved the comprehensive succession plan for senior management and key function holders. The plan was meticulously crafted to align with the Company's long-term goals, fostering a resilient leadership pipeline capable of steering the organization towards sustained success.

As it will be evident from the analysis that follows in the Report, throughout the year, the Board has considered and approved key reports such as the Annual Risk Report, the Annual Audit Report, the Annual Report of Compliance 2024, the Information Security yearly report 2024, the ICAAP and ILAAP reports. These activities underscore our commitment to regulatory adherence and operational integrity. In addition, the Board has overseen the risk management framework, which includes regular reports on the Group's Key Risk Indicators and Values and the Group's Risk Profile and to identify and mitigate potential risks proactively.

Recognizing the importance of fostering transparency and building a strong framework for future collaboration, the Board has maintained continuous communication and liaison with its regulators throughout 2024. Our ongoing dialogue and activities have been pivotal in addressing various emerging matters, ensuring compliance, and reinforcing our governance framework.

2. GOVERNANCE (continued)

I. Chair's Foreword (continued)

Looking ahead to 2025, the Board remains committed to sustaining this momentum. We will continue to prioritize strategic leadership, regulatory compliance, and operational integrity. Our focus will be on further strengthening our governance practices, enhancing stakeholder engagement, and navigating the evolving regulatory landscape with agility and foresight. We are confident that these efforts will drive the organization toward new heights of success and resilience.

Thank you for your continued support and trust in our Board's leadership.

Yours Sincerely

Takis Atrapoglou

Chair of the Board

2. GOVERNANCE (continued)

II. The Board

Driving value for the shareholders, setting strategic direction and risk appetite and safeguarding robust decision-making regarding matters of financial, regulatory, and reputational significance.

Board Committee Membership Key

N ominations C orporate G overnance C ommittee	A udit C ommittee	T echnology C ommittee	H uman R esources R emuneration C ommittee	R isk C ommittee

Where the member is chairing the Committee, the Committee, under the members name, appears in large bold font.

Current Board Composition

Efstathios-Georgios (Takis) Arapoglou



Group Chairman

**Independent
Non-Executive member**

Appointed: June 2019

NCGC, HRRC

Skills, experience, contribution:

- Experienced professional with proven track record in International Capital Markets, Corporate, Commercial & Investment Banking, based in Southeast Europe, the UK and the Middle East.
- Managing, restructuring and advising public listed financial institutions and corporations, primarily in Southeast Europe and the Middle East.
- Profoundly focused on proactive culture and corporate governance.

His other senior-level experience includes prior appointment as Managing Director and Global Head of Banks and Securities Industry for Citigroup, Chair of the Board of Directors and CEO of the National Bank of Greece, and CEO of Commercial Banking at EFG-Hermes Holding SAE.

Academic and Professional Qualifications:

BA in Mathematics and Physics, University of Athens
BSc in Naval Architecture and Ocean Engineering, University of Glasgow
MSc in Finance and Management, University of Brunel, London

External Appointments:

- Chair of the Board, Tsakos Energy Navigation (TEN) Ltd
- Non-Executive Director, EFG Hermes Holding SAE
- Non-Executive Director, Bank al Falah, Pakistan
- Non-Executive Director, Benaki Endowment Fund Ltd (non-profit organization)

2. GOVERNANCE (continued)

II. The Board (continued)

Lyn Grobler



Group Vice-Chair

**Independent
Non-Executive Director**

Appointed: *February 2017*

TC, NCGC, AC

Skills, experience, contribution:

- Proven track record in technology and IT roles.
- Extensive experience in digital transformation.
- Managed large-scale global technology projects and strategies within banking and trading sectors, in both London and South Africa.

Since 2016 and throughout 2024, Ms. Grobler held the position of Group Chief Information Officer at Howden Group Holdings (formerly Hyperion Insurance Group). Her previous senior level experience includes over 16 years with BP p.l.c. in senior leadership roles, including the appointment as Vice-President and Chief Information Officer Corporate Functions, where she led the transformation of both the organization and the digital landscape.

Academic and Professional Qualifications:

National Diploma in Electronic Data Processing, Cape Peninsula University, South Africa
Higher National Diploma in Computer Systems, Durban University, South Africa

External Appointments:

- Chair of the Board, Howden Group Services
- Non-Executive Director, Titan Cement International SA

2. GOVERNANCE (continued)

II. The Board (continued)

Adrian Lewis



Senior Independent Director

**Independent
Non-Executive Director**

Appointed: *November 2023*

Skills, experience, contribution:

- Extensive background in equity capital markets and investment banking.
- Understanding and experience in advising innovative fintechs and other early-stage companies, based in London.

Mr. Lewis is currently a managing director of the boutique advisory firm, Namier Capital, supporting and advising innovative startups and early-stage companies. He has previously worked for over 20 years mainly within equity capital markets at UBS Investment Bank, and from 2013 to 2020, he was the EMEA Head of ECM at HSBC.

Academic and Professional Qualifications

M.A. Hons in Mathematics and Philosophy, University of Oxford, UK

External Appointments:

- Non-Executive Director, Bumblebee Power Limited

AC, HRRC, TC

2. GOVERNANCE (continued)

II. The Board (continued)

Monique Eugenie Hemerijck



**Independent
Non-Executive Director**

Appointed: *August 2023*

RC, AC, TC

Skills, experience, contribution:

- Highly experienced in financial and risk management within the Banking and Insurance sectors.
- Detailed knowledge of risk management, finance, corporate governance and strategy, balance sheet & capital management and financial/risk reporting & disclosures.
- Extensive experience in risk management, in the Netherlands and Portugal.

Ms. Hemerijck has deep risk management expertise spanning over 30 years of work. During a period of 10 years, she held the role of Chief Risk Officer and been a member of the Executive Board of several banking entities within NN Group and ING Group. Prior to that she worked for the Dutch Central Bank, positioned in several departments like Econometric Research, Monetary Policy, Asset Management and Supervision of International Conglomerates.

Academic and Professional Qualifications

MA in Economics, Tilburg University, the Netherlands
Certificate for CFOs, Advanced International Corporate Finance Program, INSEAD
Corporate Governance program - Executive Education, Nyenrode Business University. Post Graduate Diploma for Capital Markets Specialist, De Nederlandsche Bank, KPMG, AIF & INSEAD.

External Appointments:

- Non-Executive Director, Caixa Geral De Depositos

2. GOVERNANCE (continued)

II. The Board (continued)

Christian Philipp Hansmeyer



**Independent
Non-Executive Director**

Appointed: May 2024

NCGC, RC

Skills, experience, contribution:

- Highly experienced in sustainable financing/investing, ESG impact investment.
- Development and implementation of sustainable investing strategies, including integrating ESG and impact into investing processes and impact tracking, measurement and reporting.
- Multi-sector investment origination and execution of growth, capital and control opportunities, with a focus on technology and healthcare opportunities.

Mr. Hansmeyer has been the Managing Director, Head of Risk, Legal and Strategy of Greater Pacific Capital LLP, based in London, since 2018. Currently, he is also the Head of Research at F4G Foundation, a non-profit institution. He has previously held the positions of Principal for Greater Pacific Capital Co. Ltd in Shanghai and of Vice President and Associate for Greater Pacific Capital LLP. He has also previously served as an analyst in investment banking with Goldman Sachs International.

Academic and Professional Qualifications

MBA, Harvard Business School, USA
First State Examination in Law, University of Augsburg, Germany.

External Appointments:

- Non-Executive Director, Revogenex Ltd

2. GOVERNANCE (continued)

II. The Board (continued)

William Stuart Birrell



**Independent
Non-Executive Director**

Appointed: May 2024

HRRC, RC

Skills, experience, contribution:

- Experienced professional with a demonstrated history in the sector of technology, aviation, FMCG, automotive, and sports.
- History of successfully merging, separating and transforming leading UK and international businesses.
- Strategy and innovation are at the core, having challenged and led established businesses to create new digital b2b and b2c channels and to embed innovation as a structured, disciplined mindset focused on realizing strategic benefits and new revenues.

Mr. Birrell has been the Chief Data & Information Officer and is a Member of the Executive Board of EasyJet Airline Ltd since 2020 up to 31 December 2024. He has previously served as the Chief Information Officer and as an Executive Director for Heathrow Airport Ltd, as well as the Chief Information Officer of Gatwick Airport Ltd and McLaren Technology Group Ltd. Mr. Birrell has also honorably acted as an advisor to the Board for the Parliament Restoration and Renewal Delivery Authority of the UK Government.

Academic and Professional Qualifications

MBA, Warwick University (2005)

BSc (Hons), Electrical and Electronic Engineering, Heriot Watt University (1986)

Member of Institution of Engineering and Technology (MIET)
Chartered Engineer (CEng)

External Appointments:

- Member of the Executive Board, EasyJet Airline Ltd

2. GOVERNANCE (continued)

II. The Board (continued)

Panicos Nicolaou



Executive Director

Appointed: September 2019

Skills, experience, contribution:

- Experienced professional with significant experience in Corporate Banking and Credit Risk.
- Deep understanding of the business and the areas in which the Group operates.
- Committed to fostering a culture of integrity, accountability, and excellence within the Group.

Mr. Nicolaou acts as the Group's CEO and Executive Member of the Board. Previously he held the position of Director of the Corporate Banking Division at the Bank from June 2016 to August 2019 and Manager in the Restructuring and Recoveries Division from April 2014 to June 2016. Joining the Bank in 2001, he has occupied various roles, primarily within the Corporate Banking and Credit Risk Departments.

Academic and Professional Qualifications

Degree in Mechanical Engineering, National Technical University of Athens (Metsovio Polytechnic), Greece
BSc in Financial Services/ACIB, School of Management, UMIST, UK

MSc in Mechanical & Industrial Engineering, University of Illinois at Urbana-Champaign, USA

External Appointments:

- Member, Association of Cyprus Banks*
- Member, Employers' Association of Cyprus Banks*
- Member of the Executive Committee, Cyprus Employers & Industrials Federation (OEB)*

**Entities which do not pursue commercial objectives. Mr. Nicolaou's membership stems from his capacity as the Bank's CEO.*

2. GOVERNANCE (continued)

II. The Board (continued)

Eliza Livadiotou



Executive Director

Appointed: *October 2021*

Skills, experience, contribution:

- Extensive experience in audit, finance and banking.
- Deep understanding of Finance, Treasury, Strategy and Corporate Finance, Investor Relations, ESG, Real Estate Management, Restructuring & Recoveries, Regulatory Affairs, Procurement and Economic Research.
- Significant financial leadership.

Ms. Livadiotou is the Group's Executive Director Finance and an Executive Member of the Board. Before embarking on her career in the banking sector, Ms. Livadiotou was employed with the audit firm Arthur Andersen in Cambridge, UK. She joined the Bank in 1999 and has held multiple roles, including Assistant to the Group Chief General Manager, Chief Financial Officer, and has overseen both the Finance and Treasury Divisions.

Academic and Professional Qualifications

MA in Economics, University of Cambridge, UK
Qualified Chartered Accountant

External Appointments:

- Board Member, Board of Trustees of Bank of Cyprus Oncology Centre
- Chair of the Board, The Girl Guides Association of Cyprus (non-profit institution) *
- Board Member, Institute of Certified Public Accountants of Cyprus*

**Entity which does not pursue commercial objectives*

2. GOVERNANCE (continued)

III. The Executive Committee

The Group's Executive Committee (the 'EXCO') is the most senior executive committee of the Group, responsible for executing the Group's strategy.

Current Composition



Panicos Nicolaou CEO	Charis Pouangare Deputy CEO & Chief of Business	Eliza Livadiotou Executive Director Finance (EDF)	Irene Georgiou Executive Director People & Change	Demetris Th. Demetriou Chief Risk Officer (CRO)*	George Kousis Executive Director Technology & Operations

Read more about each member of the EXCO on: <https://www.bankofcyprus.com/group/who-we-are/our-leadership/senior-management/>

Changes in the EXCO during 2024:

There were no changes in the EXCO in 2024.

Observers

The Chief Compliance Officer, Mr. Marios Skandalis, and Director Internal Audit, Mr. Giorgos Zornas, participate in the EXCO meetings as observers in attendance.

*Rights of the CRO in the EXCO

The CRO, maintaining his/her independence to challenge such decisions and ensuring that risk considerations are considered appropriately, has the right to veto any EXCO decision that may affect the institution's exposure to risks following the relevant escalation procedure. The right to veto such decisions is justified given that the decisions are made at EXCO level i.e. below the level of the Board, which bears the ultimate and overall responsibility for the institution.

2. GOVERNANCE (continued)

IV. Board Governance Framework:

The Board derives its authority to act from the Articles of Association of the Company and the prevailing companies' laws, stock exchange and banking laws, the directives of the CBC, as well as the CSE and UK Codes.

Board Composition in Compliance with CBC Directive/CSE Code

As at 31 December 2024, the Board comprised of eight members: the Group Chair, (Mr. Efstratios – Georgios (Takis) Arapoglou) who was independent on appointment and remains independent, two executive directors (Mr. Panicos Nicolaou and Ms. Eliza Livadiotou) and five non-executive directors who are independent (Ms. Lyn Grobler, Mr. Adrian Lewis, Ms. Monique Hemerijck, Mr. Christian Hansmeyer and Mr. Stuart Birrell). The above composition is in adherence with the provisions of the CSE Code, with all six non-executive directors being independent. There is clear separation of duties between the CEO and the Chair of the Board.

Way forward

Although fully functional, following the resignation of four Board Members in 2023 and the sudden passing of Mr. Dinos Iordanou who held the position of SID (up until 16 June 2024), the Board resolved that its functioning could benefit from further breadth of perspectives and experiences and an enhancement of its collective experience in audit and banking whilst at the same time considering its gender diversity targets. Actions have been taken to further enhance the composition of the Board and new members are expected to join the Board within 2025.

Monitoring Board Independence

The NCGC and the Board assess the independence status of each candidate for the position of director during the recruitment process, against the criteria set out in the 2018 UK Code, the 2024 CSE Code, the CBC Suitability Directive and the Joint Guidelines on Suitability. In addition, the NCGC and the Board assess the independence status of each individual director on an annual basis.

A relevant 'Confirmation of Independence' based on the independence criteria of provision A.2.3 of the 2024 CSE Code is signed annually by each of the independent non-executive directors and submitted to the Cyprus Stock Exchange together with the Annual Corporate Governance Report.

The Chairperson, Mr. Efstratios – Georgios (Takis) Arapoglou, was independent on appointment and continues to operate in a manner that is independent in character and remains objective in his opinions having no other relationship or circumstances to affect his judgement. He commits the appropriate time for the Group's business, which is slightly more than the other non-executive directors, and it approximately amounts between 60-70 days per year. He has no other remuneration from the Group other than as Chairperson of the Board and chairperson of the NCGC, and member of the HRRC.

2024 Update

The NCGC has assessed and concluded that all Non-Executive Directors are independent as per provision of the said Codes and Directives during 2024. This conclusion was reached after consideration of all relevant circumstances that are likely to impair, or could appear to impair, independence.

Terms of Appointment, Retirement and Re-election of Directors

Non-executive directors are appointed for an initial three-year term and are typically expected to serve further terms of three years, assuming satisfactory performance and subject to the needs of the business, shareholder re-election and continuing suitability. A non-executive's term of office will not extend beyond twelve (12) years in total. Any re-appointment beyond nine (9) cumulative years is considered on an annual basis, considering factors such as performance, independence, the need for progressive refreshing of the Board over the medium to long-term and the best interests of the shareholders.

2. GOVERNANCE (continued)

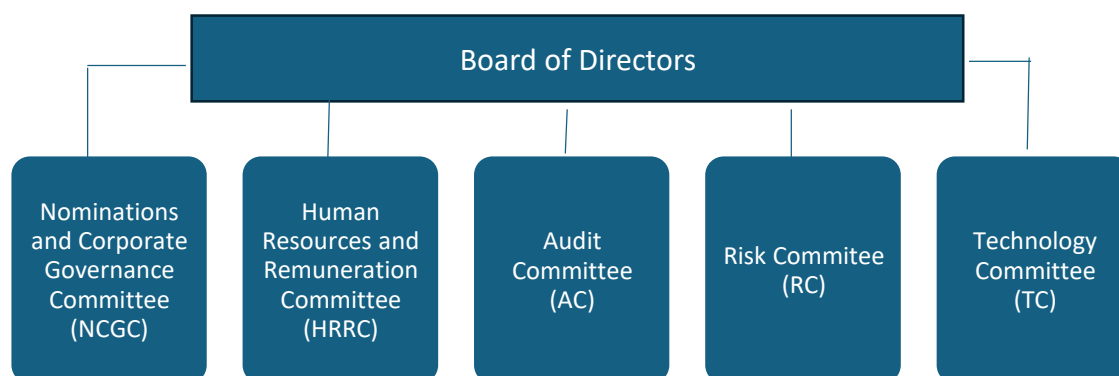
IV. Board Governance Framework: (continued)

The Board may at any time appoint any person who is interested to take up the position of a non-executive director, provided that he/she fulfils the criteria as these are determined in the Board Nominations and Diversity Policy (latest version of the said policy available at <https://www.bankofcyprus.com/globalassets/who-we-are/our-governance/corporate-governance-policies-2024/board-nominations-and-diversity-policy.pdf>, either to fill a vacancy or to join as an addition to the existing Board, but the total number of directors should not exceed 13. Any director so appointed is subject to election at the AGM following his/her appointment and the approval of the regulatory authorities. According to the Articles of Association of the Company, all directors retire each year and if eligible, offer themselves for re-election.

The following directors, being eligible, offered themselves for re-election and were re-elected at the 2024 AGM: Efstratios-Georgios Arapoglou, Lyn Grobler, Panicos Nicolaou, Constantine Iordanou (now deceased), Eliza Livadiotou, Monique Hemerijck and Adrian Lewis. The above AGM also elected as Directors, Mr. Christian Hansmeyer and Mr. Stuart Birrell. In doing so, all candidacies of directors were accompanied by sufficient biographical details upon their first election and/or re-election, these appearing in the AGM notices published for each relevant AGM.

It is noted that Mr. Constantine Iordanou held the position of Senior Independent Director (the 'SID') and Chair of the Audit Committee between 1 January 2024 and 16 June 2024, the date on which he sadly passed away. Mr. Adrian Lewis was appointed SID on the 21 June 2024.

Board and Committee governance structure



The Board is supported by the Board Committees to exercise its role of oversight of risk and control. Typically, matters are delegated to one of the Board Committees for consideration in greater depth than would be practicable at Board meetings, and subsequent recommendation to the Board for approval. Each Committee operates under terms of reference approved by the Board and reviewed annually by the Committees. Terms of reference of Committees are available on <https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/>.

Appropriate cross-membership of key Board committees, including between the AC and the RC and the HRRC, is ensured. The NCGC reviews the composition and purpose of the Board committees annually and on an ad hoc basis if circumstances warrant it and makes relevant recommendations to the Board. Further details on the work of these committees in 2024 are set out in Section 2, subsections XI-XV of this Report.

2. GOVERNANCE (continued)

IV. Board Governance Framework: (continued)

Interaction with material subsidiaries

There are close interactions between the Group's subsidiaries' boards of directors and their respective committees and the Board. The chairs of each subsidiary's audit and risk committees submit an annual report to the respective Group Board Committees detailing the activities of the subsidiary board during the year. Additionally, in 2024, requirements have been introduced with respect to the composition of the board of a subsidiary and over the independence of the heads of Control Functions. The NCGC annually reviews and recommends to the Board for approval the Corporate Governance Guidelines for Group Subsidiaries.

2024 Update

The Corporate Governance Guidelines for subsidiaries have been significantly revised in 2024 with the aim to further enhance the effective oversight of subsidiaries and to ensure that effective corporate governance practices are implemented by material subsidiaries. The definitions of 'material subsidiary and PIES' have also been included in the Guidelines. Basic guidelines were also provided in the framework in relation to non-material subsidiaries and special purpose vehicles (SPVs). Additionally, the framework has been enhanced to explicitly state that the Chief Compliance Officer, in his capacity as the Corporate Governance Compliance Officer, may attend meetings of the boards of material subsidiaries, as an observer by invitation, as part of his overall review and assessment of the functioning of the board and of the subsidiary's corporate governance function. Additionally, requirements have been introduced when considering the composition of the subsidiary's board and the independence of the heads of Control Functions.

2. GOVERNANCE (continued)

V. The Role of the Board

Role of the Board

The Board is collectively responsible for the long-term success of the Group, and is committed to effective leadership, considering the key role of the Group in the wider society. The Board's role is to promote the Group's vision, values, culture, and behaviour, within a framework of adequate controls, which enables risk to be identified, assessed, measured, and managed. The Board sets the Group's strategic objectives and risk appetite to support the strategy; integrates sustainability into the way business is conducted; ensures that the necessary financial and human resources are in place for the Group to meet its objectives; and oversees management performance to the above ends.

The Board is also responsible for ensuring that management maintains an adequate and effective internal governance framework and internal control system, which includes a clear organisational structure and the smooth operation of independent risk management, regulatory compliance, internal control and ICT and security risk management functions with adequate powers and resources for the performance of their duties. Furthermore, the Board is accountable for presenting a fair, balanced and understandable assessment of the Company's, the Bank's and the Group's position and prospects, including in relation to the annual and interim financial statements and other price-sensitive public reports, as well as reports required by regulators and by law.

Moreover, the Board is responsible for endorsing the appointment of individuals who may have a material impact on the risk profile of the Group. Their appropriateness for the role is monitored on an ongoing basis. The removal from office of the head of a 'control function' as defined in the CBC Directive on Internal Governance, is also subject to Board approval.

The roles of the Board and its Committees are described and analysed in the Group Corporate Governance Policy and Framework, which is reviewed on an annual basis. The Group Corporate Governance Policy and Framework can be found at <https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/corporate-governance-other-group-policies/>.

Matters reserved for the Board

The Board maintains the ultimate responsibility for the consideration and approval of all matters which are elevated at Board level. Typically, all such matters are discussed in depth at the relevant Board Committees before submission to the Board with a recommendation. The Board Chair reserves the right/discretion to instruct a matter to be brought to the Board directly for consideration, such as material decisions relating to strategic initiatives, approval of the Distribution Policy, any decision for distributions - dividends and share buybacks, etc.

The responsibility to make and implement operational decisions for the Group's business on a day-to-day basis, has been delegated by the Board to the CEO, supported by the EXCO.

Roles within the Board and attendance at the Board and Board Committees in 2024

The tables below set out the Board members' respective roles, responsibilities and the attendance of the Board members at Board meetings and Board Committees. The Board collectively convened 27 times during the year (including an offsite session which took place in early October 2024 to discuss strategy and vision for the future), 11 of which were scheduled. Joint meetings of Committees also appear in the below tables.

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

Role/ Name	Board Meetings attended	Responsibilities
Chair Efstathios Georgios (Takis) Arapoglou	26/27	Setting the Board's agenda, primarily focused on strategy, performance, value creation, culture, stakeholders' engagement, and accountability. Ensuring that the Board members receive timely and high-quality information to enable them to make informed decisions. Oversees Board operations and effectiveness. Ensures effective communication with shareholders and the regulator. Promotes culture of active participation in Board deliberations. Sets expectations regarding culture, values and behaviours.
Vice Chair Lyn Grobler	26/27	Providing support and guidance to the Chairperson. Acting as a substitute for the Chair during Board Meetings, or other official meetings and serves as representative of the Board and the Group in interactions with regulators, employees and customers.
Senior Independent Director Adrian Lewis	27/27	Accessible to the shareholders and to the Board for addressing unresolved shareholder/stakeholder concerns. Serving as a sounding board for the Chair and assists the Chair in meeting goals. Overseeing the evaluation of the Chair's performance and ensuring a seamless transition of leadership. Maintaining contact with major shareholders and acts as a liaison between them and the Board.
Other Non-Executive Directors Monique Hemerijck Christian Hansmeyer Stuart Birrell Constantine (Dinos) Iordanou (SID)	25/27 18/18 18/18 11/11	Providing effective monitoring, strategic guidance and constructive challenges to Executive Directors and management. Contributing to strategic development of the Group and empowering its implementation. Overseeing the adequacy of financial controls, compliance and risk management systems, and internal control framework.

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

Role/ Name	Board Meetings attended	Responsibilities
Executive Director CEO Panicos Nicolaou	27/27	Leading the Group's strategic objectives and promoting the implementation of the strategy decisions of the Board. Ultimate responsibility for the execution of the Group's operations, performance and regulatory compliance. Setting the tone of appropriate culture, values and behaviour of the Group. Responsible for the day-to-day management of the Group.
Executive Director EDF Eliza Livadiotou	27/27	Promoting success and the achievement of the financial targets of the Group and Supports the CEO in developing and implementing the Group strategy. Leading and overseeing the Finance Function and is responsible for effective financial and regulatory reporting. Leads Treasury, Real Estate Management, and Restructuring & Recoveries. Interacting with and managing feedback from investors, financial institutions, regulators and auditors on the performance of the Group.

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

	Meetings attended				
	NCGC	HRRC	RC	AC	TC
Efstratios Georgios (Takis) Arapoglou	15/15	5/5	N/A	N/A	N/A
Lyn Grobler	15/15	3/3	7/7	8/8	6/6
Adrian Lewis	3/3	5/5	7/7	19/19	9/9
Monique Hemerijck	N/A	4/4	17/17	19/19	9/9
Christian Philipp Hansmeyer (<i>Note 1</i>)	12/12	N/A	10/10	N/A	N/A
Stuart Birrell (<i>Note 2</i>)	N/A	6/6	10/10	N/A	N/A
Constantine (Dinos) Iordanou (<i>Note 3</i>)	N/A	4/4	N/A	11/11	3/3
Panicos Nicolaou	N/A	N/A	N/A	N/A	N/A
Eliza Livadiotou	N/A	N/A	N/A	N/A	N/A

	Joint Meetings attended		
	<u>NCGC/ HRRC</u>	<u>RC/AC</u>	<u>RC/TC</u>
Efstratios Georgios (Takis) Arapoglou	5/5	N/A	N/A
Lyn Grobler	5/5	7/7	2/2
Adrian Lewis	5/5	7/7	2/2
Monique Hemerijck	4/4	7/7	2/2
Christian Hansmeyer (<i>Note 1</i>)	1/1	3/4	1/1
Stuart Birrell (<i>Note 2</i>)	1/1	4/4	1/1
Constantine (Dinos) Iordanou (<i>Note 3</i>)	4/4	3/3	1/1
Panicos Nicolaou	N/A	N/A	N/A
Eliza Livadiotou	N/A	N/A	N/A

Notes:

1. Christian Philipp Hansmeyer was approved by the ECB on 29 April 2024 and officially appointed at the AGM on 17 May 2024.
2. Stuart Birrell was approved by the ECB on 29 April 2024 and officially appointed at the AGM on 17 May 2024.
3. Constantine (Dinos) Iordanou passed away on 16 June 2024.

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

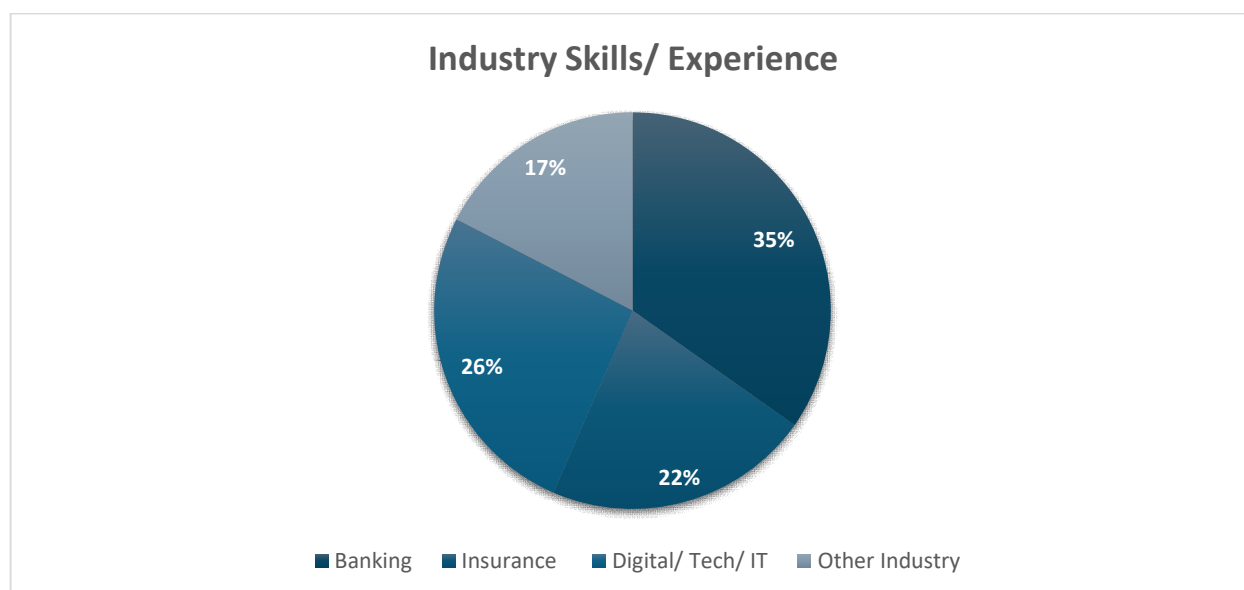
Diversity

The Board recognises the benefits of having a diverse Board and workforce, creating a work environment where everyone has an opportunity to fully participate in creating business success, and where each person is valued for their distinctive skills, experiences, and perspectives. In reviewing Board composition and identifying suitable candidates, the NCGC and the Board consider the benefits of all aspects of diversity including the skills identified as relevant to the business of the Group, industry experience, nationality, gender, age and other relevant qualities, to maintain an appropriate range and balance of skills, experience and background on the Board and its Committees.

The Group's approach to Board diversity is set out in full in the Board Nominations and Diversity Policy, which can be found online at <https://www.bankofcyprus.com/globalassets/who-we-are/our-governance/group-board-nominations-policy.pdf>

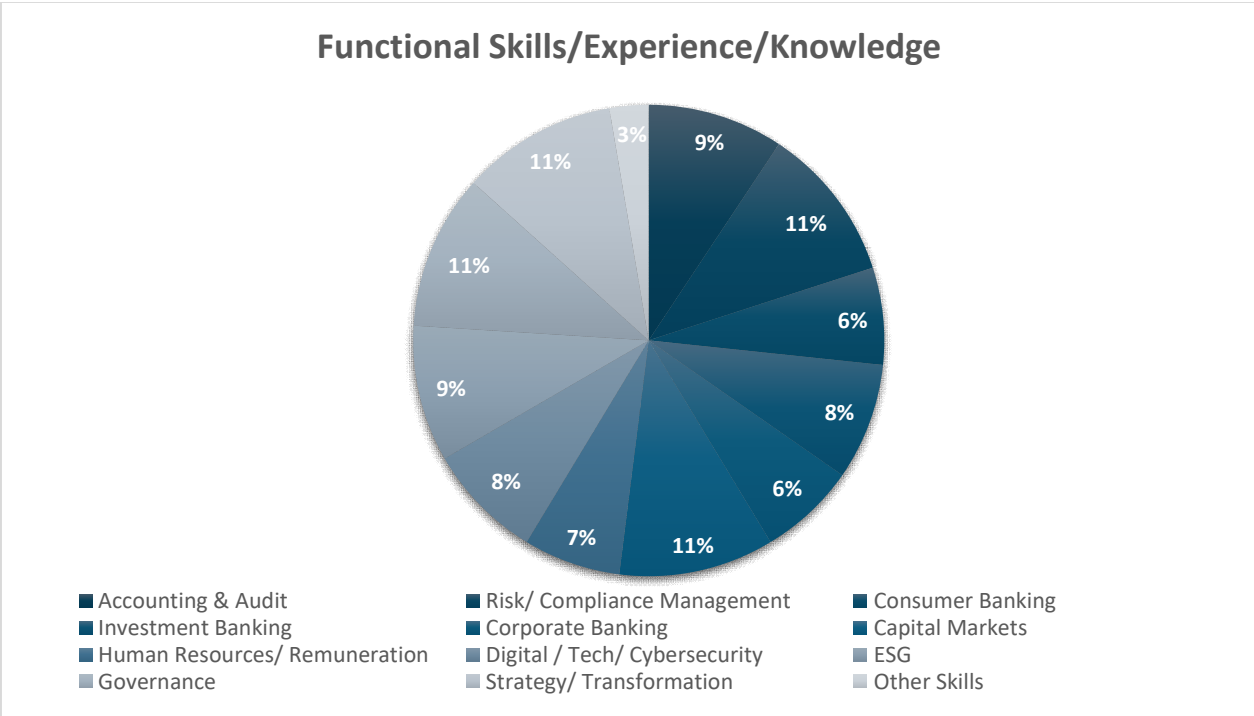
Diverse background in the Board

The Board benefits from a wide range of backgrounds, knowledge and experiences. Non-executive members of the Board possess a wide range of skills, knowledge and extensive experience acquired from executive and/or non-executive appointments as directors of other companies, that combine to provide independent perspective, insights and challenge needed to support good decision-making and effective board dynamics. The participation of executives on the Board enhances the banking expertise of the Board and ensures that the Board is provided with direct, precise, and up-to-date information about significant matters concerning the Group. Areas of expertise in current Board Composition include Banking, Insurance Business, Risk Management, IT, Information Security, ESG, and Investment Banking.



2. **GOVERNANCE** (continued)

V. **The Role of the Board** (continued)



Gender Diversity in the Board

During 2024, the NCGC reviewed the Board Nominations and Diversity Policy, which aims to maintain diversity with appointments based on merit in the context of the skills and experience required. The quantitative gender diversity of the Company remained set at 40% female representation. It is clarified that the set ambition level is set at a Board level as opposed to also being set at Committee level.

The following were applicable in relation to the Company and the Bank as 31 December 2024:

- 37.5% of the members of the Board are women following the departure of two female members at the end of 2024. Gender diversity continues to be considered in Board enhancement considerations.
- The EDF, Eliza Livadiotou, is female.

The Group’s Board gender diversity well exceeds that of listed companies in Cyprus and is aligned with the Gender Balance Corporate Boards Directive (EU) 2022/2381 mandating a minimum of 40% representation of the underrepresented sex among non-executive directors, or 33% among all directors by 30 June 2026.

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

Board members	Percentage on the Board	Number of senior positions on the Board (CEO, CFO*, SID and Chair)	Percentage in executive management	Number in executive management
Men	63%	3	67%	4
Women	37%	1	33%	2

**For CFO position the EDF title is used as the position encompasses further responsibilities.*

Ethnic background diversity in the Board

The Board recognises the challenges in setting diversity targets. Cyprus is the geographical provenance of the Group's customer and employee base and having also regards to the ethnic background of the Cyprus population, currently, the Board has not set a target for having at least one member of the Board from a non-white ethnic minority background.

Board members	Percentage of the Board	Number of senior positions on the board (CEO, CFO*, SID and Chair)	Percentage of executive management	Number in executive management
White British or other White (including minority-white groups)	100%	4	100%	6

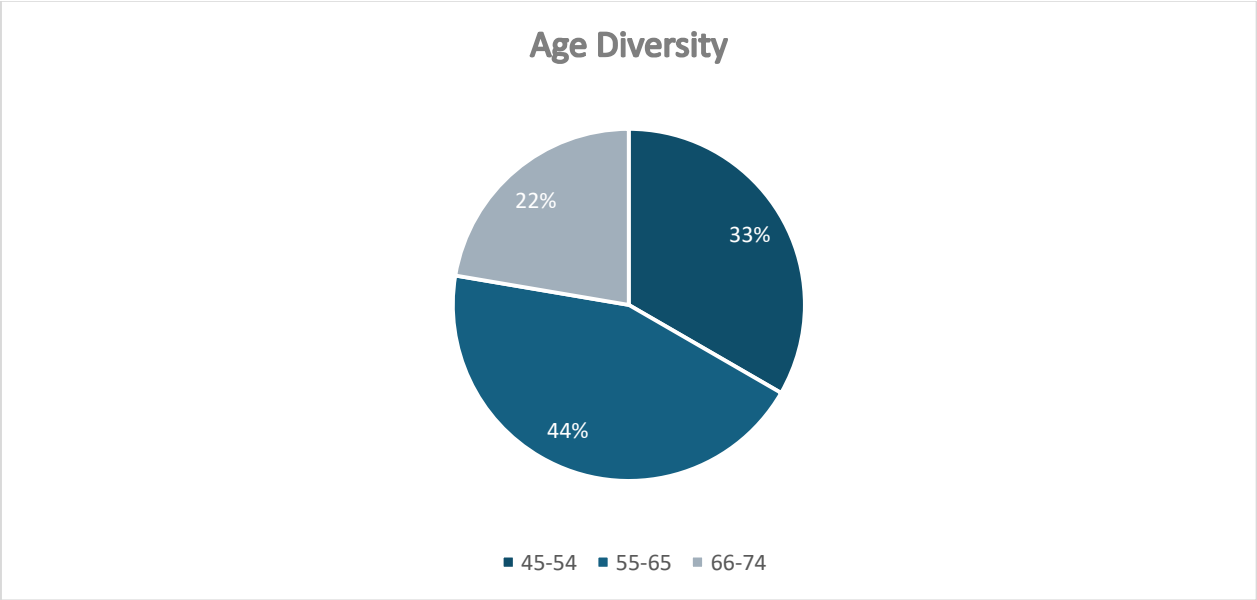
**For CFO position the EDF title is used as the position encompasses further responsibilities.*

Age Diversity in the Board

The following chart illustrates the distribution of age groups within the Board, showcasing the diverse range of ages represented.

2. **GOVERNANCE** (continued)

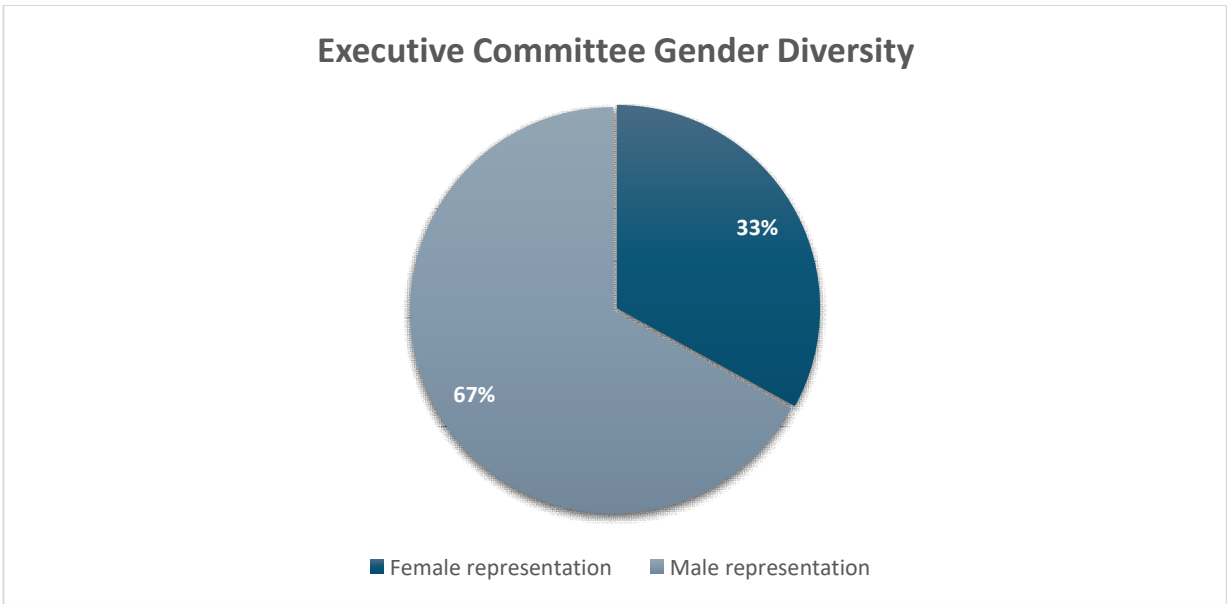
V. **The Role of the Board** (continued)



Gender Diversity at Senior Management level

The Board also places high emphasis on ensuring diversity in the senior management roles within the Group. Several Group policies ensure unbiased career progression opportunities. The Code of Conduct similarly ensures equal opportunities for all members of staff and treats diversity with fairness and respect aiming to provide fair treatment for everyone at work. A primary ESG target approved by the Board under the ESG strategy is $\geq 30\%$ women in Group’s management bodies by 2030.

As of 31 December 2024, there is a 33% representation of women on the EXCO.

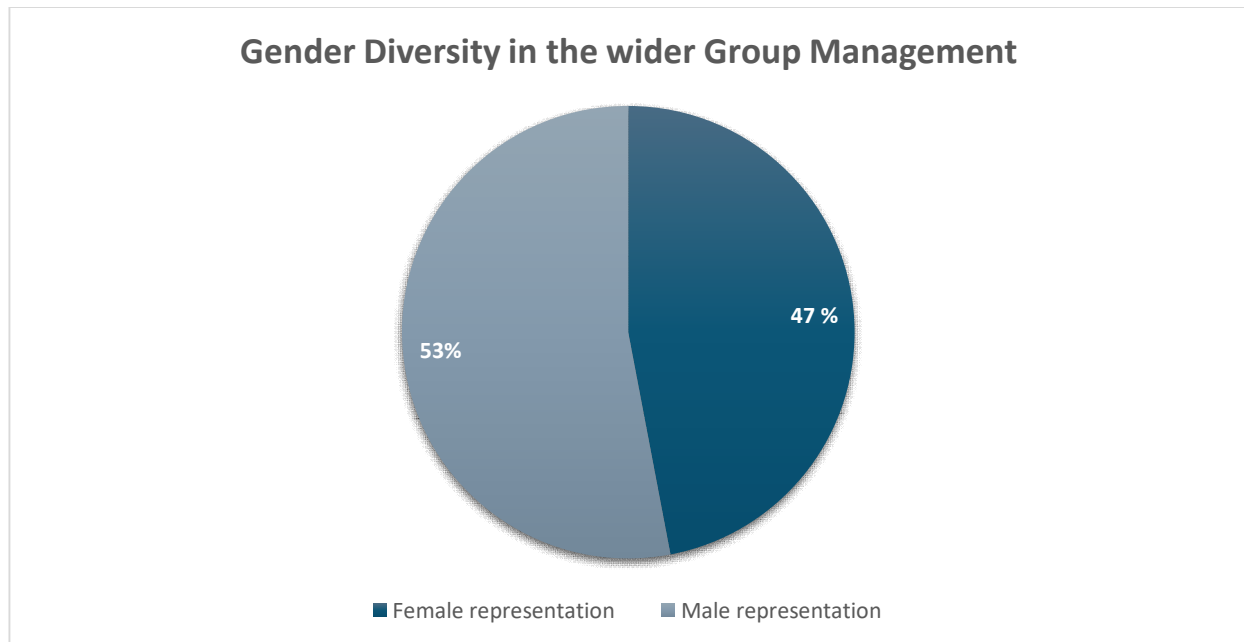


2. GOVERNANCE (continued)

V. The Role of the Board (continued)

Gender Diversity at the wider Group Management

The Bank has a 47% representation of women at positions with subordinates (defined as 'Managers').



Succession

To ensure business continuity and performance at Board level and at the same time provide the basis for the identification and development of the skills, knowledge and qualifications required for the members of the Board, the Group has compiled a designated Succession Planning Process for the replacement of Non-Executive Directors, and a separate succession planning process for the Chair of the Board of Directors. It is noted that a separate succession planning processes are in place for the CEO of the Group, the Heads of Control and the Senior Management. All processes address both circumstances of planned vacancies (e.g. completion of tenures) as well as the eventuality of emergency succession. In accordance with the above policies and in alignment with the needs identified above, a 2-year Board Succession Plan and Emergency Succession Plan are also in place which are reviewed at least on an annual basis by the NCGC and the Board.

Succession Planning is an area that is reviewed by the NCGC Committee and the Board. Further information on the work performed by the said committee and the Board on this area can be found under Section2, subsections XI and X respectively.

Board Collective Suitability

The latest collective suitability assessment performed revealed that the Board possesses strong collective knowledge, skills and experience, enabling it to understand and oversee the Group's activities, risks and strategy. The Board's composition reflects a diversity of experiences, skills, professional backgrounds and leadership experience at senior levels, which are fully aligned to the Group's strategic priorities, enabling the Board to effectively exercise its oversight role. More specifically all members of the Board have experience in strategy and transformation, management experience at senior levels, with selected members having in depth experience in the critical domains of the Group's business model, covering expertise in the Risk Area (including Cyber/IT risk, Money laundering/terrorist financing risks), Strategy, Insurance, Investment Banking, Recoveries and Restructuring, and ESG expertise. Expertise in Cyber security and ESG was enhanced further with the addition of two new members of the Board (Mr. Stuart Birrell, Mr. Christian Hansmeyer).

2. GOVERNANCE (continued)

V. The Role of the Board (continued)

Following the completion of the internal recruitment procedures, ECB approvals for Mr. Stuart Birrell and Mr. Christian Hansmeyer were obtained on the 29 April 2024 and their candidacies were approved by the AGM on 17 May 2024. There is international diversity, educational diversity and age diversity in the Board to enable effective discussions and challenges to be made and decisions to be taken. All members of the Board are highly reputable professionals, with no conflicts of interest, independence of mind and time commitment to perform their role.

Taking into account the departure of four Board Members in 2023, including the AC Chair, as well as the sudden passing of Mr. Dinos Iordanou, and further to the two recently approved Directors, it was also concluded that the functioning of the Board could benefit further from an increased number of members including members with Audit and Banking experience as well as further gender diversity and local expertise.

The Board has initiated a recruitment process to enhance its composition. The Board's enhancement initiatives are continuing into 2025 to reach optimum composition and functioning in due course.

2. GOVERNANCE (continued)

VI. The Operations of the Board

The Operation of the Board

1. Information and Support

The Board meets on a regular basis and has a formal schedule of matters for consideration, which evolves based on business needs and which the Board formally reviews annually.

Performance against delivery of the agreed key financial priorities is reviewed at every meeting with reference to the Group management accounts. The CEO and the EDF comment on strategy, current business performance, the market, regulatory and other external developments at each meeting and present comparative data. The Board receives regular reports and presentations from other senior management on developments in the operations of the Group. The Board considers reports from each of the Board committees, while regular reports are also provided on the Group's risk appetite, top and emerging risks, risk management, the ESG agenda, credit exposures and the Group's loan portfolio, asset and liability management, liquidity, litigation, compliance, and reputational issues.

Under the supervision of the Chair of the Board, the Company Secretary's responsibilities include facilitating the flow of information within the Board and its Committees, between senior management and non-executive directors and between heads of internal control functions and non-executive directors, as well as facilitating the induction, development, and evaluation of members of the Board.

All members of the Board have access to the advice and services of the Company Secretary and the Chief Compliance Officer who can provide relevant information related to Board procedures and the CSE, and ATHEX Codes as well as the UK Code. The Company Secretary is responsible for ensuring that the Directors are provided with relevant information on a timely basis to enable them to consider issues for decision, and to discharge their oversight responsibilities. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board also has access to the advice of the Group's external legal advisors, and independent professional advice at the Group's expense if, and when required. Committees of the Board have similar access and are provided with sufficient resources to undertake their duties. The Company Secretary provides dedicated support for members of the Board on any matter relevant to the business on which they require advice separately from or additional to that available in the normal Board process. All members of the Board benefit from directors' and officers' liability insurance in respect of legal actions against them.

2. Conflict of Interest ('COI')

The Group Policy on Conflict of Interest focuses on principles, procedures and arrangements for the prevention, identification, documentation, escalation, and management of actual, potential, or perceived conflict of interest. The policy is reviewed and approved by the Board annually and is communicated throughout the Group.

The Group Corporate Governance Policy and Framework documents procedures specifically relating to directors' conflict of interest, and sets out how these are to be identified, reported, and managed to always ensure that the Directors act in the best interests of the Company and the Group. The Group Corporate Governance Policy and Framework is reviewed and approved by the Board, at least annually and within 2024 this update took place in July.

Directors are required to report actual or potential conflicts of interest. Such conflicts or potential conflicts are reviewed by the Board, and relevant actions are taken, where necessary.

All conflicts of interest are recorded in the Compliance Management System and are assessed and managed on an ongoing basis and reported as needed.

Conflicts of interest declarations are obtained by obliged persons bi-annually, or earlier, if a potential conflict occurs, and are assessed by the Compliance Division on an ongoing basis.

2. GOVERNANCE (continued)

VI. The Operations of the Board (continued)

2024 Update

Conflicts of interest have been declared during 2024, have been duly recorded in the Compliance Management System and managed according to the procedures outlined in the Group Conflicts of Interest Policy.

Moreover, none of the Directors had, during the year or at year end, a material interest, directly or indirectly in any contract of significance with the Group (information on transactions between the Directors and the Group are disclosed in Note 49 of the Consolidated Financial Statements included in the 2024 Annual Financial Report).

3. Time commitment

Before their appointment, prospective Board members disclose details of their other significant commitments along with a broad indication of the time committed to such appointments. Such participation is taken into consideration when deciding on their appointment to ensure it does not prevent them from devoting the necessary time and attention to their duties as members of the Board of the Company. A proper suitability assessment as per the prescriptions of the Suitability Directive is carried out to ascertain, inter alia, whether the provisions/criteria set by the CBC Suitability Directive are satisfied. Before accepting any new external appointments, which may affect existing time commitment for the Board's business, approval must be obtained from the Board.

Upon appointment, all newly appointed members of the Board are provided with a comprehensive letter of appointment detailing their responsibilities as directors, the terms of their appointment and the expected time commitment for the role. A copy of the standard terms and conditions of appointment of non-executive directors can be inspected during normal business hours by contacting the Company Secretary. Members of the Board are required to devote adequate time to the business of the Group, which includes attendance at regular meetings and briefings, preparation time for meetings and visits to business units.

In addition, non-executive directors are normally required to sit on at least one Board Committee, which involves the commitment of additional time. Certain non-executive directors such as the Vice-Chair, the SID and Committee Chairpersons are required to allocate additional time in fulfilling those roles.

The Board has determined the time commitment expected of non-executive directors to be 35- 42 days per annum. When serving on Board committees more time may be necessary.

The requirements for how many directorships can a director hold is provided within the CBC Suitability Directive. The Regulator may in exceptional cases and taking into consideration the nature and complexity of the business of the Group, authorise members of the Board to hold one additional directorship.

2024 Update

The required time commitment criteria have been considered by the NCGC and the Board during appointment procedures, to ensure that candidates have sufficient time to dedicate to their duties and having regard to applicable regulatory limits on the number of directorships which may be held by any individual director. This requirement has also been reassessed during the year in cases where Directors considered new directorship opportunities.

It was estimated that in 2024, each non-executive director spent at least 40 days on Board-related duties. The Board considered the time commitment of all directors and concluded that each director devotes the required time for the effective performance of his/her duties as described in the Joint Guidelines on Suitability. The Chairman has devoted approximately 60-70 days on Board-related duties and provides ongoing support.

During 2024, there were no directors whose time commitment was considered a matter of concern. All Board Directors were within the directorship limits set out for 'significant institutions'. Further information on external appointments of Directors can be found in Section 2, sub-section II.

2. GOVERNANCE (continued)

VI. The Operations of the Board (continued)

Directors' induction and ongoing development

Formal Induction Programs are compiled for newly appointed Directors, which are tailored to their individual needs, skills and experience and aim to facilitate their understanding of how the Group operates, the legislative and regulatory framework that they need to adhere to and key strategic and business areas and functions.

Further to a relevant information pack, the Induction Program typically consists of training on General Banking, Information Security, Regulatory Training and Governance and structured meetings and presentations of the newly appointed Directors with the senior management and key executives of the Group who provide deep dives on: business lines, the Group's risk appetite and Group Risk Framework, corporate governance, internal control systems, regulatory environment, people strategies, technology, and payments, ESG and other. Board members are entitled to request specific training if deemed necessary.

Dedicated training and development opportunities are also provided to all Board members, training topics deriving mainly from the effectiveness reviews of the Board and individual directors, and developments in the external environment, such as regulatory, technological, economic and other business developments. Moreover, meetings are arranged with senior management on a regular basis on matters of strategic importance.

2024 Update

During 2024 all newly appointed Directors received induction training.

The Training and Development provided to the Board during 2024 (in addition to the induction training for newly recruited members) is presented in the table below:

Training Area	Training Topics
Data Management	Data and Report Quality in Bank of Cyprus
Information Security	Information Security Cyber security practices
AI	Impact of AI in Financial Services - Cyber Security and Fraud Considerations
AML	AML - Prevention of ML & TF
Sanctions	Compliance/Financial crime and sanctions compliance
ESG	Embedding climate into business strategy and execution: enablers and key success factors
Regulatory Affairs Training	Overview of Regulatory oversight practices & cycles

2. GOVERNANCE (continued)

VI. The Operations of the Board (continued)

4. Loans to Directors and Other Transactions

Details of credit facilities to Company Directors (and related parties) and other transactions with the Group are set out in Note 49 of the Consolidated Financial Statements for the year ended 31 December 2024 included within the 2024 Annual Financial Report.

It is hereby confirmed that the credit facilities to Company directors (and related parties) or to its subsidiary or associated company directors are granted in the normal course of the Company's business, under normal commercial and employment terms and with transparency. Furthermore, it is confirmed that all relevant cases of bank facilities to Company directors and its subsidiary company directors are forwarded for approval to the Board after the relevant proposal of the RC. The interested member of the Board is neither present nor participates in the procedure.

2024 Update

All members of the Board complied with the relevant provisions of the 2024 CSE Code and the CBC Suitability Directive as of 31 December 2024.

5. Board Performance Evaluation

The Board seeks to continuously enhance its effectiveness and operations and conducts formal effectiveness evaluations to this end. The Board conducts both a triennial board evaluation carried out by external evaluators, the 'External Triennial Board Evaluation,' and an annual board evaluation, the 'Annual Internal Board Evaluation' carried out by the Compliance Function being the second line of defense. The latter comprises of the 'Board Evaluation' which includes reviewing the Board's operations, composition and overall effectiveness, whereby the evaluation reviews past performance with the aim of identifying possible opportunities for improvement, the 'Committee Evaluation' which determines whether the Board and its Committees are collectively effective in discharging their responsibilities and and the 'Individual Director Evaluation' which determines whether each individual Director contributes effectively to the collective suitability of the Board.

5.1. External Triennial Board Evaluation

An external triennial board evaluation review in accordance with Article 16 of the CBC Governance Directive was conducted during the year 2023, by an independent company, Morrow Sodali, and a relevant report was submitted to the Board in March 2024. The recommendations from the 2023 evaluation were published in the 2023 Corporate Governance Report and the actions taken during 2024 are included below.

2. GOVERNANCE (continued)

VI. The Operations of the Board (continued)

Areas	Recommendation from 2023 evaluation	Actions taken during 2024
Commitment to Gender Diversity.	The report underscored the importance of maintaining a strong commitment to gender diversity within the Board. It advised that the Board should persistently prioritize gender diversity as a critical agenda item, reflecting the Group's and Board's dedication to fostering an inclusive and diverse leadership environment.	During 2024 the NCGC and the Board have interviewed several professionals to enhance the Board's composition. Considerations for appointment have taken into account both gender and regional diversity. The Board remains fully committed to diversity.
Role of Senior Independent Director	The evaluation highlighted the crucial role of the SID in facilitating transparent and effective communication between the Board and the shareholders and other key stakeholders recommending that the SID continues to report to the Board on his engagements with shareholders and stakeholders.	The Board in May 2024 formally adopted the recommendation. During 2024, the SID has maintained numerous interactions and communications via calls, road shows etc with shareholders and regularly reported these engagements to the Board.
Training and development on ESG and other key topics.	The report highlights the fact that the Board should continue to identify opportunities for updates and training on developments on key areas – on banking, regulatory compliance, ESG and other key topics	The Board has seized opportunities to receive updates and training and development on key areas – on banking, regulatory compliance, ESG and other key topics (Refer to Section 2 subsection VI (3) – 'Directors' Induction and ongoing development').
Importance of sustainability, technology and digitalisation	Lastly the report highlights the critical importance of sustainability, technology, and digitalization in shaping the Group's future. While time constraints have limited in-depth discussions, the Board sees great value in further fostering informal discussions among all members to delve into these essential topics.	During 2024 the Board established the roles of the 'ESG Champion' and 'Cybersecurity/IT Champion'. The roles were assigned to Mr. Christian Philipp Hansmeyer and Mr. Stuart Birrell, respectively.

5.2. Annual Internal Board Evaluation

5.2.1. 2023 Annual Internal Board Evaluation

During 2024, the Board considered the report of the Annual Internal Board Evaluation for the year 2023 carried out by the Compliance Function. This report evaluates the performance of the Board of Directors according to the provisions of the CBC Internal Governance Directive of CIs of 2021 (the 'Internal Governance Directive'), and the UK Corporate Governance Code (the 'UK Code') and proposes recommendations for the Board's better functioning.

The outcome of the 2023 internal board review identified certain key recommendations for which actions were taken during 2024 to address them. This related to the composition of the Board with continued consideration given to maintaining an appropriate composition taking into account relevant factors such as the skills and experience in the area of ESG and technology/cybersecurity. During 2024, as noted above, Mr. Christian Hansmeyer with significant expertise in ESG matters was appointed to the Board and has also taken the role of the Board's ESG Champion. In addition, training on ESG matters was provided to Board members. Similarly, Mr. Stuart Birrell was appointed to the Board and has also taken the role of the Board's Cybersecurity/IT Champion. Relevant training was also provided to the Board members.

2. GOVERNANCE (continued)

VI. The Operations of the Board (continued)

5.2.2. Annual Internal Board Evaluation for 2024

The evaluation process for 2024, was initiated in January 2025 and utilized a multifaceted approach, including:

- Self-assessments by Board members through questionnaires,
- Performance assessments by the Chairman,
- Summaries of relevant items discussed at committee meetings, and
- Interviews between the Chief Compliance Officer (the 'CCO') and each Board member.

This rigorous methodology aimed at reconfirming Board members' independence, assessing their external engagements, and identifying areas for enhanced expertise or knowledge, especially concerning the dynamic developments anticipated in 2025 that could influence the Board's suitability as well as the governance related strategy set by the Board.

The 2024 Annual Internal Board Performance Evaluation Report is a comprehensive report that adheres strictly to the provisions set forth by the Central Bank of Cyprus (the 'CBC') Governance Directive and assesses the performance of the Board, its committees, and individual Board members.

The results of the Annual Internal Board Evaluation for the year 2024 will be presented to the NCGC and the Board in 2025. Reporting on the 2024 review will be shared in the 2025 Annual Report.

VII. Board's oversight of risk management and internal control systems

1. Accountability and audit

The Directors' Report, including a Going Concern and a Viability Statement, is set out on pages 3 to 40. This Corporate Governance Statement forms part of the Directors' Report.

2. Internal Controls

The Board is responsible for the adequacy and effectiveness of the system of internal controls, corporate governance and risk management framework of the Group, which ensure amongst others that:

1. The governance framework is effective, monitored and periodically assessed.
2. The compliance framework is appropriate.
3. The integrity and internal controls of the accounting and financial reporting systems, as well as the compliance with relevant legal / supervisory requirements and reporting standards, are adequate.
4. The information security framework for the protection of confidential information is appropriate.
5. The process of taking appropriate steps to timely address any deficiencies is effective.

The system of internal controls, corporate governance and risk management framework have been designed in accordance with the nature, scale, and complexity of the Group's operations, to provide reasonable but not absolute assurance against material misstatements, errors, losses, fraud or breaches of laws and regulations.

The overall system of internal controls, corporate governance and risk management framework of the Group include amongst others:

- A transparent organisational structure with clear reporting lines to Senior Management and the Board.
- Board and executive committees with clear responsibilities.
- Three lines of defence model for the effective risk management and compliance across the Group.
- Formal policies and procedures.
- Monthly reporting by business lines to enable progress to be monitored, trends to be evaluated and variances to be acted upon.
- Regular meetings of committees to review performance.

2. GOVERNANCE (continued)

VII. Board's oversight of risk management and internal control systems (continued)

2. Internal Controls (continued)

- Code of Ethics setting out the principles and expectations governing the behaviour of all officers and employees.
- Code of Conduct setting out the standards expected of all officers and employees.
- Whistleblowing policy, including processes and procedures, to be followed for independent investigation of concerns raised by staff.
- Anti-Bribery policy in line with the UK regulatory guidance as well as with ISO37001.
- Conflict of Interest policy.
- Quarterly representations by all Divisions of the Bank to the CEO on the effectiveness of the system of internal controls (policies, procedures and monitoring activities).
- Annual representations by all control functions (Compliance, Risk, Information Security) to the CEO on the effectiveness of the system of internal controls (policies, procedures, monitoring activities).

The Board confirms that, through the AC and the RC, it has conducted reviews for the year ended 31 December 2024, regarding the effectiveness of the Group's internal control and information systems, as well as in relation to the procedures used to ensure the accuracy, completeness and validity of the information provided to investors. The reviews covered all systems of internal controls, including financial, operational, compliance, as well as risk management. In carrying out their reviews, the AC and the RC receive regular business and operational risk assessments, regular reports from the Internal Audit Director, the Chief Compliance Officer, the Chief Information Security Officer and the Chief Risk Officer, other internal memos and external audit reports, as well as regulatory reports.

In case significant findings are identified in the compliance, risk management and information security system of internal controls, the action plans for their remediation are discussed at the Executive Committee, escalated to the AC, the RC and subsequently the Board, if deemed necessary, and monitored until their resolution.

The Board receives a confirmation on an annual basis by the CEO for the effectiveness of compliance, risk management and information security system of internal controls. Additionally, the Board, through the AC and RC, has received confirmation that executive management has taken or is taking the necessary actions to remedy all significant findings identified through the operation of the framework of internal controls, corporate governance, and risk management processes, and to continuously modify or enhance the system of internal controls, corporate governance and risk management framework as required by the Bank's current transformation.

Based on the internal audit work carried out in 2024, reasonable assurance is provided, with emphasis on specific matters, on the design adequacy and operating effectiveness of the Group's internal control framework, corporate governance and risk management processes, for managing significant risks, according to the risk appetite set by the Board. Emphasis is placed on the areas of Corporate Governance and Regulatory Compliance, the Loan Origination process followed for QuickLoans and the area of Information Systems, which require management's attention to further manage current, as well as any future risk exposures.

Overall, the Board of Directors, through its committees, has reviewed the effectiveness of the system of internal controls, corporate governance and risk management processes of the Group for the year ended 31 December 2024 and confirms their overall effectiveness through the effective design and operation of controls and mitigating factors in place.

The Group's financial reporting process is controlled using documented accounting policies and procedures supported by instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period. The submission of financial information from each reporting entity is subject to sign off by the responsible financial officer.

2. GOVERNANCE (continued)

VII. Board's oversight of risk management and internal control systems (continued)

2. Internal Controls (continued)

The internal control system also ensures that the integrity of the accounting and financial reporting systems, including financial and operational controls and the compliance with legal and supervisory requirements and relevant standards, are adequate. The Group has in place an adequate financial statement closing process through which transactions and events are reflected in the Group's accounting records and are processed to produce the financial statements, related disclosures and other financial reports. This process relies either on the effective design and operation of controls or compensating controls and other mitigating factors where these were inefficient. Where occasionally areas of improvement are identified, these become the focus of management's attention to resolve them and thus strengthen the procedures that are in place. Such areas may include improvement of operating deficiencies identified, the formalisation of existing controls, clear ownership of processes, the creation/update of procedures' manuals and the introduction of new information technology controls, as part of the Group's ongoing digital journey. The Annual Financial Report and Interim Financial Report and quarterly financial results are reviewed and approved by the EXCO, prior to their submission to the Board. The Board, through the AC, scrutinises and approves the financial statements, results, announcements, and the Annual and Interim Financial Reports and ensures that appropriate disclosures have been made. Detailed papers are prepared for review and approval by the AC covering all significant judgemental and technical accounting matters, together with any significant presentation and disclosure matters.

This governance process enables both management and the Board to challenge the Group's financial statements and other significant disclosures before their publication.

The Group has developed an Integrated Risk Identification Framework which provides for the identification, evaluation and management of the principal risks faced by the Group. The Group is forward looking to ensure emerging risks are identified. A separate section on emerging risks is included in the periodic risk reports to the RC. The Key Risk Matrix is thus updated and is approved by the RC and the Board through the ICAAP process. The Board is responsible for determining the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives and ensuring the maintenance of an effective risk management and oversight process across the Group.

The Board approves the Group Risk Appetite Statement on an annual basis and receives regular updates on the Group's risk environment and exposure to the Group's material risk types through the Risk Report which is reviewed monthly. A consolidated risk report and risk appetite dashboard is regularly reviewed by the RC to ensure the risk profile remains within the Group's risk appetite and satisfactory mitigating actions are in place.

The Board confirms that it carries out an assessment of both principal and emerging risks, including risks that might threaten the Group's business model, future performance, liquidity etc.

Business continuity risks are mitigated to ensure that the Group has business resilience and continuity plans. They also ensure that the Group operates on a continuous basis and limits potential losses in the event of a severe business disruption.

Information relating to the principal risks the Group faces and mitigation actions and risk management is set out in Notes 44 to 47 of the Consolidated Financial Statements and in the 'Risk and Capital Management Report', both of which form part of the 2024 Annual Financial Report and in the 'Pillar III Disclosures 2024'.

2. GOVERNANCE (continued)

VIII. Group Code of Conduct and Whistleblowing Policy

The Group has set out the standards that are expected from all employees and Directors of the Company in a Code of Conduct along with guidance on how these standards should be applicable. The statement on Conduct and a dedicated Code of Ethics are publicly available on the Group's website.

The Group has a Whistleblowing Policy and a relevant written procedure in place for all employees and Directors of the Company, which are in accordance with international practice. The policy is reviewed annually. Its general principles are:

1. Concerns in good faith, about wrongdoing or malpractice can be raised in confidence without fear of victimisation, discrimination, disadvantage, or dismissal;
2. Procedures for the reporting of any matters of concern are clearly provided. The persons concerned must be able to bypass the main channels for confidential reporting of matters of concern if these are considered inappropriate and instead use the whistleblowing line;
3. Disclosures are managed in a timely, consistent, and professional manner; and
4. The appointment of the chairperson of the AC, an independent non-executive director, as the Whistleblowing Champion with specific responsibilities.

The Board and the CEO are committed to this policy, which encourages staff to raise concerns. Regular messages from the CEO to staff to speak up and e-learning sessions, are addressed to all staff and the Board of Directors to further increase awareness.

The Board, reviews and approves annually, through the AC, the Whistleblowing Policy. Internal Audit Division (IA) reports bi-annually to the AC, the number of disclosures made through the whistleblowing channels and the number of cases completed. Furthermore, IA reports to the AC the findings of the investigation of incidents reported through the whistleblowing channels and any subsequent actions undertaken, where deemed appropriate. The Compliance Division also provides an annual analysis in its compliance report, detailing whistleblowing incidents reported throughout the year and their status.

The Board sets the tone from the top, by appointing the AC Chairperson as the Group's Whistleblowing Champion. The AC Chairperson communicates with all staff, at least annually, to remind them of the existence of the whistleblowing channels and to encourage them to use these when appropriate, without fear of retaliation or other consequences.

IX. Stakeholder Engagement

1. Investors' engagement

It is incumbent upon the Chair of the Board to ascertain efficacious communication pathways with shareholders, while fostering a comprehensive understanding among the Directors regarding the perspectives of major shareholders. Investor Relations has primary responsibility for managing and developing the Group's external relationships with existing and potential institutional equity/debt investors and analysts.

The Group's website features a specialised Investor Relations section, offering unhindered access to relevant information, including presentations, publications, and public announcements. The Manager Investor Relations & ESG is responsible for the communication between shareholders and the Group. Information concerning the Group is provided to shareholders, prospective investors, brokers, and analysts in a prompt and unbiased manner free of charge.

Institutional equity investors and analysts

The Group maintains a dynamic and meticulously structured Investor Relations agenda, facilitating regular meetings with the CEO, Executive Directors, selected members of the Senior Management, the Manager of Investor Relations & ESG, and other officials with the Group's major institutional shareholders, potential new investors, financial analysts, and market participants. In the year 2024, 281 meetings were held. Every meeting is scrupulously conducted to prevent the disclosure of price-sensitive information.

2. GOVERNANCE (continued)

IX. Stakeholder Engagement (continued)

1. Investors' engagement (continued)

Engagement with major shareholders

To facilitate the Board's understanding of the views of major shareholders, the Directors receive an investor relations update from management at all scheduled meetings of the Board. The content of this update includes market updates, details of recent equity and debt investor interactions, share price and valuation analysis, analyst updates, and share register analysis. The Group facilitates the direct dialogue with investors since it is striving for the greatest possible transparency. The Group also works towards integrating feedback in its corporate strategy. This is achieved through participation in conferences, private meetings, road shows, frequent conference calls and at least quarterly updates following the publication of financial results and corporate transactions. The CEO, the EDF and the Manager Investor Relations & ESG engaged extensively in 2024 with existing shareholders, and potential new investors during individual or group meetings and on roadshows and investor conferences.

Engagement with shareholders

It is a priority for the Group to communicate with shareholders.

The Group uses its website (www.bankofcyprus.com/en-gb/group/investor-relations/) to provide shareholders and potential investors with recent and relevant financial information, including the annual and the interim financial reports and quarterly results announcements and presentations. The Investor Relations section of the Group's website is updated with all announcements published on the LSE (up until the delisting from the LSE on 19 September 2024), on the ATHEX (since the listing of the Company's ordinary shares on the ATHEX on 17 September 2024) and on the CSE. It also contains the contact details of the Investor Relations Department.

One of the responsibilities of the Chair of the Board is to ensure that the views, issues, and concerns of shareholders are effectively communicated to the Board and to ensure that Directors develop an understanding of the views of major investors. The Board considered the views of major shareholders on Company strategy and performance and assessed investor sentiment more broadly in conjunction with the Group's corporate brokers.

The Chair and the SID maintain direct contact with investors and are available to all shareholders if they have concerns that cannot be resolved through the normal channels.

All shareholders of the Company are treated on an equal basis. There are no shareholders with special control rights. Shareholders are promptly and accurately informed of any material changes regarding the Group, including its financial position, financial results, ownership, and governance.

Under the Irish Companies Act 2014, one or more members holding at least 3% of the issued share capital of the Company, representing at least 3% of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, has the right to: (a) put an item on the agenda of the AGM, provided that the item has been accompanied by stated grounds justifying its inclusion, or a draft resolution to be adopted; and (b) to table a draft resolution for an item on the agenda of a general meeting.

Such a request must have been received by the Company at least 42 days prior to the relevant meeting.

Any change or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a meeting of the shareholders. Major shareholders do not have different voting rights from those of other shareholders.

Information on notifiable interest in the share capital of the Company as of 31 December 2024 is included in the Directors' Report of the 2024 Annual Financial Report under section Major holders of shares and financial instruments in page 33.

2. GOVERNANCE (continued)

IX. Stakeholder Engagement (continued)

1. Investors' engagement (continued)

AGM

The Annual General Meeting ('AGM') is an opportunity for shareholders to hear directly from the Board on the Group's performance and strategic direction and ask questions.

The AGM of the Company was held at the Headquarters of the Bank on Friday, 17 May 2024. The AGM was attended by 48 Shareholders & Depository Interest Holders, either in person or by proxy, who represented 212,918,972 shares, representing 47.75% of the total issued share capital of the Company.

Separate resolutions are proposed on each separate issue and voting is conducted by way of a poll. The votes for, against and withheld on each resolution are subsequently published on the Group's website. The full set of the resolutions passed can be found on the Group's website on https://www.bankofcyprus.com/globalassets/group/investor-relations/agm/agm-2024/information/eng/20240517-resolutions-of-the-shareholders-agm_en.pdf

The above Special Business resolutions are valid until the next AGM or 15 August 2025, whichever is the earlier.

At the 2024 AGM all resolutions passed, with all resolutions receiving between 98.31% and 100% approval. In line with the Group's policy to issue notice of the AGM 21 clear days before the meeting, notice of the 2024 AGM was circulated to shareholders on 12 April 2024. All members of the Board attended the 2024 AGM. The 2025 AGM is scheduled to be held on 16 May 2025. Further details will be issued in the AGM Notice which will be issued at least 21 clear days before the meeting.

EGM

An Extra-ordinary General Meeting ('EGM') of the Company was held at the Headquarters of the Bank on Friday, 13 September 2024. The EGM was attended by 36 Shareholders & Depository Interest Holders, either in person or by proxy, who represented 213,271,945 shares, representing 48.08%% of the total issued share capital of the Company.

At the EGM, the Company's shareholders voted to approve the admission to listing for trading of the Ordinary Shares in issue from time to time, on the Main Market of the Regulated Securities Market of the Athens Stock Exchange ('ATHEX'), in accordance with Greek law no. 3371/2005 (the 'Listing'). Following the approval of the ATHEX Listing Committee for the Listing, the Company applied and performed the delisting of the Ordinary Shares from the international commercial companies secondary listing category of the Official List of the London Stock Exchange Group plc, with effect from 8:00 a.m. (London time) on 19 September 2024, with the last day of trading of Ordinary Shares on the LSE being 18 September 2024, and trading was suspended at 4:30 p.m. (London time).

At the EGM, the shareholders also approved the adoption of amended Articles of Association of the Company with effect from the conclusion of the EGM.

Both resolutions passed, with both resolutions receiving between 99.98% approval.

The full set of the resolutions passed can be found on the Group's website on https://www.bankofcyprus.com/globalassets/group/investor-relations/egm-2024/gr/notice-circular/20240913-egm-resolutions_gr_final.pdf

2. GOVERNANCE (continued)

IX. Stakeholder Engagement (continued)

2. Customers

The Group's strategy encompasses a multichannel communication approach, personalised banking services, and comprehensive customer support to foster enhanced customer engagement and service delivery. It integrates physical branches with digital platforms, social media, and traditional communication methods for effective outreach. Personalisation is achieved through tailored banking solutions informed by customer data, including personalised offers and dedicated bankers for specific customer segments, ensuring services are relevant and valuable. Customer support is broad, featuring extensive online and mobile services, a responsive call centre, and specialized in-branch roles to educate and assist customers, along with initiatives aimed at promoting financial literacy. A new loyalty scheme called 'Pronomia' has been introduced to reward the overall customer relationship, elevate satisfaction and show the Bank's appreciation to its valued clients. This approach highlights the dedication of the Group to customer-centricity, leveraging technology and personalized services to meet the evolving needs of its customer base. This comprehensive approach to customer engagement and service not only meets the evolving needs of the Group's customer base but also reinforces the principles of good corporate governance, ensuring that the Group remains accountable, transparent, and responsive to all stakeholders.

The Board remains committed to enhancing customer engagement by regularly tracking progress against customer metrics (such as the trust index and the net promoter score (NPS) resulting from the Rolling Surveys taking place monthly). The integration of customer feedback into strategic decisions and operational improvements is a key priority. The Board, through updates from various teams of the Group, as well as the CEO briefings, examines various aspects of the customer journey, highlighting areas of excellence and pinpointing those in need of enhancement. Reviewing strategy, receiving implementation updates, and assessing progress are integral components of the governance process. Furthermore, the Board Committees are kept informed on promoting ESG knowledge initiatives aimed at customers.

3. Engagement with Colleagues

The Board, through the HRRC, continues to receive regular updates, and monitors the progress of Human Resources initiatives that are anchored on key strategic goals. These goals are strategically designed to enable the Organisation of Tomorrow, enhance Career Development and Advancement Opportunities, empower a High-Performance Culture, enhance the employee experience, develop talent, and achieve Organisational Health Excellence² in specific priority areas.

In an ongoing commitment to employee engagement and continuous improvement, the HRRC meticulously reviews feedback from the Group's staff surveys. Significant strides have been made in implementing actions responsive to staff feedback, ensuring that the organisation evolves in alignment with employee insights and aspirations. The Board has remained particularly attentive to promoting and adhering to the Code of Conduct³ and reinforcing the integrity of the speak up channels, thereby fostering an environment where ethical conduct is prioritized.

Further information on the work overseen by the HRRC can be found in Section 2, subsection XII of this Report.

Moreover, the Board strongly believes in fostering direct engagement with colleagues, recognising that people at all levels are critical to our organisation's success.

² Organisational Health Excellence outlines the practices and behaviours that are required or prohibited by employees. It sets out the actual rules, so it lays down the dos and don'ts. Employees are responsible to adhere to it and are held accountable for any violation.

³ The Code of Conduct is part of the Code of Ethics, which is published on the website of the Group (https://www.bankofcyprus.com/globalassets/who-we-are/our-culture/ethicscode_eng.pdf)

2. GOVERNANCE (continued)

IX. Stakeholder Engagement (continued)

3. Engagement with Colleagues (continued)

During 2024, Board engagement with colleagues (i.e. the Group's workforce) included:

- Invitation of subject matter experts (in addition to their managers) to present their work before members of the Board;
- A session of the HRRC Committee with the Heads of HR Units reporting to Manager People and CEO Office;
- Participation of the Chair in a Town Hall meeting with managers and team leaders to reinforce communication on the importance of an ethical culture within the organisation;
- Sponsoring at the Board level of the Group-wide project on Risk Culture Awareness by the Chair of the AC;
- Direct communication of the AC Chair with staff members emphasizing the significance of whistleblowing in safeguarding organisational integrity. His communications stressed the importance of speaking up and reporting incidents, reaffirming the organisation's staunch commitment to ensuring anonymity, confidentiality, and the thorough investigation of all reported incidents;

Furthermore, the Board has sustained open and responsive communication channels, notably the 'Ask the Board' initiative. This platform allows staff members direct access to the Board of Directors, enabling them to file questions or queries, thereby fostering a culture of transparency, inclusivity, and mutual respect.

These structured initiatives and strategic goals collectively aim to bolster the organisation's human resources framework, cultivating a thriving and ethically sound operational environment, and steering the organisation towards a future marked by innovation, excellence, and continuous improvement.

4. Regulators and Government

The Chair and the Board recognize the importance of strong interpersonal relationships and dynamics in building mutual trust, which is essential for effective on-site governance and managing business risks. To support this, they regularly meet with key representatives from various regulatory and government entities, including the European Central Bank (the 'ECB') Senior Management, the Joint Supervisory Team (the 'JST'), the Central Bank of Cyprus (the 'CBC'), the Single Resolution Board (the 'SRB'), and the Ministry of Finance (the 'MoF'), among others.

The main areas of discussions during these meetings, include important topics such as regulation and supervision, risk governance and oversight, current challenges in the banking industry, strategic matters, and efforts to build trust and risk culture within the organization. The Chair, along with the Group CEO, ensures that the Board is kept up-to-date on the outcomes and key insights from these engagements.

The Regulatory Affairs Framework in place, facilitates the arrangement of regular meetings throughout the year, which are coordinated by the Regulatory Affairs Department and enable productive discussions between the Chair, the Board of Directors, the Executive Management, the Internal Control functions, and other senior management personnel. To help the Chair and the Board understand the regulators' views and expectations, the Regulatory Affairs Department provides regular updates on engagement and communications with the regulators, details of on-site and off-site reviews, as well as progress updates on the ongoing implementation of regulatory requirements and recommendations.

The Board and the Group's management is committed to maintaining a continuous, transparent, and constructive dialogue with regulatory and supervisory bodies. This engagement aims to build their confidence and trust, earn their respect, maintain the Bank's good image among its stakeholders and minimize the Group's regulatory risks. Through these efforts, the Group demonstrates its strong commitment to upholding and enhancing the essential regulatory relationships and operational standards.

2. GOVERNANCE (continued)

IX. Stakeholder Engagement (continued)

5. Engagement with Society

The Group's Corporate Social Responsibility Programme (the 'CSR Programme') and all relevant initiatives are compatible with its core business and enhance the Group's overall strategy and vision. The CSR Programme infolds within three Pillars: Health, Education and Environment. All initiatives operate in collaboration with expert Non-Governmental, Non-Profitable Organisations, other entities and public services. The Corporate Social Responsibility Strategy and CSR Programme contribute to the Social Pillar of the ESG Strategy and support the Group's selected United Nations Sustainability Development Goals (the 'SDGs').

During 2024, the Group continued its work on the Financial Education sub-pillar within the Education Pillar. More specifically, the Group continued working on targeting elderly citizens, providing them with information on basic financial terms and the use of the Bank's digital channels for banking transactions. Within the same pillar, the Bank continued awarding and promoting Youth Excellence focusing on STEAM (Science-Technology-Engineering-Art-Mathematics) subjects and sport youth talents.

Within the Health Pillar, the Group continued to undertake sustainable support to the local community with health-related initiatives, focusing on cancer patients and having the Bank of Cyprus Oncology Centre as its flagship with an overall investment of €70 million since 1998, whilst 55% of diagnosed cancer cases in Cyprus are being treated at the Centre.

Additionally, the Group continued to develop initiatives that aimed to preserve local culture and history, through the Bank of Cyprus Cultural Foundation (BOCCF) and to enhance innovation and start-ups through the IDEA Innovation Centre.

Furthermore, the IDEA Innovation Centre, has supported the establishment of 95 startups to date, and provided support to 230+ entrepreneurs through its Startup program since incorporation.

Staff have continued to engage in voluntary initiatives to support charities, foundations, people in need and initiatives to protect the environment.

Finally, the Bank successfully continued and expanded the operation of the award winning SupportCY network of companies and NGOs. SupportCY was created by the Bank in March 2020, in order to support public services performing frontline duties during the COVID-19 pandemic. Its actions, led by the Bank expanded in supporting various societal needs. In 2024, SupportCY continued offering important assistance and support during natural or manmade disasters, crises and emergencies, with specialized programmes, equipment and trained personnel, in Cyprus and abroad.

6. ESG

This year, the Group has prepared its Sustainability Statement in line with the European Sustainability Reporting Standards (the 'ESRS') to comply with the Corporate Sustainability Reporting Directive (the 'CSRD'). Progressing on the sustainability agenda is a strategic priority for the Group. The ESG strategy formulated in 2021 is continuously expanding. The Group is maintaining its leading role in the Social and Governance pillars and focus on increasing the Group's positive impact on the Environment by transforming not only its own operations, but also the operations of its customers. The Sustainability Statement is included in the 2024 Annual Financial Report on pages 77 to 254.

2. GOVERNANCE (continued)

X. Key Board Activities in 2024:

During 2024, the Board remained focused on the Group's strategic direction and delivery, and overseeing Group performance. It considered performance against financial and other strategic objectives, key business challenges, emerging risks, sustainability and governance, business development, investor relations and the Group's relationships with its stakeholders. While not intended to be exhaustive, below is a high-level overview of a number of matters considered by the Board during 2024.

Stakeholder key:

I investors	S society	Cu customers	Co colleagues	R regulator
2024				
Key focus area	Key Matters	Actions taken	Stakeholders affected	
Strategy				
Athens listing	After thorough deliberation over the year, the Board resolved in August 2024 to proceed with the delisting of the shares of the Company from the LSE and the listing of the shares on ATHEX. This strategic move came after a comprehensive analysis of market conditions, potential growth opportunities, and shareholder interests. The Board believes that listing on ATHEX will enhance the Company's visibility, improve liquidity, and provide greater access to capital, ultimately fostering long-term value creation for all stakeholders.	The Board approved the delisting of the Company's shares from the LSE and the listing of the shares on ATHEX.	I, S, Cu, Co, R	
Strategic and business performance	Overarching Strategic Plan Framework: The Board of Directors reviewed the strategic plan framework, ensuring the organization's long-term success. This blueprint outlines key objectives, priorities, and initiatives for growth. Financial Plan 2024-2027: Reviewed and discussed the four-year financial plan of the Group, including external and internal assumptions. The Board discussed in detail the assumptions of the Financial Plan in alignment with the macro environment and the strategy of the Group. The impact of market interest rates on results was extensively analysed and discussed. Business Updates: Received business reviews throughout the year to understand key risks and opportunities and monitor progress against the targets set. The Group remains focused on creating sustainable returns for investors, enhancing customer service, and creating capacity for future investment.	The Board approved the revised Overarching Strategic Plan Framework for 2024. The Board approved the Financial Plan 2024-2027. Throughout 2024, the Board discussed the Group's strategic performance and opportunities to track strategic execution and delivery.	I, S, Cu, Co, R	

2. GOVERNANCE (continued)

X. Key Board Activities in 2024: (continued)

2024			
Key focus area	Key Matters	Actions taken	Stakeholders affected
ESG Strategy	Throughout 2024, the Board received regular updates on the progress regarding the Environmental, Social, and Governance (ESG) strategy and regulatory reporting. These updates were meticulously detailed, ensuring the Board was well-informed about key milestones, challenges, and achievements. Regular briefings included comprehensive reports on sustainability initiatives, compliance with regulatory standards, and the overall impact of the ESG strategy on the Group's operations and reputation.	The Board considered progress on CSRD implementation and monitored regularly progress on Sustainability KPIs.	I, S, Cu, Co, R
Digitalisation strategy	Throughout 2024, the Board received regular updates on the progress of executing and forming the digitalisation strategy. These updates were provided through quarterly reports, which detailed milestones achieved, challenges encountered, and solutions implemented. Furthermore, dedicated sessions during Board meetings allowed for in-depth discussions on the strategy's advancements and adjustments.	The Board was regularly updated on the progress.	I, S, Cu, Co, R
Strategic transactions	The Board regularly engaged in comprehensive reviews of the Group's strategic processes, ensuring alignment with its long-term objectives. Through meticulous evaluation and discussion, the Board examined market trends, risk management protocols, and growth opportunities. This rigorous oversight facilitated informed decision-making and strong governance, ultimately driving the Group's success and stability in an ever-evolving financial landscape.	The Board has resolved to proceed with the exploration of various opportunities including the strategic review undertaken for the subsidiary JCC Payment Systems Ltd, and the approval to proceed with disposal of two small NPE portfolios with funds associated with Cerberus Global Investments B.V.	I, S, Cu, Co, R
Culture			
Organisational Health Index	In mid-2024 the Board received an update on the findings of the Organisational Health Index (OHI) survey which was conducted with focus groups composed of employees of the Group and has been presented with the survey results. These results were carefully considered and affirmed.	Activities and dialogue are on ongoing basis.	Co
Workforce Engagement	Throughout 2024, the Board has been actively engaged in discussions regarding workforce engagement mechanisms. These discussions have focused on developing strategies to enhance employee participation, improve communication channels, and foster a more inclusive work environment.	Activities and dialogue are on ongoing basis.	Co

2. GOVERNANCE (continued)

X. Key Board Activities in 2024: (continued)

2024			
Key focus area	Key Matters	Actions taken	Stakeholders affected
Risk Culture	During 2024, the Board has continued placing emphasis on enhancing the metrics with respect to the risk culture of the Group. The Board regularly and continuously engages in discussions concerning the risk cultural approach for various stakeholders.	Activities and dialogue are on ongoing basis.	I, S, Cu, Co, R
Financial			
Financial Performance and Reporting	Regular updates from the EDF were provided to assess the Group's financial performance and the performance of the business divisions. In addition, investor feedback was received on a regular basis including following the publication of the Group's financial results.	The Group's 2023 Annual Financial Report was approved, along with the Interim Financial Report and the quarterly financial results and announcements.	I, Cu, R
Distributions and capital status	Monitored capital and liquidity position and considered distribution proposals in the context of its four-year financial plan. Considered the Shareholders Distribution Policy and the distribution proposals to shareholders for the year 2023 including the payment of a cash dividend and the establishment of a share buyback programme.	Approved 2023 dividend payment of €0.25 cents per ordinary share and a share buyback for of up to €25 million.	I, Cu, R
Risk, Resilience, Recovery			
Risk	The Risk Profile of the Group and principal risks faced, as well as setting the Risk Appetite Framework, were core areas of focus for 2024. The comprehensive review, consideration and strategic alignment of these elements were deemed essential to guide the Group's risk management approach. Throughout 2024, the Board continuously monitored the risk behaviour and performance of the Group with respect to the set risk performance indicators. Regular updates of loan asset quality and analysis of the main credit risk areas of the Group were also provided. The Board also monitored the Group's risk behaviour in relation to geopolitical developments in the region as these progressed throughout the year.	The Board monitored on a regular basis the risk profile of the Group and considered and approved the revised the Risk Appetite Framework as well as the update of performance over relevant risk indicators.	I, S, Cu, Co, R
	Counterparty & Country Credit Limit Framework: The Board considered and approved the annual revision of the framework set for the effective assessment, monitoring and control of the Counterparty & Country Credit Risk and Counterparty Settlement Risk, as well as for setting the limits' approval levels and the reporting levels in the cases of breaches.	The Board approved the Annual revision of the Counterparty & Country Credit Limit Framework.	I, S, Cu, Co, R

2. GOVERNANCE (continued)

X. Key Board Activities in 2024: (continued)

2024			
Key focus area	Key Matters	Actions taken	Stakeholders affected
	Annual Review of Market Risk Limits: As an integral part of risk management, the Board considered the findings of the yearly review assessment on the appropriateness of established market risk limits (revising these where appropriate) ensuring that the institution's risk appetite aligns with market conditions and approach to risk taking.	The Board approved the set market risk limits for 2024.	I, S, Cu, Co, R
	Annual ICAAP /ILAAP: The Board considered and approved the 2023 ICAAP and ILAAP following the assessment that the Group is in a position to withstand severe stress situations and maintain its capital and liquidity adequacy both from a normative and economic perspective.	The Board approved the Annual 2023 ICAAP and ILAAP.	I, S, Cu, Co, R
	Annual Reputational Risk Report: The Board considered the findings of the evaluation of the potential risks to the institution's reputation, arising from various sources.	The Board approved the Annual Reputational Risk Report.	I, S, Cu, Co, R
	IRRBB Strategy Framework and Significant Outlier Test Compliance Plan: The Board assessed and approved the Interest Rate Risk in the Banking Book (IRRBB) strategy framework and the revised Supervisory Outliers Test compliance plan.	The Board approved the IRRBB Strategy Framework and the revisions on the Significant Outlier Test Compliance Plan. During the year the Board monitored progress on hedging actions undertaken.	I, S, Cu, Co, R
	Updated Bond Strategy and risk assessment of the updated bond strategy: The Board considered updates on the progress of the bond strategy and considered relevant risk assessment of the updated bond strategy concluding in favour of the proposed portfolio expansion by the year end which largely ensured a gradual and controlled increase allowing to properly assess, monitor and mitigate the various risk factors.	The Board considered and approved the updated bond strategy.	
Recovery & Resolution	The Board reviewed and approved the 2024 Recovery Plan, addressing the challenges and strategies for successful implementation. Received updates on activities to enhance the Group's resolvability arrangements, including management's testing and assurance plans. The Board considered the 2024 MREL Compliance Plan.	Approved the Recovery Plan 2024, 2024 MREL Compliance plan and resolution related material.	I, S, Cu, Co, R

2. GOVERNANCE (continued)

X. Key Board Activities in 2024: (continued)

2024			
Key focus area	Key Matters	Actions taken	Stakeholders affected
Operational Resilience	The Board's role in information security and data quality is vital for organizational resilience. The Board oversees and establishes policies to protect critical data, ensuring integrity and security protocols are in place to guard against threats and disruptions.	The Board regularly received Information Security updates monitoring the progress of the relevant indicators. The Board was regularly updated on data quality risks.	I, S, Cu, Co, R
Governance and regulatory matters			
Board Governance	Succession planning: In 2024, the Board thoroughly reviewed and approved its own succession planning process and the processes for the Chair and CEO succession. Additionally, the Board considered and endorsed a 2-year Board succession plan to ensure the organization's stability and effectiveness.	Approved the revised succession planning processes for the Board Chair and the CEO. Approved the revised 2-year Board succession plan.	Cu,I,R
	Board Composition: In 2024, the Board considered the assessment of collective suitability of the Board, ensuring the presence of the right skillset, experience, and diversity. The Board also focused on the optimum size and composition of the Board, particularly addressing the need for gender targets, reinforcing the Board's commitment to inclusivity and effective governance.	Approved the results of the revised collective suitability assessments of the Board and proceeded with actions to close the identified gaps.	Cu,I,R
	Board Operation: In 2024, the Board thoroughly reviewed and considered the enhancement of the Company Secretary's Office, updates to governance and compliance policies, and revisions to the Matters reserved for the Board and the Terms of Reference of Board Committees. The Board further considered the conclusions of the Internal Annual Board Evaluation and the Triennial Board Evaluation for the year 2023 conducted by external stakeholders and proceeded with the implementation of recommendations arising from these evaluations.	Approved the changes in policies relating to assigning the approval of all matters to the Board of Directors following the relevant Board Committee's review and recommendation. Approved the appointment of ESG and Cyber Security and IT Champions. Approved the amendment that the SID should report bi-annually to the Board on the engagement with shareholders and stakeholders.	Cu,I,R
Succession planning of Senior Management and Key Function Holders	In 2024, the Board considered, discussed and approved the comprehensive succession plans for Senior Management and Key Function Holders. The plans were meticulously crafted to align with the Company's long-term goals, fostering a resilient leadership pipeline capable of steering the organization towards sustained success.	The Board approved the succession plans of the senior management and key function holders.	I, S, Cu, Co, R

2. GOVERNANCE (continued)

X. Key Board Activities in 2024: (continued)

2024			
Key focus area	Key Matters	Actions taken	Stakeholders affected
Regulatory matters	The Board regularly received updates on regulatory developments impacting the Group. The Board has, throughout 2024, maintained continuous communication and liaison with the Regulator.	The Board considered updates on regulatory developments impacting the Group.	Cu,I,R
Deep Dives	Occasionally, the Board holds deep dive sessions with key business lines to provide members with a deeper insight into key areas of strategic focus, enable better quality of debate and enhance knowledge. The deep dives usually include presentations and opportunity for discussion.	Deep Dives for 2024 were performed on matters of Credit Approval Procedures, UTP Framework and on the Real Estate Portfolio and Strategy.	I, S, Cu, Co, R
Meetings with Heads of Control Functions	Monitor effectiveness of Control Functions	Sessions are held for Heads of Control Functions to provide feedback on general ability to perform their duties and to bring to the attention of the Board any issues that could potentially jeopardise their independence	R

2. GOVERNANCE (continued)

BOARD COMMITTEES:

XI. Nominations and Corporate Governance Committee

Strengthening Board Composition and Committee effectiveness, enhancing governance practices, ensuring effective succession planning and overseeing progress in shaping and delivering the Group's ESG agenda.

Dear Stakeholders,

In 2024, the NCGC continued to perform a pivotal role in securing an effective Board composition and functioning, prioritizing Board membership selection and appointment processes and overseeing Board evaluation processes. Board succession planning procedures have been revisited and streamlined with other internal procedures, and the NCGC reconsidered and enhanced further its own functioning. The adherence to strong governance practices as well as the implementation of the Group's ESG agenda and strategic goals have also taken center stage in the past year.

With regards to the composition of the Board, following the departure of 4 Board members towards the end of 2023 and the sudden loss of the Senior Independent Director/Chair of the HRRC, AC and TC on 16 June 2024, one of the NCGC's priority tasks has been to initiate and implement processes for selection and appointment of new Board members. The NCGC devoted significant time to evaluating potential Board members and implementing all relevant recruitment procedures, keeping in mind the results of the collective suitability assessment conducted during 2024, the Group's gender diversity targets. During the beginning of the second quarter of 2024, the Board composition was enhanced with two new members with expertise in ESG and Cyber/Information Security and Technology respectively and during 2024 a number of interviews have been held with eligible candidates with a view to further enhance the Board composition within 2025. Board Succession Planning Processes have been streamlined with selection processes and collective suitability findings accordingly. In addition, the NCGC continued to oversee Senior Executive Appointments and Succession Planning for Key Function Holders. The Committee continued to uphold the view that effective corporate governance is a fundamental part of business success and reviewed both its own functioning as well as that of the Board to introduce practices that would make their functioning as effective as possible. The Committee continued to oversee updates in the Terms of Reference of all Board Committees and to the 'Matters Reserved for the Board' and proposed that all matters/topics/frameworks/policies are assigned to Board Committees first, prior to being reviewed and decided at Board level, to ensure in depth deliberation and discussion at Committee level of all matters before their submission to the Board for consideration and approval. ESG is key priority for the Group and oversight of the Group's ambitious ESG strategy, agenda (including climate) and disclosures, remained a key priority for the NCGC.

Looking ahead, the NCGC will continue its work on reaching optimum Board composition, considering governance and regulatory requirements and diversity targets and always in line with the Group's strategic priorities and governance practices. The NCGC will continue to oversee the evolution on the Group's and Board's governance practices to ensure adherence to any new legal and regulatory requirements and optimize the Group's modus operandi. 2025 will be another year of progress on the Group's climate and ESG agenda and we look forward to overseeing the Company reaching new highs in making its first CSRD disclosures and in shaping and delivering ESG strategic objectives.

Finally, I would like to take this opportunity to thank all the members of the NCGC, whose expertise, diligence and commitment has ensured the success of our journey thus far and for building a strong foundation for achieving the Group's goals in the coming year.

Sincerely,

Takis Arapoglou

NCGC Chair 2024

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Role & Composition of Committee

Role of Committee

The Committee is primarily responsible for reviewing:

- Board and Committee Composition/new Board member selection;
- Senior Executives and Board Succession planning;
- Board effectiveness; and
- Effective governance including overseeing the assessment of the fitness & probity of members of the Group Executive Committee, other Senior Managers and Heads of the Internal Control Functions.

The Committee's TORs are available on:

<https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/nominations-corporate-governance-committee/>

Composition of Committee

- Composition from 01.01.2024 to 16.05.2024:
 - Takis Arapoglou (Chair)
 - Lyn Grobler
 - Adrian Lewis
- Composition from 17.05.2024 to 31.12.2024:
 - Takis Arapoglou (Chair)
 - Lyn Grobler
 - Christian Hansmeyer

On 17 May 2024, the Committee's composition changed following the election of the two new non-executive directors, Mr. Stuart Birrell and Mr. Christian Hansmeyer at the 2024 Annual General Meeting. This decision considered Mr. Hansmeyer's expertise in ESG matters, in alignment with the NCGC's responsibility to provide oversight into the Group's ESG and climate strategy.

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Primary activities of the Committee in 2024:

Key focus area	Key Matters	Actions taken
Board Composition	Collective Suitability Assessment Assessment of Collective Suitability of the Management Body, to safeguard existence of the right skillset, experience and diversity for members of the Board to be individually and collectively suitable to perform their role effectively.	The NCGC oversaw the conduct of a Collective Suitability Assessment for the members of the Board, following its enhancement with two new members. In this context the Committee analysed existing gaps and identified the required experiences and skillset to ensure optimum Board functioning. The recruitment process considered required skills, experience, gender diversity targets, regional diversity, and criteria in the CBC Suitability Directive for the Board.
	Nomination for new NEDs Ensuring optimum size and composition of the Board. The NCGC ensures a formal, rigorous, and transparent procedure when considering candidates for appointment to the Board.	Following the resignation of 4 Board members in 2024, and the unexpected passing of former SID and AC/TC/HRRC Chair Mr. Dinos Iordanou, the Committee considered the enhancement of the Board size and composition a key priority for 2024. To this end the Committee initiated the Group's selection processes for the recruitment of new members of the Board in accordance with its Nominations and Diversity Policy and the Group Suitability Policy which are in turn fully aligned with the CBC Suitability Directive (and the Joint Guidelines on Suitability). As a result of this work, the composition of the Board is expected to be enhanced within 2025. The Board has approved relevant budget should external support be required for the identification and selection of suitable NEDs.
	Taking action to meet Gender Targets	An action plan for planned actions to be taken to meet the gender target in relation to the composition of the Board was put in place.
Key focus area	Key Matters	Actions taken
Succession Planning	Review of Board Succession Planning Process and introduction of Board Chair Succession Planning Process Ensuring continuation and succession of a strong and diverse Board and a smooth succession for Key Function Holders	Overseeing Succession Planning at both the Board level and at the level of Key Function Holders was an area of focus during 2024. The Committee reviewed a revised Succession Planning Process for the Board which fully correlated the Collective Suitability Process with the Succession Planning Process, and streamlined external recruitment processes with succession planning practices. The updated process also addresses emergency succession and is fully aligned with revisions of the CBC Internal Governance Directive. A New Succession Planning Process for the Chair of the Board of Directors was also introduced.

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Primary activities of the Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
	Review of 2-Year Succession Plan Planning in anticipation of any departures (e.g. end of tenure/ loss of independence status) and planning in a timely manner New Succession Planning Process for the CEO Introducing a specific process for this need, to ensure leadership continuity. Succession Planning of Key Function Holders	The 2 Year Succession Plan in 2024, revealed the loss of independence status for one Board member in 2026. Deliberations on suitable successor have been initiated to ensure a smooth and timely succession. The committee has reviewed and approved a new succession planning process for the CEO. Overseeing Succession Planning at the level of Key Function Holders was an area of focus during 2024. Succession of Key Function Holders constitutes a separate succession planning process whose implementation falls under both the NCGC and the responsibilities of the HRRC.
Key focus area	Key Matters	Actions taken
BOD Internal Governance	Review and updates of Compliance Policies to align with changes and changing role of the Company Secretary's office Revision of Matters reserved for the Board, and Terms of Reference of Board Committees	The following policies were reviewed and updated regarding the functioning of the Chairman's and Company Secretary's Office and Corporate Governance Compliance Unit: • Group Corporate Governance Policy & Framework • Group Policy on the suitability of Members of the Management Body and Key Function Holders • Board Nominations and Diversity Policy The 'Matters Reserved for the Board' have been revised as all matters requiring approval are assigned to a Board Committee for in depth discussion and consideration, with the relevant Committee ultimately making a recommendation to the Board for consideration and approval of such matter. The Board maintains the ultimate and overall responsibility to approve and oversee the topics included in the Matters Reserved for the Board. Accordingly, the Terms of Reference (TORs) of the Board Committees have been updated to reflect this change. Revisions of the TORs of the Board Committees were updated with regards to the functioning of the Committees in further embedding best practice governance standards.

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Primary activities of the Committee in 2024: (continued)

	Key Matters	Actions taken
Governance	Update of the Corporate Governance Policy and Framework to reflect latest regulatory provisions and better address Data Governance and ICT risk management framework matters	The Committee revised the Corporate Governance Policy and Framework. The latter has been updated twice to align with changes in the CBC Internal Governance Directive regarding the tenure of the Chair of the Board and the Chairs of Board Committees. In relation to the tenure of the Chairs this has been extended to a maximum of nine cumulative years whether consecutive or not, this change being reflected in the updated Corporate Governance Policy and Framework. Further, the said Framework was amended to reflect the latest revisions of the Internal Governance of Credit Institutions Directive of 2021, introducing amendments primarily, aiming to better address Data Governance and ICT risk management framework matters.
	Key Matters	Actions taken
Conflict of Interest and other professional activities	Directors' potential conflicts of interest and other professional activities	The Committee evaluated requests of Board members for other non-executive directorships based on the assessments performed by the Group Compliance Division. Requests were evaluated in relation to the relevant CBC Suitability Directive provisions, to ensure that none of these requests would in any way compromise any of the suitability criteria.
	Guidance notes for Board members on managing COIs	A practical guide has been prepared for the Board members, to support members in effectively identifying, reporting and managing conflicts of interest and conflicts of duty.
Key focus area	Key Matters	Actions taken
Corporate Governance Report	2023 Annual Corporate Governance Report	The Committee has reviewed the 2023 Corporate Governance Report and approved its publication.
Key focus area	Key Matters	Actions taken
Committee Effectiveness	Enhancing the Committees' own functioning	To continuously improve its overall functioning, the NCGC held a dedicated session in 2024 whereby it agreed and proceeded with implementing during the year an action plan that further enhanced its documentation practices and its decision-making processes.
	Self-Assessment/Own Functioning The committee undertook its annual self-assessment internally which was facilitated by use of questionnaires assessing different areas such as composition, challenge and oversight of the areas within its remit, agendas and material, contributions from members in meetings.	Striving for continuous improvement is a key aspect of the NCGC's effectiveness. At the start of 2024, the Committee evaluated its own performance by reviewing the results from self-assessment questionnaires completed by its members. In a separate session, the Committee reflected on its operations, identifying and introducing best practices to enhance its effectiveness and efficiency.

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Primary activities of the Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Board Evaluation	2023 Internal Board Performance Evaluation BOD The NCGC reviews, at least annually, the structure, size, and composition of the Board (including skills, knowledge, experience, independence, and diversity), and recommends to the Board the skills and experience required to provide sound governance oversight Triennial Board Evaluation Report - 2024 progress on recommendations from 2023 report carried out by Morrow Sodali	The Committee reviewed and proposed for approval the 2023 Annual Board Evaluation Report. Further details on recommendations and actions undertaken in 2024 are included in Section 2, subsection VI titled – ‘The Operations of the Board - Board Performance Evaluation.’ The methodology to be used for the year 2024 report was enhanced, and consists of the questionnaires completed by Board members, the assessment of the Chairman in relation to the performance of NEDs, the matters covered in the meetings as well as the interviews performed by members of the Board. In August 2023, the Group retained Morrow Sodali to perform an externally facilitated independent evaluation of the effectiveness of the Board, which has been presented to the NCGC and to the Board along with recommendations. Key tasks emanating from the Internal Board Performance Evaluation of 2023 and the Triennial External Board Performance Evaluation Report by Morrow Sodali have been identified and implemented during 2024 to further enhance governance and Board efficiency.
Key focus area	Key Matters	Actions taken
Corporate Governance for Group Subsidiaries	Revision of the Corporate Governance Guidelines for Group subsidiaries	The Corporate Governance Guidelines for subsidiaries have been revised with the aim to further enhance the effective oversight of the material subsidiaries – as these are defined in the Guidelines – to ensure that effective corporate governance practices are implemented by material subsidiaries.
	Appointment for Senior Executives for subsidiaries Oversight and approval of the appointment of new executive members for subsidiaries of the Group	Further to Board appointments, with respect to senior executive appointments, the Committee has supported the appointment of the following: - Ms. Christiana Agrotis for her nomination on the Board of Directors of Genikes Insurance. - Ms. Elena Meli for the position of General Manager of Jinius Ltd Board and the position of executive Board Member of the same company. - Mr. Andreas Andreou for his nomination on the Board of CISCO as an executive non-independent member.

2. GOVERNANCE (continued)

XI. Nominations and Corporate Governance Committee (continued)

Primary activities of the Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
ESG	Exercising strategic oversight role on ESG matters	In exercising its role of strategic oversight on ESG matters, the Committee has reviewed the following external disclosures on ESG: • ESG Disclosures Annual Financial Report of the Board • ESG Disclosures in Pillar 3 Report • Sustainability Report 2023 Moreover, the Committee received regular updates on the progress of the ESG Working Plan, the CSRD Disclosure preparation and oversaw updates on ESG Governance matters.

2. GOVERNANCE (continued)

XII. Human Resources & Remuneration Committee

Effective oversight of Human Resources strategy and practices, to align and support the Bank's transformation journey and strategic priorities.

Dear Stakeholders,

In 2024, the Human Resources & Remuneration Committee has worked on several key areas to oversee Human Resource initiatives and practices of strategic importance to the Bank. The Committee's work has focused on overseeing progress against set strategic pillars for 2024 and reviewed HR strategy for 2025. The Committee oversaw progress in Talent Management initiatives, reviewed progress in the design of Performance Management systems and oversaw the actual Performance Appraisals of Heads of Control Functions and the Senior Management. Succession Planning for Key Function Holders and the Senior Management has been another area that was examined by the Committee. Keeping in mind that equipping the staff with the right skills and competencies will enable them to succeed not only at present but also in the future, work on Learning and Development initiatives as well as the inaugural work of the BOC Academy, which was taken forward during the year, have also been reviewed. Moreover, the Remuneration practices, including variable pay, have been updated during the year to ensure alignment with regulatory requirements and continuous improvement. The Committee has also overseen the Workforce Planning practices and ensured these are fully aligned with the Group's strategic priorities.

In Succession Planning, the Committee reviewed the plans in place designed to ensure smooth transitions and continuity both in case of planned vacancies but also for the case of emergency situations. During 2024, a Career Path Framework project has been initiated, aiming to foster a culture of career progression within the organization. Our focus on Organizational Health has involved monitoring progress on health initiatives which were well received by staff during the year. In an aim to ensure continuous improvement of its own functioning, the Committee also reviewed the update of its own Terms of Reference, the results of its self-assessment and also took time to deliberate on optimising its own governance and documentation practices. Lastly, the Committee has followed progress of the Staff Separation Scheme which in tandem with workforce planning initiatives will contribute to better management of payroll costs and renewal of the staff's skillsets.

Looking ahead, the Committee will continue to oversee completion of the Career Path Framework, will continue to address the challenge of optimising payroll expenditure, continue to encourage innovative talent development practices and generally contribute to the culture change needed to support the Group's transformation program. I look forward to strengthening the Committee's engagement with staff members and continuing the journey of working together with all stakeholders to deliver the Group's HR agenda.

Finally, I would like to thank my colleagues for all their commitment and contribution to the work of this Committee. Their willingness to share knowledge and experience has been invaluable.

Yours Sincerely,

Adrian Lewis

HRRC Chair 2024

2. GOVERNANCE (continued)

XII. Human Resources & Remuneration Committee (continued)

Role and Composition of Committee

Role of Committee

The Committee plays a key role in assisting the Board to fulfil its responsibilities in relation to the remuneration of Executive Directors, Senior Management, other key personnel and the employee Remuneration policy.

The Committee's main duties and responsibilities are:

- To oversee that the Group is equipped with the Human Capital at the right size and with the right skill mix necessary for the achievement of its strategic goals, whose rewards will be based on personal performance and Group results.
- To oversee that the Group is equipped with the Organisational Capital (Values, Engagement, Alignment, Leadership) to be able to effect continuous improvement and elicit the right behaviour which would lead to the desired outcome.
- To oversee that the Group is equipped with the Information Capital and the technology necessary to facilitate process improvements that will create a comparative advantage in the market and sustainability for the future.
- To regularly review, agree and recommend to the Board the over-arching principles and parameters of Compensation & Benefits policies across the Group and to exercise oversight for such issues.
- Within the over-arching principles and parameters recommended by the Committee and approved by the Board as referred to above, to review and set the remuneration arrangements of the Executive Directors of the Group, Senior Management and the Group Remuneration Policy, in alignment with the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU 2021, the CBC Directive on Internal Governance, the UK Corporate Governance Code 2018 and any other applicable statutory or regulatory requirements.
- To oversee the implementation of Strategic HR initiatives which promote and are aligned with the Group's ESG ambition, strategy and objectives.

The Committee's TORs are available on:

<https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/human-resources-remuneration-committee/>

Composition of Committee

- Composition from 01.01.2024-16.05.2024
 - Lyn Grobler (Chair)
 - Monique Hemerijck
 - Dinos Iordanou
- Composition from 17.05.2024 to 20.06.2024
 - Dinos Iordanou (Chair)
 - Monique Hemerijck
 - Stuart Birrell
- Composition from 21.06.2024 to 31.12.2024
 - Adrian Lewis (Chair)
 - Takis Arapoglou
 - Stuart Birrell

2. GOVERNANCE (continued)

XII. Human Resources & Remuneration Committee (continued)

Primary activities of Committee in 2024:

Key focus area	Considerations and Key Issues	Actions taken
HR Strategy	Ensuring alignment of HR strategy with Group's ambition and strategy and monitoring progress on the implementation of HR initiatives	The Committee ensured alignment of HR strategy with the Group's Strategic goals for 2024 and monitored progress on the implementation of actions under each HR strategic Pillar at regular intervals throughout 2024. Implementation was in accordance to plan and to the satisfaction of the Committee. In the second half of the year the Committee also provided feedback and direction regarding the 2025 HR strategy stage ensuring alignment with the Group's goals and ambitions for 2025.
Talent Management	Oversight of the progress of Talent Management Initiatives undertaken and actions planned. Talent Management has been a Key Strategic Pillar throughout the year.	The Committee provided direction and monitored progress on Talent Management Initiatives completed during the year and oversaw enhancements to the Talent Management process. The Committee provided insights on leadership development and encouraged further deliberations on the development of Talent with the breadth of experiences needed to reach leadership positions.
Learning and Development	Oversight of learning and development initiatives and knowledge centres aligned with the strategic goal of a leading organisation with a growth mindset	The Committee reviewed key facts on training offered to staff during 2023 and reviewed the Learning and Development Plan and approach for 2024. The Committee reviewed progress on the BOC Academy Update which was launched in 2023 and provided feedback with regards to the next steps in the evolution of the Academy.
Performance Management	Review of Performance Appraisals of Heads of Control reporting to the relevant Committees and Senior Management before their submission to the Board for approval	The Committee, in conjunction with the NCGC, reviewed the Performance Appraisals as well as the Objectives and Key Results set for the CEO and the EDF as well as the Senior Management team. Additionally, the Committee reviewed the Performance Appraisals as well as the Objectives and Key Results set for Heads of Control Functions and the Senior Management, before their submission to the Board for approval.

2. GOVERNANCE (continued)

XII. Human Resources & Remuneration Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Considerations and Key Issues	Actions taken
Remuneration	Oversight of the remuneration of the Senior Management team (including variable remuneration) and monitoring of the advancement of remuneration practices and policies	The Committee performed the annual review of salary and variable pay for members of the Senior Management Team including Heads of Control Functions. More specifically the Committee engaged in the following review and oversight actions: • Provided recommendation for approval by the Board of the granting of awards for the 3-year performance period FY2024-2026, as per the terms of the approved LTIP and the relevant authority provided from the Shareholders at the 2022 AGM. • Provided recommendation to the Board with regards to the implementation of a new Short-Term Incentive Plan for the performance period FY2024. • Oversaw and recommended for approval by the Board of the annual revision of the Group Remuneration Policy. • Recommended to the Board the granting of the 2023 STIP and monitored allocation of the 2023 STIP and received confirmations by project owners that the process was transparent, fair and consistent across all Divisions that the STIP guidelines approved by the Board in February 2024 were satisfied and that regulatory obligations have been adhered to. • Reviewed Remuneration Tools in the Bank and their evolution, considered current operating environment and deliberated on strategic options for the way forward. • Monitored progress on Merit Pay increases granted to selected staff in November 2024 and received assurances that the Merit Pay was granted in accordance with the criteria agreed with the Union, such as performance, potential and pay competitiveness. • Monitored progress on the granting of Merit Pay and other increases during 2024 for Material Risk Takers and received assurances that the 2024 merit pay increases were in line with the relevant process set out in the Remuneration Policy.
Workforce Planning	Review of workforce planning practices on a biannual basis	The Committee oversees workforce planning practices on a biannual basis, reviewing prioritisation of needs, needs for external recruitments and alignment of the workforce planning activities with strategic priorities. In particular, the Committee approved the 2024 Workforce planning report which contains planned recruitments and timeframes for the period 2024/2025. Workforce planning for the said period evolves around the following areas of focus: • Business Development • Customer Experience • Digital Savviness • Operational Efficiency • Controls / Governance The Committee has been satisfied that the submitted workforce planning is in line with the strategic priorities of the Group and that it ensures flexibility and responsiveness to changing business requirements as well as other external and internal factors.

2. GOVERNANCE (continued)

XII. Human Resources & Remuneration Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Considerations and Key Issues	Actions taken
Succession Planning	Oversight of the 2024 Succession Plan for the Heads of Control Functions & Senior Management	The Committee oversaw the Succession Plan prepared based on the Group's Succession Planning Policy for Heads of Control Functions and Senior Management. The plan ensures that: • Expiry date of each individual's term is considered and prevents too many senior managers having to be replaced simultaneously. • Any transitions will occur smoothly with minimum disruption to the operations of the institution. • Emergency succession plans are in place, so as to facilitate the transition to both interim and longer-term leadership in the event of an untimely vacancy.
Career Path Framework	Oversight of progress on the Career Path Framework project	The Committee oversaw progress of the Career Path Framework project due to be completed early in 2025 and aims to foster a culture of career progression within the Group, in alignment with the Group's strategic objectives and priorities.
Organizational Health	Oversight of achievements and deliverables within the Organisational Health Workstream	The Committee oversaw achievements and upcoming deliverables within the Organisational Health Workstream with the aim of monitoring progress on Organisational Health initiatives and ensuring their alignment to strategic priorities. The Committee oversaw and expressed its satisfaction over progress achieved on the Organisational Health Project for 2024. The new priorities selected under this project for the 2024-2026 period are: ▪ Customer Focus ▪ Shared Vision ▪ Talent Management ▪ Inspirational Leaders
Governance	Oversight of updates regarding the Terms of Reference of the HRRC Committee	The Committee oversaw the revision of its own TORs, to optimise attendance to its meetings and to align with the decision on amendments of Matters Reserved for the Board and for the Board to have the ultimate responsibility to provide approval on policy matters.
Separation Scheme	Update on 2024 Staff Separation Scheme	The Committee reviewed the 2024 Staff Separation Scheme (Voluntary Exit Plan), and its objectives which included embedment of a high-performance culture, and renewal of staff with new skillsets.
Engagement with Heads of HR Departments	Engagement with Heads of HR Departments	The Committee met Heads of Human Resources Departments and exchanged views about the projects which are currently in progress.
Self-Assessment /Own Functioning	Ensuring continuous improvement through self-assessment and brainstorming on improvements on own functioning	Continuous improvement is one of the driving forces behind the effectiveness of the HRRC. The Committee reviewed the results of its own self-assessment at the beginning of the year after HRRC members completed self-assessment questionnaires. In a separate session the Committee took time to deliberate on its own functioning and identified best practices that were introduced to optimise the effectiveness and efficiency of the Committee's functioning.

2. GOVERNANCE (continued)

XIII. Risk Committee

Ensuring the Group's stability and financial health, through proactive and sound risk management oversight.

Dear Stakeholders,

As the Chair of the Risk Committee, I am pleased to present the activities of the Risk Committee in the Corporate Governance Report for 2024, which outlines the extensive activities and assessments undertaken by the Risk Committee to ensure robust risk management across our institution. During 2024, the Committee focused on the identification and management of risks arising from the macroeconomic environment and geopolitical tensions that emerged throughout the year. The Committee undertook its annual review of Risk Appetite Framework and Risk Appetite Statement.

Risk culture and its importance has also featured extensively throughout Committee discussions, including the development and implementation of the Risk Culture Framework.

Throughout the year 2024, the Risk Committee closely monitored the Group's risk behaviour and performance via the Risk Report, focusing on key indicators. Regular updates on loan asset quality, concentration risks and main credit risk areas were provided, ensuring high standards of credit quality management.

The Committee assessed and recommended to the Board for approval Market Risk (including IRRBB) and, Liquidity and Funding Risk Frameworks. The Committee also monitored market risk and liquidity and funding risk through regular reporting through the year. In the first half of 2024, the Committee focused on the risk assessment of the updated bond strategy, concluding on a controlled portfolio expansion by year-end. Furthermore, the Committee paid attention to the monitoring of non-financial risks such as Fraud, Business Continuity and Third-Party Risks as required under DORA regulations including mitigating actions. The Committee oversaw the effectiveness and maturity of the Bank's information security framework, paying particular attention to the monitoring and management of Cyber security risks. The Committee, in conjunction with the AC, closely monitored the actions performed for adherence to the requirements of BCBS 239 Principles on Risk Data Aggregation and Risk Reporting and it also closely monitored the actions conducted around Environmental and Climate risks to ensure that these risks are adequately identified and their impact on operations, strategy and financial stability of the Group is well understood and properly managed.

These activities highlight our commitment to a robust risk management framework supporting the institution's long-term stability and growth.

Looking ahead to 2025, the Risk Committee remains dedicated to further strengthening our risk management practices. We will continue to prioritise the rigorous assessment of emerging risks and adapt our strategies to evolving regulatory landscapes. Our focus will include strengthening our IT security risk management capabilities, addressing climate and environmental related risks, and ensuring the resilience of our institution in an increasingly volatile economic environment. Additionally, we will foster a strong risk culture across the organization, promoting awareness and accountability at all levels. By maintaining our proactive approach and commitment to excellence, we aim to safeguard the institution's stability and drive sustainable growth in the coming year.

Thank you for your continued support.

Sincerely,

Monique Hemerijck
RC Chair 2024

2. GOVERNANCE (continued)

XIII. Risk Committee (continued)

Role & Composition of Committee

Role of the Committee

The Risk Committee plays a key role in setting the risk appetite and strategy of the Group and ensuring compliance with risk management strategy, policies and regulations.

The Committee's main duties and responsibilities are:

- To evaluate the Group's governance, risk and control framework and its integration with the Bank's decision-making process, covering the whole spectrum of the Bank's activities and units as well as subsidiaries.
- To monitor and ensure compliance of the Group with the adopted risk strategy by reviewing reports prepared by the Group Risk Management Division and make recommendations to the Board on the significant risks to which the Bank is exposed.
- To review, evaluate and make relevant recommendations to the Board on the ICAAP and ILAAP reports which aim to assess all important risks undertaken by the Group and determine capital requirements of the Group and liquidity adequacy.
- To examine whether the incentives set by the remuneration policy take into consideration the Bank's risk, capital and liquidity structure.
- To recommend to the Board for approval/approve loans which exceed a certain level as per the Lending Policy of the Group.
- To receive management reports on credit, market, liquidity, operational, litigation and reputational risks.

The committee's TORs are available on:

<https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/risk-committee/>

Composition of Committee

Composition from 01.01.2024 to 16.05.2024:

- Monique Hemerijck
- Lyn Grobler
- Adrian Lewis

Composition from 17.05.2024 to 20.06.2024:

- Monique Hemerijck (Chair)
- Adrian Lewis
- Stuart Birrell
- Christian Hansmeyer

Current Composition from 21.06.2024 to 31.12. 2024

- Monique Hemerijck
- Stuart Birrell
- Christian Hansmeyer

Notes

1. The RC composition changed following the election of two new non-executive directors, Messrs Stuart Birrell and Christian Hansmeyer on 17.05.2024 at the Annual General Meeting (AGM) and then again on 21.06.2024 following the unexpected passing of Mr. Dinos Iordanou, Senior Independent Director, HRRC, AC, TC Chair & Board member.

2. GOVERNANCE (continued)

XIII. Risk Committee (continued)

Primary activities of Committee in 2024:

Key focus area	Key Matters	Actions taken
Risk Profile & Strategy	- To evaluate and report to the Board on the Group's risk profile and monitoring of the Emerging Risks. - To consider proposed material changes to the Group's Risk Appetite Statement. - Risk assessment of the Financial Plan. - To consider the ICAAP and ILAAP processes.	- The Committee reviewed and recommended the Group Risk Appetite Framework including revisions to key risk indicators to the Board for approval. - The Committee received regular updates of the Group's Risk Profile. - The Committee, jointly with the AC, considered the Four-year Financial Plan of the Group and discussed the risk assessment of the Plan and recommended for approval the risk assessment of the Four-year Financial Plan. - The Committee reviewed and recommended ICAAP and ILAAP exercises including assumptions, stress scenarios and reverse stress scenarios to demonstrate that the Group's capital and liquidity resources remain sufficient to withstand severe but plausible stress conditions. - The Committee reviewed the results of the Risk Culture Dashboard and provided recommendations for its further improvement aiming to the creation of an enhanced risk culture.
Risk framework and governance	- To evaluate the Group's governance, risk, and control framework. - To review and discuss Risk Management Division policies.	- The Committee reviewed and recommended to the Board the Risk Management Framework as documented in the Division's Charter and Annual Risk Management report. - The annual revisions of the Risk Management Division's policies were reviewed and discussed by the Committee to ensure they are aligned to the risk profile of the Group. The Committee recommended to the Board for approval the Risk Management Divisions policies.
Regulatory communication	- To maintain close monitor on regulatory matters. - To emphasize on quality and timeliness of responding to regulatory authorities	- The Committee monitored and assessed reports from management regarding guidance, correspondence, and reviews from regulators including updates on significant remediation programs taking place across risks. - The Committee received regulatory updates including key communication from regulators. - The Committee closely monitored the progress of regulatory inspections across risk types. - The Chair of the Committee had regular communication with the Regulator to discuss matters of common interest.

2. GOVERNANCE (continued)

XIII. Risk Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Credit Risk / Credit Risk Control & Monitoring	- To regularly review the quality, concentration and performance of the loan portfolio. - To ensure adherence to regulatory standards, such as those by ECB, EBA or local regulators. - To evaluate the effectiveness of internal controls and monitoring of systems to identify and mitigate emerging credit risks.	- The Committee received comprehensive and regular reports on loan portfolio providing a detailed assessment of asset quality, with particular attention to specific segments such as large exposures, trends in non-performing exposures (the 'NPEs') including inflows and outflows, quick loans, forbearances and re-pricings. - Through a structured review of key risk indicators the Committee gained valuable insights into emerging vulnerabilities, the effectiveness of risk mitigation strategies, and the resilience of the loan portfolio under different economic scenarios ensuring alignment with the Group's risk appetite. - The Committee oversaw reporting which highlighted proactive measures taken by the Group to further enhance regulatory compliance, and control processes, with particular emphasis on the quality of the loan book and strict adherence to the Group's guidelines. - The Committee, in conjunction with the AC reviewed, challenged and recommended to the Board the credit related provisions.
Market / Liquidity and Funding Risk	- To review and seek for Board approvals for policies, limits and procedures to manage market risk. - To monitor adherence to liquidity risk appetite and regulatory requirements. - To monitor market developments on bonds exposure especially on Cyprus government bonds. - To facilitate clear communication between management and the Board regarding market and liquidity risks.	- The Committee reviewed, challenged and recommended to the Board for approval the Bond Investment Strategy. - In light of the changing interest rate environment, the Interest Rate Hedging Strategy was reviewed as formulated to protect the Bank's NII from reductions in market interest rates. Various available hedging options were discussed and analysed in the meetings. The Committee maintained an enhanced oversight over the management of interest rate exposure and implementation of hedging strategy. - The Committee reviewed and approved market, country and counterparty limits. - In relation to the MREL Compliance Plan 2024 the RC recommended submission to the Board for approval.
Operational Risk	- Monitoring of key operational risk indicators. - To review the Group's operational risk profile and consider specific areas of operational risks, including fraud, business continuity, third party risk management including the controls that are in place for managing and mitigating such risks.	The Committee received regular reporting on key operational risk indicators and was briefed by management on a number of operational risk topics, including those relating to fraud, third party risk management, business continuity, cyber and information security and the controls that are in place for managing and mitigating such risks.

2. GOVERNANCE (continued)

XIII. Risk Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
ESG – Climate Risk	- To ensure the Group identifies and assesses climate-related risks that could impact its operations, strategy and financial stability. - To monitor the implementation of policies and frameworks for managing climate-related risks, ensuring alignment with regulatory expectations.	- The Committee considered and recommended to the Board for approval the Materiality Assessment for Climate Risk. - The Committee received reports on climate risk management, while maintaining oversight of delivery plans to ensure that the Group develops strong climate and environmental risk management capabilities.
Information Security	- To oversee and ensure the effectiveness of the Bank's Information Security framework. - To ensure Information Security is integrated into the Bank's overall risk management and strategic objectives.	- The Committee received regular Information Security Management reports including information on open ICT/InfoSec risks, InfoSec controls maturity and effectiveness and related ICT/InfoSec incidents. - The Committee was provided with regular updates on the Cyber Stress Test and the related results. - The Committee received progress updates on the implementation status related to the DORA regulation.
People and Culture	- To promote a healthy and robust culture within the Risk Management Division and the organization in general. - To ensure that the remuneration of roles within the organization that have been identified as Material Risk Takers (MRTs) is aligned with the stringent requirements per Commission Delegated Regulation (EU) 2021/923.	- The Committee was updated on the Organisational Health Index of Risk Management Division and plans of action for continuous improvement. - The Committee reviewed and recommended for approval the positions relating to Material Risk Takers (MRTs). The Committee performed Appraisal of the Chief Risk Officer (CRO) and the Chief Information Security Officer (CISO) and set their KPIs for the following year.
Recovery And Resolvability matters	To ensure work around resolvability and recovery plan is aligned with the Group's and regulatory expectations.	- The Committee considered the Group Resolvability Self-Assessment as well as the Group Recovery Plan. - The Committee received a briefing from management on the Resolvability work program for 2024.

2. GOVERNANCE (continued)

XIII. Risk Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
BCBS 239	Setting and monitoring Group's own definition of compliance with BCBS 239 'Principles on Risk Data Aggregation and Risk Reporting'.	The Committee, in conjunction with the AC, sets, and proposes to the Board for approval the BCBS 239 Compliance Dashboard. The dashboard is reviewed annually and regular monitoring of the progress, compliance status and next key actions takes place via the quarterly "Data & Report Quality" Report.
Other	- To ensure work around safeguarding data and report quality meets the Group's and regulatory expectations. - Risk oversight of Insurance subsidiaries.	- The Committee reviewed on a regular basis report on the Group's Data and Report Quality, and timelines requirements/thresholds for Key Risk Metrics, both in normal and stress conditions. - The Committee received ad hoc risk reporting emanating from developments of a non-regular nature. - The Committee reviewed the Annual Risk Committee reports of the insurance subsidiary companies of the Group (Eurolife and GI).
Self-assessment	Annual self-assessment to ensure it meets the expectations of relevant stakeholders.	The Committee undertook its annual self-assessment internally which was facilitated by use of questionnaires assessing different areas such as composition, challenge and oversight of the areas within its remit, agendas and material, contributions from members in meetings, etc.

2. GOVERNANCE (continued)

XIV. Audit Committee

Supervises the integrity of financial reporting and the effectiveness of the internal control environment, as well as the effectiveness of the Internal Audit and Compliance functions. Oversees the relationship with the external auditor.

Dear Stakeholders,

I was appointed as Chair of the Committee on 21 June 2024. This is therefore my first report as the Audit Committee Chair, following the passing away of my predecessor Mr. Dinos Iordanou whose unwavering commitment left a lasting impact on the work of the Committee and who is greatly missed by us all.

The Committee assists the Board in fulfilling supervisory oversight responsibilities mainly in relation to the internal controls, and the integrity of accounting and financial reporting.

In 2024, the AC continued its work to ensure the integrity of financial and narrative reporting and adequacy and effectiveness of internal controls. Jointly with the RC it discussed and challenged major accounting estimates, such as provisions for credit losses and litigation as well as impairment for Group properties. The Committee reviewed and recommended for approval to the Board the Internal Audit Plan and monitored its progress as well as various policies of Internal Audit, Compliance and Finance functions, thereby continuously reinforcing their internal control environment.

The Committee monitored progress on internal and external reviews. The Committee continues to receive regular updates on the more material remediation actions across the Group. Moreover, it requested additional information on transaction monitoring for Financial Crime and AML as well as segregation of High-Risk Customers, into those of 'Significant High Risk' and those of 'Perceived High Risk'. The Committee also requested a review of the tools and hallmarks for Finance/Tax Exchange information by an independent advisory firm.

The Committee monitored the independence and effectiveness of the Internal Audit function. The Committee recommended to the Board the approval of the appointment of an independent firm for the execution of a triennial external assessment of the adequacy of the Group's Internal Control Framework, (which will take place in 2025) as well as its scope. Moreover, the Committee evaluated the independence and performance of the external auditors.

Looking ahead, the AC will continue its work to safeguard the integrity of the financial reporting and internal control environment. A significant focus area in 2024 was the first CSRD reporting. The Committee dedicated time to understanding the requirements and receiving regular updates on progress. The Committee will continue to follow closely the work done to ensure compliance with the provisions of the Directive. Moreover in 2025, the AC, jointly with the RC, will continue to monitor progress in the work undertaken towards compliance with the BCBS 239 Principles for effective risk data aggregation and reporting. The two Committees will also be monitoring compliance with the new CRR requirements and the work done to ensure compliance with the ECB requirements on governance and risk culture. Lastly, in early 2025 the Group commenced an external tender process for the Group's statutory auditor for the financial year ending 2027. This process is being led by the Committee, and supported by management who will have an advisory role only. The tender process is expected to be concluded by July 2025, when the Committee will make its recommendation to the Board for selection of the preferred firm.

Finally, I would like to extend my thanks to all Committee members for their support and contribution to the work of the Committee during 2024. I remain certain that the expertise, diligence and commitment of all Committee members will ensure the achievement of the Committee's goals in the year ahead.

Sincerely,

Adrian Lewis

AC Chair 2024

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Role & Composition of Committee

Role of Committee

The Committee is primarily responsible for:

- The appropriateness, completeness and effectiveness of the Group's system of internal controls and information systems.
- Monitoring the integrity of the Group's financial statements and related announcements and the financial reporting process.
- Advising the Board on the accuracy and fairness of the annual reports and accounts.
- Monitoring the effectiveness and operations of the Internal Audit function and the compliance function.
- Overseeing all matters relating to the relationship between the Group and the external auditor.
- Monitoring the effectiveness of the Group's whistleblowing procedures.
- Assessing the soundness of the methodologies and policies the management of the Group uses to develop ESG including climate related and environmental metrics and other disclosures and to assess the key vendors' plans about sustainability.
- Providing guidance/recommendations to the Board in relation to managing risk related issues effectively that emerge in the context of enhancing and maintaining the Group's ethical culture at a high level.

The Committee's TORs are available on: <https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/audit-committee/>

Composition of Committee

- Composition from 01.01.2024 to 16.05.2024
 - Dinos Iordanou (Chair)
 - Monique Hemerijck
 - Adrian Lewis
- Composition from 17.05.2024 to 20.06.2024
 - Dinos Iordanou (Chair)
 - Adrian Lewis
 - Lyn Grobler
- Current Composition from 21.06.2024 to 31.12. 2024
 - Adrian Lewis (Chair)
 - Lyn Grobler
 - Monique Hemerijck

Mr. Adrian Lewis was appointed as Chair to the Committee on 21 June 2024. Mr. Lewis has more than 25 years' experience in equity capital markets and investment banking and thus has valuable knowledge in the financial and banking sectors. He was appointed as Chair of the Committee, following the passing of Mr. Iordanou for an interim period, until the Company recruits another Director with more targeted experience in accounting and auditing.

Each member of the Committee has signed a declaration of independence confirming their independence.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024:

Key focus area	Key Matters	Actions taken
External Reporting	Significant accounting estimates judgements	- The Committee, in conjunction with the RC, performed a detailed review and discussion of the adequacy of provisions held for expected credit losses, litigation and impairment relating to Group properties during quarterly joint AC/RC meetings. The Committee, in conjunction with the RC, considered the key inputs driving the outcome and level of provisions and impairments. - The Committee reviewed and challenged significant judgments applied in determining expected credit losses, including changes in modelling assumptions and overlays and ensured that the level of provisions was adequate. In judging the adequacy of provisions, the Committee considered macro-economic conditions, market conditions and bank specific factors. - The Committee received regular updates on the status of current legal and regulatory matters and considered the impact of those matters on the Group's provision for pending litigation and regulatory matters level. - Similarly, the Committee received updates on and scrutinised management's approach to the valuation and measurement of the stock of property portfolio during the year. - The Committee considered and made recommendations to the Board regarding the approach to and measurement of the proposed expected credit losses and litigation and regulatory and other matters provisions, and impairment of stock of properties applied to the Group's annual and interim financial statements and 2024 quarterly financial results. Further information on these significant judgement items is set out in Note 5 of the Consolidated Financial Statements. - In the separate financial statements of the Company, the Company's investment in its subsidiary, BOC PCL, is reviewed for impairment. This involves exercising significant judgement to assess the recoverable amounts of the investment, by reference to projected future cash flows, discount rates and regulatory capital assumptions. The Committee reviewed the judgements in relation to the impairment review.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
	Integrity of the Group's Financial statements and financial reporting.	The Committee considered the significant matters relating to the annual and interim financial report as well as quarterly results, with key accounting judgements and disclosures subject to discussion with management. The Committee considered the Group's financial disclosures and provided feedback. The Committee also received feedback from PwC, including areas in which they challenged management and how those discussions impacted the disclosures for the annual and interim financial report. Having evaluated all of the available information, the assurances by management and underlying processes used to prepare the published financial information, the Committee concluded and recommended to the Board for approval the annual and interim financial statements as well as the quarterly financial results.
	Going Concern conclusion and Viability Statement	The Committee assisted the Board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the Company and the Group. Matters considered in making this assessment included the performance of the Group, profitability projections, funding and capital projections under base and stress scenarios and a recommendation was submitted to the Board for approval.
	IFRS 17 in the Financial Year 2023	The Committee was updated on the impact of the Group's adoption of IFRS 17 and related disclosures in the 2023 Annual Financial Report.
	Sustainability Reporting	The Committee discussed the Group's progress with sustainability related reporting. The Committee has reviewed management's Environmental, Social, and Governance (ESG) process and the assessment of ESG topics that impact the Group's business, as well as those influenced by the Group's operations, in alignment with the Corporate Sustainability Reporting Directive (CSRD). The Committee discussed the progress for the implementation of the requirements of the CSRD and recommended to the Board the approval of the Double Materiality Assessment for the year 2024.
	Pillar III Disclosures	Pillar 3 reporting is also subject to proper governance and review processes, and the Committee jointly with the Risk Committee reviewed and approved the annual, interim and quarterly Pillar III disclosures.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Internal Controls	Effectiveness of internal controls	- The Committee obtained confirmation from the CEO on the effectiveness of the internal controls for 2024. - The Committee performed an annual review of the effectiveness of internal controls through review of the Directors' representation process. - The Committee monitored progress on addressing Internal Audit findings from both internal and external reviews and obtained IA confirmation as to the progress on addressing findings. Emphasis was placed in the areas of Digitization, Information Systems and Data Governance, regarding current, as well as any future, risk exposures. The progress of addressing IT audit findings was discussed with regards to availability and continuity of IT services. The Committee considered and discussed assessment of IT risks and the ongoing risk management actions to identify, mitigate and report on IT risks, including IA and PwC's findings of the internal control environment and actions arising therefrom. The Committee welcomed management's progress in improving the control environment during 2024, however, there remains further work which is being undertaken. For further information relating on how the Committee has ensured the effectiveness of internal controls throughout 2024, see Section 2, subsection VII, titled 'Board's oversight of risk management and internal control systems – Internal Controls'.
Internal Audit	Independence of Internal Audit Effectiveness of Internal Audit (IA)	- Reviewed the Internal Audit Division declaration of independence. - Reviewed the Annual Conflict of Interest declaration. - Annual appraisal and goal setting for the Internal Audit Director. - Agreement as to the proposed remuneration of the heads and senior staff of the Internal Audit Division. - Discussed and recommended to the Board for approval the Annual Audit Plan to ensure alignment with the key risks of the business. - The Committee enquired and obtained confirmation about the adequacy of staff levels and skills in the Internal Audit Division. - Reviewed quarterly internal audit activity reports and progress against the Annual Audit Plan and discussed the audit approach, management engagement and areas requiring improvement and strengthening of the internal control framework. - Reviewed the quarterly follow up on the recommendations from internal and external audit reviews. - Reviewed the Annual Audit Report of the Internal Audit Division.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
		Reviewed the periodic self-assessment results for conforming to Global Internal Audit Standards. Having reviewed and discussed the above matters the Committee was satisfied with the independence and effectiveness of the Internal Audit function. Recommended to the Board the approval of the Internal Audit expenditure budget. Recommended to the Board the approval of Internal Audit Policies. The Committee received regular reports from the Internal Audit Division on internal audit activities across the Group which outlined details of the audit approach, management engagement and areas identified during audits requiring further strengthening across the Group's risk management and internal control framework. Reports are rated based on the strength of the control environment in operation, management's awareness of the risks facing their business areas and the controls in place to mitigate those risks.
External Auditor The Committee oversees the relationship with the Group's external auditors (currently PricewaterhouseCoopers ('PwC'))	Independence	Reviewed PwC's Independence Confirmation and the report of Compliance on the same matter. Based on the reporting received, PwC are deemed to be independent.
	Approval of permissible non audit services	The Group operates a policy to regulate the use of PwC for non-audit services. The AC reviewed and recommended for approval the annual revision of the policy for the approval of permissible non-audit services. The policy includes provisions to ensure the objectivity and independence of the external auditor. The policy sets out the type of services that the auditor is permitted to carry out and pre-approves certain of these services provided the fee is below a certain threshold, except for specific categories of permitted services that require explicit Committee approval. All other permitted services must be approved by the Committee.
	External Auditors' performance	- Information on fees to the independent auditor of the Group for audit and other professional services provided during the year are set out in Note 15 of the Consolidated Financial Statements included within the 2024 Annual Financial Report. - The Committee discussed the assessment of effectiveness of PwC as the external auditor per the report of Internal Audit, which is prepared utilising a questionnaire that focused on the overall audit process, its effectiveness and the quality of output and concluded that it was overall satisfactory. The Committee Chair undertook to discuss with the PwC responsible partner findings from the assessment and provide feedback on the interaction and coordination with the PwC audit team.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
	Monitoring the work of PwC as the Group's statutory auditor.	- The Committee met with key members of the PwC team and reviewed the Audit Plan. This included a review of the external auditor's approach and strategy for the annual audit. The Committee received regular updates on the audit, including observations on the control environment. Key audit matters discussed included management's approach on impairment of loans and advances to customers (expected credit losses), valuation of stock of properties, provisioning for pending litigation and other matters and privileged user access over financial reporting systems as well as the approach to disclosures in the Group's annual and interim financial statements. The Committee discussed recommendations including observations on the control environment. - The Committee received updates from PwC in relation to the limited assurance conducted on Sustainability Statement (CSRD Disclosures).
Compliance	Effectiveness of Compliance function	- Reviewed the quarterly and annual Compliance reports which summarise the main actions of all Compliance Division departments. - Reviewed the Compliance Division Action Plan to ensure alignment with the key risks of the business. - Reviewed the annual AMLCO Report. - Reviewed the annual AMLCO/Risk Assessment Report. - Reviewed the Annual AMLCO Sanctions Risk Assessment Report. - Reviewed the Data Privacy Department Annual Report. - Reviewed the MiFID Annual report on the overall control environment of investment services and activities of the Group and highlighted action for enhancements in automation of processes. - Recommended to the Board the approval of the Compliance Division expenditure budget. - New KRIs reviewed quarterly.
	Independence	- Reviewed the Compliance Division Declaration of Independence. - Annual appraisal and goal setting for the Director of Group Compliance. - Agreement as to the proposed remuneration of the heads and senior staff of the Compliance Division.
	Important Developments Regulatory	The Committee was informed about important regulatory developments impacting the Group and the actions taken to ensure compliance.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Culture and awareness	Customer Acceptance Policy	The Committee reviewed the relevant indicators in relation to 'culture and awareness' of staff for the customer acceptance policy.
Data Privacy	Data Privacy	The Committee considered further enhancements of data access management for vendors and aligned on the matter with the TC. The Committee also noted the importance of training on the development of DP matters.
Governance	Compliance with Regulatory requirements	Reviewed, challenged and recommended the Annual Corporate Governance Report, prepared in accordance with regulatory requirements.
Self-Assessment	Annual self-assessment	The Committee conducted its yearly internal self-assessment evaluation, utilizing questionnaires to examine various aspects such as composition, the challenge and oversight of its responsibilities, agendas and materials, and member contributions during meetings.

2. GOVERNANCE (continued)

XIV. Audit Committee (continued)

Arrangements relating to the external auditors

The AC oversees the relationship with the external auditor. The AC is responsible for overseeing all matters relating to the relationship between the Group and its statutory auditors, including the external audit plan, terms of engagement, audit and non-audit fee arrangements, interim findings and audit finding reports.

During the year, the Committee considered PwC's terms of engagement, including remuneration, its independence, audit quality / performance, objectivity and considered the plans for the interim review and year-end audit. Appropriate safeguards are in place to protect the independence and objectivity of PwC.

The AC operates a Group Policy on the Provision of Non-Audit Services by the Group's statutory auditors in line with the applicable EU Directive and the Auditors' Law to regulate the use of the statutory auditors for non-audit services. To ensure the objectivity and independence of PwC, the policy formalises certain restrictions in the provision of non-audit services by PwC and requires that any engagement of the external auditors for services must be approved in advance by the AC. The AC reviews annually a detailed analysis of the audit and non-audit fees relating to work done by the external auditors, to confirm their independence and refers this analysis to the Board. Information on fees to the independent auditors of the Group for audit and non-audit services provided during the year ended 31 December 2024 are set out in Note 15 of the Consolidated Financial Statements.

The Group is committed to ensuring the independence and objectivity of the statutory auditors; on a semi-annual basis the AC formally reviews the effectiveness, independence and performance of the external auditors. An annual assessment for the independence of external auditors takes place by the Compliance Division in accordance with the relevant framework, regulations and ethical standards. Compliance Division did not identify any area that could potentially compromise PwC independence.

The AC also reviews the external auditors' approach and strategy for the annual audit and audit findings.

The process for assessing the effectiveness of the audit process using AQIs, is supported by tailored questionnaires completed by the AC members and relevant senior management personnel. The responses received are collated and presented to the AC for discussion.

The external auditors do not provide internal audit services to the Group.

In accordance with the provisions of the European Directive on statutory audits and following a transparent and competitive tender process in 2017, the AC recommended to the Board the appointment of PwC for accounting periods commencing 1 January 2019. The AGM held on 17 May 2024 considered the continuation in office of PwC as Auditors of the Company and authorised the Board to fix their remuneration. The AC assessed the independence of the statutory auditors prior to the commencement of the audit period and continues to assess their independence on a six-monthly basis. The lead partner for the audit engagement is Ms. Fidelma Boyce. The external auditor is required to rotate audit partner every five years. PwC's term as statutory auditor ends in 2027.

In early 2025, the Group proceeded with a formal audit tender process for the Group statutory auditor with effect from the 2027 financial year onwards. The audit tender process is being led by the AC, having regard to best practice for audit tenders. Management will support the Committee in the audit tender process on an advisory only basis.

As part of the Request for Proposal (RFP) phase of the tender, firms will be invited to submit proposals to provide statutory audit services to the Group for up to a period of 9 years commencing from the financial year ending 31 December 2027.

The primary objective for the audit tender process is ensuring a fair and transparent tender process and appointing the audit firm which will provide the highest quality audit in an effective and efficient manner. Firms will be assessed against criteria determined by the AC.

2. GOVERNANCE (continued)

XV. Technology Committee

The purpose of the Technology Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the overall role of technology, in executing the business strategy of the Group including, but not limited to, major technology investment, technology strategy, operational performance, information security and technology trends that may affect the Group's customer portfolio and/or affairs in general. The TC is not a statutory board committee, however the Company has established the Committee since 2017 as the Group places significant focus on technology and the Group's IT strategy and digitalisation path.

Dear Stakeholders,

In 2024, the Technology Committee (TC) continued to oversee the overall role of technology, in executing the business strategy of the Group. The TC reviewed and approved the Group's technology planning and digitization strategy within the overall strategy framework approved by the Board and significant technology investments and expenditures as per the Committee and limit structures approved by the Board. In its evaluative capacity, the TC monitored and evaluated existing and future trends in technology that may affect the Group's strategic plans, including monitoring of the overall industry. Furthermore, the TC supervised the performance of the Group's technology operations including, among other things, project delivery, operations, technology architecture and the effectiveness of significant technology investments with the use of Digital Product KPIs.

During 2024, in addition to the standard topics, the TC also oversaw deep dive and ad-hoc topics. Starting with the deep dive topics, the TC reviewed:

- the Insurance Business Digital Transformation Strategy with focus on the self-service and embedded insurance capabilities offering;
- the Technology Operations Analysis, which provide insights on trend analysis of major incidents, update on any external (regulatory) and/or internal findings and their remediation progress and key performance indicators (KPIs);
- the Cloud Adoption update.

Finally, from the deep dive topics, the Committee as part of its oversight responsibility considered:

- the Value Stream Operating Model update, which showcased the progress in operationalising new value streams and improving the maturity of the existing ones as per the Scaled Agile Framework;
- the IT Services Talent with the strategic pillars of hiring, upskilling and augmenting the teams with external resources through the Sourcing Framework and University collaborations;
- the developments from ECB and the internal working group in relation to the Digital Euro, evaluating how the Group's strategy is shaped in relation to Consumer and Business customers and the Card schemes;
- updates on Data & Analytics, which showcased the strategic direction for the Group in relation to Data and AI.

Looking ahead, the TC will continue its work to assist the Board in fulfilling its oversight responsibilities with respect to the overall role of technology, in executing the business strategy of the Group. Next year will be an even more challenging year on the Group's Technology and Digital agenda and we look forward to overseeing the Group reaching new heights while managing rising technological opportunities e.g. amongst others, AI, threats such as Cyberattacks and regulatory obligations such as DORA, BCBS239.

Sincerely,

Lyn Grebler

TC Chair 2024

2. GOVERNANCE (continued)

XV. Technology Committee (continued)

Role & Composition of Committee

Role of Committee

The Committee is primarily responsible to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the overall role of technology in executing:

- The business strategy of the Group on major technology investment;
- Technology strategy;
- Operational performance;
- Technology trends that may affect the Group's affairs including its customer portfolio;
- Technology affairs in general.

The committee's TORs are available on:

<https://www.bankofcyprus.com/en-gb/group/who-we-are/our-governance/group-committees/technology-committee/>

Composition of Committee

- Composition from 01.01.2024 to 16.05.2024
 - Dinos Iordanou, (Chair)
 - Monique Hemerijck
 - Adrian Lewis
- Composition from 17.05.2024 to 20.06.2024
 - Lyn Grobler (Chair)
 - Dinos Iordanou
 - Adrian Lewis
 - Monique Hemerijck
- Composition from 21.06.2024 to 31.12. 2024
 - Lyn Grobler (Chair)
 - Monique Hemerijck
 - Adrian Lewis

2. GOVERNANCE (continued)

XV. Technology Committee (continued)

Primary activities of Committee in 2024:

Key focus area	Key Matters	Actions taken
Group's technology planning and strategy	Providing oversight to the Technology Strategy	The Committee reviewed and recommended for Board approval the Technology Strategy 2025-2028 which includes the oversight of major technology investments. The Committee also reviewed and recommended for Board approval the following policies: - Disaster Recovery policy - AI Policy
IT Risks & Audit Metrics	Overseeing and monitoring IT Risks and Audit Metrics	The Committee regularly reviewed progress on the management of IT risks and Audit Metrics and oversaw the implementation of DORA Regulation. The Committee regularly assessed and provided direction in relation to the operational performance, as this was presented in the form of: - Major or Significant incidents; - Key Performance Indicators with respect to IT Risks (KPIs); - Mitigation or Completion of Risk, Audit and Regulatory findings. With regards to DORA implementation, the Committee monitored progress of: - Important Strategies / Frameworks; - Changes to Key Processes; - Changes to ICT Vendor / Third Party Risk Management Process; - Vendor Register of Information; - Operationalisation of Register of Information. The Committee monitored the progress ensuring timely compliance with the requirements of DORA.
Group's technology strategic Action Plan	Monitoring the implementation of the Group's technology strategic Action Plan	The Committee regularly reviewed the progress of projects and roadmap initiatives, part of the Technology's strategic action plan for 2024 and the programmes in place to deliver. The main projects/initiatives reviewed by the Committee during 2024 related to the business objectives of customer centricity, revenue growth, and lean operating model. The projects/initiatives delivered include among others the Loyalty scheme 'Pronomia', Junior App 'Joey', POS Credit 'Fleksy', Instant Payments (TIPS) and Digital Housing Loan. During the year the Committee stayed informed and monitored progress with respect to the implementation of the new modules on the recently implemented accounting system of the Bank as well as the relevant upgrade of the system. In addition, the Committee monitored the Business and Technical Capability maturity progress and provided direction to ensure technical foundation initiatives such as Cloud and Cyber Security initiatives continue to be the focus in addition to the business initiatives.

2. GOVERNANCE (continued)

XV. Technology Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Operational performance	Overseeing operational performance	The Committee assessed the progress in operational performance based on trend analysis from the Technology Operations on a bi-annual basis. The Committee furthermore jointly oversaw aspects with the RC which cover Technology, Operational Risk and Information Security areas of responsibility e.g. DORA to ensure proper oversight from both Committees in complying with the regulation. Deep-dives and ad-hoc items were also presented in relation to the agile operating model adoption, future proofing, strategy realisation, cloud adoption and operations analysis.
Technology Trends	Overseeing technology trends	To ensure proper oversight of technology trends or relevant developments, the Committee oversaw and gave direction for the following on a bi-annual basis: • Cloud Adoption • Data & Analytics including AI • Digital Euro Further the Committee reviewed and discussed the following frameworks and models for the evolution of the Group in relation to technology: • Agile Adoption practices and Value Stream Operating Model update. • Short-term and long-term Strategy for Technology Talent across the Bank. • Actions to address resources / capacity needs to deliver on projects and initiatives which form the Technology strategy and enable the strategy realisation. • Operational Trend Analysis for internal efficiencies and incident management including Cyber Security to proactively address any root causes and align actions with latest best practices in the industry.
Digital KPIs and roadmap overview	Monitoring progress on Digital KPIs and roadmap.	The Committee oversaw and provided direction in relation to the Digital KPIs and the relevant sales' actions to meet the KPI targets. The KPI targets in 2024 were met. The main actions during 2024 from the Digital sales team related to loans, insurance and youth products. The Committee also oversaw and provided direction to the most important roadmap initiatives or features.

2. GOVERNANCE (continued)

XV. Technology Committee (continued)

Primary activities of Committee in 2024: (continued)

Key focus area	Key Matters	Actions taken
Jinius Update	Monitoring Jinius Progress	The Committee oversaw and provided direction regarding the Jinius KPIs in relation to the Business to Business (B2B) and Business to Customer (B2C) offerings. The Committee acknowledged progress made with respect to the increase in transaction volumes during the year for both B2B and B2C (following the public launch in April of the B2C Marketplace). The Committee monitored the continued improvement over the risk management and governance process of the subsidiary.
Insurance Business IT/Digital Strategy Update	Monitoring progress of the IT/Digital Strategies of the Insurance Business Strategy.	The Committee oversaw and provided direction regarding the IT / Digital Strategies of the Insurance Business Strategy for the period 2024-2028, and reviewed and provided feedback on the compiled action plan of projects that will support the strategy.

3. REMUNERATION POLICY REPORT

I. Human Resources and Remuneration Committee Chair's Foreword



HRRC members	Meetings attended/ Meetings held while member of Committee
Constantine (Dinos) Iordanou *	4/4
Adrian Lewis	5/5
Lyn Grobler *	3/3
Monique Hemerijck *	4/4
Stuart Birrell	6/6
Efstratios-Georgios (Takis) Arapoglou	5/5

*these members also attended 5/5 joint meetings of HRRC with NCGC

Mr. Adrian Lewis
Chair of HRRC

Dear Shareholders

On behalf of the Board, I present you with the Remuneration Policy Report for the Financial Year 2024.

Key Actions in 2024

During 2024, we continued to make progress in the implementation of our Human Resources strategy whilst focusing on several key priorities including, but not limited to, the implementation of our variable pay plans (both short-term and long-term), the review of the Remuneration Policy and Material Risk Takers, the review of the Performance Appraisal Framework & Target Setting (OKRs), the 2024 Learning & Development Plan and the monitoring of transformational and people-related initiatives.

We also prepared for the first time our gender pay gap analysis in line with the EBA guidelines which we monitor through an annual internal benchmarking study, aiming to identify the reasons for any such gap and find ways to address it via our remuneration practices and policies.

Staff remuneration

In line with our collective agreement with the employees' union, we have awarded fixed pay increases to our staff, comprising of an annual increment plus a Cost of Living Allowance ('COLA').

Numbers at a glance

Payroll Cost for increases awarded in 2024 (includes salary increments, merit pay and COLA)	€10,4m
Average annual salary increase per employee	c.€3.100 (6%)

I. Chair's Foreword (continued)

As per the terms of our agreement, we have paid 75% of the annual increment corresponding to each staff member's pay grade, and distributed the remaining 25% under our Merit Pay plan to a smaller group of employees (c.51%), as per predetermined criteria agreed with the employees' union (years of service, performance, value of position/pay competitiveness).

Payroll cost for salary increments 2024	€4,7m
Payroll cost for Merit Pay 2024	€1,4m
Cost of Living Allowance increase 2024	€4,3m
Statistics for Merit Pay increases 2024	
Staff awarded merit pay (% of total staff)	c. 51%
- 100% of annual increment	c. 4%
- 75% of annual increment	c. 7%
- 50% of annual increment	c. 13%
- 25% of annual increment	c. 27%

Variable Pay

The Group delivered a very strong performance for the financial year 2023. This enabled us to make bonus payments under our Short-Term Incentive Plan (the'STIP') in 2024. This was the result of our designing and approving the parameters of such a plan in the previous years, in line with the applicable regulatory environment. The performance of the Group continued to be strong during the financial year 2024, as evidenced by the Group's profitability and capital position, further allowing us to continue and expand our efforts in employee rewards.

This development is a significant step in the modernization of the Group's remuneration structure, enabling us to align the interests of our staff members with the Group's business strategy, objectives, values and long-term interests. It is important to highlight that the recipients of awards under the STIP included members of our staff across all departments and business lines, grades and managerial levels, based on fair and transparent performance criteria.

Numbers at a glance

Cost for STIP 2024	c. €10.4m*
Recipients	c. 1.100 (c.35% of all staff)

Note: Numbers shown above are based on provisional approvals for participation and level of the award.

*Cost for STIP excludes employer's contributions.

The year 2024 marked the completion of the 2022 LTIP cycle for the performance period FY 2022-2024 and includes amounts expected to vest in 2025 and amounts to be deferred in following years. In addition, we have issued award notifications to the members of our senior management team under the Group's Long-Term Incentive Plan (the'LTIP') for the 3-year performance period FY2024-2026, in line with the Group's business objectives and related targets. In 2024, we further increased the customer focus in remuneration by introducing customer experience targets in our Long-Term Incentive Plan.

The design of our incentive plans and the respective objectives, targets and associated conditions, aim to ensure that these plans are consistent with, and promote, sound and effective management of risk and long-term sustainable success and do not encourage excessive risk-taking.

I. Chair's Foreword (continued)

Full details of our incentive plans, including those applying to our Executive Directors (together with all relevant components of executive compensation), can be found in the respective sections of this report.

Employee Engagement

During the year, we continued to engage with our employees and their representatives in an open and transparent manner.

We have set up a committee with employee union representation to discuss remuneration matters and, specifically, the distribution of merit pay increases. This is a forum for receiving input from our employees' representatives on the criteria used for the distribution of merit pay increases as well as receiving feedback after implementation and dealing with employee grievances or complaints.

We continued to provide employee benefits as per the terms of our collective agreement as negotiated with the employees' union and, where required, we have engaged with our employees and their representatives to resolve any relevant issues.

In an ongoing commitment to employee engagement and continuous improvement, we continued to review feedback from the Group's staff surveys and have made significant strides in implementing actions responsive to such feedback.

Additionally, we continued to foster direct engagement with colleagues through various communication channels, recognising that people at all levels are critical to our organisation's success.

Looking Ahead

Moving into 2025, the Human Resources & Remuneration Committee will continue its work in pay modernization in line with clear and transparent policies for each component of remuneration.

Our work is guided by the principles of fair pay for all our staff members leading to sustainable business outcomes for the Group in line with its overall objectives and strategy. We will continue to support our staff across all areas of remuneration and benefits demonstrating care and socially responsible practices.

On behalf of the members of the Human Resources & Remuneration Committee of the Board, I would like once again to thank our stakeholders for their continued support and extend my gratitude to our staff members for delivering a very strong performance in 2024.

Sincerely,

Adrian Lewis

Chair of HRRC

II. Remuneration Policy Report for the year 2024

1. Introduction

In accordance with the provisions of the CSE Code published by the CSE (6th Edition (Revised) April 2024), and in particular Annex 1 of the CSE Code, and the Irish Companies Act, the HRRC prepares the Annual Board of Directors' Remuneration Policy Report, which is ratified by the Board and submitted to a non-binding advisory vote at the shareholders' AGM. The Board of Directors Remuneration Policy Report for the year 2024 was ratified by the Board on 26 March 2025. The Group's objective to attract, develop, motivate and retain high value professionals is considered fundamental in achieving the goals and objectives of the Group, and ensuring that the right people are in the right roles whilst managing the Group's remuneration strategy and policies in a manner aligned with the interests of the Group's shareholders.

2. Human Resources and Remuneration Committee

The HRRC's primary role is to ensure that staff members contribute to sustainable growth by staying ahead of challenges and opportunities. The Group aims to review its remuneration policies and practices on an ongoing basis and amend them where necessary, in order to ensure that they are consistent with, and promote sound and effective risk management. Every year, the HRRC proposes to the Board the Remuneration Policy Report as part of the Annual Report of the Group, which is submitted to the shareholders' AGM.

3. Terms of Reference of the Human Resources and Remuneration Committee

The role of the HRRC is described in detail in Section 2, subsection XII of the Annual Corporate Governance Report. In respect of remuneration the HRRC undertakes the following:

- To propose adequate remuneration considered necessary to attract and retain high value-adding professionals.
- To consider the remuneration arrangements of the Executive Directors of the Group, senior management and the Group Remuneration Policy bearing in mind the European Banking Authority (the'EBA') Guidelines on sound remuneration policies, the CBC Internal Governance Directive, the CSE Code; the UK Code and any other applicable or regulatory requirements.
- To oversee the implementation of Strategic HR initiatives which promote and are aligned with the Group's ESG ambition, strategy and objectives.
- To review the implementation and effectiveness of the Remuneration Policy and ensure this follows the Remuneration Framework of the CBC Internal Governance Directive.

The HRRC ensures that internal control functions are involved in the design, review and implementation of the Remuneration Policy and that staff members who are involved in the design, review and implementation of the Remuneration Policy and practices have relevant expertise and can form independent judgement on the suitability of the Remuneration Policy and practices, including their suitability for risk management.

The Group's aim is to align its Remuneration Policy and human resources practices, with its business strategy, objectives, values and long-term interests of the Group and ensure that they are consistent with and promote sound and effective management of risk and long-term sustainable success and do not encourage excessive risk-taking.

The Remuneration Policy aims to ensure the application of a fair and transparent management process that applies equally to all staff, aligns their remuneration with job value, individual performance and potential and considers market conditions. At the same time, the principles set out in the Remuneration Policy aim to encourage responsible business conduct, fair treatment of customers and to avoid conflicts of interest.

II. Remuneration Policy Report for the year 2024 (continued)

3. Terms of Reference of the Human Resources and Remuneration Committee (continued)

In developing its Remuneration Policy, the Group takes into account the provisions that are included in the CSE Code, the UK Code, the CBC Internal Governance Directive which came into effect in October 2021, the Irish Companies Act, and incorporates the requirements for Remuneration Policies included in the European Capital Requirements Directive (the 'CRD V'), the EBA Guidelines on sound remuneration policies issued in July 2021, MiFID II and other Guidance of the EU as well as regulatory restrictions currently pertinent to the banking sector and the Group in particular.

The HRRC reviews and approves the content of any resolutions submitted for approval at the AGM of the shareholders, which are prepared by the Company Secretary in cooperation with the Group's legal advisers in accordance with Annex 3 of the Code which may concern possible plans for the compensation of members of the Board in the form of shares, share warrants or share options.

The HRRC (jointly with NCGC) reviews and recommends for approval to the Board the remuneration packages of executive members of the Board.

Also, the HRRC reviews and recommends for approval to the Board the remuneration packages of other Senior Management (recommended by the CEO or by the respective Board Committees, for heads of control functions and other staff reporting to Board committees).

The Committee reviews and approves appointments, transfers and dismissals of Group divisional directors, senior managers and subsidiaries' general managers (except heads of internal control functions), recommended by the CEO, and ensures that all contractual obligations are adhered to.

The chairperson of the HRRC is available to shareholders at the AGM to answer any questions regarding the Remuneration Policy of the Group. Colleagues' engagement is described in Section 2, sub-section IX of the Annual Corporate Governance Report.

4. Governance of Group Remuneration Policy

4.1. Principles of the CSE Code of Corporate Governance

Companies should implement official and transparent procedures for developing policies concerning the remuneration of executive directors and fixing the remuneration of each Board member separately. The level of remuneration should be sufficient to attract and retain talent required for the efficient operation of the Company. Part of the remuneration of executive directors should be determined in such a way as to link rewards to corporate and individual performance. Resolution, or any other authority allowing, variable pay should be linked to performance.

The Company's Corporate Governance Report includes a statement of the Remuneration Policy Report and relevant criteria, as well as the total remuneration of the executive and non-executive members of the Board.

4.2. EBA Guidelines

The EBA Guidelines aim to ensure that an institution's remuneration policies and practices are consistent with and promote sound and effective risk management. The Group seeks to ensure it implements remuneration policies which are in compliance with regulatory guidelines, while at the same time operating under legal, industrial and regulatory constraints.

In accordance with EBA guidelines for identification of those employees whose professional activities are deemed to have a material impact on the Group's risk profile, the Group maintains a list of these employees known as Material Risk Takers which is reviewed and approved jointly by the NCGC and HRRC (subject to any comments from RC) annually.

II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration

Remuneration at all levels of the Group and all employees is governed by the Group Remuneration Policy. The policy does not apply to Non-Executive Directors remuneration.

The Group Remuneration Policy is aligned with the European Banking Authority (EBA) guidelines on Sound Remuneration Policies and Practices (as amended) and captures provisions from relevant Directives and Guidance of the EU, the ECB and the Central Bank of Cyprus including, but not limited to, the CBC Directive on Internal Governance of Credit Institutions 2021, the CSE Corporate Governance Code, MiFID II, ECB Guide on climate related and environmental risks, Guidelines on the Remuneration Practices, the Gender Pay Gap and Approved higher Ratios, as well as the UK Corporate Governance Code.

The Remuneration Policy is in line with the business strategy, objectives, values and long-term interests of the Group, is consistent with and promotes sound and effective risk management and long-term sustainable success and does not encourage excessive risk-taking.

The Remuneration Policy aims to ensure the application of a fair, transparent pay management process that applies equally to all staff, aligns their remuneration with job value, individual performance and potential, and considers market conditions. At the same time, the principles set out in the Remuneration Policy aim to encourage responsible business conduct, fair treatment of customers and to avoid conflicts of interest.

Remuneration schemes are subject to stakeholder consultation and are largely determined by the collective agreement with the Trade Union. They are also in line with the prevailing regulations and guidance.

Remuneration typically consists of fixed plus variable pay.

5.1. Remuneration Tools & Components for all staff

Our remuneration package below summarises the different remuneration components for our staff.

Fixed	Variable
Basic Salary Basic salary is determined by the collective agreement with the trade union. Changes in basic salary are effected through: • Annual Increment: fixed amount, granted to all employees based on tenure, in January of each year. • COLA Increase: granted to all staff in line with collective agreement. • Merit Pay Increase: granted to c.50% of staff, based on criteria agreed with the Trade Union.	Short-Term Incentive Plan (STIP) Aims to incentivise and reward the achievement of the Group's annual financial and strategic objectives. Discretionary cash-based bonus plan or a combination of cash and shares in case amount for an individual exceeds a certain threshold (not part of the collective agreement), granted to part of the workforce (2024: c.35% of all staff), based on performance. Awards are conditional on the achievement of predefined Group financial targets and are subject to Board approval on an annual basis.

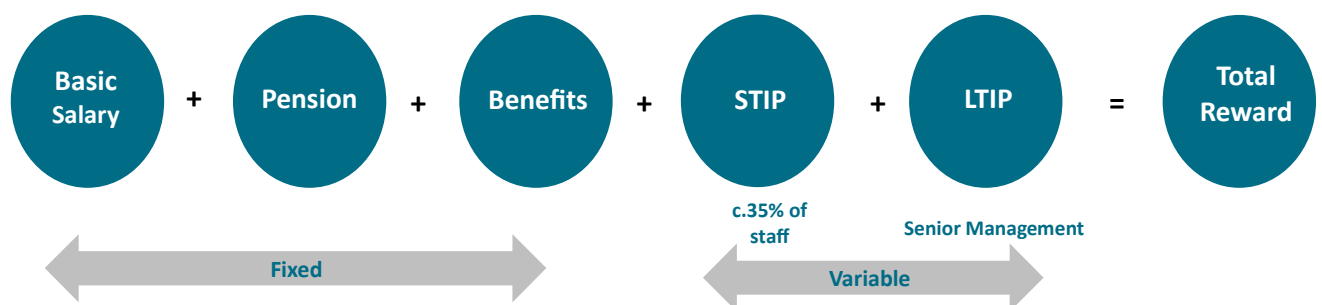
II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration (continued)

5.1. Remuneration Tools & Components for all staff (continued)

Pension Supporting our staff in building long term retirement savings. Determined by the collective agreement with the trade union. Defined contribution scheme: - 9% employer contribution - 3%-10% employee contribution	Long-Term Incentive Plan (LTIP) Aims to achieve incentive alignment between shareholder interests and members of the eligible group. Discretionary share-based plan (not part of the collective agreement), granted to senior management members (2024: 21 employees). Granting is conditional upon the Group meeting its financial target(s), over a 3-year performance period. Subject to Board and shareholder approval.
Benefits Flexible benefits as part of a competitive remuneration package (medical cover, life insurance, maternity leave, paternity leave, parental leave, preferential banking rates etc.)	Total Variable Remuneration The AGM resolution that was approved by the shareholders in May 2024, gave the Company the flexibility to increase the ratio of variable to fixed remuneration to up to a maximum of 100% for Material Risk Takers.

Our remuneration components at a glance



5.2. Remuneration of Non-Executive Directors

The remuneration of non-executive directors is not linked to the profitability of the Group. It is related to the responsibilities and time devoted for Board meetings and decision-making for the governance of the Group, and for their participation in the committees of the Board and any participation in the boards of Group subsidiary companies. The shareholders' AGM held on 20 May 2022 approved an increase in the annual remuneration of the Chairperson of the Board and the remuneration of the non-executive members. The annual remuneration of the Board has remained at the same levels for both years 2023 and 2024.

The remuneration of non-executive directors is determined and approved by the Board. Neither the Chairperson nor any director participates in decisions relating to their own personal remuneration. The HRRC proposes fees payable to the Chairperson and the Vice-Chair, while the Chairperson makes recommendations for the remuneration of the non-executive directors to the Board for approval by the AGM, considering the following factors:

II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration (continued)

5.2. Remuneration of Non-executive Directors (continued)

1. The time allocated and effort exerted by non-executive directors to meetings and decision-making in the management of the Group;
2. The undertaken level of risk;
3. The increased compliance and reporting requirements;
4. The requirement not to link remuneration of non-executive directors to the profitability of the Group;
5. The requirement that non-executive directors do not participate in the pension schemes of the Group;
6. The requirement not to include variable remuneration or share options as remuneration of non-executive directors.

Neither the Chairperson nor any non-executive directors received any performance related remuneration. The remuneration of the non-executive directors is set out below:

Position	Annual Remuneration (€000)
Chairperson	220
Vice-Chair	90
Senior Independent Director	80
Non-Executive Members	55
Chairpersons	
Audit Committee	45
Risk Committee	45
Human Resources and Remuneration Committee	30
Nominations and Corporate Governance Committee	30
Technology Committee	30
Membership	
Audit Committee	25
Risk Committee	25
Human Resources and Remuneration Committee	20
Technology Committee	20
Nominations and Corporate Governance Committee	20

Additionally, the Group reimburses all directors for expenses incurred in the course of their duties.

The non-executive directors have letters of appointment which can be inspected during normal business hours by contacting the Company Secretary.

5.3. Remuneration and Other Benefits of Executive Directors

The HRRC, jointly with the NCGC, reviews and recommends for approval to the Board the remuneration packages of Executive Directors vis-a-vis their performance. In line with the UK Code the following factors are also considered: clarity, simplicity, risk, predictability and proportionality and finally alignment to culture. Both, the CEO and the Executive Director Finance (EDF) are employees of BOC PCL.

II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration (continued)

5.3. Remuneration and Other Benefits of Executive Directors (continued)

For 2024, the Board approved a 10% increase in the fixed remuneration of the CEO and Executive Director Finance. The decision is reflective of Group and personal performance in the last years and also based on considerations of benchmarking with Greek and local banks.

The AGM resolution that was approved by the shareholders in May 2024, gave the Company the flexibility to increase the ratio of variable to fixed remuneration to up to a maximum of 100% for the CEO and the EDF. This is applicable for performance year 2024 and onwards.

Contracts of Employment

The remuneration (salary and bonus) of executive directors is set out in their employment contracts which have a maximum duration of five years, unless any of the executive directors is an appointed member of the senior management team, in which case the terms of employment are based on the provisions of the collective agreement in place, except for the CEO.

The employment contract of the CEO was for an initial period of five years commencing on 1 September 2019. The CEO's service contract is reviewed at least every five years. In December 2022, the CEO's contract was renewed for a further four years to 31 December 2026 and in November 2024 it was further extended to 31 December 2028. The employment of the Executive Director Finance, the other executive director, is mainly based on the provisions of the collective agreement in place.

The Group at present does not grant guaranteed variable remuneration or discretionary pension payments.

Service Termination Agreements

The employment contract of Mr. Panicos Nicolaou, CEO, includes a clause for termination, by service of six months' notice to that effect by the executive director on grounds of change of control.

The terms of employment of Ms. Eliza Livadiotou, EDF and executive member of the Board, are mainly based on the provisions of the collective agreement in place, which provide for notice or compensation by the BOC PCL based on years of service and for a four-month prior written notice by the executive director, in the event of a voluntary resignation.

Bonus (Short-Term Incentive Plan)

An amendment to the Directors' Remuneration Policy was approved at the 2024 AGM to extend the STIP to include the granting of share awards, subject to the terms and conditions of the Short-Term Incentive Plan and any regulatory restrictions. The 2024 Remuneration Policy also clarifies that the variable remuneration of Executive Directors is capped at the ratio set out in the Group-wide Remuneration Policy in accordance with the applicable regulatory framework.

An amendment to the Directors' Remuneration Policy was approved at the 2024 AGM to extend the STIP to include the granting of share awards, subject to the terms and conditions of the Short-Term Incentive Plan and any regulatory restrictions. The Revised Remuneration Policy also clarifies that the variable remuneration of Executive Directors is capped at the ratio set out in the Group-wide Remuneration Policy in accordance with the applicable regulatory framework (maximum 100% ratio variable to fixed remuneration approved by the shareholders in May 2024). The STIP award may be granted either in cash or a combination of cash and shares, and is subject to deferral, in case total variable pay for an individual exceeds a certain threshold, in line with applicable regulatory requirements and other remuneration restrictions. A retention period of 12 months will be applicable to each tranche of vested shares. In 2023, the Board of Directors approved a proposal for the implementation of a Short-Term Incentive Plan (STIP) across the organisation. The allocation criteria are to be decided on an annual basis by the HRRC.

II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration (continued)

5.3. Remuneration and Other Benefits of Executive Directors (continued)

The annual bonus pool will vary in accordance with the Group's performance/profitability for each financial year. Performance will typically be assessed based on a one-year performance period. The STIP is at the discretion of the HRRC.

For the 2024 STIP, it was decided that this would be activated if the Group met a pre-defined financial target threshold of ROTE.

Once the distribution of an STIP is approved and the relevant pool is determined, the individual STIP awards for Executive Directors are set either as a percentage of salary or as a fixed amount, adjusted in line with the Group's performance as well as individual performance against their Objectives and Key Results (OKRs). STIP awards are considered with amounts awarded under LTIP so that the total variable remuneration for a performance year is within the approved fixed to variable remuneration threshold of 100%. In the context of establishing the final amount of variable remuneration for the performance year 2024, following the outcome of the assessment of the predetermined performance targets, the amounts awarded under the relevant LTIP cycle were first determined, followed by the STIP amount to be awarded so that the total is within the 100% threshold. Therefore, for year 2024, where for a participant the whole of the 100% threshold was utilised for the LTIP, no STIP amount has been awarded.

At the end of FY2024, the STIP was activated once the Group met the target set relating to FY 2024 ROTE of 15.8%. The STIP bonus pool, was calculated at 2% of the Group's FY 2024 Profit After Tax amounting to c.€10 million.

The HRRC and the Board considered the Executive Directors' STIP and LTIP outcomes (refer to Section 7 below for LTIP 2022-2024 outcome) in the context of the Group's performance and the performance of each Executive Director during 2024. The Committee concluded that the outcomes are appropriate in the context of the performance achieved and that no discretionary adjustment was warranted. Before finalising incentive outcomes, the Committee reflected on the appropriateness for both the 2024 annual bonus (2024 STIP) and 2022-2024 LTIP and also at the total variable remuneration. For the performance period ending 31 December 2024, the HRRC, following approval from the Board of Directors, set the total variable pay award for both Executive Directors to 100% of fixed remuneration. The principal driver of the increase in variable remuneration is the awarding of the first LTIP award (LTIP 2022-2024), including the impact of the share price growth since the award was granted in 2022. As a result of the share price growth the resulting value of the LTIP award (based on the average share price during the period 1 December 2024 – 17 January 2025) is such that it makes up almost 100% of 2024 total fixed remuneration figure and hence no STIP amount has been awarded to the CEO and for the EDF the STIP amount has been set to €71.5 thousand.

The awards under the STIP granted to the Executive Director in respect of the performance for the financial year ended 31 December 2024 are to be paid in cash and vest in tranches. It is noted that, in accordance with the respective regulatory limits applicable on the deferral and payment in instruments for variable pay (where this is above the minimum regulatory threshold), more than 50% of total variable pay (STIP plus LTIP) awarded for the performance period ending 31 December 2024 is in the form of shares, and 60% of the total variable pay awards (STIP plus LTIP) has been deferred as per the vesting cycle below:

2025	2026	2027	2028	2029	2030
40%	12%	12%	12%	12%	12%

II. Remuneration Policy Report for the year 2024 (continued)

5. Remuneration (continued)

5.3. Remuneration and Other Benefits of Executive Directors (continued)

Retirement Benefit Schemes

The CEO participates in a defined contribution plan largely on the same basis as other employees. The EDF participates in a defined contribution plan on the same basis as other employees.

The main characteristics of the retirement benefit schemes are presented in Note 14 of the Consolidated Financial Statements for the year ended 31 December 2024.

Share Options

No share options were granted to the executive directors during 2024 or 2023.

Long-term incentive plan ('LTIP')

The LTIP was approved by the 2022 AGM, which took place on 20 May 2022. The LTIP involves the granting of share awards and is driven by scorecard achievement, with measures and targets set to align pay outcomes with the delivery of the Group's strategy. Currently, under the plan, the employees eligible for LTIP awards are the members of the Extended EXCO, including the executive directors.

The LTIP stipulates that performance will be measured over a 3-year period and sets financial and non-financial objectives to be achieved. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. The LTIP represents a further step in the Group's efforts to enhance its remuneration structure by introducing a variable pay component within the total compensation package of the members of eligible group, as per best practice and in accordance with EU banking industry regulations. As per the applicable regulatory framework, up to 100% of the awards will be subject to malus and clawback provisions in accordance with applicable legislation and regulations. For any award to vest the employee must be in the employment of the Group up until the date of the vesting of such an award. Under certain circumstances the HRRC has the discretion to recommend to the Board to determine whether the award will lapse and/or the extent to which the award will be vested.

The AGM resolution that was approved by the shareholders in May 2024 gave the Group the flexibility to increase the ratio of variable to fixed remuneration to up to a maximum of 100% of fixed remuneration for Material Risk Takers (MRTs).

The LTIP is at the discretion of the HRRC.

Share awards have been granted under a long-term incentive plan to the executive directors during 2022, 2023 and 2024 as described further below.

Other Benefits

Other benefits provided to the executive directors (CEO & EDF) include other benefits provided to staff (e.g. company car or car allowance, medical fund contributions and life insurance). The relevant costs for the executive management are disclosed in Note 49 of the Consolidated Financial Statements for the year ended 31 December 2024.

II. Remuneration Policy Report for the year 2024 (continued)
6. Information Regarding the Remuneration of Directors for Year 2024
6.1 Directors' Total Remuneration

2024	Remuneration for services* €	Remuneration for participation in the Board of Directors and its Committees* €	Total remuneration for services €	Remuneration and benefits from other Group companies €	Assessment of the value of benefits that are considered to form remuneration €**	Annual contribution to retirement benefits €	Total Fixed Remuneration €	Remuneration in the form of Shared-based payment (LTIP)*** €	Remuneration in the form of Bonus payment (STIP)*** €	Total Variable remuneration €	Total Remuneration €
Executive Directors											
Panicos Nicolaou	807,692		807,692		10,868	72,563	891,123	891,119	-	891,119	1,782,242
Eliza Livadiotou	325,066		325,066		6,954	29,256	361,276	289,277	71,500	360,777	722,053
Non-Executive Directors											
Efstratios - Georgios (Takis) Arapoglou	-	260,549	260,549				260,549				260,549
Lyn Grobler	-	165,000	165,000				165,000				165,000
Monique Hemerijck	-	152,047	152,047				152,047				152,047
Constantine Iordanou ¹	-	80,769	80,769				80,769				80,769
Adrian Lewis	-	158,901	158,901				158,901				158,901
Christian Hansmeyer ²	-	62,363	62,363				62,363				62,363
Stuart Birrell ²	-	62,363	62,363				62,363				62,363
	-										
	1,132,758	941,992	2,074,750	0	17,822	101,819	2,194,391	1,180,396	71,500	1,251,896	3,446,287

Notes:

* Exclusive of employer's contributions to social security and related funds.

** Benefits include taxable amount for benefit in kind – car, medical.

*** Refers to amounts that were awarded for the reporting period in respect of the performance period FY2024 for the STIP and of the performance period FY2022-FY2024 for the LTIP (2022 LTIP cycle awarded) and include both amounts expected to vest in 2025 and amounts to be deferred in following years.

(1) Constantine Iordanou passed away on 16 June 2024.

(2) Christian Hansmeyer's and Stuart Birrell's appointment to the Board of the Bank and the Company was approved by the ECB on 29 April 2024 and approved at the AGM on 17 May 2024.

II. Remuneration Policy Report for the year 2024 (continued)

6. Information Regarding the Remuneration of Directors for Year 2024 (continued)

6.1 Directors' Total Remuneration (continued)

2023	Remuneration for services* €	Remuneration for participation in the Board of Directors and its Committees* €	Total remuneration for services €	Remuneration and benefits from other Group companies €**	Assessment of the value of benefits that are considered to form remuneration €	Annual contribution to retirement benefits €	Total Fixed Remuneration €	Remuneration in the form of Shared-based payment (LTIP)*** €	Remuneration in the form of Bonus payment (STIP)*** €	Total Variable remuneration €	Total Remuneration €
Executive Directors											
Panicos Nicolaou	750,000	-	750,000	-	10,868	67,500	828,368	-	300,000	300,000	1,128,368
Eliza Livadiotou	293,112	-	293,112	-	6,907	26,380	326,399	-	100,000	100,000	426,399
Non-Executive Directors											
Efstratios -Georgios (Takis)Arapoglou	-	250,000	250,000	-	-	-	250,000	-	-	-	250,000
Lyn Grobler	-	155,000	155,000	-	-	-	155,000	-	-	-	155,000
Arne Berggren ¹	-	30,000	30,000	-	-	-	30,000	-	-	-	30,000
Monique Hemerijck ²	-	38,397	38,397	-	-	-	38,397	-	-	-	38,397
Paula Hadjisotiriou ³	-	140,706	140,706	-	-	-	140,706	-	-	-	140,706
Adrian Lewis ⁴	-	8,152	8,152	-	-	-	8,152	-	-	-	8,152
Constantine Iordanou	-	148,288	148,288	-	-	-	148,288	-	-	-	148,288
Maria Philippou ⁵	-	76,753	76,753	-	-	-	76,753	-	-	-	76,753
Nicolaos Sofianos ⁶	-	117,112	117,112	-	-	-	117,112	-	-	-	117,112
Ioannis Zographakis ³	-	112,500	112,500	-	-	-	112,500	-	-	-	112,500
	1,043,112	1,076,908	2,120,020	-	17,775	93,880	2,231,675	-	400,000	400,000	2,631,675

Notes:

* Exclusive of employer's contributions to social security and related funds.

** Benefits include taxable amount for benefit in kind – car.

*** Refers to amounts that were awarded for the reporting period in respect of the performance period FY2023 for the STIP. There were no amounts awarded under LTIP as no LTIP cycle had ended in the year 2023. Amount reported includes both amounts expected to vest in 2024 and amounts to be deferred in following years.

(1) Arne Berggren resigned from the Board of the Bank and the Company on 31 March 2023.

(2) Monique Hemerijck's appointment to the Board of the Bank and the Company was approved by the ECB on 10 August 2023.

(3) Paula Hadjisotiriou and Ioannis Zographakis resigned from the Board of the Bank and the Company on 31 December 2023.

(4) Adrian Lewis' appointment to the Board of the Bank and the Company was approved by the ECB on 17 November 2023.

(5) Maria Philippou resigned from the Board of the Bank and the Company on 13 October 2023.

(6) Nicolaos Sofianos resigned from the Board of the Bank and the Company on 11 December 2023.

II. Remuneration Policy Report for the year 2024 (continued)

6. Information Regarding the Remuneration of Directors for Year 2024 (continued)

6.2 Comparison of Directors' and Employees' remuneration

The following table provides information regarding the annual change in the total remuneration of members of the Group's Board of Directors, as compared with the Group performance as well as the annual change in the remuneration, on a full-time equivalent basis, of the employees, between 2024 and 2020.

Annual Change	Note *	% change in 2024	% change in 2023	% change in 2022	% change in 2021	% change in 2020
Directors' Remuneration- Executive Directors						
Panicos Nicolaou, CEO	1	58%	37%	6%	42%	75%
Eliza Livadiotou, Executive Director Finance	1	69%	39%	1%	39%	14%
Directors' Remuneration- Non-Executive Directors (NEDs)	2					
Efstratios-Georgios (Takis) Arapoglou (Chairman)		4%	0%	20%	40%	81%
Lyn Grobler		6%	-3%	7%	14%	46%
Monique Hemerijck	3	296%	n/a	n/a	n/a	n/a
Adrian Lewis	4	n/a	n/a	n/a	n/a	n/a
Christian Hansmeyer	5	n/a	n/a	n/a	n/a	n/a
Stuart Birrell	5	n/a	n/a	n/a	n/a	n/a
Constantine Iordanou	6	-46%	60%	n/a	n/a	n/a
Paula Hadjisoteriou	7	-100%	9%	12%	8%	12%
Nicolaos Sofianos	7	-100%	-6%	29%	n/a	n/a
Ioannis Zographakis	7	-100%	-26%	-21%	-4%	29%
Maria Philippou	7	-100%	-27%	-9%	16%	53%
Arne Berggren	7	-100%	-75%	9%	1%	-5%
Maksim Goldman	8	n/a	-100%	-65%	-3%	-5%
Michael Heger	8	n/a	-100%	-65%	-3%	-5%
Average Remuneration on a full-time equivalent basis of employees						
Employees of the Group – excluding STIP & LTIP	9	5.9%	9.2%	2.5%	5.8%	-3.7%
Employees of the Group – including STIP & LTIP	9	4.9%	16.0%	2.5%	5.8%	-3.7%
Company performance						
Operating profit as per Underlying basis	10	-2.9%	136.9%	61.5%	2.2%	-10%
Cost to Income Ratio excluding special levy on deposits and other levies/contributions	11	+3 p.p.	-18 p.p.	-11 p.p.	0 p.p.	+1 p.p.

1. The % change in FY2024 relates mainly to the variable remuneration awards for the performance periods ending 31/12/2024 and primarily due to the inclusion of the 2022 LTIP award being the first LTIP cycle ended since the establishment of the LTIP Plan and includes amounts to vest in 2025 and deferred in the following years. Please refer to Section 6.
2. The fees of the non-executive Directors include fees as members of the Board of Directors of the Company and its subsidiaries, as well as of committees of the Board of Directors.
3. Appointed on 10 August 2023 hence the % change is higher for 2024.

II. Remuneration Policy Report for the year 2024 (continued)

6. Information Regarding the Remuneration of Directors for Year 2024 (continued)

6.2 Comparison of Directors' and Employees' remuneration (continued)

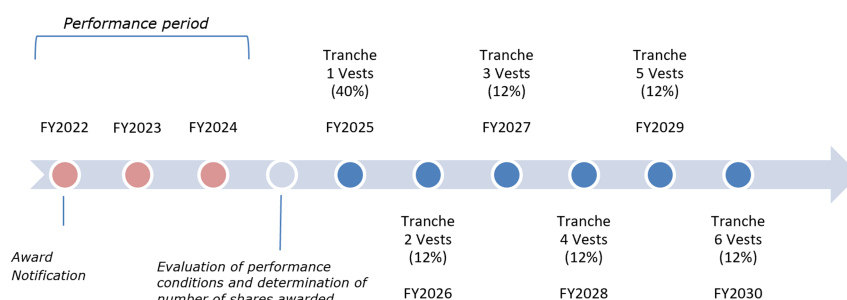
4. Appointed on 17 November 2023 hence the % change is n/a.
5. Appointed in 2024 hence the % change is n/a for years presented.
6. Passed away on 16 June 2024.
7. Resigned during 2023 hence % change is 100% for the year ended 31 December 2024.
8. Following the AGM 20 May 2022, Mr. Maksim Goldman and Dr. Michael Heger have not been re-elected to the Board of Directors of the Company.
9. The change in average remuneration is based on annual employees' cost (excluding employer's contributions) divided by the average number of employees (full time). Annual employees cost as per Note 14.1 of the Consolidated Financial Statements (excluding Voluntary Staff Exit Plan Cost and Exit cost and other termination benefits). The increase of 5.9% and 9.2% in the financial years 2024 and 2023 respectively relates primarily to the cost of living adjustments (COLA) and the annual salary increments. When considering the accrual the variable remuneration, this increases to 16% in 2023 as this was the first time the STIP was introduced.
10. Operating profit on the underlying basis comprises profit before loan credit losses (as defined), impairments of other financial and non-financial assets, provisions for pending litigation, claims, regulatory and other matters (net of reversals), tax, profit attributable to non-controlling interests and non-recurring items (as defined). The reconciliation to the statutory information is included in section 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2024 between the audited statutory basis and the underlying basis' of the Directors' Report.
11. Defined as total expenses as per underlying basis, excluding special levy on deposits and other levies/contributions divided by total income as per underlying basis. The definitions and reconciliations between the audited statutory basis and the underlying basis are included in the 'Alternative Performance Measures Disclosures' included within the 2024 Annual Financial Report.

II. Remuneration Policy Report for the year 2024 (continued)

7. Long-Term Incentive Plan

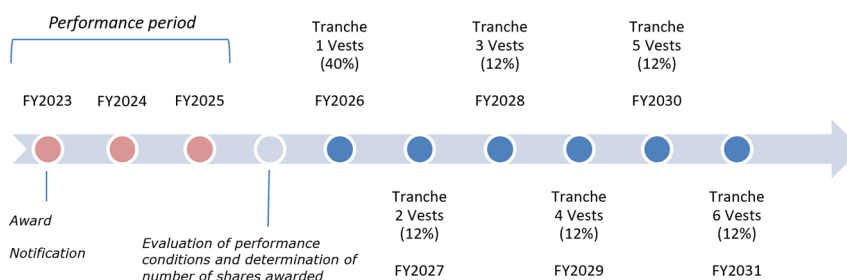
In December 2022, the Group granted to eligible employees being the members of the Extended EXCO share awards under the long-term incentive plan.

The award cycle for the 3-year performance period for **FY2022 – FY2024** is shown below:



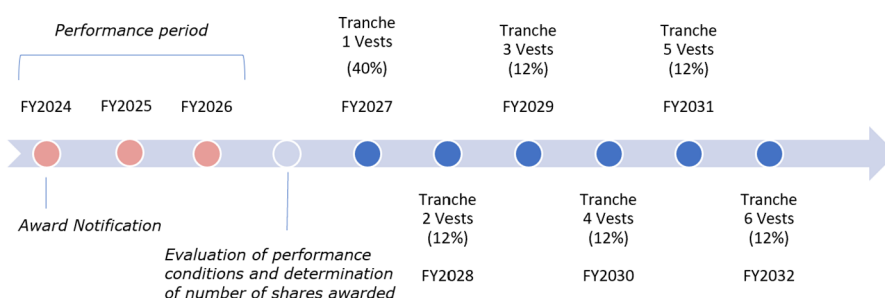
In October 2023, the Group granted to eligible employees being the members of the Extended EXCO share awards under the long-term incentive plan.

The award cycle for the 3-year performance period for **FY2023 – FY2025** is shown below:



In April 2024, the Group granted to eligible employees being the members of the Extended EXCO share awards under the long-term incentive plan.

The award cycle for the 3-year performance period for **FY2024 – FY2026** is shown below:



II. Remuneration Policy Report for the year 2024 (continued)

7. Long-Term Incentive Plan (continued)

7.1. 2024 LTIP awards for FY2024 - Executive Directors

LTIP awards for FY2024	Number of shares*	Face value at Award Notification ** €'000	Performance period
Panicos Nicolaou	101,350	375	2024-2026
Eliza Livadiotou	32,630	121	2024-2026

* This is the **maximum** number of shares that can be awarded to each of the Executive Directors and is based on the share price that was applicable on the date of the Award Notification.

** Based on a share price of €3,7 at Award Notification.

The applicable scorecards for Executive Directors are presented below for the performance period FY2024-2026. The scorecard for the executive directors is the same as for the rest of the senior management, noting that a different scorecard applies to eligible participants of control functions. It is noted that individual performance conditions are also applicable as per the Plan Rules and these provide for a minimum performance appraisal score throughout the performance period.

7.2. 2022 LTIP award for FY2022 - FY2024 performance

Following the recommendation of the HRRC, the Board of Directors, having examined the performance of the Group during the period 2022-2024 against the targets set at the beginning of the period, and further to a risk assessment with respect to the liquidity and capital position of the Group, approved the granting of the awards under the LTIP FY2022 - FY2024 cycle.

The achievement against the targets set was assessed to be at 95%, with the outcome for the individual components of the corresponding scorecard included below.

The shares awarded in respect of this performance period will vest according to the deferral cycle described in Section 6 of the Remuneration Policy Report and are subject to malus and claw back conditions as per the applicable regulatory framework and the plan rules.

LTIP awards for FY2022-2024	Maximum Number of shares on award notification*	Scorecard result	Maximum Number of shares adjusted for scorecard result	Actual Number of shares awarded	Value of shares awarded excluding share price appreciation €'000*	Value of shares awarded including share price appreciation €'000**
Panicos Nicolaou	221,890	95%	210,796	192,883	326	891
Eliza Livadiotou	65,910	95%	62,614	62,614	106	289

* Based on a share price of €1.69 at the time of award notification at the beginning of the performance period. Maximum number of shares was set with reference to 50% of gross salary for the CEO and 40% of gross salary for the EDF, at the time of the Award Notification, based on this share price.

** Based on the average closing share price on the CSE stock exchange for the period 1 December 2024 -17 January 2025 of €4.62.

II. Remuneration Policy Report for the year 2024 (continued)

7. Long-Term Incentive Plan (continued)

7.2. 2022 LTIP award for FY2022 - FY2024 performance (continued)

LTIP Outcome

Area	KPI	Weight	Target (end of FY2024)	Threshold (end of FY2024)	Actual as at 31/12/24	Final ¹ Score
Profitability	Return on Tangible Equity (ROTE)	20%	More or equal to 10%	8%	21.4%	20%
	Cost to Income (excluding levy & SRF)	10%	Less or equal to 50%	55%	34%	10%
Asset Quality	NPE Ratio	10%	Less than 5%	7%	2.5%	10%
	REMU stock	10%	Less or equal to €0,6bn	€0.7bn	€0.66 bn	5%
	Arrears < 3dpd (excluding RRD)	10%	Less or equal to 1%	2%	0.11%	10%
Capital	CET1 Ratio	10%	More or equal to 14,5%	13.5%	19.2%	10%
	MREL Ratio	5%	More or equal to 23%	22%	28.4%	5%
Risk & Compliance	Information Security and ICT Controls Effectiveness	5%	More or equal to 95%	90%	Target Met	5%
	Audit & ECB findings overall completion rate	5%	More or equal to 90%	85%	Target Met	5%
	RCSAs actions overall completion rate	5%	More or equal to 90%	85%	Target Met	5%
	Compliance findings/recommendations overall completion rate	5%	More or equal to 90%	85%	Target Met	5%
ESG	External ESG Ratings Score	5%	AA rating	n/a	AA	5%
Achievement of Outcome						95%

¹For the assessment of the outcome at the end of the performance period

- Where actual value for a KPI is equal or greater than the target KPI then 100% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is equal or greater than the threshold but below the target value then 50% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is lower than the threshold or no threshold applies then 0% is assigned for the KPI.

No ex-ante or ex-post risk adjustments (malus and clawback) of variable pay were made in 2024.

II. Remuneration Policy Report for the year 2024 (continued)

7. Long-Term Incentive Plan (continued)

7.3. General structure of performance criteria for LTIP Cycles for which the performance period has not yet been concluded

Scorecard 2023 LTIP – Performance Period FY2023 - FY2025

Area	KPI	Weight	Target (end of FY2025) ¹	Threshold (end of FY2025) ¹
Profitability	Return on Tangible Equity (ROTE)	20%	More or equal to 13%	11%
	Cost to Income (excluding levy & SRF)	10%	Less or equal to 45%	50%
Asset Quality	NPE Ratio	10%	Less than 3%	5%
	REMU stock	10%	Less or equal to €0.5bn	€0.6bn
	Arrears < 3dpd (excluding RRD)	10%	Less or equal to 1%	2%
Capital	CET1 Ratio	10%	More or equal to 15%	14%
	MREL Ratio	5%	100bps Binding Requirement	Binding Requirement
Risk & Compliance	Information Security and ICT Controls Effectiveness	5%	More or equal to 95%	90%
	Audit & ECB findings overall completion rate	5%	More or equal to 90%	85%
	RCSAs actions overall completion rate	5%	More or equal to 90%	85%
	Compliance findings/recommendations overall completion rate	5%	More or equal to 90%	85%
ESG	External ESG Ratings Score	5%	AA rating	n/a

¹For the assessment of the outcome at the end of the performance period

- Where actual value for a KPI is equal or greater than the target KPI then 100% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is equal or greater than the threshold but below the target value then 50% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is lower than the threshold or no threshold applies then 0% is assigned for the KPI.

II. Remuneration Policy Report for the year 2024 (continued)

7. Long-Term Incentive Plan (continued)

7.3. General structure of performance criteria for LTIP Cycles for which the performance period has not yet been concluded (continued)

Scorecard 2024 LTIP – Performance Period FY2024 - FY2026

Area	KPI	Weight	Target (end of FY2026) ¹	Threshold (end of FY2026) ¹
Profitability	Return on Tangible Equity (ROTE) on 15% CET1 ratio	20%	More or equal to 15%	13%
	Cost to Income (excluding levy & SRF)	10%	Less or equal to 45%	50%
Asset Quality	NPE Ratio	10%	Less than 3%	4%
	REMU stock	10%	Less or equal to €0.35bn	€0.45bn
Capital	CET1 Ratio	10%	More or equal to 15%	14%
	Organic Capital Generation	5%	More or equal to 250bps	200bps
	MREL Ratio (% of RWAs)	5%	100 bps > Binding requirement	Binding requirement
Risk & Compliance	Information Security and ICT Controls Effectiveness	5%	More or equal to 95%	90%
	Audit & ECB findings overall completion rate	5%	More or equal to 90%	85%
	RCSAs actions overall completion rate	5%	More or equal to 90%	85%
	Compliance findings/recommendations overall completion rate	5%	More or equal to 90%	85%
Customer Experience	Net Promoter Score	5%	Improvement	Neutral
ESG	External ESG Ratings Score	5%	AA rating	n/a

¹For the assessment of the outcome at the end of the performance period

- Where actual value for a KPI is equal or greater than the target KPI then 100% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is equal or greater than the threshold but below the target value then 50% of the weight is applied for the relevant KPI;
- Where actual value for a KPI is lower than the threshold or no threshold applies then 0% is assigned for the KPI.



Independent auditors' report to the members of Bank of Cyprus Holdings Public Limited Company

Report on the audit of the financial statements

Opinion

In our opinion, Bank of Cyprus Holdings Public Limited Company's consolidated financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2024 and of the Group's and the Company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Financial Report 2024 (the "Annual Report"), which comprise:

- the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2024;
- the Consolidated Income Statement and Consolidated and Company Statements of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows and Company Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 15 to the financial statements, we have provided no other services to the Group or the Company in the period from 1 January 2024 to 31 December 2024.

Our audit approach

Overview



Overall materiality

- €29.5 million (2023: €28.0 million) - Consolidated financial statements
- Based on c. 5% of profit before tax.
- €27.7 million (2023: €24.1 million) - Company financial statements
- Based on c. 0.85% (2023: c. 1%) of net assets.

Performance materiality

- €22.1 million (2023: €21.0 million) - Consolidated financial statements.
- €20.8 million (2023: €18.0 million) - Company financial statements.

Audit scope

- We audited the complete Consolidated financial information of Bank of Cyprus Public Company Limited (PCL) which is the main trading entity of the Group, and the financial information of Bank of Cyprus Holdings Public Limited Company which is the holding company of the Group.
- Our audit scope addressed in excess of 90% of the Group's profit before tax and the Group's total assets.

Key audit matters

- Impairment of loans and advances to customers.
- Provision for pending litigation and claims
- Valuation of stock of properties.
- Privileged user access over financial reporting systems.
- Carrying value of investment in Bank of Cyprus Public Company Limited (Company only).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of loans and advances to customers</i> Refer to Note 2.17 “Impairment of financial assets” within Note 2 “Summary of accounting policies”, Note 5.1 “Calculation of expected credit losses” within Note 5 “Significant and other judgements, estimates and assumptions”, Note 23 “Loans and advances to customers” and Note 44 “Risk management – Credit risk” The Group has developed complex models to calculate expected credit losses (“ECL”) on its loans and advances to customers. Impairment provisions are calculated on a collective basis for portfolios of loans of similar credit risk characteristics and on an individual basis for loans that are individually significant or which meet specific criteria determined by management. We determined this to be a key audit matter due to the greater levels of management judgement exercised in the following areas: • Methodology and model changes ; • Estimation uncertainty with respect to the future cash flows of Stage 3 individually assessed exposures; • The application of staging requirements to identify a ‘significant increase in credit risk’ and specifically in relation to the quantitative thresholds and qualitative criteria used for manual intervention; and • Incorporation of forward looking economic scenarios and the related inputs, assumptions and probability weights assigned to multiple economic scenarios as used by the Group.	We understood and evaluated the design of the overall control framework relevant to the measurement of impairment of loans and advances to customers and tested the operating effectiveness of key controls across processes relevant to the calculation of ECL. We assessed the appropriateness of the key assumptions used in the methodologies and collective ECL model developed by the Group and their compliance with the requirements of IFRS 9. We challenged the appropriateness and application of the qualitative criteria used to assess significant increase in credit risk in accordance with IFRS 9. We assessed the quantitative thresholds and other triggers identified by management to determine the appropriate staging of loans within Stages 1, 2 or 3 and tested, on a sample basis, the allocation of loans and advances to customers to Stages 1, 2 or 3 with reference to those thresholds and/or triggers. We compared, with the assistance of PwC credit risk experts, the forward-looking macroeconomic assumptions used in the base, favourable and adverse scenarios to publicly available information. We also assessed the reasonableness of the adverse and favourable assumptions together with the scenario-weightings applied by management. We tested, with the assistance of PwC credit risk experts, the assumptions, inputs and formulas used in the calculation of collective ECL. This included considering the appropriateness of the collective ECL model methodology (including changes in the current year) and challenging the assumptions used (e.g., Exposure at Default, Loss Given Default and Probability of Default). We tested the completeness and accuracy of data inputs to the collective ECL model on a sample basis. We tested the mathematical accuracy of the calculation of the collective ECL. We evaluated the Group’s individual loan impairment assessments for a sample of Stage 3 exposures for compliance with IFRS 9 requirements; significant data inputs were tested with reference to appropriate supporting documentation, such as collateral valuations and Land Registry records. We evaluated the appropriateness of the Group’s disclosures particularly in relation to significant judgements and estimates. We concluded that the methodologies and judgements used by management in determining the impairment of loans and advances to customers were reasonable.

Key audit matter	How our audit addressed the key audit matter
<i>Provision for pending litigation and claims</i> Refer to Note 2.36 “Provisions for pending litigations, claims, regulatory and other matters” within Note 2 “Summary of accounting policies”, Note 5.3 “Provisions for pending litigation and claims” within Note 5 “Significant and other judgements, estimates and assumptions” and Note 38 “Provisions for pending litigations, claims, regulatory and other matters”. The Group is subject to various legal claims, investigations and other proceedings. Provisions for pending litigation, claims, regulatory and other matters amounted to €93 million as at 31 December 2024, of which €69 million amounts to provisions for pending litigation and claims Management together with the Group’s compliance and legal departments and, where necessary, the risk management department, review all existing and potential legal cases, prepare an assessment of potential outcomes for cases assessed individually and collectively, and evaluate the probability of economic outflow from the Group. We determined this to be a key audit matter as the recognition and measurement of provisions in respect of pending litigation and claims requires a significant level of judgement by management. The judgements relate to the probability of obligating events requiring an outflow of resources to settle the obligation and estimation of the extent of any economic outflow.	We obtained an understanding of and evaluated the design of controls relevant to the recognition and measurement of pending litigation and claims. We tested the operating effectiveness of controls we sought to place reliance on. We tested a risk based sample of management's assessment of individual cases, including whether economic outflow was assessed as probable. We assessed management's proposed provisions against information contained in case files, information obtained from external legal advisors and where applicable post year end information. Where deemed necessary, we confirmed case facts and judgements with external legal advisors. For a sample of cases where management assessed economic outflow as probable, and therefore a provision was recorded, we recalculated the provision and performed sensitivity analysis on key assumptions used by management. We understood the basis of management’s collective provisions, in circumstances where these are applied, assessed the key assumptions used by reference to past experience and recalculated provisions booked. We inspected the minutes of meetings of the Board of Directors and certain of its committees for evidence of any unidentified legal cases or relevant developments in current cases, including the minutes of the Settlement of Legal Cases Committee. We evaluated whether the disclosures made addressed significant uncertainties and assessed their adequacy against the relevant accounting standards for both provisions and contingencies as at 31 December 2024. Based on evidence obtained, while noting the inherent uncertainty in such matters, we concluded that the recorded provisions for pending litigation and claims were reasonable.

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of stock of properties</i> Refer to Note 2.28 “Stock of property”, within Note 2 “Summary of accounting policies”, Note 5.2 “Stock of property - estimation of net realisable value” within Note 5 “Significant and other judgements, estimates and assumptions” and Note 27 “Stock of property”. The Group has acquired a significant number of properties as a result of restructuring agreements with customers. These properties are accounted for as stock of property and measured at the lower of their cost or net realisable value in accordance with IAS 2. Valuations obtained from external valuers and the holding periods for assets are key inputs to determine the appropriate carrying value. We determined this to be a key audit matter in light of the large volume of properties held and the uncertainty around market conditions when estimating the carrying amount.	We understood and evaluated the design of the overall control framework relevant to repossessed properties and tested the operating effectiveness of key controls around their valuation. We focused on the key inputs and assumptions underlying the valuation of the properties. We evaluated the competence, capability and objectivity of management’s external experts (property valuers). For a sample of external valuation reports, we assessed the methodology and assumptions used with the assistance of PwC valuation experts, where relevant. We tested the accuracy of the application by management of illiquidity discounts for a sample of properties held at year end. For a sample of properties acquired during the year, we tested ‘cost’ by reference to signed ‘debt-for-asset’ agreements entered into with borrowers, and we tested the ‘net realisable value’ at year end by reference to external valuation reports. We performed look-back procedures by comparing the price achieved for disposals during 2025 to the carrying values for those assets at 31 December 2024. We evaluated whether the disclosures address significant judgements and estimates and assessed their adequacy against the relevant accounting standards. We concluded that estimates used by management in determining the carrying amount of stock of property were reasonable.
<i>Privileged user access over financial reporting systems</i> Refer to Section 2 XIV. Audit Committee in the Corporate Governance Report. The Group’s financial reporting is reliant on a number of complex IT systems, some of which have been in place for a number of years and which are inherently complex. Privileged user access management controls are an integral part of the IT environment to ensure both system access and changes made to systems are authorised and appropriate. In the context of our audit scope, we consider privileged user access management controls contribute to mitigating the risk of potential fraud or error and an integral part of our audit testing is the effectiveness of the privilege user access management controls. We determined privileged user access to be a key audit matter as our audit approach relies on IT dependent controls and data.	With the assistance of PwC IT audit specialists, we obtained an understanding of the Group’s IT environment and changes made during the financial year. We evaluated the design and tested the operating effectiveness of those IT General Controls (ITGCs) on IT systems that support financial reporting. We performed testing on the design, implementation and operating effectiveness of IT General Controls (ITGCs) over privileged user access provisioning, revocation, recertification and authentication. Where control deficiencies were identified we considered the mitigating controls in place and/or performed additional substantive audit procedures. Having completed the additional audit procedures we concluded that we obtained sufficient evidence for the purpose of our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Carrying value of investment in Bank of Cyprus Public Company Limited (Company only)</i> Refer to Note 2.3 “Investment in subsidiaries” within Note 2 “Summary of accounting policies”, Note 3 “Significant accounting estimates, judgements and assumptions”, Note 7 “Investment in subsidiaries” to the Company financial statements. The carrying value of the investment in subsidiaries exceeded the market capitalisation of Bank of Cyprus Holdings Public Limited Company at 31 December 2024. Having completed an impairment test, the directors determined that the recoverable amount of the investment, using a value-in-use approach (which is considered to be higher than fair value less costs to sell), exceeded the carrying value and a full write back of previous impairment provisions of €801 million was recognised. We considered this to be a key audit matter due to the judgement associated with the assessment of the recoverable amount of the investment at 31 December 2024 including, in particular, the expected cash flows, the discount rate and the terminal value calculations.	We assessed the forecasts of expected cash flows included in management’s value in use calculations at 31 December 2024 for consistency with the Group’s recent trading performance and detailed Financial Plan. We evaluated the appropriateness of the discount rate used by reference to external data sources used and we assessed whether the calculation is in line with the requirements of IFRS. We reperformed management’s terminal value calculation and considered the appropriateness of the long term growth rate used by reference to external forecasts for the Cypriot economy as at 31 December 2024. We assessed the adequacy of the financial statement disclosures in respect of the investment in the Bank of Cyprus Holdings Public Limited Company-only financial statements. On the basis of the work performed we concluded that the carrying value of the investment is reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Bank of Cyprus Public Company Limited is the main trading entity of the Group and prepares Consolidated financial statements which consolidate all other subsidiaries of the Group. In establishing the overall approach to scoping the Group audit engagement, we determined the type of work that needed to be performed by legal entity.

The Group team was responsible for the scope and direction of the audit. In determining our audit scope, we considered the nature and extent of audit work that needed to be performed by us, as the Irish Group engagement team, and PwC Cyprus, as component auditors. Where the work was performed by PwC Cyprus, we determined the level of involvement the Group team needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Consolidated financial statements as a whole. We interacted regularly with PwC Cyprus during all stages of the audit. In addition to their formal audit report, we reviewed a detailed memorandum of examination on work performed and relevant findings that supplemented our understanding of the component.

For the Consolidated financial statements, an audit of the consolidated financial information of Bank of Cyprus Public Company Limited was performed as this accounts for in excess of 90% of the Group’s profit before tax and the Group’s total assets. The nature and extent of audit procedures were determined by our risk assessment.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<i>Consolidated financial statements</i>	<i>Company financial statements</i>
<i>Overall materiality</i>	€29.5 million (2023: €28.0 million).	€27.7 million (2023: €24.1 million).
<i>How we determined it</i>	c. 5% of profit before tax.	c. 0.85% (2023: c. 1%) of net assets.
<i>Rationale for benchmark applied</i>	We applied this benchmark because in our view, this is a metric against which the recurring performance of the Group is commonly measured by its shareholders to assess its performance.	The Company is a holding Company. Consequently, we consider that net assets is the most relevant measure to reflect the nature of its activities and transactions.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €22.1 million (Group audit) and €20.8 million (Company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.5 million (Group audit) (2023: €1.4 million) and €1.4 million (Company audit) (2023: €1.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern assessment.
- Considering the Group's Financial Plan approved by the Board in February 2025. In evaluating management's base case forecasts and adverse scenarios we considered the Group's financial position, historic performance, its past record of achieving strategic objectives and management's assessment of the likely impact on financial performance, capital and liquidity for a period of 12 months from the date on which the financial statements are authorised for issue.
- Reading correspondence with the relevant regulators with regards to regulatory capital and liquidity requirements of the Group, including in respect of the ECB's Supervisory Review and Evaluation Process.
- Considering the adequacy of relevant disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" and the sustainability reporting required by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" and the sustainability reporting on which we are not required to report) for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" and the sustainability reporting on which we are not required to report).
- In our opinion, based on the work undertaken in the course of the audit of the financial statements,
 - the description of the main features of the internal control and risk management systems in relation to the financial reporting process; and
 - the information required by Section 1373(2)(d) of the Companies Act 2014;

included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.

- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

Corporate Governance Statement

As a result of the directors voluntary reporting we are required by ISAs (Ireland) to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the "Code") specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 39-40, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of banking laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the potential for management bias through judgements and assumptions in significant accounting estimates and manual journal entries being recorded in order to affect reported performance.

Audit procedures performed by the engagement team included:

- Enquiries of management as to any known or suspected instances of non-compliance with laws and regulations or fraud;
- Inspection of relevant reports presented to and minutes of meetings of the board of directors and of its principal committees;
- Inspection of key regulatory correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the key audit matters;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing; and
- Applying risk-based criteria to journal entries posted in the audit period to determine journal entries for testing purposes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.



A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
- The Company Balance Sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Prior financial year Remuneration Report

We are required to report if the Company has not provided the information required by Section 1110N of the Companies Act 2014 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the directors on 2 April 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2019 to 31 December 2024.

Fidelma Boyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

26 March 2025

Consolidated Financial Statements 2024

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BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Income Statement
for the year ended 31 December 2024

Annual Financial Report 2024

		2024	2023
	<i>Notes</i>	€000	€000
Interest income	7	999,920	930,877
Income similar to interest income	7	10,163	12,792
Interest expense	8	(187,330)	(150,159)
Expense similar to interest expense	8	(1,289)	(1,293)
<i>Net interest income</i>		821,464	792,217
Fee and commission income	9	184,418	188,343
Fee and commission expense	9	(7,475)	(7,320)
Net foreign exchange gains	10	27,285	28,588
Net gains on financial instruments	11	10,672	12,780
Net (losses)/gains on derecognition of financial assets measured at amortised cost		(13)	6,361
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	12	(3,907)	960
Net insurance service result	12	76,791	73,528
Net reinsurance service result	12	(26,693)	(21,000)
Net (losses)/gains from revaluation and disposal of investment properties		(1,430)	1,043
Net gains on disposal of stock of property	27	216	8,972
Other income	13	14,381	18,337
<i>Total operating income</i>		1,095,709	1,102,809
Staff costs	14	(203,062)	(192,266)
Special levy on deposits and other levies/contributions	15	(39,115)	(42,380)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	38	(11,775)	(28,464)
Other operating expenses	15	(163,649)	(151,093)
<i>Operating profit before credit losses and impairment</i>		678,108	688,606
Credit losses on financial assets	16	(31,797)	(79,830)
Impairment net of reversals on non-financial assets	16	(56,040)	(46,852)
Profit before tax		590,271	561,924
Income tax	17	(81,128)	(72,980)
Profit after tax for the year		509,143	488,944
Attributable to:			
Owners of the Company		508,188	487,207
Non-controlling interests		955	1,737
Profit for the year		509,143	488,944
Basic profit per share attributable to the owners of the Company (€ cent)	18	114.4	109.2
Diluted profit per share attributable to the owners of the Company (€ cent)	18	114.0	109.0

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2024

Annual Financial Report 2024

		2024	2023
	<i>Notes</i>	€000	€000
Profit for the year		509,143	488,944
Other comprehensive income (OCI)			
OCI that may be reclassified in the consolidated income statement in subsequent periods			
Fair value reserve (debt instruments)		(5,011)	2,975
Net (losses)/gains on investments in debt instruments measured at fair value through OCI (FVOCI)		(5,028)	3,401
Transfer to the consolidated income statement on disposal		-	(332)
Foreign currency translation reserve		17	(94)
Profit/(loss) on translation of net investments in foreign subsidiaries		17	(81)
Loss on hedging of net investments in foreign subsidiaries	21	-	(13)
OCI not to be reclassified in the consolidated income statement in subsequent periods		1,428	10,198
Fair value reserve (equity instruments)		1,070	(712)
Net gains/(losses) on investments in equity instruments designated at FVOCI		1,070	(712)
Property revaluation reserve		542	10,290
Net fair value gains before tax	25	522	13,524
Deferred tax credit/(charge)	17	20	(3,234)
Actuarial (losses)/gains on defined benefit plans		(184)	620
Remeasurement (losses)/gains on defined benefit plans	14	(184)	620
Other comprehensive (loss)/income for the year net of taxation		(3,583)	13,173
Total comprehensive income for the year		505,560	502,117
Attributable to:			
Owners of the Company		504,627	500,156
Non-controlling interests		933	1,961
Total comprehensive income for the year		505,560	502,117

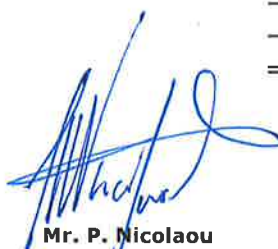
BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Balance Sheet
as at 31 December 2024

Annual Financial Report 2024

	Notes	2024 €000	2023 €000
Assets			
Cash and balances with central banks	19	7,600,726	9,614,502
Loans and advances to banks	19	820,574	384,802
Reverse repurchase agreements	44.11	1,010,170	403,199
Derivative financial assets	21	95,273	51,055
Investments at FVPL	20	136,629	135,275
Investments at FVOCI	20	416,077	443,420
Investments at amortised cost	20	3,805,637	3,116,714
Loans and advances to customers	23	10,114,394	9,821,788
Life insurance business assets attributable to policyholders	24	772,757	649,212
Prepayments, accrued income and other assets	28	479,199	584,919
Stock of property	27	648,757	826,115
Investment properties	22	36,251	62,105
Deferred tax assets	17	166,844	201,268
Property and equipment	25	307,414	285,568
Intangible assets	26	49,747	48,635
Non-current assets and disposal groups held for sale	23	23,143	-
Total assets		26,483,592	26,628,577
Liabilities			
Deposits by banks		364,231	471,556
Funding from central banks	29	-	2,043,868
Derivative financial liabilities	21	4,664	17,980
Customer deposits	30	20,519,276	19,336,915
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	21	44,074	-
Insurance contract liabilities	31	743,684	658,424
Accruals, deferred income, other liabilities and other provisions	33	556,459	469,265
Provisions for pending litigation, claims, regulatory and other matters	38	92,620	131,503
Debt securities in issue	32	989,435	671,632
Subordinated liabilities	32	307,138	306,787
Deferred tax liabilities	17	31,943	32,306
Total liabilities		23,653,524	24,140,236
Equity			
Share capital	34	44,050	44,620
Share premium	34	594,358	594,358
Revaluation and other reserves		86,139	89,920
Retained earnings	36	1,865,327	1,518,182
Equity attributable to the owners of the Company		2,589,874	2,247,080
Other equity instruments	34	220,000	220,000
Non-controlling interests		20,194	21,261
Total equity		2,830,068	2,488,341
Total liabilities and equity		26,483,592	26,628,577



Mr. E.G. Arapoglou
Chairman



Mr. P. Nicolaou
Chief Executive Officer



Mr. A.J. Lewis
Director



Mrs. E. Livadiotou
Executive Director Finance

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

Annual Financial Report 2024

	Attributable to the owners of the Company										Other equity instruments (Note 34)	Non-controlling interests	Total equity
	Share capital (Note 34)	Share premium (Note 34)	Capital redemption reserve (Note 34)	Treasury shares (Note 34)	Other capital reserves (Note 14)	Retained earnings (Note 36)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	Total			
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2024	44,620	594,358	-	(21,463)	917	1,518,182	84,239	9,553	16,674	2,247,080	220,000	21,261	2,488,341
Profit for the year	-	-	-	-	-	508,188	-	-	-	508,188	-	955	509,143
Other comprehensive (loss)/income after tax for the year	-	-	-	-	-	(184)	564	(3,958)	17	(3,561)	-	(22)	(3,583)
Total comprehensive income/(loss) after tax for the year	-	-	-	-	-	508,004	564	(3,958)	17	504,627	-	933	505,560
Dividends (Note 35)	-	-	-	-	-	(111,550)	-	-	-	(111,550)	-	-	(111,550)
Share-based benefits - cost (Note 14)	-	-	-	-	932	-	-	-	-	932	-	-	932
Payment of coupon to AT1 holders (Note 34)	-	-	-	-	-	(26,125)	-	-	-	(26,125)	-	-	(26,125)
Share buyback-repurchase and cancellation of shares (Note 34)	(570)	-	570	-	-	(25,090)	-	-	-	(25,090)	-	-	(25,090)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Transfer to retained earnings	-	-	-	-	-	1,906	66	(1,972)	-	-	-	-	-
31 December 2024	44,050	594,358	570	(21,463)	1,849	1,865,327	84,869	3,623	16,691	2,589,874	220,000	20,194	2,830,068

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

Annual Financial Report 2024

	Attributable to the owners of the Company									Other equity instruments (Note 34)	Non-controlling interests	Total equity
	Share capital (Note 34)	Share premium (Note 34)	Treasury shares (Note 34)	Other capital reserves (Note 14)	Retained earnings (Note 36)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	Total			
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2023	44,620	594,358	(21,463)	322	1,090,349	74,170	7,142	16,768	1,806,266	220,000	22,300	2,048,566
Profit for the year	-	-	-	-	487,207	-	-	-	487,207	-	1,737	488,944
Other comprehensive income/(loss) after tax for the year	-	-	-	-	620	10,066	2,357	(94)	12,949	-	224	13,173
Total comprehensive income/(loss) after tax for the year	-	-	-	-	487,827	10,066	2,357	(94)	500,156	-	1,961	502,117
Shared-based benefits-cost (Note 14)	-	-	-	595	-	-	-	-	595	-	-	595
Dividends (Note 35)	-	-	-	-	(22,310)	-	-	-	(22,310)	-	-	(22,310)
Payment of coupon to AT1 holders (Note 34)	-	-	-	-	(27,339)	-	-	-	(27,339)	-	-	(27,339)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Issue of other equity instruments (Note 34)	-	-	-	-	(3,530)	-	-	-	(3,530)	220,000	-	216,470
Repurchase of other equity instruments (Note 34)	-	-	-	-	(6,820)	-	-	-	(6,820)	(220,000)	-	(226,820)
Transfers to the consolidated income statement	-	-	-	-	-	62	-	-	62	-	-	62
Transfers to retained earnings	-	-	-	-	5	(59)	54	-	-	-	-	-
31 December 2023	44,620	594,358	(21,463)	917	1,518,182	84,239	9,553	16,674	2,247,080	220,000	21,261	2,488,341

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Statement of Cash Flows
for the year ended 31 December 2024

Annual Financial Report 2024

		2024	2023
	<i>Note</i>	€000	€000
Profit before tax		590,271	561,924
<i>Adjustments for:</i>			
Depreciation of property and equipment and amortisation of intangible assets		36,171	34,253
Impairment net of reversals on non-financial assets		56,040	46,852
Credit losses on financial assets		31,797	79,830
Net gains on derecognition of financial assets measured at amortised cost		13	(6,361)
Amortisation of discounts/premiums and interest on debt securities		(102,975)	(64,185)
Dividend income		(183)	(856)
Net loss on disposal of investment in debt securities measured at FVOCI		-	438
Loss/(gain) from revaluation of financial instruments designated as fair value hedges		40,312	(1,655)
Interest on subordinated liabilities and debt securities in issue		64,755	39,854
Interest on reverse repurchase agreements		(27,012)	(3,219)
Interest on funding from central banks		21,842	67,194
Share-based benefits cost	14	932	595
Net gains on disposal of stock of property and investment properties		(1,225)	(11,400)
Profit on sale and write offs of property and equipment and intangible assets		(28)	(53)
Interest expense on lease liability		493	1,453
Premium tax included in net insurance service result as directly attributable expense		2,558	2,222
Net losses from revaluation of investment properties		2,439	1,385
Net exchange differences		(18,136)	7,926
		698,064	756,197
<i>Change in:</i>			
Loans and advances to banks		(430,577)	(30,478)
Deposits by banks		(107,325)	(36,102)
Obligatory balances with central banks		(58,523)	55,358
Balances with central banks for ancillary services		(47,390)	-
Customer deposits		1,182,361	338,596
Life insurance business assets attributable to policyholders and Insurance contract liabilities		(38,285)	(46,448)
Loans and advances to customers		(379,509)	48,568
Prepayments, accrued income and other assets		91,854	65,668
Provisions for pending litigation, claims, regulatory and other matters		(38,883)	3,129
Accruals, deferred income, other liabilities and other provisions		65,732	59,878
Derivative financial instruments		(57,534)	(1,091)
Investments measured at FVPL		(1,354)	54,934
Stock of property		152,450	132,979
		1,031,081	1,401,188
Tax paid		(28,547)	(20,142)
Net cash from operating activities		1,002,534	1,381,046
Cash flows from investing activities			
Purchases of debt securities, treasury bills and equity securities		(1,433,813)	(1,557,117)
Purchase of reverse repurchase agreements		(600,000)	(400,000)
Proceeds on disposal/redemption of investments in debt and equity securities		834,618	555,666
Interest received from debt securities		66,125	36,334
Interest received from reverse repurchase agreements		20,032	-
Dividend income from equity securities		183	856
Payment for purchase of Velocity 2		-	(3,649)
Purchases of property and equipment	25	(21,055)	(7,454)
Additions to intangible assets	26	(19,736)	(14,949)
Proceeds on disposal of property and equipment and intangible assets		44	77
Proceeds on disposal of investment properties		24,622	9,924
Net cash used in investing activities		(1,128,980)	(1,380,312)

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Consolidated Statement of Cash Flows
for the year ended 31 December 2024

Annual Financial Report 2024

		2024	2023
	<i>Note</i>	€000	€000
Cash flow from financing activities			
Payment of coupon to AT1 holders	34	(26,125)	(27,339)
Issue of other equity instruments (net of transaction costs)	34	-	216,470
Repurchase of other equity instruments	34	-	(226,820)
Share buyback-repurchase of shares	34	(25,090)	-
Repayment of funding from central banks		(2,065,710)	-
Proceeds from the issue of debt securities in issue (net of transaction costs)		297,767	347,689
Dividend paid on ordinary shares		(103,943)	(20,345)
Interest on subordinated liabilities		(19,875)	(19,875)
Interest on debt securities in issue		(33,313)	(7,500)
Principal elements of lease payments		(9,741)	(7,846)
Dividend paid by subsidiaries to non-controlling interests		(2,000)	(3,000)
Net cash (used in)/from financing activities		(1,988,030)	251,434
Net (decrease)/increase in cash and cash equivalents		(2,114,476)	252,168
Cash and cash equivalents 1 January		9,838,321	9,586,153
Cash and cash equivalents 31 December	41	7,723,845	9,838,321

Additional information on the cash flow statement is provided in Note 40.

1. Corporate information

Bank of Cyprus Holdings Public Limited Company (the 'Company') was incorporated in Ireland on 11 July 2016, as a public limited company under company number 585903 in accordance with the provisions of the Companies Act 2014 of Ireland (Companies Act 2014). Its registered office is 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland. The Company is domiciled in Ireland and is tax resident in Cyprus.

Bank of Cyprus Holdings Public Limited Company is the holding company of Bank of Cyprus Public Company Limited ('BOC PCL' or the 'Bank') with principal place of business in Cyprus. The Bank of Cyprus Holdings Group (the 'Group') comprises the Company, its subsidiary, BOC PCL, and the subsidiaries of BOC PCL. Bank of Cyprus Holdings Public Limited Company is the ultimate parent company of the Group.

The principal activities of BOC PCL and its subsidiary companies (the 'BOC Group') involve the provision of banking services, financial services, insurance services and the management and disposal of property predominately acquired in exchange of debt.

BOC PCL is a significant credit institution for the purposes of the SSM Regulation and has been designated by the CBC as an 'Other Systemically Important Institution' (O-SII). The Group is subject to joint supervision by the ECB and the CBC for the purposes of its prudential requirements.

The shares of the Company are listed and trading on the Cyprus Stock Exchange (CSE) and from 23 September 2024 the shares of the Company are also listed and trading on the Athens Stock Exchange (ATHEX). During the year until 19 September 2024 the shares of the Company were also listed and trading on London Stock Exchange (LSE). On 19 September 2024, the Company's shares were delisted and trading was suspended from the LSE.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 December 2024 (the Consolidated Financial Statements) were authorised for issue by a resolution of the Board of Directors on 26 March 2025.

The statutory financial statements prepared in accordance with ESEF are published on the Group's website www.bankofcyprus.com (Group/Investor Relations/Financial Results).

2. Summary of accounting policies

2.1 Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis, except for properties held for own use and investment properties, investments at fair value through other comprehensive income (FVOCI), financial assets (including loans and advances to customers and investments) at fair value through profit or loss (FVPL) and derivative financial assets and derivative financial liabilities that have been measured at fair value, non-current assets held for sale measured at fair value less costs to sell and stock of property measured at net realisable value where this is lower than cost. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRSs.

Presentation of the Consolidated Financial Statements

The Consolidated Financial Statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated. A comma is used to separate thousands and a dot is used to separate decimals.

The Group presents its balance sheet broadly in order of liquidity. An analysis regarding expected recovery or settlement of assets and liabilities within twelve months after the balance sheet date and more than twelve months after the balance sheet date is presented in Note 43.

2. Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

Comparative information

Comparative information was restated following a change in the presentation of segmental analysis as detailed in Note 6. This change led to a respective restatement in Notes 14, 23, 30, 44.2, 44.3 and 44.5 where analysis by business line is presented. The relevant tables are identified as restated.

The restatements did not have an impact on the results for the year or equity of the Group.

Change in presentation

The Group has changed the presentation of the interest component of fair value hedging derivatives used in accounting hedges to more appropriately reflect the impact of the accounting hedges. As a result the net interest income/expense on qualifying hedge derivatives designated as fair value hedges, is now presented within 'Interest income' where the derivative is used to hedge an asset and as 'Interest expense' where the derivative is used to hedge a liability, and is presented together with the interest component of the respective hedged asset and hedged liability. This was previously presented in 'Income similar to interest income' and 'Expense similar to interest expense'. The comparative amounts for 2023 have been represented.

2.2 Accounting policies and changes in accounting policies and disclosures

The Consolidated Financial Statements contain a summary of the accounting policies adopted in the preparation of the Consolidated Financial Statements.

The accounting policies adopted are consistent with those of the previous year, except for macro fair value hedging as explained below in Note 2.21, which was applied in 2024. The adoption of new and amended standards and interpretations that became effective on or after 1 January 2024 did not have an impact on the financial statements as explained in Note 2.2.1.

2.2.1 New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 and which are explained below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (amendments)

These amendments require the disclosures of an entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk, thus enhancing the transparency of the supplier finance arrangements. The amendments did not affect recognition or measurement principles. These amendments did not have an impact on the financial position and results of the Group during the year ended 31 December 2024.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment did not have an impact on the financial position and results of the Group during the year ended 31 December 2024.

IAS 1 Presentation of Financial Statements: classification of Liabilities as Current or Non-current (amendments)

The IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (a) what is meant by a right to defer settlement, (b) that a right to defer must exist at the end of the reporting period and (c) that classification is unaffected by the likelihood that an entity will exercise its deferral right. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument. These amendments did not have an impact on the financial position and results of the Group during the year ended 31 December 2024.

2. Summary of accounting policies (continued)

2.3 Standards and Interpretations that are issued but not yet effective

2.3.1 Standards and Interpretations issued by the IASB and adopted by the EU

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendments)

These amendments help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. Rather, it is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The Group does not expect these amendments to have a material impact on its results and financial position.

2.3.2 Standards and Interpretations issued by the IASB but not yet adopted by the EU

IFRS 18 Presentation and Disclosure in Financial Statements (new standard)

The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures) and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and will also apply to comparative information. The Group does not expect these amendments to have an impact on its results and financial position; however, presentational changes and additional disclosures may be required upon adoption.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (new standard)

The IASB issued a new accounting standard for subsidiaries. IFRS 19 Subsidiaries without Public Accountability will enable subsidiaries to keep only one set of accounting records in order to meet the needs of both their parent company and the users of their financial statements. In addition, the IFRS 19 will permit reduced disclosures better suited to the needs of the users of the financial statements while still maintaining the usefulness of the information. The new standard will be effective for annual periods beginning on or after 1 January 2027. The new standard does not apply to the financial statements of the Group.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (amendments)

The IASB issued targeted amendments to report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments will be effective for annual periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its results and financial position.

2. Summary of accounting policies (continued)

2.3 Standards and Interpretations that are issued but not yet effective (continued)

2.3.2 Standards and Interpretations issued by the IASB but not yet adopted by the EU (continued)

Annual Improvements to IFRS Accounting Standards — Volume 11

The amendments contained in the Annual Improvements relate to:

- (i) IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter
- (ii) IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7
- (iii) IFRS 9 Financial Instruments - Derecognition of lease liabilities and Transaction price
- (iv) IFRS 10 Consolidated Financial Statements - Determination of a 'de facto agent'
- (v) IAS 7 Statement of Cash Flows - Cost Method.

These amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Group will be assessing the impact that these amendments might have on its results and financial position.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of financial Instruments (amendments)

The IASB issued amendments to IFRS 9 and IFRS 7. The amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system, (b) add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, (c) add new disclosures for certain instruments with contractual terms that can change cash flows, (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Group will be assessing the impact that these amendments might have on its results and financial position.

2.4 Basis of consolidation

The Consolidated Financial Statements comprise the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2024. The financial statements of the subsidiaries are prepared as of the same reporting date as that of the Company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Specifically, the Group controls an investee only if the Group has:

- i. power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- ii. exposure, or rights, to variable returns from its involvement with the investee
- iii. the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and in cases the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including any contractual arrangements with the other vote holders, rights arising from other contractual arrangements, and the Group's voting and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts indicate that there are changes to any of the three elements of control.

Assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Financial Statements from the date of acquisition or up to the date of disposal, respectively. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, directly or indirectly. The non-controlling interests are presented separately in the consolidated income statement and within equity from the Company owners' equity.

All intra-group balances and transactions are eliminated on consolidation.

2. Summary of accounting policies (continued)

2.4 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as a transaction between the owners, which affects equity. As a result, no goodwill arises and no gain/loss is recognised in the consolidated income statement from such transactions. The foreign exchange differences which relate to the share of non-controlling interests being sold/acquired are reclassified between the foreign currency reserve and non-controlling interests.

2.5 Foreign currency translation

The Consolidated Financial Statements are presented in Euro (€), which is the functional and presentation currency of the Company and its operating subsidiaries in Cyprus. Each subsidiary, overseas branch or overseas subsidiary of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

2.5.1 Transactions and balances

Transactions in foreign currencies are recorded using the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to 'Net foreign exchange gains' in the consolidated income statement, with the exception of differences on foreign currency assets/liabilities that provide a hedge against the net investments in subsidiaries and overseas branches. These differences are recognised in other comprehensive income in the 'Foreign currency translation reserve' until the disposal or liquidation of the net investment, at which time the cumulative amount is reclassified to the consolidated income statement.

Non-monetary items that are measured at historic cost in a foreign currency are translated using the exchange rates ruling as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date when the fair value is determined. The retranslation of non-monetary assets carried at fair value is reported as part of the fair value change.

2.5.2 Subsidiary companies and branches

At the reporting date, the assets and liabilities of subsidiaries (including special purpose entities that the Group consolidates) and branches whose functional currency is other than the Group's presentation currency are translated into the Group's presentation currency at the rate of exchange ruling at the reporting date, and their income statements are translated using the average exchange rates for the year.

Foreign exchange differences arising on translation are recognised in other comprehensive income in the 'Foreign currency translation reserve'. On disposal or liquidation of a subsidiary or branch, the cumulative amount of the foreign exchange differences relating to that particular overseas operation, is reclassified to the consolidated income statement as part of the profit/loss on disposal/dissolution of subsidiaries.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group of persons that allocate resources to and assess the performance of the operating segments.

The chief operating decision-maker of the Group is the Group Executive Committee.

2. Summary of accounting policies (continued)

2.7 Turnover

Group turnover is represented by the Total operating income which comprises of net interest income, net fee and commission income, net foreign exchange gains, net gains/(losses) on financial instruments, net gains/(losses) on derecognition of financial assets measured at amortised cost, net insurance result, net gains/(losses) from revaluation and disposal of investment properties, net gains/(losses) on disposal of stock of property and other income as these are presented in the Consolidated Income Statement and is presented in Note 6.

2.8 Revenue from contracts with customers

The Group recognises revenue when control of the promised goods or services is transferred to customers in return of an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The revenue recognition model applies the following five steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The performance obligation notion in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Contract balances

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Receivables are recorded where the Group provides services to clients, consideration is due immediately upon satisfaction of a point in time service or at the end of a prespecified period for an over the time service. It is the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). The initial recognition and subsequent measurement of such receivables is disclosed in Notes 2.13 to 2.17.

Contract liabilities relate to payments received from customers where the Group is yet to satisfy its performance obligation. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract assets and receivables are recorded within 'Prepayments, accrued income and other assets' and contract liabilities within 'Accruals, deferred income, other liabilities and other provisions' in the consolidated balance sheet.

2.8.1 Fee and commission income

The Group earns fee income from a diverse range of services it provides to its clients. Fee income can be divided into two broad categories:

- i. fees earned from services that are provided over a certain period of time, such as asset or portfolio management, custody services and certain advisory services; and
- ii. fees earned from point in time services such as executing transactions and brokerage fees (e.g. securities and derivative execution and clearing).

Over time services

For fees earned from services that are provided over a certain period of time revenue is recognised pro-rata over the service period, provided the fees are not contingent on successfully meeting specified performance criteria that are beyond the control of the Group. Costs to fulfil over time services are recorded in the consolidated income statement immediately, because such services are considered to be a series of services that are substantially the same from day to day and have the same pattern of transfer.

2. Summary of accounting policies (continued)

2.8 Revenue from contracts with customers (continued)

2.8.1 Fee and commission income (continued)

Point in time services

For fees earned from providing transaction-type services, revenue is recognised when the service has been completed, provided such fees are not subject to refund or another contingency beyond the control of the Group. Incremental costs to fulfil services provided at a point in time are typically incurred and recorded at the same time as the performance obligation is satisfied and revenue is earned, and are therefore not recognised as an asset, e.g. brokerage commissions.

Fee and commission income is measured based on consideration specified in a legally enforceable contract with a customer, excluding amounts such as taxes collected on behalf of third parties. Consideration can include both fixed and variable amounts. Variable consideration includes refunds, discounts and other amounts that are contingent on the occurrence or non-occurrence of a future event. Variable consideration that is contingent on an uncertain event can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue for a contract will not occur.

In relation to sales of services for card processing activities the Group acts as an agent and therefore income is recognised on a net basis.

2.8.2 Dividend income

Dividend income is recognised in the consolidated income statement when the Group's right to receive payment is established, i.e. upon approval by the general meeting of the shareholders.

2.8.3 Rental income

Rental income from investment properties and stock of property is accounted for on a straight-line basis over the period of the lease and is recognised in the consolidated income statement in 'Other income'.

2.8.4 Gains on disposal of investment property

Gains on disposal of investment property are recognised in the consolidated income statement in 'Net gains/(losses) from revaluation and disposal of investment properties' when the buyer accepts delivery and the control of the property is transferred to the buyer.

2.8.5 Gains on disposal of stock of property

Gains on disposal of stock of property are recognised in the consolidated income statement in 'Net gains on disposal of stock of property' when the buyer accepts delivery and the control of the property is transferred to the buyer.

2. Summary of accounting policies (continued)

2.9 Recognition of interest income/expense and income/expense similar to interest

The Group calculates interest income/expense by applying the effective interest rate (EIR) to the gross carrying amount of financial assets, unless the asset is credit-impaired. For financial assets and financial liabilities measured at FVPL which accrue interest, the Group follows the principles of the effective interest method with the only difference being the treatment of fees that are integral to the financial asset/financial liabilities. That is, for financial assets and financial liabilities classified at FVPL the fees are recognised as revenue or expense when the instrument is initially recognised and not as part of the EIR calculation.

When a financial asset becomes credit-impaired and is therefore classified as Stage 3, interest income is calculated by applying the EIR to the amortised cost of the financial asset, being the gross carrying amount of the financial asset less any loss allowance. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on the gross carrying amount. In such cases, the Group unwinds the discount on the expected credit losses (ECL) through the 'Credit losses on financial assets' line in the consolidated income statement.

Interest income on purchased or originated credit-impaired (POCI) financial assets is recognised using the credit adjusted effective interest rate (CAEIR) calculated at initial recognition. The CAEIR is applied on the amortised cost of the financial asset, being the gross carrying amount of the financial asset less any loss allowance.

Interest income from financial assets at amortised cost and financial assets at FVOCI is presented within the caption 'Interest income', while interest income on financial instruments at FVPL is presented within the caption 'Income similar to interest income' in the consolidated income statement. Interest expense on financial liabilities at amortised cost is presented within the caption 'Interest expense', while interest expense on financial instruments at FVPL is presented within the caption 'Expense similar to interest expense' in the consolidated income statement. All form part of the 'Net interest income'.

The effective interest rate method

Interest income and expense are recognised in the consolidated income statement by applying the effective interest rate (EIR) for all financial instruments measured at amortised cost and debt instruments at FVOCI.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The EIR, and therefore the amortised cost of the asset, is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Fees and incremental costs that are directly attributable to loans and advances to customers are also deferred and amortised as part of interest income using the effective interest rate method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the EIR, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

The carrying amount of a financial asset or liability is adjusted if the Group revises its estimates of payments or receipts for reasons other than credit risk. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded in 'Net gains/(losses) on financial instruments' for debt securities, or in 'Changes in expected cash flows' component of the 'Credit losses to cover credit risk on loans and advances to customers' for loans and advances to customers included within 'Credit losses on financial assets'.

2. Summary of accounting policies (continued)

2.10 Employee benefits

2.10.1 Retirement benefits

The Group operates both defined contribution and defined benefit retirement plans.

Defined contribution plans

The Group recognises obligations in respect of the accounting period in the consolidated income statement. Any unpaid contributions at the reporting date are included as a liability.

Defined benefit plans

The cost of providing benefits for defined benefit plans is estimated separately for each plan using the Projected Unit Credit Method of actuarial valuation.

The defined benefit asset or liability comprises the present value of the defined benefit obligations (using a discount rate based on high quality corporate bonds), reduced by the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a funded plan or qualifying insurance policies. Any net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the plan. Fair value is based on market price information and in the case of quoted securities it is the published bid price.

The net charge to the consolidated income statement mainly comprises the service costs and the net interest on the net defined benefit asset or liability, and is presented in staff costs. Service costs comprise current service costs, past service costs, gains and losses or curtailments and non-routine settlements. Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest), and the return on plan assets (excluding net interest), are recognised immediately on the consolidated balance sheet with a corresponding debit or credit in other comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions.

2.10.2 Short-term employee benefits

Short-term employee benefits, such as salaries and other benefits, are accounted for on an accrual basis over the period during which employees have provided services. Bonuses are recognised to the extent that the Group has a legal or constructive obligation to its employees that can be measured reliably.

2.10.3 Exit cost benefits

Exit cost benefits refer to termination benefits and are recognised as an expense at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which includes the payment of termination benefits.

For termination benefits which become payable as a result of an employee's decision to accept an offer of voluntary redundancy, which is not within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group recognises the expense at the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect.

2.11 Tax

Current income tax and deferred tax

Tax on income is provided in accordance with the fiscal regulations and rates which apply in the countries where the Group operates and is recognised as an expense in the period in which the income arises. Deferred tax is provided using the liability method. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. Current income tax and deferred tax relating to items recognised directly in equity is recognised directly in equity.

2. Summary of accounting policies (continued)

2.11 Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences between the tax basis of assets and liabilities and their carrying amounts at the reporting date, which will give rise to taxable amounts in future periods. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and associate companies and branches, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and carry-forward of unutilised tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilised tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise all or part of the deductible temporary differences or tax losses. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the amount that is expected to be paid to or recovered from the tax authorities, after taking into account the tax rates and legislation that have been enacted or substantially enacted by the reporting date.

The deferred tax assets arising from specific tax losses and which are subject to the Income Tax Law Amendment 28 (I) of 2019, are accounted for on the same basis as other deferred tax assets and can be converted into tax credits. These tax losses are converted into 11 equal annual instalments and each instalment could be claimed as a deductible expense in the determination of the taxable income for the relevant year. Any amount of the annual instalment not utilised is converted into a tax credit and can be utilised in the tax year following the tax year to which this tax credit relates to. Any unutilised tax credit in the relevant year is converted into a receivable from the Cyprus Government. Further details are disclosed in Note 17.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

Indirect tax-Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- i. when the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case, the VAT suffered is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. when receivables and payables are stated with the amount of VAT charged. The amount of VAT recoverable from, or payable to the tax authorities, is included as part of receivables or payables in the consolidated balance sheet.

2.12 Financial instruments - initial recognition

2.12.1 Date of recognition

'Balances with central banks', 'Loans and advances to banks', 'Loans and advances to customers', 'Deposits by banks', 'Funding from central banks' and 'Customer deposits' are recognised when cash is received by the Group or advanced to the borrowers. All other financial assets and financial liabilities are initially recognised on the trade date. Purchases or sales of financial assets, where delivery is required within a time frame established by regulations or by market convention, are also recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Derivatives are also recognised on a trade date basis.

2.12.2 Initial recognition and measurement of financial instruments

The classification of financial assets on initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2.13.

All financial instruments are measured initially at their fair value plus, in the case of financial assets and liabilities not measured at FVPL, any directly attributable incremental costs of acquisition or issue.

2. Summary of accounting policies (continued)

2.12 Financial instruments - initial recognition (continued)

2.12.2 Initial recognition and measurement of financial instruments (continued)

When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described in Note 2.12.3 below.

2.12.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in 'Net gains/(losses) on financial instruments' caption. In the cases, where the fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.12.4 Measurement categories of financial assets and financial liabilities

Financial assets are measured either at amortised cost, FVOCI or FVPL.

The Group classifies and measures its derivatives and trading portfolios at FVPL. The Group may designate financial instruments at FVPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading or relate to derivative instruments.

2.13 Classification and measurement of financial assets and financial liabilities

The classification and measurement of financial assets depends on how these are managed as part of the business models the Group operates and their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest (SPPI)).

Business model assessment

The Group assesses the business model at a portfolio level. The portfolio level is determined at the aggregation level that reflects how the Group manages its financial assets and the business model is based on observable factors which include:

- i. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- ii. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- iii. How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- iv. The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flows characteristics assessment (SPPI test)

The Group assesses whether the individual financial assets' cash flows represent solely payments of principal and interest on the principal amount outstanding at origination (SPPI test).

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2. Summary of accounting policies (continued)

2.13 Classification and measurement of financial assets and financial liabilities (continued)

In assessing whether contractual cash flows are SPPI, the Group applies judgement and considers the terms that could change the contractual cash flows so that they would not meet the condition for SPPI, and be inconsistent to a basic lending arrangement, including: (i) contingent and leverage features, (ii) interest rates which are beyond the control of the Group or variable interest rate consideration, (iii) features that could modify the time value of money, (iv) prepayment and extension options, (v) non-recourse arrangements, and (vi) convertibility features.

Where the contractual terms of a financial asset introduce a more than de-minimis exposure to risks or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVPL.

2.13.1 Derivative financial instruments

Derivatives are recorded at fair value and classified as assets when their fair value is positive and as liabilities when their fair value is negative. Subsequently, derivatives are measured at fair value. Revaluations of trading derivatives are included in the consolidated income statement in 'Net foreign exchange gains' in the case of currency derivatives and in 'Net gains/(losses) on financial instruments' in the case of all other derivatives. Interest income and expense for derivatives not in accounting hedges are included in the 'Income similar to interest income' and 'Expense similar to interest expense' captions respectively in the consolidated income statement.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

For hybrid contracts where the host contract is a financial asset within the scope of IFRS 9, the classification and measurement criteria are based on the business model and SPPI assessment as described in the classification of financial assets section of Note 2.13 and applied to the entire hybrid instrument.

Derivatives embedded in financial liabilities and non-financial host contracts, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself measured at fair value with revaluation recognised in the consolidated income statement. The embedded derivatives separated from the host are carried at fair value, with revaluations recognised in 'Net gains/(losses) on financial instruments' in the consolidated income statement. The host contract is accounted for in accordance with the relevant standards.

2.13.2 Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they meet both of the following conditions:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

This classification relates to cash and balances with central banks, loans and advances to banks, reverse repurchase agreements, loans and advances to customers that pass the SPPI test, debt securities held under the 'Hold to collect' business model and other financial assets that pass the SPPI test.

After their initial recognition, financial instruments measured at amortised cost are measured at amortised cost using the effective interest rate method, less allowances for expected credit losses (ECL). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement in 'Credit losses on financial assets'.

2. Summary of accounting policies (continued)

2.13 Classification and measurement of financial assets and financial liabilities (continued)

2.13.3 Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they meet both of the following conditions:

- i. The financial asset is held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

This classification relates to debt securities held under the 'Hold to collect and sell' business model that pass the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses due to changes in fair value recognised directly in other comprehensive income in the 'Net gains/(losses) on investments in debt instruments measured at FVOCI' caption. Upon derecognition of these instruments, any accumulated balances in other comprehensive income are reclassified to the consolidated income statement and reported within 'Net gains/(losses) on financial instruments' caption. The interest income, foreign exchange differences and ECL are recognised in the consolidated income statement in the respective lines in the same manner as for financial assets at amortised cost.

2.13.4 Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading represent assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term and are recognised in the consolidated balance sheet at fair value. Changes in the fair value are recognised in 'Net gains/(losses) on financial instruments' in the consolidated income statement. Interest income and expense are included in the captions 'Income similar to interest income' and 'Expense similar to interest expense' respectively in the consolidated income statement according to the terms of the relevant contract, while dividend income is recognised in 'Other income' when the right to receive payment has been established.

This classification relates to debt and equity instruments that have been acquired principally for the purposes of sale or repurchase in the near term.

2.13.5 Financial assets or financial liabilities at FVPL

Financial assets and financial liabilities, other than those held for trading, classified in this category are those that are designated by management on initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Management only designates an instrument at FVPL at initial recognition when one of the following criteria are met:

- (a) the designation eliminates or significantly reduces the inconsistency that would otherwise arise from the measurement of the assets or liabilities or the recognition of gains or losses on them on a different basis, or
- (b) the liabilities are part of a group of financial liabilities or financial assets and financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- (c) the liabilities contain an embedded derivative, unless the embedded derivative does not significantly modify the cash flows of the instrument or it is clear, with little or no analysis, that the embedded derivative could not be separated.

Such designation is determined on an instrument-by-instrument basis.

Assets held under unit-linked insurance contracts, certain non-linked insurance contracts and investment contracts issued by insurance subsidiaries are designated at FVPL.

Financial assets mandatorily classified at FVPL include certain loans and advances to customers, certain investment fund holdings and other securities and other assets for which the contractual cash flows do not meet the SPPI test, or the financial assets are part of a portfolio held within a business model under which they are managed and their performance is evaluated on a fair value basis.

2. Summary of accounting policies (continued)

2.13 Classification and measurement of financial assets and financial liabilities (continued)

2.13.5 Financial assets or financial liabilities at FVPL (continued)

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in the fair value are recognised in 'Net gains/(losses) on financial instruments' in the consolidated income statement. Interest income and expense are included in the captions 'Income similar to interest income' and 'Expense similar to interest expense' respectively in the consolidated income statement. Dividend income is recognised in 'Other income' in the consolidated income statement when the right to receive payment has been established.

2.13.6 Equity instruments measured at FVOCI

At initial recognition, the Group can make an irrevocable election to classify an investment in an equity instrument at FVOCI, when that meets the definition of equity under IAS 32 Financial Instruments: 'Presentation', and is not held for trading. Such classification is determined on an instrument-by-instrument basis.

Fair value gains and losses on these equity instruments are recognised in other comprehensive income and are not recycled to profit or loss upon derecognition, but are transferred directly to retained earnings. Dividends on equity investments are recognised in the consolidated income statement and reported within 'Other Income' when the right to receive payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case it is recorded in other comprehensive income. Equity instruments measured at FVOCI are not subject to an impairment assessment.

2.13.7 Debt securities in issue and Subordinated liabilities

Debt securities in issue and Subordinated liabilities are initially measured at the fair value of the consideration received, net of any issue costs. They are subsequently measured at amortised cost using the effective interest rate method, in order to amortise the difference between the cost at inception and the redemption value, over the period to the earliest date that the Group has the right to redeem those instruments.

Interest on debt securities in issue and subordinated liabilities is included in 'Interest expense' in the consolidated income statement.

2.13.8 Other financial liabilities

Other financial liabilities include 'Customer deposits', 'Deposits by banks', 'Funding from central banks' and other financial liabilities.

Financial liabilities are recognised when the Group enters into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and initially measured at fair value, which is normally the consideration received, net of directly attributable transaction costs incurred. Subsequent measurement of other financial liabilities is at amortised cost, using the effective interest method.

2.13.9 Determination of fair value - Valuation techniques

The following is a description of the determination of fair value for financial instruments which are recorded at fair value and for financial instruments which are not measured at fair value but for which fair value is disclosed, using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps, currency rate options, forward foreign exchange rate contracts and interest rate collars. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including foreign exchange spot and forward rates and interest rate curves.

2. Summary of accounting policies (continued)

2.13 Classification and measurement of financial assets and financial liabilities (continued)

2.13.9 Determination of fair value - Valuation techniques (continued)

Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA)

The CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty risk and BOC PCL's own credit quality respectively.

The Group calculates the CVA by applying the PD of the counterparty, conditional on the non-default of the Group, to the Group's expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default. Conversely, the Group calculates the DVA by applying BOC PCL's PD, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to the Group and multiplying the result by the loss expected in the event of default.

The expected exposure of derivatives is calculated as per the CRR and takes into account the netting agreements where they exist. A standard Loss Given Default (LGD) assumption in line with industry norm is adopted. Alternative LGD assumptions may be adopted when both the nature of the exposure and the available data support this.

The Group does not hold any significant derivative instruments which are valued using a valuation technique with significant non-market observable inputs.

Investments at FVPL, investments at FVOCI and investments at amortised cost

Investments which are valued using a valuation technique or pricing models, primarily consist of unquoted equity securities and debt securities. These assets are valued using valuation models which sometimes only incorporate market observable data and at other times use both observable and non-observable data. The rest of the investments are valued using quoted prices in active markets.

Loans and advances to customers

The fair value of loans and advances to customers is based on the present value of expected future cash flows. Future cash flows have been based on the future expected loss rate per loan portfolio, taking into account expectations for the credit quality of the borrowers. The discount rate includes components that capture the risk-free rate per currency, funding cost, servicing cost and the cost of capital, considering the risk weight of each loan.

Customer deposits

The fair value of customer deposits is determined by calculating the present value of future cash flows. The discount rate takes into account current market rates and the credit profile of BOC PCL. The fair value of deposits repayable on demand and deposits protected by the Deposit Protection Guarantee Scheme are approximated by their carrying values.

Loans and advances to banks

Loans and advances to banks with maturity over one year are discounted using an appropriate risk-free rate plus the appropriate credit spread. For short-term lending, the fair value is approximated by the carrying value.

Reverse repurchase agreements

Fair values of reverse repurchase agreements that are held on a non-trading basis are determined by calculating the present value of future cash flows. The cashflows are discounted using an appropriate risk-free rate plus the appropriate credit spread.

Cash flows relating to reverse repurchase agreements (including interest received) are presented as investing activities in the Consolidated Statement of Cash Flows.

Deposits by banks and funding from central banks

Deposits by banks and funding from central banks with maturity over one year are discounted using an appropriate risk-free rate plus the appropriate credit spread. For short-term funding, the fair value is approximated by the carrying value.

Debt securities in issue and Subordinated liabilities

Debt securities and subordinated liabilities issuances are traded in an active market with quoted prices.

Further details on the fair value of assets and liabilities are disclosed in Note 22.

2. Summary of accounting policies (continued)

2.14 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from exceptional circumstances in which the Group changes its business model for managing financial assets and acquires, disposes of, or terminates a business line. Reclassification is applied prospectively from the reclassification date, which is the first day of the first reporting period following the change in business model that results in the reclassification. Any previously recognised gains, losses or interest are not restated.

Financial liabilities are never reclassified.

2.15 Derecognition of financial assets and financial liabilities

2.15.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset have expired. The Group also derecognises a financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group transfers a financial asset if, and only if, either:

- i. The Group transfers its contractual rights to receive cash flows from the financial asset; or
- ii. The Group retains the rights to the cash flows, but assumes an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer only qualifies for derecognition if either:

- i. The Group transfers substantially all the risks and rewards of the asset; or
- ii. The Group neither transfers nor retains substantially all the risks and rewards of the asset, but it transfers control of the asset.

2.15.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Modifications to, and exchanges of, financial liabilities are treated as extinguishments and derecognised, when the revised terms are substantially different to the original term. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss.

2.16 Modification of financial assets

The contractual terms of a financial asset may be modified due to various reasons, either due to commercial renegotiations or as a response to a borrower's financial difficulties (forborne modified loans) with a view to maximise recovery.

In the event that the terms and conditions of a financial asset are renegotiated or otherwise modified, the Group considers whether the modification results in derecognition of the existing financial asset and the recognition of a new financial asset. A derecognition of a financial asset (or part of a financial asset) and a recognition of a new financial asset would occur where there has been a substantial modification on the revised terms to the original cash flows.

Judgement is required to assess whether a change in the contractual terms is substantial enough to lead to derecognition. The Group considers a series of factors of both qualitative and quantitative nature when making such judgements on a modification in the contractual cash flows, including change in the currency, change in counterparty, introduction of substantially different terms such as addition of equity conversion features, changes in the legal framework and other.

2. Summary of accounting policies (continued)

2.16 Modification of financial assets (continued)

Where the modification does not result in derecognition, the Group recognises a modification gain or loss, based on the difference between the modified cash flows discounted at the original EIR and the existing gross carrying value of the financial asset. The financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment. A modified financial asset will transfer out of Stage 3 if the conditions that led to it being identified as credit-impaired, as defined in Note 2.17.2, are no longer present. A modified financial asset will transfer out of Stage 2 when it no longer meets the criteria for significant increase in credit risk such as it satisfies relative thresholds, which are based on changes in its lifetime probability of default (PD), days past due are not considered to be forborne, and other considerations. The financial asset continues to be monitored for significant increases in credit risk and credit impairment.

Where the modification results in derecognition, the new financial asset is classified at amortised cost or FVOCI and an assessment is performed on whether it should be classified as Stage 1 or POCI for ECL measurement. For the purposes of assessing significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

2.17 Impairment of financial assets

2.17.1 Overview of ECL principle

The Group uses a forward looking ECL model, requiring judgement, estimates and assumptions in determining the level of ECL. ECL is recorded for all financial assets measured at amortised cost and FVOCI, lease receivables, loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment.

At initial recognition, impairment allowance (or provision in the case of commitments and guarantees) is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), unless assets are deemed as POCI whereby the ECL is measured on a lifetime basis. In the event of a significant increase in credit risk since initial recognition, impairment allowance is required resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 2.17.3.

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

Stage 1: Financial assets which did not have a significant increase in credit risk since initial recognition are considered to be Stage 1 and 12-month ECL is recognised.

Stage 2: Financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2 and lifetime ECL is recognised.

Stage 3: Financial assets which are considered to be credit-impaired (refer to Note 2.17.2 on how the Group defines credit-impaired and default) and lifetime ECL is recognised.

POCI: These are purchased or originated financial assets that are credit-impaired on initial recognition. POCI assets include loans purchased or originated at a deep discount that reflects incurred credit losses. Changes in lifetime ECL since initial recognition are recognised until a POCI loan is derecognised.

ECL is recognised in profit or loss with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the balance sheet. For financial assets measured at FVOCI the carrying value is not reduced, but the accumulated amount of ECL allowance is recognised in OCI. For off-balance sheet instruments, accumulated provisions for ECL are reported in 'Accruals, deferred income, other liabilities and other provisions', except in the case of loan commitments where ECL on the loan commitment is recognised together with the loss allowance of the relevant on balance-sheet exposure, as the Group cannot separately identify the ECL on the loan commitment from those on the on-balance sheet exposure component. ECL for the period is recognised within the consolidated income statement in 'Credit losses on financial assets' and further analysed in Note 16 in 'Credit losses to cover credit risk on loans and advances to customers' for loans and advances to customers and loan commitments and financial guarantees, and in 'Credit losses on other financial instruments' for all other financial instruments.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.2 Credit impaired and definition of default

Loans and advances to customers, loan commitments and financial guarantees

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

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

- i. The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due.
- ii. Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy.
- iii. Material exposures as set by the Central Bank of Cyprus (CBC), which are more than 90 days past due.
- iv. Performing forbore exposures under probation for which additional forbearance measures are extended.
- v. Performing forbore exposures previously classified as NPEs that present more than 30 days past due within the probation period.

From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06), and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07).

The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter.

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

For non-retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non-performing.

Material arrears/excesses are defined as follows:

- i. Retail exposures: Total arrears/excess amount greater than €100
 - ii. Exposures other than retail: Total arrears/excess amount greater than €500
- and the amount in arrears/excess is at least 1% of the customer's total exposure.

The definitions of credit-impaired and default are aligned so that stage 3 represents loans which are considered defaulted or otherwise credit-impaired.

Exposures are classified as forbore when concessions are made to debtors who are facing or about to face financial difficulties and cannot meet their contractual obligations.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.2 Credit impaired and definition of default (continued)

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

- i. The extension of forbearance measures does not lead to the recognition of impairment or default.
- ii. A period of one year has passed since the latest of the following events:
 - a. The restructuring date
 - b. The date the exposure was classified as non-performing
 - c. The end of the grace period included in the restructuring arrangements.
- iii. Following the forbearance measures and according to the post-forbearance conditions, there is no past due amount or concerns regarding the full repayment of the exposure.
- iv. No Unlikely-to-Pay criteria exist for the debtor.
- v. The debtor has made post-forbearance payments of a non-insignificant amount of capital (different capital thresholds exist according to the facility type).

Non-performing non-forborne exposures cease to be considered as NPEs only when all of the following conditions are met:

- i. At least three months have passed since the date that the conditions for which the exposure was classified as non-performing cease to be met, and within these three months there are no default triggers, and
- ii. During the three-month period, the behaviour of the obligor should be taken into account, i.e. there are no arrears/excesses and instalments are being repaid normally, and
- iii. During the three-month period, the financial situation of the obligor should be taken into account, i.e. the financial situation of the obligor has improved, and
- iv. During the three-month period an Unlikely-to-Pay criteria assessment is carried out and it is assessed that the obligor can fulfil their obligations without resorting to the liquidation of collateral and there are no other Unlikely-to-Pay criteria, and
- v. The obligor does not have any amount past due by more than 90 days.

When a loan facility exits Stage 3, it is transferred to Stage 2 for a probationary period of 6 months. At the end of this period, the significant increase in credit risk (SICR) assessment is performed by comparing the PD at the reporting date with the PD at initial recognition as described in Note 2.17.3 and if PD is assessed to have deteriorated beyond the set thresholds, the loan remains in Stage 2, otherwise the loan is transferred to Stage 1. The reversal of previous unrecognised interest on loans and advances to customers that no longer meet Stage 3 criteria is presented in 'Credit losses to cover credit risk on loans and advances to customers' within 'Credit losses on financial assets'.

Debt securities, reverse repurchase agreements, loans and advances to banks and balances with central banks

Debt securities, reverse repurchase agreements, loans and advances to banks and balances with central banks are considered defaulted and transferred to Stage 3 if the issuers have failed to pay either interest or principal. Moody's ratings indicate these exposures with a grade C which is the lowest Moody's rating category. In addition, a number of other criteria are considered such as adverse changes in business, financial and economic conditions as well as external market indicators (credit spreads, credit default swap (CDS) prices) in determining whether there has been a significant deterioration in the financial position that could lead to unlikelihood to pay.

2.17.3 Significant increase in credit risk (SICR)

IFRS 9 requires that in the event of a significant increase in credit risk since initial recognition, the calculation basis of the loss allowance would change from 12-month ECL to lifetime ECL.

The assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date, by considering the change in the risk of default occurring over the remaining life of the financial instrument since initial recognition.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.3 Significant increase in credit risk (SICR) (continued)

Significant increase in credit risk for loans and advances to customers

Primarily, the Group uses the lifetime probability of default (PD) as the quantitative metric in order to assess transition from Stage 1 to Stage 2 for all portfolios. The Group considers an exposure to have experienced significant increase in credit risk (SICR) by comparing the PD at the reporting date with the PD at initial recognition to compute the relative increase in regards to the corresponding threshold. The threshold has been determined by using statistical analysis on historical information of credit migration exposures on the basis of days past due, for the different segments. The Group applies the thresholds presented in the table below to each portfolio/segment, based on the following characteristics: customer type, product type and rating at origination. The threshold is then assigned to each facility according to the facility's portfolio/segment.

The SICR trigger is activated based on the comparison of the ratio of current lifetime PD to the remaining Lifetime PD at origination (PD@O) to the pre-established threshold. If the resulting ratio is higher than the pre-established threshold then deterioration is assumed to have occurred and the exposure is transferred to Stage 2. In addition, to minimize Stage 2 volatility caused by facilities with small PD, the Group introduced during the first half of 2024 an absolute threshold where the annualized lifetime reporting PD of each facility should increase more than 1,06% with respect to the corresponding origination PD. The PD cut-off is based on the weighted PD of Stage 1.

The table below summarises the quantitative measure of the SICR trigger which varies depending on the credit quality at origination as follows, applied on 31 December 2024 and 2023:

Segment	Rating at origination	PD Deterioration thresholds applied at 31 December 2024 (median across IFRS 9 segments)	PD Deterioration thresholds applied at 31 December 2023 (median across IFRS 9 segments)
Retail	1-7	3 X PD@O	3 X PD@O
SME	1-7	3 X PD@O	6 X PD@O
Corporate	1-7	2 X PD@O	2 X PD@O

During the year ended 31 December 2024 PDs were calibrated and consequently the PD deterioration thresholds were also updated.

For exposures which are subject to individual impairment assessment, the following qualitative factors in addition to the ones incorporated in the PD calculation, are considered:

- significant change in collateral value or guarantee or financial support provided by shareholders/directors,
- significant adverse changes in business, financial and/or economic conditions in which the borrower operates.

SICR is automatically triggered upon the granting of forbearance measures to performing borrowers. Stage 1 exposures that are classified as 'performing forborne' are automatically transferred to Stage 2.

The Group also considers, as a backstop criterion, that a significant increase in the credit risk occurs when contractual payments are more than 30 days past due (past due materiality is applied). Loans that meet this condition are classified in Stage 2. The transfer to Stage 2 does not take place in cases where certain exposures are past due for more than 30 days but certain materiality limits are not met (such as arrears up to €100 and the amount in arrears is lower than 1% of the customer's total exposure, in the case of retail exposures and arrears up to €500 and the amount in arrears is lower than 1% of the customer's total exposure, on all exposures other than retail). The materiality levels are set in accordance with the ECB Regulation (EU) 2018/1845.

The thresholds for movement between Stage 1 and Stage 2 are symmetrical. After a financial asset has been transferred to Stage 2, if its credit risk is no longer considered to have significantly increased relative to its initial recognition, the financial asset will move back to Stage 1.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.3 Significant increase in credit risk (SICR) (continued)

Significant increase in credit risk for financial instruments other than loans and advances to customers

Low credit risk simplification is adopted for debt securities, loans and advances to banks, reverse repurchase agreements and balances with central banks with external credit ratings that are rated as investment grade. The assessment of low credit risk is based on both the external credit rating and the internal scoring (which considers latest available information on the instrument and issuer). The combination of the two provides an adjusted credit rating. An adjusted credit rating which remains investment grade is considered as having low credit risk.

For debt securities, loans and advances to banks, reverse repurchase agreements and balances with central banks which are below investment grade, the low credit risk exemption does not apply and therefore an assessment of significant credit deterioration takes place, by comparing their credit rating at origination with the credit rating on the reporting date. Significant deterioration in credit risk is considered to have occurred when the adjusted rating of the exposures drops to such an extent that the new rating relates to a riskier category (i.e. from a non-investment grade to speculative and then to highly speculative), or when the PD of the exposure at the origination date compared to the PD at the reporting date has increased by a level greater than the pre-set threshold.

2.17.4 Measurement of ECLs

IFRS 9 ECL reflects an unbiased, probability-weighted estimate based on either loss expectations resulting from default events either over a maximum 12-month period from the reporting date, or over the remaining life of a financial instrument. The Group calculates lifetime ECL and 12-month ECL either on an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group calculates ECL based on three-weighted scenarios to measure the expected cash flow shortfalls, discounted at an approximation to the EIR as calculated at initial recognition. A cash flow shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows expected to be received.

The Group calculates ECL using the following three components:

- i. exposure at default (EAD),
- ii. probability of default (PD), and
- iii. loss given default (LGD).

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default during the life of a financial instrument, considering expected repayments, interest payments and accruals. EAD definition is differentiated for the following categories: revolving and non-revolving exposures.

For non-revolving exposures the term is based on the contractual term of the exposure and both on-balance sheet and off-balance sheet exposures are amortised in accordance with the principal contractual payment schedule of each exposure. For revolving exposures, the projected EAD is the carrying value plus the credit conversion factor applied on the undrawn amount. The credit conversion factor model is derived based on empirical data from 2014 onwards.

In regards to the credit-impaired exposures, the EAD is equal to the on balance sheet amount as at the reporting date.

Probability of default (PD)

PD represents the probability an exposure defaults and is calculated based on statistical rating models, calculated per segment and taking into consideration each individual's exposure rating as well as forward looking information based on macroeconomic inputs.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.4 Measurement of ECLs (continued)

For each exposure, lifetime PD represents the probability of default within the lifetime horizon and is based on the underlying models of marginal probability of default through the cycle (MPD TTC), MPD individual, MPD individual (embedding also the NPE overlay), MPD point in time and Marginal Probability of Paid-off (MPP). In particular, the first element, MPD TTC is constructed per segment, illustrating the probability of default status depending on number of months since the origination date. The PD for each month since the origination date is calculated under the condition that exposures survived until the prior month. The MPD individual is allocated to linked individual exposures through a scaling factor constructed based on the current individual risk assessment, which is represented by the Group's PD per rating grade. It also embeds the NPE overlay, which is an add-on factor that calibrates the underlying models, such that they are aligned with the NPE definition. MPD is adjusted to reflect the current and forward looking information based on the macroeconomic inputs. The MPP Component is the curve that shows the probability of full payment of a particular exposure based on specific period in months since the open date of the exposure. MPP is estimated for each particular segment and depends on the contractual terms of the exposure. For revolving facilities where there is no contractual survival maturity, curves based on product type are developed. The combination of these models gives rise to a PD value for each month for the lifetime of the exposure.

BOC PCL's internal rating process is summarised in Note 44.

Loss given default (LGD)

LGD represents an estimate of the loss if default occurs at a given time. It is usually expressed as a percentage of the EAD. Two distinct paths are taken into consideration for the LGD parameter. The first one is that of a cured facility where there is a full recovery thus no losses occur. In the second scenario, the facility remains non-performing resulting in BOC PCL proceeding with collateral liquidation actions. To this end, the LGD model considers parameters such as historical loss and/or recovery rates as well as the collateral value which is discounted to the present value determining the amount of the expected shortfall. LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segments of each asset class.

The structure of the LGD model considers the following:

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

A model monitoring process is followed for PD, EAD and LGD models, where model outputs are back-tested against recent data points.

Individually assessed loans

The individual assessment is performed not only for individually significant performing and non-performing exposures, but also for other exposures meeting specific criteria and thresholds determined by Credit Risk Management. A risk-based approach is used on the selection criteria of the individually assessed population which include, among others, forborne exposures, exposures with significant decrease in the yearly credit turnover and/or in assigned collaterals. Also, significant Stage 1 exposures within sectors assessed by Credit Risk Management to be highly impacted by one or more factors or events (such as a global or local economic/market/regulatory/geopolitical development) are assessed for potential increase in credit risk and significant exposures that have transitioned to Stage 2 from Stage 1 are assessed for potential indications of unlikeliness to pay.

The ECL for individually assessed Stage 3 assets is calculated on an individual basis and all relevant considerations of the expected future cash flows are taken into account (for example, the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work out process).

Collectively assessed loans

All customer exposures that are not individually assessed are assessed on a collective basis. For the purposes of calculating ECL, exposures are grouped into granular portfolios/segments with shared risk characteristics. The granularity is based on different levels of segmentation which, among other factors include customer type, exposure class and portfolio type. The granularity of the IFRS 9 segments is aligned with the Internal Rating Based (IRB) segmentation of the CRR.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.4 Measurement of ECLs (continued)

When a financial asset has been identified as credit-impaired, ECL are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

2.17.5 Scenarios and scenario weights

The Group uses reasonable and supportable information, including forward-looking information, in the calculation of ECL. ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. ECL are calculated for three macroeconomic scenarios, baseline, adverse and favourable and the output is the weighted average ECL based on the assigned probability of each scenario (Note 44).

Macroeconomic scenarios impact both the probability of default (PD) and the loss given default (LGD). Specifically, forward looking information is embedded in the PD based on regression equations derived on the basis of historical data. Using statistical analysis, the most significant and relevant macro-variables have been selected in order to predict more accurately the expected default rates. In regard to the LGD, the forward looking information is incorporated via the property indices for the relevant categories of properties (residential, commercial, industrial). In particular, for each collateral a forward-looking projection of the realisable value is calculated before discounting back to reporting date to quantify the expected cash shortfall.

Each macroeconomic scenario used in the ECL calculation includes a projection of all relevant macroeconomic variables used in the models for a five-year period, subsequently reverting to projections of long-run growth averages based on estimates of potential growth, and behavioural relationships between the targeted variables.

Regarding the scenario weights, these are determined using probability theory and severity analysis. Historical data for GDP growth (1995-2024) is analysed and a frequency distribution is produced. From that distribution probabilities are derived for all possible outcomes. Deviations of actual outcomes from the mean are calculated in terms of standard deviation ratios, and severity is higher at higher deviation ratios. The baseline scenario is defined over the range of values that correspond to 50% probability of equidistant deviations around the mean of the historical distribution. The favourable scenario is defined over the range of values to the right of the distribution that correspond to 25% probability. The adverse scenario is defined over the range of values to the left of the distribution that correspond to 25% probability. These benchmark probability points (50%, 25% and 25%), are decided using severity analysis which incorporates the average and standard deviation of the distribution.

The macroeconomic forecasts for the baseline, favourable and adverse scenarios are determined by the Economic Research Department of BOC PCL. This process utilises a variety of external actual and forecast information (International Monetary Fund (IMF), European Commission and other). The corresponding weights are also determined by the Economic Research Department, as described above, by also applying discretion and expert judgement where necessary. The resulting scenarios and weights are reviewed and proposed by the Chief Risk Officer (CRO) and are submitted to the Provisions Committee for their endorsement.

Qualitative adjustments or overlays are occasionally made when inputs calculated do not capture all the characteristics of the market at the reporting date. Overlays performed are set out in Note 5.1 and are assessed/reconfirmed at each reporting date.

2.17.6 ECL measurement period

The period for which expected credit losses are determined (either for 12-month or lifetime horizon) is based on the stage classification of the facility and its contractual life. For non-revolving exposures the expected lifetime is the period from the reporting date to the termination date of the facility. For irrevocable loan commitments and financial guarantee contracts, the measurement period is determined similar to the period of the revolving facilities.

2. Summary of accounting policies (continued)

2.17 Impairment of financial assets (continued)

2.17.6 ECL measurement period (continued)

For revolving facilities, credit cards and corporate and retail overdrafts, BOC PCL has the right to cancel and/or reduce the facilities with two months' notice. BOC PCL does not limit its exposure to credit losses to the contractual notice period, but instead a behavioural maturity model is utilised where each revolving facility is assigned an expected time period to termination.

2.17.7 Purchased or originated credit-impaired financial assets (POCI)

POCI financial assets are recorded at fair value on initial recognition. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses. For POCI financial assets, the Group only recognises the cumulative changes in lifetime ECL since initial recognition in the loss allowance. POCI remain a separate category until derecognition.

2.18 Write-offs

The Group reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering it. In such case, financial assets are written-off either partially or in full. Write-off refers to both contractual and non-contractual write-offs. A non-contractual write-off is defined as the accounting reduction of a debt, without waiving the legal claim against the debtor. BOC PCL continues to seek recovery of the debt (e.g. restructuring arrangements, debt-for-assets swaps, full settlement, etc.) and the amount written-off for financial assets that are still subject to enforcement activity.

Indicative conditions for writing-off part or the full amount of the exposure include, but are not limited to, the following list of criteria. The criteria are applicable to both contractual and non-contractual write-offs and are not by default applicable to all cases, as individual assessment and judgement is required in order to evaluate each case on its own merits.

- i. Cases which are close to realisation of a security or collateral may be deemed necessary to be considered for write-off. With regards to such financial assets for which the security or collateral has not yet been realised (but may be close to agreement or other arrangement for realising), BOC PCL forms a reasonable expectation of future cash flows which would also take into account the collateral's realisable value.
- ii. When BOC PCL ceases all collection and debt enforcement actions, such remaining debt can be assessed for write-off. However, debt can be written-off even while collection and enforcement activities are proceeding.
- iii. Debtor status is another indicator for assessment for write-off; for example, the debtor's insolvency status, or whether the debtor is deceased or cannot be traced. While such loans may already be impaired, BOC PCL might be unable to form a reasonable expectation of future cash flows. Nevertheless, BOC PCL takes all the legally available steps to recover the debt, where appropriate.
- iv. Customers with exposures with significant number of days past due, provided that all other efforts for restructuring are exhausted and the exposure or part of the exposure is deemed as unrecoverable / uncollectable, are also assessed for write-off.

Write-offs are subject to the Groups internal governance process for review and approval.

Write-offs and partial write-offs represent derecognition/partial derecognition events. If the amount of write-off is greater than the amount of accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Recoveries in part or in full, of amounts previously written-off are credited to the consolidated income statement in 'Credit losses on financial assets' and separately identified in Note 16 within 'Credit losses to cover credit risk on loans and advances to customers'.

2. Summary of accounting policies (continued)

2.19 Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees to its customers, consisting of letters of guarantee and acceptances. Financial guarantees are initially recognised at fair value being the premium received, and presented on the consolidated balance sheet within 'Accruals, deferred income, other liabilities and other provisions'. Subsequently, the Group's liability under each guarantee is measured at the higher of: (a) the amount initially recognised reduced by the cumulative amortised premium which is periodically recognised in the consolidated income statement in 'Fee and commission income' in accordance with the terms of the guarantee, and (b) the amount of ECL provision.

ECL relating to financial guarantees is recorded in 'Credit losses on financial assets' and further identified in Note 16 in 'Credit losses to cover credit risk on loans and advances to customers'. The balance of the liability for financial guarantees that remains is recognised in 'Fee and commission income' in the consolidated income statement when the guarantee is fulfilled, cancelled or expired.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment the Group is required to provide a loan with pre-specified terms to the customer. Corresponding ECL are presented within 'Accruals, deferred income, other liabilities and other provisions' on the Group's balance sheet, except in the case of loan commitments where ECL on the loan commitment is recognised together with the loss allowance of the relevant on balance-sheet exposure as the Group cannot separately identify the ECL on the loan commitment from those on the on-balance sheet exposure component. ECL relating to loan commitments and letters of credit is recorded in 'Credit losses on financial assets' and further identified in Note 16 in 'Credit losses to cover credit risk on loans and advances to customers'.

When a customer draws on a commitment, the resulting loan is presented within (i) financial assets at fair value held for trading, consistent with the associated derivative loan commitment, (ii) financial assets at fair value not held for trading, following loan commitments designated at FVPL, or (iii) loans and advances to customers, when the associated loan commitment is not fair valued through profit or loss.

2.20 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of either party.

2.21 Hedge accounting

The Group elected, as a policy choice permitted by IFRS 9, to continue to apply hedge accounting in accordance with IAS 39, including the provisions related to macro fair value hedge accounting (IAS 39 'carve-out').

The Group uses derivative financial instruments to hedge exposures to interest rate and foreign exchange risks and in the case of the hedge of net investments, the Group uses also non-derivative financial liabilities. The Group applies hedge accounting for transactions which meet the specified criteria.

Transactions that are entered into in accordance with the Group's hedging objectives, but do not qualify for hedge accounting, are referred to as economic hedge relationships.

At inception of the hedging relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk and the objective and strategy for undertaking the hedge. The method that will be used to assess the effectiveness, both at the inception and at ongoing basis, of the hedging relationship also forms part of the Group's documentation.

2. Summary of accounting policies (continued)

2.21 Hedge accounting (continued)

At inception of the hedging relationship and at each hedge effectiveness assessment date, a formal assessment is undertaken to ensure that the hedging relationship is highly effective regarding the offsetting of the changes in fair value or the cash flows attributable to the hedged risk. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk of the hedging instrument and the hedged item during the period for which the hedge is designated, are expected to offset in a range of 80% to 125%. In the case of cash flow hedges where the hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated income statement.

Portfolio Hedging (Macro-Hedging)

The Group applies macro fair value hedging to non-maturing deposits (NMDs), in accordance with IAS 39, as adopted by the EU (IAS 39 carve-out). The hedged items are determined through behavioural modelling identifying the 'core' Non-Maturing Deposits (NMDs), which are stable demand deposits with behavioural maturity of up to ten years. Deposits within the identified portfolios are allocated to repricing/maturity time buckets based on expected, rather than contractual, maturity dates. The hedging instruments (pay floating/receive fixed rate interest rate swaps) are designated appropriately to those repricing/maturity time buckets. Hedge effectiveness is measured by comparing fair value movements of the hedged amount attributable to the hedged risk, against the fair value movements of the hedging derivatives, to ensure that they are within an 80% to 125% range.

2.21.1 Fair value hedges

In the case of fair value hedges that meet the criteria for hedge accounting, the change in the fair value of a hedging instrument is recognised in the consolidated income statement in 'Net gains/(losses) on financial instruments'. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated income statement in 'Net gains/(losses) on financial instruments'.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised to the consolidated income statement, over the remaining term of the original hedge. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated income statement.

2.21.2 Hedges of net investments in foreign operations

Hedges of net investments in overseas branches or subsidiaries are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income in the 'Foreign currency translation reserve', while gains or losses relating to the ineffective portion are recognised in 'Net foreign exchange gains' in the consolidated income statement.

On disposal or liquidation of an overseas branch or subsidiary, the cumulative gains or losses recognised in other comprehensive income are transferred in the consolidated income statement as part of the gain/(loss) on the disposal or liquidation.

2.22 Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated statement of cash flows consist of cash, non-obligatory balances with central banks, loans and advances to banks and other securities that are readily convertible into known amounts of cash and are repayable within three months of the date of their acquisition.

2.23 Insurance business

The Group undertakes both life insurance and non-life insurance business and issues insurance and investment contracts. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

2. Summary of accounting policies (continued)

2.23 Insurance business (continued)

Once a contract has been classified as an insurance contract, it remains an insurance contract until expiry or until all the rights and obligations under the contract have been fulfilled, even if the insurance risk has been significantly reduced during its term.

Investment contracts are those contracts that transfer financial risk. Investment contracts can, however, be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Identifying contracts

When identifying contracts there is a need to assess whether contracts need to be treated as a single contract and whether embedded derivatives, investment components and goods and services components need to be separated and accounted for under another standard.

Level of aggregation

Individual insurance contracts that are managed together and are subject to similar risks are identified as a group.

Contracts that are managed together usually belong to the same product line and have similar characteristics, such as being subject to a similar pricing framework or similar product management, and are issued by the same legal entity. If a contract is exposed to more than one risk, the dominant risk of the contract is used to assess whether the contract features similar risks.

Each group of contracts is then divided into annual cohorts (i.e. by year of issue) and each cohort into three groups, based on expected profitability: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and (iii) the remaining contracts.

The groups of insurance contracts are established at initial recognition without subsequent reassessment and form the unit of account at which the contracts are measured.

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- i. the beginning of the coverage period;
- ii. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- iii. when the Group determines that a group of contracts becomes onerous.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundaries

The measurement of a group of insurance contracts includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. For multi-year (more than one year) non-life contracts, the Group has assessed that they are expected to equal their duration as the Group cannot reprice or terminate the insurance contract during the coverage period.

Measurement

The General Measurement Model (GMM) is the standard measurement model and the Premium Allocation Approach (PAA) is the simplified approach for the measurement of the contracts that fall under the scope of IFRS 17. The Variable Fee Approach (VFA) is mandatory to apply for insurance contracts with direct participation features upon meeting the eligibility criteria. While the GMM is the default measurement model, the Group applies the VFA primarily to insurance contracts in the unit-linked life portfolio. The PAA is an optional simplification applicable for measuring the Liability for Remaining Coverage (LRC) for contracts with coverage periods of one year or less, or when doing so approximates the GMM; it is primarily applied by the Group to non-life insurance contracts and to non-individual life insurance contracts, as well as to reinsurance contracts of the Group, except for the individual life reinsurance agreement, for which the GMM is applied. For the rest of the insurance contracts (individual protection life contracts, the acquired portfolio and health long-term portfolio), the Group applies the GMM approach.

2. Summary of accounting policies (continued)

2.23 Insurance business (continued)

Initial measurement

Groups of insurance contracts under the GMM or the VFA are initially measured as the total of:

- a. Fulfilment cash flows, which comprise:
 - i. an estimate of the present value of future cash flows that are expected to arise as the Group fulfils its service under the insurance contracts; and
 - ii. an explicit risk adjustment for non-financial risk (i.e., the risk adjustment held on balance sheet).
- b. Contractual Service Margin (CSM) which represents the unearned profit that the Group will recognise as it provides insurance contract services.

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect both the time value of money and financial risks, plus a risk adjustment for non-financial risk. The discount rate applied reflects the time value of money, the characteristics of the cash flows, the liquidity characteristics of the insurance contracts and, where appropriate, is consistent with observable current market prices.

The risk adjustment for non-financial risk for a group of insurance contracts is the compensation required for bearing the uncertainty in relation to the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment is explicit and determined separately from other fulfilment cash flows.

A CSM arises when, for a group of contracts, the sum of the discounted cash flows and the risk adjustment is a net inflow. If the sum of these is a net outflow, then the group of contracts is onerous and a loss equal to the net outflow is recognised in the consolidated income statement.

Under the PAA, the liability for remaining coverage is initially recognised as the premiums received at initial recognition, minus any insurance acquisition cash flows.

Subsequent measurement

GMM

At the end of each reporting period, insurance contracts are measured as the sum of:

- i. Liability for remaining coverage (LRC), comprising fulfilment cash flows related to future service and the CSM at the reporting date; and
- ii. Liability for incurred claims (LIC), comprising fulfilment cash flows related to past service at the reporting date (claims and expenses not yet paid, including claims incurred but not yet reported).

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- i. Changes related to future service are adjusted against the CSM, unless the group of contracts is onerous, in which case such changes are recognised in the net insurance service result in the consolidated income statement
- ii. Changes related to past or current service are recognised in the net insurance service result in the consolidated income statement
- iii. The effects of the time value of money and financial risk are recognised as net insurance finance income or expense in the consolidated income statement.

The amount of CSM recognised in income statement for services in a period is determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. These coverage units reflect the quantity of benefits and the coverage duration. Adjustments relating to future service and thus adjust the CSM using locked-in discount rates (i.e. those that reflect the characteristics of the cash flows of initial recognition) except for changes in the risk adjustment for non-financial risk that relate to future service.

VFA

The VFA is applied for contracts with direct participation features (contracts where returns are based on the performance of underlying assets). For insurance contracts under the VFA, changes in the Group's share of the underlying items, and economic experience and economic assumption changes adjust the CSM, whereas these changes do not adjust the CSM under the GMM but are recognised in profit or loss as they arise.

2. Summary of accounting policies (continued)

2.23 Insurance business (continued)

PAA

Subsequently to initial measurement, the carrying amount of the LRC is increased with premiums received in the period, minus insurance acquisition cash flows, plus amortisation of acquisition cash flows, minus the amount recognised as insurance revenue for coverage provided in that period. The LRC is not discounted, since at initial recognition, it is expected that the time between providing each part of the coverage and the due date of the related premium is not more than a year.

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts under PAA, with the following modifications to reflect features that differ from those of insurance contracts. The Group establishes a loss-recovery component on the carrying amount of the asset for remaining coverage for a group of reinsurance contracts, depicting the recovery of losses, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The subsequent measurement of reinsurance contracts follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts.

The measurement of reinsurance contracts under the individual life reinsurance agreement follows the same principles as those for insurance contracts measured under the GMM. The carrying amount of the reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods, and (b) any remaining CSM at that date.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance.

The Group has made the below elections in relation to the measurement of insurance and reinsurance contract assets and liabilities and related income/expense:

- i. Recognition of total insurance finance income or expenses in the consolidated income statement in the period in which they arise i.e. not to apply disaggregation,
- ii. Deferral of insurance acquisition cash flows for non-life insurance business other than the health insurance business, when applying the premium allocation approach, and
- iii. Disaggregation of the change in risk adjustment for non-financial risk between the net insurance service result and net insurance finance income/(expense).

Contract derecognition

The Group derecognises an insurance contract issued when the obligation specified in the contract expires, is discharged, or is cancelled, or if its terms are modified significantly. When a contract is modified significantly, a new contract based on the modified terms is recognised.

On derecognition of an insurance contract, the Group:

- i. adjusts the fulfilment cash flows to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group of contracts,
- ii. adjusts the CSM of the group of contracts for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- iii. adjusts the number of coverage units for the expected remaining services, to reflect the number of coverage units derecognised from the group of contracts.

2. Summary of accounting policies (continued)

2.23 Insurance business (continued)

Onerous groups of contracts

For portfolios measured under the PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts not measured under the PAA, that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- i. major shifts in economic and regulatory environment;
- ii. combined Loss Ratio (Claims plus expenses divided by premium);
- iii. pricing strategy leading to loss;
- iv. changes in claims handling policy (e.g. time – stamped period) etc.

The Group has based its assessment on the Combined Loss Ratio as one of the key indicators of whether there are facts and circumstances to conclude that a group of contracts is onerous, as it takes into account economic shifts, the Group's decision on the pricing strategy, as well as the Group's claims' handling processes.

For the portfolios measured under GMM and VFA models, the Group performs profitability assessment to assess the portfolio of insurance contracts issued into three profitability groups, if applicable, for the purpose of calculating the CSM. The grouping is performed per set of contracts at initial recognition based on assumed profitability (profit testing exercise).

Insurance acquisition cash flows

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling and starting a group of insurance contracts and that are:

- a. costs directly attributable to individual contracts and groups of contracts; and
- b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Directly attributable expenses

Expenses directly attributable to a group of insurance contracts, which include both acquisition and maintenance costs, are incorporated in actual and estimated future cash flows and recognised in the net insurance result. Insurance acquisition cash flows are amortised. Expenses that are not directly attributable are excluded from the measurement of insurance contract liabilities and are recognised in profit and loss as incurred.

2.24 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repos) at a specific future date are not derecognised from the consolidated balance sheet as the Group retains substantially all risks and rewards of ownership. The corresponding cash received, including accrued interest, is recognised on the consolidated balance sheet as 'Repurchase agreements', reflecting its economic substance as a loan to the Group. The difference between the sale price and repurchase price is treated as interest expense and is accrued over the life of the agreement using the effective interest rate method. The investments pledged as security for the repurchase agreements can be sold or repledged by the counterparty. When the counterparty has the right to sell or repledge the securities, the Group discloses those securities as 'Investments pledged as collateral'.

Securities purchased under agreements to resell (reverse repos) at a specific future date, are not recognised on the consolidated balance sheet, rather are recorded as 'Reverse Repurchase agreements' on the consolidated balance sheet. The difference between the purchase and the resale price is treated as interest income and is accrued over the life of the agreement using the effective interest rate method. Reverse repos outstanding at the reporting date relate to agreements with financial institutions. The investments received as security under reverse repurchase agreements can either be sold or repledged by the Group.

2.25 Leases

Group as a lessee

The Group recognises right of use assets (RoU assets) and lease liabilities for contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of accounting policies (continued)

2.25 Leases (continued)

The Group has the right to direct the use of an identified asset throughout the period of use when it has the right to direct how and for what purpose the asset is used and has the right to change the purpose, throughout the period of use (i.e. the decision-making rights that most significantly affect the economic benefits that can be derived from the use of the underlying asset). Essentially, this right permits the Group to change its decisions throughout the contract term without approval from the lessor.

The lease liabilities are initially measured at the present value of the future lease payments, discounted at the lessee's incremental borrowing rate (IBR) given that the interest rate implicit in the lease cannot be readily determined. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. Interest is computed by unwinding the present value of the lease liability and charged to the consolidated income statement within 'Interest expense'.

RoU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the RoU asset comprises the amount of the initial measurement of the lease liability, initial direct costs and the provision for restoration costs, adjusted for any related prepaid or accrued lease payments previously recognised. Depreciation is computed on a straight line basis up to the end of the lease term, and recognised in the consolidated income statement within 'Other operating expenses'. RoU assets are subject to impairment under IAS 36.

The Group elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets'). Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in the consolidated income statement.

Leases are monitored for significant changes that could trigger a change in the lease term and at the end of each reporting period the impact on the lease liability and the RoU asset is reassessed. Lease liability is remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is remeasured, a corresponding adjustment is made to the RoU asset and/or profit or loss, as appropriate.

The lease term is calculated as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease (if reasonably certain to be exercised), or any periods covered by an option to terminate the lease (if reasonably certain not to be exercised). The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and RoU assets recognised. Judgement is used in calculating the lease term, as further disclosed in Note 5.12.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index).

Variable lease payments that are determined by reference to an index or a rate are taken into account in the lease liability only when there is a change in the cash flows resulting from a change in the reference index or rate. In cases where the lease contract includes a term relating to increase in the lease payment based on variable lease payments, this increase is applied on the lease when it becomes effective (when the actual cash outflow occurs). The assessment is performed at each reporting date. In cases where the lease contract includes a term with fixed increments in the lease payments, the increase is accounted for in the initial recognition of lease liability.

When a lease contains an extension or termination option that the Group considers reasonably certain to be exercised, the expected lease payments or costs of termination are included within the lease payments in determining the lease liability.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in 'Other income' in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2. Summary of accounting policies (continued)

2.26 Property and equipment

Owner-occupied property is property held by the Group for use in the supply of services or for administrative purposes. Investment property is property held by the Group to earn rentals and/or for capital appreciation, as further disclosed in Note 2.27. If a property of the Group includes a portion that is owner-occupied and another portion that is held to earn rentals or for capital appreciation, the classification is based on whether or not these portions can be sold separately. Otherwise, the whole property is classified as owner-occupied property unless the owner-occupied portion is insignificant. The classification of property is reviewed on a regular basis to account for major changes in its use.

Owner-occupied property is initially measured at cost and subsequently measured at fair value less accumulated depreciation and impairment. Valuations are carried out periodically between 3 to 5 years, (but more frequent revaluations may be performed where there are significant and volatile movement in values), by independent, qualified valuers or by the internal qualified valuers of the Group applying a valuation model recommended by internationally accepted valuation standards. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the property. Depreciation is calculated on the revalued amount less the estimated residual value of each building on a straight line basis over its estimated useful life. Gain from revaluations are recognised in other comprehensive income in 'Property revaluation reserve', however to the extent it reverses an impairment previously recognised in the consolidated income statement, the increase is recognised in the consolidated income statement. A revaluation loss is recognised in the consolidated income statement, except to the extent it offsets an existing revaluation reserve surplus.

Useful life is in the range of 30 to 67 years. Freehold land is not depreciated. On disposal of freehold land and buildings, the relevant revaluation reserve balance is transferred to 'Retained earnings'.

The cost of adapting/improving leasehold property is amortised over 5 years.

Equipment is measured at cost less accumulated depreciation. Depreciation of equipment is calculated on a straight line basis over its estimated useful life of 5 to 10 years.

RoU assets recognised as property are measured at cost less accumulated depreciation and adjusted for certain remeasurements of lease liabilities. Depreciation of the recognised RoU assets is calculated on a straight line basis over the lease term, as further disclosed in Note 2.25.

At the reporting date, when events or changes in circumstances indicate that the carrying value may not be recovered, property and equipment is assessed for impairment. Where the recoverable amount is less than the carrying amount, property and equipment is written down to its recoverable amount.

2.27 Investment properties

Investment properties comprise land and buildings that are not occupied for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and/or for capital appreciation. Additionally, leased properties which are acquired in exchange for debt and are leased out under operating leases are also usually classified as 'Investment properties'.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in 'Net gains/(losses) from revaluation and disposal of investment properties' in the consolidated income statement. Valuations are carried out by independent, qualified valuers or by the Group's internal qualified valuers applying a valuation model recommended by internationally accepted valuation standards.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from owner-occupied property to investment property, the Group accounts for such property in accordance with the policy described in Note 2.26 'Property and equipment' up to the date of change in use. For a transfer from investment property to stock of property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

2. Summary of accounting policies (continued)

2.28 Stock of property

The Group in its normal course of business acquires properties in exchange of debt, which are held either directly by BOC PCL or by entities set up and controlled by the Group for the sole purpose of managing these properties with an intention to be disposed of. These properties are recognised in the Consolidated Financial Statements as 'Stock of property', reflecting the substance of these transactions. Transfers from stock of property are made at their carrying value when there is a change in use of property.

Stock of property is initially measured at cost and subsequently measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated costs necessary to make the sale.

If net realisable value is below the cost of the stock of property, impairment is recognised in 'Impairment net of reversals on non-financial assets' in the consolidated income statement.

2.29 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use.

The condition for such classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Such non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' such as deferred taxes, financial instruments, investment properties measured at fair value, insurance contracts and assets and liabilities arising from employee benefits. These are measured in accordance with the Group's relevant accounting policies described elsewhere in this note.

Immediately before the initial classification as held for sale, the carrying amount of the asset (or assets and liabilities in the disposal group) is measured in accordance with applicable IFRS Accounting Standards. On subsequent remeasurement of a disposal group, the carrying amounts of the assets and liabilities noted above that are not within the scope of the measurement requirements of IFRS 5 are remeasured in accordance with applicable IFRS Accounting Standards.

Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

A disposal group qualifies as a discontinued operation if an entity or a component of an entity has been disposed of or is classified as held for sale and a) represents a separate major line of business or geographical area of operations, b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or c) is a subsidiary acquired exclusively with a view to resale. Net profit/loss from discontinued operations includes the net total of operating profit and loss before tax from discontinued operations (including net gain or loss on sale before tax and gain or loss on measurement to fair value less cost to sell of a disposal group constituting a discontinued operation) and discontinued operations tax expense.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount, as profit or loss after tax from discontinued operations in the consolidated income statement.

2. Summary of accounting policies (continued)

2.30 Intangible assets

Intangible assets comprise computer software (including internally developed software). Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. The Group recognises an intangible asset that arises from development or the development phase of an internal project if, and only if, it can demonstrate all of the following:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. Its intention to complete the intangible asset and use or sell it;
- iii. Its ability to use or sell the intangible asset;
- iv. How the intangible asset will generate probable future economic benefits;
- v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The expenditure arising on research or the research phase of an internal project are expensed as incurred and cannot be subsequently capitalised.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight line basis over the estimated useful life of the assets which is 3 to 8 years for computer software, including internally developed computer software.

Intangible assets are reviewed for impairment when events relating to changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount exceeds the recoverable amount then the intangible assets are written down to their recoverable amount and an impairment loss is recognised in 'Impairment net of reversals on non-financial assets' in the consolidated income statement.

2.31 Share capital

Ordinary shares are classified as equity.

Any difference between the issue price of share capital and the nominal value is recognised as share premium. The costs incurred attributable to the issue of share capital are deducted from equity.

2. Summary of accounting policies (continued)

2.32 Share-based compensation plans

The Group recognises expenses for deferred compensation awards over the period that the employee is required to provide service to become entitled to the award. Whereby employees render services in exchange for equity instruments these arrangements are classified as equity-settled transactions.

Share-based compensation benefits are provided to employees (senior management of the Group) via the Long-Term Incentive Plan, an employee share arrangement which satisfies an incentive based award through the issue of shares (equity-settled).

Share-based compensation expense is measured by reference to the fair value of the equity instruments on the date of grant, with a corresponding increase in equity (other capital reserves), taking into account the terms and conditions inherent in the award, including, where relevant, dividend rights, transfer restrictions in effect beyond the vesting date, market conditions, and non-vesting conditions. For equity-settled awards, fair value is not remeasured unless the terms of the award are modified such that there is an incremental increase in value.

The total expense is recognised on a per-tranche basis, over the service period based on an estimate of the number of shares expected to vest and are adjusted to reflect the actual outcomes of service or performance conditions. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest and recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity (other capital reserves). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The vesting period for these schemes may commence before the legal grant date if the employees have started to render services in respect of the award before the legal grant date, where there is a shared understanding of the terms and conditions of the arrangement. Expenses are recognised when the employee starts to render service to which the award relates.

2.33 Other equity instruments

An instrument is an equity instrument if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

Other equity instruments are recorded at their residual amount and are not subject to any re-measurement after initial recognition. The cost incurred attributable to the issue of other equity instruments is deducted from retained earnings. Any subsequent write-down or write-up results to a credit or debit in retained earnings respectively. Coupon payments are recorded directly in retained earnings.

2.34 Treasury shares

Own equity instruments which are acquired by the Company or by any of its subsidiaries are presented as treasury shares at their acquisition cost. Treasury shares are deducted from equity until they are cancelled or reissued. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity shares.

2.35 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date, are disclosed as an event after the reporting date.

2. Summary of accounting policies (continued)

2.36 Provisions for pending litigation, claims, regulatory and other matters

Provisions for pending litigation, claims, regulatory and other matters against the Group are made when: (a) there is a present obligation (legal or constructive) arising from past events, (b) the settlement of the obligation is expected to result in an outflow of resources embodying economic benefits, and (c) a reliable estimate of the amount of the obligation can be made.

2.37 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired is recognised as goodwill on the consolidated balance sheet. Where the Group's share of the fair values of the identifiable net assets is greater than the cost of acquisition (i.e. negative goodwill), the difference is recognised directly in the consolidated income statement in the year of acquisition. Acquisition related costs are expensed as incurred and included in other operating expenses.

If the business combination is achieved in stages, the previously held equity interest is remeasured at fair value and any resulting gain or loss is recognised in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

3. Going concern

The Directors have made an assessment of the ability of the Group, the Company and BOC PCL to continue as a going concern for a period of 12 months (the period of assessment) from the date of approval of these Consolidated Financial Statements.

The Directors have concluded that there are no material uncertainties which would cast a significant doubt over the ability of the Group, the Company and BOC PCL to continue to operate as a going concern for a period of 12 months from the date of approval of the Consolidated Financial Statements and the Financial Statements of the Company.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including projections of profitability, cash flows, capital requirements and capital resources, liquidity and funding position, taking also into consideration the Group's Financial Plan approved by the Board in February 2025 (the 'Plan') and the operating environment. The Group has sensitised its projection to cater for a downside scenario and has used reasonable economic inputs to develop its medium-term strategy.

Capital

The Directors and management have considered the Group's forecasted capital position, including the potential impact of a deterioration in economic conditions. The Group has developed capital projections under a base and an adverse scenario and the Directors believe that the Group has sufficient capital to meet its regulatory capital requirements throughout the period of assessment.

Funding and liquidity

The Directors and management have considered the Group's funding and liquidity position and are satisfied that the Group has sufficient funding and liquidity throughout the period of assessment. The Group continues to hold a significant liquidity buffer at 31 December 2024 that can be monetised in a period of stress.

4. Economic and geopolitical environment

Cyprus is a small, open, services-based economy, with a large external sector and high reliance on tourism and international business and information and communication technology (ICT) services. As a result, external factors which are beyond the control of the Group, including developments in the European Union and in the global economy, or in specific countries with which Cyprus maintains close economic and investment links, can have a significant impact on domestic economic activity. A number of macro and market related risks, including weaker economic activity, a highly volatile interest rate environment, and higher competition in the financial services industry, could negatively affect the Group's business environment, results, and operations.

There are heightened geopolitical tensions between the world's largest economies adding uncertainty to the global economy outlook. War and geopolitics can be very disruptive to the economy. Continued uncertainties arise from the ongoing wars in Russia/Ukraine and the Middle East.

In this context, the Group is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required, and has assessed the impact the crisis has on the Group's operations and financial performance. Furthermore, the Group in its models includes related events in its stress testing scenarios in order to gain a better understanding of the potential capital impact.

Although, there have been distinct improvements in Cyprus' risk profile after the banking crisis, substantial risks remain. Cyprus' overall country risk is a combination of sovereign, currency, banking, political and economic structure risk, influenced by external developments. Given the above, the Group recognises that unforeseen political events can have negative effects on the Group's activities.

The Group is continuously monitoring the current affairs and the impact of the forecasted macroeconomic conditions and geopolitical developments on the Group's strategy to proactively manage emerging risks.

5. Significant and other judgements, estimates and assumptions

The preparation of the Consolidated Financial Statements requires the Company's Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the Consolidated Financial Statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The most significant judgements, estimates and assumptions relate to the calculation of expected credit losses (ECL), the estimation of the net realisable value of stock of property and the provisions for pending litigation and claims, which are presented in Notes 5.1 to 5.3 below. Other judgements, estimates and assumptions are disclosed in Notes 5.4 to 5.13.

5.1 Calculation of expected credit losses

The calculation of ECL requires management to apply significant judgement and make estimates and assumptions, involving significant uncertainty at the time these are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECL to be recognised. The Group's calculations are outputs of models, of underlying assumptions on the choice of variable inputs and their interdependencies.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Elements of ECL models that are considered accounting judgements and estimates include:

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Assessment of significant increase in credit risk (SICR)

IFRS 9 does not include a definition of significant increase in credit risk. The Group assesses whether significant increase in credit risk has occurred since initial recognition using predominantly quantitative and in certain cases qualitative information and backstop indicators. The determination of the relevant criteria to determine whether a significant increase in credit risk has occurred, is based on statistical metrics and could be subject to management judgement. The relevant criteria are set, monitored and updated on a yearly basis by the Risk Management Division and endorsed by the Group Provisions Committee. Lifetime ECL applies when a significant increase in credit risk has occurred on an individual or collective basis.

Determining the probability of default (PD) at initial recognition requires management estimates in particular cases. Specifically, in the case of exposures existing prior to the adoption of IFRS 9, a retrospective calculation of the PD is made in order to quantify the risk of each exposure at the time of the initial recognition. In certain cases, estimates about the date of initial recognition might be required.

For the retail portfolio, the Group uses a PD at origination incorporating behavioural information (score cards) whereas, for the corporate portfolio, the Group uses the internal credit rating information. For revolving facilities, management estimates are required with respect to the lifetime and hence a behavioural maturity model is utilised, assigning an expected maturity based on product and customer behaviour.

Scenarios and macroeconomic factors

The Group determines the ECL, which is a probability weighted amount, by evaluating a range of possible outcomes. Management uses forward looking scenarios and assesses the suitability of weights used. These are based on management's assumptions taking into account macroeconomic, market and other factors. Changes in these assumptions and in other external factors could significantly impact ECL. Macroeconomic inputs and weights per scenario are monitored by the Economic Research Department and are based on internal model analysis and expert judgement, considering also external forecasts.

The Cypriot economy has demonstrated remarkable resilience and growth in recent years, navigating through global uncertainties and regional challenges. In 2024, the economy achieved a growth rate of 3.4%, driven by rising exports and strong economic activity in key sectors such as tourism, information and communications, construction and trade. This follows a period of strong growth with an annual average of 5.1% in the period 2015-2023. The unemployment rate has remained low, dropping to 4.9% in 2024 indicating near-full employment conditions. Inflation has been successfully stabilized, with rates declining from 3.9% in 2023 to 2.3% in 2024. General government debt metrics have significantly improved in recent years. The government debt-to-GDP ratio dropped to 65.4% in December 2024 from 73.6% in 2023 and 113.6% at the end of 2020. Looking ahead, continued budgetary surpluses and favourable debt dynamics are expected to further reduce the debt ratio, potentially dropping below 60% by 2026. Growth in the medium term, is expected to continue to outpace eurozone peers. Growth is expected to average about 3% annually in 2025-2027, driven by services exports and private consumption on the expenditure side and by international business services and the ICT sector on the production side.

The credit profile of Cyprus has improved significantly in the more recent period, reflecting a solid medium-term growth outlook, good institutional strength and effective policy making.

However, substantial risks remain in terms of the domestic operating environment, as well as the external environment on which it depends. Public debt has dropped in relation to GDP, but government expenditures need more rationalisation. In the banking sector non-performing exposures need to drop further. The current account deficit remains sizable. At the same time long-term yields may remain elevated for longer, despite interest rate cuts by the monetary policy, if inflation pressures increase and geopolitical uncertainties escalate.

For the ECL, the Group updated its forward-looking scenarios, factoring in updated macroeconomic assumptions and other monetary and fiscal developments at the national and the EU level based on developments and events as at the reporting date.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

For the ECL calculations, the Group uses an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, as described in Note 2.17.5. The approach employed, involves scenario generation, where the scenarios applied by the Group are anchored to the baseline scenario. All scenarios are updated on a quarterly basis for the purposes of the ECL calculation in tandem with the baseline scenario. The updated macroeconomic inputs (incorporating any uncertainties and downside risks) are therefore reflected in the scenario parameters, starting from the baseline and updated in turn for the adverse and the favourable scenarios accordingly. If the baseline becomes more pessimistic, then both the favourable and downside scenarios would be adjusted accordingly, reflecting the fact that the economic variables used in the scenarios are not constant but are conditional on the economy's position in the business cycle. A dynamic scenario approach is followed as explained above where the scenario parameters derived, reflect the Group's view of the economic conditions. The probability weights attached to the scenarios are a function of their relative position on the distribution, with a lower probability weight attached to the scenarios that were assessed to be more distant from the centre of the distribution. The baseline scenario is defined over the range of values corresponding to 50% probability of equidistant deviations around the mean of the historical distribution. The favourable and adverse scenarios are defined over the range of values to the right and left of the distribution respectively, each corresponding to 25% probability.

The most significant macroeconomic variables for each of the scenarios used by the Group as at 31 December 2024 and 2023 are presented in the table below. The Group uses three different economic scenarios in the calculation of default probabilities and provisions. The scenarios factor-in updated macroeconomic assumptions and other monetary and fiscal developments based on events as at the reporting date. The Group has used the 30-50-20 probability structure for the adverse, baseline and favourable scenarios respectively compared to the 25-50-25 structure derived using the method described in Note 2.17.5 and above. This reflects management's view of specific characteristics of the Cyprus economy that render it more vulnerable to external and internal shocks.

31 December 2024

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2025	Adverse	30.0	-1.4	5.4	-0.7	-3.9
	Baseline	50.0	3.0	4.5	1.8	2.2
	Favourable	20.0	4.2	4.4	2.5	3.8
2026	Adverse	30.0	-0.9	5.6	1.2	-0.2
	Baseline	50.0	2.9	4.5	2.2	2.3
	Favourable	20.0	3.1	4.3	2.1	2.7
2027	Adverse	30.0	2.0	5.3	1.8	2.3
	Baseline	50.0	2.8	4.5	2.0	2.2
	Favourable	20.0	2.5	4.4	2.0	2.6
2028	Adverse	30.0	3.4	5.2	1.9	2.9
	Baseline	50.0	2.6	4.5	1.9	2.3
	Favourable	20.0	2.4	4.4	1.9	2.6
2029	Adverse	30.0	2.8	5.2	1.9	2.5
	Baseline	50.0	2.5	4.5	1.8	2.2
	Favourable	20.0	2.4	4.4	1.9	2.3

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

31 December 2023

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2024	Adverse	30.0	-1.6	6.3	0.9	-3.1
	Baseline	50.0	2.7	5.8	2.5	3.0
	Favourable	20.0	3.5	5.6	3.1	3.7
2025	Adverse	30.0	-0.7	6.9	1.2	0.6
	Baseline	50.0	2.6	5.4	2.5	2.3
	Favourable	20.0	3.1	5.2	2.6	2.5
2026	Adverse	30.0	2.2	7.0	1.2	1.9
	Baseline	50.0	2.6	5.1	2.1	2.2
	Favourable	20.0	2.7	4.9	2.0	2.3
2027	Adverse	30.0	3.6	6.7	2.3	2.4
	Baseline	50.0	2.4	4.9	2.3	2.2
	Favourable	20.0	2.6	4.6	2.2	2.3
2028	Adverse	30.0	3.5	6.4	2.2	2.4
	Baseline	50.0	2.3	4.6	2.2	2.3
	Favourable	20.0	2.5	4.2	2.3	2.4

The adverse scenarios may outpace the base and favourable scenarios after the initial shock has been adjusted to and the economy starts to expand from a lower base. Thus, in the adverse scenario GDP will follow a growth trajectory that will ultimately equal and surpass the baseline before converging. Property prices are determined by multiple factors with GDP growth featuring prominently.

The baseline scenario was updated for the 31 December 2024 reporting, considering available information and relevant developments until then, and is described next. Growth moderated in 2023 following strong recoveries in 2021-2022, but remained above the Euro area average, supported by the continued recovery in tourism and expanding services activity. Real GDP increased by 2.6% on average in 2023 and growth accelerated in 2024, averaging 3.4%. Tourist arrivals in Cyprus exceeded 4.0 million in 2024, up by an annual 5.1%. Under the baseline scenario the economy is expected to advance by 3.0% in 2025 and consumer price inflation will decelerate to 1.8%. House prices are expected to rise by 2.2% in 2025 following strong increases in 2022-2024.

The adverse scenario is consistent with assumptions for a global economic slowdown driven by geopolitical tensions, tariff wars, elevated inflation expectations and the steepening of yield curves. The Cypriot economy relies on services, particularly on tourism, international business, and information and communication services with an outward orientation. This makes the Cypriot economy more exposed than other economies to the international environment and terms of trade shocks. Weaker external demand will lead to a slowdown of economic activity. The adverse scenario assumes a deeper impact of these conditions on the real economy than under the baseline scenario. Under the adverse scenario, real GDP is expected to drop by 1.4% in 2025 as a whole, and contract further by 0.9% in 2026. In the labour market the unemployment rate will rise only modestly to 5.4% and inflation will actually turn negative by 0.7%. House prices will also slow in line with the contraction in real GDP.

The Group uses actual values for the input variables. These values are sourced from the Cyprus Statistical Service, the Eurostat, the Central Bank of Cyprus for the residential property price index, and the European Central Bank for interest rates. Interest rates are also sourced from the Eurostat. In the case of property prices, the Group additionally uses data from the Royal Institute of Chartered Surveyors. For the forward reference period, the Group uses the forecast values for the same variables, as prepared by the BOC PCL's Economic Research Department. The results of the internal forecast exercises are consistent with publicly available forecasts from official sources including the European Commission, the International Monetary Fund, the European Central Bank and the Ministry of Finance of the Republic of Cyprus.

Qualitative adjustments or overlays are occasionally made when inputs calculated do not capture all the characteristics of the market. These are reviewed and adjusted, if considered necessary, by the Risk Management Division, endorsed by the Group Provisions Committee and approved by the Board Risk and Audit Committees. Qualitative adjustments or overlays are described in the below sections as applicable.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

For Stage 3 customers, the calculation of individually assessed provisions is the weighted average of three scenarios: base, adverse and favourable. The base scenario focuses on the following variables, which are based on the specific facts and circumstances of each customer: the operational cash flows, the timing of recovery of collaterals and the haircuts from the realisation of collateral. The base scenario is used to derive additional either more favourable or more adverse scenarios. Under the adverse scenario, operational cash flows are decreased by 50%, applied haircuts on real estate collateral are increased by 50% and the timing of recovery of collaterals is increased by one year with reference to the baseline scenario, whereas under the favourable scenario applied haircuts are decreased by 5%, with no change in the recovery period with reference to the baseline scenario. Assumptions used in estimating expected future cash flows (including cash flows that may result from the realisation of collateral) reflect current and expected future economic conditions and are generally consistent with those used in the Stage 3 collectively assessed exposures.

The above assumptions are also influenced by the ongoing regulatory dialogue BOC PCL maintains with its lead regulator, the ECB, and other regulatory guidance and interpretations issued by various regulatory and industry bodies such as the ECB and the EBA.

Any changes in these assumptions or difference between assumptions made and actual results could result in significant changes in the estimated amount of expected credit losses of loans and advances to customers.

For collectively assessed customers the calculation is also the weighted average of three scenarios: base, adverse and favourable.

Assessment of loss given default (LGD)

For the estimation of loss given default (LGD) key estimates are the timing and net recoverable amount from repossession or realisation of collaterals (including through portfolio sales) which mainly comprise real estate assets.

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts. Indexation has been used as the basis to estimate updated market values of properties, supplemented by management judgement where necessary, given the difficulty in differentiating between short-term impacts and long-term structural changes and the shortage of market evidence for comparison purposes. Assumptions were made on the basis of a macroeconomic scenario for future changes in property prices and qualitative adjustments or overlays were applied to the projected future property value increases to restrict the level of future property price growth to 0% for all scenarios for loans and advances to customers which are secured by property collaterals.

At 31 December 2024, the weighted average haircut (including liquidity haircut and selling expenses) used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) is approximately 42% under the baseline scenario, excluding those classified as held for sale (2023: approximately 31.3%). The increase in the haircut percentage is primarily due to the calibration of the collateral realisation model during the first half of 2024, as explained in section 'Calibration of IFRS 9 models and removal of overlays in relation to economic conditions'.

At 31 December 2024, the timing of recovery from real estate collaterals used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) has been estimated to be on average seven years under the baseline scenario, excluding those classified as held for sale (2023: average of six years).

In the 2023 Financial Statements the above disclosures in relation to the weighted average haircut and timing of recovery from real estate collaterals were by reference to exposures that were collectively assessed and not including exposures which were assessed for staging purposes on an individual basis. The comparative information presented above has been updated for aligning with the disclosure for the year ended 31 December 2024.

For the calculation of individually assessed provisions of Stage 3 exposures, the timing of recovery of collaterals as well as the haircuts used, are based on the specific facts and circumstances of each case. For specific cases judgement may also be exercised over staging during the individual assessment.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Any changes in these assumptions or variance between assumptions made and actual results could result in significant changes in the estimated amount of expected credit losses of loans and advances to customers.

Modelling adjustments

Forward looking models have been developed for ECL parameters (PD, EAD, LGD) for all portfolios and segments sharing similar characteristics. Model validation (initial and periodic) is performed by the independent validation unit within the Risk Management Division and involves assessment of a model under both quantitative (i.e. stability and performance) and qualitative terms. The frequency and level of rigour of model validation is commensurate to the overall use, complexity and materiality of the models, (i.e. risk tiering). In certain cases, judgement is exercised in the form of expert judgment and/or management overlay by applying adjustments on the modelled parameters. Governance of these models lies with the Risk Management Division, where a governance process is in place around the determination of the impairment measurement methodology including inputs, assumptions and overlays. Any management overlays are prepared by the Risk Management Division, endorsed by the Group Provisions Committee and approved by the Board Risk and Audit Committees.

Calibration of IFRS 9 models and removal of overlays in relation to economic conditions in 2024

During the year ended 31 December 2024, the Group performed a calibration of its IFRS 9 models which involved the reassessment and update of the ECL model parameters (PDs, LGDs and cure rates) and SICR thresholds so as to incorporate in the models the effects of the recent economic conditions and experience, which were previously reflected in the ECL through the use of overlays. Further, the calibration involved the Group updating and revising the LGD parameter, as part of the Group's ongoing review and update of models as to incorporate updated data information and to reflect an update on realisation paths and rates applied.

More specifically, the Group proceeded with model calibrations affecting the probability of default parameter (the 'PD-macro'), the SICR parameter, the probability of cure model and the collateral realisation model and introducing an LGD floor, as explained below:

- i. The calibration of the PD-macro model included the introduction of inflation related variables and the inclusion of post-COVID period data to capture the low-default environment as well as the integration of a dynamic adjustment to calibrate (up or down) the model projection based on the relationship between the past model projections and the actual observed defaults (structural breaks in the relationship e.g. between a specific macro factor and the PD value). Refinement of the PD adjustment factor was also made during 2024, to include a more extended observation period for the SICR parameter. The net impact of this calibration was €4.2 million ECL release during the year ended 31 December 2024.
- ii. As a result of the PD-macro calibration, the SICR model was revisited following a statistical model methodology calibration, whilst introducing an absolute threshold to increase stability. The corresponding impact was €1.4 million ECL release during the year ended 31 December 2024 and net transfer of related loans from Stage 2 to Stage 1.
- iii. With respect to the probability of cure model, a different curability period was introduced for each macro-economic scenario following a detailed statistical analysis examining the relationship of cure rates with macro indicators and concluding that curability should differentiate at the level of the scenario. The respective impact was an ECL charge of €2.1 million during the year ended 31 December 2024.
- iv. As a result of calibrations (i)-(iii), the Group removed the prior year overlays applied in the context of economic conditions with the resulting impact being €15.7 million ECL release during the year ended 31 December 2024.
- v. For the collateral realisation model, the Group has updated its LGD parameter with respect to the path of realisation through portfolio sales, by increasing the likelihood of this realisation path. The resulting impact was an ECL charge of €19.2 million during the year ended 31 December 2024.
- vi. Lastly, the Group has incorporated a minimum LGD rate which provides for a minimum loss rate (which acts as a floor) irrespective of the realisation path and value of collateral. This minimum LGD was introduced as to capture the subjectivity and uncertainty involved in the value of recovery assumptions (i.e. collateral recoverable amount, maximum recovery period, etc.) which impacts the realisation amount. The corresponding impact was an ECL charge of €20.0 million during the year ended 31 December 2024.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Overlays applied in the prior year:

- i. Overlays introduced in prior years in the context of economic conditions from the consequences of the Ukrainian crisis, in the collectively assessed population for exposures that were considered to be the most vulnerable to the implications of the crisis, were removed during 2024. The impact on the ECL from the application of these overlays was approximately €3.4 million ECL release during the year ended 31 December 2023.
- ii. In addition, the overlay on the PD (PD floored to the maximum of 2018/2019 level), introduced in prior years to address specifically the high inflation environment affecting the economy, was removed during 2024. The impact on the ECL from the application of this overlay was €7.2 million charge during the year ended 31 December 2023.
- iii. During the year ended 31 December 2023, an overlay for the LGD parameter has been integrated through reduced curability period for Stage 2 and Stage 3 exposures with a resulting impact on the ECL of €7 million charge during the year ended 31 December 2023.

The IFRS 9 models are reviewed regularly in order to incorporate the most recent information available and to ensure that they perform adequately and that they are suitably representative when applied to the current portfolio for the calculation of impairment loss allowances.

The Group has exercised critical judgement on a best effort basis, to consider all reasonable and supportable information available at the time of the assessment of the ECL allowance as at 31 December 2024. The Group will continue to evaluate the ECL allowance and the related economic outlook each quarter, so that any changes arising from the uncertainty on the macroeconomic outlook and geopolitical developments, are timely captured.

Portfolio segmentation

The individual assessment is performed not only for individually significant assets but also for other exposures meeting specific criteria determined by management. The selection criteria for the individually assessed exposures are based on management judgement and are reviewed on a quarterly basis by the Risk Management Division and are adjusted or enhanced, if deemed necessary. Following the wars in Ukraine and the Middle East, the selection criteria were further enhanced to include significant exposures to customers with passport of origin or residency in Russia, Ukraine or Belarus and/or business activity within these countries and significant exposures with repayment deriving from Israel.

Further details on impairment allowances and related credit information are set out in Note 44.

In addition to the above significant judgments and assumptions made for the calculation of the ECL, the Group also applies judgment for the following:

Expected lifetime of revolving facilities

The expected lifetime of revolving facilities is based on a behavioural maturity model for revolving facilities based on BOC PCL's available historical data, where an expected maturity for each revolving facility based on the customer's profile is assigned. The behavioural model was updated in the third quarter of 2023 to reflect updates in customers' profile whilst maintaining the same model components.

Off-balance sheet credit exposures

ECL allowances also include allowances on off-balance sheet credit exposures represented by guarantees given and by irrevocable commitments to disburse funds. Off-balance sheet credit exposures of the individually assessed assets require assumptions on the probability, timing and amount of cash outflows. For the collectively assessed off-balance sheet credit exposures, the allowance for provisions is calculated using the Credit Conversion Factor (CCF) model.

5.2 Stock of property - estimation of net realisable value

Stock of property is measured at the lower of cost and net realisable value. The net realisable value is determined through valuation techniques, requiring significant judgement, taking into account all available reference points, such as expert valuation reports, current market conditions, applying an appropriate illiquidity discount where considered necessary, taking into consideration observed sales, the holding period of the asset, realisation strategy and any other relevant parameters. Selling expenses are deducted from the realisable value.

More details on the stock of property are presented in Note 27.

5. Significant and other judgements, estimates and assumptions (continued)

5.3 Provisions for pending litigation and claims

The accounting policy for provisions for pending litigation, claims, regulatory and other matters is described in Note 2.36.

Judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Provisions for pending litigation and claims usually require a higher degree of judgement than other types of provisions. It is expected that the Group will continue to have a material exposure to litigation and regulatory proceedings and investigations relating to legacy issues in the medium term. The matters for which the Group determines that the probability of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the possible loss for such matters can be estimated. Actual results may prove to be significantly higher or lower than the estimated possible loss in those matters, where an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the probability of loss was remote.

For a detailed description of the nature of uncertainties and assumptions and the effect on the amount and timing of pending litigation and claims refer to Note 38.

5.4 Tax

The Group, is subject to tax in Cyprus and in the countries that it has run-down operations mainly in Greece, Russia and Romania. Estimates are required in determining the provision for taxes at the reporting date. The Group recognises income tax liabilities for transactions and assessments whose tax treatment is uncertain. Where the final tax is different from the amounts initially recognised in the consolidated income statement, such differences will impact the income tax expense, the tax liabilities and deferred tax assets or liabilities of the period in which the final tax is agreed with the relevant tax authorities.

Deferred tax assets

In the absence of a specific accounting standard dedicated to the accounting of the asset that arose pursuant to amendments in the Income Tax Law effected in March 2019 which provides for the recoverability of tax assets arising from transfer of tax losses following resolution of a credit institution, within the framework of 'The Resolution of Credit and Other Institutions', to be guaranteed (Note 17), BOC PCL had exercised judgement in applying the guidance of IAS 12 as the most relevant available standard and accounted for this asset item on the basis of IAS 12 principles relating to deferred tax assets.

For further details on such deferred tax assets refer to Note 17.

5.5 Fair value of investments and derivatives

The best evidence of fair value is a quoted price in an actively traded market. If the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employed by the Group use primarily observable market data and so the reliability of the fair value measurement is relatively high.

However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant inputs that are not observable. Valuation techniques that rely on non-observable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The Group uses models with only unobservable inputs for the valuation of certain unquoted equity investments. In these cases, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. Unobservable inputs are determined based on the best information available.

5. Significant and other judgements, estimates and assumptions (continued)

5.5 Fair value of investments and derivatives (continued)

Further details on the fair value of assets and liabilities are disclosed in Notes 2.13.9 and 22.

5.6 Retirement benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, the expected rate of return on plan assets, future salary increases, mortality rates as well as future pension increases where necessary. The Group's management sets these assumptions based on market expectations at the reporting date using its best estimates for each parameter covering the period over which the obligations are to be settled. In determining the appropriate discount rate, management considers the yield curve of high quality corporate bonds. In determining other assumptions, a certain degree of judgement is required. Future salary increases are based on expected future inflation rates for the specific country plus a margin to reflect the best possible estimate relating to parameters such as productivity, workforce maturity and promotions. The expected return on plan assets is based on the composition of each fund's plan assets, estimating a different rate of return for each asset class. Estimates of future inflation rates on salaries and expected rates of return of plan assets represent management's best estimates for these variables. These estimates are derived after consultation with the Group's advisors, and involve a degree of judgement. Due to the long-term nature of these plans, such estimates are inherently uncertain.

Further details on retirement benefits are disclosed in Note 14.

5.7 Non-life insurance business

The Group is engaged in the provision of non-life insurance services. Risks under these policies usually cover a period of 12 months.

A summary of the significant judgements and estimates made in the measurement of insurance and reinsurance contract assets and liabilities is included in Note 5.9.

Further information on non-life insurance business is disclosed in Note 12.

5.8 Life insurance business

The Group is engaged in the provision of life insurance services. Whole life insurance plans (life plans) are unit-linked contracts associated with assets where the amount payable in the case of death is the greater of the sum insured and the value of investment units. Simple insurance or temporary term plans (term plans) relate to fixed term duration plans for protection against death. In case of death within the coverage period, the insured sum will be paid. Endowment insurance (such as investment plans/horizon plans/Capital builder and Lifestart) refer to specific duration plans linked to investments, to create capital through systematic investment in association with death insurance coverage whereby the higher of the sum insured and the value of investment units is payable on death within the contract term.

A summary of the significant judgements and estimates made in the measurement of insurance and reinsurance contract assets and liabilities is included in Note 5.9.

Further information on life insurance business is disclosed in Note 12.

5.9 Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of insurance and reinsurance assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available by the reporting date. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders and other costs that are incurred in fulfilling contracts. These comprise both an allocation of fixed and variable overheads.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The following key assumptions were used when estimating future cash flows in relation to life insurance contracts:

- a) Mortality and morbidity rates
- b) Expenses and inflation
- c) Lapse and surrender rates

Mortality and morbidity rates

Assumptions are based on standard international tables of mortality and morbidity, according to the type of contract. In addition, a study is performed based on the actual experience (actual deaths) of the insurance company for comparison purposes and if sufficient evidence exists which is statistically reliable, the results are incorporated in these tables. An increase in mortality rates will lead to a larger expected number of claims (or claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for shareholders.

The table below sets out the percentage estimated to apply to industry mortality and morbidity tables in estimating fulfilment cash flows:

Mortality Rates		Mortality rates*	
		31 December 2024	31 December 2023
Males	Smokers	61% A67/70	68% A67/70
	Non-Smokers	43% A67/70	48.25% A67/70
Females	Smokers	61% A67/70 rated down by 4 years	68% A67/70 rated down by 4 years
	Non-Smokers	43% A67/70 rated down by 4 years	48.25% A67/70 rated down by 4 years

* The Group uses A67/70 UK standard mortality table in setting the mortality assumption, since the Group's own claim experience is not sufficient to allow the development of its own mortality table. To reflect the Group's specific claims experience more accurately, a percentage is applied on the A67/70 UK standard mortality table.

Expense and inflation

Expense assumptions are based on the actual costs of the insurance activities of the Group incurred within the year. To derive the per-policy expense assumption, every year the Group performs an expense analysis which is based on the Group's insurance subsidiaries actual expenses. For the purpose of the expense analysis, expenses are split into expenses which are attributable and non-attributable. The Group produces various metrics/ratios to allocate the costs to the underlying products. Non-attributable expenses are excluded from the analysis as these are not directly related to a group of insurance contracts.

An assumption is also made for the rate of increase in expenses in relation to the annual inflation rate. An increase in the level of expenses would reduce profitability.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

	31 December 2024	31 December 2023
	€000	€000
Inflation rate	4,00%	4,00%

Lapse and surrender rates

An analysis of contract termination rates is performed every year, using actual data from the insurance company incorporation until the immediate preceding year. Rates vary according to the type and duration of the plan.

	Unit-Linked (protection)		Unit-Linked (savings)		Non-Linked (term)		Non-Linked (Cap. Builder & Lifestart)	
	2024	2023	2024	2023	2024	2023	2024	2023
Year 1	3%	4%	6%	6%	5%	4%	3%	3%
Year 2	4%	5%	6%	6%	6%	6%	6%	7%
Year 3	4%	5%	5%	6%	5%	6%	6%	7%
Year 4	4%	5%	5%	6%	6%	7%	6%	6%
Year 5	4%	5%	4%	6%	6%	7%	6%	6%
Year 6+	4%	5%	4%	5%	6%	8%	5%	6%

Discount rates

Discount rates are applied to adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows.

Discount rates should:

- Reflect the time value of money, characteristics of the cash flows and liquidity characteristics of the insurance contract
- Be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts (e.g., timing, currency and liquidity)
- Exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts

IFRS 17 does not require a particular estimation technique for determining discount rates but provides two alternative approaches that may be used to derive discount rates. The determination of discount rates may be derived from a yield curve that reflects the current market rates of return of an actual or reference portfolio of assets, adjusted to eliminate any factors that are not relevant to the insurance contracts (top-down approach), or discount rates may be derived based on a liquid risk-free yield curve adjusted for an illiquidity premium (bottom-up approach). The Group has elected to apply a bottom-up approach whereby discount rates are derived based on a liquid risk free yield curve adjusted for an illiquidity premium which is derived from each insurance subsidiary's own bond portfolio assets. Under the bottom-up approach, the risk free yield curve should be based on interest rates that are risk-free without including any component of credit risk and should be derived from each insurance subsidiary at which two parties are willing to exchange interest obligations. It is therefore necessary for these to be available for different times reflecting the liabilities of the insurance contracts. It should also be based on information from financial markets. The Group has elected to use the EIOPA risk-free rate curve as the liquid risk-free curve as it covers all the above requirements. An illiquidity premium is then added which is calculated by subtracting the credit risk premium and risk-free rate from the Yield to Maturity ('YTM') of the own bond portfolio of assets for each insurance subsidiary. The YTM represents the interest rate that would be required for the portfolio's future cash flows to equal its market price.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

The rates applied for discounting future cash flows are listed below:

	Year 1		Year 3		Year 5		Year 10		Year 20	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Life insurance contracts (unit-linked)	2.5%	3.5%	2.4%	2.5%	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%
Life insurance contracts (non-linked)	2.5%	3.5%	2.4%	2.6%	2.4%	2.5%	2.6%	2.5%	2.5%	2.5%
Non-life insurance contracts	2.8%	4.6%	2.5%	3.8%	2.5%	3.7%	2.6%	3.7%	2.6%	3.7%

Investment return

The investment returns are the same as the discount rates applied.

Risk adjustment for non-financial risk

IFRS 17 provides limited prescriptive requirements as to the methodology to be used to calculate the risk adjustment for non-financial risk and allows an entity to apply judgement in determining an appropriate estimation technique.

Life insurance business and health insurance business

The Group has applied judgement in estimating the risk adjustment, in the following areas:

- Risks included within the risk adjustment calculation – the risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from insurance risk and other non-financial risks as the insurance contract is fulfilled. In estimating the risk adjustment, the Group has considered the non-market risks which are also allowed in the calculation of the Solvency II Risk Margin. These include life and health underwriting risks whereas, as specified by the standard, counterparty and operational risks are excluded.
- Method of calculation - the Group calculates a margin, above best estimate assumptions, for each non-financial risk to which the Group is exposed through issuing insurance contracts. The margins are set so that (in combination) they would cover potential losses from movements in non-financial risks within a specified confidence level. The total of these margins is the risk adjustment. The Group has applied judgement in setting the confidence level applied in the risk adjustment calculation, based on the Group's appetite for accepting the risk inherent in writing insurance contracts and the compensation required for doing so.

The Group has estimated the risk adjustment using a hybrid of Cost of Capital (CoC) and Value at Risk (VaR) techniques. The Group first uses the CoC technique to calculate Risk Adjustment, which is then scaled up/down using the VaR technique, to reflect the Group's risk appetite and overall strategy.

The CoC methodology assesses the cost of holding capital sufficient to cover the relevant risks over the lifetime of the business. It determines a required compensation amount by discounting the projected cost of the calculated capital and translating that compensation amount to a corresponding confidence level. The Group uses the CoC technique to produce a normal distribution with:

- the Best Estimate Liabilities (BEL) as the mean of the distribution, and
- the Best Estimate Liabilities plus the solvency capital requirement (SCR) as the 99.5% percentile of the distribution.

The Group estimated the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculates the risk adjustment for non-financial risk at value at risk of the target confidence level. The Group uses a target 90% (2023: 90%) percentile for the confidence level.

Non-life insurance business other than the health insurance business

For non-life insurance business the risk adjustment forms a key component of the LIC.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

The risk adjustment for LRC forms part of the loss component calculation which is used to determine the groupings of contracts that are expected to be onerous.

Risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. It is determined separately for each non-life line of business and allocated to groups of contracts based on the total premiums for each group. It reflects the effects of the diversification benefits between the different lines of business, which are determined using a correlation matrix technique available from EIOPA.

The risk adjustment for non-financial risk is determined using a confidence level technique which stems from a hybrid CoC and VaR approach. To determine the risk adjustment for non-financial risk for non-life reinsurance contracts, the Group applies this technique to the gross amounts and then by using gross to net ratios it derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The Group estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculates the risk adjustment for non-financial risk at value at risk of the target confidence level. The Group uses a target 75% (2023:75%) percentile for the confidence level.

CSM

The CSM of a group of contracts is recognised in the consolidated income statement to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in consolidated income statement the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Further details on insurance liabilities are disclosed in Note 31.

5.10 Classification of properties

The Group determines whether a property is classified as investment property or stock of property as follows:

- i. Investment properties comprise land and buildings that are not occupied for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and/or capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business. Additionally, they comprise leased properties which are acquired in exchange of debt and are leased out under operating leases.
- ii. Stock of property comprises real estate assets held with an intention to be disposed of. This principally relates to properties acquired through debt-for-property swaps and properties acquired through the acquisition of certain operations of Laiki Bank in 2013 (except from those that are leased out and are classified as investment properties).

5.11 Fair value of properties held for own use and investment properties

In accordance with the Group's accounting policy, property held for own use, as well as investment property, is measured at fair value. In the case of property held for own use, valuations are carried out periodically so that the carrying value is not materially different from the fair value, whereas in the case of investment property, the fair value is established at each reporting date. Valuations are carried out by qualified valuers by applying valuation models recommended by internationally accepted valuation standards.

In arriving at their estimates of the fair values of properties, the valuers use their market knowledge and professional judgement and do not rely solely on historical transactional comparable information, taking into consideration the greater degree of uncertainty that exists compared to a more active market. Depending on the nature of the underlying asset and available market information, the determination of the fair value of property may require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. All these estimates are based on local market conditions existing at the reporting date.

5. Significant and other judgements, estimates and assumptions (continued)

5.11 Fair value of properties held for own use and investment properties (continued)

Further information on inputs used is disclosed in Note 22.

5.12 Leases

Incremental Borrowing Rate (IBR)

The determination of an IBR term structure which is used in the measurement of the present value of the future lease payments as described in Note 2.25, inherently involves significant judgement. The IBR used was based on the Cyprus Government yield curve, with no further adjustment, as a fair proxy for the Group's secured borrowing cost, for a time horizon in accordance to the lease term. The sensitivity analysis on the yield curve performed by BOC PCL showed that the value of the lease liability and corresponding RoU assets is relatively insensitive to changes in the IBR.

Lease term

In determining the lease term, management considers all facts and circumstances that could make a contract enforceable, such as the economics of the contract. The following assumptions were made for the duration of lease term depending on the contract terms:

- i. For cancellable leases, an assessment was made at the initial application of the standard and subsequently updated where considered appropriate, based on the horizon used in the Group's financial plan. The current medium term financial plan assessment is for a duration of 4 years. The lease term was therefore based on an assessment of either 4 years (being the medium time horizon) or 8 years (being an assessment of a longer time horizon).
- ii. For non-cancellable leases, the lease term has been assessed to be the non-cancellable period.
- iii. For leases with an option for renewal, the Group's past practice regarding the period over which it has typically used properties (whether leased or owned), and its economic reasons for doing so, provide information that is helpful in assessing whether the lessee is reasonably certain to exercise, or not to exercise, an option.

Low value assets

The Group has exercised judgement in determining the threshold of low value assets which was set at €5,000.

Further details on the leases are disclosed in Note 42.

5.13 Classification of financial assets

The Group exercises judgement upon determining the classification of its financial assets, in relation to business models and future cash flows.

Judgement is also required to determine the appropriate level at which the assessment of business models needs to be performed. In general, the assessment for the classification of financial assets into the business models is performed at the level of each business line. Further, the Group exercises judgement in determining the effect of sales of financial instruments on its business model assessment.

The Group also applies judgement upon considering whether contractual features including interest rate could significantly affect future cash flows. Furthermore, judgement is required when assessing whether compensation paid or received on early termination of lending arrangements results in cash flows that are not SPPI.

6. Segmental analysis

The Group's activities are mainly concentrated in Cyprus. Cyprus operations are organised into operating segments based on the line of business. The results of the overseas subsidiaries and branches of the Group, namely in Greece, Romania and Russia, are presented within segment 'Other', given the size of these operations which are in a run-down mode and relate to legacy operations of the Group. Further, the results of certain small subsidiaries of the Group are allocated to the segments based on their key activities.

6. Segmental analysis (continued)

As from the first quarter of 2024, following an internal re-organisation, the activities previously reported under segment 'Wealth Management' were reorganised and are now reported as follows: part of the activities were undertaken by the newly set up unit, Affluent Banking which is presented and monitored under 'Retail' and part of the activities are carried out by the Institutional Wealth Management and Custody, which was transferred under and is now presented and monitored as part of 'Treasury'. As a result of the changes, 'Wealth Management' no longer comprises a separately reportable segment. The activities of the subsidiary companies of the Group, CISCO and its subsidiary, which were part of the 'Wealth Management' segment and whose activities relate to investment banking, brokerage, discretionary asset management and investment advice services do not qualify as a material segment and are now presented within 'Other'. Comparative information in 'Analysis by business line', 'Analysis of total revenue' and 'Analysis of assets and liabilities' in this note and comparative information in the 'By business line' analysis in Notes 14, 23, 30, 44.2, 44.3 and 44.5 was restated to reflect this change.

The operating segments are analysed below:

- i. The Corporate, Small and Medium-sized Enterprises (SME) and Retail business lines are managing loans and advances to customers. As from the first quarter of 2024, retail business line also includes the Affluent Banking unit, which offers banking and investment services to its clients. Categorisation of loans per customer group is detailed further below.
- ii. IBU & International Corporate comprises of:
 1. IBU, which specialises in the offering of banking services to the international corporate customers based in Cyprus, particularly international business companies whose ownership and business activities lie outside Cyprus, and non resident individual customers of BOC PCL.
 2. International Corporate, which comprises of International Corporate Banking, Project Finance & Loan Syndication and Shipping Centre. International Corporate Banking provides financing from Cyprus in respect of projects based overseas with main focus being in Greece and the United Kingdom. Project Finance & Loan Syndication acts as arranger or participant in large international loan syndication transactions. Shipping Centre provides shipping financing primarily for ocean-going cargo vessels.
- iii. Restructuring and Recoveries is the specialised unit which was set up to tackle the Group's loan portfolio quality and manages exposures to borrowers in distress situation through innovative solutions.
- iv. The Real Estate Management Unit (REMU) manages properties acquired through debt-for-property swaps and properties acquired through the acquisition of certain operations of Laiki Bank in 2013 and executes exit strategies in order to monetise these assets. REMU also includes other subsidiary property companies of the Group.
- v. Treasury is responsible for managing assets and liabilities within the Risk Appetite Framework set by the Board of Directors. Treasury manages the Group's liquid assets, investing in fixed income securities and in the interbank market. This business line manages the interest rate and foreign exchange risks to which the Group is exposed to and is also responsible for liquidity management and for ensuring compliance with internal and regulatory liquidity guidelines. It is also responsible for raising funding through the issuance of debt in the wholesale markets. As from the first quarter of 2024, Treasury also reports and monitors the Institutional Wealth Management and Custody unit, which comprises of market execution and custody unit services along with asset management.
- vi. The Insurance business line is involved in both life and non-life insurance business.
- vii. Payment Services comprise the subsidiary company JCC, which is involved in the development of inter-banking systems, acquiring and processing of debit and credit card transactions, other payment services and other activities.
- viii. The segment 'Other' includes central functions of BOC PCL such as finance, risk management, compliance, legal, information technology, corporate affairs, human resources and other. These functions provide services to the operating segments. Segment 'Other' also includes the subsidiary company, CISCO and other small subsidiary companies in Cyprus (excluding the insurance subsidiaries, property companies under REMU and the payment services subsidiary of the Group (JCC)), as well as the overseas legacy activities of the Group.

BOC PCL broadly categorises its loans per customer group, in the following customer sectors:

- i. Retail – all individuals, regardless of the facility amount, and legal entities with facilities from BOC PCL of up to €500 thousand, excluding business property loans, and/or annual credit turnover up to €1 million.
- ii. Small and medium-sized enterprises (SME) – any company or group of companies (including personal and housing loans to the directors or shareholders of a company) with facilities from BOC PCL in the range of €500 thousand to €4 million and/or annual credit turnover in the range of €1 million to €10 million.

6. Segmental analysis (continued)

- iii. Corporate – any company or group of companies (including personal and housing loans to the directors or shareholders of a company) with available credit lines with BOC PCL of over €4 million and/or having a minimum annual credit turnover of over €10 million. These companies are either local larger corporations or international companies or companies in the shipping sector. Lending includes direct lending or through syndications.

Management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit after tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation.

Operating segment disclosures are provided as presented to the Group Executive Committee.

Income and expenses associated with each business line are included within the business line results for determining its performance. Fund transfer pricing and internal charges methodologies are applied between the business lines as to reflect the performance of each business line. Income and expenses incurred directly by the business lines are allocated to the business lines as incurred. Indirect income and expenses are re-allocated from the central functions to the business lines. For the purposes of the Cyprus analysis by business line, notional tax rate is charged/credited to the profit or loss before tax of each business line.

The loans and advances to customers, the customer deposits and the related income and expense are generally included in the segment where the business is managed, instead of the segment where the transaction is recorded.

6. Segmental analysis (continued)

Analysis by business line

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment services	Other	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2024											
Net interest income/(expense)	157,910	159,223	58,978	419,895	14,656	(23,185)	19	38,009	-	(4,041)	821,464
Net fee and commission income/(expense)	20,203	48,744	9,698	66,834	2,178	(99)	(8,796)	4,324	28,271	5,586	176,943
Net foreign exchange gains/(losses)	1,351	6,813	775	2,683	36	-	-	15,546	(18)	99	27,285
Net gains on financial instruments	1,232	-	-	-	-	4	2,372	-	2,587	4,477	10,672
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(8,843)	(670)	(309)	(1,416)	11,559	-	-	(326)	-	(8)	(13)
Net insurance result	-	-	-	-	-	-	46,191	-	-	-	46,191
Net losses from revaluation and disposal of investment properties	-	-	-	-	-	(118)	(446)	-	-	(866)	(1,430)
Net gains/(losses) on disposal of stock of property	-	-	-	-	-	693	-	-	-	(477)	216
Other income	<u>14</u>	<u>10</u>	<u>14</u>	<u>219</u>	<u>70</u>	<u>4,321</u>	<u>2,647</u>	<u>-</u>	<u>3,828</u>	<u>3,258</u>	<u>14,381</u>
<i>Total operating income</i>	171,867	214,120	69,156	488,215	28,499	(18,384)	41,987	57,553	34,668	8,028	1,095,709
Staff costs	(7,869)	(14,513)	(5,960)	(59,808)	(9,621)	(3,408)	(3,657)	(3,017)	(9,591)	(85,618)	(203,062)
Special levy on deposits and other levies/contributions	(4,439)	(7,843)	(2,143)	(24,355)	(40)	-	-	(295)	-	-	(39,115)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-	-	13,651	-	-	-	1,721	(27,147)	(11,775)
Other operating expenses	<u>(32,501)</u>	<u>(19,885)</u>	<u>(15,170)</u>	<u>(100,734)</u>	<u>(8,900)</u>	<u>(14,827)</u>	<u>(5,058)</u>	<u>(12,711)</u>	<u>(13,974)</u>	<u>60,111</u>	<u>(163,649)</u>
<i>Operating profit/(loss) before credit losses and impairment</i>	127,058	171,879	45,883	303,318	23,589	(36,619)	33,272	41,530	12,824	(44,626)	678,108
Credit losses on financial assets	10,879	(807)	(847)	(9,956)	(30,580)	(1,047)	(312)	869	-	4	(31,797)
Impairment net of reversals on non-financial assets	-	-	-	-	-	(50,041)	-	-	-	(5,999)	(56,040)
Profit/(loss) before tax	137,937	171,072	45,036	293,362	(6,991)	(87,707)	32,960	42,399	12,824	(50,621)	590,271
Income tax	<u>(17,242)</u>	<u>(21,384)</u>	<u>(5,629)</u>	<u>(36,670)</u>	<u>874</u>	<u>9,531</u>	<u>(2,894)</u>	<u>(5,300)</u>	<u>(1,381)</u>	<u>(1,033)</u>	<u>(81,128)</u>
Profit/(loss) after tax	120,695	149,688	39,407	256,692	(6,117)	(78,176)	30,066	37,099	11,443	(51,654)	509,143
Non-controlling interests-(profit)/loss	-	-	-	-	-	2,215	-	-	(2,856)	(314)	(955)
Profit/(loss) after tax attributable to the owners of the Company	<u>120,695</u>	<u>149,688</u>	<u>39,407</u>	<u>256,692</u>	<u>(6,117)</u>	<u>(75,961)</u>	<u>30,066</u>	<u>37,099</u>	<u>8,587</u>	<u>(51,968)</u>	<u>508,188</u>

6. Segmental analysis (continued)

Analysis by business line (continued)

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment services	Other	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2023 (restated)											
Net interest income/(expense)	165,640	155,678	56,351	394,125	17,702	(34,263)	(2)	39,264	-	(2,278)	792,217
Net fee and commission income/(expense)	19,798	51,679	10,452	65,020	2,844	(212)	(8,350)	3,838	29,537	6,417	181,023
Net foreign exchange gains/(losses)	2,010	5,212	700	2,372	(171)	(14)	-	18,897	(287)	(131)	28,588
Net gains on financial instruments	2,401	-	-	-	-	7	5,648	3,583	1,007	134	12,780
Net gains/(losses) on derecognition of financial assets measured at amortised cost	4,400	(246)	(2,299)	(461)	6,770	-	-	(1,783)	-	(20)	6,361
Net insurance result	-	-	-	-	-	-	53,350	-	-	138	53,488
Net gains/(losses) from revaluation and disposal of investment properties	-	-	-	-	-	1,548	(331)	-	-	(174)	1,043
Net gains on disposal of stock of property	-	-	-	-	-	8,476	-	-	-	496	8,972
Other income	<u>24</u>	<u>5</u>	<u>16</u>	<u>209</u>	<u>67</u>	<u>7,551</u>	<u>5,594</u>	<u>12</u>	<u>3,775</u>	<u>1,084</u>	<u>18,337</u>
<i>Total operating income</i>	194,273	212,328	65,220	461,265	27,212	(16,907)	55,909	63,811	34,032	5,666	1,102,809
Staff costs	(7,559)	(13,156)	(5,908)	(52,548)	(8,929)	(3,917)	(3,791)	(4,272)	(7,307)	(84,879)	(192,266)
Special levy on deposits and other levies/contributions	(4,340)	(8,765)	(2,176)	(26,789)	(109)	-	-	(201)	-	-	(42,380)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-	-	-	-	-	-	(380)	(28,084)	(28,464)
Other operating expenses	<u>(36,392)</u>	<u>(18,959)</u>	<u>(14,597)</u>	<u>(85,511)</u>	<u>(11,506)</u>	<u>(15,341)</u>	<u>(4,591)</u>	<u>(9,057)</u>	<u>(12,342)</u>	<u>57,203</u>	<u>(151,093)</u>
<i>Operating profit/(loss) before credit losses and impairment</i>	145,982	171,448	42,539	296,417	6,668	(36,165)	47,527	50,281	14,003	(50,094)	688,606
Credit losses on financial assets	(36,553)	(2,130)	625	(4,337)	(30,419)	(5,737)	(229)	548	-	(1,598)	(79,830)
Impairment net of reversals on non-financial assets	-	-	-	-	-	(46,307)	-	-	-	(545)	(46,852)
Profit/(loss) before tax	109,429	169,318	43,164	292,080	(23,751)	(88,209)	47,298	50,829	14,003	(52,237)	561,924
Income tax	<u>(13,679)</u>	<u>(21,165)</u>	<u>(5,395)</u>	<u>(36,512)</u>	<u>2,969</u>	<u>16,296</u>	<u>(4,201)</u>	<u>(6,354)</u>	<u>(2,070)</u>	<u>(2,869)</u>	<u>(72,980)</u>
Profit/(loss) after tax	95,750	148,153	37,769	255,568	(20,782)	(71,913)	43,097	44,475	11,933	(55,106)	488,944
Non-controlling interests-(profit)/loss	-	-	-	-	-	1,252	-	-	(2,984)	(5)	(1,737)
Profit/(loss) after tax attributable to the owners of the Company	<u>95,750</u>	<u>148,153</u>	<u>37,769</u>	<u>255,568</u>	<u>(20,782)</u>	<u>(70,661)</u>	<u>43,097</u>	<u>44,475</u>	<u>8,949</u>	<u>(55,111)</u>	<u>487,207</u>

6. Segmental analysis (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, net foreign exchange gains, net gains/(losses) on financial instruments, net gains/(losses) on derecognition of financial assets measured at amortised cost, net insurance result, net gains/(losses) from revaluation and disposal of investment properties, net gains/(losses) on disposal of stock of property and other income. There was no revenue deriving from transactions with a single external customer that amounted to 10% or more of Group revenue.

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	Total
2024	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Revenue from third parties	193,280	118,263	60,097	255,129	29,720	5,707	50,580	343,314	28,801	10,818	1,095,709
Inter-segment (expense)/revenue	(21,413)	95,857	9,059	233,086	(1,221)	(24,091)	(8,593)	(285,761)	5,867	(2,790)	-
Total revenue	171,867	214,120	69,156	488,215	28,499	(18,384)	41,987	57,553	34,668	8,028	1,095,709
2023 (restated)											
Revenue from third parties	219,193	124,579	56,574	250,424	27,719	17,778	64,101	307,002	28,889	6,550	1,102,809
Inter-segment (expense)/revenue	(24,920)	87,749	8,646	210,841	(507)	(34,685)	(8,192)	(243,191)	5,143	(884)	-
Total revenue	194,273	212,328	65,220	461,265	27,212	(16,907)	55,909	63,811	34,032	5,666	1,102,809

Analysis of assets and liabilities

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	Total
2024	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Assets											
Assets	3,506,922	1,078,202	960,321	4,544,575	113,338	742,194	1,053,971	13,640,957	133,198	914,216	26,687,894
Inter-segment assets	(65,959)	-	-	-	-	(67,834)	(19,446)	-	(24,883)	(26,180)	(204,302)
Total assets	3,440,963	1,078,202	960,321	4,544,575	113,338	674,360	1,034,525	13,640,957	108,315	888,036	26,483,592
2023 (restated)											
Assets											
Assets	3,469,090	880,219	942,490	4,351,607	213,477	895,374	919,427	13,971,313	93,536	1,055,699	26,792,232
Inter-segment assets	(35,367)	-	-	-	-	(39,843)	(19,443)	-	(33,058)	(35,944)	(163,655)
Total assets	3,433,723	880,219	942,490	4,351,607	213,477	855,531	899,984	13,971,313	60,478	1,019,755	26,628,577

6. Segmental analysis (continued)

Analysis of assets and liabilities (continued)

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	Total
2024	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Liabilities											
Liabilities	2,445,790	4,313,738	1,161,464	12,600,526	20,139	21,366	895,120	1,818,808	104,856	476,019	23,857,826
Inter-segment liabilities	(135,625)	-	-	-	-	(14,636)	(2,275)	-	(27,895)	(23,871)	(204,302)
Total liabilities	2,310,165	4,313,738	1,161,464	12,600,526	20,139	6,730	892,845	1,818,808	76,961	452,148	23,653,524
2023 (restated)											
Liabilities											
Liabilities	2,197,945	3,901,025	1,019,245	12,216,209	29,045	24,695	803,319	3,588,480	40,635	483,293	24,303,891
Inter-segment liabilities	(111,192)	-	-	-	-	(11,667)	(16,404)	-	-	(24,392)	(163,655)
Total liabilities	2,086,753	3,901,025	1,019,245	12,216,209	29,045	13,028	786,915	3,588,480	40,635	458,901	24,140,236

Segmental analysis of customer deposits and loans and advances to customers is presented in Notes 30 and Notes 23, 44.2 and 44.5 respectively.

6. Segmental analysis (continued)

Analysis of turnover

	2024	2023
	€000	€000
Net interest income	821,464	792,217
Net fee and commission income	176,943	181,023
Net foreign exchange gains	27,285	28,588
Net gains on financial instruments	10,672	12,780
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(13)	6,361
Net insurance result (Note 12)	46,191	53,488
Net (losses)/gains from revaluation and disposal of investment properties	(1,430)	1,043
Net gains on disposal of stock of property	216	8,972
Other income	14,381	18,337
	1,095,709	1,102,809

7. Interest income and income similar to interest income

Interest income

	2024	2023
	€000	€000
Financial assets at amortised cost:		
- Loans and advances to customers	538,497	511,072
- Loans and advances to banks and central banks	297,255	321,828
- Reverse repurchase agreements	27,012	3,219
- Debt securities	97,628	56,906
- Other financial assets	16,877	19,774
Debt securities at FVOCI	22,651	18,078
	999,920	930,877

Income similar to interest income

	2024	2023
	€000	€000
Loans and advances to customers measured at FVPL	8,841	11,489
Derivative financial instruments	1,322	1,303
	10,163	12,792

8. Interest expense and expense similar to interest expense

Interest expense

	2024	2023
	€000	€000
Financial liabilities at amortised cost:		
- Customer deposits	84,199	32,358
- Funding from central banks and deposits by banks	30,549	74,393
- Debt securities in issue	50,686	22,091
- Subordinated liabilities	21,634	21,023
Interest expense on lease liabilities	262	294
	187,330	150,159

Expense similar to interest expense

	2024	2023
	€000	€000
Derivative financial instruments	1,289	1,293

9. Fee and commission income and expense

Fee and commission income

	2024	2023
	€000	€000
Credit-related fees and commissions	55,939	54,020
Other banking commissions	86,885	92,086
Fees on servicing loans disposed of under Project Helix 3	-	646
Mutual funds and asset management fees	4,668	4,079
Brokerage commissions	1,375	1,146
Other commissions	35,551	36,366
	184,418	188,343

Mutual funds and asset management fees relate to fiduciary and other similar activities.

Credit-related fees and commissions include commissions from credit card arrangements amounting to €33,190 thousand (2023: €32,522 thousand). Other banking commissions include commissions from payment orders amounting to €24,690 thousand (2023: €26,676 thousand) and account maintenance fees of €29,462 thousand (2023: €29,420 thousand).

Fee and commission income is further divided into:

Fees earned from services that are provided over time:

	2024	2023
	€000	€000
Credit-related fees and commissions	25,132	26,879
Other banking commissions	43,710	44,150
Fees on servicing loans disposed of under Project Helix 3	-	646
Mutual funds and asset management fees	3,057	2,878
	71,899	74,553

9. Fee and commission income and expense (continued)

Fees earned from point in time services:

	2024	2023
	€000	€000
Credit-related fees and commissions	30,807	27,141
Other banking commissions	43,175	47,936
Mutual funds and asset management fees	1,611	1,201
Brokerage commissions	1,375	1,146
Other commissions	35,551	36,366
	112,519	113,790

Fee and commission expense

	2024	2023
	€000	€000
Banking commissions	6,681	6,784
Mutual funds and asset management fees	410	343
Brokerage commissions	384	193
	7,475	7,320

10. Net foreign exchange gains

Net foreign exchange gains comprise of the conversion of monetary assets and liabilities in foreign currency at the reporting date, realised exchange gains/(losses) from transactions in foreign currency settled during the year, customer related foreign exchange and the revaluation of foreign exchange derivatives.

11. Net gains on financial instruments

	2024	2023
	€000	€000
Trading portfolio:		
- derivative financial instruments	79	26
Other investments at FVPL:		
- non-equity securities	6,942	1,268
- mutual funds	2,500	5,787
- equity securities	(81)	1,618
Net losses on disposal of FVOCI debt securities	-	(438)
Net gains on loans and advances to customers measured at FVPL (Note 22)	1,232	2,401
Revaluation of financial instruments designated as fair value hedges:		
- hedging instruments (Note 21)	44,132	(2,211)
- hedged items (Note 21)	(44,132)	4,329
	10,672	12,780

12. Net insurance result

	2024			2023		
	Life insurance €000	Non-life insurance €000	Total €000	Life insurance €000	Non-life insurance €000	Total €000
Insurance finance income/(expense)	(60,640)	(1,725)	(62,365)	(43,820)	(1,269)	(45,089)
Reinsurance finance income/(expense)	(1,375)	647	(728)	2,114	449	2,563
Return on assets backing insurance liabilities	59,186	-	59,186	43,486	-	43,486
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	(2,829)	(1,078)	(3,907)	1,780	(820)	960
Insurance revenue	54,150	95,920	150,070	57,081	88,694	145,775
Insurance service expenses	(20,252)	(52,921)	(73,173)	(25,259)	(46,273)	(71,532)
Other insurance related income/(expense)	(106)	-	(106)	(715)	-	(715)
Net insurance service result	33,792	42,999	76,791	31,107	42,421	73,528
Allocation of reinsurance premiums	(18,340)	(37,685)	(56,025)	(14,824)	(34,498)	(49,322)
Amounts recoverable from reinsurers for incurred claims	12,325	17,007	29,332	11,853	16,469	28,322
Net reinsurance service result	(6,015)	(20,678)	(26,693)	(2,971)	(18,029)	(21,000)
Net insurance result	24,948	21,243	46,191	29,916	23,572	53,488

The analysis of the insurance revenue recognised during the year is presented below:

	2024 €000	2023 €000
Life insurance contracts		
<i>Amounts relating to the changes in the liability for remaining coverage</i>		
Expected incurred claims and insurance service expenses incurred in the year	34,183	37,129
Change in the risk adjustment for non-financial risk	1,047	1,306
Amount of CSM recognised in profit or loss	8,893	7,792
Other amounts, including experience adjustments for premium receipts	859	1,160
<i>Amounts relating to recovery of insurance acquisition cash flows</i>		
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	349	228
Insurance revenue from contracts measured under GMM and VFA	45,331	47,615
Insurance revenue from contracts measured under PAA	8,819	9,466
Insurance revenue - life	54,150	57,081
Non-life insurance contracts		
Insurance revenue from contracts measured under PAA	95,920	88,694
Insurance revenue - non-life	95,920	88,694
Insurance revenue	150,070	145,775

12. Net insurance result (continued)

The analysis of the insurance service expenses recognised during the year is presented below:

	2024			2023		
	Life insurance €000	Non-life insurance €000	Total €000	Life insurance €000	Non-life insurance €000	Total €000
Incurred claims and directly attributable expenses	(19,462)	(39,840)	(59,302)	(24,446)	(32,964)	(57,410)
Amortisation of insurance acquisition cash flows	(349)	(6,945)	(7,294)	(227)	(5,541)	(5,768)
Insurance acquisition cash flows expensed as incurred	(2,750)	(6,317)	(9,067)	(2,581)	(5,907)	(8,488)
Reversals of losses/(losses) on onerous contracts	413	(337)	76	1,145	(108)	1,037
Changes to liabilities for incurred claims (LIC)	1,896	518	2,414	850	(1,753)	(903)
Insurance service expenses	(20,252)	(52,921)	(73,173)	(25,259)	(46,273)	(71,532)

The analysis of the net reinsurance service result from reinsurance contracts held, recognised during the year is presented below:

	2024 €000	2023 €000
Reinsurance contracts - life contracts		
<i>Amounts relating to the changes in the assets for remaining coverage</i>		
Expected recovery for insurance service expenses incurred in the year	(12,924)	(10,087)
Change in the risk adjustment for non-financial risk	(23)	41
Net cost/gain recognised in profit or loss	(2,665)	(1,559)
Allocation of reinsurance premiums from contracts measured under GMM	(15,612)	(11,605)
Allocation of reinsurance premiums from contracts measured under PAA	(2,728)	(3,219)
Allocation of reinsurance premiums	(18,340)	(14,824)
Amounts recoverable for claims and other expenses incurred in the year	12,810	12,247
Changes in amounts recoverable arising from changes in liability for incurred claims	(883)	(394)
Changes in fulfilment cash flows which relate to onerous underlying contracts	398	-
Amounts recoverable from reinsurers for incurred claims	12,325	11,853
Net reinsurance service result - life	(6,015)	(2,971)
Reinsurance contracts - non-life contracts		
Allocation of reinsurance premiums from contracts measured under PAA	(37,685)	(34,498)
Allocation of reinsurance premiums	(37,685)	(34,498)
Amounts recoverable for claims and other expenses incurred in the year	12,106	13,346
Changes in amounts recoverable arising from changes in liability for incurred claims	4,715	3,072
Changes in fulfilment cash flows which relate to onerous underlying contracts	186	51
Amounts recoverable from reinsurers for incurred claims	17,007	16,469
Net reinsurance service result - non-life	(20,678)	(18,029)
Net reinsurance service result	(26,693)	(21,000)

12. Net insurance result (continued)

The analysis of insurance finance income/(expense) and reinsurance finance income/(expense) recognised during the year is presented below:

	2024			2023		
	Life insurance €000	Non-life insurance €000	Total €000	Life insurance €000	Non-life insurance €000	Total €000
Changes in value of underlying assets of direct participating contracts	(59,346)	-	(59,346)	(42,949)	-	(42,949)
Interest accreted to insurance contracts using current financial assumptions	(71)	(1,371)	(1,442)	(307)	(1,297)	(1,604)
Interest accreted to insurance contracts using locked-in rates	(60)	-	(60)	13	-	13
Changes in interest rates and other financial assumptions	(1,163)	(354)	(1,517)	(577)	28	(549)
Insurance finance income/(expense)	(60,640)	(1,725)	(62,365)	(43,820)	(1,269)	(45,089)
Interest accreted to reinsurance contracts using current financial assumptions	-	544	544	-	465	465
Interest accreted to reinsurance contracts using locked-in rates	639	-	639	(85)	-	(85)
Changes in interest rates and other financial assumptions	(2,014)	112	(1,902)	2,199	(19)	2,180
Changes in non-performance risk of reinsurer	-	(9)	(9)	-	3	3
Reinsurance finance income/(expense)	(1,375)	647	(728)	2,114	449	2,563

13. Other income

	2024 €000	2023 €000
Dividend income	183	856
Profit on sale and write-off of property and equipment and intangible assets	28	53
Rental income from investment properties	2,153	3,239
Rental income from stock of property	204	346
Income from hotel, golf and other leisure activities	2,036	3,463
Income from insurance compensation	1,889	5,093
Other income	7,888	5,287
	14,381	18,337

The income from hotel, golf and other leisure activities primarily relates to activities of subsidiaries acquired in debt satisfaction as part of loan restructuring activity.

14. Staff costs

Staff costs

	2024	2023
	€000	€000
Salaries	143,115	137,390
Employer's contributions	26,604	23,301
Variable compensation:		
<i>Accrual for short-term incentive award</i> (Note 14.3)	10,090	11,488
<i>Share-based benefits expense</i> (Note 14.2)	932	595
Retirement benefit plan costs	12,782	12,072
Exit cost and other termination benefits	9,539	7,420
	203,062	192,266

The number of persons employed by the Group as at 31 December 2024 was 2,880 (2023: 2,830).

Staff costs are presented in the Consolidated Income Statement net of software capitalisation costs and costs included in the insurance contracts fulfilment cash flow liabilities under IFRS 17. An analysis of expenses by nature incurred by the Group is included in Note 15.1.

The cost for the short-term incentive award comprises the cost for the short-term incentive award for the performance year 2024 which amounts to €11,968 thousand (2023: €11,488 thousand), of which an amount of €1,597 thousand (2023: €1,533 thousand) relates to employers' contributions accrual on 2024 STIP, and a credit amount of €1,878 thousand which relates to 2023 STIP.

During 2024, the Group provided for termination benefits to 57 (2023: 50) of the Group's full time employees at a total cost of €9,539 thousand (2023: €7,420 thousand).

The following table shows the analysis per geographical location of the Group's average number of employees (full time) and analysis of the average number of employees in Cyprus per business line for 2024 and 2023.

	2024	2023 (restated)
Corporate	52	53
IBU & International corporate		
- IBU	212	211
- International corporate	7	14
Small and medium-sized enterprises	83	82
Retail	879	912
Restructuring and recoveries	120	132
REMU	39	41
Insurance	209	200
Treasury	37	30
Payment services	117	113
Other (primarily head office functions)	1,096	1,088
Total Cyprus	2,851	2,876
Other countries	7	7
	2,858	2,883

14. Staff costs (continued)

14.1 Retirement benefits

In addition to the employer's contributions to state social insurance, the Group operates plans for the provision of additional retirement benefits as described below:

	2024	2023
	€000	€000
Defined benefit plans	261	512
Defined contribution plans	13,624	12,226
	13,885	12,738

During the year ended 31 December 2024 retirement benefit costs of €1,103 thousand are included within net insurance service result as directly attributable expenses for the fulfilment of insurance contracts within the scope of IFRS 17 (2023: €666 thousand) (Note 15.1).

Cyprus

The main retirement plan for the Group's permanent employees in Cyprus (85% of total Group employees) is a defined contribution plan. This plan provided for employer contributions of 9% for 2024 and 2023 and employee contributions of 3%-10% of the employees' gross salaries for both 2024 and 2023. This plan is managed by an Administrative Committee appointed by the members.

A small number of employees of Group subsidiaries in Cyprus are also members of defined benefit plans. These plans are funded with assets backing the obligations held in separate legal vehicles.

Greece

Following IFRIC's decision in May 2021 about the periods of service to which an entity attributes benefit for a particular defined benefit plan, the Group as at 31 December 2024 and 2023 does not have any retirement benefits obligation for its employees in Greece, and as a result the accumulated actuarial gains/losses attributable to these plans were derecognised since 31 December 2021.

United Kingdom

The Group has assumed in prior years the obligation of the defined benefit plan of employees of the former subsidiary of the Group in the United Kingdom which was closed in December 2008 to future accrual of benefits for active members. As at 31 December 2024 and 2023 the Group's remaining retirement benefit obligation related to the UK pension plan.

In December 2024, the UK pension scheme undertook a bulk insurance buy-in transaction. The policy purchased is designed to provide cash flows that match the amount and timing of the benefits payable to the Scheme's members giving protection against demographic and investment risks and meet the members' corresponding defined benefit obligations. The buy-in policy is presented as a pension plan asset with the fair value being equal to the present value of the scheme's defined benefit obligation.

Analysis of the results of the actuarial valuations for the defined benefit plans

	2024	2023
	€000	€000
Amounts recognised in the consolidated balance sheet		
Liabilities (Note 33)	-	565
Assets (Note 28)	(1,767)	(669)
	(1,767)	(104)

Total funded status at a surplus, amounts to €992 thousand (2023: total funded status at a surplus of €7,141 thousand) that is not recognised as an asset on the basis that the Group has no unconditional right to future economic benefits either via a refund or a reduction in future contributions.

14. Staff costs (continued)

14.1 Retirement benefits (continued)

The amounts recognised in the consolidated balance sheet and the movement in the net defined benefit obligation for the years ended 31 December 2024 and 2023 are presented below:

	Present value of obligation	Fair value of plan assets	Net amount before impact of asset ceiling	Impact of minimum funding requirement/ asset ceiling	Net defined benefit liability
	€000	€000	€000	€000	€000
1 January 2024	58,018	(65,263)	(7,245)	7,141	(104)
Current service cost	119	-	119	-	119
Net interest expense/(income)	2,590	(2,637)	(47)	-	(47)
Administration cost	-	189	189	-	189
Total amount recognised in the consolidated income statement	2,709	(2,448)	261	-	261
Remeasurements:					
Return on plan assets, excluding amounts included in net interest expense	-	11,695	11,695	-	11,695
Actuarial gain from changes in financial assumptions	(2,697)	-	(2,697)	-	(2,697)
Demographic assumptions	(2,272)	-	(2,272)	-	(2,272)
Experience adjustments	298	-	298	-	298
Change in asset ceiling	-	-	-	(6,840)	(6,840)
Total amount recognised in the consolidated OCI	(4,671)	11,695	7,024	(6,840)	184
Exchange differences	2,806	(2,951)	(145)	691	546
Contributions:					
Employer	-	(2,654)	(2,654)	-	(2,654)
Plan participants	180	(180)	-	-	-
Benefits paid from the plans	(2,347)	2,347	-	-	-
31 December 2024	56,695	(59,454)	(2,759)	992	(1,767)

14. Staff costs (continued)

14.1 Retirement benefits (continued)

	Present value of obligation	Fair value of plan assets	Net amount before impact of asset ceiling	Impact of minimum funding requirement/ asset ceiling	Net defined benefit liability
	€000	€000	€000	€000	€000
1 January 2023	54,743	(62,605)	(7,862)	10,740	2,878
Current service cost	395	-	395	-	395
Net interest expense/(income)	2,624	(2,507)	117	-	117
Total amount recognised in the consolidated income statement	3,019	(2,507)	512	-	512
Remeasurements:					
Return on plan assets, excluding amounts included in net interest expense	-	394	394	-	394
Actuarial loss from changes in financial assumptions	1,623	-	1,623	-	1,623
Demographic assumptions	(605)	-	(605)	-	(605)
Experience adjustments	621	-	621	-	621
Asset adjustment	-	1,600	1,600	-	1,600
Change in asset ceiling	-	-	-	(4,253)	(4,253)
Total amount recognised in the consolidated OCI	1,639	1,994	3,633	(4,253)	(620)
Exchange differences	889	(1,465)	(576)	654	78
Contributions:					
Employer	-	(2,952)	(2,952)	-	(2,952)
Plan participants	177	(177)	-	-	-
Benefits paid from the plans	(2,449)	2,449	-	-	-
31 December 2023	58,018	(65,263)	(7,245)	7,141	(104)

14. Staff costs (continued)

14.1 Retirement benefits (continued)

The actual return on plan assets for year 2024 was a loss of €9,247 thousand (2023: gain of €2,113 thousand) mainly due to the assets for the UK pension fund measured so that the fair value matches the present value of the liability following the buy-in insurance policy.

The assets of funded plans are generally held in separately administered entities, either as specific assets or as a proportion of a general fund, or as insurance contracts and are governed by local regulations and practice in each country.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. Investments are well diversified to limit the financial effect of the failure of any individual investment. Through its defined benefit plans, the Group is exposed to a number of risks as outlined below:

Interest rate risk	The Group is exposed to interest rate risk due to the mismatch of the duration of assets and liabilities.
Changes in bond yields	A decrease in corporate bond yields will increase the liabilities, although this will be partially offset by an increase in the value of bond holdings.
Inflation risk	The Group faces inflation risk, since the liabilities are either directly (through increases in pensions) or indirectly (through wage increases) exposed to inflation risks. Investments to ensure inflation-linked returns (i.e. real returns through investments such as equities, index-linked bonds and assets whose return increases with increasing inflation) could be used to better match the expected increases in liabilities.
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit will be created.

The fair value of insurance policy related to buy-in transaction was estimated as the present value of the underlying obligations covered by the insurance policy, hence the fair value of this asset at each reporting date is impacted by the measurement uncertainty of the related scheme liabilities.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2024	2023
Equity securities	8%	10%
Debt securities	11%	66%
Loans and advances to banks	6%	21%
Funds	4%	3%
Buy-in insurance policy	71%	- %
	100%	100%

The assets held by the funded plans include equity securities issued by the Company, the fair value of which as at 31 December 2024 is €257 thousand (2023: €186 thousand).

The Group expects to make additional contributions to defined benefit plans of €622 thousand during 2025.

At the end of the reporting period, the average duration of the defined benefit obligations was 13 years (2023: 14 years).

14. Staff costs (continued)

14.1 Retirement benefits (continued)

Principal actuarial assumptions used in the actuarial valuations

The present value of the defined benefit obligations of the retirement plans is estimated annually using the Projected Unit Credit Method of actuarial valuation, carried out by independent actuaries. The principal actuarial assumptions used for the valuations of the retirement plans of the Group during 2024 and 2023 are set out below:

2024	Cyprus	UK
Discount rate	3.35%	5.15%
Inflation rate	2.00%	3.05%
Future salary increases	2.00%	n/a
Rate of pension increase	n/a	2.90%
Life expectancy for pensioners at age 60	n/a	n/a
Life expectancy for pensioners at age 65	n/a	22.6 years M 24.3 years F
2023		
Discount rate	3.27%	4.75%
Inflation rate	2.25%	3.00%
Future salary increases	2.25%	n/a
Rate of pension increase	n/a	2.80%
Life expectancy for pensioners at age 60	23.5 years M 29.6 years F	n/a
Life expectancy for pensioners at age 65	n/a	23.0 years M 24.7 years F

The discount rate used in the actuarial valuations reflects the rate at which liabilities could effectively be settled and is set by reference to market yields at the reporting date of high quality corporate bonds of suitable maturity and currency. For the Group's plans in the Eurozone which comprise 21% of the defined benefit obligations, the Group adopted a full yield curve approach using AA- rated corporate bond data from the iBoxx Euro Corporates AA10+ index. For the Group's plan in the UK which comprises 79% of the defined benefit obligations, the Group adopted a full yield curve approach using the discount rate that has been set based on the yields on AA- rated corporate bonds with duration consistent with the scheme's liabilities. Under this approach, each future liability payment is discounted by a different discount rate that reflects its exact timing.

To develop the assumptions relating to the expected rates of return on plan assets, the Group, in consultation with its actuaries, uses forward-looking assumptions for each asset class reflecting market conditions and future expectations at the reporting date. Adjustments are made annually to the expected rate of return assumption based on revised expectations of future investment performance of asset classes, changes to local legislation that may affect investment strategy, as well as changes to the target strategic asset allocation.

The impact of significant assumptions' fluctuations on the defined benefit obligation as at 31 December 2024 and 2023 is presented below:

Variable	2024		2023	
	Change +0.5%	Change -0.5%	Change +0.5%	Change -0.5%
Discount rate	-5.8%	6.2%	-6.4%	6.8%
Inflation growth rate	3.8%	-3.7%	4.2%	-4.1%
Salary growth rate	0.9%	-0.8%	1.1%	-1.0%
Pension growth rate	0.1%	-0.1%	0.1%	-0.1%
	Plus 1 year	Minus 1 year	Plus 1 year	Minus 1 year
Life expectancy	3.3%	-3.3%	3.8%	-3.8%

14. Staff costs (continued)

14.1 Retirement benefits (continued)

The above sensitivity analysis (with the exception of the inflation sensitivity) is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur and some changes of the assumptions may be correlated. The inflation sensitivity includes changes to any inflation-linked benefit increases. When calculating the sensitivity of the defined benefit obligation to significant assumptions, the same method has been applied as when calculating the pension liability recognised on the consolidated balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous years.

14.2 Share-based compensation plan

Long-Term Incentive Plan

At the Annual General Meeting of the shareholders of the Company which took place on 20 May 2022, a special resolution was approved for the establishment and implementation of the share based Long-Term Incentive Plan (the 'LTIP') of Bank of Cyprus Holdings Public Limited Company.

The LTIP is an equity-settled share-based compensation plan for executive directors and senior management of the Group. The LTIP provides for an award in the form of ordinary shares of the Company based on certain non-market performance and service vesting conditions. Performance is measured over a three-year period. The performance conditions are set by the Human Resources & Remuneration Committee (HRRC) each year and may be differentiated at the HRRC's discretion to reflect the Group's strategic targets and employees' personal performance. Performance will be assessed against an evaluation scorecard consistent with the Group's Medium-Term Strategic Targets containing both financial and non-financial objectives, and including targets in the areas of: (i) Profitability; (ii) Asset quality; (iii) Capital adequacy; (iv) Risk control & compliance; (v) Environmental, Social and Governance ('ESG'); and (vi) Customer Experience (targets in the area of Customer Experience have been introduced for non-control functions from 2024). The awards ordinarily vest in six tranches, with 40% vesting in the year following the year the performance period ends and the remaining 60% vesting in tranches (12%), on each of the first, second, third, fourth and fifth anniversary of the first vesting date. For any award to vest the employee must be in the employment of the Group up until the date of the vesting of such an award. Awards are subject to potential forfeiture under certain leaver scenarios. Under certain circumstances the HRRC has the discretion to determine whether the award will lapse and/or the extent to which the award will be vested.

The maximum number of shares that may be issued pursuant to the LTIP until the tenth anniversary of the relevant resolution shall not exceed 5% of the issued ordinary share capital of the Company as at the date of the resolution (being 22,309,996 ordinary shares of €0.10 each), as adjusted for any issuance or cancellation of shares subsequently to the date of the resolution (excluding any issuances of shares pursuant to the LTIP).

Under the LTIP the following share awards were outstanding as of 31 December 2024:

- i. On 3 April 2024 (grant date) a maximum of 403,990 share awards were granted by the Company to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in April 2024 are subject to a three-year performance period 2024-2026 (with all performance conditions being non-market performance conditions).
- ii. On 3 October 2023 (grant date) a maximum of 479,160 share awards were granted by the Company to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in October 2023 are subject to a three-year performance period 2023-2025 (with all performance conditions being non-market performance conditions).
- iii. On 22 December 2022 (grant date) a maximum of 819,860 share awards were granted by the Company to 22 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in December 2022 were subject to a three-year performance period 2022-2024 (with all performance conditions being non-market performance conditions). The amounts awarded under this 2022 LTIP cycle in early 2025 are disclosed in Note 49 of the Consolidated Financial Statements.

The following table presents movements in outstanding share-based awards during 2024 and 2023.

14. Staff costs (continued)

14.2 Share-based compensation plan (continued)

	2024		2023	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
		€		€
As at 1 January	1,209,036	2.15	819,860	1.69
Granted during the year	403,990	3.70	479,160	2.95
Change in estimate of number of awards to vest	39,004	-	-	-
Vested during the year	-	-	-	-
Forfeited during the year	-	n/a	(89,984)	n/a
31 December	<u>1,652,030</u>		<u>1,209,036</u>	

Assumptions

The fair value calculations as of the granting date for each of the share awards are calculated using the Black-Scholes model. As the award is a share award (and does not contain any market-based performance conditions) the fair value is based on the share price at the date of the grant.

14.3 Short-term incentive plan

Short-term incentive award refers to a Short-Term Incentive Plan first introduced by the Group in 2023. This is an annual incentive which involves variable remuneration in the form of cash, or a combination of cash and shares, to selected employees, and is driven by both delivery of the Group's Strategy, as well as individual performance, in the relevant year. Executive Management are also eligible to be considered for the short-term incentive award. The short-term incentive award is generally paid in cash and is non-deferred, however, in cases where the total variable remuneration in a year (i.e including both amounts under STIP and LTIP) of an employee exceeds a specified threshold as per regulatory guidelines, then at least 50% of the total variable remuneration is awarded in shares. In cases where the total variable remuneration threshold is exceeded, the STIP award (both the cash and share component, if any) vests similarly to the vesting of LTIP award, i.e., 40% vests in the year following the performance year to which the incentive award relates to, and the remaining 60% vests in tranches (12%) over five years.

Shares vesting as part of the short-term incentive award are subject to one-year retention period and 100% of the award is subject to clawback provisions.

For the short-term incentive award for the performance year 2024 no amount is to be granted in the form of shares (2023: €250 thousand of the total STIP for 2023 was granted in the form of shares). Further information on the amounts awarded under the short-term incentive award for the performance year 2024 to Executive Directors and other key management personnel is disclosed in Note 49.

15. Other operating expenses

	2024 €000	2023 €000
Technology and systems	34,684	31,159
Property-related costs	14,348	14,392
Consultancy, legal and other professional services fees	23,904	19,467
Insurance	6,121	7,096
Advertising and marketing	13,281	9,000
Incentives to performing customers	2,300	2,500
Depreciation of property and equipment (Note 15.1)	16,075	13,760
Amortisation of intangible assets (Note 15.1)	14,901	15,740
Communication expenses	5,936	6,119
Printing and stationery	1,685	1,641
Cash transfer expenses	3,352	3,193
Other operating expenses	27,062	24,773
	163,649	148,840
Advisory and other transformation costs (non-recurring)	-	2,253
	163,649	151,093

The Group has changed the description of the first line item in the table above to more appropriately reflect the nature of this expense and has changed this to 'Technology and systems' from 'Repairs and Maintenance'. As a result of this change, expenses of €2,678 thousand have been included in 'Property-related costs' and €31,159 thousand in 'Technology and systems' in respect of the comparative information.

Advisory and other transformation costs comprise mainly fees to external advisors in relation to the transformation program and other strategic projects of the Group and are considered to be non-recurring.

During the year ended 31 December 2024, the Group recognised €56 thousand relating to rent expense for short-term leases, included within 'Property-related costs' (2023: €57 thousand).

Incentives to performing customers of €2,300 thousand during the year ended 31 December 2024 (2023: €2,500 thousand) relate to the Reward Programme launched in June 2023) relate to the Reward Programme launched in August 2024 to reward performing borrowers through the Antamivi reward scheme.

Within total other operating expenses, an amount of €542 thousand (2023: €777 thousand) relates to investment property that generated rental income.

Special levy on deposits and other levies/contributions as presented in the consolidated income statement are set out below:

	2024 €000	2023 €000
Special levy on deposits of credit institutions in Cyprus	29,448	23,300
Single Resolution Fund contribution	-	5,477
Guarantee fee on annual deferred tax credit (Note 17)	5,364	5,364
Contribution to Deposit Guarantee Fund	4,303	8,239
	39,115	42,380

The special levy on credit institutions in Cyprus (the Special Levy) is imposed on the level of deposits as at the end of the previous quarter, at the rate of 0.0375% per quarter. Following an amendment of the Imposition of Special Credit Institution Tax Law in 2017, the Single Resolution Fund ('SRF') contribution, which is charged annually by the Single Resolution Board ('SRB'), reduces the charge of the Special Levy up to the level of the total annual Special Levy charge. In February 2024, the SRB announced that no regular annual contributions would be collected in 2024 from the institutions falling in scope of the SRF and contributions would only be collected in the event of specific circumstances.

15. Other operating expenses (continued)

As from 1 January 2020 and until 3 July 2024 BOC PCL was subject to a contribution to the Deposit Guarantee Fund (DGF) on a semi-annual basis. The contributions were calculated based on the Risk Based Methodology (RBM) as approved by the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes (DGS) and is publicly available on the CBC's website. In line with the RBM, the contributions are broadly calculated on the covered deposits of all authorised institutions and the target level was to reach at least 0.8% of covered deposits by 3 July 2024. The management committee of the DGS can decide to collect additional ex-ante contributions to achieve a higher return.

Fees to the independent auditors of the Group for audit and other professional services provided both in Cyprus and overseas are presented in the table below:

	PwC Ireland		PwC Network firms	
	2024	2023	2024	2023
	€000	€000	€000	€000
Audit of the individual and the Group financial statements	318	433	1,793	1,684
Other assurance services	247	117	779	545
Tax compliance and advisory services	-	-	193	169
Other non-assurance services	35	-	448	326
	282	117	1,420	1,040
	600	550	3,213	2,724

Fees are exclusive of VAT.

Other assurance services fees relate primarily to the fees for limited assurance review of the Sustainability Statement (2024 only), letters of comfort and interim review.

15.1 Expenses by nature

Analysis of staff costs and other operating expenses incurred by the Group by nature, is presented in the table below:

	2024				
	Directly attributable expenses (Note 12)	Capitalised as internally developed computer software (Note 26)	Staff costs (Note 14)	Other operating expenses (Note 15)	Total
	€000	€000	€000	€000	€000
Salaries and employer's contributions	11,193	2,337	169,719	-	183,249
Variable compensation:					
<i>Accrual for short-term incentive award</i>	-	-	10,090	-	10,090
<i>Share-based benefits expense</i>	-	-	932	-	932
Retirement benefit plan costs (Note 14.1)	1,103	-	12,782	-	13,885
Exit cost and other termination benefits	-	-	9,539	-	9,539
Depreciation (Note 25)	453	-	-	7,698	8,151
Depreciation of RoU assets (Note 25)	1,451	-	-	8,377	9,828
Amortisation of intangible assets (Note 26)	3,291	-	-	14,901	18,192
Other operating expenses	4,148	-	-	132,673	136,821
Total	21,639	2,337	203,062	163,649	390,687

15. Other operating expenses (continued)

15.1 Expenses by nature (continued)

	2023				
	Directly attributable expenses (Note 12)	Capitalised as internally developed computer software (Note 26)	Staff costs (Note 14)	Other operating expenses (Note 15)	Total
	€000	€000	€000	€000	€000
Salaries and employer's contributions	9,898	2,202	160,691	-	172,791
Variable compensation:					
<i>Accrual for short-term incentive award</i>	-	-	11,488	-	11,488
<i>Share-based benefits expense</i>	-	-	595	-	595
Retirement benefit plan costs (Note 14.1)	666	-	12,072	-	12,738
Exit cost and other termination benefits	-	-	7,420	-	7,420
Depreciation (Note 25)	387	-	-	8,270	8,657
Depreciation of RoU assets (Note 25)	1,246	-	-	5,490	6,736
Amortisation of intangible assets (Note 26)	3,120	-	-	15,740	18,860
Other operating expenses	4,088	-	-	121,593	125,681
Total	19,405	2,202	192,266	151,093	364,966

Directly attributable expenses are expenses incurred by the insurance subsidiaries of the Group that relate directly to the fulfilment of insurance and re-insurance contracts within the scope of IFRS 17.

16. Credit losses on financial assets and impairment net of reversals on non-financial assets

	2024 €000	2023 €000
Credit losses on financial assets		
<i>Credit losses to cover credit risk on loans and advances to customers</i>		
Impairment net of reversals on loans and advances to customers (Note 44.5)	47,519	81,764
Recoveries of loans and advances to customers previously written off	(13,520)	(15,057)
Changes in expected cash flows	(1,080)	4,824
Financial guarantees and commitments (Notes 44.6.1 and 44.6.2)	(1,006)	1,763
	31,913	73,294
<i>Credit losses on other financial instruments</i>		
Amortised cost debt securities (Note 20)	(256)	(531)
FVOCI debt securities (Note 20)	(242)	(380)
Loans and advances to banks (Note 19)	19	1
Balances with central banks (Note 19)	(403)	330
Reverse repurchase agreements	9	20
Other financial assets	757	7,096
	(116)	6,536
	31,797	79,830
Impairment net of reversals on non-financial assets		
Stock of property (Note 27)	55,612	46,026
Other non-financial assets	428	826
	56,040	46,852

17. Income tax

	2024 €000	2023 €000
Current tax:		
- Cyprus	45,214	46,319
Cyprus special defence contribution	121	47
Deferred tax charge	34,081	26,001
Prior years' tax adjustments	515	(52)
Other tax charges	1,197	665
	81,128	72,980

The reconciliation between the income tax expense and the profit before tax as estimated using the current income tax rates is set out below:

	2024 €000	2023 €000
Profit before tax	590,271	561,924
Income tax at the normal tax rates in Cyprus	73,784	70,241
Income tax effect of:		
- expenses not deductible for income tax purposes	21,423	12,862
- income not subject to income tax	(9,644)	(7,366)
- other allowable deductions	(6,268)	(3,417)
	79,295	72,320
Cyprus special defence contribution	121	47
Prior years' tax adjustments	515	(52)
Other tax charges	1,197	665
	81,128	72,980

The corporate income tax rate in Cyprus is 12.5% on taxable income (2023: 12.5%). The tax rates prevailing in the countries the Group has entities incorporated, in the year ended 31 December 2024 were: Greece 22% (2023: 22%), Romania 16% (2023: 16%) and Russia 20% (2023: 20%).

For life insurance business there is a minimum income tax charge of 1.5% on gross premiums (this is included within 'Net insurance service result'), which amounted to €2,494 thousand for the year ended 31 December 2024 (2023: €2,148 thousand). Special defence contribution is payable on the 75% of rental income at a rate of 3% (2023: 3%) and on interest income from activities outside the ordinary course of business at a rate of 17% (2023: 30%).

The Group is subject to income tax in the various jurisdictions in which it operates and the calculation of the Group's income tax charge, top-up tax liability under Cyprus Pillar Two Law and provisions for income tax necessarily involves a degree of estimation and judgement. There are transactions and calculations for which the ultimate income tax treatment is uncertain and cannot be determined until resolution has been reached with the relevant tax authority. The Group has a number of open income tax returns with various income tax authorities and liabilities relating to these judgemental matters which are based on estimates of whether additional income taxes will be due. In case the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

On 22 December 2022, the European Commission approved Directive 2022/2523 which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups (Pillar Two tax). The Directive (EU) 2022/2523 that follows closely the OECD Inclusive Framework on Base Erosion and Profit Shifting was voted into Law 151(I)/2024 (the 'Cyprus Pillar Two Law') in December 2024, effective for financial years starting from 31 December 2023. The Group is in scope of the Cyprus Pillar Two Law for the year ended 31 December 2024. The Group is eligible for the transitional provision under Article 55 of the Cyprus Pillar Two Law which results in zeroing any top-up tax liability in Cyprus computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the year ended 31 December 2024. The Group does not anticipate any top-up tax liability arising from the foreign jurisdictions in which it has subsidiary entities.

17. Income tax (continued)

Deferred tax

The movement of the net deferred tax assets is set out below:

	Differences between capital allowances and depreciation	Own property revaluation	Stock of property and investment properties	Unutilised income tax losses carried forward (guaranteed deferred tax asset)	Other temporary differences (net)	Total
2024	€000	€000	€000	€000	€000	€000
Net Deferred tax asset/(liability) as at 1 January 2024	(10,329)	(16,546)	7,542	189,546	(1,251)	168,962
Income Statement - tax (charge)/credit	(762)	-	3,004	(37,909)	1,586	(34,081)
Other comprehensive income - tax credit	-	20	-	-	-	20
31 December 2024	(11,091)	(16,526)	10,546	151,637	335	134,901
Deferred tax assets	87	29	13,393	151,637	1,698	166,844
Deferred tax liabilities	(11,178)	(16,555)	(2,847)	-	(1,363)	(31,943)
31 December 2024	(11,091)	(16,526)	10,546	151,637	335	134,901
2023						
Net Deferred tax asset/(liability) as at 1 January 2023	(10,528)	(13,338)	(2,847)	227,455	(7,442)	193,300
Income Statement - tax credit/(charge)	199	-	10,389	(37,909)	1,320	(26,001)
Other comprehensive income - tax charge	-	(3,234)	-	-	-	(3,234)
Other transfers	-	26	-	-	-	26
Transfer to current tax payables following the adoption of IFRS 17	-	-	-	-	4,871	4,871
31 December 2023	(10,329)	(16,546)	7,542	189,546	(1,251)	168,962
Deferred tax assets	56	29	10,389	189,546	1,248	201,268
Deferred tax liabilities	(10,385)	(16,575)	(2,847)	-	(2,499)	(32,306)
31 December 2023	(10,329)	(16,546)	7,542	189,546	(1,251)	168,962

The deferred tax assets (DTA) relate to Cyprus operations.

17. Income tax (continued)

The Group offsets income tax assets and liabilities only if it has a legally enforceable right to set-off current income tax assets and current income tax liabilities.

Income Tax Law Amendment 28(I) of 2019

On 1 March 2019, the Cyprus Parliament adopted legislative amendments to the Income Tax Law (the 'Law') which were published in the Official Gazette of the Republic on 15 March 2019 ('the amendments').

BOC PCL has DTA that meets the requirements of the Income Tax Law Amendment 28(I) of 2019 relating to income tax losses transferred to BOC PCL as a result of the acquisition of certain operations of Laiki Bank, on 29 March 2013, under 'The Resolution of Credit and Other Institutions Law'. The DTA recognised upon the acquisition of certain operations of Laiki in 2013 amounted to €417 million (corresponding to €3.3 billion tax losses) for which BOC PCL paid a consideration as part of the respective acquisition. The period of utilisation of the tax losses which may be converted into tax credits is eleven years following the amendment of the Law in 2019, starting from 2018 i.e., by end of 2028.

As a result of the above Law, the Group has DTA amounting to €151,637 thousand as at 31 December 2024 (2023: €189,546 thousand) that meet the requirements under this Law, the recovery of which is guaranteed. On an annual basis, an amount is either converted to annual tax credit and is reclassified from the DTA to current tax receivables or it is used in the determination of the taxable income of the relevant year, as the annual instalment can be claimed as a deductible expense. The annual instalment is reflected as a charge in the Consolidated Income Statement.

The DTA subject to the Law is accounted for on the same basis as described in Note 2.11.

The Law, provides that an annual fee is charged on an annual basis until expiration of such losses in 2028. The Group estimates that such fees could range to approximately €5,300 thousand per year (for each tax year in scope i.e., since 2018) although the Group understands that such fee may fluctuate annually as to be determined by the Ministry of Finance. An amount of €5,364 thousand that relates to the tax credit of year 2024 (2023: €5,364 thousand) was recorded during the year ended 31 December 2024.

Accumulated income tax losses

The accumulated income tax losses are presented in the table below:

	Total income tax losses	Income tax losses for which a deferred tax asset was recognised	Income tax losses for which no deferred tax asset was recognised
2024	€000	€000	€000
Expiring within 5 years	464	-	464
Utilisation in annual instalments up to 2028	1,213,091	1,213,091	-
	1,213,555	1,213,091	464
2023			
Expiring within 5 years	45,851	-	45,851
Utilisation in annual instalments up to 2028	1,516,364	1,516,364	-
	1,562,215	1,516,364	45,851

18. Earnings per share

Basic earnings per share

	2024	2023
Profit for the year attributable to the owners of the Company (€ thousand) (basic)	508,188	487,207
Weighted average number of shares in issue during the year, excluding treasury shares (thousand)	444,090	446,058
Basic profit per share attributable to the owners of the Company (€ cent)	114.4	109.2

Diluted earnings per share

	2024	2023
Profit for the year attributable to the owners of the Company (€ thousand)	508,188	487,207
Weighted average number of shares in issue during the year, excluding treasury shares, adjusted for the dilutive effect of all rights on shares (thousand)	445,687	447,158
Diluted profit per share attributable to the owners of the Company (€ cent)	114.0	109.0

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted for the dilutive effect of ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plan (LTIP) for the performance years 2022-2024, 2023-2025 and 2024-2026 and the STIP award granted for the performance year 2023.

19. Cash, balances with central banks and loans and advances to banks

	2024	2023
	€000	€000
Cash	94,991	92,541
Balances with central banks	7,505,855	9,522,484
Allowance for expected credit losses (Note 16)	(120)	(523)
	7,600,726	9,614,502

	2024	2023
	€000	€000
Loans and advances to banks	820,615	384,824
Allowance for expected credit losses (Note 16)	(41)	(22)
	820,574	384,802

Balances with central banks are classified as Stage 1.

The ECL release (Note 16) on balances with central banks for the year ended 31 December 2024 amounted to €403 thousand (2023: ECL charge of €330 thousand).

An analysis of the movement of the gross carrying amount before ECL and ECL of loans and advances to banks is presented in the table below:

	2024		2023	
	Gross carrying amount	ECL	Gross carrying amount	ECL
	€000	€000	€000	€000
1 January	384,824	(22)	204,832	(21)
Net increase/(decrease)	435,792	-	180,043	-
Changes to models and inputs used for ECL calculation (Note 16)	-	(19)	-	(1)
Foreign exchange adjustments	(1)	-	(51)	-
31 December	820,615	(41)	384,824	(22)

19. Cash, balances with central banks and loans and advances to banks (continued)

All loans and advances to banks are classified as Stage 1.

Balances with central banks include obligatory deposits for liquidity purposes which amount to €117,702 thousand as at 31 December 2024 (2023: €59,179 thousand) (Note 41). The average balance of obligatory deposits that should be maintained with central banks was set at €194,636 thousand for the period of December 2024 to February 2025 (2023: €186,794 thousand for the period December 2023 to January 2024).

The credit rating analysis of balances with central banks and loans and advances to banks by independent credit rating agencies is set out in Note 44.11.

Loans and advances to banks earn interest based on the interbank rate of the relevant term and currency.

20. Investments

The analysis of the Group's investments is presented in the table below:

	2024	2023
	€000	€000
Investments at FVPL	136,629	135,275
Investments at FVOCI	416,077	443,420
Investments at amortised cost	3,805,637	3,116,714
	4,358,343	3,695,409

Out of these, the amounts pledged as collateral are shown below:

	2024	2023
	€000	€000
Investments pledged as collateral		
Investments at FVOCI	-	25,458
Investments at amortised cost	39,958	234,553
	39,958	260,011

Investments pledged as collateral as at 31 December 2024 are mainly used as supplementary assets for the covered bond (Note 46). As at 31 December 2023, debt securities collateralised were primarily used for the amounts borrowed from the ECB Targeted Longer-Term Refinancing Operations (TLTRO III) (Note 29) which was fully repaid in the year ended 31 December 2024. Encumbered assets are disclosed in Note 46.

The maximum exposure to credit risk for debt securities is disclosed in Note 44.1 and the debt securities price risk sensitivity analysis is disclosed in Note 45.

The increase in the investment portfolio as at 31 December 2024 is consistent with the strategy of the Group to grow the fixed income portfolio.

The credit rating analysis of investments is disclosed in Note 44.11.

Investments at fair value through profit or loss

	2024	2023
	€000	€000
Other non-equity securities	10,702	3,611
Equity securities	837	903
Mutual funds	125,090	130,761
	136,629	135,275

20. Investments (continued)

Investments at FVOCI

	2024	2023
	€000	€000
Debt securities	406,540	431,068
Equity securities	9,537	12,352
	416,077	443,420

Investments at amortised cost

	2024	2023
	€000	€000
Debt securities	3,805,637	3,116,714

Further analysis of the Group's investments is provided in the tables below.

Equity securities

	FVPL	FVOCI	Total
	€000	€000	€000
2024			
Listed on the Cyprus Stock Exchange	-	6	6
Listed on other stock exchanges	837	60	897
Unlisted	-	9,471	9,471
	837	9,537	10,374

	FVPL	FVOCI	Total
	€000	€000	€000
2023			
Listed on the Cyprus Stock Exchange	-	728	728
Listed on other stock exchanges	903	58	961
Unlisted	-	11,566	11,566
	903	12,352	13,255

The Group irrevocably made the election to classify its equity investments as equity investments at FVOCI on the basis that these are not held for trading. Their carrying value amounts to €9,537 thousand at 31 December 2024 and is equal to their fair value (2023: €12,352 thousand).

Equity investments at FVOCI comprise mainly investments in private Cyprus registered companies, acquired through loan restructuring activity and specifically through debt for equity swaps.

Dividend income amounting to €183 thousand has been received and recognised during the year ended 31 December 2024 in other income (2023: €856 thousand) (Note 13).

During the year ended 31 December 2024, holdings of equity investments measured at FVOCI with a carrying value of €812 thousand have been disposed of (2023: €702 thousand).

20. Investments (continued)

Mutual funds

	FVPL €000
2024	
Listed on other stock exchanges	30,740
Unlisted	94,350
	125,090
	FVPL €000
2023	
Listed on other stock exchanges	35,192
Unlisted	95,569
	130,761

The majority of the unlisted mutual funds relate to investments whose underlying assets are listed on stock exchanges and are therefore presented in Level 2 hierarchy in Note 22.

Debt securities and other non-equity securities

Analysis by issuer type	FVPL	FVOCI	Amortised cost	Total
2024	€000	€000	€000	€000
Cyprus government	-	287,590	735,617	1,023,207
Other governments	-	24,735	1,056,915	1,081,650
Financial institutions	-	65,822	1,084,888	1,150,710
Other financial corporations	10,702	-	57,258	67,960
Supranational organisations	-	23,462	696,260	719,722
Other non-financial corporations	-	4,972	175,431	180,403
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879
	FVPL	FVOCI	Amortised cost	Total
2023	€000	€000	€000	€000
Cyprus government	-	315,844	611,199	927,043
Other governments	-	10,317	751,399	761,716
Financial institutions	-	81,803	1,046,525	1,128,328
Other financial corporations	3,611	-	47,483	51,094
Supranational organisations	-	18,439	550,441	568,880
Other non-financial corporations	-	4,948	110,655	115,603
Allowance for expected credit losses	-	(283)	(988)	(1,271)
	3,611	431,068	3,116,714	3,551,393

20. Investments (continued)

Geographic dispersion by country of issuer	FVPL	FVOCI	Amortised cost	Total
2024	€000	€000	€000	€000
Cyprus	-	287,590	737,640	1,025,230
Greece	-	11,097	78,492	89,589
Germany	-	2,934	217,589	220,523
France	-	23,140	344,597	367,737
Other European Union countries	-	31,201	1,129,546	1,160,747
United Kingdom	-	-	18,094	18,094
USA and Canada	10,702	4,091	291,982	306,775
Other countries	-	23,066	292,169	315,235
Supranational organisations	-	23,462	696,260	719,722
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

	FVPL	FVOCI	Amortised cost	Total
2023	€000	€000	€000	€000
Cyprus	-	315,844	621,617	937,461
Greece	-	18,793	60,516	79,309
Germany	-	-	210,519	210,519
France	-	31,662	283,256	314,918
Other European Union countries	-	20,345	741,331	761,676
United Kingdom	-	-	18,098	18,098
USA and Canada	3,611	4,078	273,471	281,160
Other countries	-	22,190	358,453	380,643
Supranational organisations	-	18,439	550,441	568,880
Allowance for expected credit losses	-	(283)	(988)	(1,271)
	3,611	431,068	3,116,714	3,551,393

'Other countries' include exposures in Israel amounting to €31,065 thousand as at 31 December 2024 (2023: €46,715 thousand).

Analysis by currency	FVPL	FVOCI	Amortised cost	Total
2024	€000	€000	€000	€000
Euro	-	387,000	3,510,264	3,897,264
US dollar	10,702	19,581	283,963	314,246
Pound sterling	-	-	12,142	12,142
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

	FVPL	FVOCI	Amortised cost	Total
2023	€000	€000	€000	€000
Euro	-	412,913	2,877,334	3,290,247
US dollar	3,611	18,438	228,779	250,828
Pound sterling	-	-	11,589	11,589
Allowance for expected credit losses	-	(283)	(988)	(1,271)
	3,611	431,068	3,116,714	3,551,393

20. Investments (continued)

Listing analysis	FVPL	FVOCI	Amortised cost	Total
2024	€000	€000	€000	€000
Listed on the Cyprus Stock Exchange	-	-	33,884	33,884
Listed on other stock exchanges	-	406,581	3,772,485	4,179,066
Unlisted	10,702	-	-	10,702
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

	FVPL	FVOCI	Amortised cost	Total
2023	€000	€000	€000	€000
Listed on the Cyprus Stock Exchange	-	-	4,567	4,567
Listed on other stock exchanges	-	431,351	3,113,135	3,544,486
Unlisted	3,611	-	-	3,611
Allowance for expected credit losses	-	(283)	(988)	(1,271)
	3,611	431,068	3,116,714	3,551,393

The Group uses fair value hedging to manage the interest rate risk in relation to its FVOCI bonds (Note 21).

An analysis of the movement of the gross debt securities at FVOCI and ECL of debt securities at FVOCI is presented in the table below:

	2024		2023	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	431,351	(283)	454,438	(663)
New assets acquired in the year	45,316	-	84,700	-
Assets derecognised and/or redeemed in the year (Note 16)	(75,871)	68	(128,929)	39
Interest accrued and amortisation	(2,959)	-	(1,728)	-
Foreign exchange adjustments	1,188	-	(640)	-
Changes to models and inputs used for ECL calculations (Note 16)	-	174	-	341
Changes in fair value	7,556	-	23,510	-
31 December	406,581	(41)	431,351	(283)

All debt securities measured at FVOCI are classified as Stage 1 as at 31 December 2024 and 31 December 2023.

20. Investments (continued)

An analysis of the movement in the gross carrying amount and ECL of the debt securities at amortised cost is presented in the table below:

	2024		2023	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	3,117,702	(988)	2,047,638	(1,519)
New assets acquired in the year	1,388,497	-	1,472,417	-
Assets derecognised and/or redeemed in the year (Note 16)	(758,747)	177	(428,958)	102
Fair value due to hedging relationship	2,362	-	2,674	-
Interest accrued and amortisation	39,809	-	31,326	-
Changes to models and inputs used for ECL calculation (Note 16)	-	79	-	429
Foreign exchange adjustments	16,746	-	(7,395)	-
31 December	3,806,369	(732)	3,117,702	(988)

All debt securities measured at amortised cost are classified as Stage 1 as at 31 December 2024 and 31 December 2023.

There were no reclassifications of investments during the year ended 31 December 2024 and 2023.

The fair value of the financial assets that have been reclassified out of FVPL to FVOCI on transition to IFRS 9, amounts to €6,932 thousand at 31 December 2024 (2023: €7,149 thousand). The fair value gain that would have been recognised in the consolidated income statement during the year ended 31 December 2024 if these financial assets had not been reclassified as part of the transition to IFRS 9, amounts to €6 thousand (2023: loss of €140 thousand). The effective interest rate of these instruments is 1.6%-5.0% (2023: 1.6%-5.0%) per annum and the respective interest income during the year ended 31 December 2024 amounts to €206 thousand (2023: €227 thousand).

21. Derivative financial instruments

The contract amount and fair value of the derivative financial instruments is set out below:

	2024			2023		
	Contract amount	Fair value		Contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	€000	€000	€000	€000	€000	€000
Trading derivatives						
Forward exchange rate contracts	23,232	171	126	23,960	205	184
Currency swaps	926,195	7,662	517	986,259	136	13,278
Interest rate swaps	-	-	-	13,460	189	181
Currency options	472	455	17	44	2	42
Interest rate caps/floors	18,130	945	945	166,075	1,843	1,844
	968,029	9,233	1,605	1,189,798	2,375	15,529
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	1,637,500	58,299	2,918	1,401,531	48,679	2,451
Portfolio fair value hedges - interest rate swaps	2,914,362	27,741	140	-	-	-
Net investments - forward exchange rate contracts	985	-	1	1,200	1	-
	4,552,847	86,040	3,059	1,402,731	48,680	2,451
Total	5,520,876	95,273	4,664	2,592,529	51,055	17,980

21. Derivative financial instruments (continued)

The use of derivatives is an integral part of the Group's activities. Derivatives are used to manage the Group's own exposure to fluctuations in interest rates and foreign currency exchange rates. Derivatives are also sold to customers as risk management products.

Credit risk for derivatives arises from the possibility of the counterparty's failure to meet the terms of any contract. In the case of derivatives, credit losses are a significantly smaller amount compared to the derivatives' notional amount. In order to manage credit risk, the Group sets derivative limits based on the creditworthiness of the involved counterparties and uses credit mitigation techniques such as netting, collateralisation, margin calls and clearing through Central Clearing House (CCP) where applicable.

Interest rate risk is explained in Note 45. The interest rate risk is managed through the use of own balance sheet solutions such as plain vanilla interest rate swaps and interest rate options. In fair value hedging of interest rate risk, fixed rate assets/liabilities are converted to floating. In cash flow hedging of interest rate risk, the Group converts floating rate assets/liabilities to fixed.

Currency risk is explained in Note 45. In order to manage currency risk, the Group hedges its open position by entering into foreign exchange deals such as: foreign exchange spot, foreign exchange forwards, foreign exchange swaps or foreign exchange options. The foreign currency risk mainly arises from customer-driven transactions on deposits and loans and advances.

Forward exchange rate contracts are irrevocable agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate.

Currency swaps involve the exchange of two currencies at the current market rate and the commitment to re-exchange them at a specified rate upon maturity of the swap. Cross-currency swaps are interest rate swaps in which the cash flows are in different currencies.

Interest rate swaps are contractual agreements between two parties to exchange fixed rate and floating rate interest, by means of periodic payments, based upon a notional principal amount and the interest rates defined in the contract.

Currency options are contracts that grant the holder the right, but not the obligation, to buy or sell currency at a specified exchange rate during a specified period of time.

Interest rate caps/floors protect the buyer from fluctuations of interest rates above or below a specified interest rate for a specified period of time.

The credit exposure of derivative financial instruments represents the cost to replace these contracts at the reporting date. The exposure arising from these transactions is managed as part of the Group's credit risk management process for credit facilities granted to customers and financial institutions.

The contract amount of certain types of derivative financial instruments provides a basis for comparison with other instruments recognised on the consolidated balance sheet, but does not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, consequently, does not indicate the Group's exposure to credit or market risk.

The fair value of the derivatives can be either positive (asset) or negative (liability) as a result of fluctuations in market interest rates and foreign currency exchange rates in accordance with the terms of the relevant contract. The aggregate net fair value of derivatives may fluctuate significantly over time.

Hedge accounting

The Group elected, as a policy choice permitted by IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The Group applies hedge accounting using derivatives when the required criteria for hedge accounting are met. The Group also uses derivatives for economic hedging (hedging the changes in interest rates, foreign currency exchange rates or other risks) which do not meet the criteria for hedge accounting. As a result, these derivatives are accounted for as trading derivatives and the gains or losses arising from revaluation are recognised in the consolidated income statement.

21. Derivative financial instruments (continued)

Derivatives held for trading comprise derivatives entered into with economic hedging intent to which the Group does not apply hedge accounting or derivative positions arise as a result of activity generated by corporate customers. Derivatives classified as held for hedging comprise only those derivatives to which the Group applies hedge accounting.

Fair value hedges

The Group uses interest rate swaps to hedge the interest rate risk arising as a result of the possible adverse movement in the fair value of fixed rate debt securities measured at FVOCI, debt securities in issue and subordinated liabilities, as well as customer deposits.

As part of its structural interest rate risk management, during the year ended 31 December 2024, the Group has contracted fixed-rate receiver swaps to hedge interest rate risk by setting up fair value hedges for a portfolio of liabilities being the core NMDs. This strategy is designated as a fair value hedge, under the IAS 39 as adopted by the EU (IAS 39 carve-out) and its effectiveness is assessed by comparing changes in the fair value of the designated hedged item, attributable to changes in the benchmark interest rate, with the respective changes in the fair value of the interest rate swaps used as hedging instruments.

Changes in the fair value of derivatives designated as fair value hedges (both for micro hedges and macro hedges) and the fair value of the hedged items in relation to the risk being hedged are recognised in the consolidated income statement.

In the case of fair value macro hedges, fair value changes of the hedged portfolios are recognised in the liability side of the consolidated balance sheet under caption 'Changes in the fair value of hedged items in portfolio hedges of interest rate risk', which as at 31 December 2024 amounted to a cumulative fair value change of €44,074 thousand (2023: n/a).

Hedges of net investments

The Group's consolidated balance sheet is impacted by foreign currency exchange differences between Euro and all non-Euro functional currencies of overseas subsidiaries and other foreign operations. The Group hedges its structural currency risk when it considers that the cost of such hedging is within an acceptable range (in relation to the underlying risk). This hedging is done through the use of forward exchange rate contracts.

As at 31 December 2024, forward exchange rate contracts amounting to €985 thousand (2023: €1,200 thousand) have been designated as hedging instruments and have given rise to approximately nil loss (2023: loss of €13 thousand) which was recognised in the 'Foreign currency translation reserve' in the consolidated statement of comprehensive income, against the profit or loss from the retranslation of the net assets of the overseas subsidiaries and other foreign operations.

2024	Gains/(losses) attributable to hedged risk		Hedge in-effectiveness
	Hedged items	Hedging instruments	
Derivatives qualifying for hedge accounting	€000	€000	€000
Fair value hedges - interest rate swaps			
-debt securities - investment	8,763	(8,763)	-
-debt securities in issue	(8,914)	8,914	-
-subordinated liabilities	93	(93)	-
-customer deposits (macro hedge)	(44,074)	44,074	-
Total	(44,132)	44,132	-

21. Derivative financial instruments (continued)

2023	Gains/(losses) attributable to hedged risk		Hedge in-effectiveness
	Hedged items	Hedging instruments	
Derivatives qualifying for hedge accounting	€000	€000	€000
Fair value hedges - interest rate swaps			
-debt securities - investments	22,840	(20,722)	2,118
-debt securities in issue	(14,274)	14,274	-
-subordinated liabilities	(4,237)	4,237	-
Net investments			
-forward exchange rate contracts	13	(13)	-
Total	4,342	(2,224)	2,118

The accumulated fair value adjustment arising from the hedging relationships is presented in the table below:

2024	Carrying amount of hedged items		Accumulated amount of fair value hedging adjustments gains/(losses) on the hedged item	
	Assets	Liabilities	Assets	Liabilities
Derivatives qualifying for hedge accounting	€000	€000	€000	€000
Fair value hedges - interest rate swaps				
-debt securities - investments	379,937	-	(28,498)	-
-debt securities in issue	-	989,435	-	(18,335)
-subordinated liabilities	-	307,138	-	(4,144)
-customer deposits (macro hedge)	-	2,914,362	-	(44,074)
Net investments - forward exchange rate contracts				
Net assets/liabilities	-	985	-	1
Total	379,937	4,211,920	(28,498)	(66,552)

2023	Carrying amount of hedged items		Accumulated amount of fair value hedging adjustments gains/(losses) on the hedged item	
	Assets	Liabilities	Assets	Liabilities
Derivatives qualifying for hedge accounting	€000	€000	€000	€000
Fair value hedges - interest rate swaps				
-debt securities - investments	439,043	-	(43,441)	-
-debt securities in issue	-	671,632	-	(9,421)
-subordinated liabilities	-	306,787	-	(4,237)
Net investments - forward exchange rate contracts				
Net assets/liabilities	1,200	-	1	-
Total	440,243	978,419	(43,440)	(13,658)

For assets hedged using fair value hedges the applicable average rates of hedging instruments is 2.35% fixed rate as at 31 December 2024 (2023: 2.05%). For liabilities hedged using fair value hedges, the average fixed rate is 3.55% as at 31 December 2024 (2023: 5.44%).

21. Derivative financial instruments (continued)

The maturity of the Group's contract amount of the derivatives is presented in the table below:

	On demand and up to one month €000	Between one and three months €000	Between three months and one year €000	Between one and five years €000	Over five years €000	Total contract amount €000
2024						
Trading derivatives						
Forward exchange rate contracts	8,040	9,870	5,322	-	-	23,232
Currency swaps	719,764	206,213	218	-	-	926,195
Currency options	472	-	-	-	-	472
Interest rate caps/floors	-	-	-	18,130	-	18,130
	728,276	216,083	5,540	18,130	-	968,029
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	-	-	69,000	1,404,000	164,500	1,637,500
Portfolio fair value hedges - interest rate swaps	-	-	-	2,914,362	-	2,914,362
Net investments - forward exchange rate contracts	985	-	-	-	-	985
	985	-	69,000	4,318,362	164,500	4,552,847
Total	729,261	216,083	74,540	4,336,492	164,500	5,520,876

	On demand and up to one month €000	Between one and three months €000	Between three months and one year €000	Between one and five years €000	Over five years €000	Total contract amount €000
2023						
Trading derivatives						
Forward exchange rate contracts	9,734	9,657	4,569	-	-	23,960
Currency swaps	852,963	132,603	693	-	-	986,259
Interest rate swaps	-	4,372	9,088	-	-	13,460
Currency options	44	-	-	-	-	44
Interest rate caps/floors	-	-	-	166,075	-	166,075
	862,741	146,632	14,350	166,075	-	1,189,798
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	-	15,000	56,031	1,166,000	164,500	1,401,531
Net investments - forward exchange rate contracts	1,200	-	-	-	-	1,200
	1,200	15,000	56,031	1,166,000	164,500	1,402,731
Total	863,941	161,632	70,381	1,332,075	164,500	2,592,529

22. Fair value measurement

The following table presents the carrying value and fair value of the Group's financial assets and liabilities.

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000
Financial assets				
Cash and balances with central banks	7,600,726	7,600,726	9,614,502	9,614,502
Loans and advances to banks	820,574	813,239	384,802	370,853
Investments at FVPL	136,629	136,629	135,275	135,275
Investments at FVOCI	416,077	416,077	443,420	443,420
Investments at amortised cost	3,805,637	3,837,774	3,116,714	3,119,618
Reverse repurchase agreements	1,010,170	1,026,046	403,199	411,654
Derivative financial assets	95,273	95,273	51,055	51,055
Loans and advances to customers	10,114,394	10,114,750	9,821,788	9,972,249
Life insurance business assets attributable to policyholders	761,127	761,127	637,562	637,562
Financial assets classified as held for sale	23,143	23,143	-	-
Other financial assets	295,632	300,606	388,244	406,602
	<u>25,079,382</u>	<u>25,125,390</u>	<u>24,996,561</u>	<u>25,162,790</u>
Financial liabilities				
Funding from central banks and deposits by banks	364,231	334,156	2,515,424	2,472,718
Derivative financial liabilities	4,664	4,664	17,980	17,980
Customer deposits	20,519,276	20,494,544	19,336,915	19,300,867
Debt securities in issue	989,435	1,024,400	671,632	655,428
Subordinated liabilities	307,138	314,195	306,787	300,098
Other financial liabilities and lease liabilities	441,445	441,445	362,152	362,152
	<u>22,626,189</u>	<u>22,613,404</u>	<u>23,210,890</u>	<u>23,109,243</u>

The fair value of financial assets and liabilities in the above table is as at the reporting date and does not represent any expectations about their future value.

The Group uses the following hierarchy for determining and disclosing fair value:

Level 1: investments valued using quoted prices in active markets.

Level 2: investments valued using models for which all inputs that have a significant impact on fair value are market observable.

Level 3: investments valued using models for which inputs that have a significant impact on fair value are not based on market observable data.

Observable inputs to the models for the valuation of unquoted equity and debt securities include, where applicable, current and expected market interest rates, market expected default rates, market implied country and counterparty credit risk and market liquidity discounts.

For assets and liabilities that are recognised in the Consolidated Financial Statements at fair value, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

22. Fair value measurement (continued)

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities recorded at fair value and financial assets and financial liabilities for which fair value is disclosed, by level of the fair value hierarchy.

2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets measured at fair value				
<i>Investment properties</i>				
Residential	-	-	4,584	4,584
Offices and other commercial properties	-	-	20,715	20,715
Manufacturing and industrial properties	-	-	8,662	8,662
Land (fields and plots)	-	-	2,290	2,290
	-	-	36,251	36,251
<i>Freehold property</i>				
Offices and other commercial properties	-	-	240,185	240,185
<i>Loans and advances to customers measured at FVPL</i>	-	-	131,008	131,008
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	171	-	171
Currency swaps	-	7,662	-	7,662
Interest rate swaps	-	-	-	-
Currency options	-	455	-	455
Interest rate caps/floors	-	945	-	945
	-	9,233	-	9,233
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges-interest rate swaps	-	58,299	-	58,299
Portfolio fair value hedges - interest rate swaps	-	27,741	-	27,741
	-	86,040	-	86,040
<i>Investments at FVPL</i>	31,577	94,350	10,702	136,629
<i>Investments at FVOCI</i>	406,600	6	9,471	416,077
<i>Prepayments, accrued income and other assets</i>	-	-	25,500	25,500
	438,177	189,629	453,117	1,080,923
Financial assets not measured at fair value				
Loans and advances to banks	-	813,239	-	813,239
Investments at amortised cost	3,604,367	233,407	-	3,837,774
Reverse repurchase agreements	-	1,026,046	-	1,026,046
Loans and advances to customers	-	-	9,983,742	9,983,742
	3,604,367	2,072,692	9,983,742	15,660,801

The discount rate used in the determination of the fair value of the loans and advances to customers measured at FVPL as at 31 December 2024 is 6.79% (2023: 7.56%).

For loans and advances to customers measured at FVPL categorised as Level 3 as at 31 December 2024, an increase in the discount factor by 10% would result in a decrease of €2,460 thousand in their fair value and a decrease in the discount factor by 10% would result in an increase of €591 thousand in their fair value.

For one investment included in other non-equity securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €10,702 thousand as at 31 December 2024, a change in the conversion factor by 10% would result in a change in the value of the other non-equity securities by €1,070 thousand.

For additional disclosures on sensitivity analysis of equity securities refer to Note 45.

22. Fair value measurement (continued)

The fair value measurement hierarchy for life insurance business assets attributable to policy holders is disclosed in Note 24.

2024	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Liabilities measured at fair value				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	126	-	126
Currency swaps	-	517	-	517
Currency options	-	17	-	17
Interest rate caps/floors	-	945	-	945
	-	1,605	-	1,605
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges-interest rate swaps	-	2,918	-	2,918
Portfolio fair value hedges - interest rate swaps	-	140	-	140
Net investments - forward exchange rate contracts	-	1	-	1
	-	3,059	-	3,059
	-	4,664	-	4,664
Financial liabilities not measured at fair value				
Deposits by banks	-	334,156	-	334,156
Customer deposits	-	-	20,494,544	20,494,544
Debt securities in issue	1,024,400	-	-	1,024,400
Subordinated liabilities	314,195	-	-	314,195
	1,338,595	334,156	20,494,544	22,167,295

22. Fair value measurement (continued)

2023	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets measured at fair value				
<i>Investment properties</i>				
Residential	-	-	5,933	5,933
Offices and other commercial properties	-	-	34,369	34,369
Manufacturing and industrial properties	-	-	19,513	19,513
Land (fields and plots)	-	-	2,290	2,290
	-	-	62,105	62,105
<i>Freehold property</i>				
Offices and other commercial properties	-	-	232,235	232,235
<i>Loans and advances to customers measured at FVPL</i>	-	-	138,727	138,727
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	205	-	205
Currency swaps	-	136	-	136
Interest rate swaps	-	189	-	189
Currency options	-	2	-	2
Interest rate caps/floors	-	1,843	-	1,843
	-	2,375	-	2,375
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges-interest rate swaps	-	48,679	-	48,679
Net investments-forward exchange rate contracts	-	1	-	1
	-	48,680	-	48,680
<i>Investments at FVPL</i>	36,095	95,569	3,611	135,275
<i>Investments at FVOCI</i>	431,854	-	11,566	443,420
	467,949	146,624	448,244	1,062,817
Financial assets not measured at fair value				
Loans and advances to banks	-	370,853	-	370,853
Investments at amortised cost	2,958,793	160,825	-	3,119,618
Reverse repurchase agreements	-	411,654	-	411,654
Loans and advances to customers	-	-	9,833,522	9,833,522
	2,958,793	943,332	9,833,522	13,735,647

For loans and advances to customers measured at FVPL categorised as Level 3 as at 31 December 2023, an increase in the discount factor by 10% would result in a decrease of €2,714 thousand in their fair value and a decrease in the discount factor by 10% would result in an increase of €622 thousand in their fair value.

For one investment included in other non-equity securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €3,611 thousand as at 31 December 2023, a change in the conversion factor by 10% would result in a change in the value of the other non-equity securities by €361 thousand.

22. Fair value measurement (continued)

2023	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Liabilities measured at fair value				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	184	-	184
Currency swaps	-	13,278	-	13,278
Interest rate swaps	-	181	-	181
Currency options	-	42	-	42
Interest rate caps/floors	-	1,844	-	1,844
	-	15,529	-	15,529
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges-interest rate swaps	-	2,451	-	2,451
	-	17,980	-	17,980
Financial liabilities not measured at fair value				
Funding from central banks	-	2,043,868	-	2,043,868
Deposits by banks	-	428,850	-	428,850
Customer deposits	-	-	19,300,867	19,300,867
Debt securities in issue	655,428	-	-	655,428
Subordinated liabilities	300,098	-	-	300,098
	<u>955,526</u>	<u>2,472,718</u>	<u>19,300,867</u>	<u>22,729,111</u>

The cash and balances with central banks are financial instruments whose carrying value is a reasonable approximation of fair value because they are mostly short-term in nature or are repriced to current market rates frequently. The carrying value of other financial assets, other than the deferred purchase payment consideration (Note 28), and other financial liabilities is a close approximation of their fair value and they are categorised as Level 3.

During the years ended 31 December 2024 and 2023 there were no significant transfers between Level 1 and Level 2.

22. Fair value measurement (continued)

Movements in Level 3 assets measured at fair value

Transfers from Level 3 to Level 2 occur when the market for some securities becomes more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Following a transfer to Level 2 the instruments are valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid and consequently, the Group requires significant unobservable inputs to calculate their fair value.

The movement in Level 3 assets which are measured at fair value is presented below:

	2024					2023			
	Investment properties	Own use properties	Other financial assets	Loans and advances to customers	Financial instruments	Investment properties	Own use properties	Loans and advances to customers	Financial instruments
	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January	62,105	232,235	-	138,727	15,177	85,099	203,658	214,359	21,233
Additions	198	9,549	25,500	-	-	1,390	836	-	-
Disposals	(23,613)	-	-	-	-	(23,797)	-	-	-
Transfers from own use properties to investment properties (Note 25)	-	-	-	-	-	798	(798)	-	-
Net transfers from stock of property (Note 25)	-	-	-	-	-	-	17,827	-	-
Conversion of instruments into common shares	-	-	-	-	-	-	-	-	(6,521)
Depreciation charge for the year	-	(2,121)	-	-	-	-	(2,047)	-	-
Impairment (Note 25)	-	-	-	-	-	-	(765)	-	-
Fair value (losses)/gains	(2,439)	522	-	-	4,847	(1,385)	13,524	-	569
Net gains on loans and advances to customers measured at FVPL (Note 11)	-	-	-	1,232	-	-	-	2,401	-
Repayments/derecognition of loans	-	-	-	(17,792)	-	-	-	(89,522)	-
Interest on loans (Note 7)	-	-	-	8,841	-	-	-	11,489	-
Foreign exchange adjustments	-	-	-	-	149	-	-	-	(104)
31 December	36,251	240,185	25,500	131,008	20,173	62,105	232,235	138,727	15,177

Valuation policy and sensitivity analysis

Investment properties and own use properties

The valuation technique mainly applied by the Group is the market comparable approach, adjusted for market and property specific conditions. In certain cases, the Group also utilises the income capitalisation approach. The key inputs used for the valuations of the investment properties and own use properties are presented in the tables below:

22. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Analysis of investment properties

Type and country	2024	Estimated rental value per m ² per annum	Estimated building cost per m ²	Yield	Estimated fair value per m ²	Estimated land value per m ²	Land	Building area	Age of building
	€000						m ²	m ²	Years
Residential									
Cyprus	1,638	€41-€108	€1,250-€1,542	3.0%-5.0%	€473-€1,886	€130-€380	607-725	142-420	12-59
Greece	2,946	€15-€118	€229-€3,018	2.7%-9.4%	€45-€2,038	€26-€479	24-5,147	51-825	19-52
	4,584								
Offices and other commercial properties									
Cyprus	17,942	€47-€349	n/a	4.0%-7.0%	€579-€5,833	€500-€3,900	348-1,872	16-3,292	18-70
Greece	2,773	€9-€219	€193-€1,161	4.9%-8.8%	€73-€3,648	€558-€3,451	100-8,582	6-4,692	20-66
	20,715								
Manufacturing and industrial									
Cyprus	2,679	€45-€67	€709	6.0%-7.0%	€920-€956	€150-€400	2,935-3,410	1,608-1,713	31
Greece	5,983	€1-€71	€214-€1,199	4.5%-10.3%	€12-€464	€52-€521	57-34,495	349-5,858	15-86
	8,662								
Land (fields and plots)									
Cyprus	2,290	n/a	n/a	n/a	n/a	€989	2,316	n/a	n/a
	2,290								
Total	36,251								

Analysis of own use properties

Type and country	2024	Estimated rental value per m ² per annum	Estimated building cost per m ²	Yield	Estimated fair value per m ²	Estimated land value per m ²	Land	Building area	Age of building
	€000						m ²	m ²	Years
Offices and other commercial properties									
Cyprus	240,185	€36-€264	€1,063-€3,162	5.5%-6.0%	€383-€5,254	€150-€2,757	390-51,947	210-24,035	17-100
Total	240,185								

22. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Analysis of investment properties

Type and country	2023	Estimated rental value per m ² per annum	Estimated building cost per m ²	Yield	Estimated fair value per m ²	Estimated land value per m ²	Land	Building area	Age of building
	€000						m ²	m ²	Years
Residential									
Cyprus	2,024	€41-€98	€1,090-€1,673	4.5%-5.5%	€380-€2,338	€130-€380	607-725	89-594	10-58
Greece	3,909	€6-€113	€164-€2,961	2%-9.4%	€46-€1,878	€16-€1,910	24-5,147	51-825	16-51
	5,933								
Offices and other commercial properties									
Cyprus	31,297	€36-€289	€470	3.9%-6.7%	€578-€5,781	€150-€3,900	348-11,301	0-4,605	11-68
Greece	3,072	€9-€219	€193-€1,404	4.9%-8.8%	€72-€3,648	€261-€289	100-8,582	6-4,692	19-65
	34,369								
Manufacturing and industrial									
Cyprus	12,583	€23-€67	€205-€709	4.5%-7.0%	€266-€1,225	€165-€500	2,202-14,590	743-8,007	20-37
Greece	6,930	€1-€99	€172-€684	4.4%-10.4%	€12-€439	€10-€191	57-34,495	349-5,858	14-85
	19,513								
Land (fields and plots)									
Cyprus	2,290	n/a	n/a	n/a	n/a	€989	2,316	n/a	n/a
	2,290								
Total	62,105								

Analysis of own use properties

Type and country	2023	Estimated rental value per m ² per annum	Estimated building cost per m ²	Yield	Estimated fair value per m ²	Estimated land value per m ²	Land	Building area	Age of building
	€000						m ²	m ²	Years
Offices and other commercial properties									
Cyprus	232,235	€30-€315	€1,063-€3,162	6%-6.5%	€65-€5,254	€65-€2,756	390-51,947	210-24,035	16-100
Total	232,235								

22. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Sensitivity analysis

The fair value of the Group's properties have been classified as Level 3 in the fair value measurement hierarchy. Significant increases/decreases in estimated values per square meter for properties valued with the comparable approach or significant increases/decreases in estimated rental values or yields for properties valued with the income capitalisation approach could result in a significantly higher/lower fair value of the properties.

23. Loans and advances to customers

	2024	2023
	€000	€000
Gross loans and advances to customers at amortised cost	10,130,405	9,862,514
Allowance for ECL for impairment of loans and advances to customers (Note 44.5)	(147,019)	(179,453)
	9,983,386	9,683,061
Loans and advances to customers measured at FVPL	131,008	138,727
	10,114,394	9,821,788

The following tables present the Group's gross loans and advances to customers at amortised cost by staging.

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Gross loans at amortised cost before residual fair value adjustment on initial recognition	9,176,411	785,674	169,189	59,810	10,191,084
Residual fair value adjustment on initial recognition	(49,916)	(10,594)	1,579	(1,748)	(60,679)
Gross loans at amortised cost	9,126,495	775,080	170,768	58,062	10,130,405

2023					
Gross loans at amortised cost before residual fair value adjustment on initial recognition	8,334,929	1,168,745	328,177	100,197	9,932,048
Residual fair value adjustment on initial recognition	(59,340)	(7,474)	(1,294)	(1,426)	(69,534)
Gross loans at amortised cost	8,275,589	1,161,271	326,883	98,771	9,862,514

Residual fair value adjustment

The residual fair value adjustment on initial recognition mainly relates to the loans and advances to customers acquired as part of the acquisition of certain operations of Laiki Bank in 2013. In accordance with the provisions of IFRS 3, this adjustment decreased the gross balance of loans and advances to customers. The residual fair value adjustment is included within the gross balances of loans and advances to customers as at each balance sheet date. However, for credit risk monitoring, the residual fair value adjustment as at each balance sheet date is presented separately from the gross balances of loans and advances, as shown in the tables above.

Loans and advances to customers measured at FVPL are managed in Cyprus.

23. Loans and advances to customers (continued)

The following tables present the Group's gross loans and advances to customers at amortised cost by staging and by business line concentration.

2024	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	€000
Corporate	2,897,542	409,697	30,103	9,879	3,347,221
IBU & International corporate					
- IBU	104,327	16,124	126	117	120,694
- International corporate	935,383	25,634	-	4	961,021
SMEs	886,864	68,843	8,094	4,270	968,071
Retail					
- housing	3,327,631	179,619	18,206	9,893	3,535,349
- consumer, credit cards and other	959,787	61,415	8,463	10,729	1,040,394
Restructuring					
- corporate	1,424	3,184	2,469	10,357	17,434
- SMEs	6,447	3,928	8,205	1,966	20,546
- retail housing	5,062	5,898	24,281	1,143	36,384
- retail other	2,014	738	11,698	754	15,204
Recoveries					
- corporate	-	-	3,873	307	4,180
- SMEs	-	-	8,671	993	9,664
- retail housing	-	-	30,358	4,494	34,852
- retail other	14	-	16,221	3,156	19,391
	9,126,495	775,080	170,768	58,062	10,130,405

2023 (restated)	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	€000
Corporate	2,709,523	519,134	96,289	32,799	3,357,745
IBU & International corporate					
- IBU	99,009	21,409	320	140	120,878
- International corporate	744,955	17,220	38	15	762,228
SMEs	824,503	109,865	5,583	9,042	948,993
Retail					
- housing	3,038,339	345,135	23,508	9,897	3,416,879
- consumer, credit cards and other	836,679	103,710	9,814	13,839	964,042
Restructuring					
- corporate	3,770	21,747	13,461	10,073	49,051
- SMEs	9,831	8,089	13,715	2,431	34,066
- retail housing	6,450	12,429	39,696	1,912	60,487
- retail other	2,471	2,533	13,474	733	19,211
Recoveries					
- corporate	-	-	6,378	967	7,345
- SMEs	-	-	15,812	1,587	17,399
- retail housing	-	-	65,070	10,255	75,325
- retail other	59	-	23,725	5,081	28,865
	8,275,589	1,161,271	326,883	98,771	9,862,514

During 2023, BOC PCL entered into an agreement with Cyprus Asset Management Company ('KEDIPES') to acquire a portfolio of performing and restructured loans with gross book value of approximately €58 million with reference date 31 December 2022 (the 'Transaction'). The Transaction was completed in March 2024.

Loans and advances to customers pledged as collateral are disclosed in Note 46.

23. Loans and advances to customers (continued)

Additional analysis and information on loans and advances to customers and related allowance for ECL are set out in Note 44.

The following portfolio of loans and advances to customers was classified as held for sale as at 31 December 2024. There were no loans and advances to customers classified as held for sale as at 31 December 2023.

	2024 €000	2023 €000
Disposal group	23,143	-
	23,143	-
	2024 €000	2023 €000
Gross loans and advances to customers (Note 44.3)	54,921	-
Allowance for ECL for impairment of loans and advances to customers (Note 44.5)	(31,778)	-
	23,143	-

Disposal Group

Disposal group comprises a portfolio of loans and advances to customers known as Project River, classified as held for sale as at 31 December 2024. The Group entered into agreement with funds associated with Cerberus Global Investments B.V. to sell two non-performing loan portfolios with a total gross book value of approximately €55 million as at 31 December 2024 (the 'Sale transaction'). The Sale transaction is subject to the necessary approvals and is expected to be completed within the first half of 2025.

The analysis of the gross book value and the allowance for ECL of loans and advances to customers classified as held for sale by staging is provided below:

	Stage 3 €000	POCI €000	Total €000
2024			
Gross loans and advances to customers	49,589	5,332	54,921
Allowance for ECL for impairment of loans and advances to customers	(29,003)	(2,775)	(31,778)
31 December	20,586	2,557	23,143

The disposal portfolio relates mainly to corporate and retail exposures under the Restructuring & Recoveries business line.

24. Life insurance business assets attributable to policyholders

	2024 €000	2023 €000
Equity securities	2,145	1,982
Debt securities	81,299	58,688
Mutual funds	639,321	549,592
Bank deposits and other receivables	38,362	27,300
	761,127	637,562
Property	11,630	11,650
	772,757	649,212

Financial assets of life insurance business attributable to policyholders are classified as investments at FVPL.

Bank deposits and other receivables include other financial receivables of €8,550 thousand (2023: €2,957 thousand).

24. Life insurance business assets attributable to policyholders (continued)

In addition to the above assets, the life insurance subsidiary of the Group holds shares of the Company, as part of the assets attributable to policyholders with a carrying value as at 31 December 2024 of €654 thousand (2023: €476 thousand). Such shares are presented in the Consolidated Financial Statements as treasury shares (Note 34).

The analysis of the financial assets of life insurance business attributable to policyholders measured at fair value by level of the fair value hierarchy is presented below:

2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Equity securities	2,145	-	-	2,145
Debt securities	61,699	-	19,600	81,299
Mutual funds	636,240	-	3,081	639,321
	700,084	-	22,681	722,765
2023				
Equity securities	1,982	-	-	1,982
Debt securities	38,378	-	20,310	58,688
Mutual funds	546,475	-	3,117	549,592
	586,835	-	23,427	610,262

Bank deposits are financial instruments whose carrying amount is a reasonable approximation of fair value, because they are short-term in nature or are repriced to current market rates frequently. The carrying value of other financial receivable is a close approximation of their fair value and they are categorised as Level 3.

The movement of financial assets classified as Level 3 is presented below:

	2024 €000	2023 €000
1 January	23,427	22,503
Unrealised (losses)/gains recognised in the consolidated income statement	(746)	924
31 December	22,681	23,427

During the years ended 31 December 2024 and 2023 there were no significant transfers between Level 1 and Level 2.

The property asset of life insurance business attributable to policyholders is measured at fair value and is categorised as Level 3 in the fair value hierarchy.

25. Property and equipment

2024	Property €000	Equipment €000	Total €000
Net book value at 1 January	255,905	29,663	285,568
Additions	10,591	10,464	21,055
Revaluation	522	-	522
Disposals and write-offs	-	(11)	(11)
Depreciation charge for the year (Note 15.1)	(9,347)	(8,632)	(17,979)
New leases (Note 42)	1,575	895	2,470
Re-assessment of RoU assets (Note 42)	16,158	-	16,158
Derecognition of RoU assets (Note 42)	(369)	-	(369)
Net book value at 31 December	275,035	32,379	307,414
1 January 2024			
Cost or valuation	327,251	123,677	450,928
Accumulated depreciation	(71,346)	(94,014)	(165,360)
Net book value	255,905	29,663	285,568
31 December 2024			
Cost or valuation	354,363	134,622	488,985
Accumulated depreciation	(79,328)	(102,243)	(181,571)
Net book value	275,035	32,379	307,414
2023	Property €000	Equipment €000	Total €000
Net book value at 1 January	235,538	17,840	253,378
Additions	396	7,058	7,454
Revaluation	13,524	-	13,524
Impairment	(765)	-	(765)
Transfers to investment properties (Note 22)	(798)	-	(798)
Net transfers from stock of property (Note 27)	17,827	-	17,827
Disposals and write-offs	-	(24)	(24)
Depreciation charge for the year (Note 15.1)	(8,997)	(6,396)	(15,393)
New leases (Note 42)	168	11,185	11,353
Re-assessment of RoU assets (Note 42)	(988)	-	(988)
Net book value at 31 December	255,905	29,663	285,568
1 January 2023			
Cost or valuation	303,891	142,787	446,678
Accumulated depreciation	(68,353)	(124,947)	(193,300)
Net book value	235,538	17,840	253,378
31 December 2023			
Cost or valuation	327,251	123,677	450,928
Accumulated depreciation	(71,346)	(94,014)	(165,360)
Net book value	255,905	29,663	285,568

25. Property and equipment (continued)

As at 31 December 2024 the net book value of the Group's equipment includes an amount of €9,169 thousand that relates to RoU asset - Computer hardware (2023: €11,462 thousand).

The net book value of the Group's property comprises:

	2024	2023
	€000	€000
Freehold property	240,185	232,235
Improvements on leasehold property	1,726	1,270
RoU assets (Note 42)	33,124	22,400
Total	275,035	255,905

Freehold property includes land amounting to €93,409 thousand (2023: €92,751 thousand) for which no depreciation is charged. Further, freehold property includes an amount of €22,507 thousand (2023: €20,876 thousand) which relates to a property under construction.

The Group's policy is to revalue its properties periodically (between 3 to 5 years) but more frequent revaluations may be performed where there are significant and volatile movements in values. The Group performed revaluations during the year ended 31 December 2023. The valuations were carried out by independent qualified valuers, on the basis of market value using observable prices and/or recent market transactions depending on the location of the property. Details on valuation techniques and inputs are presented in Note 22.

There were no charges against the freehold property of the Group as at 31 December 2024 and 2023.

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2024 amounts to €166,126 thousand (2023: €158,900 thousand).

26. Intangible assets

	2024	2023
	€000	€000
Net book value at 1 January	48,635	52,546
Additions	19,736	14,949
Disposals and write-offs	(432)	-
Amortisation charge for the year (Note 15.1)	(18,192)	(18,860)
Net book value at 31 December	49,747	48,635

1 January		
Cost	268,268	253,353
Accumulated amortisation and impairment	(219,633)	(200,807)
Net book value	48,635	52,546

31 December		
Cost	287,208	268,268
Accumulated amortisation and impairment	(237,461)	(219,633)
Net book value	49,747	48,635

Computer software includes internally developed computer software with a net carrying amount of €5,570 thousand as at 31 December 2024 (2023: €4,679 thousand).

27. Stock of property

The carrying amount of stock of property is determined as the lower of cost and net realisable value. Impairment is recognised if the net realisable value is below the cost of the stock of property. During the year ended 31 December 2024 an impairment loss of €55,612 thousand (2023: €46,026 thousand) was recognised in 'Impairment net of reversals on non-financial assets' in the consolidated income statement. At 31 December 2024, stock of property of €405,520 thousand (2023: €445,009 thousand) is carried at net realisable value.

There is no stock of property pledged as collateral.

The carrying amount of the stock of property is analysed in the tables below:

	2024	2023
	€000	€000
Net book value at 1 January	826,115	1,041,032
Additions	30,488	19,531
Disposals	(152,234)	(170,595)
Net transfer to property and equipment (Note 25)	-	(17,827)
Impairment for the year (Note 16)	(55,612)	(46,026)
Net book value at 31 December	648,757	826,115

The result on the disposal of stock of property in the year is presented in the table below:

	2024	2023
	€000	€000
Net consideration	152,450	179,567
Carrying value of stock of property disposed of	(152,234)	(170,595)
Net gains on disposal of stock of property	216	8,972

Analysis by type and country	Cyprus	Greece	Total
2024	€000	€000	€000
Residential properties	44,327	3,216	47,543
Offices and other commercial properties	59,650	5,060	64,710
Manufacturing and industrial properties	12,532	3,993	16,525
Hotels	7,005	339	7,344
Land (fields and plots)	509,547	3,088	512,635
Total	633,061	15,696	648,757

2023	€000	€000	€000
Residential properties	47,841	8,091	55,932
Offices and other commercial properties	91,114	9,978	101,092
Manufacturing and industrial properties	23,373	9,263	32,636
Hotels	17,345	437	17,782
Land (fields and plots)	614,990	3,683	618,673
Total	794,663	31,452	826,115

28. Prepayments, accrued income and other assets

	2024 €000	2023 €000
<i>Financial assets</i>		
Debtors	33,340	34,662
Insurance contract assets (Note 31)	-	1,255
Receivable relating to tax	2,772	3,263
Deferred purchase payment consideration	143,604	243,013
Other assets	115,916	106,051
	295,632	388,244
<i>Non-financial assets</i>		
Insurance and reinsurance contract assets (Note 31)	50,612	56,239
Current tax receivable	61,890	73,943
Prepaid expenses	1,222	867
Retirement benefit plan assets (Note 14.1)	1,767	669
Other assets	68,076	64,957
	183,567	196,675
	479,199	584,919

An analysis of the movement of the gross carrying amount of the financial assets included in prepayments, accrued income and other assets measured at amortised cost is presented in the table below:

	Stage 1 €000	Stage 3 €000	Simplified method €000	Total €000
2024				
1 January	381,151	35,934	5,872	422,957
Net (decrease)/increase	(116,822)	(504)	(427)	(117,753)
31 December	264,329	35,430	5,445	305,204
2023				
1 January	394,814	37,512	4,919	437,245
Net (decrease)/increase	(13,663)	(1,578)	953	(14,288)
31 December	381,151	35,934	5,872	422,957

An analysis of the movement of the ECL of the above financial assets is presented in the table below:

	Stage 1 €000	Stage 3 €000	Simplified method €000	Total €000
2024				
1 January	2,101	31,876	736	34,713
Changes to models and inputs used for ECL calculations	229	8	122	359
31 December	2,330	31,884	858	35,072
2023				
1 January	2,107	32,181	495	34,783
Write-offs	-	(82)	-	(82)
Changes to models and inputs used for ECL calculations	(6)	(223)	241	12
31 December	2,101	31,876	736	34,713

There were no financial assets classified as Stage 2 as at 31 December 2024 and 2023. In addition, financial assets amounting to €25,500 thousand were measured at FVPL as at 31 December 2024 (2023: nil).

28. Prepayments, accrued income and other assets (continued)

Within other non-financial assets an amount of €18,550 thousand as at 31 December 2024 (2023: €18,550 thousand) relates to contract assets from contracts with customers.

On the completion date of the sale of Project Helix 2 (the 'Transaction') in June 2021, the Group recognised an amount of €381,567 thousand in other financial assets, which represented the fair value of the deferred consideration receivable from the Transaction (the 'DPP'). The remaining amount outstanding is payable by December 2025. An amount of €16,042 thousand, which represents the interest income on the DPP has been recognised in the Consolidated Income Statement for the year ended 31 December 2024 (2023: €19,774 thousand) within 'Interest income - Financial assets at amortised cost - Other financial assets' (Note 7). There are no other conditions attached. The DPP is classified as Stage 1 as at 31 December 2024 and 2023.

29. Funding from central banks

Funding from central banks comprises funding from the ECB under Eurosystem monetary policy operations as set out in the table below:

	2024	2023
	€000	€000
Targeted Longer-Term Refinancing Operations (TLTRO III)	-	2,043,868

As at 31 December 2024, there was no outstanding ECB funding (2023: €2 billion) as the amount outstanding as at 31 December 2023 was fully repaid during the year ended 31 December 2024.

Details on encumbered assets are disclosed in Note 46.

30. Customer deposits

	2024 €000	2023 €000
<i>By type of deposit</i>		
Demand	10,737,484	10,167,622
Savings	3,091,475	2,979,275
Time or notice	6,690,317	6,190,018
	20,519,276	19,336,915
<i>By geographical area</i>		
Cyprus	16,422,089	15,355,445
Greece	1,558,482	1,473,491
United Kingdom	396,972	386,057
United States	129,823	166,673
Germany	80,796	77,288
Romania	38,408	29,729
Russia	88,710	128,489
Ukraine	212,662	183,316
Belarus	1,583	3,762
Israel	214,547	195,580
Other countries	1,375,204	1,337,085
	20,519,276	19,336,915

Deposits by geographical area are based on the country of residence of the Ultimate Beneficial Owner.

	2024 €000	2023 €000
<i>By currency</i>		
Euro	18,559,339	17,514,400
US Dollar	1,589,240	1,448,753
British Pound	309,083	300,867
Russian Rouble	1,080	1,322
Swiss Franc	8,315	8,947
Other currencies	52,219	62,626
	20,519,276	19,336,915

	2024 €000	2023 (restated) €000
<i>By business line</i>		
Corporate	2,310,165	2,086,753
IBU & International corporate		
- IBU	4,139,368	3,779,571
- International corporate	174,370	121,454
SMEs	1,161,464	1,019,245
Retail	12,600,526	12,216,209
Restructuring		
- corporate	10,000	12,565
- SMEs	2,854	5,954
- retail other	6,306	9,428
Recoveries		
- corporate	979	1,098
Institutional Wealth Management and Custody	113,244	84,638
	20,519,276	19,336,915

31. Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts, that are in an asset position and those in a liability position is set out in the table below:

	2024			2023		
	Assets €000	Liabilities €000	Net €000	Assets €000	Liabilities €000	Net €000
Insurance contracts						
Life insurance	-	(682,830)	(682,830)	6,472	(604,233)	(597,761)
Non-life insurance	-	(60,854)	(60,854)	-	(54,191)	(54,191)
Total insurance contracts	-	(743,684)	(743,684)	6,472	(658,424)	(651,952)
Reinsurance contracts						
Life insurance	24,039	-	24,039	26,350	-	26,350
Non-life insurance	26,573	-	26,573	24,672	-	24,672
Total reinsurance contracts	50,612	-	50,612	51,022	-	51,022
Total insurance and reinsurance contracts	50,612	(743,684)	(693,072)	57,494	(658,424)	(600,930)

The table below presents a reconciliation of the measurement components of insurance and reinsurance contract balances showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios in the life insurance business measured under GMM and VFA.

	2024				2023			
	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	Contractual Service Margin	Total	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Insurance contracts								
Insurance contracts liabilities	(586,145)	(17,302)	(75,615)	(679,062)	(528,955)	(13,940)	(58,331)	(601,226)
Insurance contracts assets	-	-	-	-	10,411	(2,004)	(1,935)	6,472
Reinsurance contracts								
Reinsurance contracts assets	(915)	15	23,654	22,754	7,896	220	16,979	25,095

31. Insurance and reinsurance contracts (continued)

The roll-forward of the net asset or liability for insurance contracts issued, showing the liabilities for remaining coverage and the liabilities for incurred claims for portfolio included in life and non-life insurance, is disclosed in the table below:

	2024				2023			
	Liabilities for remaining coverage LRC		Liabilities for incurred claims LIC	Total	Liabilities for remaining coverage LRC		Liabilities for incurred claims LIC	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	€000	€000	€000	€000	€000	€000	€000	€000
Insurance contract liabilities as at 1 January	(580,410)	(5,713)	(72,301)	(658,424)	(522,191)	(6,278)	(69,512)	(597,981)
Insurance contract assets as at 1 January	7,175	(305)	(398)	6,472	4,110	(1,540)	(300)	2,270
Net insurance contract assets/(liabilities) as at 01 January	(573,235)	(6,018)	(72,699)	(651,952)	(518,081)	(7,818)	(69,812)	(595,711)
Insurance revenue	150,070	-	-	150,070	145,775	-	-	145,775
<i>Insurance service expenses</i>								
Incurred claims and directly attributable expenses	3,976	545	(63,823)	(59,302)	-	815	(58,225)	(57,410)
Amortisation of insurance acquisition cash flows	(7,294)	-	-	(7,294)	(5,768)	-	-	(5,768)
Insurance acquisition cash flows expensed as incurred	(9,067)	-	-	(9,067)	(8,488)	-	-	(8,488)
Reversals of losses/(losses) on onerous contracts	-	76	-	76	-	1,037	-	1,037
Changes to liabilities for incurred claims (LIC)	-	-	2,414	2,414	-	-	(903)	(903)
Investment component	65,973	-	(65,973)	-	55,325	-	(55,325)	-
Insurance finance income/(expense)	(60,630)	(10)	(1,725)	(62,365)	(43,778)	(42)	(1,269)	(45,089)
Total changes in the statement of profit or loss	143,028	611	(129,107)	14,532	143,066	1,810	(115,722)	29,154
Premiums received	(266,547)	-	-	(266,547)	(234,913)	-	-	(234,913)
Claims and other directly attributable expenses paid	-	-	119,760	119,760	-	-	112,670	112,670
Insurance acquisition cash flows	40,302	-	221	40,523	36,693	(10)	165	36,848
Total cash flows	(226,245)	-	119,981	(106,264)	(198,220)	(10)	112,835	(85,395)
Net insurance contract assets/(liabilities) as at 31 December	(656,452)	(5,407)	(81,825)	(743,684)	(573,235)	(6,018)	(72,699)	(651,952)
Insurance contract liabilities as at 31 December	(656,452)	(5,407)	(81,825)	(743,684)	(580,410)	(5,713)	(72,301)	(658,424)
Insurance contract assets as at 31 December	-	-	-	-	7,175	(305)	(398)	6,472
Net insurance contract assets/(liabilities) as at 31 December	(656,452)	(5,407)	(81,825)	(743,684)	(573,235)	(6,018)	(72,699)	(651,952)

31. Insurance and reinsurance contracts (continued)

The table below presents a roll-forward of the net asset or liability for insurance contracts issued, showing CSM for portfolios included in the life insurance business.

	2024	2023
	€000	€000
Insurance contract liabilities as at 1 January	(58,331)	(41,863)
Insurance contract assets as at 1 January	(1,935)	(180)
Contractual Service Margin as at 1 January	(60,266)	(42,043)
Changes that relate to current services		
Contractual service margin recognised for services provided	8,893	7,792
Changes that relate to future services		
Contracts initially recognised in the period	(2,492)	(282)
Changes in estimates that adjust the contractual service margin	(21,691)	(25,150)
Insurance service result	(15,290)	(17,640)
Insurance finance expenses	(59)	(583)
Total changes in the consolidated income statement	(15,349)	(18,223)
Contractual Service Margin as at 31 December	(75,615)	(60,266)
Insurance contract liabilities as at 31 December	(75,615)	(58,331)
Insurance contract assets as at 31 December	-	(1,935)
Contractual Service Margin as at 31 December	(75,615)	(60,266)

32. Debt securities in issue and Subordinated liabilities

			2024		2023	
			Nominal value	Carrying value	Nominal value	Carrying value
Subordinated liabilities	Contractual interest rate	Issuer	€000	€000	€000	€000
Subordinated Tier 2 Capital Note - April 2021	6.625% up to 23 October 2026	BOCH	300,000	307,138	300,000	306,787
Debt securities in issue						
Senior Preferred Notes - June 2021	2.50% up to 24 June 2026	BOC PCL	300,000	305,274	300,000	303,466
Senior Preferred Notes - July 2023	7.375% up to 25 July 2027	BOC PCL	350,000	368,714	350,000	368,166
Green Senior Preferred Notes - May 2024	5% up to 2 May 2028	BOC PCL	300,000	315,447	-	-
			950,000	989,435	650,000	671,632

BOCH and BOC PCL maintain a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4,000 million.

Subordinated Liabilities

Subordinated Tier 2 Capital Note - April 2021

In April 2021, BOCH issued a €300 million unsecured and subordinated Tier 2 Capital Note under the EMTN Programme. The note was priced at par with a coupon of 6.625% per annum payable annually in arrear and resettable on 23 October 2026 at the then prevailing 5-year swap rate plus a margin of 6.902% per annum up to 23 October 2031, payable annually. The note matures on 23 October 2031. BOCH has the option to redeem the note early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market.

The fair value of the subordinated liabilities as at 31 December 2024 and 2023 is disclosed in Note 22.

32. Debt securities in issue and Subordinated liabilities (continued)

Debt securities in issue

Senior Preferred Notes - June 2021

In June 2021, BOC PCL issued a €300 million senior preferred note under the EMTN Programme. The note was priced at par with a fixed coupon of 2.50% per annum, payable annually in arrear and resettable on 24 June 2026. The note matures on 24 June 2027. BOC PCL has the option to redeem the note early on 24 June 2026, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market. The note complies with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contributes towards BOC PCL's MREL requirements.

Senior Preferred Notes - July 2023

In July 2023, BOC PCL issued a €350 million senior preferred note under the EMTN Programme. The note was priced at par with a fixed coupon of 7.375% per annum, payable annually in arrear and resettable on 25 July 2027. The note matures on 25 July 2028. BOC PCL has the option to redeem the note early on 25 July 2027, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market. The note complies with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contributes towards BOC PCL's MREL requirements.

Green Senior Preferred Notes - May 2024

In May 2024, BOC PCL issued a €300 million green senior preferred note under the EMTN Programme. The note was priced at par with a fixed coupon of 5.00% per annum, payable annually in arrear and resettable on 2 May 2028. The note matures on 2 May 2029. BOC PCL has the option to redeem the note early on 2 May 2028, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market. The note complies with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contributes towards BOC PCL's MREL requirements.

The fair value of the debt securities in issue as at 31 December 2024 and 2023 is disclosed in Note 22.

33. Accruals, deferred income, other liabilities and other provisions

	2024 €000	2023 €000
Income tax payable and related provisions	74,470	66,479
Special defence contribution payable	1,322	1,308
Retirement benefit plan liabilities (Note 14.1)	-	565
Provisions for financial guarantees and commitments (Note 44.6.1)	17,893	19,192
Liabilities arising from non-participating investment contracts	119,636	87,756
Accrued expenses and other provisions	93,538	83,738
Deferred income	20,130	19,569
Items in the course of settlement	61,078	69,519
Lease liabilities (Note 42)	36,903	30,217
Other liabilities	131,489	90,922
	556,459	469,265

Other liabilities include an amount of €10,385 thousand (2023: €10,385 thousand) relating to the guarantee fee for the conversion of DTA into tax credits (Note 17) and an amount of €13,367 thousand (2023: €19,354 thousand) relating to card processing transactions. As at 31 December 2024, other liabilities include an amount of €9,572 thousand (2023: €1,965 thousand) which relates to dividends declared in May 2024 in respect of earnings for the year ended 31 December 2023 and in May 2023 in respect of earnings for the year ended 31 December 2022. As at 31 December 2024, other liabilities include an amount of €19,495 thousand for the ancillary guarantee fund (2023: nil).

34. Share capital

	2024		2023	
	Number of shares (thousand)	€000	Number of shares (thousand)	€000
<i>Authorised</i>				
Ordinary shares of €0.10 each	10,000,000	1,000,000	10,000,000	1,000,000
<i>Issued</i>				
1 January	446,200	44,620	446,200	44,620
Share buyback - repurchase and cancellation of shares	(5,698)	(570)	-	-
31 December	440,502	44,050	446,200	44,620

Authorised and issued share capital

All issued ordinary shares carry the same rights.

The authorised capital of the Company is €1,000,000 thousand divided into 10,000,000 thousand ordinary shares of a nominal value €0.10 each. There were no changes to the authorised share capital during the year ended 31 December 2024 and 2023.

As of 31 December 2024, the Company had 440,502 thousand issued shares (2023: 446,200 thousand issued shares) of a nominal value of €0.10 each. During the year ended 31 December 2024, the number of shares issued decreased by 5,698 thousand shares and the value of the issued share capital decreased by €570 thousand, as shares were repurchased and cancelled under the share repurchase programme. As a result, an equivalent amount of €570 thousand has been transferred to the Company's capital redemption reserve by 31 December 2024.

34. Share capital (continued)

Share premium reserve

There were no changes to the share premium reserve during the years ended 31 December 2024 and 2023.

Share repurchase programme (Buyback)

In April 2024, the Group launched its inaugural programme to buy back ordinary shares of the Company for an aggregate consideration of up to €25 million (the 'Programme'). The purpose of the Programme was to reduce the Company's issued share capital and therefore the shares purchased under the Programme were cancelled. On 29 November 2024, the Programme has been completed. 5,698 thousand shares were repurchased and cancelled under the Programme at a total consideration (including transaction costs) of €25,090 thousand.

Capital redemption reserve

The capital redemption reserve is a legal reserve arising as a result of the acquisition and cancellation of the Company's ordinary shares under a buyback programme, and represents transfers from share capital. The capital redemption reserve is not distributable. As at 31 December 2024, the capital redemption reserve amounted to €570 thousand representing 5,698 thousand shares in the Company which have been cancelled as a result of the buyback programme.

Treasury shares of the Company

The consideration paid, including any directly attributable incremental costs (net of income taxes), for shares of the Company held by the Company and by entities controlled by the Group is deducted from equity attributable to the owners of the Company as treasury shares, until these shares are cancelled or reissued. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of such shares.

The life insurance subsidiary of the Group, as at 31 December 2024, held a total of 142 thousand ordinary shares of the Company of a nominal value of €0.10 each (2023: 142 thousand ordinary shares of a nominal value of €0.10 each), as part of its financial assets which are invested for the benefit of insurance policyholders. The cost of acquisition of these shares was €21,463 thousand (2023: €21,463 thousand).

Other equity instruments

	2024	2023
	€000	€000
2023 Reset Perpetual Additional Tier 1 Capital Securities	220,000	220,000
	220,000	220,000

In June 2023, the Company issued €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities'). The Capital Securities constitute unsecured and subordinated obligations of the Company, are perpetual and issued at par. They carry an initial coupon of 11.875% per annum, payable semi-annually, and resettable on 21 December 2028 and every five years thereafter. The Company may elect to cancel any interest payment for an unlimited period, on a non-cumulative basis, whereas it mandatorily cancels interest payment under certain conditions. The Capital Securities are perpetual and have no fixed date of redemption, but can be redeemed (in whole but not in part) at the Company's option from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter, subject to applicable regulatory consents and the relevant conditions to redemption. The Capital Securities are listed on the Luxembourg Stock Exchange's Euro Multilateral Trading Facility (MTF) market.

Transaction costs of €3,530 thousand in relation to the issuance of the Capital Securities were recorded directly in equity during the year ended 31 December 2023.

34. Share capital (continued)

In addition, in June 2023 the Company invited the holders of its outstanding €220,000 thousand 2018 Reset Perpetual Additional Tier 1 Capital Securities (the '2018 Capital Securities') to tender for cash purchase by the Company at a price equal to 103% of the principal amount. As a result of the tender offer, €204,483 thousand in aggregate nominal amount were purchased and cancelled by the Company as at 30 June 2023. In July 2023, the Company purchased in the open market approximately €7,000 thousand of the outstanding nominal amount of such capital securities. In November 2023, the Board of Directors resolved to exercise the Company's option to redeem the remaining nominal amount outstanding of the 2018 Capital Securities in December 2023. As a result of the buy-back, a total cost of €6,820 thousand was recorded directly in equity during the year ended 31 December 2023.

During the year ended 31 December 2024, coupon payments for the total amount of €26,125 thousand (2023: €27,339 thousand) were made to the holders of the AT1 instrument and have been recognised in retained earnings.

35. Distributions

Based on the relevant SREP decisions applicable in the years 2023 and 2024, any equity dividend distribution was subject to regulatory approval, both for the Company and BOC PCL. The requirement for approval did not apply if the distributions were made via the issuance of new ordinary shares to the shareholders which were eligible as Common Equity Tier 1 Capital nor to the payment of coupons on any AT1 capital instruments issued by the Company or BOC PCL. Following the SREP decision received in December 2024 the requirement for approval was lifted effective from 1 January 2025.

In March 2024, the Company obtained the approval of the European Central Bank to pay a cash dividend and to conduct a share buyback (together the '2023 Distribution') in respect of earnings for the year ended 31 December 2023. The 2023 Distribution amounted to €137 million in total, comprising a cash dividend of €112 million and a share buyback of up to €25 million (Note 34-Share repurchase programme (Buyback)). The AGM, on 17 May 2024, approved a final cash dividend of €0.25 per ordinary share in respect of earnings for the year ended 31 December 2023.

In April 2023, the Company obtained the approval of the European Central Bank to pay a dividend in respect of earnings for the year ended 31 December 2022. The AGM, on 26 May 2023, declared a final cash dividend of €0.05 per ordinary share in respect of earnings for the year ended 31 December 2022. The dividend amounted to €22,310 thousand in total.

Information on distribution in respect of 2024 earnings is disclosed in Note 54 of the Consolidated Financial Statements.

36. Retained earnings

For the purpose of dividend distribution, retained earnings determined at the Company level are the only distributable reserve.

Companies, tax resident in Cyprus, which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution Law during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special defence contribution (SDC) at 17% is payable on such deemed dividend distribution to the extent that the shareholders of the Company at the end of the period of two years from the end of the year of assessment to which the profits refer, are directly or indirectly Cyprus tax residents and/or individuals who are Cyprus tax resident and domiciled in Cyprus. Deemed dividend distribution does not apply in respect of profits that are directly or indirectly attributable to shareholders that are non-Cyprus tax residents and individual shareholders who are not domiciled in Cyprus. The deemed dividend distribution is subject to 2.65% contribution to the General Health System (GHS).

The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year.

This SDC and GHS are paid by the Company on account of the shareholders. During the year ended 31 December 2024, no SDC and GHS on deemed dividend distribution were accrued by the Company and BOC PCL (2023: SDC and GHS of €42 thousand and €313 thousand were accrued by the Company and BOC PCL respectively).

37. Fiduciary transactions

The Group offers fund management and custody services that result in holding or investing financial assets on behalf of its customers. The Group is not liable to its customers for any default by other banks or organisations. The assets under management and custody are not included in the consolidated balance sheet of the Group unless they are placed with the Group. Total assets under management at 31 December 2024, measured at fair value, amounted to €2,183,775 thousand (2023: €1,967,686 thousand).

38. Provisions for pending litigation, claims, regulatory and other matters

The Group, in the ordinary course of business, is involved in various disputes and legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators, governmental and other public bodies, actual and threatened, relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, reporting and information security requirements and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of BOC PCL in 2013 as a result of the bail-in Decrees, BOC PCL is subject to a number of proceedings that either precede or result from the events that occurred during the period of the bail-in Decrees.

Apart from what is described below, the Group considers that none of these matters are material, either individually or in aggregate. Nevertheless, provisions have been made where: (a) there is a present obligation (legal or constructive) arising from past events, (b) the settlement of the obligation is expected to result in an outflow of resources embodying economic benefits, and (c) a reliable estimate of the amount of the obligation can be made. The Group has not disclosed an estimate of the potential financial effect on its contingent liabilities arising from these matters where it is not practicable to do so, because it is too early or the outcome is too uncertain or, in cases where it is practicable, where disclosure could prejudice conduct of the matters. Provisions have been recognised for those cases where the Group is able to reliably estimate probable losses (Note 5.3). Where an individual provision is material, the fact that a provision has been made is stated except to the extent that doing so would be prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. There are also situations where the Group may enter into a settlement agreement. This may occur only if such settlement is in the Group's interest (such settlement does not constitute an admission of wrongdoing) and only takes place after obtaining legal advice and all approvals by the appropriate bodies of management. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings, regulatory and other matters as at 31 December 2024 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group.

38.1 Pending litigation and claims

Investigations and litigation relating to securities issued by BOC PCL

A number of institutional and retail customers have filed various separate actions against BOC PCL alleging that BOC PCL is guilty of mis-selling in relation to securities issued by BOC PCL between 2007 and 2011. Remedies sought include the return of the money investors paid for these securities. Claims are currently pending before the courts in Cyprus and in Greece.

The bonds and capital securities in respect of which claims have been brought are the following: 2007 Capital Securities, 2008 Convertible Bonds, 2009 Convertible Capital Securities (CCS) and 2011 Convertible Enhanced Capital Securities (CECS).

BOC PCL is defending these claims, particularly with respect to institutional investors and retail purchasers who received investment advice from independent investment advisors. In the case of retail investors, if it can be demonstrated that the relevant BOC PCL's officers 'persuaded' them to proceed with the purchase and/or purported to offer 'investment advice', BOC PCL may face significant difficulties.

To date, a number of cases have been tried in Greece. BOC PCL has appealed against any such cases which were not ruled in its favour, except for cases adjudicated against BOC PCL at Areios Pagos (Supreme Court of Greece) which are deemed as concluded.

Similarly, a number of cases have been tried in Cyprus and some are pending at appeal. It is to be noted that the statutory limitation period for filing claims in the courts of Cyprus with respect to this for which the cause of action arose prior and up to 31 December 2015, expired on 31 December 2021.

38. Provisions for pending litigation, claims, regulatory and other matters (continued)

38.1 Pending litigation and claims (continued)

The resolution of the claims brought in the courts of Greece and Cyprus is expected to take a number of years.

Provision has been made based on management's best estimate of probable outflows for capital securities related litigation.

Bail-in related litigation

Depositors

A number of BOC PCL's depositors, who allege that they were adversely affected by the bail-in, filed claims against BOC PCL and other parties (such as the CBC and the Ministry of Finance of Cyprus) including against BOC PCL as the alleged successor of Laiki Bank on the grounds that, inter alia, the 'Resolution Law of 2013' and the Bail-in Decrees were in conflict with the Constitution of the Republic of Cyprus and the European Convention on Human Rights. They are seeking damages for their alleged losses resulting from the bail-in of their deposits. Cases could relate to bail-in related litigation (on failure to follow instructions), bail-in decree related cases and bail-in wrongful application. BOC PCL is defending these actions. In relation to the bail-in decree related cases, the court ruled in favour of BOC PCL on the grounds that the measures that the government implemented were necessary to prevent the collapse of the financial sector, which would have detrimental consequences for the country's economy. Under the circumstances the government could rely on the doctrine of necessity when it imposed the bail-in. To date, a number of cases have been tried however the resolution of the claims brought is expected to take a number of years.

Provision has been made based on management's best estimate of probable outflows for depositors related litigation.

Shareholders

A number of actions for damages have been filed with the District Courts of Cyprus alleging either the unconstitutionality of the Resolution Law and the Bail-in Decrees, or a misapplication of same by BOC PCL (as regards the way and methodology whereby such Decrees have been implemented), or that BOC PCL failed to follow instructions promptly prior to the bail-in coming into force. As at the present date, both the Resolution Law and the Bail-in Decrees have not been annulled by a court of law and thus remain legally valid and in effect. BOC PCL contests all of these claims.

Legal position of the Group

All of the above claims are being vigorously disputed by the Group, in close consultation with the appropriate state and governmental authorities. The position of the Group is that the Resolution Law and the Decrees take precedence over all other laws. As matters now stand, both the Resolution Law and the Decrees issued thereunder are constitutional and lawful, in that they were properly enacted and have not so far been annulled by any court.

Provident fund case

In December 2015, the Bank of Cyprus Employees Provident Fund (the Provident Fund) filed an action against BOC PCL claiming €70 million allegedly owed as part of BOC PCL's contribution by virtue of an agreement with the Union dated 31 December 2011. Towards the end of 2024, the Group has reached a final settlement arrangement, which has received final court approval so that the case was permanently withdrawn with no right to be reinstated, and as a result of which, the Group has recognised a provision as at 31 December 2024. The financial settlement took place early in 2025. This matter is now concluded, without anything pending at court.

Employment litigation

Former employees of the Group have instituted a number of employment claims including unfair dismissals. The Group does not consider that the pending cases in relation to employment will have a material impact on its financial position. A judgment has been issued in one of the unfair dismissal cases and BOC PCL lost. BOC PCL has filed an appeal with respect to this case and similarly, the plaintiff has also filed an appeal. The facts of this case are unique and it is not expected to affect the rest of the cases where unfair dismissal is claimed.

Additionally, a number of former employees have filed claims against BOC PCL contesting entitlements received relating to the various voluntary exit plans. As at the reporting date, most of these cases have been withdrawn with only two such cases remaining. The Group does not expect that these actions will have a material impact on its financial position.

38. Provisions for pending litigation, claims, regulatory and other matters (continued)

38.1 Pending litigation and claims (continued)

Banking business cases

There is a number of banking business cases where the amounts claimed are significant. These cases primarily concern allegations as to BOC PCL's standard policies and procedures allegedly resulting to damages and other losses for the claimants (including cases where it is alleged that BOC PCL misled borrowers and/or misrepresented matters, in violation of applicable laws for matters such as foreign currency lending and advancing/mis-selling loans for the purchase of property in Cyprus by UK nationals). Further, there are several other banking claims, where the amounts involved are not as significant. Management has assessed either the probability of loss as remote and/or does not expect any future outflows with respect to these cases to have a material impact on the financial position of the Group. Such matters arise as a result of the Group's activities and management appropriately assesses the facts and the risks of each case accordingly.

General criminal investigations and proceedings

The Attorney General and the Cypriot Police (the Police) are conducting various investigations and inquiries following and relating to the financial crisis which culminated in March 2013. BOC PCL is cooperating fully with the Attorney General and the Police and is providing all information requested of it. Based on the currently available information, the Group is of the view that any further investigations or claims resulting from these investigations will not have a material impact on its financial position.

Others

An investigation is in process related to potentially overstated and/or fictitious claims paid by the non-life insurance subsidiary of the Group. The information usually required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it is expected to seriously prejudice the outcome of the investigation and/or the possible taking of legal action. Based on the information available at present, management considers that it is unlikely for this matter to have a material adverse impact on the financial position and capital adequacy of the non-life insurance subsidiary and thereby the Group, also taking into account that it is virtually certain that compensations will be received from a relevant insurance coverage, upon the settlement of any obligation that may arise.

38.2 Regulatory matters

The Hellenic Capital Market Commission (HCMC) Investigation

The HCMC has been in the process of investigating matters concerning the Group's investment in Greek Government Bonds from 2009 to 2011, including, inter alia, related non-disclosure of material information in BOC PCL's CCS, CECS and rights issue prospectuses (tracking the investigation carried out by CySEC in 2013), Greek government bonds' reclassification, ELA disclosures and allegations by some investors regarding BOC PCL's non-compliance with Markets in Financial Instruments Directive (MiFID) in respect of investors' direct investments in Greek Government Bonds.

A specific estimate of the outcome of the investigations or of the amount of possible fines cannot be given at this stage, though it is not expected that any resulting liability or damages will have a material impact on the financial position of the Group.

Central Bank of Cyprus (CBC)

The CBC had conducted an investigation in the past into BOC PCL's issuance of capital securities and concluded that BOC PCL breached certain regulatory requirements concerning the issuance of Convertible Capital Securities (Perpetual) in 2009, but not in relation to the CECS in 2011. The CBC had, in 2013, imposed a fine of €4 thousand upon BOC PCL, who filed a recourse. The Administrative Court cancelled both the CBC's decision and the fine that was imposed upon BOC PCL in a respective judgment dated in 2020. In 2021, CBC decided to re-examine this matter and to re-open the investigation. This matter is still pending as at the year end.

38. Provisions for pending litigation, claims, regulatory and other matters (continued)

38.2 Regulatory matters (continued)

Commission for the Protection of Competition Investigation (CPC)

In April 2014, following an investigation which began in 2010, CPC issued a statement of objections, alleging violations of Cypriot and EU competition law relating to the activities and/or omissions in respect of card payment transactions by, among others, BOC PCL and JCC Payment Systems Ltd (JCC), a card processing business currently 75% owned by BOC PCL. There was also an allegation concerning BOC PCL's arrangements with American Express, namely that such exclusive arrangements violated Cypriot and EU competition law. On both matters, the CPC has concluded that BOC PCL (in common with other banks and JCC) has breached the relevant provisions of the applicable law for the protection of competition and imposed a fine of €18 million upon BOC PCL. BOC PCL filed a recourse against the decision and the fine. In June 2018, the Administrative Court accepted BOC PCL's position and cancelled the decision as well as the fine imposed upon BOC PCL. During 2018, the Attorney General has filed an appeal before the Supreme court with respect to such decision. Following the decision of the appeal court in a CySEC case, the Attorney General acting on behalf of CPC withdrew his appeal. In July 2024, the Group was informed that the CPC had resolved to refrain from re-opening the investigation and the matter is now considered closed.

Consumer Protection Service (CPS)

In July 2017, CPS imposed a fine of €170 thousand upon BOC PCL after concluding an ex officio investigation regarding some terms in both BOC PCL's and Marfin Popular Bank's loan documentation, that were found to constitute unfair commercial practices. Decisions of the CPS (according to rulings of the Administrative Court) are not binding but merely an expression of opinion. BOC PCL has filed a recourse before the Administrative Court against this decision. The Administrative Court has issued its judgment in 2022 in favour of BOC PCL, and the CPS decision along with the fine have been cancelled. An appeal has been submitted by CPS with regards to this judgment, which is still pending as at 31 December 2024.

In March 2020, BOC PCL has been served with an application by the director of CPS seeking for an order of the court, with immediate effect, the result of which will be for BOC PCL to cease the use of a number of terms in the contracts of BOC PCL relating to 2006-2007 deemed to be unfair under the said order. This application was withdrawn in November 2024 and the matter is considered closed.

In April 2021, the director of CPS filed an application for the issuance of a court order against BOC PCL, prohibiting the use of a number of contractual terms included in BOC PCL's consumer contracts and requiring the amendment of any such contracts (present and future) so as to remove such unfair terms. This matter is still pending before the court as at 31 December 2024.

Cyprus Consumers' Association (CCA)

In March 2021, BOC PCL was served with an application filed by the CCA for the issuance of a court order prohibiting the use of a number of contractual terms included in BOC PCL's consumer contracts and requiring the amendment of any such contracts (present and future) so as to remove such terms deemed as unfair. The said contractual terms were determined as unfair pursuant to the decisions issued by the Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism against BOC PCL in 2016 and 2017. BOC PCL will take all necessary steps for the protection of its interests. This matter is still pending before the court as at 31 December 2024.

The Consumer Protection Law 2021 brings under one umbrella the existing legislation on unfair contract terms and practices with some enhanced powers vested in the Consumer Protection Service, i.e. power to impose increased fines which are immediately payable. The Consumer Protection Law 2021 has a retrospective effect in that it also applies to all contracts/practices entered into and/or terminated prior to this law coming into effect as opposed to contracts/practices which are only entered into/adopted as from the date of publication of the new Law on Consumer Protection.

There are many factors that may affect the range of outcomes and the resulting financial impact of these matters is unknown.

UK regulatory matters

During the year ended 31 December 2024, the obligation undertaken in regards to UK regulatory matters as part of the sale of Bank of Cyprus UK Ltd expired and was terminated, thus the respective provision balance was released.

38. Provisions for pending litigation, claims, regulatory and other matters (continued)

38.3 Other matters

Other matters include among others, provisions for various other open examination requests by governmental and other public bodies, legal matters and provisions for warranties and indemnities related to the disposal process of certain operations of the Group.

The provisions for pending litigation and claims, regulatory and other matters described above and provided in the tables below do not include insurance claims arising in the ordinary course of business of the Group's insurance subsidiaries as these are included in 'Insurance contract liabilities'.

38.4 Provisions for pending litigation, claims, regulatory and other matters

	Pending litigation and claims (Note 38.1)	Regulatory matters (Note 38.2)	Other matters (Note 38.3)	Total
2024	€000	€000	€000	€000
1 January	60,968	14,741	55,794	131,503
Net increase in provisions including unwinding of discount	42,714	-	11,374	54,088
Utilisation of provisions	(24,274)	(58)	(29,802)	(54,134)
Release of provisions	(10,896)	(11,618)	(16,601)	(39,115)
Transfer	-	-	234	234
Foreign exchange adjustments	-	44	-	44
31 December	68,512	3,109	20,999	92,620
Provisions expected to be settled within 12 months post reporting date	39,897	-	7,661	47,558

2023				
1 January	63,947	14,918	48,742	127,607
Net increase in provisions including unwinding of discount	36,227	527	4,940	41,694
Utilisation of provisions	(28,777)	(727)	(108)	(29,612)
Release of provisions	(10,429)	-	-	(10,429)
Transfer	-	-	2,220	2,220
Foreign exchange adjustments	-	23	-	23
31 December	60,968	14,741	55,794	131,503
Provisions expected to be settled within 12 months post reporting date	24,814	-	29,606	54,420

Provisions for pending litigation, claims, regulatory and other matters recorded in the consolidated income statement during the year ended 31 December 2024 amounted to €11,775 thousand (2023: €28,464 thousand), include a credit amount of €3,198 thousand representing an amount recovered on the conclusion of open examinations of governmental bodies and amounts from litigation settled, directly recognised in the consolidated income statement (2023: €2,801 thousand).

Some information required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation or the outcome of the negotiation in relation to provisions for warranties and indemnities related to the disposal process of certain operations of the Group.

39. Contingent liabilities and commitments

As part of the services provided to its customers, the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial and other guarantees, letters of credit and other undrawn commitments to lend.

Even though these obligations may not be recognised on the consolidated balance sheet, they do entail credit risk and are therefore part of the overall credit risk exposure of the Group (Notes 44.1 and 44.6).

39. Contingent liabilities and commitments (continued)

39.1 Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 31 December 2024 amount to €22,456 thousand (2023: €20,139 thousand).

39.2 Contingent liabilities

The Group, as part of the disposal process of certain of its operations, has provided various representations, warranties and indemnities to the buyers. These relate to, among other things, the ownership of the loans, the validity of the liens, tax exposures and other matters agreed with the buyers. As a result, the Group may be obliged to compensate the buyers in the event of a valid claim by the buyers with respect to the above representations, warranties and indemnities.

A provision has been recognised, based on management's best estimate of probable outflows, where it was assessed that such an outflow is probable (Note 38.3).

40. Additional information on cash flow statement

Non-cash transactions

Repossession of collaterals

During the year ended 31 December 2024, the Group acquired properties by taking possession of collaterals held as security for loans and advances to customers of €25,833 thousand (2023: €20,921 thousand).

Recognition of RoU assets and lease liabilities

During 2024 the Group recognised RoU assets and corresponding lease liabilities of €2,470 thousand (2023: €11,353 thousand).

Net cash flow from operating activities - interest and dividends

	2024 €000	2023 €000
Interest paid	(157,284)	(121,785)
Interest received	994,849	1,038,442
Dividends received (Note 13)	183	856
	837,748	917,513

Changes in liabilities arising from financing activities

	Funding from central banks (Note 29)	Debt securities in issue and Subordinated liabilities (Note 32)	Total
2024	€000	€000	€000
1 January	2,043,868	978,419	3,022,287
Cash flows	(2,065,710)	244,579	(1,821,131)
Other non-cash movements	21,842	73,575	95,417
31 December	-	1,296,573	1,296,573
2023			
1 January	1,976,674	599,740	2,576,414
Cash flows	-	320,314	320,314
Other non-cash movements	67,194	58,365	125,559
31 December	2,043,868	978,419	3,022,287

Further information relating to the change in lease liabilities is disclosed in Note 42.

41. Cash and cash equivalents

Cash and cash equivalents comprise:

	2024	2023
	€000	€000
Cash and non-obligatory balances with central banks	7,435,634	9,555,323
Loans and advances to banks with original maturity less than three months	288,211	282,998
	7,723,845	9,838,321

Analysis of cash and balances with central banks and loans and advances to banks

	2024	2023
	€000	€000
Cash and non-obligatory balances with central banks	7,435,634	9,555,323
Obligatory balances with central banks (Note 19)	117,702	59,179
Balances with central banks for ancillary systems (restricted)	47,390	-
Total cash and balances with central banks (Note 19)	7,600,726	9,614,502
Loans and advances to banks with original maturity less than three months	288,211	282,998
Loans and advances to banks with original maturity more than three months	472,163	-
Restricted loans and advances to banks	60,200	101,804
Total loans and advances to banks (Note 19)	820,574	384,802

Restricted loans and advances to banks include nil collaterals under derivative transactions (2023: €13,970 thousand) which are not immediately available for use by the Group, but are released once the transactions are terminated. As at 31 December 2024, €6,685 thousand were placed as collateral for the reverse repurchase agreements (2023: €29,524 thousand) (Note 44.11).

42. Leases

The Group is a lessee for commercial properties such as office and branch buildings. The basic terms for lease contracts relating to the branch network are primarily uniform, irrespective of lessors, with the non-cancellable rental period being two years. The Group has the option to extend the tenancy for four further periods of two years each. The Group has the right at any time after the expiry of the initial term to terminate the present rental agreement by providing notice (usually 3 or 6 months' notice) to the lessor. Depending on the terms agreed, the rent is adjusted at the end of each renewal period, according to the current rates of the area and considering the relevant legislation.

Office buildings are leased by the Group for the operation of administrative functions. The basic terms for new lease contracts and the current practice are substantially the same with those for lease contracts of branches.

As at 31 December 2024, the lease term for branches and other buildings was re-assessed using the assumptions as detailed in Note 5.12, resulting in a remeasurement of the lease liability for those contracts.

42. Leases (continued)

The carrying amounts of the Group's RoU assets and lease liabilities and the movement during the year ended 31 December 2024 and the year ended 31 December 2023 is presented in the table below:

2024	RoU assets (Note 25)	Lease Liabilities (Note 33)
	€000	€000
1 January	33,862	(30,217)
Depreciation charge for the year (Note 15.1)	(9,828)	-
New leases (Note 25)	2,470	(1,489)
Re-assessment of lease terms (Note 25)	16,158	(16,158)
Assets derecognised (Note 25)	(369)	1,713
Interest expense	-	(493)
Cash outflows-payments	-	9,741
31 December	42,293	(36,903)

2023	RoU assets (Note 25)	Lease Liabilities (Note 33)
	€000	€000
1 January	30,233	(30,190)
Depreciation charge for the year (Note 15.1)	(6,736)	-
New leases (Note 25)	11,353	(7,113)
Re-assessment of lease terms (Note 25)	(988)	693
Interest expense	-	(1,453)
Cash outflows-payments	-	7,846
31 December	33,862	(30,217)

As at 31 December 2024 RoU assets comprised of leases of buildings of a carrying amount of €33,124 thousand (2023: €22,400 thousand) and computer hardware of a carrying amount of €9,169 thousand (2023: €11,462 thousand), and are presented within Property and equipment in Note 25.

Interest expense on lease liabilities of €231 thousand is included within net insurance service result as it is directly attributable expense for the fulfilment of insurance contracts within IFRS 17 scope (2023: €1,159 thousand).

Cash outflows relate to lease payments made during the year.

The analysis of lease liabilities based on remaining contractual maturity is disclosed in Note 46.

43. Analysis of assets and liabilities by expected maturity

	2024			2023		
	Less than one year €000	Over one year €000	Total €000	Less than one year €000	Over one year €000	Total €000
Assets						
Cash and balances with central banks	7,435,634	165,092	7,600,726	9,555,323	59,179	9,614,502
Loans and advances to banks	760,374	60,200	820,574	282,998	101,804	384,802
Derivative financial assets	8,742	86,531	95,273	859	50,196	51,055
Investments	714,954	3,643,389	4,358,343	736,664	2,958,745	3,695,409
Reverse repurchase agreements	-	1,010,170	1,010,170	-	403,199	403,199
Loans and advances to customers	1,214,221	8,900,173	10,114,394	1,192,800	8,628,988	9,821,788
Life insurance business assets attributable to policyholders	34,373	738,384	772,757	27,632	621,580	649,212
Prepayments, accrued income and other assets	379,085	100,114	479,199	350,152	234,767	584,919
Stock of property	155,015	493,742	648,757	191,818	634,297	826,115
Investment properties	11,985	24,266	36,251	10,605	51,500	62,105
Deferred tax assets	37,909	128,935	166,844	37,909	163,359	201,268
Property, equipment and intangible assets	-	357,161	357,161	-	334,203	334,203
Non-current assets and disposal groups held for sale	23,143	-	23,143	-	-	-
	10,775,435	15,708,157	26,483,592	12,386,760	14,241,817	26,628,577
Liabilities						
Deposits by banks	140,694	223,537	364,231	202,850	268,706	471,556
Funding from central banks	-	-	-	2,043,868	-	2,043,868
Derivative financial liabilities	798	3,866	4,664	14,079	3,901	17,980
Customer deposits	6,528,640	13,990,636	20,519,276	5,984,800	13,352,115	19,336,915
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	44,074	44,074	-	-	-
Insurance liabilities	100,390	643,294	743,684	88,616	569,808	658,424
Accruals, deferred income and other liabilities and provisions for pending litigation, claims, regulatory and other matters	393,195	255,884	649,079	371,498	229,270	600,768
Debt securities in issue and subordinated liabilities	-	1,296,573	1,296,573	-	978,419	978,419
Deferred tax liabilities	-	31,943	31,943	1,622	30,684	32,306
	7,163,717	16,489,807	23,653,524	8,707,333	15,432,903	24,140,236

The main assumptions used in determining the expected maturity of assets and liabilities are set out below.

Cash and balances with central banks, loans and advances to banks and reverse repurchase agreements are classified in the relevant time band based on the contractual maturity, with the exception of obligatory balances with central banks and balances with central banks for ancillary systems and restricted balances with other banks which are classified in the 'Over one year' time band.

43. Analysis of assets and liabilities by expected maturity (continued)

The investments and life insurance assets attributable to policy holders are classified in the relevant time band based on expectations as to their realisation. In most cases this is the maturity date, unless there is an indication that the maturity will be prolonged or there is an intention to sell, roll or replace the security with a similar one.

Performing loans and advances to customers in Cyprus are classified based on the contractual repayment schedule. Overdraft accounts are classified in the 'Over one year' time band. The Stage 3 Loans are classified in the 'Over one year' time band except cash flows from expected receipts which are included within time bands, according to historic amounts of receipts in the recent months.

Stock of property and investment property are classified in the relevant time band based on expectations as to their realisation.

A percentage of customer deposits maturing within one year is classified in the 'Over one year' time band, based on the observed behavioural analysis.

Deposits by banks are classified based on contractual maturity.

The expected maturity of all prepayments, accrued income and other assets and accruals, deferred income and other liabilities is the same as their contractual maturity. If they do not have a contractual maturity, the expected maturity is based on the timing the asset is expected to be realised and the liability is expected to be settled.

44. Risk management - Credit risk

Credit risk is the risk that arises from the possible failure of one or more customers to discharge their credit obligations towards the Group, together with the counterparty credit risk arising from investment in debt securities.

In the ordinary course of its business the Group is exposed to credit risk which is monitored through various control mechanisms across all Group entities in order to identify and measure credit risk, control risk taking including preventing undue risk concentrations.

In order to manage this risk, management has in place established credit risk policies on which the Group's lending and investment procedures are based on. The credit risk policies are complemented by the methods/models used for the assessment of the customers' credit worthiness (credit rating and credit scoring systems) as disclosed in Note 44.4.

Management and structure

The Credit Risk Management department, develops and sets credit risk policies, guidelines and approval limits which are necessary to manage and control or mitigate the credit and concentration risk of the Group. The Credit Risk Control and Monitoring department monitors compliance with credit risk policies applicable to each business line and the quality of the Group's loans and advances portfolio. The credit exposures of related accounts are aggregated and monitored on a consolidated basis.

The Credit Risk Management department, in co-operation with the Credit Risk Control and Monitoring department, also safeguards the effective management of credit risk at all stages of the credit cycle, monitors the quality of decisions and processes and ensures that the credit sanctioning function is being properly managed.

The credit risk exposure of the Group is diversified across the various sectors of the economy. Credit Risk Management department determines concentration limits for each sector, sets prohibited sectors and defines sectors which may require prior approval before credit applications are submitted.

The loan portfolio is analysed on the basis of the customers' creditworthiness, their economic sector of activity and geographical concentration.

The debt securities portfolio is managed by the Treasury Division in line with limits and parameters set in the various policies and frameworks. The Market & Liquidity Risk department assesses the credit risk relating to exposures to credit institutions and governments and other exposures of both the debt securities portfolio as well as reverse repurchase agreements.

The Group sets credit risk control limits and country risk exposure limits to mitigate concentration risk.

44. Risk management - Credit risk (continued)

Models and limits are presented to and approved by the Board of Directors, through the relevant authority based on the authorisation level limits.

The Group's significant judgements, estimates and assumptions regarding the determination of the level of provisions for impairment are described in Note 5.

Monitoring process and credit risk mitigation

Loans and advances to customers

The Credit Risk Management department determines the effective credit standards required for the granting of new loans to customers. The assessment of financial position/repayment ability is the determining factor when assessing the granting of a new loan. Furthermore, post-approval monitoring is in place to ensure adherence to both terms and conditions set in the approval process and credit risk policies and procedures. A key aspect of credit risk is credit risk concentration which is defined as the risk that arises from the uneven distribution of exposures to individual borrowers, specific industry or economic sectors, geographical regions, product types or currencies. The monitoring and control of concentration risk is achieved by limit setting (e.g. sector and name limits) and reporting them to senior management. In addition, the Group obtains collaterals which are used for risk mitigation, as they act as a secondary source of repayment.

The main types of collateral obtained by the Group are mortgages on real estate, cash collateral/blocked deposits, bank guarantees, government guarantees, pledges of equity securities and debt instruments of public companies, fixed and floating charges over corporate assets, assignment of life insurance policies, assignment of rights on contracts of sale and personal and corporate guarantees.

The Group regularly monitors the changes in the market value of the collateral and, where necessary, requests the pledging of additional collateral in accordance with the relevant agreement.

The Group's requirements on obtaining collateral, valuation and management of collateral are set out in relevant policies of the Group.

Off-balance sheet exposures

The Group enters into various irrecoverable commitments and contingent liabilities, by offering guarantee facilities, documentary credits and other commitments to extend credit lines of its customers to secure their liquidity needs. Even though these obligations may not be recognised on the statement of financial position, such commitments expose the Group to risks similar to those of loans and advances and are therefore monitored by the same policies and control processes.

The Group makes available to its customers guarantees that may require that the Bank makes payments on their behalf. The Group also enters into commitments, such as documentary credits which commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

Policies and procedures for managing, monitoring and mitigating credit risk on off-balance sheet exposures apply as for loans and advances to customers.

Other financial instruments

Collateral held as security for financial assets other than loans and advances to customers and off-balance sheet exposures is determined by the nature of the financial instrument. Debt securities and other eligible bills are generally unsecured with the exception of asset-backed securities and similar instruments, which are secured by pools of financial assets. In addition, some debt securities are government-guaranteed. Reverse repurchase agreements are generally secured by bonds.

The Market & Liquidity Risk Unit monitors the debt security investment and reverse repo arrangement limits in place for governing the level of riskiness of the overall portfolio, as well as the credit limits per issuer. Analysis of the positions the Group maintains per issuer type is presented in Note 20 and information for the credit quality is presented in Note 44.11.

44. Risk management - Credit risk (continued)

The Group has chosen the ISDA Master Agreement for documenting its derivatives activity. It provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults. In most cases the parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, the collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions. As at 31 December 2024, the majority of derivative exposures are covered by ISDA netting arrangements. The effect of potential effect of netting arrangements on the Group's financial position is presented in Note 52. An analysis of derivative asset and liability exposures is available in Note 21. Information about the Group's level of collateral under derivative transactions as at 31 December is provided in Note 41.

44.1 Maximum exposure to credit risk and collateral and other credit enhancements

The table below presents the maximum exposure to credit risk, the tangible and measurable collateral and credit enhancements held and the net exposure to credit risk, that is the exposure after taking into account the impairment loss and tangible and measurable collateral and credit enhancements held. Personal guarantees are an additional form of collateral, but are not included in the information below since it is impracticable to estimate their fair value.

The fair value of the collateral presented in the tables below is capped to the carrying value of the loans and advances to customers.

44. Risk management - Credit risk (continued)

44.1 Maximum exposure to credit risk and collateral and other credit enhancements (continued)

	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held by the Group							Net exposure to credit risk
		Cash	Securities	Letters of credit/ guarantee	Property	Other	Surplus collateral	Net collateral	
2024	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balances with central banks (Note 19)	7,505,735	-	-	-	-	-	-	-	7,505,735
Loans and advances to banks (Note 19)	820,574	-	-	-	-	-	-	-	820,574
Reverse repurchase agreements (Note 44.11)	1,010,170	13,068	1,006,856	-	-	-	(9,754)	1,010,170	-
FVPL non-equity securities (Note 20)	10,702	-	-	-	-	-	-	-	10,702
Debt securities classified at amortised cost and FVOCI (Note 20)	4,212,177	-	-	-	-	-	-	-	4,212,177
Derivative financial instruments (Note 21)	95,273	-	-	-	-	-	-	-	95,273
Loans and advances to customers (Note 23)	10,114,394	577,972	659,723	233,160	17,141,516	292,621	(10,037,307)	8,867,685	1,246,709
Loans and advances to customers classified as held for sale (Note 23)	23,143	-	-	-	-	-	-	-	23,143
Debtors (Note 28)	33,340	-	-	-	-	-	-	-	33,340
Insurance and reinsurance contract assets (Note 28)	50,612	-	-	-	-	-	-	-	50,612
Deferred purchase payment consideration (Note 28)	143,604	-	-	-	-	-	-	-	143,604
Other financial assets (Note 28)	118,688	57,481	-	-	-	-	-	57,481	61,207
On-balance sheet total	24,138,412	648,521	1,666,579	233,160	17,141,516	292,621	(10,047,061)	9,935,336	14,203,076
<i>Contingent liabilities</i>									
Acceptances and endorsements	5,271	-	-	-	5,269	2	-	5,271	-
Guarantees	705,774	72,744	209	4,099	148,199	224	-	225,475	480,299
<i>Commitments</i>									
Documentary credits	14,768	844	-	-	166	-	-	1,010	13,758
Undrawn formal stand-by facilities, credit lines and other commitments to lend	2,009,698	26,529	20,349	2,459	439,691	22,722	-	511,750	1,497,948
Off-balance sheet total	2,735,511	100,117	20,558	6,558	593,325	22,948	-	743,506	1,992,005
	26,873,923	748,638	1,687,137	239,718	17,734,841	315,569	(10,047,061)	10,678,842	16,195,081

44. Risk management - Credit risk (continued)

44.1 Maximum exposure to credit risk and collateral and other credit enhancements (continued)

	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held by the Group							Net exposure to credit risk
		Cash	Securities	Letters of credit/ guarantee	Property	Other	Surplus collateral	Net collateral	
2023	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balances with central banks (Note 19)	9,521,961	-	-	-	-	-	-	-	9,521,961
Loans and advances to banks (Note 19)	384,802	39,344	-	-	-	-	-	39,344	345,458
FVPL non-equity securities (Note 20)	3,611	-	-	-	-	-	-	-	3,611
Debt securities classified at amortised cost and FVOCI (Note 20)	3,547,782	-	-	-	-	-	-	-	3,547,782
Reverse repurchase agreements (Note 44.11)	403,199	-	426,419	-	-	-	(29,524)	396,895	6,304
Derivative financial instruments (Note 21)	51,055	-	-	-	-	-	-	-	51,055
Loans and advances to customers (Note 23)	9,821,788	475,241	743,890	149,415	16,755,799	275,344	(9,615,735)	8,783,954	1,037,834
Debtors (Note 28)	34,662	-	-	-	-	-	-	-	34,662
Insurance and reinsurance contract assets (Note 28)	57,494	-	-	-	-	-	-	-	57,494
Deferred purchase payment consideration (Note 28)	243,013	-	-	-	-	-	-	-	243,013
Other financial assets (Note 28)	109,314	-	-	-	-	-	-	-	109,314
On-balance sheet total	24,178,681	514,585	1,170,309	149,415	16,755,799	275,344	(9,645,259)	9,220,193	14,958,488
<i>Contingent liabilities</i>									
Acceptances and endorsements	2,580	8	-	-	2,570	2	-	2,580	-
Guarantees	703,044	71,752	1,874	6,797	145,545	255	-	226,223	476,821
<i>Commitments</i>									
Documentary credits	10,251	140	-	-	21	-	-	161	10,090
Undrawn formal stand-by facilities, credit lines and other commitments to lend	1,948,482	22,980	10,648	9,764	455,964	17,231	-	516,587	1,431,895
Off-balance sheet total	2,664,357	94,880	12,522	16,561	604,100	17,488	-	745,551	1,918,806
	26,843,038	609,465	1,182,831	165,976	17,359,899	292,832	(9,645,259)	9,965,744	16,877,294

44. Risk management - Credit risk (continued)

44.2 Credit risk concentration of loans and advances to customers

There are restrictions on loan concentrations which are imposed by the Banking Law in Cyprus, the relevant CBC Directives and CRR. The Group's Risk Appetite Statement may impose stricter concentration limits which are monitored by the Group.

The credit risk concentration, which is based on industry (economic activity) and business line, as well as the geographical concentration, is presented below.

The geographical analysis, for credit risk concentration purposes, is based on the Group's Country Risk Policy which is followed for monitoring the Group's exposures. Market and Liquidity Risk department is responsible for analysing the country risk of exposures. ALCO reviews the country risk of exposures on a quarterly basis and the Board, through its Risk Committee, reviews the country risk of exposures and any breaches of country risk limits on a regular basis and at least annually.

The table below presents the geographical concentration of loans and advances to customers by country of risk based on the country of residency for individuals and the country of registration for companies.

2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	€000
Trade	880,142	8,405	1	-	15,283	903,831
Manufacturing	275,779	9,691	193	-	31,412	317,075
Hotels and catering	914,460	33,500	38,355	-	36,329	1,022,644
Construction	453,362	36,629	-	-	297	490,288
Real estate	757,099	114,289	2	-	34,565	905,955
Private individuals	4,670,608	7,842	34,513	7,534	40,083	4,760,580
Professional and other services	568,294	567	5,171	6	61,550	635,588
Shipping	36,874	12	-	-	302,279	339,165
Other sectors	606,598	106,116	-	5	42,560	755,279
	9,163,216	317,051	78,235	7,545	564,358	10,130,405

2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	€000
Corporate	3,286,902	59,961	195	-	163	3,347,221
IBU & International corporate						
- IBU	92,206	1,638	4,769	5,214	16,867	120,694
- International corporate	147,180	251,140	43,245	-	519,456	961,021
SMEs	964,412	402	1,054	-	2,203	968,071
Retail						
- housing	3,496,469	2,544	22,185	80	14,071	3,535,349
- consumer, credit cards and other	1,033,208	1,339	337	-	5,510	1,040,394
Restructuring						
- corporate	16,015	-	1,241	112	66	17,434
- SMEs	20,289	-	157	-	100	20,546
- retail housing	35,644	-	534	126	80	36,384
- retail other	15,169	2	3	-	30	15,204
Recoveries						
- corporate	3,627	-	32	144	377	4,180
- SMEs	7,760	4	390	876	634	9,664
- retail housing	25,795	5	3,571	907	4,574	34,852
- retail other	18,540	16	522	86	227	19,391
	9,163,216	317,051	78,235	7,545	564,358	10,130,405

44. Risk management - Credit risk (continued)

44.2 Credit risk concentration of loans and advances to customers (continued)

2023	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	€000
Trade	868,039	277	40	-	15,340	883,696
Manufacturing	287,524	43,971	192	-	31,194	362,881
Hotels and catering	928,910	29,454	36,704	-	39,368	1,034,436
Construction	486,622	8,332	14	-	331	495,299
Real estate	871,544	108,635	1,863	-	51,349	1,033,391
Private individuals	4,543,985	9,680	56,074	12,075	48,080	4,669,894
Professional and other services	535,994	572	5,242	352	54,846	597,006
Shipping	20,622	15	-	-	222,422	243,059
Other sectors	512,666	-	-	2	30,184	542,852
	<u>9,055,906</u>	<u>200,936</u>	<u>100,129</u>	<u>12,429</u>	<u>493,114</u>	<u>9,862,514</u>

2023 (restated)	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	€000
Corporate	3,326,556	30,487	193	324	185	3,357,745
IBU & International corporate						
- IBU	87,127	1,688	6,544	6,901	18,618	120,878
- International corporate	115,212	164,103	43,401	-	439,512	762,228
SMEs	945,018	482	1,177	-	2,316	948,993
Retail						
- housing	3,369,111	2,320	27,728	86	17,634	3,416,879
- consumer, credit cards and other	956,834	1,775	480	-	4,953	964,042
Restructuring						
- corporate	48,440	-	611	-	-	49,051
- SMEs	33,212	-	261	532	61	34,066
- retail housing	57,685	-	2,468	122	212	60,487
- retail other	19,164	22	2	-	23	19,211
Recoveries						
- corporate	6,079	-	182	173	911	7,345
- SMEs	13,419	1	1,173	1,623	1,183	17,399
- retail housing	50,927	50	14,718	2,399	7,231	75,325
- retail other	27,122	8	1,191	269	275	28,865
	<u>9,055,906</u>	<u>200,936</u>	<u>100,129</u>	<u>12,429</u>	<u>493,114</u>	<u>9,862,514</u>

The loans and advances to customers include lending exposures in Cyprus with collaterals in Greece with a carrying value as at 31 December 2024 of €176,890 thousand (2023: €128,705 thousand).

The loans and advances to customers reported within 'Other countries' as at 31 December 2024 include exposures of €0,6 million in Ukraine (2023: €1,7 million) and €4,9 million in Israel (2023: €4,9 million).

44. Risk management - Credit risk (continued)

44.3 Analysis of loans and advances to customers

The movement of the gross loans and advances to customers at amortised cost by staging, including the loans and advances to customers classified as held for sale is presented in the tables below:

	Stage 1	Stage 2	Stage 3	POCI	Total
	€000	€000	€000	€000	€000
2024					
1 January	8,275,589	1,161,271	326,883	98,771	9,862,514
Transfers to stage 1	565,289	(564,134)	(1,155)	-	-
Transfers to stage 2	(228,889)	265,111	(36,222)	-	-
Transfers to stage 3	(14,037)	(19,442)	33,479	-	-
Foreign exchange and other adjustments	-	-	(5)	-	(5)
Write offs	(801)	(619)	(47,106)	(4,951)	(53,477)
Interest accrued and other adjustments	417,918	74,717	43,137	7,703	543,475
New loans originated or purchased and drawdowns of existing facilities	2,252,251	69,200	1,877	11,336	2,334,664
Loans derecognised or repaid (excluding write offs)	(2,140,595)	(212,439)	(100,651)	(49,241)	(2,502,926)
Changes to contractual cash flows due to modifications	(230)	1,415	120	(224)	1,081
31 December	9,126,495	775,080	220,357	63,394	10,185,326
	Stage 1	Stage 2	Stage 3	POCI	Total
	€000	€000	€000	€000	€000
2023					
1 January	7,867,256	1,565,603	371,018	113,458	9,917,335
Transfers to stage 1	786,990	(785,026)	(1,964)	-	-
Transfers to stage 2	(514,415)	546,249	(31,834)	-	-
Transfers to stage 3	(38,959)	(83,436)	122,395	-	-
Foreign exchange and other adjustments	-	-	10	-	10
Write offs	(594)	(588)	(79,286)	(5,282)	(85,750)
Interest accrued and other adjustments	388,970	39,662	47,804	8,001	484,437
New loans originated or purchased and drawdowns of existing facilities	1,827,530	89,118	8,125	1,847	1,926,620
Loans derecognised or repaid (excluding write offs)	(2,038,389)	(210,331)	(107,490)	(22,753)	(2,378,963)
Changes to contractual cash flows due to modifications	(2,800)	20	(1,895)	(149)	(4,824)
Acquisition of Velocity 2 portfolio	-	-	-	3,649	3,649
31 December	8,275,589	1,161,271	326,883	98,771	9,862,514

As at 31 December 2023 no loans and advances to customers were classified as held for sale.

For revolving facilities, overdrafts and credit cards, the net positive change in balance by stage excluding write-offs is reported in 'New loans originated' and the net negative change is reported in 'Loans derecognised or repaid'.

The analysis of gross loans and advances to customers at amortised cost by staging and by business line concentration is included in Note 23.

44. Risk management - Credit risk (continued)

44.3 Analysis of loans and advances to customers (continued)

The movement of gross loans and advances to customers at amortised cost, in the Corporate, IBU & International corporate, SME and Retail business lines in Cyprus (the country where the loans are managed), are presented in the tables below:

	Corporate	IBU & International corporate	SME	Retail
2024	€000	€000	€000	€000
1 January	3,357,421	883,106	948,624	4,380,921
Transfers (out of)/in business line	(19,487)	(3,596)	21,822	(5,792)
Write offs	(4,597)	(189)	(144)	(1,458)
Interest accrued	179,997	77,373	44,709	201,869
New loans originated or purchased	933,201	426,906	204,860	761,804
Loans derecognised or repaid (excluding write offs)	(1,098,155)	(302,429)	(252,530)	(762,789)
Changes to contractual cash flows due to modifications not resulting in derecognition	(1,159)	544	396	1,188
31 December	3,347,221	1,081,715	967,737	4,575,743

	Corporate	IBU & International corporate	SME	Retail
2023 (restated)	€000	€000	€000	€000
1 January	3,398,475	823,182	1,026,608	4,264,777
Transfers in/(out of) business line	111,905	(35,005)	(38,809)	36,081
Write offs	(25,277)	(173)	(142)	(1,165)
Interest accrued	166,290	56,142	59,465	159,108
New loans originated or purchased	748,197	218,979	192,439	696,146
Loans derecognised or repaid (excluding write offs)	(1,037,422)	(179,763)	(291,534)	(775,774)
Changes to contractual cash flows due to modifications not resulting in derecognition	(4,747)	(256)	597	1,748
31 December	3,357,421	883,106	948,624	4,380,921

44.4 Credit quality of loans and advances to customers based on the internal credit rating

Credit scoring is the primary risk rating system for assessing obligor and transaction risk for the key portfolios of BOC PCL. For the purposes of credit scoring, these portfolios are Corporate, Retail and SMEs. Corporate and SME portfolios include legal entities. Retail portfolio includes individuals.

Scoring models use internal and external data to assess and 'score' borrowers and their credit quality, in order to provide further input on managing limits for existing loans and collection activities. The data is specific to the borrower but additional data which could affect the borrower's behaviour is also used.

Credit score is one of the factors employed on new clients and management of existing clients. The credit score of the borrower is used to assess the credit quality for each independent acquisition or account management action, leading to an automated decision or guidance for an adjudicator. Credit scoring enhances the credit decision quality and facilitates risk-based pricing where feasible.

Borrower score defines the rating of the borrower from a range of 1-8 where 8 is defined as defaulted. The 12-months probability of default (PD) is calculated per rating. The following table presents weighted PD per risk level's rating for corporate, retail and SME exposures.

Unrated corporate exposures are assessed using the Group's in-house behavioural scorecard model for corporate legal entities. Unrated retail exposures include qualifying revolving facilities without scoring (i.e. prepaid cards) and other revolving facilities (i.e. financial guarantees) which are assigned a more generic curve. Similarly unrated SME exposures are assigned a more generic segment curve.

44. Risk management - Credit risk (continued)

44.4 Credit quality of loans and advances to customers based on the internal credit rating (continued)

New customers' lending to corporate and SME legal entities and new lending to retail individuals are separately disclosed since a time span of seven months is necessary in order to provide an accurate rating.

The portfolios weighted PD per rating is presented below.

2024	12-month PD		
Rating	Corporate legal entities %	Retail individuals %	SME legal entities %
1	0.52	0.04	0.08
2	0.55	0.06	0.17
3	0.71	0.11	0.35
4	0.98	0.16	1.26
5	1.43	0.50	3.73
6	1.74	3.34	8.44
7	2.07	8.80	15.62

2023	12-month PD		
Rating	Corporate legal entities %	Retail individuals %	SME legal entities %
1	1.32	0.10	0.18
2	1.42	0.17	0.46
3	1.75	0.28	0.96
4	2.38	0.42	3.37
5	3.68	0.89	8.92
6	3.82	7.20	18.16
7	4.88	15.21	36.65

Lower rating exposures demonstrate a better capacity to meet financial commitments, with lower probability of default, whereas higher rating exposures require varying degrees of special attention and default risk is of greater concern.

As disclosed in Note 5.1 under section 'Calibration of IFRS 9 models and removal of overlays in relation to economic conditions', the Group during 2024 proceeded with model calibrations affecting the probability of default parameter (the 'PD-macro') which led to a reduction in portfolios weighted PDs, when compared to last year.

The tables below show the gross loans and advances to customers at amortised cost which are managed in Cyprus, using the corporate legal entities, SMEs legal entities and retail individuals definition as per the internal rating of BOC PCL.

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	795,970	7,675	803,645	654,192	8,681	662,873
Rating 2	414,627	12,266	426,893	404,127	2,604	406,731
Rating 3	840,468	17,460	857,928	857,583	17,943	875,526
Rating 4	617,084	181,452	798,536	420,299	75,912	496,211
Rating 5	446,603	85,994	532,597	593,987	210,143	804,130
Rating 6	58,029	61,365	119,394	97,182	176,247	273,429
Rating 7	6,217	21,329	27,546	30,182	10,713	40,895
Unrated	231,861	22,225	254,086	230,024	34,157	264,181
New customers	654,183	48,048	702,231	397,922	14,956	412,878
	4,065,042	457,814	4,522,856	3,685,498	551,356	4,236,854
Total Stage 3 and POCI			58,171			157,455
			4,581,027			4,394,309

44. Risk management - Credit risk (continued)

44.4 Credit quality of loans and advances to customers based on the internal credit rating (continued)

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Rating 1	404,639	1,263	405,902	410,510	886	411,396
Rating 2	309,996	898	310,894	296,784	1,182	297,966
Rating 3	539,982	1,155	541,137	531,271	8,583	539,854
Rating 4	1,523,523	12,369	1,535,892	1,387,960	59,067	1,447,027
Rating 5	1,107,575	48,957	1,156,532	915,585	195,178	1,110,763
Rating 6	59,245	81,998	141,243	63,506	91,634	155,140
Rating 7	82,361	120,555	202,916	104,288	121,092	225,380
Unrated	-	2,215	2,215	-	2,099	2,099
New customers	380,491	6,629	387,120	308,043	13,166	321,209
	4,407,812	276,039	4,683,851	4,017,947	492,887	4,510,834
Total Stage 3 and POCI			146,115			230,837
			4,829,966			4,741,671

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SMEs legal entities						
Rating 1	125,714	1,235	126,949	120,165	3,360	123,525
Rating 2	260,609	2,266	262,875	210,856	47,818	258,674
Rating 3	125,330	8,654	133,984	108,742	29,117	137,859
Rating 4	47,228	15,261	62,489	45,841	14,490	60,331
Rating 5	10,668	4,285	14,953	13,021	5,771	18,792
Rating 6	3,414	4,361	7,775	5,300	3,328	8,628
Rating 7	3,172	1,415	4,587	3,324	2,534	5,858
Unrated	-	670	670	-	6,312	6,312
New customers	77,368	3,080	80,448	64,722	4,298	69,020
	653,503	41,227	694,730	571,971	117,028	688,999
Total Stage 3 and POCI			24,348			36,842
			719,078			725,841

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers

The movement in ECL of loans and advances to customers, including those classified as held for sale, is as follows:

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
1 January	24,205	30,257	103,996	20,995	179,453
Transfers to stage 1	11,706	(11,386)	(320)	-	-
Transfers to stage 2	(660)	4,411	(3,751)	-	-
Transfers to stage 3	(131)	(984)	1,115	-	-
Impact on transfer between stages during the year*	(8,970)	1,221	7,638	(173)	(284)
Foreign exchange and other adjustments	-	-	41	-	41
Write offs	(801)	(619)	(47,106)	(4,951)	(53,477)
Interest (provided) not recognised in the income statement	-	-	4,156	1,105	5,261
New loans originated or purchased*	5,043	-	-	385	5,428
Loans derecognised or repaid (excluding write offs)*	(4,390)	(1,177)	(14,213)	(801)	(20,581)
Write offs*	748	325	12,193	295	13,561
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	(14,380)	15,373	43,693	3,684	48,370
Changes to contractual cash flows due to modifications not resulting in derecognition*	(365)	1,318	77	(5)	1,025
31 December	12,005	38,739	107,519	20,534	178,797
Individually assessed	3,378	17,069	21,286	10,485	52,218
Collectively assessed	8,627	21,670	86,233	10,049	126,579
	12,005	38,739	107,519	20,534	178,797

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 16).

The main driver of the ECL charge are the 'Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations' which includes the calibration of the provisioning models as set out in Note 5.1 together with the impact of the agreement for disposal of NPE portfolio (Project River).

As at 31 December 2023 no loans and advances to customers were classified as held for sale.

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers (continued)

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
2023					
1 January	22,288	27,041	113,573	15,540	178,442
Transfers to stage 1	10,985	(10,504)	(481)	-	-
Transfers to stage 2	(1,532)	6,677	(5,145)	-	-
Transfers to stage 3	(481)	(2,576)	3,057	-	-
Impact on transfer between stages during the year*	(8,860)	3,450	24,888	-	19,478
Foreign exchange and other adjustments	-	-	91	-	91
Write offs	(594)	(588)	(79,286)	(5,282)	(85,750)
Interest (provided) not recognised in the income statement	-	-	3,827	1,079	4,906
New loans originated or purchased*	5,953	-	-	992	6,945
Loans derecognised or repaid (excluding write offs)*	(2,798)	(782)	(5,433)	(162)	(9,175)
Write offs*	455	340	7,981	1,118	9,894
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	258	7,021	39,891	7,935	55,105
Changes to contractual cash flows due to modifications not resulting in derecognition*	(1,469)	178	1,033	(225)	(483)
31 December	24,205	30,257	103,996	20,995	179,453
Individually assessed	8,287	11,983	45,178	13,480	78,928
Collectively assessed	15,918	18,274	58,818	7,515	100,525
	24,205	30,257	103,996	20,995	179,453

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 16).

The analysis of credit losses of loans and advances to customers by business line, excluding those classified as held for sale is presented in the table below:

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
2024					
Corporate	4,468	17,645	14,830	323	37,266
IBU & International corporate					
- IBU	84	378	51	5	518
- International corporate	1,925	1,070	-	-	2,995
SMEs	958	3,209	3,303	142	7,612
Retail					
- housing	2,604	10,895	4,911	526	18,936
- consumer, credit cards and other	1,836	4,856	4,790	750	12,232
Restructuring					
- corporate	2	127	1,627	10,178	11,934
- SMEs	47	123	2,997	515	3,682
- retail housing	53	371	10,686	341	11,451
- retail other	28	65	7,524	475	8,092
Recoveries					
- corporate	-	-	2,053	158	2,211
- SMEs	-	-	4,714	470	5,184
- retail housing	-	-	11,686	2,600	14,286
- retail other	-	-	9,344	1,276	10,620
	12,005	38,739	78,516	17,759	147,019

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers (continued)

	Stage 1	Stage 2	Stage 3	POCI	Total
	€000	€000	€000	€000	€000
2023 (restated)					
Corporate	12,993	11,727	32,761	5,169	62,650
IBU & International corporate					
- IBU	161	323	40	5	529
- International corporate	1,498	816	38	6	2,358
SMEs	2,424	2,403	1,200	303	6,330
Retail					
- housing	3,098	6,435	3,804	486	13,823
- consumer, credit cards and other	3,693	5,665	4,969	1,164	15,491
Restructuring					
- corporate	21	1,635	6,962	9,964	18,582
- SMEs	134	589	4,334	553	5,610
- retail housing	75	440	12,393	204	13,112
- retail other	108	224	7,060	489	7,881
Recoveries					
- corporate	-	-	3,342	267	3,609
- SMEs	-	-	4,794	150	4,944
- retail housing	-	-	13,772	1,094	14,866
- retail other	-	-	8,527	1,141	9,668
	<u>24,205</u>	<u>30,257</u>	<u>103,996</u>	<u>20,995</u>	<u>179,453</u>

The movement of the ECL allowance for the loans and advances to customers in the Corporate, IBU & International corporate, SME and Retail business lines in Cyprus (the country where the loans are managed), is presented in the table below:

	Corporate	IBU & International corporate	SME	Retail
	€000	€000	€000	€000
2024				
1 January	62,425	2,887	6,134	29,314
Transfer (out of)/in the business line	(10,684)	91	921	(1,409)
Write offs	(4,597)	(189)	(144)	(1,458)
Interest (provided) not recognised in the income statement	987	2	116	458
New loans originated or purchased	1,998	1,029	287	1,688
Loans derecognised or repaid (excluding write offs)	(10,004)	(487)	(216)	(2,183)
Write offs	10	21	79	979
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations	(1,078)	(52)	105	4,317
Changes to contractual cash flows due to modifications not resulting in derecognition	800	(2)	174	64
Impact on transfer between stages during the year	(2,591)	213	(40)	(602)
31 December	<u>37,266</u>	<u>3,513</u>	<u>7,416</u>	<u>31,168</u>

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers (continued)

	Corporate	IBU & International corporate	SME	Retail
2023 (restated)	€000	€000	€000	€000
1 January	56,359	1,087	5,879	24,827
Transfer in/(out of) the business line	(660)	112	76	(1,813)
Write offs	(25,276)	(173)	(142)	(1,165)
Interest (provided) not recognised in the income statement	287	-	-	464
New loans originated or purchased	4,058	470	616	1,804
Loans derecognised or repaid (excluding write offs)	(2,627)	(315)	-	(1,615)
Write offs	18	28	135	740
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations	12,120	885	242	6,236
Changes to contractual cash flows due to modifications not resulting in derecognition	481	4	(469)	(283)
Impact on transfer between stages during the year	17,665	789	(203)	119
31 December	62,425	2,887	6,134	29,314

During the year ended 31 December 2024 the total non-contractual write-offs recorded by the Group amounted to €25,391 thousand (2023: €66,547 thousand). The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity is €187,288 thousand (2023: €566,451 thousand).

Sensitivity analysis

The Group has performed sensitivity analysis relating to the loan portfolio in Cyprus, which represents more than 99% of the total loan portfolio of the Group with reference date 31 December 2024 and 2023.

The Group has applied sensitivity analysis to the below parameters and the impact on the ECL, for both individually and collectively assessed ECL calculations, is presented in the table below:

	Increase/(decrease) on ECL for loans and advances to customers at amortised cost	
	2024	2023
	€000	€000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	1,560	1,297
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(1,677)	(1,629)
Increase the expected recovery period by 1 year	1,965	6,090
Decrease the expected recovery period by 1 year	(2,047)	(7,863)
Increase the collateral realisation haircut by 5%	4,429	8,816
Decrease the collateral realisation haircut by 5%	(3,771)	(9,495)
Increase in the PDs of stages 1 and 2 by 20%*	18,232	5,424
Decrease in the PDs of stages 1 and 2 by 20%*	(8,273)	(5,880)

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers (continued)

The increase/(decrease) on ECL, for loans and advances to customers at amortised cost is presented per stage in the table below:

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	186	931	443	1,560
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(213)	(522)	(942)	(1,677)
Increase the expected recovery period by 1 year	139	870	956	1,965
Decrease the expected recovery period by 1 year	(111)	(687)	(1,249)	(2,047)
Increase the collateral realisation haircut by 5%	265	1,579	2,585	4,429
Decrease the collateral realisation haircut by 5%	(182)	(1,067)	(2,522)	(3,771)
Increase in the PDs of stages 1 and 2 by 20%*	1,810	16,422	-	18,232
Decrease in the PDs of stages 1 and 2 by 20%*	(2,059)	(6,214)	-	(8,273)

2023	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	295	204	798	1,297
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(235)	(267)	(1,127)	(1,629)
Increase the expected recovery period by 1 year	727	1,201	4,162	6,090
Decrease the expected recovery period by 1 year	(695)	(1,121)	(6,047)	(7,863)
Increase the collateral realisation haircut by 5%	1,037	1,692	6,087	8,816
Decrease the collateral realisation haircut by 5%	(900)	(1,406)	(7,189)	(9,495)
Increase in the PDs of stages 1 and 2 by 20%*	2,624	2,800	-	5,424
Decrease in the PDs of stages 1 and 2 by 20%*	(1,325)	(4,555)	-	(5,880)

*The impact on the ECL also includes the transfer between stages of the loans and advances to customers following the increase/decrease in the PD.

44. Risk management - Credit risk (continued)

44.5 Credit losses of loans and advances to customers (continued)

The sensitivity analysis performed on the collateral realisation haircut and its impact on the ECL by business line is presented in the table below:

	Increase the collateral realisation haircut by 5%	Decrease the collateral realisation haircut by 5%	Increase the collateral realisation haircut by 5%	Decrease the collateral realisation haircut by 5%
	2024	2024	2023 (restated)	2023 (restated)
	€000	€000	€000	€000
Corporate	553	(1,061)	2,708	(2,521)
IBU & International corporate				
- IBU	3	(2)	9	(6)
- International corporate	17	(14)	65	(55)
SMEs	464	(382)	365	(324)
Retail				
- housing	940	(638)	1,128	(811)
- consumer, credit cards and other	200	(137)	336	(286)
Restructuring				
- corporate	34	(29)	1,029	(3,337)
- SMEs	109	(88)	233	(300)
- retail housing	660	(576)	694	(616)
- retail other	148	(140)	196	(175)
Recoveries				
- corporate	22	(87)	123	(111)
- SMEs	209	(146)	932	(319)
- retail housing	671	(346)	693	(455)
- retail other	399	(125)	305	(179)
	4,429	(3,771)	8,816	(9,495)

44.6 Contingent liabilities and commitments

The Group enters into various irrevocable commitments and contingent liabilities. These consist of acceptances and endorsements, guarantees, documentary credits and undrawn formal stand-by facilities, credit lines and other commitments to lend.

44.6.1 Contingent liabilities

An analysis of changes in the outstanding nominal amount of exposures and the corresponding ECL are disclosed in the tables below:

2024	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
Exposures				
1 January	483,831	184,827	36,966	705,624
Transfers to stage 1	51,626	(51,626)	-	-
Transfers to stage 2	(16,549)	17,453	(904)	-
Transfers to stage 3	(147)	(3,121)	3,268	-
Net increase/(decrease)	45,157	(32,736)	(7,000)	5,421
31 December	563,918	114,797	32,330	711,045

44. Risk management - Credit risk (continued)

44.6 Contingent liabilities and commitments (continued)

44.6.1 Contingent liabilities (continued)

2023	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Exposures				
1 January	509,186	110,626	36,582	656,394
Transfers to stage 1	8,820	(8,755)	(65)	-
Transfers to stage 2	(88,817)	91,722	(2,905)	-
Transfers to stage 3	(585)	(3,763)	4,348	-
Net increase/(decrease)	55,227	(5,003)	(994)	49,230
31 December	483,831	184,827	36,966	705,624

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL				
1 January	-	18	19,174	19,192
Net decrease	-	-	(293)	(293)
Credit for the year	-	(4)	(1,002)	(1,006)
31 December	-	14	17,879	17,893
Individually assessed	-	-	17,879	17,879
Collectively assessed	-	14	-	14
	-	14	17,879	17,893

2023	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL				
1 January	119	110	17,013	17,242
Transfers to stage 3	(35)	(4)	39	-
Charge/(credit) for the year	(84)	(88)	2,122	1,950
31 December	-	18	19,174	19,192
Individually assessed	-	-	19,174	19,174
Collectively assessed	-	18	-	18
	-	18	19,174	19,192

The credit quality of contingent liabilities as per the internal rating system of BOC PCL is disclosed in the table below.

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	98,192	2,161	100,353	130,436	266	130,702
Rating 2	17,055	151	17,206	16,168	2	16,170
Rating 3	92,078	63	92,141	33,253	29,663	62,916
Rating 4	27,905	421	28,326	26,279	2,686	28,965
Rating 5	73,886	17,939	91,825	25,253	30,270	55,523
Rating 6	1,768	5,700	7,468	19,494	281	19,775
Rating 7	1,817	66	1,883	6,485	33	6,518
Unrated	64,565	23,683	88,248	26,003	33,737	59,740
New customers	56,061	500	56,561	102,235	6,174	108,409
	433,327	50,684	484,011	385,606	103,112	488,718
Total Stage 3			6,038			8,314
			490,049			497,032

44. Risk management - Credit risk (continued)

44.6 Contingent liabilities and commitments (continued)

44.6.1 Contingent liabilities (continued)

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SME legal entities						
Rating 1	57,714	1,147	58,861	42,683	2,796	45,479
Rating 2	20,390	74	20,464	6,435	8,181	14,616
Rating 3	3,149	536	3,685	1,599	1,950	3,549
Rating 4	672	916	1,588	329	907	1,236
Rating 5	6	2	8	31	7	38
Rating 6	17	2	19	3	14	17
Rating 7	27	136	163	4	137	141
Unrated	-	43,046	43,046	-	50,393	50,393
New customers	48,616	1,213	49,829	47,141	122	47,263
	130,591	47,072	177,663	98,225	64,507	162,732
Total Stage 3			26,190			28,232
			203,853			190,964

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Unrated	-	17,041	17,041	-	17,208	17,208
	-	17,041	17,041	-	17,208	17,208
Total Stage 3			102			420
			17,143			17,628

44.6.2 Commitments

An analysis of changes in the outstanding exposures and the corresponding ECL are disclosed in the tables below:

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
2024				
Exposure				
1 January	1,665,479	271,766	21,488	1,958,733
Transfers to stage 1	156,132	(155,983)	(149)	-
Transfers to stage 2	(23,419)	23,754	(335)	-
Transfers to stage 3	(441)	(2,736)	3,177	-
Net increase/(decrease)	62,616	7,353	(4,236)	65,733
31 December	1,860,367	144,154	19,945	2,024,466

	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
2023				
Exposure				
1 January	1,564,964	319,114	43,033	1,927,111
Transfers to stage 1	121,814	(121,602)	(212)	-
Transfers to stage 2	(100,140)	102,838	(2,698)	-
Transfers to stage 3	(4,872)	(3,783)	8,655	-
Net increase/(decrease)	83,713	(24,801)	(27,290)	31,622
31 December	1,665,479	271,766	21,488	1,958,733

44. Risk management - Credit risk (continued)

44.6 Contingent liabilities and commitments (continued)

44.6.2 Commitments (continued)

	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
2023				
ECL				
1 January	90	97	-	187
Charge/(credit) for the year	(90)	(97)	-	(187)
31 December	-	-	-	-

There is no ECL on commitments as at 31 December 2024 and 2023.

The credit quality of commitments, as per the internal rating system of BOC PCL is disclosed in the table below.

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	287,501	4,488	291,989	280,836	10,252	291,088
Rating 2	48,996	2,543	51,539	63,694	1,672	65,366
Rating 3	90,481	1,897	92,378	78,107	8,560	86,667
Rating 4	106,090	6,608	112,698	77,465	3,669	81,134
Rating 5	63,889	12,487	76,376	45,954	22,251	68,205
Rating 6	1,691	4,919	6,610	14,720	4,892	19,612
Rating 7	1,883	555	2,438	2,074	336	2,410
Unrated	131,778	45,041	176,819	90,986	51,113	142,099
New customers	91,060	2,359	93,419	86,953	707	87,660
	823,369	80,897	904,266	740,789	103,452	844,241
Total Stage 3			11,035			11,981
			915,301			856,222

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SME legal entities						
Rating 1	306,438	17,151	323,589	275,684	34,643	310,327
Rating 2	104,628	1,473	106,101	54,993	56,903	111,896
Rating 3	18,280	1,916	20,196	11,146	13,215	24,361
Rating 4	3,529	1,196	4,725	2,698	1,811	4,509
Rating 5	558	100	658	530	322	852
Rating 6	128	152	280	173	152	325
Rating 7	13	9	22	7	192	199
Unrated	-	5,242	5,242	-	8,577	8,577
New customers	11,375	692	12,067	16,658	915	17,573
	444,949	27,931	472,880	361,889	116,730	478,619
Total Stage 3			5,125			5,742
			478,005			484,361

44. Risk management - Credit risk (continued)

44.6 Contingent liabilities and commitments (continued)

44.6.2 Commitments (continued)

	2024			2023		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Rating 1	143,334	8,115	151,449	145,977	11,477	157,454
Rating 2	83,886	4,617	88,503	85,690	5,503	91,193
Rating 3	136,728	6,649	143,377	135,923	10,084	146,007
Rating 4	88,827	3,502	92,329	90,081	6,541	96,622
Rating 5	27,224	1,519	28,743	22,724	5,899	28,623
Rating 6	4,704	1,778	6,482	5,317	2,645	7,962
Rating 7	931	1,213	2,144	1,142	1,459	2,601
Unrated	30	7,038	7,068	-	6,832	6,832
New customers	106,385	895	107,280	75,947	1,144	77,091
	592,049	35,326	627,375	562,801	51,584	614,385
Total Stage 3			3,785			3,765
			631,160			618,150

44.7 Collateral and other credit enhancements obtained

The carrying value of assets obtained during 2024 and 2023 by taking possession of collateral held as security, was as follows:

	2024 €000	2023 €000
Residential property	7,968	5,980
Commercial and other property	11,388	14,560
Land (fields and plots)	6,477	-
	25,833	20,540

The total carrying value of stock of property and investment properties obtained over the years by taking possession of collateral held as security for customer loans and advances and held by the Group as at 31 December 2024, including any expenses capitalised during the year, amounted to €659,976 thousand (2023: €861,675 thousand).

The disposals of repossessed assets during 2024 amounted to €174,840 thousand (2023: €173,587 thousand).

44.8 Currency concentration of loans and advances to customers

The following table presents the currency concentration of the Group's loans and advances to customers at amortised cost.

	2024 €000	2023 €000
Gross loans at amortised cost		
Euro	9,475,479	9,336,828
US Dollar	573,140	409,555
British Pound	72,361	87,610
Russian Rouble	-	324
Swiss Franc	8,935	27,358
Other currencies	490	839
	10,130,405	9,862,514

44. Risk management - Credit risk (continued)

44.9 Modified loans and advances to customers

Modified loans and advances to customers are those loans where the original contractual terms of the loans

- i. have been modified due to financial difficulties of the borrower and are considered as forbore/restructured (as explained in Note 44.10), and
- ii. have been modified due to commercial renegotiations and such loans are considered as non-forborne.

Customers classified as Stage 2 and Stage 3 as at 31 December 2023, that had facilities modified (in a prior or the current period), and are classified as Stage 1 as at 31 December 2024 amount to €157,066 thousand (2023: €137,357 thousand) and their corresponding ECL amount to €251 thousand (2023: €547 thousand).

Previously classified Stage 2 and Stage 3 customers (with a carrying amount as at 31 December 2023 of €95,331 thousand (2022: €30,012 thousand)) that had facilities modified during the year and are classified as Stage 1 at 31 December 2024 amount to €88,935 thousand (2023: €19,113 thousand) and their corresponding ECL amount to €118 thousand (2023: €36 thousand). Their related modification loss amounted to €277 thousand (2023: €55 thousand).

Stage 2 and Stage 3 loans that were forbore during the year amounted to €148,112 thousand (2023: €44,827 thousand). Their related modification loss amounted to €5,941 thousand (2023: €3,036 thousand).

Facilities that reverted to Stage 2 and Stage 3 having once cured during the year amount to €44,655 thousand (2023: €51,720 thousand) and their corresponding ECL amount to €3,243 thousand (2023: €1,984 thousand) as at 31 December 2024.

44.10 Forbearance/Restructuring

Forborne/restructured loans and advances are those loans and advances that have been modified because the borrower is considered unable to meet the terms and conditions of the contract due to financial difficulties. Taking into consideration these difficulties, the Group decides to modify the terms and conditions of the contract to provide the borrower with the ability to service the debt or refinance the contract, either partially or fully. They include the facilities for which the Group has modified the repayment programme (e.g. provision of a grace period, suspension of the obligation to repay one or more instalments, reduction in the instalment amount and/or elimination of overdue instalments relating to capital or interest).

The practice of extending forbearance/restructuring measures constitutes a grant of a concession whether temporarily or permanently to that borrower. A concession may involve restructuring the contractual terms of a debt or payment in some form other than cash, such as an arrangement whereby the borrower transfers collateral pledged to the Group.

For an account to qualify for forbearance/restructuring it must meet certain criteria including the viability of the customer. The extent to which the Group reschedules accounts that are eligible under its existing policies may vary depending on its view of the prevailing economic conditions and other factors which may change from year to year. In addition, exceptions to policies and practices may be allowed in specific situations in response to legal or regulatory requirements.

Forbearance/restructuring activities may include measures that restructure the borrower's business (operational restructuring) and/or measures that restructure the borrower's financing (financial restructuring).

Forbearance/restructuring options may be of a short or long-term nature or a combination thereof. The Group has developed and deployed sustainable restructuring solutions, which are suitable for the borrower and acceptable for the Group.

Short-term restructuring solutions are defined as restructured repayment solutions of duration of less than two years. In the case of loans for the construction of commercial property and project finance, a short-term solution may not exceed one year.

Short-term restructuring solutions can include the following:

- i. Suspension of capital or capital and interest: granting to the borrower a grace period in the payment of capital (i.e. during this period only interest is paid) or capital and interest, for a specific period of time.

44. Risk management - Credit risk (continued)

44.10 Forbearance/Restructuring (continued)

- ii. Reduced payments: decrease of the amount of repayment instalments over a defined short-term period in order to accommodate the borrower's new cash flow position.
- iii. Arrears and/or interest capitalisation: capitalisation of the arrears and of any unpaid interest to the outstanding principal balance for repayment under a rescheduled program.

Long-term restructuring solutions can include the following:

- i. Interest rate reduction: permanent or temporary reduction of interest rate (fixed or variable) into a fair and sustainable rate.
- ii. Extension of maturity: extension of the maturity of the loan which allows a reduction in instalment amounts by spreading the repayments over a longer period.
- iii. Sale of Assets: Part of the restructuring can be the agreement with the borrower for immediate or over time sale of assets (mainly real estate) to reduce borrowing.
- iv. Modification of existing terms of previous decisions: In the context of the new sustainable restructuring solution, any terms of previous decisions that are assessed not feasible to be met are revisited.
- v. Consolidation/refinancing of existing facilities that: In cases where the borrower maintains several separate loans with different collaterals, these can be consolidated and a new repayment schedule can be set and the new loan can be secured with all existing collaterals.
- vi. Hard Core Current Account Limit: In such cases a loan with a longer repayment may be offered to replace/reduce the current account limit.
- vii. Split and freeze: the customer's debt is split into sustainable and unsustainable parts. The sustainable part is restructured to a sustainable repayment program. The unsustainable part is 'frozen' for the restructured duration of the sustainable part. At the maturity of the restructuring, the frozen part is either forgiven pro rata (based on the actual repayment of the sustainable part) or restructured.
- viii. Rescheduling of payments: the existing contractual repayment schedule is adjusted to a new sustainable repayment program based on a realistic, current and forecasted assessment of the cash flow generation of the borrower.
- ix. Liquidation Collateral: An agreement between BOC PCL and a borrower for the voluntary sale of mortgaged assets, for partial or full repayment of the debt.
- x. Currency Conversion: This solution is provided to match the credit facility currency and the borrower's income currency.
- xi. Additional Financing: This solution can be granted, simultaneously with the restructuring of the existing credit facilities of the borrower, to cover any financing gap.
- xii. Partial or total write off: This solution corresponds to the Group forfeiting the right to legally recover part or the whole of the amount of debt outstanding by the borrower.
- xiii. Debt/equity swaps: debt restructuring that allows partial or full repayment of the debt in exchange of obtaining an equivalent amount of equity in the company by the Group, with the remaining debt right sized to the cash flows of the borrower to allow repayment. This solution is used only in exceptional cases and only where all other efforts for restructuring are exhausted and after ensuring compliance with the banking law.
- xiv. Debt/asset swaps: agreement between the Group and the borrower to voluntarily transfer the mortgaged asset or other immovable property to the Group, to partially or fully repay the debt. Any residual debt may be restructured with an appropriate repayment schedule in line with the borrower's reassessed repayment ability.

The loans forbore continue to be classified as Stage 3 in the case they are performing forbore exposures under probation for which additional forbearance measures are extended, or performing forbore exposures, previously classified as NPEs that present more than 30 days past due within the probation period.

Forbearance modifications of loans and advances that do not affect payment arrangements, such as restructuring of collateral or security arrangements, are not regarded as sufficient to categorise the facility as credit impaired, as by themselves do not necessarily indicate credit distress affecting payment ability such that would require the facility to be classified as NPE.

The forbearance characteristic contributes in two specific ways for the calculation of lifetime ECL for each individual facility. Specifically, it is taken into consideration in the scorecard development, where, if this characteristic is identified as statistically significant, it affects negatively the rating of each facility. It also contributes in the construction through the cycle probability of default and cure curves, where, when feasible, a specific curve for the forbore products is calculated and assigned accordingly.

44. Risk management - Credit risk (continued)

44.10 Forbearance/Restructuring (continued)

The below table presents the movement of the Group's forbore loans and advances to customers measured at amortised cost.

	2024	2023
	€000	€000
1 January	455,740	1,106,298
New loans and advances forbore in the year	148,348	47,366
Loans no longer classified as forbore and repayments	(249,742)	(705,103)
Write off of forbore loans and advances	(11,983)	(41,996)
Interest accrued on forbore loans and advances	24,427	49,102
Foreign exchange adjustments	49	73
31 December	366,839	455,740

The forbore loans classification is discontinued when all EBA criteria for the discontinuation of the classification as forbore exposure are met. The criteria are set out in the EBA Final draft Implementing Technical Standards (ITS) on supervisory reporting and non-performing exposures.

The below tables present the Group's forbore loans and advances to customers by staging, economic activity and business line classification, as well as the ECL allowance and tangible collateral held for such forbore loans.

	2024	2023
	€000	€000
Stage 1	-	-
Stage 2	253,862	261,091
Stage 3	86,639	173,728
POCI	26,338	20,921
	366,839	455,740

Fair value of collateral

	2024	2023
	€000	€000
Stage 1	-	-
Stage 2	234,794	241,983
Stage 3	75,515	154,051
POCI	24,965	19,734
	335,274	415,768

The fair value of collateral presented above has been computed to the extent that the collateral mitigates credit risk.

44. Risk management - Credit risk (continued)

44.10 Forbearance/Restructuring (continued)

Credit risk concentration

	2024	2023
By economic activity	€000	€000
Trade	10,155	15,578
Manufacturing	3,325	10,195
Hotels and catering	6,058	60,129
Construction	132,011	82,849
Real estate	26,614	61,550
Private individuals	116,063	187,537
Professional and other services	36,621	35,197
Other sectors	35,992	2,705
	366,839	455,740

	2024	2023
By business line	€000	€000
Corporate	224,271	207,534
IBU & International corporate		
- IBU	944	2,386
- International corporate	653	768
SMEs	19,046	20,823
Retail		
- housing	47,506	67,087
- consumer, credit cards and other	8,411	17,265
Restructuring		
- corporate	12,555	33,098
- SMEs	7,726	11,749
- retail housing	18,818	34,538
- retail other	4,764	7,399
Recoveries		
- corporate	966	2,480
- SMEs	2,511	6,157
- retail housing	13,960	34,496
- retail other	4,708	9,960
	366,839	455,740

44. Risk management - Credit risk (continued)

44.10 Forbearance/Restructuring (continued)

2024	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	€000
Corporate	-	189,064	25,745	9,462	224,271
IBU & International corporate					
- IBU	-	943	1	-	944
- International corporate	-	653	-	-	653
SMEs	-	13,519	5,527	-	19,046
Retail					
- housing	-	34,818	10,508	2,180	47,506
- consumer, credit cards and other	-	5,942	2,413	56	8,411
Restructuring					
- corporate	-	1,431	1,006	10,118	12,555
- SMEs	-	2,507	4,350	869	7,726
- retail housing	-	4,444	13,458	916	18,818
- retail other	-	541	3,825	398	4,764
Recoveries					
- corporate	-	-	934	32	966
- SMEs	-	-	2,280	231	2,511
- retail housing	-	-	12,356	1,604	13,960
- retail other	-	-	4,236	472	4,708
	-	253,862	86,639	26,338	366,839

2023	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	€000
Corporate	-	136,097	71,330	107	207,534
IBU & International corporate					
- IBU	-	2,091	295	-	2,386
- International corporate	-	768	-	-	768
SMEs	-	19,414	1,409	-	20,823
Retail					
- housing	-	51,588	13,479	2,020	67,087
- consumer, credit cards and other	-	13,047	4,089	129	17,265
Restructuring					
- corporate	-	21,254	1,807	10,037	33,098
- SMEs	-	3,686	6,760	1,303	11,749
- retail housing	-	11,341	21,633	1,564	34,538
- retail other	-	1,805	5,249	345	7,399
Recoveries					
- corporate	-	-	2,250	230	2,480
- SMEs	-	-	5,668	489	6,157
- retail housing	-	-	30,643	3,853	34,496
- retail other	-	-	9,116	844	9,960
	-	261,091	173,728	20,921	455,740

44. Risk management - Credit risk (continued)

44.10 Forbearance/Restructuring (continued)

ECL allowance

	2024 €000	2023 €000
Stage 1	-	-
Stage 2	9,525	8,643
Stage 3	36,503	47,840
POCI	12,462	11,510
	58,490	67,993

44.11 Credit quality of Group assets exposed to credit risk other than loans and advances to customers - analysis by rating agency designation

Balances with central banks and loans and advances to banks

Balances with central banks and loans and advances to banks are analysed by Moody's Investors Service rating as follows:

	2024 €000	2023 €000
Aaa - Aa3	468,981	227,075
A1 - A3	7,743,265	23,647
Baa1 - Baa3	17,983	9,550,286
Ba1 - Ba3	3,642	4,545
B1 - B3	-	254
Caa - C	-	2,148
Unrated	23,910	64,276
Other receivables from banks	68,528	34,532
	8,326,309	9,906,763

All balances with central banks and loans and advances to banks are classified as Stage 1 (Note 19).

Reverse repurchase agreements

Reverse repurchase agreements counterparties are analysed by Moody's Investors Service rating as follows:

	2024 €000	2023 €000
A1 - A3	306,053	-
Unrated	704,117	403,199
	1,010,170	403,199

The average rating of the collateral received was Aa2 as at 31 December 2024 (2023: Aa1).

In accordance with the terms of the reverse repurchase agreements of a carrying value of €1,010 million (2023: €403 million) that are held by the Group as at 31 December 2024, the Group accepts collateral that it is permitted to sell. At 31 December 2024, the total fair value of the collateral received was €1,007 million (2023: €426 million), none of which had been resold or repledged. As at 31 December 2024, cash collateral of €7 million has been placed with counterparties and €13 million has been received from the counterparties (2023: cash collateral of €30 million was placed with the counterparties). The effective yield of the reverse repurchase agreements is approximately 3% p.a. (2023: 3% p.a.) and the average duration is estimated at approximately 2.1 years (2023: 2.8 years).

44. Risk management - Credit risk (continued)

44.11 Credit quality of Group assets exposed to credit risk other than loans and advances to customers - analysis by rating agency designation (continued)

Debt securities and other non-equity securities

Investments in debt securities and other non-equity securities are analysed by Moody's Investors Service rating as follows:

	2024	2023
<i>Moody's rating</i>	€000	€000
Aaa - Aa3	2,459,365	1,969,693
A1 - A3	1,506,802	442,968
Baa1 - Baa3	254,698	1,049,328
Ba1 - Ba3	2,014	89,404
	4,222,879	3,551,393

The tables below present the Moody's Investors Service rating of the Group's investments in debt securities:

	FVOCI	Amortised cost
	Stage 1	Stage 1
2024	€000	€000
Aaa - Aa3	75,598	2,373,065
A1 - A3	319,855	1,186,947
Baa1 - Baa3	11,087	243,611
Ba1 - Ba3	-	2,014
	406,540	3,805,637

	FVOCI	Amortised cost
	Stage 1	Stage 1
2023	€000	€000
Aaa - Aa3	62,469	1,903,613
A1 - A3	34,234	408,734
Baa1 - Baa3	315,640	733,688
Ba1 - Ba3	18,725	70,679
	431,068	3,116,714

The ratings are provided for the ISIN or if not available for the specific issuance, the rating of the counterparty is used.

45. Risk management - Market risk

Market risk is the risk of loss from adverse changes in market prices namely from changes in interest rates, credit spreads, foreign currency exchange rates, property and security prices. The Market and Liquidity Risk department is responsible for monitoring the risk on financial instruments resulting from such changes with the objective to minimise the impact on earnings and capital. The department also monitors property price risk, liquidity risk and credit risk from counterparties and countries. It is also responsible for monitoring compliance with the various market risk policies and procedures.

45. Risk management - Market risk (continued)

Interest rate risk

Interest rate risk refers to the current or prospective risk to Group's capital and earnings arising from adverse movements in interest rates that affect the Group's banking book positions.

Interest rate fluctuations affect the economic value of the Group's assets, liabilities and off-balance sheet items, through corresponding changes in the cash flow amounts and discount rates and therefore their present value. Changes in interest rates also affect the earnings by increasing or decreasing the net interest income of other interest rate-sensitive items. As such, interest rate risk is measured primarily by reference to the impact on net interest income and impact on economic value.

The Group's balance sheet composition is characterized by floating rate assets and fixed or non-rate sensitive liabilities, resulting in an increased volatility on net interest income, with a negative impact when interest rates decrease and a positive impact when interest rates increase. In addition, this balance sheet composition results in relatively low volatility of the Economic Value. This is due to the floating rate nature of assets which are longer term in terms of maturity such as loans and advances and the short term nature of the sizable central bank balances. On the liability side, term deposits, although fixed rate in nature, have short contractual maturities (mainly up to one year). In addition, the economic value impact from fixed rate assets is mitigated by the impact of core NMDs which behave as fixed rate liabilities.

Interest rate risk is managed through internal and regulatory limits on the change in net interest income and economic value of equity under various adverse interest rate shock scenarios. Internal limits on net interest income are set as a percentage of the annualised net interest income while regulatory limits on net interest income and economic value of equity are set as a percentage of the Group Tier 1 regulatory capital.

Treasury is responsible for the management of the interest rate risk arising from the banking book and asset and liability positions, effected through the hedging strategy. This involves the set of techniques and the financial instruments used to manage the risk of adverse changes in interest rates, affecting the net interest income and the economic value of the Group and aims to ensure financial stability and robust risk management. The Group uses derivatives and currently applies fair value hedge accounting. The Group applies macro fair value hedging to NMDs and micro fair value hedging to fixed rate debt securities measured at FVOCI, debt securities in issue and subordinated liabilities. For fair value hedges the Group uses interest rate swaps to manage the fair value movements of fixed rate financial instruments due to changes in the benchmark rate.

The Group assesses and measures hedge effectiveness of a hedging relationship based on the change in the fair value of the derivative instrument relative to the change in the fair value of the hedged item attributable to the hedged risk.

The Market and Liquidity Risk department is responsible to measure, monitor and control the interest rate risk on the banking book (IRRBB) based on the established Risk Appetit Framework (RAF) of the Group. One of the risk metrics that Market and Liquidity Risk department uses for monitoring and controlling the IRRBB is the Net Interest Income Sensitivity, which measures changes to net interest income under varying interest rate scenarios over a one-year horizon and assuming a constant balance sheet over this period. Its main purpose is to measure the vulnerability of the profitability to changing interest rate conditions. In addition, another risk metric employed by the Group for this purpose is the Economic Value of Equity Sensitivity. This represents the change in the net present value of all cash flows in the balance sheet under a set of interest rate stress scenarios and is calculated on the entire balance sheet under a run-off assumption, i.e., no replenishment of matured transactions.

The Group does not maintain a trading book.

Sensitivity analysis

The table below sets out the impact on the Group's net interest income, over a one-year period, from reasonably possible changes in the interest rates of the Euro and the US Dollar, being the main currencies, using the assumptions of the prevailing market risk policy as at 31 December 2024 and 2023 respectively.

45. Risk management - Market risk (continued)

Currency	Interest Rate Scenario	Impact on Net Interest Income €000	
		2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)	2023 (+140 bps/-120 bps for Euro and +170 bps/-110 bps for US Dollar)
All	Parallel up	102,061	147,348
All	Parallel down	(84,200)	(135,973)
All	Steepening	(51,175)	(81,265)
All	Flattening	79,770	112,104
All	Short up	106,190	150,679
All	Short down	(88,788)	(140,778)
Euro	Parallel up	98,728	142,318
Euro	Parallel down	(82,267)	(132,297)
Euro	Steepening	(51,731)	(79,595)
Euro	Flattening	79,588	108,998
Euro	Short up	104,647	145,795
Euro	Short down	(88,085)	(137,046)
US Dollar	Parallel up	3,333	5,030
US Dollar	Parallel down	(1,932)	(3,676)
US Dollar	Steepening	556	(1,670)
US Dollar	Flattening	182	3,106
US Dollar	Short up	1,543	4,884
US Dollar	Short down	(703)	(3,732)

The above sensitivities incorporate assumptions on the pass-through rate of time deposits of 40% for the upside scenario and 50% for the downside scenario for Euro denominated deposits for the year ended 31 December 2024 (2023: 40% for the upside scenario and 50% for the downside scenario for Euro denominated deposits). The above sensitivities are computed under the assumption of a constant balance sheet and that all market rates move upwards or downwards in parallel.

45. Risk management - Market risk (continued)

The table below sets out the impact on the Group's equity, from reasonably possible changes in the interest rates under various interest rate scenarios for the Euro and the US Dollar in line with the EBA guidelines.

Currency	Interest Rate Scenario	Impact on Equity €000	
		2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)	2023 (+140 bps/-120 bps for Euro and +170 bps/-110 bps for US Dollar)
All	Parallel up	(16,380)	62,584
All	Parallel down	613	(89,615)
All	Steepening	41,074	(511)
All	Flattening	(113,840)	(11,035)
All	Short up	(112,972)	14,117
All	Short down	40,990	(40,727)
Euro	Parallel up	(15,355)	114,640
Euro	Parallel down	953	(60,469)
Euro	Steepening	78,258	6,669
Euro	Flattening	(107,390)	20,775
Euro	Short up	(106,983)	48,756
Euro	Short down	78,078	(27,450)
US Dollar	Parallel up	(1,025)	10,529
US Dollar	Parallel down	273	(29,146)
US Dollar	Steepening	3,890	(3,846)
US Dollar	Flattening	(6,450)	(21,422)
US Dollar	Short up	(5,990)	(10,261)
US Dollar	Short down	3,903	(13,277)

The aggregation of the impact on equity was performed as per the EBA guidelines by adding the negative and 50% of the positive impact of each scenario. The increased IRRBB hedging that took place during the year ended 31 December 2024 and the different magnitude of the shocks impact the sensitivity scenarios year-on-year.

In addition to the above fluctuations in net interest income, interest rate changes can result in fluctuations in the fair value of investments at FVPL (including investments held for trading) and in the fair value of derivative financial instruments impacting the profit and loss of the Group.

The equity of the Group is also affected by changes in market interest rates. The impact on the Group's equity arises from changes in the fair value of mainly fixed rate debt securities classified at FVOCI.

The sensitivity analysis is based on the assumption of a parallel shift of the yield curve. The table below sets out the impact on the Group's profit/loss before tax and equity as a result of reasonably possible changes in the interest rates of the major currencies.

Parallel change in interest rates	Impact on profit/loss before tax €000	Impact on equity €000
2024		
+1.6% for US Dollar +1.35% for Euro +3% for British Pound	(934)	(1,982)
-1% for US Dollar -1% for Euro -3% for British Pound	692	1,468

45. Risk management - Market risk (continued)

	Impact on profit/loss before tax	Impact on equity
<i>Parallel change in interest rates</i>	€000	€000
2023		
+1.7% for US Dollar		
+1.4% for Euro		
+3% for British Pound	(2,468)	(773)
-1.1% for US Dollar		
-1.2% for Euro		
-3% for British Pound	2,115	663

The hedging relationships have been taken into account in the Net Interest Income (NII) and Economic Value of Equity (EVE) Sensitivity tables.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

In order to manage currency risk, the ALCO has approved open position limits for the total foreign currency positions. The foreign currency position limits are lower than those prescribed by the regulator. These limits are managed by Treasury Division and monitored daily by Market and Liquidity Risk department.

The Group does not maintain a currency trading book.

The table below sets out the Group's currency risk resulting from the Group's open FX position. The analysis assumes reasonably possible changes in the exchange rates of major currencies against the Euro, based mainly on historical price fluctuations. The impact on profit/loss after tax includes the change in net interest income that arises from the change of currency rate.

The impact on equity arises from the hedging instruments that are used to hedge part of the net assets of the subsidiaries whose functional currency is not the Euro. The net assets of foreign operations are also revalued and affect equity (by an approximately equal and opposite impact), but their impact is not taken into account in the below sensitivity analysis as the below relates only to financial instruments which have a direct impact either on profit/loss after tax or on equity.

	Change in foreign exchange rate	Impact on profit/loss after tax	Impact on equity
2024	%	€000	€000
US Dollar	+5	1,566	-
Russian Rouble	+60	1,231	-
Romanian Lei	+5	4	(49)
Swiss Franc	+5	91	-
British Pound	+5	235	-
Japanese Yen	+5	1	-
Other currencies	+5	54	-
US Dollar	-5	(1,417)	-
Russian Rouble	-30	(189)	-
Romanian Lei	-5	(4)	44
Swiss Franc	-5	(82)	-
British Pound	-5	(212)	-
Japanese Yen	-5	(1)	-
Other currencies	-5	(49)	-

45. Risk management - Market risk (continued)

	Change in foreign exchange rate	Impact on profit/loss after tax	Impact on equity
2023	%	€000	€000
US Dollar	+5	1,622	-
Russian Rouble	+60	1,364	-
Romanian Lei	+5	3	(63)
Swiss Franc	+5	92	-
British Pound	+5	307	-
Japanese Yen	+5	2	-
Other currencies	+5	48	-

	Change in foreign exchange rate	Impact on profit/loss after tax	Impact on equity
US Dollar	-5	(1,467)	-
Russian Rouble	-30	(210)	-
Romanian Lei	-5	(3)	57
Swiss Franc	-5	(84)	-
British Pound	-5	(278)	-
Japanese Yen	-5	(2)	-
Other currencies	-5	(53)	-

Price risk

Equity securities price risk

The risk of loss from changes in the price of equity securities arises when there is an unfavourable change in the prices of equity securities held by the Group as investments.

Investments in equities are outside the Group's risk appetite, but may be acquired in the context of delinquent loan workouts. The Group monitors the current portfolio mostly acquired by the Group as part of the acquisition of certain operations of Laiki Bank, or through delinquent loan workouts, with the objective to gradually liquidate all positions for which there is a market. Equity securities are disposed of by the Group as soon as practicable.

Changes in the prices of equity securities that are classified as investments at FVPL affect the results of the Group, whereas changes in the value of equity securities classified as FVOCI affect directly the equity of the Group.

The table below shows the impact on the profit/loss before tax and on equity of the Group from a change in the price of the equity securities held, as a result of reasonably possible changes in the relevant stock exchange indices.

	Change in index	Impact on profit/loss before tax	Impact on equity
2024	%	€000	€000
Cyprus Stock Exchange	+40	-	575
Athens Exchange	+50	419	-
New York Exchange	+40	-	-
Other stock exchanges and unlisted	+40	-	1,343
Non-listed (Real Estate)	+10	-	693
Cyprus Stock Exchange	-40	-	(575)
Athens Exchange	-50	(419)	-
New York Exchange	-10	-	-
Other stock exchanges and unlisted	-40	-	(1,343)
Non-listed (Real Estate)	-10	-	(693)

45. Risk management - Market risk (continued)

	Change in index	Impact on profit/loss before tax	Impact on equity
2023	%	€000	€000
Cyprus Stock Exchange	+40	1	900
Athens Exchange	+50	419	-
New York Exchange	+45	-	-
Other stock exchanges and unlisted	+40	26	1,270
Non-listed (Real Estate)	+25	-	1,732
Cyprus Stock Exchange	-40	(1)	(900)
Athens Exchange	-50	(419)	-
New York Exchange	-10	-	-
Other stock exchanges and unlisted	-40	(26)	(1,270)
Non-listed (Real Estate)	-10	-	(693)

Debt securities price risk

Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Group. Debt security prices change as the credit risk of the issuer changes and/or as the market interest rates change mainly for fixed rate securities. The Group invests a significant part of its liquid assets in highly rated debt securities. The average Moody's Investors Service rating of the debt securities portfolio of the Group as at 31 December 2024 was Aa2 (2023: A1). Further information on ratings of debt securities is disclosed in Note 44.11.

Changes in the prices of debt securities classified as investments at FVPL, affect the profit or loss of the Group, whereas changes in the value of debt securities classified as FVOCI affect directly the equity of the Group.

The table below indicates how the profit/loss before tax and equity of the Group will be affected from reasonably possible changes in the price of the debt securities held, based on Value at Risk.

	Impact on profit/loss before tax	Impact on equity
2024	€000	€000
Up scenario:		
Aa3 and above rated bonds	1,250	2,168
A3 and above rated bonds	281	655
Baa1 and below rated bonds	6	437
Cyprus Government bonds	-	12,273
Down scenario:		
Aa3 and above rated bonds	(1,250)	(2,168)
A3 and above rated bonds	(281)	(655)
Baa1 and below rated bonds	(6)	(437)
Cyprus Government bonds	-	(12,273)

45. Risk management - Market risk (continued)

	Impact on profit/loss before tax	Impact on equity
	€000	€000
2023		
Up scenario:		
Aa3 and above rated bonds	2,614	4,068
A3 and above rated bonds	151	1,938
Baa1 and below rated bonds	53	430
Cyprus Government bonds	-	27,618
Down scenario:		
Aa3 and above rated bonds	(2,614)	(4,068)
A3 and above rated bonds	(151)	(1,938)
Baa1 and below rated bonds	(53)	(430)
Cyprus Government bonds	-	(27,618)

Other non-equity instruments price risk

The table below shows the impact on the profit/loss before tax and equity of the Group from a change in the price of other non-equity instruments held, as a result of reasonably possible changes in the price index of the relevant instruments.

	Change in index	Impact on profit/loss before tax	Impact on equity
	%	€000	€000
2024			
Other non-equity instruments	+40	4,281	-
Other non-equity instruments	-10	(1,070)	-
2023			
Other non-equity instruments	+45	1,625	-
Other non-equity instruments	-10	(361)	-

Property price risk

A significant part of the Group's loan portfolio is secured by real estate, the majority of which is located in Cyprus. Furthermore, the Group holds a substantial number of properties mainly arising from loan restructuring activities; the enforcement of loan collateral and debt for asset swaps. These properties are held by the Group primarily as stock of property and some are held as investment properties.

Property risk is the risk that the Group's business and financial position will be affected by adverse changes in the demand for, and prices of, real estate, or by regulatory capital requirements relating to increased charges with respect to the stock of property held.

46. Risk management - Liquidity and funding risk

Liquidity Risk

Liquidity risk is the risk that the Group is unable to fully or promptly meet current and future payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

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

In order to limit this risk, management has in place an established Liquidity Risk Policy of managing assets, taking liquidity into consideration and monitoring cash flows and liquidity on a regular basis. The Group has developed internal control processes and contingency plans for managing liquidity risk.

46. Risk management - Liquidity and funding risk (continued)

Management and structure

The Board of Directors sets the Group's Liquidity Risk Appetite which defines the level of risk at which the Group should operate.

The Board of Directors, through its Risk Committee, approves the Liquidity Risk Policy and reviews at frequent intervals the liquidity position of the Group.

The ALCO is responsible for setting the policies for the effective management and monitoring of liquidity risk across the Group.

The Treasury Division is responsible for liquidity management at Group level, ensuring compliance with internal policies and regulatory liquidity requirements and providing direction as to the actions to be taken regarding liquidity needs. The Treasury Division assesses on a regular basis the adequacy of the liquid assets and takes the necessary actions to ensure adequate liquidity position.

Liquidity is also monitored by Market and Liquidity Risk department, to ensure compliance with both internal policies and limits, and with the limits set by the regulatory authorities. Market and Liquidity Risk department reports the liquidity position to ALCO at least monthly. It also provides the results of various stress tests to ALCO and the Board Risk Committee at least quarterly.

Liquidity is monitored and managed on an ongoing basis through:

- (i) Risk appetite: establishes the Group's Risk Appetite Statement together with the appropriate limits for the management of all risks including liquidity risk.
- (ii) Liquidity Risk Policy: sets the principles, the roles and responsibilities for managing liquidity risk as well as the liquidity and funding risk management framework, stress testing and the reporting on liquidity and funding.
- (iii) Liquidity limits: a number of internal and regulatory limits are monitored on a regular basis. Where applicable, a traffic light system (RAG) is used for ratios, in order to raise flags and take action when the ratios deteriorate.
- (iv) Early Warning Indicators: monitoring of a range of indicators for early signs of liquidity risk in the market or specific to the Group. These are designed to immediately identify the emergence of increased liquidity risk so as to maximise the time available to execute appropriate mitigating actions.
- (v) Liquidity Contingency Plan: maintenance of a Liquidity Contingency Plan (LCP) which is designed to provide a framework where a liquidity stress could be effectively identified and managed. The LCP provides a communication plan and includes management actions to respond to liquidity stresses.
- (vi) Recovery Plan: the Group has developed a Recovery Plan (RP), the key objectives of which are, among others, to set key Recovery and Early Warning Indicators and to set in advance a range of recovery options to enable the Group to be adequately prepared to respond to stressed conditions and restore the Group's liquidity position.

Monitoring process

Daily

The daily monitoring of the stock of highly liquid assets is important to safeguard and ensure the uninterrupted operations of the Group's activities. Market and Liquidity Risk department prepares a daily report analysing the internal liquidity buffer and comparing it to the previous day's buffer. Results are made available to members of the Risk and Treasury Divisions. In addition, Treasury monitors daily and intraday the customer inflows and outflows in the main currencies used by the Group.

The liquidity buffer is made up of: Banknotes, CBC balances (excluding the Minimum Reserve Requirements (MRR)), unpledged cash and nostro current accounts, as well as money market placements up to the stress horizon, available ECB credit line and market value net of haircut of unencumbered/available liquid bonds.

46. Risk management - Liquidity and funding risk (continued)

The designing of the stress tests follows guidance and is based on the liquidity risk drivers which are recognised internationally by both the Prudential Regulation Authority (PRA) and EBA. In addition, it takes into account SREP recommendations, as well as the Annual Risk Identification Process of the Group. The stress test assumptions are reviewed on an annual basis and approved by the Board of Directors through its Risk Committee. Whenever it is considered appropriate to amend the assumptions during the year, approval is requested from ALCO and the Board Risk Committee. The main items shocked in the different scenarios are: deposit outflows, wholesale funding, loan repayments, off balance sheet commitments, marketable securities, own issue covered bond, additional credit claims, interbank takings and cash collateral for derivatives and repos.

Weekly

Market and Liquidity Risk department prepares a report indicating the level of liquid assets including Credit Institutions Money-Market Placements as per LCR definitions.

Market and Liquidity Risk department also prepares the liquidity stress testing for bank specific, market wide and combined scenarios on a weekly basis. The requirement is to have sufficient liquidity buffer to enable BOC PCL to survive a twelve-month stress period, including capacity to raise funding under all scenarios.

Furthermore, a report is submitted to the regulator on a weekly basis. The report includes information on deposits breakdown, cash flow information, survival period, LCR ratio, rollover of funding, funding gap (through the Maturity Ladder analysis), concentration of funding and collateral details. It concludes on the overall liquidity position of BOC PCL and describes the measures already implemented and those which will be implemented in the short-term to improve liquidity position if needed.

Monthly

Market and Liquidity Risk department prepares reports monitoring compliance with internal and regulatory liquidity requirements and submits them to the ALCO, the Executive Committee and the Board Risk Committee. It also calculates the surplus liquidity buffer following stress outflows. The fixed deposit renewal rates, the percentage of International business unit deposits over total deposits and the percentage of instant access deposits are also presented. The liquidity mismatch in the form of the Maturity Ladder report (for both contractual and behavioural flows) is presented to ALCO and the resulting mismatch between assets and liabilities is compared to previous month's mismatch.

Market and Liquidity Risk department also reports the Liquidity Coverage Ratio (LCR) and Additional Liquidity Monitoring Metrics (ALMM) to the CBC/ECB on a monthly basis.

Quarterly

The results of the stress testing scenarios are reported to ALCO and the Board Risk Committee quarterly as part of the quarterly Internal Liquidity Adequacy Assessment Process (ILAAP) review. Market and Liquidity Risk department also reports the Net Stable Funding Ratio (NSFR) to the CBC/ECB quarterly.

Annually

The Group prepares on an annual basis its ILAAP package. The ILAAP package provides a holistic view of the Group's liquidity adequacy under normal and stress conditions. Within ILAAP, the Group evaluates its liquidity risk in the context of established policies and processes for the identification, measurement, management and monitoring of liquidity risk as implemented by the Group.

The Market and Liquidity Risk department also prepares annually an ECB/SRB liquidity report, the 'Joint liquidity template' that runs for five consecutive days. The report includes information on deposits breakdown, cash flow information, survival period, LCR ratio, rollover of funding, funding gap (through the Maturity Ladder analysis), concentration of funding and collateral details. It concludes on the overall liquidity position of BOC PCL and describes the measures implemented and to be implemented in the short-term to improve liquidity position if needed.

As part of the Group's procedures for monitoring and managing liquidity risk, there is a Group Liquidity Contingency Plan (LCP) for handling liquidity difficulties. The LCP details the steps to be taken in the event that liquidity problems arise, which escalate to a special meeting of the Crisis Management Committee for LCP (CMC-LCP). The LCP sets out the members of this committee and a series of the possible actions that can be taken. The LCP is reviewed and tested at least annually.

46. Risk management - Liquidity and funding risk (continued)

Liquidity ratios

The Group LCR is calculated based on the Delegated Regulation (EU) 2015/61. It is designed to establish a minimum level of high quality liquid assets sufficient to meet an acute stress lasting for 30 calendar days. The minimum regulatory requirement is 100%. The Group also calculates its NSFR as per Capital Requirements Regulation II (CRR II), with the limit set at 100%. The NSFR is the ratio of available stable funding to required stable funding. NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

Funding risk

Funding risk is the risk that the Group does not have sufficiently stable sources of funding or access to sources of funding may not always be available at a reasonable cost, and thus the Group may fail to meet its obligations, including regulatory ones (e.g. MREL).

Main sources of funding

As at 31 December 2024, the Group's main sources of funding were its deposit base and wholesale funding. Wholesale funding is becoming an important source of funding, with the issuance of Tier 2 of a nominal amount of €300 million, the issuances of senior preferred debt of an aggregate nominal amount of €950 million and the AT1 issuance for €220 million. As at 31 December 2024, the wholesale funding nominal amount was €1,470 million (2023: €1,170 million) as further described in Notes 32 and 34.

With respect to funding from TLTRO III operations, this was fully repaid in the year ended 31 December 2024.

Funding to subsidiaries

The funding provided by BOC PCL to its subsidiaries for liquidity purposes is repayable as per the terms of the respective agreements.

The subsidiaries may proceed with dividend distributions in the form of cash to BOC PCL, provided that they are not in breach of their regulatory capital and liquidity requirements, where applicable.

Collateral requirements and other disclosures

Collateral requirements

The carrying values of the Group's encumbered assets as at 31 December 2024 and 2023 are summarised below:

	2024	2023
	€000	€000
Cash and other liquid assets	55,434	72,800
Investments	39,958	260,011
Loans and advances	3,470,859	3,349,118
	<u>3,566,251</u>	<u>3,681,929</u>

Cash is mainly used to cover collateral required for derivatives, trade finance transactions and guarantees issued. It may also be used as part of the supplementary assets for the covered bond.

As at 31 December 2024 investments are used as supplementary assets for the covered bond. As at 31 December 2023 investments were mainly used as collateral for ECB funding or as supplementary assets for the covered bond.

As at 31 December 2024, loans and advances indicated as encumbered are mainly pledged for any potential use of the funding facilities of the ECB and for the covered bond. As at 31 December 2023, loans and advances indicated as encumbered were mainly used as collateral for funding from the ECB and the covered bond.

46. Risk management - Liquidity and funding risk (continued)

Loans and advances to customers include mortgage loans of a nominal amount of €1,010 million as at 31 December 2024 (2023: €1,008 million) in Cyprus, pledged as collateral for the covered bond issued by BOC PCL in 2011 under its Covered Bond Programme. As at 31 December 2024, although there is no outstanding funding from the ECB, housing loans of a nominal amount of €2,431 million (2023: €2,329 million) in Cyprus, remain in the collateral pool of the CBC part of the available credit line.

BOC PCL maintains a Covered Bond Programme set up under the Cyprus Covered Bonds legislation and the Covered Bonds Directive of the CBC. Under the Covered Bond Programme, BOC PCL has in issue covered bonds of €650 million secured by residential mortgages originated in Cyprus. The Covered Bonds have a maturity date of 12 December 2026 and pay an interest rate of 3-month Euribor plus 1.25% on a quarterly basis. On 9 August 2022, BOC PCL proceeded with an amendment to the terms and conditions of the covered bonds following the implementation of Directive (EU) 2019/2162 in Cyprus. The covered bonds are listed on the Luxembourg Bourse. The covered bonds have a conditional Pass-Through structure. All the bonds are held by BOC PCL. The covered bonds are eligible collateral for the Eurosystem credit operations and are placed as collateral for accessing funding from the ECB.

In addition to the encumbered assets presented above, as at 31 December 2024 cash collateral of €7 million has been placed with counterparties in relation to the reverse repurchase agreements (2023: €30 million) (Note 44.11).

Other disclosures

Deposits by banks include balances of €13,870 thousand as at 31 December 2024 (2023: €20,462 thousand) relating to borrowings from international financial and similar institutions for funding, aiming to facilitate access to finance and improve funding conditions for small or medium sized enterprises, active in Cyprus. The carrying value of the respective loans and advances granted to such enterprises serving this agreement amounts to €27,341 thousand as at 31 December 2024 (2023: €40,049 thousand).

Analysis of financial assets and liabilities based on remaining contractual maturity

The analysis of the Group's financial assets and liabilities based on the remaining contractual maturity at 31 December is based on undiscounted cash flows, analysed in time bands according to the number of days remaining from 31 December to the contractual maturity date.

Financial assets

The analysis of financial assets does not include any interest receivable cash flows. Financial assets have a much longer duration than financial liabilities and non-discounted interest receivable cash flows are higher than non-discounted interest payable cash flows (based on remaining contractual maturity). As a result, non-discounted cash inflows from interest receivable would have greatly exceeded non-discounted cash outflows on interest payable, thus artificially improving liquidity.

Cash and balances with central banks are classified in the relevant time band based on the contractual maturity, with the exception of obligatory balances with central banks and balances with central banks for ancillary systems. Obligatory balances with central banks are assigned to different time bands proportionally according to the allocation of customer deposits and deposits by banks. Balances with central banks for ancillary systems are classified in the 'over five years' time band.

Current accounts, overdrafts and amounts in arrears are included within the first maturity time band which reflects their contractual maturity. All other loans and advances to customers are analysed according to their contractual repayment schedule.

Loans and advances to banks are analysed in the time bands according to the number of days remaining from 31 December until their contractual maturity date. Amounts placed as collateral (primarily for derivatives) are assigned to different time bands based on either their maturity, or proportionally according to the maturities of derivatives (where the collateral had no fixed maturity).

Financial assets with no contractual maturity (such as equity securities) are included in the 'Over five years' time band, unless classified as at FVPL, in which case they are included in the 'On demand and up to one month' time band.

The investments are classified in the relevant time band according to their contractual maturity.

46. Risk management - Liquidity and funding risk (continued)

Financial liabilities

All financial liabilities for the repayment of which notice is required, are included in the relevant time bands as if notice had been given on 31 December, despite the fact that the Group expects that the majority of its customers will not demand repayment of such liabilities on the earliest possible date. Fixed deposits are classified in time bands based on their remaining contractual maturity. Although customers may demand repayment of time deposits (subject to penalties depending on the type of the deposit account), the Group has the discretion not to accept such early termination of deposits.

Debt securities in issue and subordinated liabilities are classified in the relevant time band according to the remaining contractual maturity.

The amounts presented in the table below are not equal to the amounts presented on the balance sheet, since the table below presents all cash flows (including interest to maturity) on an undiscounted basis.

Derivative financial instruments

The fair value of the derivatives is included in financial assets or in financial liabilities in the time band corresponding to the remaining maturity of the derivative.

Gross settled derivatives are presented in a separate table and the corresponding cash flows are classified accordingly in the time bands which relate to the number of days until their receipt or payment.

Contingent liabilities and Commitments

Amounts of contingent liabilities and commitments are included in the time band on the basis of their remaining contractual maturities except for amounts of undrawn facilities and guarantees which are included in the earliest date on which the Group can be required to pay. For guarantees to give rise to a payment obligation to the Group, certain conditions must be met specific to the guarantee contract in order for an outflow to arise. Given that guarantees could be called at any time by the counterparty, subject to the occurrence of the relevant event, they are included in the 'On demand and up to one month' time band. The analysis in the time bands of the amounts for the guarantees for the comparative period has been changed from being included in the time bands on the basis of their remaining contractual maturities to the 'On demand and up to one month' time band to align to the above. The total amount presented for guarantees for the comparative period is not impacted.

As a significant portion of the contingent liabilities and commitments expire without being utilised the total of the nominal principal amounts is not indicative of future liquidity requirements.

46. Risk management - Liquidity and funding risk (continued)

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
2024	€000	€000	€000	€000	€000	€000
Financial assets						
Cash and balances with central banks	7,512,616	14,685	23,759	2,061	47,605	7,600,726
Loans and advances to banks	289,133	1,566	472,188	57,687	-	820,574
Reverse repurchase agreements	-	-	-	1,010,170	-	1,010,170
Fair value of derivative assets	7,907	332	503	75,197	11,334	95,273
Investments at FVPL	128,996	-	5,335	2,298	-	136,629
Investments not at FVPL	119,238	97,899	400,429	1,965,335	1,638,813	4,221,714
Loans and advances to customers	1,057,005	214,529	744,076	3,078,961	5,019,823	10,114,394
Other assets	73,560	4,214	158,119	49,289	10,450	295,632
	9,188,455	333,225	1,804,409	6,240,998	6,728,025	24,295,112
Financial liabilities						
Deposits by banks	100,558	11,533	32,434	207,342	23,284	375,151
Customer deposits	16,439,268	1,550,780	2,535,228	15,440	-	20,540,716
Debt securities in issue	-	-	48,313	1,104,057	-	1,152,370
Subordinated liabilities	-	-	19,875	102,615	356,162	478,652
Fair value of derivative liabilities	585	34	178	2,077	1,790	4,664
Lease liabilities	870	1,269	4,383	22,127	9,911	38,560
Other liabilities	283,609	543	188	33,972	86,230	404,542
	16,824,890	1,564,159	2,640,599	1,487,630	477,377	22,994,655
Net financial (liabilities)/assets	(7,636,435)	(1,230,934)	(836,190)	4,753,368	6,250,648	1,300,457

46. Risk management - Liquidity and funding risk (continued)

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
	€000	€000	€000	€000	€000	€000
2023						
Financial assets						
Cash and balances with central banks	9,571,884	14,810	23,159	3,995	654	9,614,502
Loans and advances to banks	292,546	1,609	467	79,899	10,281	384,802
Reverse repurchase agreements	-	-	-	403,199	-	403,199
Fair value of derivative assets	220	99	540	35,263	14,933	51,055
Investments at FVPL	131,664	-	-	3,611	-	135,275
Investments not at FVPL	86,322	76,184	483,759	1,816,464	1,097,405	3,560,134
Loans and advances to customers	1,100,174	188,261	723,535	2,798,404	5,011,414	9,821,788
Other assets	95,211	2,649	123,783	151,298	15,303	388,244
	11,278,021	283,612	1,355,243	5,292,133	6,149,990	24,358,999
Financial liabilities						
Deposits by banks	153,942	18,737	35,481	210,135	69,494	487,789
Funding from central banks	-	1,752,836	313,174	-	-	2,066,010
Customer deposits	15,175,687	1,538,792	2,424,392	214,190	-	19,353,061
Debt securities in issue	-	-	33,323	779,464	-	812,787
Subordinated liabilities	-	-	19,885	94,663	384,739	499,287
Fair value of derivative liabilities	13,362	516	201	2,515	1,386	17,980
Lease liabilities	1,710	2,193	4,583	20,304	1,427	30,217
Other liabilities	184,487	17,640	35,090	32,836	61,882	331,935
	15,529,188	3,330,714	2,866,129	1,354,107	518,928	23,599,066
Net financial (liabilities)/assets	(4,251,167)	(3,047,102)	(1,510,886)	3,938,026	5,631,062	759,933

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
	€000	€000	€000	€000	€000	€000
2024						
Gross settled derivatives						
<i>Financial assets</i>						
Contractual amounts receivable	667,289	181,962	2,991	-	-	852,242
Contractual amounts payable	(659,663)	(181,323)	(2,927)	-	-	(843,913)
	7,626	639	64	-	-	8,329
<i>Financial liabilities</i>						
Contractual amounts receivable	144,527	34,120	2,549	-	-	181,196
Contractual amounts payable	(144,633)	(34,119)	(2,605)	-	-	(181,357)
	(106)	1	(56)	-	-	(161)

46. Risk management - Liquidity and funding risk (continued)

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
2024	€000	€000	€000	€000	€000	€000
Contingent liabilities and commitments						
<i>Contingent liabilities</i>						
Acceptances and endorsements	4,097	711	463	-	-	5,271
Guarantees	705,774	-	-	-	-	705,774
<i>Commitments</i>						
Documentary credits	7,318	1,539	5,911	-	-	14,768
Undrawn formal standby facilities, credit lines and other commitments to lend	2,009,698	-	-	-	-	2,009,698
	2,726,887	2,250	6,374	-	-	2,735,511

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
2023	€000	€000	€000	€000	€000	€000
Gross settled derivatives						
<i>Financial assets</i>						
Contractual amounts receivable	56,545	6,059	2,646	-	-	65,250
Contractual amounts payable	(56,310)	(5,992)	(2,599)	-	-	(64,901)
	235	67	47	-	-	349
<i>Financial liabilities</i>						
Contractual amounts receivable	907,453	136,201	2,617	-	-	1,046,271
Contractual amounts payable	(920,105)	(136,063)	(2,637)	-	-	(1,058,805)
	(12,652)	138	(20)	-	-	(12,534)

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
2023	€000	€000	€000	€000	€000	€000
Contingent liabilities and commitments						
<i>Contingent liabilities</i>						
Acceptances and endorsements	1,321	879	380	-	-	2,580
Guarantees	703,044	-	-	-	-	703,044
<i>Commitments</i>						
Documentary credits	1,242	3,830	5,179	-	-	10,251
Undrawn formal standby facilities, credit lines and other commitments to lend	1,948,482	-	-	-	-	1,948,482
	2,654,089	4,709	5,559	-	-	2,664,357

47. Risk management - Insurance risk

Insurance risk is the risk that an insured event under an insurance contract occurs and the related uncertainty of the amount and the timing of the resulting claim. By the very nature of an insurance contract, this risk is largely random and therefore unpredictable.

47. Risk management - Insurance risk (continued)

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces is that the actual claims and benefit payments will exceed the carrying amount of insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are largely random and the actual volume and cost of claims and benefits will vary from year to year compared to the estimate established using statistical or actuarial techniques.

The above risk exposure is mitigated by the Group through the diversification across a large portfolio of insurance contracts. The variability of risks is also reduced by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Although the Group has reinsurance coverage, it is not relieved of its direct obligations to policyholders and is thus exposed to credit risk with respect to ceded insurance, to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance arrangements. For that reason, the creditworthiness of reinsurers is evaluated by considering their solvency and credit rating.

Life and Accident and Health insurance contracts

The main factors that could affect the overall frequency of claims are epidemics, major lifestyle changes, pandemics and natural disasters.

The underwriting strategy and risk assessment is designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of the current medical conditions and family medical history and through the regular review of actual claims and product pricing. The Group has the right to decline policy applications, it can impose additional charges and it has the right to reject the payment of fraudulent claims.

The most significant risks relating to accident and health insurance contracts result from lifestyle changes and from climate and environmental changes. The risks are mitigated by the use of strategic selection and risk-taking at the underwriting stage and by thorough investigation for possible fraudulent claims.

The following sensitivity analysis shows the impact on profit before tax and equity for reasonably possible movements in key assumptions, with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions are changed on an individual basis while holding all other assumptions constant. Movements in these assumptions are non-linear. Sensitivity information also varies according to the current economic assumptions.

2024	Change in assumptions %	Impact on profit before tax €000	Impact on equity €000
Change in mortality rates	-10%	609	533
Change in lapsation and surrender rates	+10%	(419)	(479)
Change in expenses	+5%	(1,107)	(1,265)
Change in inflation	+1%	(2,210)	(2,526)
Change in discount rate curve at each projection year	-0,25%	221	193

2023	Change in assumptions %	Impact on Profit before tax €000	Impact on equity €000
Change in mortality rates	-10%	1,956	1,711
Change in lapsation and surrender rates	+10%	(143)	(163)
Change in expenses	+5%	(891)	(1,019)
Change in inflation	+1%	(1,673)	(1,912)
Change in discount rate curve at each projection year	-0,25%	119	104

Some of the sensitivity scenarios shown in respect of changes to both economic and non-economic variables may have a consequential effect on the valuation basis when a product is valued on an active basis which is updated to reflect current economic conditions.

47. Risk management - Insurance risk (continued)

Non-life insurance contracts other than accident and health

Non-life insurance business is concentrated in Cyprus and the main claims during the year ended 31 December 2024 and 2023 related to fire and natural forces and other damage to property, motor vehicle liability and general liability.

Risks under these policies are usually covered for a period of 12 months, with the exception of the goods in transit class that covers shorter periods and the contractors all risks class that covers longer periods.

The liabilities for outstanding claims arising from insurance contracts issued by the Group are based on experts' estimates and facts known at the balance sheet date. With time, these estimates are reconsidered and any adjustments are recognised in the financial statements in the period in which they arise.

The principal assumptions underlying the estimates for each claim are based on experience and market trends, taking into consideration claims handling costs, inflation and claim numbers for each accident year. Also, external factors that may affect the estimate of claims, such as recent court rulings and the introduction of new legislation, are taken into consideration.

The insurance contract liabilities are sensitive to changes in the above key assumptions. The sensitivity of certain assumptions, such as the introduction of new legislation and the rulings of court cases, is very difficult to be quantified. Furthermore, the delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement increase the uncertainty over the cost of claims at the reporting date.

The risk of a non-life insurance contract occurs from the uncertainty of the amount and time of presentation of the claim. Therefore, the level of risk is determined by the frequency of such claims, their severity and their evolution from one period to the next.

The main risks for the non-life insurance business arise from major catastrophic events like natural disasters. These risks vary depending on location, type and nature. The variability of risks is mitigated by the diversification of risk of loss to a large portfolio of insurance contracts, as a more diversified portfolio is less likely to be affected by changes in any subset of the portfolio. The Group's exposure to insurance risks from non-life insurance contracts is also mitigated by the following measures: adherence to underwriting policies, frequent review and processing of claims to minimise the possibility of negative developments in the future, and use of effective reinsurance arrangements to minimise the impact of risks, especially for catastrophic events.

48. Capital management

The primary objective of the Group's capital management is to ensure compliance with the relevant regulatory capital requirements and to maintain healthy capital adequacy ratios to cover the risks of its business, support its strategy and maximise shareholders' value.

The capital adequacy framework, as in force, was incorporated through the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) which came into effect on 1 January 2014 with certain specified provisions implemented gradually. The CRR and CRD transposed the capital, liquidity and leverage standards of Basel III into the European Union's legal framework. CRR establishes the prudential requirements for capital, liquidity and leverage for credit institutions. It is directly applicable in all EU member states. CRD governs access to deposit taking activities and internal governance arrangements including remuneration, board composition and transparency. Unlike the CRR, member states were required to transpose the CRD into national law and national regulators were allowed to impose additional capital buffer requirements.

On 27 June 2019, the revised rules on capital and liquidity (Regulation (EU) 2019/876 (CRR II) and Directive (EU) 2019/878 (CRD V)) came into force. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR II. Certain provisions took immediate effect (primarily relating to Minimum Requirement for Own Funds and Eligible Liabilities (MREL)), but most changes became effective as of June 2021. The key changes introduced consist of, among others, changes to qualifying criteria for Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) instruments, introduction of requirements for MREL and a binding Leverage Ratio requirement (as defined in the CRR) and a Net Stable Funding Ratio (NSFR).

48. Capital management (continued)

The amendments that came into effect on 28 June 2021 are in addition to those introduced in June 2020 through Regulation (EU) 2020/873, which among other, brought forward certain CRR II changes in light of the COVID-19 pandemic. The main adjustments of Regulation (EU) 2020/873 that had an impact on the Group's capital ratio relate to the acceleration of the implementation of the new SME discount factor (lower RWAs), extending the IFRS 9 transitional arrangements and introducing further relief measures to CET1 allowing to fully add back to CET1 any increase in ECL recognised in 2020 and 2021 for non-credit impaired financial assets and phasing-in this starting from 2022 (phasing-in at 25% in 2022, 50% in 2023 and 75% in 2024) and advancing the application of prudential treatment of software assets as amended by CRR II (which came into force in December 2020).

In October 2021, the European Commission adopted legislative proposals for further amendments to the CRR, CRD and the BRRD (the '2021 Banking Package'). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that had not yet been transposed into EU law. In addition, in the case of the proposed amendments to CRD and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. In December 2023, the preparatory bodies of the Council and European Parliament endorsed the amendments to the CRR and the CRD and the legal texts were published on the Council and the Parliament websites. In April 2024, the European Parliament voted to adopt the amendments to the CRR and the CRD; Regulation (EU) 2024/1623 (known as CRR III) and Directive (EU) 2024/1619 (known as CRD VI) were published in the EU's official journal in June 2024, with entry into force 20 days from the date of the publication. Most provisions of CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026.

The Group and BOC PCL have complied with the minimum capital requirements (Pillar I and Pillar II).

The insurance subsidiaries of the Group, the General Insurance of Cyprus Ltd and EuroLife Ltd, comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated Cyprus Investment Firm (CIF) of the Group, The Cyprus Investment and Securities Corporation Ltd (CISCO) complies with the minimum capital adequacy ratio requirements. The payment services subsidiary of the Group, JCC Payment Services Ltd, complies with regulatory capital requirements under the Provision and Use of Payment Services and Access to Payment Systems Laws of 2018 to 2023.

49. Related party transactions

Related parties of the Group include associates and joint ventures, key management personnel, members of the Board of Directors and their connected persons. Connected persons for the purpose of this disclosure include spouses, minor/dependent children and companies in which the directors/key management personnel, hold directly or indirectly, at least 50% of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

(a) Transactions with subsidiaries

The Company is the holding company of the Group. The Company enters into transactions with its subsidiaries in the normal course of business. Balances and transactions between the Company and its subsidiaries are disclosed in Note 17 of the Company's financial statements. Transactions with the subsidiaries have been eliminated on consolidation.

(b) Transactions with associates

From time to time, the Group provides to and receives from its associates certain banking and financial services. These are not material to the Group and all the transactions are made on normal business terms as for comparable transactions with other customers of a similar type.

(c) Compensation of the Board of Directors and key management personnel

The following disclosures are made in accordance with the provisions of IAS 24 Related Party Disclosures and sections 305 and 306 of the Companies Act 2014, in respect of the compensation of the Board of Directors and key management personnel.

Fees and emoluments of members of the Board of Directors and key management personnel

	2024 €000	2023 €000
Directors' emoluments		
<i>Executives</i>		
Salaries and other short-term benefits	1,151	1,061
Variable remuneration - STIP	72	400
Variable remuneration - LTIP	1,180	-
Retirement benefit plan costs	102	94
	2,505	1,555
<i>Non-executives</i>		
Fees	942	1,077
Total directors' emoluments	3,447	2,632
Key management personnel emoluments		
Salaries and other short-term benefits	3,241	3,058
Termination benefits	-	200
Variable remuneration - STIP	600	610
Variable remuneration - LTIP	2,161	-
Retirement benefit plan costs	275	262
Total key management personnel emoluments	6,277	4,130
Total	9,724	6,762

Fees and emoluments of members of the Board of Directors and key management personnel are included for the period that they serve as members of the Board of Directors and as key management personnel respectively.

The retirement benefit plan costs relate to contributions paid for defined contribution plans.

49. Related party transactions (continued)

Variable remuneration amounts (amounts for STIP and LTIP) presented in the tables above and further below in the tables in this Note represent the award amount awarded in respect of the performance year 2024 for STIP and of the performance period 2022-2024 for the 2022 LTIP (2022 LTIP cycle awarded), and include both amounts expected to vest in 2025 and amounts to be deferred in following years. In respect of the 2022 LTIP, the amount of the award disclosed is different from the annual cost amount recorded in the consolidated income statement as the annual cost is calculated under the IFRS 2 provisions as per the accounting policy disclosed in Note 2.32. The LTIP amount included in the tables in this Note represents the amount awarded, calculated as the final amount of shares to be delivered (subject to continuing employment) (determined by reference to the performance scorecard assessment outcome) based on the average closing share price on the Cyprus Stock Exchange for the period from 1 December 2024 to 17 January 2025 of €4.62. The final number of shares to be delivered to the CEO have been set to 192,883, to the EDF to 62,614 and for the key management personnel to 467,662. No LTIP cycle had a performance period ending in the year ended 31 December 2023 and therefore no amounts are included in the tables in respect of variable remuneration under LTIP for the comparative period. The annual expense amounts recorded in the consolidated income statement for the year ended 31 December 2024 and 2023 in accordance with IFRS 2 in respect of the Executive Directors and key management personnel are disclosed below.

As disclosed in Note 14.3, the short-term incentive award is primarily awarded in the form of cash. Where the total amount of variable remuneration for a financial year awarded under STIP and LTIP for an individual exceeds a threshold as per regulatory guidelines, then at least 50% of the variable remuneration must be awarded in the form of shares. In the case of the Executive Directors and key management personnel for the year ended 31 December 2024, the amounts awarded under STIP will be in the form of cash as the LTIP award is awarded in the form of shares and it is in excess of 50% of the variable remuneration for 2024 (2023: in the case of the Executive Directors, the 2023 STIP award was 50% in the form of cash and 50% in the form of shares and in the case of the other key management personnel an amount of €560 thousand was in the form of cash and an amount of €50 thousand in the form of shares). In the context of establishing the final amount of variable remuneration for the performance year 2024, following the outcome of the assessment of the predetermined performance targets, the amounts awarded under the 2022 LTIP cycle were determined first, followed by the STIP amount to be awarded so that the total variable remuneration is within the 100% fixed to variable remuneration ratio threshold. Therefore, for year 2024, where for a participant the entire of the 100% threshold was utilised for the LTIP, no STIP amount has been awarded.

In case the total variable remuneration award to an individual exceeds a certain regulatory threshold, then vesting conditions as described in Note 14.3, apply for both the cash and the share component and remain subject to malus and clawback conditions as per the applicable regulatory framework and the LTIP Plan rules.

Executive Directors' emoluments

A cost of €317 thousand has been recorded by the Group in its Consolidated Income Statement in relation to awards granted in 2022, 2023 and 2024 to the Executive Directors under the Long-Term Incentive Plan (LTIP) as described in Note 14.2 (2023: cost of €235 thousand for awards granted in 2022 and 2023). The recognition of such cost is in accordance with the Group accounting policy described in Note 2.32.

Key management personnel

The emoluments of key management personnel include the remuneration of the members of the Executive Committee and the emoluments of other members of the Senior Management team (Extended EXCO) since the date of their appointment to the Committees.

Further, employer's contributions in relation to the emoluments of key management personnel of €391 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2024 (2023: €351 thousand). Such amounts are not considered part of the remuneration, but rather an incremental cost to the Group, and as such not included in the table above.

Further, a cost of €615 thousand has been recorded by the Group in its Consolidated Income Statement in relation to awards granted in 2022, 2023 and 2024 to the key management personnel under the Long-Term Incentive Plan (LTIP) as described in Note 14.2 (2023: cost of €360 thousand for awards granted in 2022 and 2023). The recognition of such cost is in accordance with the Group accounting policy described in Note 2.32.

49. Related party transactions (continued)

Executive Directors

The fees and emoluments of the Executive Directors are analysed as follows:

	2024 €000	2023 €000
Panicos Nicolaou (Chief Executive Officer)		
Salaries and other short-term benefits	819	761
Variable remuneration - STIP	-	300
Variable remuneration - LTIP	891	-
Retirement benefit plan costs	73	68
	1,783	1,129
Eliza Livadiotou (Executive Director Finance)		
Salaries and other short-term benefits	332	300
Variable remuneration - STIP	72	100
Variable remuneration - LTIP	289	-
Retirement benefit plan costs	29	26
	722	426
Total	2,505	1,555

The share-based benefits expense recorded in the Consolidated Income Statement during the year ended 31 December 2024 for the share awards granted under the LTIP for LTIP Cycles 2022, 2023 and 2024 amounts to €240 thousand (2023: €186 thousand) for the Chief Executive Officer and to €77 thousand (2023: €49 thousand) for the Executive Director Finance.

Further, employer's contributions of €63 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2024, of which €34 thousand relate to the Chief Executive Officer and €29 thousand relate to the Executive Director Finance (2023: total employer's contributions of €64 thousand, of which €38 thousand relate to the Chief Executive Officer and €26 thousand to the Executive Director Finance). Such amounts are not considered part of the remuneration of Directors, but rather an incremental cost to the Group, and as such have not been included in the table above.

Non-executive Directors

The fees of Non-executive Directors are analysed as follows:

	2024 €000	2023 €000
Efstratios-Georgios Arapoglou	261	250
Lyn Grobler	165	155
Constantine Iordanou ⁽¹⁾	81	148
Monique Eugenie Hemerijck ⁽²⁾	152	38
Adrian John Lewis ⁽³⁾	159	8
Christian Philipp Hansmeyer ⁽⁴⁾	62	-
William Stuart Birrell ⁽⁴⁾	62	-
Arne Berggren ⁽⁵⁾	-	30
Ioannis Zographakis ⁽⁶⁾	-	113
Nicolaos Sofianos ⁽⁷⁾	-	117
Paula Hadjisotiriou ⁽⁶⁾	-	141
Maria Philippou ⁽⁸⁾	-	77
	942	1,077

Further, employer's contributions in relation to non-executive Directors of €24 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2024 (2023: €31 thousand). Such amounts are not considered part of the remuneration of Directors, but rather an incremental cost to the Group, and as such have not been included in the table above.

49. Related party transactions (continued)

⁽¹⁾Passed away on 16 June 2024.

⁽²⁾ECB approved the appointment of Mrs Monique Eugenie Hemerijck on 10 August 2023.

⁽³⁾ECB approved the appointment of Mr Adrian John Lewis on 17 November 2023.

⁽⁴⁾On 29 April 2024, ECB approved the appointment of Mr Christian Philipp Hansmeyer and Mr William Stuart Birrell as members of the Board of Directors and during the AGM on 17 May 2024, they were appointed to the Board of Directors.

⁽⁵⁾On 31 March 2023, Mr Arne Berggren resigned as a member of the Board of Directors.

⁽⁶⁾On 31 December 2023, both Mrs Paula Hadjisotiriou and Mr Ioannis Zographakis resigned from their respective positions as members of the Board of Directors.

⁽⁷⁾On 11 December 2023, Mr Nicolaos Sofianos resigned as a member of the Board of Directors.

⁽⁸⁾On 13 October 2023, Mrs Maria Philippou resigned as a member of the Board of Directors.

The fees of the non-executive Directors include fees as members of the Board of Directors of the Company and its subsidiaries, as well as fees as members of committees of the Board of Directors. Fees are included for the period that they serve as members of the Board of Directors, upon approval of appointment by the ECB, and for the period that they serve as members of the committees of the Board of Directors, upon their appointment in the respective committee.

(d) Transactions with Directors and key management personnel

The tables below show the deposits, loans and advances and other credit balances held by the members of the Board of Directors and key management personnel and their connected persons, as at the balance sheet date and other relevant information as required by the Companies Act 2014 and the provisions of IAS 24 Related Party Disclosures.

Loans to Directors

The following information is presented in accordance with the Companies Act 2014. For the purposes of the Companies Act 2014 disclosures, 'Directors' means the current Board of Directors of the Company and any past Directors who were members of the Board of Directors of the Company during the year.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions, including interest rates, with customers of a similar credit standing.

There were nine Directors in office during the year (2023: twelve Directors), two of whom availed of credit facilities (2023: three Directors). Two of the Directors who availed of credit facilities had balances outstanding at 31 December 2024 (2023: two of the Directors who availed of credit facilities had balances outstanding). The balances outstanding are disclosed below.

The value of arrangements at the beginning and end of the current and preceding financial years as stated below, expressed as a percentage of the net assets of the Group at the beginning and end of the current and preceding financial years is less than 1% in accordance with section 307 of the Companies Act 2014. No amounts have been waived during the year ended 31 December 2024.

49. Related party transactions (continued)

Board of Directors

Details of transactions with the Directors and their connected persons, where indicated, for the years ended 31 December 2024 and 2023 are as follows:

	Balance as at 1 January	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year	Unused credit facilities
Panicos Nicolaou	€000	€000	€000	€000	€000	€000
2024						
Overdrafts/ credit cards	2	n/a	n/a	3	5	54

Panicos Nicolaou						
2023						
Overdrafts/ credit cards	2	n/a	n/a	2	4	54

	Balance as at 1 January	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year	Unused credit facilities
Eliza Livadiotou	€000	€000	€000	€000	€000	€000
2024						
Loans	71	-	14	60	71	-
Overdrafts/ credit cards	4	n/a	n/a	8	8	55
	75			68	79	55
Eliza Livadiotou						
2023						
Loans	87	-	19	71	87	-
Overdrafts/ credit cards	14	n/a	n/a	4	14	59
	101			75	101	59

	Balance as at 1 January	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year	Unused credit facilities
Ioannis Zographakis	€000	€000	€000	€000	€000	€000
2023						
Overdrafts/ credit cards	2	n/a	n/a	n/a	2	-

The balances included in the table above include principal and interest. Also, amounts approved and repaid are not shown for overdraft and credit card facilities as these are revolving in nature. The aggregate maximum amount outstanding includes credit card exposures at the maximum statement balance.

No other Directors had any loan facilities or overdraft/credit card balances with the Group during the year ended 31 December 2024 (2023: nil).

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2024 (2023: below €5 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

49. Related party transactions (continued)

Connected persons of the Board of Directors

The aggregate of loans to connected persons of Directors in office at 31 December 2024, as defined in section 220 of the Companies Act 2014, are as follows (2024: aggregate of two persons; 2023: aggregate of two persons):

	Balance as at 1 January	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year
	€000	€000	€000	€000	€000
Panicos Nicolaou					
2024					
Overdrafts/credit cards	1	n/a	n/a	1	3
2023					
Overdrafts/credit cards	2	n/a	n/a	1	2

	Balance as at 1 January	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year
	€000	€000	€000	€000	€000
Eliza Livadiotou					
2024					
Loans	66	-	13	57	66
Overdrafts/credit cards	18	n/a	n/a	15	18
	84			72	84
2023					
Loans	74	-	13	66	74
Overdrafts/credit cards	10	n/a	n/a	18	18
	84			84	92

The balances included in the table above include principal and interest. Also, amounts approved and repaid are not shown for overdraft and credit card facilities as these are revolving in nature. The aggregate maximum amount outstanding includes credit card exposures at the maximum statement balance.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2024 (2023: below €5 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

Key management personnel in office during the year and their connected persons

There were 19 key management personnel in office during the year (2023: 20 key management personnel), 19 of whom availed of credit facilities (2023: 20 key management personnel). All of the key management personnel who availed of credit facilities had balances outstanding at 31 December 2024 and 2023.

A number of loans and advances have been extended to key management personnel on the same terms as those applicable to the rest of the Group's employees and to their connected persons on the same terms as those of customers of a similar credit standing.

Where no amount is shown in the tables below, this indicates a credit balance, a nil balance, or a balance of less than €500.

49. Related party transactions (continued)

Details of transactions with key management personnel and their connected persons for the years ended 31 December 2024 and 2023 are as follows:

	Balance as at 1 January	Balances of key management personnel appointed in the year	Other movements on balances of key management personnel and their connected persons during the year	Amounts advanced during the year	Amounts repaid during the year	Balance as at 31 December	Aggregate maximum amount outstanding during the year (since appointment date)
2024	€000	€000	€000	€000	€000	€000	€000
Loans	2,092	n/a	-	142	477	1,967	2,303
Overdrafts/credit cards	249	n/a	n/a	n/a	n/a	269	437
	<u>2,341</u>					<u>2,236</u>	<u>2,740</u>
2023							
Loans	2,400	-	-	605	490	2,092	2,439
Overdrafts/credit cards	386	n/a	n/a	n/a	n/a	249	568
	<u>2,786</u>					<u>2,341</u>	<u>3,007</u>

The balances included in the table above include principal and interest. Also, amounts approved and repaid are not shown for overdraft and credit card facilities as these are revolving in nature. The aggregate maximum amount outstanding includes credit card exposures at the maximum statement balance.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €26 thousand as at 31 December 2024 (2023: below €11 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

Aggregate amounts outstanding at year end and additional transactions

	2024 €000	2023 €000
Loans and advances as at 31 December		
Board of Directors	71	77
Key management personnel	1,706	1,849
Connected persons - Board of Directors	73	85
Connected persons - Key management personnel	530	492
	<u>2,380</u>	<u>2,503</u>
Deposits as at 31 December		
Board of Directors	644	1,919
Key management personnel	2,945	2,004
Connected persons - Board of Directors	308	969
Connected persons - Key management personnel	4,541	2,402
	<u>8,438</u>	<u>7,294</u>
Interest income for the year	<u>113</u>	<u>119</u>
Interest expense for the year	<u>37</u>	<u>9</u>
Insurance premium income for the year	<u>487</u>	<u>497</u>
Insurance expenses for the year	<u>6</u>	<u>5</u>

The above table does not include year-end balances for members of the Board of Directors, key management personnel and their connected persons who resigned during the year, nor balances of customers that do not meet the definition of connected persons as at 31 December 2024.

49. Related party transactions (continued)

As at 31 December 2024 there were nine Directors in office (2023: seven) and 19 key management personnel in office (2023: 18).

Interest income and expense are disclosed for the period during which they were members of the Board of Directors or served as key management personnel.

During the year ended 31 December 2024 an amount of €871 thousand has been paid to connected persons of key management personnel for the cost of services capitalised within property and equipment. These services were rendered on normal business terms as for comparable services received from third parties.

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend, amounting to €114 thousand as at 31 December 2024 (2023: €116 thousand).

There were also contingent liabilities and commitments to key management personnel and their connected persons amounting to €1,379 thousand as at 31 December 2024 (2023: €1,197 thousand).

The total unsecured amount of the loans and advances and contingent liabilities and commitments to members of the Board of Directors, key management personnel and their connected persons (using forced-sale values for tangible collaterals and assigning no value to other types of collaterals) at 31 December 2024 amounted to €1,485 thousand (2023: €1,489 thousand).

During the year ended 31 December 2024 premiums of €177 thousand (2023: €220 thousand) and nil claims (2023: nil) were paid by/to the members of the Board of Directors of the Company and their connected persons to/from the insurance subsidiaries of the Group.

There were no other transactions during the year ended 31 December 2024 and 2023 with connected persons of the current members of the Board of Directors or with any members who resigned during the years.

50. Group companies

The main subsidiary companies and branches included in the Consolidated Financial Statements of the Company, their registered office, their activities and the percentage held by the Company (directly or indirectly) as at 31 December 2024 are:

Company	Registered office	Activities	Percentage holding (%)
Bank of Cyprus Holdings Public Limited Company	10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	Holding company	n/a
Bank of Cyprus Public Company Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Commercial bank	100
EuroLife Ltd	4 Evrou Street, CY-2003, Strovolos, Nicosia, Cyprus	Life insurance	100
General Insurance of Cyprus Ltd	2-4 Themistokli Dervis Street, CY-1066, Nicosia, Cyprus	Non-life insurance	100
JCC Payment Systems Ltd	1 Stadiou Street, CY-2571, Nisou, Cyprus	Development of inter-banking systems, acquiring and processing of card transactions, other payment services and other activities	75
The Cyprus Investment and Securities Corporation Ltd (CISCO)	1 Agiou Prokopiou and Poseidonos Street, CY-2406, Engkomi, Nicosia, Cyprus	Investment banking, brokerage, discretionary asset management and investment advice services	100
Jinius Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Digital Economy Platform	100
LCP Holdings and Investments Public Ltd	1 Agiou Prokopiou and Poseidonos Street, CY-2406, Engkomi, Nicosia, Cyprus	Investments in securities and participations in companies and schemes that are active in various business sectors and projects	67
Kermia Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Property trading and development	100
Kermia Properties & Investments Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Property trading and development	100
S.Z. Eliades Leisure Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Land development and operation of a golf resort	70
Auction Yard Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Auction company	100
BOC Secretarial Company Ltd	51 Stasinou Street, Ayia Paraskevi, Strovolos, CY-2002, Nicosia, Cyprus	Secretarial services	100
Bank of Cyprus Public Company Ltd (branch of BOC PCL)	192 Alexandras Avenue, 11521 Athens, Greece	Administration of guarantees and holding of real estate properties	n/a
BOC Asset Management Romania S.A.	Calea Dorobanti 187B, Sector 1, Bucharest, Romania	In run-down	100
MC Investment Assets Management LLC	19-1 Zvezdnyi building, Moscow, Russia	Problem asset management company - In run-down	100
Fortuna Astrum Ltd	Internacionalnih Brigada 69, 11104, Grad Beograd, Serbia	Problem asset management company - In run-down	100

50. Group companies (continued)

In addition to the above companies, as at 31 December 2024, BOC PCL had 100% shareholding, either directly or indirectly, in the companies listed below, whose activity is the ownership and management of immovable property:

Cyprus: Tolmeco Properties Ltd, Pelika Properties Ltd, Cobhan Properties Ltd, Nalmosa Properties Ltd, Emovera Properties Ltd, Blodar Properties Ltd, Cranmer Properties Ltd, Les Coraux Estates Ltd, Natakion Company Ltd, Oceania Ltd, Dominion Industries Ltd, Ledra Estate Ltd, Laiki Lefkothea Center Ltd, Labancor Ltd, Joberco Ltd, Domita Estates Ltd, Memdes Estates Ltd, Kernland Properties Ltd, Jobelis Properties Ltd, Melsolia Properties Ltd, Spacous Properties Ltd, Solomaco Properties Ltd, Linaland Properties Ltd, Unital Properties Ltd, Neraland Properties Ltd, Wingstreet Properties Ltd, Nolory Properties Ltd, Lisbo Properties Ltd, Mantinec Properties Ltd, Provezaco Properties Ltd, Hillbay Properties Ltd, Forenaco Properties Ltd, Hovita Properties Ltd, Astromeria Properties Ltd, Barosca Properties Ltd, Fogland Properties Ltd, Tebasco Properties Ltd, Valecross Properties Ltd, Altco Properties Ltd, Olivero Properties Ltd, Jaselo Properties Ltd, Elosa Properties Ltd, Flona Properties Ltd, Toreva Properties Ltd, Resoma Properties Ltd, Mostero Properties Ltd, Helal Properties Ltd, Pendalo Properties Ltd, Frontyard Properties Ltd, Bonsova Properties Ltd, Thermano Properties Ltd, Venicous Properties Ltd, Lorman Properties Ltd, Eracor Properties Ltd, Rulemon Properties Ltd, Maledico Properties Ltd, Balasec Properties Ltd, Diafor Properties Ltd, Kartama Properties Ltd, Paramina Properties Ltd, Nouralia Properties Ltd, Resocot Properties Ltd, Soblano Properties Ltd, Talamon Properties Ltd, Weinar Properties Ltd, Zemialand Properties Ltd, Coeval Properties Ltd, Finevo Properties Ltd, Mazima Properties Ltd, Riveland Properties Ltd, Rosalica Properties Ltd, Secretskey Properties Ltd, Senadaco Properties Ltd, Tasabo Properties Ltd, Venetolio Properties Ltd, Zandexo Properties Ltd, Odolo Properties Ltd, Molemo Properties Ltd, Samilo Properties Ltd, Alezia Properties Ltd, Enelo Properties Ltd, Monata Properties Ltd, Amary Properties Ltd, Aparno Properties Ltd, Lomenia Properties Ltd, Midelox Properties Ltd, Montira Properties Ltd, Orilema Properties Ltd, Carilo Properties Ltd, Olisto Properties Ltd, Holstone Properties Ltd, Gelimo Properties Ltd, Larizemo Properties Ltd and Philiki Ltd.

Romania: Otherland Properties Dorobanti SRL.

Further, at 31 December 2024, BOC PCL had 100% shareholding in Stamoland Properties Ltd, Unoplan Properties Ltd, Petrassimo Properties Ltd and Gosman Properties Ltd.

The main activities of the above companies are the holding of shares and other investments and the provision of services.

At 31 December 2024, BOC PCL had 100% shareholding in BOC Terra AIF V.C.I.C. Plc which is a real estate alternative investment fund, currently inactive.

At 31 December 2024, BOC PCL had 100% shareholding, either directly or indirectly, in the companies listed below which are reserved to accept property:

Cyprus: Rifelo Properties Ltd, Dadela Properties Ltd, Leziga Properties Ltd, Bavara Properties Ltd, Fernia Properties Ltd, Wolfenia Properties Ltd, Ortizelo Properties Ltd and Ellagio Properties Ltd.

In addition, BOC PCL holds 100% of the following intermediate holding companies:

Cyprus: Otherland Properties Ltd, Battersee Properties Ltd, Bonayia Properties Ltd, Janoland Properties Ltd, Imoreth Properties Ltd, Inroda Properties Ltd, Zunimar Properties Ltd, Nikaba Properties Ltd, Allioma Properties Ltd and Hydrobius Ltd.

BOC PCL also holds 100% of the following companies which are inactive:

Cyprus: Laiki Bank (Nominees) Ltd, Paneuropean Ltd, Nelcon Transport Co. Ltd, Canosa Properties Ltd, Homirova Properties Ltd and Finerose Properties Ltd.

Greece: Kyprou Zois (branch of EuroLife Ltd), Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd), Kyprou Commercial SA and Kyprou Properties SA.

BOC PCL also holds indirectly 75% of Settle Cyprus Ltd, which is inactive.

All Group companies are accounted for as subsidiaries using the full consolidation method. All companies listed above have share capital consisting of ordinary shares.

50. Group companies (continued)

Acquisitions of subsidiaries

During the years ended 31 December 2024 and 2023 there were no acquisitions of subsidiaries.

Dissolution and disposal of subsidiaries

There were no material disposals of subsidiaries during the year ended 31 December 2024. CYCMC IV Ltd, Blindingqueen Properties Ltd, Prodino Properties Ltd, Ensolo Properties Ltd, Fairford Properties Ltd, Sylvesta Properties Ltd and Iperi Property Ltd were dissolved during the year ended 31 December 2024. Regetona Properties Ltd, Solutio Properties Ltd, Camela Properties Ltd, Baleland Properties Ltd, Ramendi Properties Ltd, Fitrus Properties Ltd, Estaga Properties Ltd, Avaletto Properties Ltd, Zecomex Ltd, Bendolio Properties Ltd, Cramonco Properties Ltd, Zenoplus Properties Ltd, Hamura Properties Ltd, Vertilia Properties Ltd, Colar Properties Ltd, Koralmon Properties Ltd and Skellom Properties Ltd were disposed of during the year ended 31 December 2024.

As at 31 December 2024, the following subsidiaries were in the process of dissolution or in the process of being struck off: Fantasio Properties Ltd, Demoro Properties Ltd, Bramwell Properties Ltd, Battersee Real Estate SRL, Thryan Properties Ltd, Obafemi Holdings Ltd, Birkdale Properties Ltd, Green Hills Properties SRL, Imoreth Properties SRL, Inroda Properties SRL, Zunimar Properties SRL, Allioma Properties SRL, Landanafield Properties Ltd and Nikaba Properties SRL.

51. Investments in associates and joint venture

	Percentage holding
Investments in associates	(%)
Aris Capital Management LLC	30.0
Fairways Automotive Holdings Ltd	45.0

During the year ended 31 December 2024, Rosequeens Properties Limited (33.3% holding) was dissolved.

The carrying values of the investments in associates are assessed as fully impaired and their value has been restricted to zero.

	Percentage holding
Investment in joint venture	(%)
Tsiros (Agios Tychon) Ltd	50.0

The carrying value of the investment in the joint venture is assessed as fully impaired and its value has been restricted to zero.

52. Offsetting financial assets and liabilities

The following tables set out the effect or potential effect of netting arrangements on the Group's financial position. This includes the effect or potential effect of rights of set off associated with the Group's recognised financial assets and recognised financial liabilities that are subject to an enforceable master netting arrangement, irrespective of whether they are set off in accordance with paragraph 42 of IAS 32.

The 'Amounts subject to master netting agreements' column identifies financial assets and liabilities that are subject to set off under netting provisions included in counterparties' agreements such as an ISDA Master Agreement.

The agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities are settled on a gross basis; however each party, for which the netting provisions apply under an ISDA Master Agreement, has the option to settle all such amounts on a net basis in the event of default of the other party.

52. Offsetting financial assets and liabilities (continued)

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Amounts subject to master netting agreements	Financial collateral (including cash collateral)	
Assets	€000	€000	€000	€000	€000	€000
2024						
Derivative financial assets	95,273	-	95,273	(3,421)	(91,202)	650
Reverse repurchase agreements	1,010,170	-	1,010,170	-	(13,068)	997,102
Total	1,105,443	-	1,105,443	(3,421)	(104,270)	997,752
2023						
Derivative financial assets	51,055	-	51,055	(3,705)	(47,179)	171
Reverse repurchase agreements	403,199	-	403,199	-	-	403,199
Total	454,254	-	454,254	(3,705)	(47,179)	403,370

The gross amounts of recognised derivative financial assets, include amounts of €3,421 thousand that do not meet the offsetting criteria, but are subject to enforceable master netting arrangements (2023: €3,705 thousand). Financial collateral (including cash collateral) disclosed is limited to the net position exposure and hence may differ from the maximum collateral available for offset and is reported in 'Deposits by banks'.

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Amounts subject to master netting agreements	Financial collateral (including cash collateral)	
Liabilities	€000	€000	€000	€000	€000	€000
2024						
Derivative financial liabilities	4,664	-	4,664	(3,421)	-	1,243
Total	4,664	-	4,664	(3,421)	-	1,243
2023						
Derivative financial liabilities	17,980	-	17,980	(3,705)	(11,896)	2,379
Total	17,980	-	17,980	(3,705)	(11,896)	2,379

The gross amounts of recognised derivative financial liabilities, include amounts of €3,421 thousand that do not meet the offsetting criteria, but are subject to enforceable master netting arrangements (2023: €3,705 thousand). Financial collateral (including cash collateral) disclosed is limited to the net position exposure and hence may differ from the maximum collateral available for offset and is reported in 'Loans and advances to banks'.

53. Country by country reporting

Article 89 of CRD IV requires banks to disclose on a consolidated basis the following information for all countries where the Group operates. The table below provides information on the following items of the Group for year 2024:

	Total operating income/(expense)	Average number of employees	Profit/(loss) before tax	Accounting tax expense on profit/(loss)	Corporation tax paid/(refunded)	Public subsidies received
Country	€000		€000	€000	€000	€000
Cyprus	1,095,980	2,851	599,993	45,214	28,547	-
Russia	-	1	(250)	-	-	-
Romania	10	-	(269)	-	-	-
Greece	(281)	6	(9,203)	-	-	-
Total	1,095,709	2,858	590,271	45,214	28,547	-

Total operating income/(expense), profit/(loss) before tax and accounting tax expense on profit/(loss) are prepared on the same basis as the figures reported elsewhere in these financial statements.

The activities of Group companies by geographical area are disclosed in Note 50.

Total operating income/(expense): comprises net interest income, net fee and commission income, net foreign exchange gains, net gains on financial instruments, net losses on derecognition of financial assets measured at amortised cost, net insurance result, net losses from revaluation and disposal of investment properties, net gains on disposal of stock of property and other income.

Number of employees: the number of employees has been calculated as the average number of employees, on a quarterly basis, who were employed by the Group during the year ended 31 December 2024.

Profit/(loss) before tax: profit/(loss) before tax represents profits/(losses) after the deduction of inter-segment revenues/(expenses).

Accounting tax expense on profit/(loss): represents the corporation tax expense for the current year and excludes deferred taxes, adjustments in respect of prior years and other tax provisions.

Corporation tax paid/(refunded) includes actual payments made during 2024 for corporation tax (including insurance premium taxes) and Cyprus special defence contribution.

54. Events after the reporting period

Distribution in respect of 2024 earnings

In February 2025, the Company announced its proposal to make a total distribution of €241 million in respect of 2024 earnings, comprising an aggregate cash dividend of €211 million (calculated by reference to the number of shares in issue as at 31 December 2024) and a share buyback in an aggregate consideration amount of up to €30 million (together, the '2024 Distribution') as described below.

Cash dividend

The Board of Directors of the Company has resolved to propose to the AGM that will be held on 16 May 2025 for approval, a final cash dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024. The financial statements for the year ended 31 December 2024 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2025.

Share Buyback Programme

Following approval by the Board of Directors, on 24 February 2025 the Company launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million, for which approval by the ECB has been received. The shares will be repurchased on the Main Market of the Regulated Securities Market of the ATHEX and the CSE and will be cancelled. The financial statements for the year ended 31 December 2024 do not reflect the impact of the share buyback programme, which will be accounted for as and when the shares are repurchased by the Company.

During the period from 24 February 2025 to 20 March 2025, 1,035 thousand ordinary shares have been bought back at a total cost of €5,744 thousand. As at 20 March 2025, the Company holds 1,035 thousand ordinary shares, all arising from the share repurchase programme.

Dividends and share buybacks are funded out of distributable reserves.

No other significant non-adjusting events have taken place since 31 December 2024.

Company Financial Statements **2024**

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BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Company Statement of Comprehensive Income
for the year ended 31 December 2024

Annual Financial Report 2024

	Notes	2024 €000	2023 €000
Income			
Income from equity instruments	8	26,125	27,339
Income from debt instruments	8	19,875	19,875
Total income from investments		46,000	47,214
Dividend income from subsidiary	7	136,590	22,310
Other income	4	7,957	13,153
Total income		190,547	82,677
Administrative and other operating expenses	5	(9,730)	(5,700)
		180,817	76,977
Interest expense on subordinated liabilities	14	(20,320)	(20,318)
Finance costs		(215)	(531)
Reversal of credit losses on financial instruments	8	968	3,073
Reversal of impairment of investment in subsidiary	7	801,068	573,405
Profit before tax		962,318	632,606
Tax	6	-	(42)
Profit after tax for the year		962,318	632,564
Other comprehensive income (OCI)			
OCI not to be reclassified in the income statement in subsequent periods			
Fair value reserve (equity instruments)			
Net gains on investments in equity instruments measured at fair value through OCI (FVOCI)	8	27,241	27,915
Total OCI not to be reclassified in the income statement in subsequent periods		27,241	27,915
Other comprehensive income for the year		27,241	27,915
Total comprehensive income for the year		989,599	660,479

The notes on pages 568 to 581 form an integral part of these Company's financial statements.

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Company Balance Sheet
as at 31 December 2024

Annual Financial Report 2024

	Notes	2024 €000	2023 €000
Assets			
Non-current assets			
Investment in subsidiaries	7	2,975,000	2,173,000
Investments	8	565,565	537,357
		3,540,565	2,710,357
Current assets			
Cash at bank	9	9,572	1,965
Other assets		245	103
Receivables from related parties	10	2,261	843
		12,078	2,911
Total assets		3,552,643	2,713,268
Equity and liabilities			
Equity and reserves			
Share capital	11	44,050	44,620
Share premium	11	594,358	594,358
Capital redemption reserve	11	570	-
Revaluation and other reserves	13	43,832	15,659
Retained earnings	12	2,330,608	1,531,055
Equity attributable to the owners of the Company		3,013,418	2,185,692
Other equity instruments	11	220,000	220,000
Total equity		3,233,418	2,405,692
Non-current liabilities			
Subordinated liabilities	14	302,995	302,550
Current liabilities			
Bank overdraft	9	2,774	1,339
Other payables	15	13,456	3,687
		16,230	5,026
Total liabilities		319,225	307,576
Total liabilities and equity		3,552,643	2,713,268



Mr. E. G. Arapoglou
Chairman

26 March 2025



Mr. P. Nicolaou
Chief Executive Officer

The notes on pages 568 to 581 form an integral part of these Company's financial statements.

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Company Statement of Changes in Equity
for the year ended 31 December 2024

Annual Financial Report 2024

	Share capital (Note 11)	Share premium (Note 11)	Capital redemption reserve (Note 11)	Retained earnings (Note 12)	Financial instruments fair value reserve (Note 8)	Other reserves (Note 13)	Total equity attributable to the owners of the Company	Other equity instruments (Note 11)	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2023	44,620	594,358	-	951,671	(6,354)	322	1,584,617	220,000	1,804,617
Profit after tax for the year	-	-	-	632,564	-	-	632,564	-	632,564
Other comprehensive income after tax for the year	-	-	-	-	27,915	-	27,915	-	27,915
Total comprehensive income after tax for the year	-	-	-	632,564	27,915	-	660,479	-	660,479
Dividends (Note 18)	-	-	-	(22,310)	-	-	(22,310)	-	(22,310)
Payment of coupon to AT1 holders (Note 11)	-	-	-	(27,339)	-	-	(27,339)	-	(27,339)
Share-based benefits – cost (Note 13)	-	-	-	-	-	595	595	-	595
Issue of other equity instruments (Note 11)	-	-	-	(3,530)	-	-	(3,530)	220,000	216,470
Repurchase of other equity instruments (Note 11)	-	-	-	(6,820)	-	-	(6,820)	(220,000)	(226,820)
Transfer to retained earnings	-	-	-	6,819	(6,819)	-	-	-	-
Balance at 31 December 2023/1 January 2024	44,620	594,358	-	1,531,055	14,742	917	2,185,692	220,000	2,405,692
Profit after tax for the year	-	-	-	962,318	-	-	962,318	-	962,318
Other comprehensive income after tax for the year	-	-	-	-	27,241	-	27,241	-	27,241
Total comprehensive income after tax for the year	-	-	-	962,318	27,241	-	989,559	-	989,559
Dividends (Note 18)	-	-	-	(111,550)	-	-	(111,550)	-	(111,550)
Payment of coupon to AT1 holders (Note 11)	-	-	-	(26,125)	-	-	(26,125)	-	(26,125)
Share-based benefits – cost (Note 13)	-	-	-	-	-	932	932	-	932
Share buyback-repurchase and cancellation of shares (Note 11)	(570)	-	570	(25,090)	-	-	(25,090)	-	(25,090)
Balance at 31 December 2024	44,050	594,358	570	2,330,608	41,983	1,849	3,013,418	220,000	3,233,418

The notes on pages 568 to 581 form an integral part of these Company's financial statements.

BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
Company Statement of Cash Flows
for the year ended 31 December 2024

Annual Financial Report 2024

	Notes	2024 €000	2023 €000
Cash flows from operating activities			
Profit before tax		962,318	632,606
<i>Adjustments for:</i>			
Income from equity instruments	8	(26,125)	(27,339)
Income from debt instruments	8	(19,875)	(19,875)
Dividend income from subsidiary	7	(136,590)	(22,310)
Reversal of credit losses of financial instruments	8	(968)	(3,073)
Interest expense on subordinated liabilities	14	20,320	20,318
Reversal of impairment of investment in subsidiary	7	(801,068)	(573,405)
		(1,988)	6,922
<i>Changes in working capital:</i>			
Other assets		(142)	(31)
Receivables from related parties	10	(1,418)	2,892
Other payables	15	2,211	838
Tax paid	15	(48)	(40)
Net cash flows (used in)/from operating activities		(1,385)	10,581
Cash flows from investing activities			
Income received from equity instruments	8	26,125	27,339
Purchase of other equity instruments	8	-	(220,000)
Proceeds from redemption of other equity instruments	8	-	226,820
Income received from debt instruments	8	19,875	19,875
Dividend income received	7	136,590	22,310
Net cash flows from investing activities		182,590	76,344
Cash flows from financing activities			
Payment of AT1 coupon	11	(26,125)	(27,339)
Payment of interest on subordinated liabilities	14	(19,875)	(19,875)
Issue of other equity instruments (net of transaction costs)	11	-	216,470
Repurchase of other equity instruments	11	-	(226,820)
Dividends paid		(103,943)	(20,345)
Repurchase of shares		(25,090)	-
Net cash flows used in financing activities		(175,033)	(77,909)
Net increase in cash and cash equivalents		6,172	9,016
Cash and cash equivalents:			
At beginning of the year		626	(8,390)
At end of the year	9	6,798	626

The notes on pages 568 to 581 form an integral part of these Company's financial statements.

1. Corporate information

Bank of Cyprus Holdings Public Limited Company (the 'Company') was incorporated in Ireland on 11 July 2016, as a public limited company under company number 585903 in accordance with the provisions of the Companies Act 2014 of Ireland (Companies Act 2014). Its registered office is 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

The Company owns 100% of the share capital of Bank of Cyprus Public Company Limited ('BOC PCL') whose principal activities, together with BOC PCL's subsidiaries, involve the provision of banking services, financial services, insurance services and the management and disposal of property predominately acquired in exchange of debt. The Board of Directors does not expect that the Company's activities will change in the foreseeable future. The Company is tax resident in Cyprus.

The Bank of Cyprus Holdings Group (the 'Group') comprises the Company, its subsidiary BOC PCL and the subsidiaries of BOC PCL.

The shares of the Company are listed and trading on the Cyprus Stock Exchange (CSE). As of 23 September 2024, the shares of the Company are also listed and trading on the Athens Stock Exchange (ATHEX). On 19 September 2024, the Company's shares were delisted and trading was suspended from the London Stock Exchange (LSE).

The Company financial statements are available at the Company's registered office (at 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland) and on the Group's website <http://www.bankofcyprus.com> (Group/Investor Relations/Financial Results).

Company financial statements

The Company financial statements for the year ended 31 December 2024 were authorised for issue by a resolution of the Board of Directors on 26 March 2025. The financial statements are available at the Company's registered office and on the Group's website.

The Company financial statements are originally issued in English. The Greek translation of the Company financial statements will be available on the Group's website by 4 April 2025. In case of a difference or inconsistency between the English document and the Greek document, the English document prevails.

2. Summary of accounting policies

2.1 Basis of preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRSs.

Presentation of the Company financial statements

The Company financial statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated. A comma is used to separate thousands and a dot is used to separate decimals.

2.2 Going concern

The going concern assessment of the Company is consistent with the going concern assessment of the Group, which is presented in Note 3 of the consolidated financial statements of the Company for the year ended 31 December 2024.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted in preparing the financial statements of the Company are consistent with those adopted in preparing the consolidated financial statements of the Company, a summary of which is presented in Note 2 of the consolidated financial statements of the Company for the year ended 31 December 2024.

In addition, the following policies are applied:

Investment in subsidiaries

The investment in subsidiaries is measured at cost less impairment.

2. Summary of accounting policies (continued)

2.3 Changes in accounting policies and disclosures (continued)

Investment in subsidiaries (continued)

The Company periodically evaluates the recoverability of the investment in subsidiaries whenever indicators of impairment are present. Indicators of impairment include items such as declines in revenues, earnings or cash flows of the subsidiary or material adverse changes in the economic or political stability of the country in which the subsidiary operates, which may indicate that the carrying amount of the investment in subsidiary is not recoverable. If facts and circumstances indicate that the investment in a subsidiary may be impaired, the Company determines the recoverable amount of the investment in the subsidiary as the higher of its fair value less costs to sell and its value-in-use. Value-in-use is calculated by estimating the future cash inflows and outflows to be derived from continuing use of the asset and applying the appropriate discount rate.

If the recoverable amount is lower than the carrying value of the investment in subsidiary, an impairment loss is recognised equal to the excess of the carrying value over the recoverable amount. In the case where the recoverable amount is higher than the carrying value of the subsidiary, that increase is recognised by the Company as a reversal of the impairment loss recognised in prior periods, to the extent that the increased carrying amount attributable to the reversal of the impairment does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Further details on the determination of the recoverable amount of the investment in subsidiary are disclosed in Note 7.

The accounting policies adopted are consistent with those of the previous financial year. The adoption of new and amended standards and interpretations as explained in Note 2.2 of the consolidated financial statements of the Company for the year ended 31 December 2024, did not have an impact on the Company financial statements.

3. Significant accounting estimates, judgements and assumptions

The preparation of the Company financial statements requires the Company's Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the Company financial statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities affecting future periods. The Board of Directors has made the following judgements and estimates:

Fair value of investments

The best evidence of fair value is a quoted price in an actively traded market. If the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employed by the Company use only observable market data and so the objectivity of the fair value measurement is relatively high.

However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant inputs that are not observable. Valuation techniques that rely on non-observable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The Company only uses models with unobservable inputs for the valuation of certain unquoted equity investments. In these cases, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. Unobservable inputs are determined based on the best information available.

Further details on the Company's fair value of assets and liabilities are disclosed in Note 16.

3. Significant accounting estimates, judgements and assumptions (continued)

Impairment review of the subsidiary undertaking

The Company carries the investment in its subsidiary undertaking at cost less impairment and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs to sell or its value-in-use. If the recoverable amount is lower than the carrying value of the subsidiary, an impairment loss is recognised equal to the excess of the carrying value over the recoverable amount. If the recoverable amount is higher than the carrying value of the investment in subsidiary, that increase is recognised by the Company as a reversal of the impairment loss recognised in prior periods as explained in Note 2.3. Further details on the Company's key estimates for the recoverable amount of the investment in subsidiary are disclosed in Note 7.

4. Other income

	2024	2023
	€000	€000
Management consultancy services	1,000	1,170
Reimbursement of expenses and fees	6,957	11,983
	7,957	13,153

The above transactions were carried out between the Company and its subsidiary, BOC PCL.

5. Administrative and other operating expenses

	2024	2023
	€000	€000
Directors' fees (including employer's contributions) (Note 17)	966	1,108
Insurance	1,051	1,357
Consultancy and other professional fees	3,804	2,142
Stock exchange fees	1,915	680
Audit fees and other assurance fees	846	260
Other expenses	1,148	153
	9,730	5,700

The Company did not employ any staff during the years 2024 and 2023.

Consultancy and other professional fees with respect to directors of €24 thousand during the year ended 31 December 2024 (2023: €23 thousand) were carried out between the Company and its subsidiary, BOC PCL.

Section 322 of the Companies Act 2014 mandates disclosure of remuneration paid/payable to the Group Auditor only (PricewaterhouseCoopers) for services relating to the audit of the Group and relevant subsidiary financial statements. An amount of €37 thousand was paid to the Group Auditor for services relating to the audit of the financial statements of the Company during the year to 31 December 2024 (2023: €37 thousand). No fees were paid/payable to overseas auditors (2023: Nil).

6. Tax

The reconciliation between the income tax expense and the profit before tax as estimated using the current income tax rates is set out below:

	2024	2023
	€000	€000
Profit before tax	962,318	632,606
Income tax at the normal tax rates in Cyprus	120,290	79,076
Income tax effect of:		
- expenses not deductible for income tax purposes	1,174	687
- income not subject to income tax	(118,198)	(76,346)
- other allowable deductions	(3,266)	(3,417)
Other tax charges	-	42
	-	42

Income tax in Cyprus is calculated at the rate of 12.5% on taxable income (2023: 12.5%).

On 22 December 2022, the European Commission approved Directive 2022/2523 which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups (Pillar Two tax). The Directive (EU) 2022/2523 that follows closely the OECD Inclusive Framework on Base Erosion and Profit Shifting was voted into Law 151(I)/2024 (the 'Cyprus Pillar Two Law') in December 2024, effective for financial years starting from 31 December 2023. The Group is in scope of the Cyprus Pillar Two Law for the year ended 31 December 2024. The Group is eligible for the transitional provision under Article 55 of the Cyprus Pillar Two Law which results in zeroing any top-up tax liability in Cyprus computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the year ended 31 December 2024.

7. Investment in subsidiaries

	2024	2023
	€000	€000
1 January	2,173,000	1,599,002
Increase – share-based payment (Note 13)	932	595
Reversal of impairment of investment in subsidiary	801,068	573,405
Transfer of subsidiary*	-	(2)
31 December	2,975,000	2,173,000

*In December 2022 the Company incorporated Jinus Ltd, a 100% subsidiary, which has been set up to provide and administrate a digital economy platform. During the year ended 31 December 2023, the Company transferred its 100% shareholding in Jinus Ltd to BOC PCL.

7. Investment in subsidiaries (continued)

			2024	2023
Company	Activities	Percentage holding %	€000	€000
Bank of Cyprus Public Company Ltd	Commercial bank	100	2,975,000	2,173,000

The investment in BOC PCL represents a 100% investment in the share capital of BOC PCL, a company registered in Cyprus and its activities are presented in Note 1. Its registered office is at 51 Stasinou Street, 2002, Strovolos, Nicosia, Cyprus.

During the year ended 31 December 2024 the Company received dividend income of €136,590 thousand (2023: €22,310 thousand) from its subsidiary BOC PCL.

As at 31 December 2024, the Company performed an assessment of the carrying value of the investment in BOC PCL resulting in a full reversal of previously recognised impairment loss of €801,068 thousand (2023: partial reversal of previously recognised impairment loss of €573,405 thousand).

The assessment involved the determination of the recoverable amount of the investment in subsidiary as the higher of its fair value less costs to sell and the value-in-use (VIU). As at 31 December 2024, the VIU exceeded the carrying value by €801,068 thousand. The increase in VIU was principally due to the impact from BOC PCL's actual performance, which was better than previous estimates and the revisions to management's best estimates of BOC PCL's future earnings in the short to medium term, as well as the discount rate used.

In future periods, the VIU may increase or decrease depending on the effect of changes to model inputs. The main model inputs are described below and are based on factors observed at year-end. The factors that could result in a change in the VIU and lead to an impairment include a short-term underperformance by BOC PCL, a change in regulatory capital requirements or an increase in uncertainty regarding the macroeconomic conditions and future performance of BOC PCL, resulting in a lower forecast of future asset growth or profitability. An increase in the discount rate could also result in a reduction of VIU and an impairment.

To determine the VIU of the investment in subsidiary, the future cash flows to be derived from continuing use of the asset were estimated with the use of a dividend discount model. For the assessment as at 31 December 2024, projections until the end of 2028 were considered in line with the Group's internal planning horizon. The key assumptions and factors taken into consideration include:

- Forecasted net lending growth, forecasted net interest income and non-interest income which is based on historical experience of the Group and key KPIs of the Group.
- Level of interest rates and yield curves.
- Impairment charge based on historical experience and forecasted general macroeconomic outlook. NPE expected coverage ratio is also considered.
- Operating cost is impacted by inflationary pressures and the envisaged operating model.
- Deposits projections and issuances/redemptions based on the liquidity and funding needs of the Group, as well as projected MREL requirement.
- Capital requirements: This was based on the current minimum regulatory requirements, incorporating known changes such as the phasing-in of the O-SII buffer and incorporating an additional capital cushion over the minimum capital requirements.

The assumptions are based on both internal and external information including the Group's actual and historic performance, the key objectives of the Group's strategy as well as the macroeconomic environment in Cyprus. From year 2028 onwards, a terminal growth rate has been assumed in the valuation. Growth rate is determined by reference to long-term economic growth, taking into consideration both Cyprus GDP growth projections and brokers' consensus. A long-term growth rate of 2% (2023: 2%) was used and does not exceed the relevant long-term average growth rate of the economy in which BOC PCL operates.

An appropriate discount rate has been applied which reflects the estimated cost of equity of 12.5% (2023: 13.5%) determined on the basis of CAPM model and brokers' consensus, which take into consideration various risks as at 31 December 2024.

7. Investment in subsidiaries (continued)

The impact of changes in the growth rate and the discount rate by reference to the carrying value of the investment has been assessed by Management:

- An increase of 1% in the discount rate would result in a lower reversal of impairment by €256 million (2023: €174 million);
- A decrease of 1% in the discount rate would result in an increase in the VIU by €310 million, however as the value of the investment has reverted to the initial cost as at 31 December 2024 there would be no impact on the carrying amount (2023: an additional reversal of impairment by €208 million);
- An increase of 1% in the long-term growth rate would result in an increase in the VIU by €58 million, however as the value of the investment has reverted to the initial cost as at 31 December 2024 there would be no impact on the carrying amount (2023: an additional reversal of impairment by €14 million);
- A decrease of 1% in the long-term growth rate would result in a lower reversal of impairment by €49 million (2023: €12 million).

8. Investments

	Counterparty	2024	2023
		€000	€000
Equity instruments at fair value through other comprehensive income – 2023 issuance	BOC PCL	261,983	234,742
Debt instruments measured at amortised cost	BOC PCL	303,582	302,615
		565,565	537,357

Equity instruments

In June 2023, the Company successfully launched and priced an issue of €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities') (Note 11). On the same date, the Company and BOC PCL entered into an agreement pursuant to which the Company on-lent to BOC PCL the entire €220,000 thousand proceeds of the issue of the Capital Securities (the 'AT1 Loan') on terms substantially identical to the terms and conditions of the AT1 issued by the Company. The AT1 Loan constitutes an unsecured and subordinated obligation of BOC PCL. It carries an initial coupon of 11.875% per annum, payable semi-annually, and resettable on 21 December 2028 and every five years thereafter. BOC PCL may elect to cancel any interest payment for an unlimited period, on a non-cumulative basis, whereas it mandatorily cancels interest payment under certain conditions. The AT1 Loan is perpetual and has no fixed date of redemption but can be redeemed (in whole but not in part) at BOC PCL's option from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter.

The AT1 Loan has been classified as an equity instrument at fair value through other comprehensive income.

During the year ended 31 December 2024 an income of €26,125 thousand (2023: €27,339 thousand) has been recognised in profit and loss in respect of these investments.

The fair value of equity instruments held by the Company is determined using models for which all inputs that have a significant effect on fair value are market observable. Equity instruments are financial instruments whose fair value is categorised as Level 2 instruments in fair value hierarchy.

There were no transfers in and out of Level 2 during 2024 and 2023.

During the year ended 31 December 2024 a gain of €27,241 thousand (2023: gain of €27,915 thousand) has been recognised in other comprehensive income in respect of the fair value measurement of these investments.

Debt instruments

In April 2021, the Company issued €300,000 thousand unsecured and subordinated Tier 2 Capital Notes (the 'Notes') (Note 14) and immediately after, the Company and BOC PCL entered into an agreement pursuant to which the Company on-lent to BOC PCL the entire €300,000 thousand proceeds of the issue of the Notes (the 'T2 Loan') on terms substantially identical to the terms and conditions of the Notes issued by the Company. The interest is 6.625% per annum payable annually in arrear and resettable on 23 October 2026 at the then prevailing 5-year swap rate plus a margin of 6.902% per annum up to 23 October 2031, payable annually. The note matures on 23 October 2031. BOC PCL has the option to redeem the T2 Loan early on any day during the six-month period from 23 April 2026 to 23 October 2026.

The T2 Loan has been classified as a debt instrument measured at amortised cost.

8. Investments (continued)

During the year ended 31 December 2024 an income of €19,875 thousand (2023: income €19,875 thousand) has been recognised in profit and loss in respect of this instrument.

As at 31 December 2024 the T2 Loan is classified as Stage 1 with corresponding ECL of €229 thousand (2023: ECL balance of €1,197 thousand). During the year ended 31 December 2024, an amount of €968 thousand that relates to partial reversal of 12-months ECL has been recognised in the Company's statement of comprehensive income (2023: credit of €3,073 thousand).

9. Bank balances

Bank balances include the following for the purpose of the statement of cash flows:

	2024	2023
	€000	€000
Cash at bank	9,572	1,965
Bank overdraft	2,774	1,339

Both the cash at bank and the bank overdraft of the Company are held with its subsidiary BOC PCL.

10. Receivables from related parties

	2024	2023
	€000	€000
Current assets		
Receivables from related parties - BOC PCL	2,261	843

The receivables from related parties as at 31 December 2024 and 2023 related to income outstanding from management consultancy services and reimbursement of expenses.

The above balances represent the maximum exposure to credit risk at the balance sheet date.

11. Share capital

	2024		2023	
	Number of shares (thousand)	€000	Number of shares (thousand)	€000
<i>Authorised</i>				
Ordinary shares of €0.10 each	10,000,000	1,000,000	10,000,000	1,000,000
<i>Issued and fully paid</i>				
1 January	446,200	44,620	446,200	44,620
Share buyback – repurchase and cancellation of shares	(5,698)	(570)	-	-
31 December	440,502	44,050	446,200	44,620

The Company did not provide financial assistance permitted by section 82 of the Companies Act 2014 of Ireland for the purchase of its shares.

11. Share capital (continued)

Authorised and issued share capital

All issued ordinary shares are fully paid and carry the same rights.

The authorised capital of the Company is €1,000,000 thousand divided into 10,000,000 thousand ordinary shares of a nominal value €0.10 each. There were no changes to the authorised share capital during the years ended 31 December 2024 and 2023.

As of 31 December 2024, the Company had 440,502 thousand issued shares (2023: 446,200 thousand issued shares) of a nominal value of €0.10 each. During the year ended 31 December 2024, the number of shares issued decreased by 5,698 thousand shares and the value of the issued share capital decreased by €570 thousand, as shares were repurchased and cancelled under the share repurchase programme. As a result, an equivalent amount of €570 thousand has been transferred to the Company's capital redemption reserve by 31 December 2024.

Share premium reserve

There were no changes to the share premium reserve during the years ended 31 December 2024 and 2023.

Share repurchase programme (Buyback)

In April 2024, the Company launched its inaugural programme to buy back ordinary shares of the Company for an aggregate consideration of up to €25 million (the 'Programme'). The purpose of the Programme was to reduce the Company's issued share capital and therefore the shares purchased under the Programme were cancelled. On 29 November 2024, the Programme has been completed. 5,698 thousand shares were repurchased and cancelled under the Programme at a total consideration (including transaction costs) of €25,090 thousand.

Capital redemption reserve

The capital redemption reserve is a legal reserve arising as a result of the acquisition and cancellation of the Company's ordinary shares under a buyback programme and represents transfers from share capital. The capital redemption reserve is not distributable. As at 31 December 2024, the capital redemption reserve amounted to €570 thousand representing 5,698 thousand shares in the Company which have been cancelled as a result of the buyback programme.

Treasury shares of the Company

The consideration paid, including any directly attributable incremental costs (net of income taxes), for shares of the Company held by the Company is deducted from equity attributable to the owners of the Company as treasury shares, until these shares are cancelled or reissued. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of such shares.

Other equity instruments

	2024	2023
	€000	€000
2023 Reset Perpetual Additional Tier 1 Capital Securities	220,000	220,000
	220,000	220,000

11. Share capital (continued)

Other equity instruments (continued)

In June 2023, the Company issued €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities'). The Capital Securities constitute unsecured and subordinated obligations of the Company, are perpetual and are issued at par. They carry an initial coupon of 11.875% per annum, payable semi-annually, and resettable on 21 December 2028 and every five years thereafter. The Company may elect to cancel any interest payment for an unlimited period, on a non-cumulative basis, whereas it mandatorily cancels interest payment under certain conditions. The Capital Securities are perpetual and have no fixed date of redemption, but can be redeemed (in whole but not in part) at the Company's option from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter, subject to applicable regulatory consents and the relevant conditions to redemption. The Capital Securities are listed on the Luxembourg Stock Exchange's Euro Multilateral Trading Facility (MTF) market.

Transaction costs of €3,530 thousand in relation to the issuance of the Capital Securities were recorded directly in equity during the year ended 31 December 2023.

In addition, in June 2023 the Company invited the holders of its outstanding €220,000 thousand 2018 Reset Perpetual Additional Tier 1 Capital Securities (the '2018 Capital Securities') to tender for cash purchase by the Company at a price equal to 103% of the principal amount. As a result of the tender offer, €204,483 thousand in aggregate nominal amount were purchased and cancelled by the Company as at 30 June 2023. In July 2023, the Company purchased in the open market approximately €7,000 thousand of the outstanding nominal amount of such capital securities. In November 2023, the Board of Directors resolved to exercise the Company's option to redeem the remaining nominal amount outstanding of the 2018 Capital Securities in December 2023. As a result of the buy-back, a total cost of €6,820 thousand was recorded directly in equity during the year ended 31 December 2023.

During the year ended 31 December 2024, coupon payments for the total amount of €26,125 thousand (2023: €27,339 thousand) were made to the holders of the AT1 instrument and have been recognised in retained earnings.

12. Retained earnings

For the purpose of dividend distribution, retained earnings determined at Company level, are the only distributable reserve.

Companies, tax resident in Cyprus, which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution Law during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special defence contribution (SDC) at 17% is payable on such deemed dividend distribution to the extent that the shareholders of the Company at the end of the period of two years from the end of the year of assessment to which the profits refer, are directly or indirectly Cyprus tax residents or individuals who are domiciled in Cyprus. Deemed dividend distribution does not apply in respect of profits that are directly or indirectly attributable to shareholders that are non-Cyprus tax residents and individual shareholders who are not domiciled in Cyprus. The deemed dividend distribution is subject to 2.65% contribution to the General Health System (GHS).

The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year.

This SDC and GHS are paid by the Company on account of the shareholders. During the year ended 31 December 2024, no SDC and GHS on deemed dividend distribution were accrued by the Company (2023: €42 thousand was accrued by the Company).

13. Other reserves

Share-based benefits - cost

At the Annual General Meeting of the shareholders of the Company which took place on 20 May 2022, a special resolution was approved for the establishment and implementation of the share-based Long-Term Incentive Plan of the Company (the 'LTIP').

The LTIP is an equity-settled share-based compensation plan for executive directors and senior management of the Group. The LTIP provides for an award in the form of ordinary shares of the Company based on certain non-market performance and service vesting conditions. Performance will be measured over a three-year period. The performance conditions are set by the Human Resources & Remuneration Committee (HRRC) each year and may be differentiated at the HRRC's discretion to reflect the Group's strategic targets and employees' personal performance. Performance will be assessed against an evaluation scorecard consistent with the Group's Medium Term Strategic Targets containing both financial and non-financial objectives and including targets in the areas of: (i) Profitability; (ii) Asset quality; (iii) Capital adequacy; (iv) Risk control & compliance; (v) Environmental, Social and Governance ('ESG'); and (iv) Customer Experience (targets in the area of customer experience have been introduced for non-control functions from 2024). The awards ordinarily vest in six tranches, with 40% vesting in the year following the year the performance period ends and the remaining 60% vesting in tranches (12%), on each of the first, second, third, fourth and fifth anniversary of the first vesting date. For any award to vest the employee must be in the employment of the Group up until the date of the vesting of such an award. Awards are subject to potential forfeiture under certain leaver scenarios. Under certain circumstances the HRRC has the discretion to determine whether the award will lapse and/or the extent to which the award will be vested.

Under the LTIP the following share awards were outstanding as of 31 December 2024:

- i. On 3 April 2024 (grant date) a maximum of 403,990 share awards were granted by the Company to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in April 2024 are subject to a three-year performance period 2024-2026 (with all performance conditions being non-market performance conditions).
- ii. On 3 October 2023 (grant date) a maximum of 479,160 share awards were granted by the Company to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in October 2023 are subject to a three-year performance period 2023-2025 (with all performance conditions being non-market performance conditions).
- iii. On 22 December 2022 (grant date) a maximum of 819,860 share awards were granted by the Company to 22 eligible employees comprising the Extended Executive Committee of the Group. The awards granted in December 2022 were subject to a three-year performance period 2022-2024 (with all performance conditions being non-market performance conditions). The amounts awarded under this 2022 LTIP cycle in early 2025 are disclosed in Note 49 of the consolidated financial statements of the Company for the year ended 31 December 2024.

As the award relates to services received by subsidiary entities of the Company and will be settled in shares of the Company, it qualifies as an equity-settled transaction and hence the cost of the award relating to the financial year has been recognised as an addition to the cost of the investment of the subsidiary BOC PCL and the respective credit in the Statement of Changes in Equity at an amount of €932 thousand for the year ended 31 December 2024 (2023: €595 thousand).

Further details are provided in Note 14.2 of the consolidated financial statements of the Company for the year ended 31 December 2024.

14. Subordinated liabilities

	Contractual interest rate	2024		2023	
		€000	€000	€000	€000
		Nominal value	Carrying value	Nominal value	Carrying value
Subordinated Tier 2 Capital Note – April 2021	6.625% up to 23 October 2026	300,000	302,995	300,000	302,550
		300,000	302,995	300,000	302,550

14. Subordinated liabilities (continued)

Subordinated Tier 2 Capital Note - April 2021

In April 2021, the Company issued a €300 million unsecured and subordinated Tier 2 Capital Note under the EMTN Programme. The note was priced at par with a coupon of 6.625% per annum payable annually in arrear and resettable on 23 October 2026 at the then prevailing 5-year swap rate plus a margin of 6.902% per annum up to 23 October 2031, payable annually. The Note matures on 23 October 2031. The Company has the option to redeem the note early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory consents. The Note is listed on the Luxembourg Stock Exchange's Euro MTF market. During the year ended 31 December 2024 an amount of €20,320 thousand has been recognised as interest expense on these subordinated liabilities (2023: €20,318 thousand).

15. Other payables

	2024	2023
	€000	€000
Accruals	3,565	1,329
VAT payable	8	34
Corporation tax payable	311	359
Dividends payable	9,572	1,965
	13,456	3,687

Dividends payable of €9,572 thousand as at 31 December 2024 relate to dividends declared in May 2024 and May 2023 (Note 18) out of Group profits for the years ended 31 December 2023 and 2022 respectively and are outstanding as at 31 December 2024 (2023: €1,965 thousand that relate to dividends declared in May 2023 out of Group profits for the year ended 31 December 2022).

Other payables are due within 12 months from the balance sheet date.

16. Fair value measurement

The fair value of the financial assets and financial liabilities approximates their carrying value as at 31 December 2024 and 2023, except for the investments in debt instruments measured at amortised cost (Note 8) and the subordinated liabilities (Note 14), whose fair value is disclosed below:

	2024			2023		
	Fair value measurement hierarchy	Carrying value	Fair value	Fair value measurement hierarchy	Carrying value	Fair value
		€000	€000		€000	€000
Financial assets						
Debt instruments measured at amortised cost (Note 8)	Level 2	303,582	312,318	Level 2	302,615	296,762
Financial liabilities						
Subordinated liabilities (Note 14)	Level 1	302,995	314,195	Level 1	302,550	300,098

The fair value of the debt instruments measured at amortised cost has been classified as Level 2 in the fair value hierarchy because it has been estimated using market observable inputs of financial instruments with similar characteristics.

17. Related party transactions

Related parties of the Company include its subsidiary company, BOC PCL, the subsidiary companies, associates and joint ventures of BOC PCL, members of the Board of Directors and their connected persons. Connected persons for the purpose of this disclosure include spouses, minor/dependent children and companies in which the directors, hold directly or indirectly, at least 50% of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

(i) Transactions with subsidiary company

The Company enters into transactions with its subsidiary company, BOC PCL, in the normal course of business. Balances and transactions between the Company and its subsidiary are disclosed in Notes 4, 5, 7, 8, 9 and 10 of these financial statements.

(ii) Directors' remuneration

The Directors' fees amount to €942 thousand (2023: €1,077 thousand). In addition, employer's contributions of €24 thousand have been recorded in the Income Statement during the year ended 31 December 2024 (2023: €31 thousand). Such amounts are not considered part of the remuneration of Directors, but rather an incremental cost to the Group, and as such have not been included in the table below. Both directors' fees and employer's contributions were reimbursed by BOC PCL and included in other income in Note 4 above.

Fees are included for the period that Directors serve as members of the Board of Directors.

Non-executive Directors

The fees of non-executive Directors are analysed as follows:

	2024	2023
	€000	€000
Efstratios-Georgios Arapoglou	261	250
Lyn Grobler	165	155
Constantine Iordanou (passed away on 16 June 2024)	81	148
Monique Eugenie Hemerijck (approved by ECB on 10 August 2023)	152	38
Adrian John Lewis (approved by ECB on 17 November 2023)	159	8
Christian Philipp Hansmeyer (approved by ECB on 29 April 2024)	62	-
William Stuart Birrell (approved by ECB on 29 April 2024)	62	-
Arne Berggren (resigned on 31 March 2023)	-	30
Ioannis Zographakis (resigned on 31 December 2023)	-	113
Nicolaos Sofianos (resigned on 11 December 2023)	-	117
Paula Hadjisotiriou (resigned on 31 December 2023)	-	141
Maria Philippou (resigned on 13 October 2023)	-	77
	942	1,077

The fees of the non-executive Directors include fees as members of the Board of Directors of the Company, as well as of members of the committees of the Board of Directors.

There were no other significant transactions with related parties of the Company and no information to be disclosed under section 307 of the Companies Act 2014 of Ireland for the years 2024 and 2023.

18. Distributions

Based on the relevant SREP decisions applicable for years 2023 and 2024, any equity dividend distribution was subject to regulatory approval for the Company. The requirement for approval did not apply if the distributions were made via the issuance of new ordinary shares to the shareholders which were eligible as Common Equity Tier 1 Capital nor to the payment of coupons on any AT1 capital instruments issued by the Company. Following the SREP Decision received in December 2024, the requirement for prior regulatory approval for the declaration of dividends has been lifted, effective from 1 January 2025.

18. Distributions (continued)

Distribution in respect of 2024 earnings

In February 2025, the Company announced its proposal to make a total distribution of €241 million in respect of 2024 earnings, comprising an aggregate cash dividend of €211 million (by reference to the number of shares in issue as at 31 December 2024) and a share buyback in an aggregate consideration amount of up to €30 million (together, the '2024 Distribution').

Cash dividend

The Board of Directors of the Company has resolved to propose to the AGM that will be held on 16 May 2025 for approval, a final cash dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024. The financial statements for the year ended 31 December 2024 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2025.

Share Buyback Programme

Following approval by the Board of Directors, on 24 February 2025 the Company launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million, for which approval by the ECB has been received. The shares will be repurchased on the Main Market of the Regulated Securities Market of the ATHEX and the CSE and will be cancelled. The financial statements for the year ended 31 December 2024 do not reflect the impact of the share buyback programme, which will be accounted for as and when the shares are repurchased by the Company.

Distribution in respect of 2023 earnings

In March 2024, the Company obtained the approval of the European Central Bank to pay a cash dividend and to conduct a share buyback (together the '2023 Distribution') in respect of earnings for the year ended 31 December 2023. The 2023 Distribution amounted to €137 million in total, comprising a cash dividend of €112 million and a share buyback of up to €25 million (Note 11-Share repurchase programme (Buyback)). The AGM, on 17 May 2024, approved a final cash dividend of €0.25 per ordinary share in respect of earnings for the year ended 31 December 2023.

Distribution in respect of 2022 earnings

In April 2023, the Company obtained the approval of the European Central Bank to pay a dividend in respect of earnings for the year ended 31 December 2022. The AGM, on 26 May 2023, approved a final cash dividend of €0.05 per ordinary share in respect of earnings for the year ended 31 December 2022. The dividend amounted to €22,310 thousand in total.

19. Financial risk management

The Company is exposed to risks the most significant of which are liquidity risk and market risk.

19.1 Liquidity risk

Liquidity risk refers to probable losses that the Company may face, in case of repayment difficulties to its cash flow obligations. The Company does not consider the liquidity risk as significant, since the level of operational costs is low.

19.2 Market risk

Market risk is the risk of loss from adverse changes in market prices. The Market and Liquidity Risk department is responsible for monitoring the risk resulting from such changes with the objective to minimise the impact on earnings and capital. The department also monitors liquidity risk and credit risk with counterparties and countries. It is also responsible for monitoring compliance with the various market and liquidity risk policies and procedures.

19. Financial risk management (continued)

19.2 Market risk (continued)

Price risk

Equity securities price risk

The risk of loss from changes in the price of equity securities arises when there is an unfavourable change in the prices of equity securities held by the Company as investments.

Investments in equities issued by external parties are outside the Company's risk appetite.

Changes in the prices of equity securities that are classified as FVOCI affect the equity of the Company.

The table below shows the impact on the equity of the Company from a change in the price of the equity instruments held, as a result of reasonably possible changes on the price of the underlying assets for the year ended 31 December 2024. The relevant asset price change is based on a Monte Carlo value-at-risk (VaR) analysis.

2024	Change in asset price	Impact on equity
	%	€000
Other stock exchanges and unlisted	+7.0	19,192
Other stock exchanges and unlisted	-7.0	(19,192)
2023		
Other stock exchanges and unlisted	+5.0	11,737
Other stock exchanges and unlisted	-5.0	(11,737)

20. Capital management

The capital management of the Company is consistent with the capital management of the Group as presented in Note 48 of the consolidated financial statements of the Company for the year ended 31 December 2024.

21. Events after the reporting date

There were no material events which occurred after the reporting date other than as disclosed in Note 18 of the financial statements of the Company and in Note 54 of the consolidated financial statements of the Company for the year ended 31 December 2024 with respect to the 2024 Distribution.

Alternative Performance Measures Disclosures **2024**

DEFINITIONS

Adjusted recurring profitability	The Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.
Advisory and other transformation costs - organic	Comprise mainly of fees of external advisors in relation to the transformation program and other strategic projects of the Group.
Allowance for expected loan credit losses	Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale, where applicable), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers (including residual fair value adjustment on initial recognition of loans and advances to customers classified as held for sale, where applicable), (iii) allowance for expected credit losses on off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
Basic profit per share (attributable to the owners of the Company)	Basic profit per share (attributable to the owners of the Company) is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue during the period/year, excluding treasury shares. The term 'Basic earnings per share (attributable to the owners of the Company)' is used interchangeably with this term in the Annual Financial Report.
Carbon neutral	The reduction and balancing (through a combination of offsetting investments or emission credits) of greenhouse gas emissions from own operations.
Cost to Income ratio	Cost to income ratio is calculated as total expenses (as defined), divided by total income (as defined).
Digital transactions ratio	This is the ratio of the number of digital transactions performed by individuals and legal entity customers to the total number of transactions. Transactions include deposits, cash withdrawals, internal and external transfers. Digital channels include mobile banking app, browser and ATMs.
Digitally engaged customers ratio	This is the ratio of digitally engaged individual customers to the total number of individual customers. Digitally engaged customers are the individuals who use the digital channels of the Bank (mobile banking app, browser and ATMs) to perform banking transactions, as well as digital enablers such as a bank-issued card to perform online card purchases, based on an internally developed scorecard.
Diluted earnings per share (attributable to the owners of the Company)	Diluted earnings per share is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue during the period/year, excluding treasury shares, adjusted to take into account the potential dilutive effect for the ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plan and Short-Term Incentive Plan, where applicable. The term 'Diluted profit per share (attributable to the owners of the Company)' is used interchangeably with this term in the Annual Financial Report.
Green Asset ratio	The proportion of a credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets.

Green Mortgage ratio	The proportion of a credit institution's assets financing EU Taxonomy-aligned mortgages (acquisition, construction or renovation of buildings) as a share of total mortgage assets.
Gross loans	Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale, where applicable) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment. The residual fair value adjustment on initial recognition relates mainly to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired at acquisition date).
Interest earning assets	Interest earning assets include: cash and balances with central banks, loans and advances to banks, reverse repurchase agreements, net loans and advances to customers (as defined), net loans and advances to customers classified as non-current assets held for sale (where applicable), deferred consideration receivable ('DPP'), and investments (excluding equities, mutual funds and other non-interest bearing investments).
Legacy exposures	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) Non-core overseas exposures.
Leverage ratio	The leverage ratio is the ratio of tangible total equity to total assets as presented on the balance sheet. Tangible total equity comprises of equity attributable to the owners of the Company and other equity instruments minus intangible assets.
Loan credit losses (PL)	Loan credit losses comprise: (i) credit losses to cover credit risk on loans and advances to customers (including credit losses on loans and advances to customers classified as non-current assets held for sale, where applicable), (ii) net gains/(losses) on derecognition of financial assets measured at amortised cost relating to loans and advances to customers and (iii) net gains/(losses) on loans and advances to customers at FVPL, for the reporting period/year.
Loan credit losses charge (cost of risk)	Loan credit losses charge (cost of risk) (year-to-date) is calculated as the loan credit losses (as defined) (annualised based on year-to-date days) divided by the average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance of Gross loans (as defined), for the reporting period/year.
Market Shares	Both deposit and loan market shares are based on data from the CBC.
Net Interest Margin	Net interest margin is calculated as the net interest income (annualised based on year-to-date days) divided by the quarterly average interest earning assets (as defined).
Net loans and advances to customers	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (as defined, but excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
Net loans to deposits ratio	Net loans to deposits ratio is calculated as gross loans (as defined) net of allowance for expected loan credit losses (as defined), divided by customer deposits.
Net performing loan book	Net performing loan book is the total net loans and advances to customers (as defined) excluding net loans included in the legacy exposures (as defined).

Net zero emissions	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments.
New lending	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forbore or re-negotiated accounts) as well as the average year-to-date change (if positive) of the current accounts and overdraft facilities between the balance at the beginning of the period and the end of the period. Recoveries are excluded from this calculation since their overdraft movement relates mostly to accrued interest and not to new lending.
Non-interest income	Non-interest income comprises: Net fee and commission income, Net foreign exchange gains/(losses) and net gains/(losses) on financial instruments (excluding net gains/(losses) on loans and advances to customers at FVPL), Net insurance result, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-performing exposures (NPEs)	As per the EBA standards and the ECB's Guidance to Banks on Non-Performing Loans (which was published in March 2017), NPEs are defined as those exposures that satisfy one of the following conditions: (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due. (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy. (iii) Material exposures as set by the CBC, which are more than 90 days past due. (iv) Performing forbore exposures under probation for which additional forbearance measures are extended. (v) Performing forbore exposures previously classified as NPEs that present more than 30 days past due within the probation period.

From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06) and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07).

The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter.

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

Material arrears/excesses are defined as follows:

- Retail exposures: Total arrears/excess amount greater than €100,
- Exposures other than retail: Total arrears/excess amount greater than €500

and the amount in arrears/excess is at least 1% of the customer's total exposure.

	The NPEs are reported before the deduction of allowance for expected loan credit losses (as defined).
Non-recurring items	Non-recurring items as presented in the 'Consolidated Income Statement – Underlying basis' relate to 'Advisory and other transformation costs - organic', if applicable.
NPE coverage ratio	The NPE coverage ratio is calculated as the allowance for expected loan credit losses (as defined) over NPEs (as defined).
NPE ratio	NPE ratio is calculated as the NPEs (as defined) divided by Gross loans (as defined).
Operating profit	Operating profit on the underlying basis comprises profit before loan credit losses (as defined), impairments of other financial and non-financial assets, provisions for pending litigation, claims, regulatory and other matters (net of reversals), tax, (profit)/loss attributable to non-controlling interests and non-recurring items (as defined).
Operating profit return on average assets	Operating profit return on average assets is calculated as the operating profit (as defined) (annualised based on year-to-date days) divided by the quarterly average of total assets for the relevant period. Average total assets exclude total assets of discontinued operations at each quarter end, if applicable.
Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company)	Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company) is the operating profit (as defined) adjusted for loan credit losses (as defined), impairments of other financial and non-financial assets, provisions for litigation, claims, regulatory and other matters (net of reversals), tax and (profit)/loss attributable to non-controlling interests.
Profit/(loss) after tax – organic (attributable to the owners of the Company)	Profit/(loss) after tax - organic (attributable to the owners of the Company) is the profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company) (as defined), adjusted for the 'Advisory and other transformation costs – organic', if applicable.
Return on Tangible equity (ROTE)	Return on Tangible Equity (ROTE) is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets at each quarter end.
Return on Tangible equity (ROTE) excluding amounts reserved for distributions	Return on Tangible equity (ROTE) excluding amounts reserved for distributions is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets and the amounts approved/recommended for distribution in respect of earnings of the relevant year the distribution relates to.
Return on Tangible equity (ROTE) on 15% CET1 ratio	Return on Tangible equity (ROTE) on 15% CET1 ratio is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible book value at each quarter end.
Shareholders' equity	Shareholders' equity comprises total equity adjusted for non-controlling interest and other equity instruments. It is represented by equity attributable to the owners of the Company (as per statutory basis).

Tangible book value per share	Tangible book value per share is calculated as Shareholders' equity (as defined) less intangible assets at each quarter end, divided by the number of ordinary shares in issue at the end of the period/year, excluding treasury shares.
Tangible equity	Tangible equity comprises of equity attributable to the owners of the Company (as per statutory basis) and other equity instruments minus intangible assets.
Time deposits pass-through	Calculated as a percentage of the cost (interest expense) of Time and Notice deposits over the average 6-month Euribor rate for the period.
Total expenses	Total expenses on the underlying basis comprise the total staff costs, special levy on deposits and other levies/contributions and other operating expenses (excluding 'Advisory and other transformation costs-organic', (on an underlying basis)).
Total income	Total income on the underlying basis comprises the total of Net interest income, Net fee and commission income, Net foreign exchange gains/(losses), Net gains/(losses) on financial instruments (excluding net gains/(losses) on loans and advances to customers at FVPL), Net insurance result, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property and Other income (on an underlying basis). A reconciliation of these amounts between the statutory and the underlying basis is disclosed in the Directors' Report under section 'Group financial results on the underlying basis'.
Underlying basis	The underlying basis is computed by adjusting the results as per the statutory basis for the reclassification of certain items as explained in the 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2024 between the statutory basis and the underlying basis' within the Directors' Report.

Reconciliations

Reconciliation between the Consolidated Income Statement under the statutory basis and the underlying basis in the Directors' Report is included in Section 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2024 between the statutory basis and the underlying basis' of the Directors' Report.

Reconciliations between the non-IFRS performance measures and the most directly comparable IFRS measures which allow for the comparability of the underlying basis to the statutory basis are disclosed below.

For the purpose of the 'Alternative Performance Measures Disclosures', reference to 'Note' relates to the respective note in the Consolidated Financial Statements for the year ended 31 December 2024.

1. Reconciliation of Gross loans and advances to customers

	2024	2023
	€000	€000
Gross loans and advances to customers as per the underlying basis (<i>as defined above</i>)	10,374,056	10,069,828
Reconciling items:		
Residual fair value adjustment on initial recognition (<i>Note 23</i>)	(60,679)	(69,534)
Loans and advances to customers classified as held for sale (<i>Note 23</i>)	(54,921)	-
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	778	-
Loans and advances to customers measured at FVPL (<i>Note 23</i>)	(131,008)	(138,727)
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	2,179	947
Gross loans and advances to customers at amortised cost as per the Consolidated Financial Statements (<i>Note 23</i>)	10,130,405	9,862,514

2. Reconciliation of Allowance for expected credit losses (ECL) on loans and advances to customers

	2024	2023
	€000	€000
Allowance for expected credit losses (ECL) on loans and advances to customers as per the underlying basis (<i>as defined above</i>)	254,412	267,232
Reconciling items:		
Residual fair value adjustment on initial recognition (<i>Note 23</i>)	(60,679)	(69,534)
Allowance for expected credit losses on loans and advances to customers classified as held for sale	(31,778)	-
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	778	-
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	2,179	947
Provisions for financial guarantees and commitments (<i>Note 33</i>)	(17,893)	(19,192)
Allowance for ECL for loans and advances to customers as per the Consolidated Financial Statements (<i>Note 23</i>)	147,019	179,453

Reconciliations (continued)**3. Reconciliation of NPEs**

	2024	2023
	€000	€000
NPEs as per the underlying basis (<i>as defined above</i>)	255,251	365,450
Reconciling items:		
Loans and advances to customers (NPEs) classified as held for sale (<i>as per table 1 above</i>)	(54,921)	-
Residual fair value adjustment on initial recognition of loans and advances to customers (NPEs) classified as held for sale (<i>as per table 1 above</i>)	778	-
POCI (NPEs) (<i>Note 1 below</i>)	(31,919)	(37,273)
Residual fair value adjustment on initial recognition on loans and advances to customers (NPEs) classified as Stage 3 (<i>Note 23</i>)	1,579	(1,294)
Stage 3 gross loans and advances to customers at amortised cost as per the Consolidated Financial Statements (<i>Note 23</i>)	170,768	326,883
NPE ratio	2024	2023
NPEs (<i>as per table above</i>) (€000)	255,251	365,450
Gross loans and advances to customers (<i>as per table 1 above</i>) (€000)	10,374,056	10,069,828
Ratio of NPEs/Gross loans (%)	2.5%	3.6%
NPE Coverage ratio	2024	2023
Allowance for expected credit losses (ECL) on loans and advances to customers (<i>as per table 2 above</i>) (€000)	254,412	267,232
NPEs (<i>as per table above</i>) (€000)	255,251	365,450
NPE Coverage ratio (%)	100%	73%

Note 1: Gross loans and advances to customers at amortised cost before residual fair value adjustment on initial recognition include an amount of €31,919 thousand POCI - NPEs (out of a total of €59,810 thousand POCI loans) (2023: €37,273 thousand POCI - NPEs (out of a total of €100,197 thousand POCI loans)) as disclosed in Note 23.

4. Reconciliation of Gross Loans – Pro forma

	2024
	€000
Gross Loans (<i>as per table 1 above</i>)	10,374,056
Reconciling items:	
Loans and advances to customers classified as held for sale (<i>as per table 1 above</i>)	(54,921)
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale (<i>as per table 1 above</i>)	778
Gross loans and advances to customers – pro forma	10,319,913

Reconciliations (continued)**5. Reconciliation of NPEs – Pro forma**

	2024
	€000
NPEs (as per table 3 above)	255,251
Reconciling items:	
Loans and advances to customers (NPEs) classified as held for sale (as per table 3 above)	(54,921)
Residual fair value adjustment on initial recognition on loans and advances to customers (NPEs) classified as held for sale (as per table 3 above)	778
NPEs - pro forma	201,108

NPE ratio – Pro forma	2024
NPEs - Pro forma (as per table above) (€000)	201,108
Gross loans and advances to customers - Pro forma (as per table 4 above) (€000)	10,319,913
Ratio of NPE/Gross loans – Pro forma (%)	1.9%

6. Reconciliation of Loan credit losses

	2024	2023
	€000	€000
Loan credit losses as per the underlying basis	30,368	62,749
Loan credit losses (as defined) are reconciled to the statutory basis as follows:		
Credit losses to cover credit risk on loans and advances to customers (Note 16)	31,913	73,294
Net gains on derecognition of financial assets measured at amortised cost – loans and advances to customers (see further below)	(313)	(8,144)
Net gains on loans and advances to customers measured at FVPL (Note 11)	(1,232)	(2,401)
	30,368	62,749

Net losses on derecognition of financial assets measured at amortised cost in the Consolidated Income Statement amount to €13 thousand (2023: net gains of €6,361 thousand) and comprise €313 thousand (2023: €8,144 thousand) net gains on derecognition of loans and advances to customers and €326 thousand (2023: €1,783 thousand) net losses on derecognition of debt securities measured at amortised cost.

Reconciliations (continued)

7. Reconciliation of Adjusted recurring profitability to Profit after tax for the year attributable to the owners of the Company

	2024	2023
	€000	€000
Adjusted recurring profitability as per the underlying basis (<i>as defined above</i>)	482,063	455,301
Reconciling items:		
Payment of coupon to AT1 holders (<i>Note 34</i>)	26,125	27,339
Cost for repurchase of other instruments* (<i>Note 34</i>)	-	6,820
Advisory and other transformation costs (non-recurring) (<i>Note 15</i>)	-	(2,253)
Profit after tax for the year attributable to the owners of the Company as per the Consolidated Income Statement	508,188	487,207

* Comprises accrued AT1 coupon as at the date of the repurchase and amount paid for the repurchase in excess of the nominal price

Key Performance Ratios Information

For the purpose of the 'Alternative Performance Measures Disclosures', reference to 'Note' relates to the respective note in the Consolidated Financial Statements for the year ended 31 December 2024.

1. Net Interest Margin (NIM)

The components for the calculation of net interest margin are provided below:

	2024	2023
1.1. Net interest income used in the calculation of NIM	€000	€000
Net interest income as per the underlying basis/statutory basis	821,464	792,217

1.2. Interest earning assets	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000	€000
Cash and balances with central banks (<i>Note 19</i>)	7,600,726	7,517,002	7,287,221	7,217,046	9,614,502
Loans and advances to banks (<i>Note 19</i>)	820,574	337,399	384,112	383,707	384,802
Reverse repurchase agreements	1,010,170	1,022,515	1,014,858	707,526	403,199
Loans and advances to customers (<i>Note 23</i>)	10,114,394	10,031,306	10,084,967	10,027,893	9,821,788
Loans and advances to customers held for sale (<i>Note 23</i>)	23,143	12,290	-	-	-
Prepayments, accrued income and other assets – Deferred consideration receivable ('DPP') (<i>Note 28</i>)	143,604	255,400	251,244	247,107	243,013
<i>Investments</i>					
Debt securities (<i>Note 20</i>)	4,212,177	4,061,291	3,828,083	3,742,838	3,547,782
Total interest earning assets	23,924,788	23,237,203	22,850,485	22,326,117	24,015,086
1.3. Quarterly average interest earning assets (€000)					
- 2024					23,270,736
- 2023					23,211,496

1.4. Net Interest Margin (NIM)	2024	2023
Net interest income (<i>as per table 1.1. above</i>) (€000)	821,464	792,217
Quarterly average interest earning assets (<i>as per table 1.3. above</i>) (€000)	23,270,736	23,211,496
NIM (%)	3.53%	3.41%

Key Performance Ratios Information (continued)**2. Cost to income ratio**

2.1 Reconciliation of the components of total expenses used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.1.1 Reconciliation of Staff costs	2024	2023
	€000	€000
Staff costs as per the underlying basis/statutory basis	203,062	192,266

2.1.2 Reconciliation of Other operating expenses	2024	2023
	€000	€000
Other operating expenses as per the underlying basis	163,649	148,840
<i>Reclassifications for:</i>		
Advisory and other transformation costs – organic, separately presented under the underlying basis (<i>Note 15</i>)	-	2,253
Other operating expenses as per the statutory basis (<i>Note 15</i>)	163,649	151,093

2.1.3 Total Expenses as per the underlying basis	2024	2023
	€000	€000
Staff costs as per the underlying basis/statutory basis (<i>as per table 2.1.1 above</i>)	203,062	192,266
Special levy on deposits and other levies/contributions as per the underlying basis/statutory basis	39,115	42,380
Other operating expenses as per the underlying basis (<i>as per table 2.1.2 above</i>)	163,649	148,840
Total Expenses as per the underlying basis	405,826	383,486

2.2 Reconciliation of the components of total income used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.2.1 Total Income as per the underlying basis	2024	2023
	€000	€000
Net interest income as per the underlying basis/statutory basis (<i>as per table 1.1 above</i>)	821,464	792,217
Net fee and commission income as per the underlying basis/statutory basis	176,943	181,023
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the underlying basis (<i>as per table 2.2.2 below</i>)	36,399	37,184
Net insurance result* (<i>as per the statutory basis</i>)	46,191	53,488
Net (losses)/gains from revaluation and disposal of investment properties and Net gains on disposal of stock of properties (as per the statutory basis)	(1,214)	10,015
Other income (as per the statutory basis)	14,381	18,337
Total Income as per the underlying basis	1,094,164	1,092,264

*Net insurance result comprises the aggregate of captions 'Net insurance finance income/(expense) and net reinsurance finance income/(expense)', 'Net insurance service result' and 'Net reinsurance service result' per the statutory basis.

Key Performance Ratios Information (continued)**2. Cost to income ratio** (continued)

2.2.2 Reconciliation of Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost between the statutory basis and the underlying basis	2024	2023
€000	€000	€000
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the underlying basis	36,399	37,184
<i>Reclassifications for:</i>		
Net gains on loans and advances to customers measured at FVPL disclosed within 'Loan credit losses' per the underlying basis (<i>as per table 6 in Section 'Reconciliations' above</i>)	1,232	2,401
Net gains on derecognition of financial assets measured at amortised cost - loans and advances to customers, disclosed within 'Loan credit losses' per the underlying basis (<i>as per table 6 in Section 'Reconciliations' above</i>)	313	8,144
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the statutory basis (see below)	37,944	47,729
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost (as per table above) are reconciled to the statutory basis as follows:		
Net foreign exchange gains	27,285	28,588
Net gains on financial instruments	10,672	12,780
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(13)	6,361
	37,944	47,729

	2024	2023
Cost to income ratio	€000	€000
Total expenses (<i>as per table 2.1.3 above</i>) (€000)	405,826	383,486
Total income (<i>as per table 2.2.1 above</i>) (€000)	1,094,164	1,092,264
Total expenses / Total income (%)	37%	35%

Cost to income ratio excluding special levy on deposits and other levies/contributions		
Total expenses (<i>as per table 2.1.3 above</i>) (€000)	405,826	383,486
Less: Special levy on deposits and other levies/contributions (<i>as per table 2.1.3 above</i>) (€000)	(39,115)	(42,380)
Total expenses excluding special levy on deposits and other levies/contributions (€000)	366,711	341,106
Total income (<i>as per table 2.2.1 above</i>) (€000)	1,094,164	1,092,264
Total expenses excluding special levy on deposits and other levies/contributions / Total income (%)	34%	31%

Key Performance Ratios Information (continued)**3. Operating profit return on average assets**

The components used in the determination of the operating profit return on average assets are provided below:

	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
		€000	€000	€000	€000
Total assets used in the computation of the operating profit return on average assets per the Consolidated Balance Sheet	26,483,592	25,863,097	25,466,170	24,940,672	26,628,577
Quarterly average total assets (€000)					
- 2024					25,876,422
- 2023					25,872,440

	2024	2023
Total income (<i>as per table 2.2.1 above</i>) (€000)	1,094,164	1,092,264
Total expenses (<i>as per table 2.1.3 above</i>) (€000)	(405,826)	(383,486)
Operating profit (€000)	688,338	708,778
Quarterly average total assets (<i>as per table above</i>) (€000)	25,876,422	25,872,440
Operating profit return on average assets (%)	2.7%	2.7%

4. Cost of Risk

	2024	2023
	€000	€000
Loan credit losses (<i>as per table 6 in Section 'Reconciliations' above</i>)	30,368	62,749
Average gross loans (<i>as per table 1 in Section 'Reconciliations' above</i>)	10,221,942	10,143,641
Cost of Risk (CoR) %	0.30%	0.62%

5. Basic profit per share attributable to the owners of the Company

The components used in the determination of the 'Basic profit per share attributable to the owners of the Company (€ cent)' are provided below:

	2024	2023
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	508,188	487,207
Weighted average number of shares in issue during the year, excluding treasury shares (thousand) (<i>Note 18</i>)	444,090	446,058
Basic profit per share attributable to the owners of the Company (€ cent)	114.4	109.2

Key Performance Ratios Information (continued)

6. Return on tangible equity (ROTE)

The components used in the determination of 'Return on tangible equity (ROTE)' are provided below:

	2024	2023
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	508,188	487,207
Quarterly average tangible shareholders' equity as at 31 December (as per table 6.2 below) (€000)	2,375,434	1,961,194
ROTE (%)	21.4%	24.8%

6.1 Tangible shareholders' equity	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
		€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	2,589,874	2,508,085	2,387,383	2,380,876	2,247,080
Less: Intangible assets (as per the statutory basis)	(49,747)	(45,451)	(45,686)	(46,609)	(48,635)
Total tangible shareholders' equity	2,540,127	2,462,634	2,341,697	2,334,267	2,198,445
6.2 Quarterly average tangible shareholders' equity (€000)					
- 2024					2,375,434
- 2023					1,961,194

Key Performance Ratios Information (continued)**7. Return on tangible equity (ROTE) on 15% CET1 ratio**

The components used in the determination of 'Return on tangible equity (ROTE) on 15% CET1 ratio', are provided below:

	2024	2023
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	508,188	487,207
Quarterly average tangible shareholders' equity adjusted for excess CET1 capital on a 15% CET1 ratio as at 31 December (<i>as per table 7.2 below</i>) (€000)	1,839,293	1,779,597
ROTE on 15% CET1 (%)	27.6%	27.4%

7.1 Tangible shareholders' equity on 15% CET1 ratio	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	2,589,874	2,508,085	2,387,383	2,380,876	2,247,080
Less: Intangible assets (as per the statutory basis)	(49,747)	(45,451)	(45,686)	(46,609)	(48,635)
Less: proposed FY2024/ approved FY2023 distribution**	(241,032)	(9,871)	(19,011)	(136,590)	(136,590)
Less: excess CET1 capital* on a 15% CET1 ratio	(450,371)	(619,625)	(479,000)	(341,460)	(247,153)
Total tangible shareholders' equity on 15% CET1 ratio	1,848,724	1,833,138	1,843,686	1,856,217	1,814,702

*Includes amount of foreseeable charge for shareholders' distribution accrual at the top-end range of the Group's approved distribution policy deducted from CET1 ratio as applicable.

**Approved FY2023 distribution is adjusted to the extent not already deducted from the Equity attributable to the owners of the Company (as per the statutory basis) at each period end. As at 30 September 2024 and 30 June 2024, only an amount relating to the approved share buyback of €25 million not yet executed is adjusted. For prior periods, the full amount of the FY2023 distribution is adjusted.

7.2 Quarterly average tangible shareholders' equity on 15% CET1 ratio (€000)	
- 2024	1,839,293
- 2023	1,779,597

Key Performance Ratios Information (continued)**8. Tangible book value per share**

	2024	2023
	€000	€000
Tangible shareholder's equity (<i>as per table 6.1 above</i>) (€000)	2,540,127	2,198,445
Number of shares in issue at the end of the year, excluding treasury shares (thousand) (<i>Note 34</i>)	440,360	446,058
Tangible book value per share (€)	5.77	4.93

9. Leverage ratio

	2024	2023
Tangible total equity (including Other equity instruments) (<i>as per table 9.1 below</i>) (€000)	2,760,127	2,418,445
Total assets as per the statutory basis (€000)	26,483,592	26,628,577
Leverage ratio	10.4%	9.1%

9.1 Tangible total equity	2024	2023
	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	2,589,874	2,247,080
Other equity instruments per the Statutory basis	220,000	220,000
Less: Intangible assets per the statutory basis	(49,747)	(48,635)
Tangible total equity	2,760,127	2,418,445

**Additional Information – EU Taxonomy Disclosure
Tables**

2024

EU Taxonomy Disclosure Tables

Introduction

These disclosures represent the EU Taxonomy disclosures of Bank of Cyprus Holdings Public Limited Company ('the Group') as at 31 December 2024 and 31 December 2023. They have been prepared in accordance with the requirements of Article 8 of Regulation (EU) 2020/852 which requires undertakings that are subject to Articles 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council to disclose how and to what extent their activities are associated with environmentally sustainable economic activities.

Information based on Annex VI in the Disclosures Delegated Act - Regulation (EU) 2021/2178

Credit institutions shall disclose the information referred to in Article 8(1) of Regulation (EU) 2020/852 as specified in Annexes V and XI of the Disclosures Delegated Act - Regulation (EU) 2021/2178 which supplements Regulation (EU) 2020/852. Article 8(1) of Regulation (EU) 2020/852 requires undertakings that are subject to Articles 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council to disclose how and to what extent their activities are associated with environmentally sustainable economic activities. Article 8(2) of Regulation (EU) 2020/852 requires non-financial undertakings to disclose information on the proportion of the turnover, capital expenditure and operating expenditure of their activities related to assets or processes associated with environmentally sustainable economic activities. That provision, however, does not specify equivalent key performance indicators for financial undertakings, that is credit institutions, asset managers, investment firms and insurance and reinsurance undertakings. For credit institutions this information shall be presented in tabular form by using the template set out in Annex VI in the Disclosures Delegated Act - Regulation (EU) 2021/2178.

EU Taxonomy Disclosure Tables (continued)

1.1 Assets for the calculation of GAR (Turnover Based)																																
Million EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	aa	ab	ac	ad	ae	af	
Key	Total gross carrying amount	31 December 2024																														
		Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
		Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								
Of which enabling																																
GAR – Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	8,416	4,188	90	91	79	12	0	0	0	0	-	-	-	-	1	-	-	-	3	-	-	-	-	-	-	-	4,193	91	90	79	12
2	Financial undertakings	3,224	393	72	72	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	393	72	72	72	-
3	Credit institutions	2,854	358	66	66	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	358	66	66	66	-
4	Loans and advances	1,235	118	7	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118	7	7	7	-
5	Debt securities, including UoP	1,619	240	59	59	59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	240	59	59	59	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	370	35	6	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35	6	6	6	-
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings (subject to NFRD disclosure obligations)	261	22	19	19	7	12	0	0	0	0	-	-	-	-	1	-	-	-	3	-	-	-	-	-	-	-	26	19	19	7	12
21	Loans and advances	85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	3	-	-	-	-
22	Debt securities, including UoP	175	22	19	19	7	12	0	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	22	19	19	-	-
23	Equity instruments	1	0	0	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	-	-	-
24	Households	4,862	3,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,773	-	-	-	0
25	Of which loans collateralised by residential immovable property	3,762	3,761	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,762	-	-	-	-
26	Of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Of which motor vehicle loans	152	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-
28	Local governments financing	69	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
29	Housing financing	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
30	Other local government financing	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	TOTAL GAR ASSETS	8,824	4,188	91	90	79	12	0	0	0	0	-	-	-	-	1	-	-	-	3	-	-	-	-	-	-	-	4,193	91	90	79	12

B.1 Assets for the calculation of GAR (Turnover Based) (continued)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af	
Million EUR Key:		Total gross carrying amount	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Of which use of proceeds			Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)									
Of which transitional			Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)									
Of which enabling																																		
Assets excluded from the numerator for GAR calculation (covered in the denominator)		6,951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-financial undertakings		4,957																																
EU SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations		4,570																																
Loans and advances		4,562																																
Of which loans collateralised by commercial immovable property		3,500																																
Of which building renovation loans		-																																
Debt securities		-																																
Equity instruments		8																																
Non-EU country counterparties not subject to NFRD disclosure obligations		387																																
Loans and advances		387																																
Debt securities		-																																
Equity instruments		-																																
Derivatives		86																																
On demand interbank loans		283																																
Cash and cash-related assets		95																																
Other categories of assets (e.g. Goodwill, commodities etc.)		1,530																																
TOTAL ASSETS IN THE DENOMINATOR (GAR)		15,774	4,188	91	90	79	12	0	0	0	0	-	-	-	-	1	-	-	-	3	-	-	-	-	-	-	-	-	-	4,193	91	90	79	12
Assets not covered for GAR calculation		9,846																																
Central governments and Supranational issuers		2,331																																
Central banks exposure		7,506																																
Trading book		9																																
Total assets		25,621																																
Off-balance sheet exposures -																																		

For the 2024 report Assets Under Management has been provided. Future reports will provide detail on AUM split across Debt Securities and Equity Instruments. In addition, EU Taxonomy Eligible and EU Taxonomy Aligned information will be provided, where possible, after collaboration with third party data vendors regarding existing data limitations faced in the area of EU Taxonomy.

EU Taxonomy Disclosure Tables (continued)

2 Assets for the calculation of GAB (CapEx Based)																																
Million EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	aa	ab	ac	ad	ae	af	
Key:	31 December 2024																															
	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which use of proceeds		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
Of which transitional		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				
Of which enabling																																
GAB - Covered assets in both numerator and denominator																																
Loans and advances, debt securities and equity instruments not HTF eligible for GAB calculation	8,416	4,028	40	40	30	10	1	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	4,030	40	40	30	10
1 Financial undertakings	3,224	227	23	23	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227	23	23	23	-
2 Credit institutions	2,854	189	18	18	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189	18	18	18	-
4 Loans and advances	1,235	41	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	2	2	2	-
5 Debt securities, including UoP	1,619	148	16	16	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	16	16	16	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7 Other financial corporations	370	38	5	5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	5	5	5	-
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial undertakings (subject to NFRD disclosure obligations)	261	27	17	17	8	10	1	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	29	17	17	8	10
21 Loans and advances	85	4	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	0	0	0	-
22 Debt securities, including UoP	175	24	17	17	7	10	1	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	25	17	17	7	10
23 Equity instruments	1	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0	0	-
24 Households	4,862	3,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,773	-	-	-	-
25 of which loans collateralised by residential immovable property	3,762	3,761	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,762	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	152	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-
28 Local governments financing	69	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
29 Housing financing	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
30 Other local government financing	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 TOTAL GAB ASSETS	8,824	4,028	40	40	30	10	1	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	4,030	40	40	30	10

EU Taxonomy Disclosure Tables (continued)

1.2 Assets for the calculation of GAR (CapEx Based) (continued)																										
Hillion EUR		31 December 2024																								
Key:	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)	Of which transitional	Of which enabling	Of which enabling	Of which enabling	Of which environmentally sustainable (Taxonomy-aligned)	Of which transitional	Of which enabling	Of which enabling	Of which enabling	Of which environmentally sustainable (Taxonomy-aligned)	Of which transitional	Of which enabling	Of which enabling	Of which enabling	Of which environmentally sustainable (Taxonomy-aligned)	Of which transitional	Of which enabling	Of which enabling	Of which enabling	Of which environmentally sustainable (Taxonomy-aligned)	Of which transitional	Of which enabling	Of which enabling	Of which enabling
Assets excluded from the numerator for GAR calculation / covered in the denominator	6,951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Non-financial undertakings	4,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 EU SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 Loans and advances	4,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36 Of which loans collateralised by commercial immovable property	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37 Of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39 Equity instruments	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 Non-EU country counterparties not subject to NFRD disclosure obligations	387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41 Loans and advances	387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 Derivatives	86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 On demand interbank loans	283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46 Cash and cash-related assets	95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 Other categories of assets (e.g. Goodwill, commodities etc.)	1,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 TOTAL ASSETS IN THE DENOMINATOR (GAR)	15,774	4,028	40	40	30	10	1	0	0	0	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
49 Assets not covered for GAR calculation	9,846	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 Central governments and Supranational issuers	2,331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51 Central banks exposure	7,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52 Trading book	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53 Total assets	25,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																										
54 Financial guarantees	451	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 Assets under management ¹	4,299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56 Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57 Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ For the 2024 report Assets Under Management has been provided. Future reports will provide detail on AUM split across Debt Securities and Equity Instruments. In addition, EU Taxonomy Eligible and EU Taxonomy Aligned information will be provided, where possible, after collaboration with third party data vendors regarding existing data limitations faced in the area of EU Taxonomy.

EU Taxonomy Disclosure Tables (continued)

1.3 GAR sector information (Turnover Based)															
		A	b	e	f	i	j	m	n	q	r	u	v	y	z
Breakdown by sector - NACE 4 digits level (code and label)		31 December 2024													
		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	C.24.2 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	0	0	-	-	-	-	-	-	-	-	-	-	0	0
2	D.35.1 - Electric power generation, transmission and distribution	17	17	-	-	-	-	-	-	-	-	-	-	17	17
3	J.61.9 - Other Telecommunications activities	5	2	0	0	-	-	1	-	-	-	-	-	6	2
4	Q.86.9 - Other human health activities	-	-	-	-	-	-	-	-	4	-	-	-	4	-

1.4 GAR sector information (CapEx Based)															
		A	b	e	f	i	j	m	n	q	r	u	v	y	z
Breakdown by sector - NACE 4 digits level (code and label)		31 December 2024													
		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	C.14.1 - Manufacture of wearing apparel, except fur apparel	4	0	-	-	-	-	-	-	-	-	-	-	4	0
2	C.24.2 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	0	0	-	-	-	-	-	-	-	-	-	-	0	0
3	D.35.1 - Electric power generation, transmission and distribution	17	16	-	-	-	-	-	-	-	-	-	-	17	16
4	J.61.9 - Other Telecommunications activities	2	1	1	0	-	-	1	-	-	-	-	-	4	1
5	Q.86.1 - Hospital activities	1	0	-	-	-	-	-	-	-	-	-	-	1	0
6	Q.86.9 - Other human health activities	3	0	-	-	-	-	-	-	-	-	-	-	3	0

EU Taxonomy Disclosure Tables (continued)

1.5 GAR KPI stock (Turnover Based)																																									
	A	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af									
Key: % (compared to total covered assets in the denominator) Of which use of proceeds Of which transitional Of which enabling																																									
	Climate Change Mitigation (CCM)										Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
1	50%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	50%	1%	1,07%	1%	0,14%	33%										
2	12%	2%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12%	2%	2%	2%	0%	13%										
3	13%	2%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	13%	2%	2%	2%	0%	11%										
4	10%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	1%	1%	1%	0%	5%										
5	15%	4%	4%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	4%	4%	4%	0%	6%										
6	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
7	9%	2%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%	2%	2%	2%	0%	1%										
8	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
9	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
10	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
11	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
12	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
13	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
14	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
15	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
16	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
17	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
18	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
19	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
20	8%	7%	7%	3%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	10%	7%	7%	3%	4%	1%										
21	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	0%										
22	12%	11%	11%	4%	7%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	13%	11%	11%	4%	7%	1%										
23	41%	25%	0%	0%	25%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	41%	25%	0%	0%	25%	0%										
24	78%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	78%	0%	0%	0%	0%	19%											
25	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	15%											
26	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
27	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	0%	0%	0%	0%	1%											
28	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%											
29	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%											
30	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
31	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%										
32	27%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	27%	0,6%	0,57%	1%	0,07%	62%											

EU Taxonomy Disclosure Tables (continued)

1.6 GAR KPI stock (Turnover Based)																																						
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	aa	ab	ac	ad	ae	af					
Key:	% (compared to total covered assets in the denominator) Of which use of proceeds Of which transitional Of which enabling	Climate Change Mitigation (CCM)										Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	48%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	48%					
2	Financial undertakings	7%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	1%	1%	0%	0%	13%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%					
3	Credit institutions	7%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	1%	1%	0%	0%	11%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%					
4	Loans and advances	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%					
5	Debt securities, including UoP	9%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%	1%	1%	0%	0%	6%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%					
6	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
7	Other financial corporations	10%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	1%	1%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%					
8	Of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
9	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
10	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
11	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
12	Of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
13	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
14	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
15	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
16	Of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
17	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
18	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
19	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
20	Non-financial undertakings subject to NFRD disclosure obligations	10%	7%	7%	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%	7%	7%	0%	4%	1%	7%	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	11%					
21	Loans and advances	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%					
22	Debt securities, including UoP	13%	10%	10%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	14%	10%	10%	0%	6%	1%	10%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	14%					
23	Equity instruments	46%	37%	37%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	46%	37%	37%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	46%					
24	Households	78%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	78%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	78%					
25	Of which loans collateralised by residential immovable property	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%					
26	Of which building renovation loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
27	Of which motor vehicle loans	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%					
28	Local governments financing	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%					
29	Housing financing	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%					
30	Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
31	Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
32	Total GAR assets	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	26%	0%	0%	0%	0%	0%	62%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	26%					

EU Taxonomy Disclosure Tables (continued)

1.7 GAR KPI flow (Turnover Based)		31 December 2024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
a		b		c		d		e		f		g		h		i		j		k		l		m		n		o		p		q		r		s		t		u		v		w		x		y		z		aa		ab		ac		ad		ae		af																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
Key: Of which use of proceeds Of which transitional Of which enabling		Climate Change Mitigation (CCM)								Climate Change Adaptation (CCA)								Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
GAR - Covered assets in both numerator and denominator																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
1	Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	33%	2%	2%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	

[illegible]

[illegible]

2	Assets under management (AuM KPI)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

1 Future reports will provide detail on AUM EU Taxonomy Eligible and Aligned information, where possible, after collaboration with third party data vendors regarding existing data limitations.

EU Taxonomy Disclosure Tables (continued)

1.1 Assets for the calculation of GAR (Turnover Based)																																											
Million EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	aa	ab	ac	ad	ae	af												
Key:	31 December 2023																																										
	Total gross carrying amount	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)						Water and marine resources (WTR)						Circular economy (CE)						Pollution (PPC)						Biodiversity and Ecosystems (BIO)						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Of which use of proceeds		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
Of which transitional		Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)					
Of which enabling																																											
GAR - Covered assets in both numerator and denominator																																											
1 Loans and advances, debt securities and equity instruments not HT eligible for GAR calculation	7,249	3,881	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,881	-	-	-	-											
2 Financial undertakings	2,279	148	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	-	-	-	-											
3 Credit institutions	1,971	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146	-	-	-	-											
4 Loans and advances	505	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-	-											
5 Debt securities, including UoP	1,465	141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141	-	-	-	-											
6 Equity instruments	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
7 Other financial corporations	308	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-											
8 of which investment firms	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
9 Loans and advances	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
16 of which insurance undertakings	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
17 Loans and advances	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
19 Equity instruments	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
20 Non-financial undertakings (subject to NFRD disclosure obligations)	154	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
21 Loans and advances	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
22 Debt securities, including UoP	111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
23 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
24 Households	4,781	3,732	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,732	-	-	-	-												
25 of which loans collateralised by residential immovable property	3,726	3,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,726	-	-	-	-												
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
27 of which motor vehicle loans	139	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-												
28 Local governments financing	35	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-												
29 Housing financing	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-												
30 Other local government financing	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
31 Collateral obtained by taking possession: residential and commercial immovable properties	560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-												
32 TOTAL GAR ASSETS	7,809	3,881	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,881	-	-	-	-												

B.3 Assets for the calculation of GAR (Turnover Based) (continued)																																		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af	
Million EUR Key:		Total gross carrying amount	Of which use of proceeds Of which transitional Of which enabling	Climate Change Mitigation (CCM) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	Climate Change Adaptation (CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	Water and marine resources (WTR) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	Circular economy (CE) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	Pollution (PPC) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	Biodiversity and Ecosystems (BIO) Of which towards taxonomy relevant sectors (Taxonomy-eligible) Of which environmentally sustainable (Taxonomy-aligned)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)																								
Assets excluded from the numerator for GAR calculation (covered in the denominator)	6,688	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-financial undertakings	4,900																																	
EU SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4,576																																	
Loans and advances	4,569																																	
Of which loans collateralised by commercial immovable property	3,706																																	
Of which building renovation plans	-																																	
Debt securities	-																																	
Equity instruments	11																																	
Non-EU country counterparties not subject to NFRD disclosure obligations	324																																	
Loans and advances	324																																	
Debt securities	-																																	
Equity instruments	-																																	
Derivatives	49																																	
On demand interbank loans	275																																	
Cash and cash-related assets	93																																	
Other categories of assets (e.g. Goodwill, commodities etc.)	1,371																																	
TOTAL ASSETS IN THE DENOMINATOR (GAR)	14,497	3,881	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,881	-	-	-
Assets not covered for GAR calculation	11,444																																	
Central governments and supranational issuers	1,920																																	
Central banks exposure	9,522																																	
Trading book	2																																	
Total assets	25,941																																	
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																		
Financial guarantees	451</																																	

[illegible]

EU Taxonomy Disclosure Tables (continued)

1.1 Assets for the calculation of GAR (CapEx Based) (continued)																										
Hundred EUR Key:	Total gross carrying amount	31 December 2023																								
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				
Assets excluded from the numerator for GAR calculation / covered in the denominator	6,688	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial undertakings	4,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4,576	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	4,585	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which loans collateralised by commercial immovable property	3,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-EU country counterparties not subject to NFRD disclosure obligations	324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On demand interbank loans	275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash-related assets	93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other categories of assets (e.g. Goodwill, commodities etc.)	1,371	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS IN THE DENOMINATOR (GAR)	14,497	3,886	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets not covered for GAR calculation	11,444	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central governments and Supranational issuers	1,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks exposure	9,522	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading book	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	25,941																									
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																										
Financial guarantees	451	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	4,031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which debt securities																										
Of which equity instruments																										

EU Taxonomy Disclosure Tables (continued)

1.3 GAR sector information (Turnover Based) - Restated														
	a	b	e	f	i	j	m	n	q	r	u	v	y	z
Breakdown by sector - NACE 4 digits level (code and label)	31 December 2023													
	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)

Note:

- There were no EU taxonomy eligible or aligned exposures as at 31 December 2023.
- The 1.3 GAR sector information (Turnover Based) has been restated to disclose only NFRD taxonomy eligible and aligned sectors.

1.4 GAR sector information (CapEx Based) - - Restated														
	a	b	e	f	i	j	m	n	q	r	u	v	y	z
Breakdown by sector - NACE 4 digits level (code and label)	31 December 2023													
	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	C.14.1 - Manufacture of wearing apparel, except fur apparel	3	0	-	-	-	-	-	-	-	-	-	3	-
2	C.21.1 - Manufacture of basic pharmaceutical products	1	0	-	-	-	-	-	-	-	-	-	1	-

Note:

- The 1.3 GAR sector information (CapEx Based) has been restated to disclose only NFRD taxonomy eligible and aligned sectors.

EU Taxonomy Disclosure Tables (continued)

1.5 GAR KPI stock (Turnover Based)																																					
%	key:	31 December 2023																																			
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling										
SAR – Covered assets in both numerator and denominator		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	54%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	54%	0%	0%	0%	0%	28%				
2	Financial undertakings	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	9%				
3	Credit institutions	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	0%	0%	0%	0%	8%					
4	Loans and advances	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%					
5	Debt securities, including UoP	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	0%	0%	0%	0%	6%					
6	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
7	Other financial corporations	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%					
8	If which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
9	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
10	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
11	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
12	If which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
13	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
14	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
15	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
16	If which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
17	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
18	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
19	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
20	Non-financial undertakings (subject to NFRD disclosure obligations)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%					
21	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
22	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
23	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
24	Households	78%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	78%	0%	0%	0%	0%	18%				
25	If which loans collateralised by residential immovable property	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	14%					
26	If which building renovation plans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
27	If which motor vehicle loans	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	1%					
28	Local governments financing	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%					
29	Housing financing	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%					
30	Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
31	Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%					
32	Total GAR assets	27%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	27%	0%	0%	0%	0%	30%					

[illegible]

EU Taxonomy Disclosure Tables (continued)

1.7 GAR KPI flow (Turnover Based)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af			
(compared to total covered assets in the denominator)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)									
Of which use of proceeds		Of which transitional					Of which enabling					Of which transitional					Of which enabling					Of which transitional					Of which enabling					Of which transitional				
Of which enabling		Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling				
GAR - Covered assets in both numerator and denominator		GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator					GAR - Covered assets in both numerator and denominator				
1	Loans and advances, debt securities and equity instruments not IFT eligible for GAR calculation	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%	0%	0%	0%	0%	45%			
2	Financial undertakings	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	24%				
3	Credit institutions	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	22%				
4	Loans and advances	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	13%				
5	Debt securities, including UoP	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%	0%	0%	0%	0%	9%				
6	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
7	Other financial corporations	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	2%				
8	of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
9	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
10	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
11	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
12	of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
13	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
14	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
15	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
16	of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
17	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
18	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
19	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
20	Non-financial undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%				
21	Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%				
22	Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%				
23	Equity instruments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
24	Households	64%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	64%	0%	0%	0%	0%	20%			
25	of which loans collateralised by residential immovable property	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	13%				
26	of which building renovation loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
27	of which motor-vehicle loans	12%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12%	0%	0%	0%	0%	1%				
28	Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
29	Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%									

EU Taxonomy Disclosure Tables (continued)

[illegible]

[illegible][illegible][illegible][illegible]

1 Future reports will provide detail on AUM EU Taxonomy Eligible and Aligned information, where possible, after collaboration with third party data vendors regarding existing data limitations.

EU Taxonomy Disclosure Tables (continued)**Information based on Annex XII in the Disclosures Delegated Act - Regulation (EU) 2021/2178**

The disclosure requirements of Article 8(6) and (7) along with Annex XII of Regulation (EU) 2021/2178 were inserted by the Complimentary Climate Delegated Act and applied from 1 January 2023. This Act included specific nuclear and gas energy activities in the list of economic activities covered by the EU taxonomy. The criteria for the specific gas and nuclear activities are in line with EU climate and environmental objectives and will help accelerate the shift from solid or liquid fossil fuels, including coal, towards a climate-neutral future.

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

The Group does not carry out any nuclear and fossil gas related activities. The Group has limited funding to fossil gas related activities.

EU Taxonomy Disclosure Tables (continued)

Template 2 Taxonomy-aligned economic activities (denominator)							
31 December 2024							
Economic activities based on KPI Turnover		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	91	2%	91	1%	0	0%
8	Total applicable KPI	91	2%	91	1%	0	0%

EU Taxonomy Disclosure Tables (continued)

Template 2 Taxonomy-aligned economic activities (denominator)							
31 December 2024							
Economic activities based on KPI CapEx		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	40	0%	40	0%	0	0%
8	Total applicable KPI	40	0%	40	0%	0	0%

EU Taxonomy Disclosure Tables (continued)

Template 3 Taxonomy-aligned economic activities (numerator)							
31 December 2024							
Economic activities based on KPI Turnover		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	91	100%	91	100%	0	0%
8	Total applicable KPI	91	100%	91	100%	0	0%

EU Taxonomy Disclosure Tables (continued)

Template 3 Taxonomy-aligned economic activities (numerator)							
31 December 2024							
Economic activities based on KPI CapEx		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	40	100%	40	100%	0	0%
8	Total applicable KPI	40	100%	40	1	0	0

EU Taxonomy Disclosure Tables (continued)

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities							
31 December 2024							
Economic activities based on KPI Turnover		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4,097	100%	4,097	100%	0	0%
8	Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable KPI	4,097	100%	4,097	100%	0	0%

EU Taxonomy Disclosure Tables (continued)

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities							
31 December 2024							
Economic activities based on KPI CapEx		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,989	100%	3,988	100%	1	0%
8	Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable KPI	3,989	100%	3,988	100%	79%	0%

EU Taxonomy Disclosure Tables (continued)

Template 5 Taxonomy non-eligible economic activities (Turnover)			
31 December 2024			
		€ million	%
1	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	53	0%
5	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	11,529	100%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	11,582	100%
Template 5 Taxonomy non-eligible economic activities (CapEx)			
31 December 2024			
		€ million	%
1	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	53	0%
5	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	11,692	100%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	11,745	100%