

Annual Financial Report 2025

Bank of Cyprus



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Legal Advisers as to matters of English and US Law	Sidley Austin LLP
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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 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. Globally, factors that may impact the Group include interest rate and foreign exchange rate fluctuations, legislative, fiscal and regulatory developments, litigation and other operational risks, adverse market conditions, geopolitical developments, imposed and threatened tariffs and changes to global trade policies, acts of hostility or terrorism and response to those acts or other such events, emerging technologies, including information technology, artificial intelligence, technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks and the impact of outbreaks, epidemics or pandemics, as well as uncertainty over the scope of actions that may be required by the Group, 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. These factors may have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. 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 Public Company Limited's (the Company) management believes that the non-IFRS 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 performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as the key measures of the 31 December position. Refer to 'Alternative Performance Measures Disclosures' on pages 421 to 435 of the Annual Financial Report for the year ended 31 December 2025 for further information and calculations of non-IFRS performance measures included throughout this document and their reconciliation to the most directly comparable IFRS measures included in the Consolidated Financial Statements.

The Annual Financial Report for the year ended 31 December 2025 is available on the Group's website www.bankofcyprus.com (Group/Investor Relations) (the Group's website).

**MANAGEMENT REPORT
FOR THE YEAR**

2025

The Board of Directors submits to the shareholders of Bank of Cyprus Public Company Limited (the 'Company' or 'BOC PCL' or 'the Bank') their Management Report together with the audited Consolidated Financial Statements ('Consolidated Financial Statements') and Financial Statements of the Company for the year ended 31 December 2025.

The Company is the holding company of the Bank of Cyprus Group (the Group), which comprises the Company and its subsidiaries. This Annual Financial Report relates to the Company and together with its subsidiaries the Group.

Bank of Cyprus Holdings Public Limited Company (BOCH), a company incorporated in Ireland, is the parent company of the Company. The Bank of Cyprus Holdings Group (the 'BOCH Group') comprises BOCH, its subsidiary BOC PCL and the subsidiaries of BOC PCL.

Activities

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 49 to the Consolidated Financial Statements. The Group has established branches in Greece. Information on Group companies and acquisitions and disposals during the year are detailed in Note 49 to the Consolidated Financial Statements, including information on the acquisition of Ethniki Insurance Cyprus Ltd. There were no material disposals of subsidiaries during the year ended 31 December 2025.

Group financial results on the underlying basis

Commentary on underlying basis

The financial information presented in this section provides an overview of the Group's financial results for the year ended 31 December 2025 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 (where applicable) 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 2025 between the statutory basis and the underlying basis' and in the 'Alternative Performance Measures Disclosures' of the Annual Financial Report 2025.

The main financial highlights for the year ended 31 December 2025 are set out below:

Consolidated Income Statement on the underlying basis

€ million	2025 ¹	2024 ¹
Net interest income	732	822
Net fee and commission income	180	177
Net foreign exchange gains and net gains on financial instruments	43	36
Net insurance result	59	46
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property	9	(1)
Other income	18	14
Total income	1,041	1,094
Staff costs	(225)	(203)
Other operating expenses	(162)	(161)
Special levy on deposits and other levies/contributions	(42)	(39)
Total expenses	(429)	(403)
Operating profit	612	691
Loan credit losses	(35)	(30)
Impairments of other financial and non-financial assets	(28)	(56)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	(12)
Total loan credit losses, impairments and provisions	(63)	(98)
Profit before tax and non-recurring items	549	593
Tax	(57)	(81)
Profit attributable to non-controlling interests	(2)	(1)
Profit after tax (attributable to the owners of the Company)	490	511

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

Group financial results on the underlying basis (continued)

Consolidated Income Statement on the underlying basis (continued)

Key Performance Ratios	2025	2024
Net interest margin	2.95%	3.53%
Cost to income ratio	41%	37%
Cost to income ratio excluding special levy on deposits and other levies/contributions	37%	33%
Operating profit return on average assets	2.2%	2.7%
Basic earnings per share attributable to the owners of the Company (€) ¹	0.05	0.05
Return on tangible equity (ROTE)	18.9%	21.5%
Return on tangible equity (ROTE) on 15% CET1 ratio ²	26.9%	27.8%
Tangible book value per share ³ (€)	0.28	0.27
Tangible book value per share excluding the proposed final dividend ⁴ (€)	0.26	0.24
1. The diluted earnings per share attributable to the owners of the Company as at 31 December 2025 amounted to €0.05 (2024: €0.05). 2. Calculated as Profit 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 any accrual for distribution deducted from CET1 but not from shareholders' equity. 3. Tangible book value per share is calculated based on number of shares in issue at the end of the period. 4. Excluding proposed final cash dividend of €0.02 per ordinary share, subject to approval at the Annual General Meeting ('AGM') scheduled for 15 May 2026 (2024: final cash dividend of €0.03 per ordinary share)		

Group financial results on the underlying basis (continued)

Consolidated Balance Sheet on the underlying basis

€ million	2025 ¹	2024 ¹
Cash and balances with central banks	7,933	7,601
Loans and advances to banks	576	821
Reverse repurchase agreements	1,619	1,010
Debt securities, treasury bills, equity and other investments	5,324	4,358
Net loans and advances to customers	10,798	10,114
Net loans and advances to Group companies ²	3	3
Stock of property	372	649
Investment properties	28	36
Other assets	1,918	1,871
Non-current assets and disposal groups held for sale	-	23
Total assets	28,571	26,486
Deposits by banks	404	364
Customer deposits	22,215	20,529
Debt securities in issue	983	989
Subordinated liabilities	382	308
Other liabilities	1,626	1,463
Total liabilities	25,610	23,653
Shareholders' equity	2,721	2,593
Other equity instruments	220	220
Total equity excluding non-controlling interests	2,941	2,813
Non-controlling interests	20	20
Total equity	2,961	2,833
Total liabilities and equity	28,571	26,486

1. The financial information is derived from and should be read in conjunction with the accompanying Consolidated Financial Statements.
2. Net loans and advances to Group companies of €3 million as at 31 December 2025 (2024: €3 million) have been separately presented on the Consolidated Balance Sheet on the underlying basis since they relate to balances with Group companies and thus are not taken into consideration in the calculation of the relevant key ratios and metrics referring to loans and advances with customers throughout this Management Report.

Group financial results on the underlying basis (continued)

Consolidated Balance Sheet on the underlying basis (continued)

Key Balance Sheet figures and ratios	2025	2024 Pro forma^{1,2}
Gross loans (€ million)	10,955	10,261
Allowance for expected loan credit losses (€ million)	177	165
Customer deposits (€ million)	22,215	20,529
Loans to deposits ratio (net)	49%	49%
NPE ratio	1.2%	2.0%
NPE coverage ratio	139%	82%
Leverage ratio	10.1%	10.4%

Capital ratios and risk weighted assets	2025 (Regulatory)³	2024 (Regulatory)⁴
Common Equity Tier 1 (CET1) ratio (transitional)	21.1%	19.2%
Total capital ratio (transitional)	26.0%	24.1%
Risk weighted assets (RWAs) (€ million)	10,425	10,836

- References to pro forma figures as at 31 December 2024 refer to the agreement for the sale of a non-performing loan portfolio, which was completed in the first half of 2025. The portfolio is 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 assumed completion of the sale.
- As of 30 September 2025, the definition of both gross loans and allowance for expected loan credit losses was updated with respect to the residual fair value adjustment on initial recognition now being deducted from gross loans instead of being included in the allowance for expected loan credit losses (refer to 'Definitions' in 'Alternative Performance Measures Disclosures' of the Annual Financial Report 2025). This revision was implemented to align the underlying basis with the statutory basis for gross loans and advances to customers measured at amortised cost and is not material. There is no impact on the net loans as a result of this update in the definitions. Comparative information has been revised to reflect this adjustment to conform with the current period's disclosure format, unless otherwise stated.
- Includes profits for the year ended 31 December 2025 net of the proposed final cash dividend resolved by the Board of Directors in respect of 2025 earnings (refer to section 'Balance Sheet Analysis – Capital Base' below).
- Includes profits for the year ended 31 December 2025 net of distribution resolved by the Board of Directors in respect of 2024 earnings (refer to section 'Balance Sheet Analysis – Capital Base' below).

Group financial results on the underlying basis (continued)

Reconciliation of the Consolidated Income Statement for the year ended 31 December 2025 between the statutory basis and the underlying basis

€ million	Underlying basis	Other	Statutory basis
Net interest income	732	-	732
Net fee and commission income	180	-	180
Net foreign exchange gains and net gains on financial instruments	43	1	44
Net losses on derecognition of financial assets measured at amortised cost	-	(2)	(2)
Net insurance result*	59	-	59
Net gain from revaluation and disposal of investment properties and on disposal of stock of properties	9	-	9
Other income	18	-	18
Total income	1,041	(1)	1,041
Total expenses	(429)	-	(429)
Operating profit	612	(1)	612
Loan credit losses	(35)	35	-
Impairment of other financial and non-financial assets	(28)	28	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-
Credit losses on financial assets and impairment net of reversals on non-financial assets	-	(62)	(62)
Profit before tax and non-recurring items	549	-	549
Tax	(57)	-	(57)
Profit attributable to non-controlling interests	(2)	-	(2)
Profit after tax (attributable to the owners of the Company)	490	-	490

* Net insurance result per the 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 Fair Value through Profit or Loss ('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 losses on derecognition of financial assets measured at amortised cost' of €2 million under the statutory basis comprise net losses 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.
- 'Provisions for pending litigation, claims, regulatory and other matters (net of reversals)' amounting to a credit of €0.4 million presented within 'Operating profit before credit losses and impairment' under the statutory basis, are presented in conjunction with loan credit losses and impairments under the underlying basis.
- '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 €34 million, which are included in 'Loan credit losses' under the underlying basis, and ii) a credit of €0.3 million (reversal of charge) on other financial assets and impairment net of reversals of €29 million on non-financial assets, 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 amounted to €2,941 million as at 31 December 2025 compared to €2,813 million as at 31 December 2024. Shareholders' equity amounted to €2,721 million as at 31 December 2025 compared to €2,593 million as at 31 December 2024.

The regulatory Common Equity Tier 1 capital (CET1) ratio on a transitional basis stood at 21.1% as at 31 December 2025 compared to 19.2% as at 31 December 2024. Throughout this Management Report, the capital ratios as at 31 December 2025 include profits for the year ended 31 December 2025, net of a deduction for the distribution in respect of 2025 earnings, following relevant recommendation by the Board of Directors to the shareholders (such ratios are referred to as Regulatory). During the year ended 31 December 2025, the CET1 ratio was positively affected by organic capital generation from profitability, offset by the combined impacts of higher distribution, coupon payments and business growth during the year. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 19 basis points as at 31 December 2025, compared to 26 basis points as at 31 December 2024. In addition, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a Supervisory Review and Evaluation Process (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 2025, the impact of these requirements was 65 basis points on Group's CET1 ratio, compared to 51 basis points as at 31 December 2024. 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 26.0% as at 31 December 2025, compared to 24.1% as at 31 December 2024.

The Group's capital ratios are above the SREP requirements.

As at 31 December 2025, the Group's minimum phased-in CET1 capital ratio was set at 11.38%, 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 0.90%. Likewise, the Group's minimum phased-in Total Capital ratio requirement is set at 16.08%, 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 0.90%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) remains unchanged compared to 2024.

The Group participated in the 2025 SSM Stress Test exercise as one of the 'other SSM Significant Institutions'. Following the results of the 2025 SSM Stress Test in August 2025, the Group delivered a notable improvement on the previous exercise in 2023, evident of the robust capital position, strong organic capital generation and profitability as well the resilience of the Group's business model. The Bank ranked within the first bucket in accordance with the maximum CET1 depletion in the supervisory stress-test exercise. The Group's results by reference to both, maximum CET1 depletion and CET1 ratio at the end of the scenario horizon under the adverse scenario, compare favorably to the average outcomes of the 96 ECB stress-tested banks. As a result, pursuant to the final SREP decision received in October 2025, the ECB provided revised lower non-public guidance for an additional Pillar II CET1 buffer (P2G) compared to the 2025 levels, effective from 1 January 2026.

In June 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 2025 amounted to approximately 0.90%. 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 1.9375% as at 31 December 2025. In November 2025, following the annual assessment by CBC, the fully phased-in O-SII buffer increased to 2.25%, from 2.00% effective from 1 January 2026.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Capital Base (continued)

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.

Following the annual SREP performed by the ECB in 2025 and based on the final 2025 SREP Decision received in October 2025, effective from January 2026, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements decreased, when disregarding the increase of CcyB and the phasing-in of O-SII buffer, reflecting the reduction in the Pillar II requirement. The Pillar II requirement decreased by 25 basis points to 2.50%, on 1 January 2026. The Group's minimum phased-in CET1 capital ratio is set at approximately 12.16%, comprising a 4.50% Pillar I requirement, a 1.41% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.25% and CcyB of approximately 1.50%. Likewise the Group's minimum phased-in Total Capital ratio requirement is set at 16.75%, 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 2.50% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.25% and CcyB of approximately 1.50%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) has also been revised downwards compared to 2025.

Other equity instruments

At 31 December 2025, the Group's other equity instruments relate to Additional Tier 1 Capital Securities (the 'AT1 securities') and amounted to €220 million, at the same level as at 31 December 2024.

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 five years thereafter. The Company will have the option to redeem the 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.

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. The relevant legislative provisions also provide that a guarantee fee on annual tax credit is payable annually by the credit institution to the Government of Cyprus.

Following certain modifications to the relevant law in May 2022, the annual guarantee fee is to be determined by the Ministry of Finance 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 recognised in the year ended 31 December 2025 under 'Special levy on deposits and other levies/contributions'.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Capital Base (continued)

Regulations and Directives

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

During 2024, the EU co-legislators finalised, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWAs (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from 1 January 2025. Most provisions of the CRR III became effective on 1 January 2025, with certain measures being subject to transitional arrangements or to be phased-in over time until 2030. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in operational risk RWAs and to a lesser extent by a reduction in credit risk RWAs.

Bank Recovery and Resolution Directive (BRRD)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

In December 2025, the Bank received final notification from the SRB regarding the MREL decision, by which the MREL requirement is now set at 24.03% of risk weighted assets (or 29.36% of risk weighted assets taking into account the prevailing CBR as at 31 December 2025 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). The revised MREL requirement became binding with immediate effect, replacing the previous requirement of 23.85% of risk weighted assets and 5.91% of LRE.

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 2025, calculated according to the SRB's eligibility criteria currently in effect, stood at 35.3% of RWAs (including capital used to meet the CBR) and at 13.1% of LRE (based on the regulatory Total Capital as at 31 December 2025), maintaining a comfortable buffer over the MREL requirement.

The CBR stood at 5.33% as at 31 December 2025, compared to 5.30% as at 31 December 2024. As of January 2026, the CBR increased to approximately 6.25%, following the phasing-in of the O-SII buffer to 2.25% on 1 January 2026 as well as the increase of the CcyB rate, as explained above.

Throughout this Management Report, the MREL ratio as at 31 December 2025 includes profits for the year ended 31 December 2025, net of a deduction for the distribution in respect of 2025 earnings, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €0.02.

Funding and Liquidity

Funding

Deposits

Customer deposits amounted to €22,215 million at 31 December 2025, compared to €20,529 million at 31 December 2024. Customer deposits are mainly retail-funded and 53% of deposits are protected under the deposit guarantee scheme as at 31 December 2025.

Customer deposits accounted for 78% of total assets and 87% of total liabilities at 31 December 2025, compared to 78% of total assets and 87% of total liabilities as at 31 December 2024.

The net loans to deposits (L/D) ratio stood at 49% as at 31 December 2025, compared to 49% as at 31 December 2024 on the same basis.

Subordinated liabilities

At 31 December 2025, the carrying amount of the Group's subordinated liabilities amounted to €382 million, compared to €308 million at 31 December 2024, relating to unsecured subordinated Tier 2 Capital Notes.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Funding and Liquidity (continued)

Funding (continued)

Subordinated liabilities (continued)

In September 2025, BOCH invited the holders of the subordinated Tier 2 Capital Notes issued in 2021 ('2021 Note') to tender it for cash purchase by BOCH at a price of 102.3% of the principal amount. At the same time the Company invited BOCH to tender its 2021 Loan for cash purchase by the Company on the same terms as the tender of BOCH of the 2021 Note. As a result of the tender offer, €217,287 thousand in aggregate principal amount of the 2021 Loan were purchased and cancelled by the Company. In December 2025, the Company further purchased €300 thousand of the then outstanding nominal amount of the 2021 Loan. As at 31 December 2025, €82,413 thousand in aggregate principal amount of the 2021 Loan remained outstanding.

At the same time BOCH issued €300 million unsecured and subordinated Tier 2 Capital Notes (the 'New Notes'). The New Notes were priced at 99.632% with a fixed coupon of 4.250% per annum, payable annually in arrear, and resettable on 18 September 2031. The maturity date of the New Notes is on 18 September 2036. The Company will have the option to redeem the New Notes early on any day during the six-month period commencing on 18 March 2031 to, and including, 18 September 2031, subject to applicable regulatory approvals and the relevant conditions to redemption.

The proceeds of the issue of the New Notes were on-lent by BOCH to the Company and were used by the Company for general funding purposes. The on-lent loan is intended to qualify as Tier 2 capital for BOC PCL.

Debt securities in issue

At 31 December 2025, the carrying value of the Group's debt securities in issue amounted to €983 million, compared to €989 million at 31 December 2024, and relate to senior preferred notes. Additional information on the debt securities in issue is provided in Note 31 of the Consolidated Financial Statements.

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.

Liquidity

At 31 December 2025, the Group Liquidity Coverage Ratio (LCR) stood at 321%, compared to 309% at 31 December 2024, well above the minimum regulatory requirement of 100%. The LCR surplus as at 31 December 2025 amounted to €9.2 billion, compared to €8.1 billion at 31 December 2024, reflecting the increase in customer deposits.

At 31 December 2025, the Group Net Stable Funding Ratio (NSFR) stood at 171%, compared to 162% as at 31 December 2024, well above the minimum regulatory requirement of 100%.

Loans

Group gross loans amounted to €10,955 million at 31 December 2025, compared to €10,261 million at 31 December 2024, growing across all business lines. At 31 December 2025, the Group net loans and advances to customers amounted to €10,798 million, compared to €10,114 million at 31 December 2024.

New lending amounted to €2,999 million in the year ended 31 December 2025, compared to €2,435 million in the year ended 31 December 2024, representing growth across all business lines.

At 31 December 2024, Group gross loans, Group net loans and advances to customers and non-performing exposures are presented pro forma for the NPE portfolios classified as non-current assets and disposal groups held for sale. As a result, the NPE ratio and NPE coverage for the year ended 31 December 2024 are also presented on a pro forma basis throughout this report unless otherwise stated.

Further information and analysis of the loan portfolio is included in Note 23 and Note 43 of the Consolidated Financial Statements.

Group financial results on the underlying basis (continued)

Balance Sheet Analysis (continued)

Loan portfolio quality

Group's priorities focus on maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

The loan credit losses amounted to €35 million for the year ended 31 December 2025. Further details regarding loan credit losses are provided in Section 'Profit before tax' further below.

Non-performing exposures

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced to €127 million as at 31 December 2025 compared to €202 million as at 31 December 2024. As a result, the NPEs reduced to 1.2% of gross loans as at 31 December 2025, compared to 2.0% as at 31 December 2024. The NPE coverage ratio stands at 139% at 31 December 2025, compared to 82% at 31 December 2024.

Agreement for the sale of NPEs

In September 2025, the Bank entered into an agreement with funds associated with Cerberus Global Investments B.V. to sell a non-performing loan book of mainly retail secured exposures with a contractual balance of approximately €149 million and a gross book value of €35 million as at 30 September 2025, the reference date (the 'Transaction'). The Transaction was completed in December 2025 and was broadly neutral to both the Group's income statement and capital position respectively.

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. As at 31 December 2024, the portfolios were classified as non-current assets held for sale and their net book value amounted to €23 million. The sale was completed in the year ended 31 December 2025 and was broadly neutral to both the Group's income statement and capital position respectively.

Fixed income portfolio

Fixed income portfolio amounts to €5,131 million as at 31 December 2025, compared to €4,212 million as at 31 December 2024. As at 31 December 2025, the portfolio represents 18% of total assets and comprises €4,765 million (93%) measured at amortised cost, €347 million (7%) at fair value through other comprehensive income ('FVOCI') and €19 million (less than 1%) at fair value through profit or loss ('FVTPL').

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 Aa3. The amortised cost fixed income portfolio as at 31 December 2025 has an unrealised fair value gain of €23 million, compared to an unrealised fair value gain of €32 million as at 31 December 2024.

Reverse repurchase agreements

Reverse repurchase agreements amount to €1,619 million as at 31 December 2025, compared €1,010 million as at 31 December 2024. The weighted average fixed rate of reverse repurchase agreements is approximately 2.6% per annum and the remaining weighted average maturity is estimated at approximately one year.

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 on-boarded €7 million of assets in the year ended 31 December 2025, compared to additions of €26 million in the year ended 31 December 2024, via the execution of debt for asset swaps and repossessed properties.

During the year ended 31 December 2025, REMU completed disposals of €264 million in book value resulting in a net gain on disposal of approximately €12 million, compared to disposals of €175 million during the year ended 31 December 2024, at a net gain of €1 million.

As at 31 December 2025, repossessed properties held by REMU had a carrying value of €377 million, compared to €660 million as at 31 December 2024.

Group financial results on the underlying basis (continued)

Income Statement Analysis

Total income

Net interest income (NII) for the year ended 31 December 2025 amounted to €732 million compared to €822 million for the year ended 31 December 2024. The year-on-year decrease reflects mainly the reduction in the reference rates, partially offset by the continued volume increase of deposits and loans, the well managed cost of deposits as well as the hedging actions.

Quarterly average interest earning assets (AIEA) for the year ended 31 December 2025 amounted to €24,852 million, compared to €23,273 million for the year ended 31 December 2024.

Net interest margin (NIM) for the year ended 31 December 2025 amounted to 2.95%, compared to 3.53% for the year ended 31 December 2024, down 58 basis points year-on-year, mainly due to the decrease in the reference rates.

Non-interest income for the year ended 31 December 2025 amounted to €309 million, compared to €272 million for the year ended 31 December 2024. Non-interest income for the year ended 31 December 2025 comprises of fee and commission income of €180 million, net foreign exchange gains and net gains on financial instruments of €43 million, net insurance result of €59 million, net gains from revaluation and disposal of investment properties and on disposal of stock of properties of €9 million and other income of €18 million.

Net fee and commission income for the year ended 31 December 2025 amounted to €180 million compared to €177 million for the year ended 31 December 2024, increased mainly due to higher non-transactional fees.

Net foreign exchange gains and net gains on financial instruments amounted to €43 million for the year ended 31 December 2025, compared to €36 million for the year end 31 December 2024, comprising a net foreign exchange gain of approximately €29 million and a net gain on financial instruments of approximately €14 million. The year-on-year increase is mainly due to higher net gains on financial instruments partially offset by the net cost of approximately €3.3 million for the repurchase of Tier 2 notes in September 2025. Customer-related foreign exchange gains are considered as recurring contributors to the Group's profitability, while the remaining elements of net foreign exchange gains and net gains on financial instruments are considered as volatile profit contributors.

Net insurance result amounted to €59 million for the year ended 31 December 2025, compared to €46 million for the year ended 31 December 2024. Net insurance result for the year ended 31 December 2025 includes the positive impact on the remeasurement of life insurance liabilities from the abolition of premium tax on life insurance policies voted as part of the latest tax reform effective from 1 January 2026 of approximately €5 million, while net insurance result in the year ended 31 December 2024 included a loss of €3 million arising from the life insurance model's recalibration. When disregarding these items, net insurance result increased by 11% year-on-year, reflecting the contribution from the acquisition of Ethniki Insurance Cyprus Ltd which was completed in July 2025 (approximately €3 million), as well as the positive impact arising from the decrease in the loss component of onerous contracts as a result of the updated actuarial assumptions for 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 profit of €9 million for the year ended 31 December 2025, compared to a net loss of €1 million in the year ended 31 December 2024, and comprise of approximately €11.5 million gain on disposal of stock of properties and net loss from revaluation and disposal of investment properties of approximately €2 million. The year-on-year increase reflects the elevated REMU sales performed in the year, in line with the Group's disposal acceleration strategy. REMU profits remain volatile.

Total income amounted to €1,041 million for the year ended 31 December 2025, compared to €1,094 million for the year ended 31 December 2024.

Group financial results on the underlying basis (continued)

Income Statement Analysis (continued)

Total expenses

Total expenses for the year ended 31 December 2025 were €429 million, compared to €403 million for the year ended 31 December 2024, and comprise of staff costs of €225 million other operating expenses of €162 million and special levy on deposits and other levies/contributions of €42 million.

Staff costs for the year ended 31 December 2025 were €225 million, compared to €203 million for the year ended 31 December 2024, and include €17 million performance-related pay accrual and €19 million termination cost (compared to €11 million performance-related pay accrual and approximately €9.5 million termination cost in the year ended 31 December 2024). Net of these accruals, staff costs increased by 4% year-on-year, reflecting mainly salary increments and cost of living adjustments (COLA), which typically take place in the first month of the year. During the year ended 31 December 2025 a targeted Voluntary Staff Exit Plan ('VEP') took place, by which 107 full-time employees were approved to leave the Group at a total cost of €19 million.

The performance-related pay accrual 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 will be driven by both, delivery of the Group's strategy as well as individual performance. In addition, in the year ended 31 December 2025 a net amount of €3.9 million relates to additional cost for variable pay for the years ended 31 December 2024 and 31 December 2025, under the agreement reached in December 2025 between ETYK and the Association of Cyprus Banks for the collective agreement renewal. The LTIP is a share-based compensation plan and provides for an award in the form of ordinary shares of BOCH 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 2025, the Group employed 2,850 persons compared to 2,880 persons as at 31 December 2024.

Other operating expenses for the year ended 31 December 2025 amounted to €162 million, compared to €161 as for the year ended 31 December 2024.

Special levy on deposits and other levies/contributions for the year ended 31 December 2025 amounted to €42 million, compared to €39 million for the year ended 31 December 2024. The increase is driven by the increase of deposits by €1.7 billion year-on-year and the additional contributions for the increased target level of the Deposit Guarantee Fund ('DGF') for the covered deposits from 0.8% to 1.25% effective from July 2025. The contributions on DGF will be made on a semi-annual basis from authorised institutions to reach the target level over a period of five years (i.e. up until June 2030).

The cost to income ratio excluding special levy on deposits and other levies/contributions for the year ended 31 December 2025 was 37%, compared to 33% for the year ended 31 December 2024, mainly reflecting lower income from the lower interest rate environment, as explained above.

Profit before tax

Operating profit for the year ended 31 December 2025 amounted to €612 million, compared to €691 million for the year ended 31 December 2024, down by 11% year-on-year, reflecting mainly the reduction in net interest income.

Loan credit losses for the year ended 31 December 2025 amounted to €35 million, corresponding to a cost of risk of 33 basis points compared to €30 million for the year ended 31 December 2024 and a cost of risk of 30 basis points. The year-on-year increase was mainly due to the recognition of more conservative macroeconomic assumptions on the adverse scenario to account for heightened global economic uncertainty, applied since the first quarter of 2025, and the introduction of an ESG overlay in the last quarter of 2025. Overall the cost of risk reflects continued good performance of the credit portfolio.

At 31 December 2025, the allowance for expected loan credit losses, including credit losses on off-balance sheet exposures, amounted to €177 million, compared to €165 million as at 31 December 2024 pro forma for held-for-sale (HFS).

Group financial results on the underlying basis (continued)

Income Statement Analysis (continued)

Profit before tax (continued)

Impairments of other financial and non-financial assets for the year ended 31 December 2025 amounted to €28 million, compared to €56 million for the year ended 31 December 2024, and related mainly to REMU stock of properties; the yearly reduction relates mainly to the significant progress of running down the REMU stock of properties during the year ended 31 December 2025.

Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for the year ended 31 December 2025 were a credit of €0.4 million, compared to a charge of €12 million for the year ended 31 December 2024. During the year ended 31 December 2025 an one-off credit was recorded in the Consolidated Income Statement within 'Provisions for pending litigation, claims, regulatory and other matters (net of reversals)' reflecting primarily an insurance reimbursement relating to past litigation and litigation-related costs, which was partially offset by an one-off charge for legacy matters in connection with the reinstatement of bailed-in provident funds of banking sector employees following an in-principle agreement reached with the Government of Cyprus in November 2025.

Profit before tax for the year ended 31 December 2025 amounted to €549 million, compared to €593 million for the year ended 31 December 2024.

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

The tax charge for the year ended 31 December 2025 amounted to €57 million, compared to €81 million for the year ended 31 December 2024. The tax charge for the year ended 31 December 2025 was partially offset by a net positive impact arising from the latest tax reform concluded in the last quarter of 2025, primarily on the remeasurement of the net deferred tax asset position (corporation tax rate has been increased from 12.5% to 15% effective from 1 January 2026). This impact is non-cash and will be reversed in the following years through the higher corporation tax liability and arises solely from the prescribed accounting treatment for deferred taxes.

The Group is in scope of the Cyprus Pillar Two Law (Law 151(I)/2024), which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups, however it benefits from transitional provisions which result in zeroing any tax liability in Cyprus.

In December 2025, the Cyprus Parliament passed a number of legislative bills into law, the provisions of which constitute the Cyprus Tax Reform. The amendments aim to stimulate economic growth, enhance tax administration and improve tax compliance, and affect both individuals and corporations. As part of the laws voted, the Income Tax Law of 2002 (118(I)/2002) has been amended and, amongst other, it increases the corporate income tax rate to 15%, effective from 1 January 2026. Other changes relate to the abolition of deemed distributions rules and the reduction of withholding tax on dividend distributions from profits arising from 1 January 2026 onwards to Cyprus tax resident and domiciled individuals from 17% to 5%. Further details on the Tax Reform and impact on the Group are provided in Note 17 of the Consolidated Financial Statements.

Profit after tax attributable to the owners of the Company for the year ended 31 December 2025 amounted to €490 million, corresponding to a ROTE of 18.9%, compared to €511 million for the year ended 31 December 2024 and a respective ROTE of 21.5%. ROTE on 15% CET1 ratio for the year ended 31 December 2025 amounts to 26.9%, compared to 27.8% for the year ended 31 December 2024 calculated on the same basis.

Operating Environment

The Cypriot economy continues to be resilient with strong GDP growth in recent years, consistently being one of the top performers in the Eurozone, despite the ongoing increase in uncertainty across the world as well as the recent geopolitical challenges that have erupted in the region. Cyprus' performance is supported by solid fiscal developments and sustained improvements in the financial sector.

As a result, Cyprus' sovereign rating continues to be upgraded, with the major rating agencies (Moody's Investors Service, S&P Global Ratings and Fitch Ratings) assigning an 'A-' or equivalent rating, three notches above investment grade, recognising the robust growth performance, the strong fiscal dynamics and declining public debt, as well as the marked improvement in financial system stability.

The positive momentum of 2025, during which GDP grew by 3.8%, is expected to remain strong at approximately 3% in the coming years. Private consumption is expected to remain the key driver of growth, while export performance is also projected to continue to benefit from growing tourist receipts and a dynamic outlook for services, particularly related to Information and Communication Technology. The moderation of the main commodity prices, and especially oil, also supports domestic demand given Cyprus' high dependence on oil imports, with inflation having already eased materially, especially over the past few months when it has been the lowest in the Eurozone.

Employment growth remains robust, growing by 1% in the first nine months of 2025, below the levels observed in 2024, given the prevailing full employment conditions. Labour productivity over the same period increased by 2.5%, higher than the 1.8% level observed in 2024. These developments suggest that productivity growth remains a strong contributor to the overall growth in the economy with efficiency improving, demonstrated by the increased ability to generate output per worker, something that is particularly important given the prevailing full employment conditions. The unemployment rate, after briefly rising during the pandemic period, has been declining since, averaging 4.9% in 2024 and further dropping to 4.4% in the third quarter of 2025.

Inflation, as measured by the Harmonised Index of Consumer Prices, has been declining since its peak in July-August 2022, reaching 2.3% in 2024 and standing at 0.8% in 2025, the lowest in the Eurozone. The drop is mainly driven by lower energy prices and to a lesser extent by a decline in food prices, a behavior in line with the global oil price developments over the course of the year. Core inflation, i.e., inflation excluding energy and food, was near the 2% target, at 1.9% in 2025, driven by elevated services inflation.

In public finances, the budget surplus reached 3.2% in the January-November 2025 period, after standing at 4.3% of GDP in 2024. This was driven by revenue growth, with expenditure growth remaining in line with forecasts. The strong budget surpluses and robust economic growth led to the reduction in the general government debt to GDP, to 57% in November 2025, down from 63% at the end of 2024. This decline in public debt represents one of the strongest performances in the EU, with forecasts, highlighting strong revenue growth, long average debt maturity and limited financing needs, projecting that the ratio will be around 53% by the end of 2026 and lower than 50% in the medium term.

Financial system risks have also reduced over the past years, reflected in the continuous improvement of the private and banking sectors' financial positions. Private sector debt in banks' balance sheets, has declined by more than 60% over the past decade and is now among the lowest in Europe. This deleveraging phase now appears to have ended, with total domestic loans excluding the government growing by 2% in the first eleven months of 2025, reaching €20.7 billion, or approximately 57% of GDP. Loans to non-financial companies were about 25% of GDP and loans to households about 30%, with housing loans at 24%.

The non-performing exposures ratio in the Cyprus banking sector continued its decline, standing at 4.2% of total exposures, or €1.1 billion in October 2025, driven by both loan sales and organic reductions. The provision coverage ratio accounted for approximately 81% of non-performing exposures, with around half of the current non-performing loans consisting of restructured facilities. This steady progress in the banking sector continues to strengthen the sector's shock absorption capacity.

The current account deficit remains elevated, driven by primary income imbalances and sustained imports of goods, a result of high Foreign Direct Investment (FDI). Higher imports are balanced by the sustained increases in services exports, including tourism, with revenues up by 15% in the first eleven months of 2025. The deficit stood at 8.5% of GDP in 2024 with the first half of 2025 registering very similar performance. The current account deficit has been funded by net FDI inflows. The economy's gross external debt (excluding Special Purpose Entities) continues to decrease.

Operating Environment (continued)

Short-term risks are mostly external and skewed to the downside, including a downturn in key tourism markets, linked to an escalation of regional conflicts. Delays in the implementation of the Recovery and Resilience Plan may also hinder growth, with a potential rise in oil prices from its recent low levels expected to have an impact on inflation.

Internationally, new major escalation in the Middle East, in 2026 is straining global oil and gas supplies. Depending on how long the war lasts, this could fuel inflationary pressures. As things stand, the conflict risks creating heightened and prolonged geopolitical instability, trade restrictions, disruptions to global supply chains, and rising energy prices, all of which could intensify global inflation and negatively affect financial markets and economic activity. Secondary effects—such as central bank responses or Europe's ability to secure sufficient energy supplies—are difficult to anticipate and could prove significant. These developments raise the possibility of stagflationary outcomes for the global economy, with potential spillovers to Cyprus, including an impact on the tourism season, again depending on the duration of the conflict. At this stage, the extent of the implications for the Group remains uncertain. Although the Group's direct exposure to the Middle East is limited, the conflict could still adversely affect the Cypriot economy through weaker tourism, higher import costs due to increased freight rates and administrative expenses, rising energy prices that add to inflationary pressures, and disruptions to trade.

At the same time, developments in US trade policies have significantly increased global trade uncertainty and are widely expected to have a dampening effect on the global economy, as well as increase price pressures, especially in the United States. The US-EU trade agreement, which includes a tariff rate of 15% on European goods exported to the US, without any retaliatory actions by the EU, materially eases trade policy uncertainty and provides a more stable environment. Nonetheless, the trade deal makes EU products less competitive in the US, suggesting lower corporate profits for at least some exporters. This could potentially add to recessionary pressures and push the euro exchange rate lower. Although Cyprus has limited exports of goods to the US, the country might experience indirect effects via lower growth in Europe and the US, as well as overall limited trade flows. Finally, the continued increase in public debt to very high levels by some countries across the world could potentially hinder growth when the time for spending cuts occurs.

Medium-term risks for Cyprus stem from climate change initiatives and a possible further deterioration in the global geopolitical outlook. The digital and green transitions remain key medium-term challenges, with the implementation of the Recovery and Resilience Plan requiring structural reforms to further strengthen governance and economic resilience.

Sovereign ratings

The sovereign risk ratings of the Government of Cyprus have improved significantly in recent years, reflecting reduced banking sector risks, improved economic resilience and consistent fiscal outperformance. Cyprus continues to follow policies that aim at correcting fiscal imbalances as well as reforming and restructuring its banking system.

In November 2025, S&P Global Ratings raised Cyprus' outlook to positive from stable and affirmed its long-term local and foreign currency sovereign credit ratings to A-. The revision of the outlook primarily reflects the potential for Cyprus' external debt position to strengthen over the next few years, driven by public and private external deleveraging as well as continuously high services exports. The agency also notes the improved fiscal performance and that consumption will continue to benefit from a healthy labour market and strong real income growth.

Similarly, also in November 2025, Fitch Ratings raised Cyprus' outlook to positive from stable keeping the long-term foreign currency issuer default rating to A-. The affirmation of Cyprus' rating reflects the continued positive fiscal developments, income per capita levels above the A median, and policy credibility supported by EU and Eurozone membership, as well as the growth outlook and the improvements in the financial sector.

Moody's Investors Service affirmed in November 2025 the long-term issuer and senior unsecured ratings of the Government of Cyprus to A3, with a stable outlook. As the rating agency mentions, this reflects the significant economic resiliency and robust medium-term growth prospects, good institutional capacity and effective policymaking and the positive debt trend and solid debt affordability metrics.

Operating Environment (continued)

Sovereign ratings (continued)

DBRS Ratings GmbH (DBRS Morningstar) upgraded Cyprus' Long-Term Foreign and Local Currency – Issuer Ratings to A from A (low) in September 2025, after an upgrade in May, with a stable trend. The rating agency notes that the upgrade reflects the sharp decrease of the public debt burden in recent years and the agency's expectation that public debt metrics will continue to materially improve over the next years. This is further supported by a stable political environment and a comparatively strong pace of economic growth.

Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In December 2025, Moody's Investors Service affirmed the Bank's long-term deposit rating at A3 and revised the outlook to positive from stable. This is the highest long-term deposit rating for the Bank since 2011. The affirmation reflects the expectation that the Bank will maintain strong financial fundamentals, including robust capital levels, solid profitability, and sustained improvements in asset quality. The change in outlook reflects the improved operating environment assessment and expectations for strong financial metrics, including robust capital levels. In December 2025, S&P Global Ratings affirmed the long-term issuer credit rating of the Bank to the investment grade BBB- and revised the outlook to positive from stable. The outlook revision reflects the easing economic risks for banks operating in Cyprus, while the reduced credit risk in the system is expected to continue. It also reflects the Bank's strengthened performance and resilience as well as continued improvement in asset quality. Finally, in November 2025, Fitch Ratings upgraded long-term issuer default rating to the investment grade BBB from BBB-, changing the outlook to stable from the positive. The one-notch upgrade reflects the improvement of the Cypriot operating environment as well as the continued improvements in the Bank's standalone credit profile from a further reduced stock of legacy problem assets, sound profitability prospects and satisfactory capital buffers.

Financial performance

The BOCH Group is a leading player in the financial sector in Cyprus, with a diversified and sustainable business model. The Group's financial performance for the year ended 31 December 2025 remained strong, delivering ROTE of 18.6% and earnings per share of €1.10. The Group experienced strong volume growth in deposits and loans in the year, enhancing the resilience of the Group's net interest income on lower interest rates, and maintained strong cost discipline and asset quality. As a result, the Group's tangible book value per share continued to improve, growing by 6% on prior year to €6.10.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 31 December 2025, cash and balances with ECB amounted to €7.9 billion. In addition, 44% of the Group's loan portfolio is Euribor based. Net interest income for the year ended 31 December 2025 amounted to €731 million, down 11% year-on-year reflecting the interest rate normalisation.

During the year ended 31 December 2025, the Group continued its hedging activities to further reduce the sensitivity of net interest income. The hedging tools include the use of receive fixed interest rate swaps, investment in fixed rate bonds, engagement into reverse repurchase agreements and the offering of fixed rate loans.

During the year ended 31 December 2025, the Group carried out additional hedging activities of €3.1 billion, totaling €12.1 billion by the period end, representing 47% of interest earning assets. The average fixed rate of receive fixed interest rate swaps and reverse repos is 2.6%. Additionally, 21% of the Group's loan portfolio is linked with the Bank's base rate which provides a natural hedge against the cost of household time and notice deposits. In addition, 11% of the Group's loan portfolio is fixed rated. Furthermore, the Group's fixed income portfolio represents 18% of total assets and amounts to €5.1 billion as at 31 December 2025.

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, which provide further market penetration and diversification through non-banking operations.

The Group has continued to provide high quality new lending in 2025 via prudent underwriting standards. 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 2025, the Group granted record new lending at €3.0 billion, up 23% year-on-year, with robust growth observed across all business lines, driven mainly by increased corporate and international demand. As a result, since December 2024, gross performing loans have risen by 8% to €10.9 billion, reflecting growth across the entire portfolio of business lines, supported mainly by international loan book which expanded by 42% to approximately €1.4 billion. The domestic loan portfolio experienced a broad-based expansion, up 4% year-on-year, in line with economic growth. Overall, gross performing loans target of 4% growth in 2025 was exceeded, as healthy domestic credit activity was complemented by the buildup in International.

Fixed income portfolio continued to grow in 2025 to €5,131 million and currently represents 18% of total assets, in line with 2025 target. This portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa3. The amortised cost fixed income portfolio as at 31 December 2025 has an unrealised fair value gain of €23 million.

Additionally, 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.

The Group's non-interest income is an important profit contributor enabling the Group to navigate successfully through the interest rate normalisation.

During the year ended 31 December 2025, the Group generated non-interest income of €309 million, up 14% on prior year, with all components of non-interest income experiencing growth year-on-year.

During the year ended 31 December 2025, net fee and commission income amounted to €180 million and was up by 2% compared to the previous year, primarily due to higher non-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 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 €30 million for 2025, up 5% year-on-year, reflecting strong transaction growth and structural improvements in third-party cost absorption.

The Group's insurance companies, EuroLife and GI are key market players in the life and non-life insurance business in Cyprus respectively, and have been providing recurring income, remaining valuable and sustainable contributors to the Group's profitability. The Group further strengthened its insurance operations with the acquisition of Ethniki Insurance Cyprus Limited, in July 2025, as part of its strategy to broaden the Group's insurance operations and diversify further its business model. The legal merger of Ethniki Insurance Cyprus Limited with Eurolife and GI was completed in December 2025. Ethniki Insurance Cyprus Ltd was an established market player in the life and non-life insurance sectors in Cyprus, with a market share of 3% and 4% respectively and the acquisition is expected to support the Group's non-interest income. During the year ended 31 December 2025, the Group's net insurance result amounted to €59 million, including a positive impact from the abolition of premium tax of life insurance as part of the latest tax reform (as described in Section 'Group financial results on the underlying basis – Income Statement Analysis – Total Income'), effective from 1 January 2026, of approximately €5 million. Disregarding the impact of this item, net insurance result amounted to €54 million, contributing 18% to the Group's non-interest income, and was up by 11% year-on-year, reflecting mainly the contribution from the acquisition of Ethniki Insurance Cyprus Ltd (€3 million) as well as the positive impact arising from the decrease in loss component due to the updated actuarial assumptions of the life insurance.

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 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 ecommerce to financial services.

Business Overview (continued)

Growing revenues in a more capital efficient way (continued)

The Business-to-Business services include invoice, remittance, tender, ecosystem management and advertising. Currently, approximately 1,885 companies are registered in the platform and approximately €2.6 billion cash were exchanged via the platform in 2025 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. During the year ended 31 December 2025, the gross merchandise value of the Marketplace increased by 380% year-on-year, while active offers increased by 127% year-on-year. Currently, the Marketplace includes 14 product categories, including fashion, technology, small appliances, toys, beauty, health & wellness, personal care devices, luggage & travel gear, DIY, home & garden, heating & cooling, white goods and bookstore sectors.

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 of its digital transformation.

In 2025, the Group completed a small-scale, targeted VEP through which 107 full-time employees were approved to leave at a total cost of €19 million, recorded in staff costs in the year ended 31 December 2025.

The Group's total operating expenses for the year ended 31 December 2025 amounted to €387 million, up 6% year-on-year, mainly impacted by the higher VEP cost of €19 million, compared to approximately €9.5 million in prior year. Disregarding the VEP cost items, total operating expenses increased by 3% year-on-year, reflecting the annual increments on staff costs and increased variable pay, partly offset by lower other operating expenses. The cost to income ratio excluding special levy on deposits and other levies/contributions for the year ended 31 December 2025 remained low at 37%, reflecting resilient revenues and disciplined cost management.

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, (ii) redefine distribution model across existing and new channels, (iii) digitally transform the way the Group serves its customers and operates internally, and (iv) strengthen employee engagement through a robust set of organisational health initiatives.

Digital transformation

In the dynamic world of banking, 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 needs of its customers. 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 2025, the Group's digital community has increased to 504 thousand active subscribers across Internet Banking and the BoC Mobile App, increased by 5% year-on-year. Likewise, the BoC Mobile App had 475 thousand active subscribers as at 31 December 2025, increased by 6% year-on-year.

During the last quarter of 2025, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. The new Appointment Scheduling service has been launched, offering customers a seamless way to plan and manage their appointments. Whether for personal or business needs, this service provides the flexibility of scheduling online or in-person appointments with ease. Additionally, the Fleksy Merchants Subsidization offering has been launched, allowing merchants to cover the Service Fee of a Fleksy plan. Customers can now shop and pay in installments with Fleksy at selected merchants with no service fees.

One of the Group's new digital innovations, the Digital Housing Loan, accessible through both the BoC Mobile App and Internet Banking, has transformed the traditional housing loan process, enabling customers to obtain a decision instantly, and makes the whole process faster with less visits to the branch. As at 31 December 2025, Digital Housing Loans amounted to €13 million.

Business Overview (continued)

Lean operating model (continued)

In collaboration with Genikes Insurance, the ability to purchase insurance policies is integrated into the BoC Mobile App and Internet Banking, enabling customers to access motor or home insurance plans through digital channels at preferential rates. In 2025 the total sales from all Digital Channels including Genikes Insurance website were €995 thousand corresponding to 3,267 policies compared to €880 thousand corresponding to 3,081 policies in 2024.

Strategy and Outlook

The Group's key priorities are to continue to generate sustainable and resilient profitability and deliver attractive shareholder returns, while simultaneously supporting the Group's stakeholders and the broader economic environment. The main drivers to accomplish these priorities are the following:

- **Generate high quality revenue growth** through domestic loan growth and selective expansion of international loan portfolio and growth in both banking and non-banking areas (such as capital-light insurance revenues) to grow recurring non-interest income and to complement the strength of the domestic franchise.
- **Maintain sustainable and resilient profitability** via ongoing cost management discipline while continuing to invest in IT, including AI and maintaining low cost of risk in order to retain a low-risk business model.
- **Achieve strong capital generation and upscaled distributions** by maintaining high capital strength, whilst gradually returning excess, investing the surplus capital for long-term value and maintaining strategic optionality.

The Group has prepared its Financial Plan for 2026-2028 which was reviewed and approved by the Board of Directors in early March 2026. Overall, the Group expects that it can deliver a mid-teens reported ROTE, equivalent to a ROTE of over 20%, based on 15% CET1 ratio basis. This level of profitability supports strong organic capital generation of 350- 400 basis points per annum over 2026-2028.

Net interest income is expected to stabilise in 2026 as interest rates normalise (ECB deposit facility rate expected to average to 2% for 2026) and grow by an average of approximately 3% per annum for 2026-2028. The net interest income targets are based on:

- loan growth of approximately 4% on average per annum for 2026-2028, supported by domestic loan growth across retail and corporate, in line with expected economic growth as well as selective and cautious expansion of the international loan portfolio to approximately €2 billion by end-2028 (from €1.4 billion in December 2025);
- careful growth of the fixed income portfolio, targeting approximately 22% of total assets by 2028 subject to market conditions, and;
- deposit base and cost of deposits are expected to remain broadly at current levels.

As a result, the net interest margin is expected to stabilise over 270 bps in 2026 and grow thereafter, driven mainly by the improved mix of interest earning assets, as liquidity is gradually deployed to loan growth and continuous investment in fixed income portfolio.

Simultaneously the Group aims to grow further its capital-light recurring non-interest income, which comprises net fee and commission income, net insurance result and FX customer related fees. It is expected that recurring non-interest income will grow with an approximately 4% CAGR, in line with economic activity and an increased volume of transactions, supported primarily by high single digit-growth in net insurance result.

Maintaining cost discipline remains a key priority for the Group. The cost to income ratio is expected to remain at approximately 40% throughout 2026-2028.

The normalised cost of risk target of 40-50 bps is reiterated, although it is expected to remain towards the lower end of this range for 2026-2028. There are no signs of asset quality deterioration.

These drivers support sustainable and resilient profitability which should translate into attractive and sustainable shareholder returns, delivering a mid-teens ROTE, on a high capital base.

Strategy and Outlook (continued)

The business plan and key financial targets were developed prior to the recent escalation of the conflict in Middle East (as set out in section 'Operating Environment' above). The Group remains steadfast in pursuing its strategic priorities, while closely monitoring the evolving environment and retaining the necessary flexibility to adjust its plans accordingly.

As at 31 December 2025, the Group's CET1 ratio stood at 21.0%, after high organic capital generation averaging 440 basis points per annum for the years 2023-2025. The Group has set a CET1 ratio target of approximately 15% over the medium-term and clear, disciplined priorities to deploy capital in order to gradually converge towards that target. These priorities are organic growth, investment in the business and ordinary distributions at the top-end of the distribution policy (i.e. 70% payout ratio of the BOCH Group adjusted recurring profitability (as defined in 'Alternative Performance Measures Disclosures' of this Annual Financial Report)). Moreover, the high capital ratios of the Group provide optionality for additional shareholder returns via top-up dividends as well as disciplined bolt-on merger and acquisitions.

In March 2026, the Group proceeded with the investment in a minority holding of 26.45% stake in a technology, pan-European company with a broker-dealer license, Wealthyhood, offering via its platforms access to a wide range of stocks and ETFs to retail. This investment will enable the Group to expand its offering access to wide range of stocks and ETFs.

In 2026, the Group is targeting an ordinary distribution at a 70% payout ratio of the BOCH Group adjusted recurring profitability (as defined in 'Alternative Performance Measures Disclosures' of this Annual Financial Report), at the top-end of its distribution policy as well as a top-up dividend of up to 20%, resulting in a total payout of up to 90% of the BOCH Group's adjusted recurring profitability. For 2027 and 2028, the Group is targeting an ordinary distribution at 70% and a top-up dividend of up to 30%, resulting in a total payout of up to 100% per annum of the BOCH Group's adjusted recurring profitability. The distributions are expected to be predominantly in cash, including interim dividends, while share buybacks may be considered when appropriate. These distribution targets are subject to market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time.

Going concern

The Directors have made an assessment of the ability of the Group and the Company 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 and the Company 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 2026-2028 approved by the Board at the beginning of March 2026 (the 'Plan') and the operating environment (as set out in section 'Operating Environment' in the Management Report). The Group has sensitised its projections 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 2025 that can be easily and readily monetised in a period of stress.

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, and in equities, debt securities, and property prices), and operational risk, are some of the principal risks the Group faces. In addition, the Group's principal risks and uncertainties that may also impact its strategy or operations, which include business model and strategic risk, geopolitical risk, legal risk, digital transformation and technology risks, information security and cyber risk, regulatory compliance risk, insurance and reinsurance risk, climate related and environmental risks, data accuracy and integrity risk, and model risk.

Information relating to the principal risks the Group faces and risk management is set out in the 'Risk and Capital Management Report' and supplemented with information disclosed in Notes 37 and 43 to 46 of the 'Consolidated Financial Statements' both of which form part of the Annual Financial Report for the year ended 31 December 2025.

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 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

Final cash dividend and aggregate distribution in respect of 2025 earnings

In February 2026, the Company announced its proposal for a final cash dividend of €0.0227 per ordinary share in respect of 2025 earnings. The proposed final cash dividend together with the interim dividend of €0.0091 per ordinary share paid in October 2025, amount to a total cash dividend of €0.03 per ordinary share and an aggregate distribution of €305 million in respect of 2025 earnings, all in the form of cash dividend. The proposed final cash dividend is subject to shareholders' approval at the AGM that will be held on 15 May 2026.

The financial statements for the year ended 31 December 2025 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 2026. Dividends are funded out of distributable reserves.

Agreement for a 26.45% equity stake in Wealthyhood Ltd

In March 2026, the Group entered into a Subscription & Shareholder Agreement for an acquisition by the Group of 26.45% equity stake in Wealthyhood Ltd, a digital investment platform. The transaction is in line with the Group's strategy for small bolt-on acquisitions that complement its product offering for further diversification of its income composition. The transaction remains subject to completion conditions.

Agreement for the acquisition of performing loans and deposits of The Cyprus Development Bank Public Company Limited

In March 2026, the Group entered into an agreement with The Cyprus Development Bank Public Company Limited ('CDB'), for the acquisition of performing loans and deposits and certain other assets and liabilities of CDB (the 'Transaction'). The Transaction perimeter includes a portfolio of performing loans of a contractual amount of approximately €150 million and deposits of approximately €500 million as at 31 December 2025. Completion of the Transaction remains subject to certain conditions precedent (including obtaining regulatory approvals) being fulfilled. The Transaction is expected to have an impact on capital of approximately 35 basis points on completion.

Decision to call the outstanding 2021 Note

In March 2026, BOCH announced that it will exercise its option to redeem the remaining outstanding 2021 Note on 23 April 2026. At the same time, the Company gave notice to BOCH that it will exercise its option to redeem the remaining outstanding 2021 Loan, on 23 April 2026 as well.

Events after the reporting date (continued)

Military Conflict in Middle East

The new major escalation in the Middle East, in 2026 is disrupting the geopolitical balance and shaking international markets, especially with regards to energy. While both the Cypriot and the global economy enter this crisis from a relatively solid position, despite the existing trade and geopolitical tensions, this new conflict is expected to have implications for energy markets, as states in the Gulf have already seen their production affected, while shipping costs have already increased. These will, in turn, impact inflation and broader financial conditions, but the magnitude of the impact crucially depends on how long the conflict lasts. As such, the quantification of potential impacts from the conflict remains uncertain, including, but not limited to, on economic developments, asset valuations, interest rate expectations, and exchange rates. Similarly, inflation and any central bank actions will hinge on the length of the conflict and the monetary policy reaction function, with oil driven inflation likely to sustain pressures on interest rates and weigh on easing expectations.

The extent and quantification of these impacts on the Group remains uncertain is unclear at this stage. As it stands, the current conflict could result in elevated and prolonged geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices which will increase inflationary pressures around the globe, and a potential adverse impact on financial markets coupled with a downturn in the global economy. Secondary effects stemming from these developments, e.g., the reaction of central banks or the sufficiency of energy supplies in Europe, as well as the economic impact of such effects are hard to predict and could be significant. Although the Group's direct exposure to the Middle East region is limited, the conflict could have an adverse impact on the Cypriot economy, including, a negative impact on the tourism, import costs through higher freight notes and administrative services sectors, an increase energy prices resulting in inflationary pressures, and disruptions to trade. With respect to direct exposure, as mentioned, the Group's direct exposure to the countries in the Middle East Region directly affected by the conflict (and specifically exposure in Israel, Iran, Lebanon, Saudi Arabia, United Arab Emirates, Qatar, Bahrain and Kuwait) is limited. Specifically, the Group has bond exposures of an aggregated nominal amount of €71 million all classified at the amortised cost category, and customer advances of a gross amount of €79 million at the end of February 2026, by reference to the country of risk as defined in Note 43.2 of the Consolidated Financial Statements and expanded to also include exposures for loans and advances to customers with collateral located in these countries and/or business activities within these countries, as applicable. All of the customer advances exposures were classified as Stage 1 and/or Stage 2 except for an amount of €4.7 million classified as Stage 3 which had a net book value of €0.5 million.

In this context, the Group is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required. 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. In its models, the Group includes related events in its stress testing scenarios to obtain a better understanding of the potential capital impact. The Group considering its capital and liquidity position, its risk profile as well as the results of its stress testing scenarios demonstrates that is positioned to withstand volatility that may arise from a deterioration in the geopolitical and global economic environment.

No other significant non adjusting events have taken place since 31 December 2025.

Capital base

Total equity excluding non-controlling interests amounted to €2,941 million at 31 December 2025, compared to €2,813 million at 31 December 2024. The regulatory CET1 ratio on a transitional basis stood at 21.1% at 31 December 2025 and at 19.2% at 31 December 2024. The regulatory Total Capital ratio on a transitional basis at 31 December 2025 stood at 26.0%, compared to 24.1% at 31 December 2024.

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 2025, there were 9,597,944,533 ordinary shares in issue, of a nominal value of €0.10 each. Additional information about the authorised and issued share capital during 2025 and 2024 is disclosed in Note 33 of the Consolidated Financial Statements.

Share-based payments - share awards

Long-term incentive award

During BOCH'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 Public Company Limited (the 'LTIP'), which is effective for ten years from the date of its adoption.

The LTIP is a share-based compensation plan for the executive directors and senior management of the Group. The LTIP provides for an award in the form of ordinary shares of BOCH based on certain non-market performance and service vesting conditions. Performance will be measured over a three-year period. The Human Resources & Remuneration Committee (HRRC) sets the performance conditions annually and may differentiate them at its discretion to reflect the Group's strategic targets and employee's personal performance. Performance is 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') 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 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 extent the period over 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 BOCH, 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 BOCH in December 2022 (subject to a three-year performance period 2022-2024), in October 2023 (subject to a three-year performance period 2023-2025), in April 2024 (subject to a three-year performance period 2024-2026) and in March 2025 (subject to a three-year performance period 2025-2027). Each award vests in six tranches and vesting is subject to service conditions. At 31 December 2025, the performance period for the 2023 LTIP (performance period 2023-2025) was concluded, and the Board of Directors has approved in early 2026 the amounts of shares to be awarded under the 2023 LTIP to eligible participants including the Executive Directors. At 31 December 2024, the performance period for the 2022 LTIP (performance period 2022-2024) was concluded, and the Board of Directors approved in early 2025 the amounts of shares to be awarded under the 2022 LTIP to eligible participants including the Executive Directors. Both awards will vest in accordance to the vesting schedule set out above and are subject to continued service employment. The awards are also subject to malus and claw back conditions. Information on the number of shares awarded is included in Note 14.2 of the Consolidated Financial Statements.

Short-term incentive award

Short-term incentive award refers to a Short-Term Incentive Plan established by the Group in 2023. This is an annual incentive scheme which involves variable remuneration in the form of cash 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 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 2025 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 48 of the Consolidated Financial Statements. The Short-Term Incentive Plan award for the performance year 2025 will be in the form of cash.

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 2025, 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 the years ended 31 December 2025 and 2024 respectively, 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.

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.

Distributions

Based on the relevant SREP decisions applicable in the year 2024 any equity dividend distribution was subject to regulatory approval, both for the Company and BOCH. Following the SREP decision received in December 2024, the requirement for approval was lifted effective from 1 January 2025.

Interim cash dividend against 2025 earnings

In August 2025, the Board of Directors of the Company approved the payment of an interim dividend by the Company of €0.0091 per ordinary share in respect of the financial performance for the six months ended 30 June 2025. The interim dividend amounted to an aggregate cash dividend of €87 million.

Distribution in respect of 2025 earnings

In February 2026, the Board of Directors declared a final cash dividend of €0.0227 per ordinary share in respect of 2025 earnings. The proposed final cash dividend together with the interim dividend of €0.0091 per ordinary share paid in October 2025, amount to a total cash dividend of €0.03 per ordinary share and an aggregate distribution of €305 million in respect of 2025 earnings, all in the form of cash dividend. The proposed final cash dividend is subject to shareholders' approval at the AGM that will be held on 15 May 2026.

The financial statements for the year ended 31 December 2025 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 2026.

Distribution in respect of 2024 earnings

The AGM, held on 16 May 2025, approved a final cash dividend of €0.03 per ordinary share in respect of earnings for the year ended 31 December 2024, which amounted to an aggregate distribution of €241 million.

Distribution in respect of 2023 earnings

In March 2024, the Company obtained the approval of the European Central Bank to pay a dividend in respect of earnings for the year ended 31 December 2023 of €137 million in total, comprising a cash dividend. The AGM, on 17 May 2024, approved a final cash dividend of €0.01 per ordinary share in respect of earnings for the year ended 31 December 2023.

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 Management Report.

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.

Service agreements termination

The service contract of one of the Executive Directors in office as at 31 December 2025 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.

Board of Directors

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

On 25 March 2025 ECB approved the appointment of Ms Irene Psalti as an independent, non-executive member of the Board of Directors and at the AGM on 16 May 2025, Ms Irene Psalti was elected to the Board of Directors with her appointment commencing on 5 May 2025.

During the AGM on 16 May 2025 the Board of Directors nominated and elected Dr Georgios Syrighas as a new member to the Board of Directors, subject to the approval of the ECB. On 6 August 2025 ECB approved the appointment of Dr Georgios Syrighas as an independent, non-executive member of the Board of Directors.

During the AGM on 16 May 2025 the Board of Directors nominated and elected Dr Andreas Kritiotis as a new member to the Board of Directors, subject to the approval of the ECB. On 28 August 2025 ECB approved the appointment of Dr Andreas Kritiotis as an independent, non-executive member of the Board of Directors.

In accordance with the Articles of Association, the Directors are subject to re-election at the AGM of the Company every three years from the date of their appointment.

The remuneration of the Board of Directors is disclosed in Note 48 of the Consolidated Financial Statements.

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 16 May 2025.

A formal external audit tender process was completed by the Audit Committee on behalf of the Board in August 2025 and Deloitte Ireland LLP ('Deloitte') have been selected by the Board as the proposed new Statutory Auditor in respect of the financial year ending 31 December 2027, subject to regulatory approval. Shareholders of the Company will be asked to consider the continuation in office of Deloitte on an advisory non-binding basis at the AGM of the Company in 2027.

Sustainability Statement

In accordance with Article 151B of the Cyprus Companies Law, Cap. 113 (as amended in 2025 to transpose the Corporate Sustainability Reporting Directive (CSRD) (Directive (EU) 2022/2464 amending Directive 2013/34/EU, as regards corporate sustainability reporting)), BOC PCL is exempt from producing an individual sustainability statement. Sustainability information for the Group is included in the Directors' Report of the 2025 Annual Financial Report of Bank of Cyprus Holdings Public Limited Company Group available on the website at www.bankofcyprus.com (Group/Investor Relations) (the Group's website). The Sustainability Statement included in the Directors' Report within the BOCH Group 2025 Annual Financial Report has been prepared in accordance with Part 28 of The Companies Act 2014 of Ireland (as amended to transpose the Corporate Sustainability Reporting Directive (CSRD) 2013/34/EE) and in compliance with the European Sustainability Reporting Standards (ESRS). BOC PCL is cognisant of the growing regulatory requirements around the Environmental, Social and Corporate Governance (ESG) agenda, and these are addressed in the Sustainability Statement included within the 2025 Annual Financial Report of BOCH Group (on pages 76 to 248).



Efstratios-Georgios Arapoglou
Chairman



Panicos Nicolaou
Chief Executive Officer

30 March 2026

Risk and Capital Management Report 2025

The Group's approach to risk management

The management of risk is a critical underpinning to the execution of the Group's strategy. We aim to use a comprehensive risk management approach across the Group, 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 (the 'Board') 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 are 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, following recommendation by the Board Risk Committee (RC) at least annually to reflect any changes to the Group's business and environment 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 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), Acquisition & Disposal Committee (ADC), Executive Technology Committee, Sustainability Committee (SC), Data Quality & Governance Committee (DQGC) and the Credit Committee 3 (CC3).

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 management-level committees that provide for a consistent approach to risk management and decision-making.

The Executive Committee is the most senior management leadership team and has primary authority and responsibility for the day-to-day operations of and the development of the strategy for the Group. The Sustainability Committee (SC) is an executive level committee chaired by the CEO and has as a primary role to oversight of the ESG agenda of the Group, to monitor and review the development of the Group's ESG strategy including the management of ESG risks, including C&E risks and recommend these to EXCO for approval.

Asset and Liability Committee is the Group's executive committee tasked with decision-making in respect of the Group's balance sheet structure, including funding, liquidity, interest rate risk in the banking book from an economic value and net interest margin (NIM) perspective, foreign exchange (FX) hedging risks and other market risks to ensure it enables the delivery of the Group's Strategic Plan. It provides oversight of funding and liquidity, market and equity/investments risk as well as balance sheet pricing in line with the relevant risk frameworks and policies in accordance with risk appetite.

1. Risk Management Framework (RMF) (continued)

1.1 Risk Governance (continued)

The Acquisition & Disposal Committee responsibility is to assess and approve acquisitions or disposals of the Bank's non-treasury related assets, always in line with the relevant policies and procedures and aligned with the Bank's Risk Appetite Statement (RAS) and strategy.

The Executive Technology Committee is responsible, amongst others, for overseeing technology related risks. This includes ensuring that appropriate justification is in place for the outsourcing of critical systems to third party providers, monitoring, measuring and addressing IT related risks, reviewing and addressing issues and risks escalated through the established governance framework, and addressing any relevant Information Security matters. The CRO is a member of the Executive Technology Committee. The committee escalates IT related matters to the EXCO and the Executive Director of Technology & Operations and the Chief Digital Officer escalate and report monthly on all IT related matters to the Board Technology Committee.

The purpose of the DQGC is to communicate data related updates and escalate issues for discussion and resolution at senior management level. The DQGC escalates and reports on all data related matters to the EXCO and the RC. The Chair of the DQGC provides quarterly updates to the Board.

The CC3 is responsible for developing and monitoring credit policy within the Group and approval of all large credit transactions. CC3 comprises senior management members and senior credit officers and provides a formal mechanism for the Group to exercise the highest level of executive management credit authority over the most material Group single name exposures. The CC3 is responsible for the review and approval of credit applications that fall outside the approval limits of Business Lines and the Credit Sanctioning Department, in accordance with the Bank's delegated credit approval framework. All exposures above certain levels require approval by CC3 and/or recommendation for approval to the Board. Other exposures are approved according to a structure of tiered individual authorities which reflect credit competence, proven judgement and experience.

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 the RMD's position is clearly articulated.

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

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. Risk Management Framework (RMF) (continued)

1.2 Organisational Model

The RMD is responsible for the Group’s risk management framework. The RMD is responsible for the risk identification and risk management of the Group on a day-to-day basis, establishing risk policies as well as monitoring risk profiles. The risk management process is integrated into the Group’s internal control system. The Group’s independent Risk function designs and maintains the framework. The RMD is led by the Chief Risk Officer who provides oversight and monitoring of all risk management activities. 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 Manager CRM & RA and the Chief Data Officer also report directly to the Data Quality & Governance Committee.

**The Head Quantitative Strategy & Model Validation within the Strategy & Market Risk Department also reports directly to the Chief Risk Officer.

The CRO is a member of the EXCO and holds voting as well as veto rights in key executive and operational committees.

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;
- Monitor Key Risk Indicators (KRIs).

1. Risk Management Framework (RMF) (continued)

1.2 Organisational Model (continued)

The RMD operates independently through:

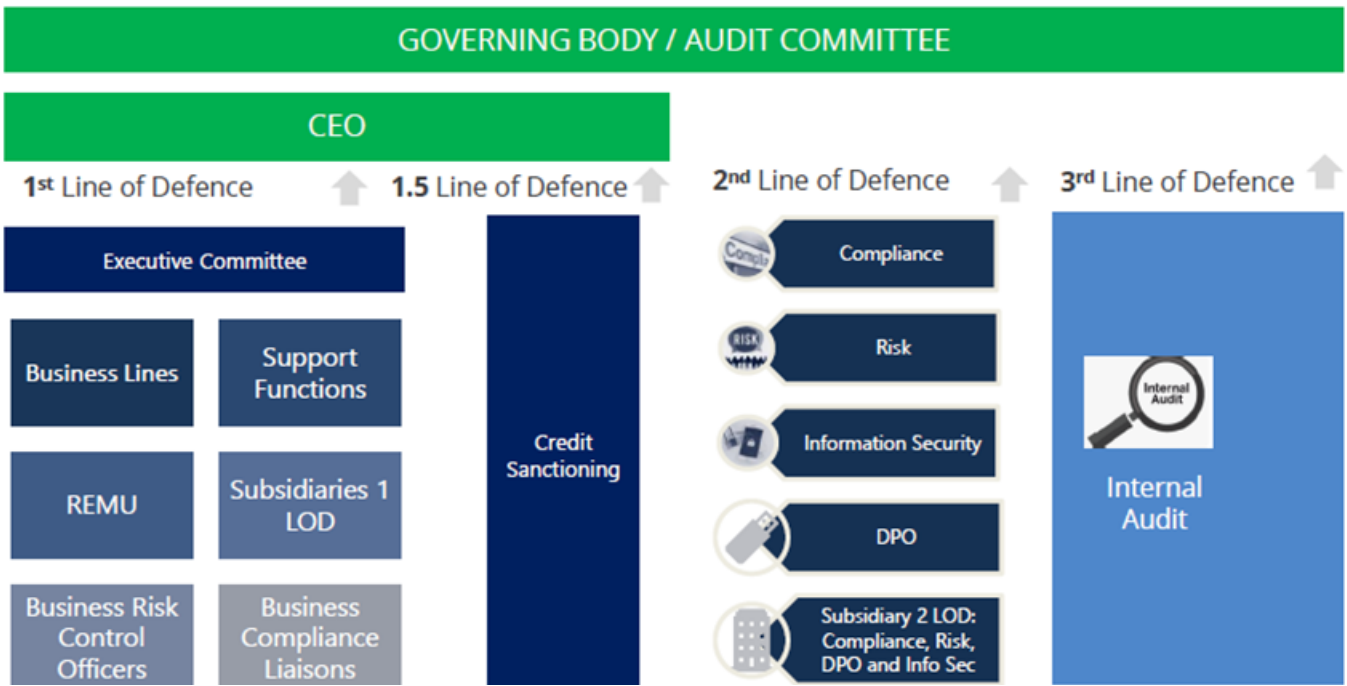
- Organisational independence from the controlled activities;
- Unrestricted and direct access to executive management and the Board, either through the RC or directly;
- Direct and unconditional access to all business lines that have the potential to generate material risk to the Group. Front line managers 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 BoD for approval following RC recommendation;

Furthermore, this independence is also ensured as:

- The CRO is assessed annually by the RC jointly 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.

1.3 Three Lines of Defence

In alignment with the regulatory guidelines on corporate governance, the Group applies the "Three Lines of Defence" model to ensure robust risk and compliance management. This framework clearly defines the roles and responsibilities across the Group, promoting effective oversight, control and assurance, through appropriate segregation of duties in the risk management process.



1. Risk Management Framework (RMF) (continued)

1.3 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 to identify, assess, mitigate, monitor, and report risks as well as 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 and incorporated into systems and processes under the guidance of the second line of defence.

1.5 Line of Defence (Credit Sanctioning Department)

The Credit Sanctioning department (CS) is responsible for evaluating credit applications that fall outside the approval limits of the Business Lines and require approval by Higher Approving Authorities. CS has specific credit-approval limits, which are applied when assessing and approving credit requests. Credit Sanctioning is organised into specialised teams: CS Retail, CS SME, CS Corporate and the CS Credit Committee 3 team which reviews and recommends cases specifically for approval at CC3 level. Their responsibilities include identifying risks and potential breaches of Credit Risk Policies and preparing recommendations that may include terms and conditions to mitigate these risks.

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, guidelines and limits, that the business lines and support functions, Group entities and staff should operate within. The second line of defence also provides an independent oversight of the risk profile and the risk management framework.

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.

1.4 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 is a key management tool to 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 updated on an annual basis and on an ad-hoc basis in cases where the prevailing economic conditions, significant internal developments, or regulatory guidance, demand so to ensure it remains fit for purpose. The ultimate approval of the RAF lies with the Board, following recommendation from the RC.

1. Risk Management Framework (RMF) (continued)

1.4 Risk Appetite Framework (RAF) (continued)

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. The selected quantitative indicators appropriately track the underlying risks whilst effectively conveying the necessary information. The qualitative statements articulate the reasoning behind assuming or avoiding certain types of risk and cover areas that are not fully quantifiable. 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.

Specific RAS Indicators serve as the reference points for cascading specific operational limits to the respective Business Lines/Units ensuring consistency with the overall risk appetite of the Group as formalized and quantified in the RAS Indicators.

Risk appetite and Financial Plan interaction

The Group's Financial Plan is integral to how the Group and the Company 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.

RAF and Strategic Decision Making

Strategic papers presented to the Board for approval should be accompanied by a relevant risk assessment conducted by the RMD, to inform of any risk considerations and support the Board of Directors in its decision, ensuring that RAF provisions are adhered to in the decision-making process, supporting a robust risk culture. Depending on the nature of the initiative, the risk assessment aims to identify and, where possible, quantify the impact of relevant risks, on risk profile, capital, liquidity, and examine whether it aligns with the risk appetite.

1.5 Risk Taxonomy

In order to ensure that the risks the Group may face are identified, assessed and managed, a comprehensive risk taxonomy is maintained. The risk taxonomy 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 multi-level categorisation of different risk types/factors enabling the Group to assess, aggregate and manage risks in a consistent and comparable manner through a common risk language and mapping. It also ensures coverage of the Group's risk profile and facilitates the identification of interdependencies and linkages between different risk categories.

It is structured across several hierarchical levels, increasing in granularity, to enhance clarity of risk classification.

1. Risk Management Framework (RMF) (continued)

1.6 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);
- Internal and external stress testing exercises;
- Group Financial Plan compilation process;
- Regulatory, internal and external reviews and audits.

1.7 Risk monitoring and reporting

Risk reporting ensures that both the Executive Management and the Board can monitor the main risks of the Group and the maintenance of the Group's risk profile within tolerances for exposure to risk. Risk reporting processes are in place and encompass reporting that facilitates:

- Measurement of the Group's compliance with the Risk Appetite Statement, highlighting any violation of indicators as well as the remediation actions.
- Provision of structured and consistent updates on material and emerging risks, key risk issues and performance against set KRIs ensuring that the Executive Management and the Board have full visibility over risk developments.
- Monitoring and enhancement of data quality, including accuracy, completeness and consistency of risk information used for risk assessments and internal reporting purposes.

Stress testing

Stress testing is a key risk management tool used by the Group to provide insights to 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 monitoring and reporting (continued)

Through stress tests, material risks, emerging trends and Risk Appetite indicators are translated into quantitative and qualitative analyses, enabling Management and the Board to assess resilience under stress scenarios. The results of these exercises are formally reported and incorporated into strategic planning. 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 the context 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);
- 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;
- Stress testing undertaken for the insurance subsidiaries in the context of the Own Risk and Solvency Assessment (ORSA);
- Stress testing undertaken for the investment firm subsidiary in the context of the Internal Capital Adequacy and Risk Assessment (ICARA).

Other stress testing activity

The Group's stress testing programme also involves undertaking assessments of liquidity scenarios, market risk sensitivities and scenarios, and business-specific scenarios. Specifically, the Market and Liquidity Risk Department performs additional stress tests, which include the following:

- Monthly stress testing for interest rate risk (Supervisory Outlier Test (SOT) 2% shock on Economic Value (EV) and 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), the impact is estimated on EV and NII;
- 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 baseline and stress testing conditions. Multiple scenarios are considered in the ICAAP, incorporating both systemic and idiosyncratic events and are informed by the Group's material risks. This process aims to ensure that 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 annual ICAAP is approved by the Board following recommendation from the joint EXCO/ALCO and the RC. 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, where actual and forecasted information is considered. During the quarterly reviews, 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 2025 annual ICAAP package was submitted to the ECB in mid-March 2026, 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.

1. Risk Management Framework (RMF) (continued)

1.7 Risk monitoring and reporting (continued)

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. Multiple scenarios are considered which include both firm specific, systemic risk events and a combination of both to ensure the continued stability of the Group's liquidity position within the Group's pre-defined liquidity risk tolerance levels.

The annual ILAAP is approved by the Board following recommendation from the joint EXCO/ALCO and the RC. 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/developments since the annual ILAAP exercise are assessed in terms of liquidity and funding.

The 2025 annual ILAAP package was submitted to the ECB in mid-March 2026, 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.

1.8 2025 EU-wide stress test

The Group participated in the ECB SREP Stress Test of 2025. The exercise was designed to provide valuable input for assessing the resilience of the European banking sector in a hypothetical adverse macroeconomic scenario. It is not a 'pass-or-fail' exercise and no threshold is set to define the failure or success of banks. The ECB published on 1 August 2025 the results of the stress test. As per the relevant ECB press release 'capital depletion was lower than in previous stress tests. This milder outcome in terms of capital depletion is mainly due to banks entering the exercise with stronger profitability, driven by higher interest rates and stable asset quality.'

By its standard procedures, the ECB considers the quantitative performance in the adverse scenario as an input when reconsidering the level of the Pillar II Guidance in its 2025 SREP assessment and the qualitative performance as one aspect when holistically reviewing the Pillar II Requirement. The stress test was based on a Static balance sheet approach, thus using the Group's financial and capital position as at 31 December 2024 as a starting point. The results for the Group, as published by the ECB, are presented below:

1. Risk Management Framework (RMF) (continued)

1.8 2025 EU-wide stress test (continued)

		High-level individual results by range			Scenario sensitivities: 2025-2027 projections		
		adverse scenario, FL			(delta over total REA FL 2024)		
Institution	Sample	Maximum CET1 ratio (FL) depletion by ranges	Minimum CET1 ratio (FL) by ranges	Minimum Tier 1 leverage ratio (FL) by ranges	Delta projected NII adverse vs. baseline scenario (in %)	Delta projected LLPs adverse vs. baseline scenario (in %)	Delta projected profit / loss adverse vs. base-line scenario (in %)
Bank of Cyprus Holdings Public Limited Company	SSM	< 300bps	CET1R ≥ 14%	LR ≥ 6%	-1,7%	-5,4%	-7,5%

In terms of the Group's results, the capital depletion of the CET1 FL ratio over the three-year horizon in the adverse scenario is in the less than 300 basis points bucket, compared to range of 300 to 599 basis points in the 2023 stress test, and compares favourably to the average 329 basis points (on a fully loaded basis) for the 96 ECB stress-tested banks.

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 EXCO 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. Communications and awareness sessions, together with dedicated training, are regularly conducted to promote Risk Culture to all staff, with guidance from the Risk Culture Liaisons, who are assigned for each division, for monitoring and improving risk culture scores within their area. In addition, the Role of the "Business Risk and Control Officers", dedicated Control Functions liaisons for non-financial risks, within the Front-Lines of the Bank (Consumer, Corporate, IBUs and Affluent Banking), contributes on the effort for promoting Risk Culture across the organisation. Risk Culture has also recently been included as an additional pillar within staff performance appraisals. As part of the action plan set and the overall Group's initiatives, the Board has set the "tone from the top" through the 'RiskWiser' campaign. This initiative comprises a series of communications, including videos and podcasts, addressed to all staff by members of the Board of Directors and Executive Management, with the objective of strengthening risk awareness and embedding a robust risk culture across the Group.

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.

4. Principal and Emerging Risks

As part of its business activities, the Group faces a variety of risks. The Group has identified a broad range of risks to which its businesses are exposed. Material risks are those to which senior management pays particular attention, and which could cause the delivery of the Group's strategy, results of operations, financial condition and/or prospects, to differ materially from expectations. Principal risks are described below along with how they are identified, assessed, managed and monitored by the Group, including the available mitigants.

The risks described include emerging risks, which are defined as new risks or existing risks that may escalate or evolve in a different way, with the potential to threaten the execution of the Group's strategy or operations over the medium term. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. The Group adopts a forward-looking approach to identify such risks and implement appropriate mitigation actions. The Group maintains a defined emerging risks identification framework with the aim of integrating newly identified risks into business-as-usual monitoring and control processes. Such risks include Technology risk (section 4.8), Digital Transformation risk (section 4.9), and Regulatory Compliance risk (section 4.11). 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 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.

4. Principal and Emerging Risks (continued)

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 credit risk:

- Counterparty credit risk (CCR): the risk of losses arising when counterparties fail to meet their contractual obligations in full and on time.
- Concentration risk: the risk that arises from the uneven distribution of exposures to individual borrowers, industries, collaterals, products, currencies, or economic sectors.
- Settlement risk: the risk that a counterparty fails to deliver the terms of a contract with the Group.
- Issuer risk: the risk of losses due to a credit deterioration of issuers of instruments in which the Group has invested.
- Country risk: the risk arising from lending, investments or the presence of the Group in a specific country.

Credit risk arises from loans and advances to customers and from our treasury related activities.

Credit Risk Management

In order to manage these risks, the Group has a Credit Risk Management function within RMD. Its responsibilities include the following:

- Policy and Limit Framework: Developing 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 frequently 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;
- Independent Credit Risk Evaluation: Evaluating credit applications from an independent credit risk perspective before submission for approval to the 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;
- Observer role: Acting as an observer in the Credit Committee 3 and in specific cases that fall under the approving authority of the Credit Sanctioning Department as delegated by the CRO;
- Portfolio Monitoring: Setting Key Risk Indicators (KRIs) for monitoring the loan portfolio quality and adopting a proactive monitoring approach for such risks;
- Measurement of Expected Credit Risk Losses: Measuring 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.

Risk Appetite and Credit Approval Limits

The Group sets and monitors risk appetite limits relating to credit risk. Furthermore, a limits framework is in place to support the credit granting process and the general rules are documented in the Group's Lending Policy. Relevant circulars and guidelines outline the 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, including the Credit Sanctioning Department and Credit Committee 3. Credit Committee 3 is comprised of members from various Group divisions outside RMD, ensuring independence of opinion. Applications falling outside the approval limits of Credit Committee 3 are ultimately approved by the Board following recommendation by the RC.

4. Principal and Emerging Risks (continued)

4.1 Credit Risk (continued)

Risk Identification Methodologies

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).

Frequent reporting on credit risk related matters is provided to EXCO, the RC and/or the Board. The reports provide information on various credit risk related metrics, such as the overall loan book performance, forbore facilities, the performance of new lending, specific products or portfolios, new forbearances and modifications and other key performance indicators (KPIs) on portfolio quality.

Credit Risk Mitigation framework

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 Board following recommendation by the RC 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
- Provisioning Policy

4. Principal and Emerging 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.

Credit Risk for Treasury related transactions

The Market and Liquidity Risk Department (MLR) is responsible for the identification, assessment, measurement, monitoring and reporting of credit risk related to correspondent banks and countries, in line with the Bank's approved policies, frameworks, limits and the Group's Risk Appetite.

Country Risk

Country Risk refers to the possibility that sovereign or other 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 operations or investments in other countries (Money Market (MM) placements, bonds, shares, loans & advances etc.). In addition, the Group is 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.

The Group imposes country risk limits to mitigate significant concentration risk. The country limits are allocated based on the CET1 capital of the Group, the country's credit rating and internal scoring. The internal scoring is based on the assessment of economic and political parameters specific to each country.

In addition to the above, other factors are also taken into account before setting any limits, such as the:

- Strategy of the Group with respect of its international activities;
- Group's Risk Appetite;
- Perceived business opportunities in a country;
- The Group's capital base;
- The needs of the different units of the Group (e.g. Treasury, Business lines, Group Entities).

All limits are reviewed and approved at least annually. All policy documents relating to country and counterparty risk are approved by the Board at least annually. MLR monitors the Treasury country limits on a daily basis and the Non-Treasury country limits on a quarterly basis.

The Group monitors country risk; on a quarterly basis ALCO reviews the Country Risk exposures as compared to limits, and the Board, through its Risk Committee, reviews the Exposures and the Country limits at least annually. Country risk is monitored at the level of the transaction types listed below and on an aggregate basis.

- Treasury transactions: relate to investments in bonds, MM placements, nostros, pledged amounts, derivatives, Repos, Reverse Repos and commercial transactions with banks;
- Lending: relates to loans given by the Bank or through funding the operations of a branch/subsidiary. For loans where the borrower and guarantor reside in different countries, exposure counts against both countries;
- Commercial transactions with non-banks: relate to letters of credit, letters of guarantee or other similar products;
- Committed lines of credit;
- Properties owned by the Group;
- Investments in branches/subsidiaries abroad: relate to the amounts invested, excluding goodwill, since this is deducted from the capital base.

4. Principal and Emerging Risks (continued)

4.1 Credit Risk (continued)

CCR, Settlement and Issuer Risk

The ALCO sets guidelines and risk tolerances and approves the models, the limits and approval levels through the 'Counterparty & Country Credit Models and Limits' and recommends the 'Counterparty and Country Limit Framework' to the Board for approval through the RC.

The internal counterparty credit models set the reference limits for Counterparties and issuers based on their credit rating, the Bank's CET1 capital base and an internal scoring system which considers qualitative and quantitative factors such as:

- Asset risk
- Capital adequacy
- Profitability
- Liquidity
- Market share
- Ownership strength
- Rating outlook
- Country rating

Two types of limits are monitored:

- a. Credit limit (including issuers): for MM placements, FX (FX swaps, FX forwards), bonds, derivatives, commercial transactions, Nostros, pledged amounts for collateral, Repos, Reverse Repos and Factors.
- b. Settlement limit: for maturing FX spot, FX forward and FX swaps, MM placements, Nostro, pledged amounts for collateral and banknotes.

Limit amounts and tenor limits follow the Group's approved 'Counterparty & Country Credit Models and Limits'. The approval levels are set in the 'Counterparty and Country Limit Framework'.

Limits for derivative transactions are assigned to counterparties with a Credit Support Annex (CSA) agreement in place and enforceability of netting. Allocated derivative limits with counterparties that have not signed a CSA or netting is not considered to be enforceable, can be set following ALCO approval. European Markets Infrastructure Regulation (EMIR) requires standard derivative contracts to be cleared through authorized or recognised by ESMA (European Securities and Markets Authority) qualified central clearing counterparties (QCCPs). The Bank has an appointed clearing agent for interest rate swaps that is a direct member of the London Clearing House (LCH) and EUREX.

The derivative sub-limit for the Mark-to-Market of a contract counts within the overall credit limit of the counterparty and can be equal to the total credit limit. There is also a concentration limit for the maximum notional amount of contracts with each counterparty, as per the approved Concentration Policy.

Concentration Risk

In addition to the above, the below concentration limits for exposures to counterparty, issuers and sovereigns are set, which are presented in the Concentration Risk Policy:

- The exposure to a single borrower or group of connected borrowers (including financial institutions)
- The RAS maximum Cyprus Government
- Sub-investment grade bonds (rated below Baa3) and Non-Rated

4. Principal and Emerging 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 44 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 risk exposure arises from the banking book.

In order to manage interest rate risk, the Group sets limits on the maximum reduction of economic value and net interest income under different scenarios. 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 following relevant escalation process and mitigating actions put in place. Regular update is provided to the ALCO/ the EXCO/ the RC.

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

4. Principal and Emerging Risks (continued)

4.2 Market Risk (continued)

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.

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 regulatory authorities. 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 ALCO and externally to 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 open foreign currency 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 of reducing 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 2025 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. Analysis of the positions the Group maintains as at 31 December 2025 is presented in Note 20 of the Consolidated Financial Statements.

4. Principal and Emerging 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 the intention to be disposed of in line with the Group's strategy.

The Group has in place a number of measures 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 on 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 refers to 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 45 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.

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 for funding requirements in their current form.

4. Principal and Emerging Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets(continued)

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 2025	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	26,411	9,299,777	801,311	10,127,499
Investments	113,701	5,171,888	38,143	5,323,732
Loans and advances to customers	3,673,527	7,068,856	55,959	10,798,342
Property	-	610,723	37,111	647,834
Total on-balance sheet	3,813,639	22,151,244	932,524	26,897,407

31 December 2024				
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

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 (Note 45 of the Consolidated Financial Statements). 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.

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 Luxemburg 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.

4. Principal and Emerging Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets(continued)

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 2025 and 2024 are as follows:

31 December 2025	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	-	-	164,108	164,108
Other securities	-	-	28,241	28,241
Debt securities	113,702	114,464	5,017,682	5,040,356
Total investments	113,702	114,464	5,210,031	5,232,705

31 December 2024				
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

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 2025, the Group was in compliance with all regulatory liquidity requirements. As at 31 December 2025, the Group's LCR stood at 321% (compared to 309% at 31 December 2024) and the Group's NSFR stood at 171% (compared to 162% at 31 December 2024).

4. Principal and Emerging Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.3 Liquidity reserves

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

Composition of the liquidity reserves	31 December 2025			31 December 2024		
	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	7,673,287	7,673,287	-	7,341,141	7,341,141	-
Placements with banks	412,934	-	-	658,154	-	-
Liquid investments	6,066,705	5,233,487	479,338	4,787,396	4,206,223	377,572
Available ECB Buffer	2,116,075	-	-	1,999,540	-	-
Total	16,269,001	12,906,774	479,338	14,786,231	11,547,364	377,572

Internal Liquidity Reserves present the internally defined liquidity 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, the available ECB buffer is not part of the Liquidity reserves as defined under the LCR regulation.

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.

4. Principal and Emerging Risks (continued)

4.4 Operational Risk (continued)

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.

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.

4. Principal and Emerging Risks (continued)

4.4 Operational Risk (continued)

Operational Risk Management (ORM) Framework (continued)

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 (FRM)

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

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

The Group has a dedicated Third-Party Risk Management unit under the ORM Function. 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 are through the Third-Party risk assessments.

4. Principal and Emerging Risks (continued)

4.4 Operational Risk (continued)

4.4.2 Third-Party Risk Management (continued)

To mitigate this risk, a number of controls are in place which include regular third-party risk assessments on outsourcing/intragroup and Information and Communication Technology (ICT) contracts, third-party performance assessments, and established third party risk trainings to ensure third-party risk awareness by the Group's staff. The outsourcing and ICT contracts of the Group should be fully aligned with the EBA Guidelines and DORA Regulation on Outsourcing/ICT Arrangements and/or the Third-Party & Outsourcing Risk Management Policy. In cases where the arrangements in scope are not (fully) aligned with the EBA Guidelines, DORA Regulation and/or policies of the Group, risks are identified, and mitigating controls are put in place. Examples of potential risks include inadequate contract clauses, lack of third-party resilience and over-reliance on third parties. These risks are mitigated through the implementation of robust contractual standards, risk-based due diligence, and ongoing monitoring to ensure third-party resilience, as well as the proactive management of concentration risk through diversification, exit planning, and enhanced governance and oversight. Collectively, these measures support regulatory compliance, safeguard operational continuity, and reduce excessive dependency on individual third-party providers.

4.4.3 Business Continuity Risk Management (BCRM)

The Group has a dedicated Business Continuity Risk Management unit under the ORM Function, 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 Centre, loss of electricity, pandemics, cyber-attacks, third-party service failures etc. Mitigation is supported through the implementation of a comprehensive Business Continuity Management System (BCMS), encompassing documented Business Continuity Plans, Disaster Recovery Plans, regular testing, exercises and continuous review to strengthen organisational resilience. The framework also ensures that each Business Continuity Plan captures response and recovery strategies, as well as practical workarounds and alternative procedures that enable the continuation or timely restoration of critical operations during disruptions.

4.5 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, and considers the evolving competitive landscape as an evolving risk area including new technologies and changing consumer behaviour. Intensifying competition may exert pressure on pricing, customer retention, new customer attraction, and market share, potentially challenging the Group's ability to achieve its strategic objectives. As a result, market competition is a key factor influencing the Group's business model and may require adjustments to product offering or cost structure to remain aligned with its strategic direction.

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. Deterioration of the macroeconomic environment can lead to adverse impacts in financial performance impacting the Group's profitability, asset quality or capital resources.

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.

4. Principal and Emerging Risks (continued)

4.5 Business Model and Strategic Risks (continued)

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 is reported to the EXCO and the Board. Where performance against the targets set is considered to be outside of agreed tolerances or risk appetite metrics, proposed mitigating actions are presented and evaluated.

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.

4.6 Geopolitical Risk

Cyprus is a small, open, diversified, 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, changes in the US trade policy, high public debt levels in some European countries, and higher competition in the financial services industry, could negatively affect the Group's business environment, results, and operations.

Geopolitical tensions remained high in 2025 because of the continuing war in Ukraine. The continuation of this conflict adds considerable uncertainty to the outlook for the global economy with the impact dependent on how these conflicts are resolved. Furthermore, an escalation of the war in Ukraine with the more direct involvement of other countries, will raise the risks for inflation, shortages, and financial distress in Europe primarily.

The recent escalation of the military conflict in the Middle East, has disrupted the supply of oil and gas, with a potential effect on inflationary pressures, conditional on the duration of the war. This could imply stagflationary consequences for the global economy, especially if this ultimately affects global growth. Stagflation risks may be further exacerbated given the relatively high public debt positions in many countries – the United States, Japan, France, Italy, and China – which also raises the potential for global financial distress. While both the Cypriot and the global economy enter this crisis from a relatively solid position, despite the existing trade and geopolitical tensions, this new conflict is expected to have implications for energy markets, as states in the Gulf have already seen their production affected, while shipping costs have already increased. These will, in turn, impact inflation and broader financial conditions, but the magnitude of the impact crucially depends on how long the conflict lasts. As such, the quantification of potential impacts from the conflict remains uncertain, including, but not limited to, on economic developments, asset valuations, interest rate expectations, and exchange rates. Although the Group's direct exposure to the Middle East region is limited, the conflict could have an adverse impact on the Cypriot economy, including, a negative impact on the tourism, increased import costs through higher shipping freight rates and elevated administrative costs, and increased energy prices resulting in inflationary pressures, and disruptions to trade. Given the Group's exposure to domestic economy sectors that could potentially be affected, such as tourism and trade, we continue to closely monitor these developments closely.

4. Principal and Emerging Risks (continued)

4.6 Geopolitical Risk (continued)

A change in the US trade policies can potentially affect global trade. The potential for the introduction of a higher tariff regime than the currently agreed upon with other countries, by the US administration, may result in various policy reactions from the US trading partners. The recent trade agreement between the US and the EU, which includes a tariff rate of 15% on European goods exported to the US, without any retaliatory actions by the EU, materially eases trade policy uncertainty and provides a more stable environment. Nonetheless, the trade deal makes EU products less competitive in the US compared to the previous trade agreement, suggesting lower corporate profits for many exporters. This, coupled with higher defense imports from the US, is likely to push the euro exchange rate lower. At the same time, many countries around the world have not signed trade deals, with the US raising tariff rates in some cases. The risks of a recession in Europe have increased, also due to the high exposure to the US, and although Cyprus has a marginal goods trade exposure to the United States, the country might experience indirect effects via the European economy.

These factors, as well as the current political context in the United States and Europe, with elevated public debt levels in many countries, increase uncertainty concerning 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. Until now, the Cyprus economy has proved robust and flexible to withstand external shocks and has displayed the ability to sufficiently diversify income and production across a variety of sectors in order to maintain GDP growth and decrease unemployment.

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.

4.7 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 37 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 and threatened litigation against the Group and assesses the probability of loss for each legal action against the Group. 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 on a quarterly basis.

To further address mitigation actions, the engagement of legal professionals, both internal and external, is integral to identifying, managing, and advising on legal risks. These professionals are actively involved in providing legal advice in situations where legal risk may arise, and they ensure that any significant legal risks are escalated appropriately within the Group.

4. Principal and Emerging Risks (continued)

4.8 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. Rapid technological advances and the Group's reliance on digital systems in day-to-day operations render Technology Risk an emerging risk area, where new capabilities, like Artificial Intelligence, can also introduce operational disruption and new vulnerabilities.

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.

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.

4.9 Digital Transformation Risk

Digital transformation risk continues to be an evolving 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, fully 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.

4.10 Information Security (including 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.

4. Principal and Emerging Risks (continued)

4.10 Information Security (including Cyber) Risk(continued)

In addition, the Group maintains a comprehensive Information Security and ICT Risk Management Strategy that forms its strategy with respect to improvements and investments in technology, skills and processes as to further enhance strengthening of detection, response, and protection mechanisms as to minimize system downtimes and cyber security threats, as well as strengthen the overall digital resilience of the Group.

The Group measures Information security (including cyber) risk using a combination of qualitative and quantitative approaches. Regularly report and review of cyber risk and control effectiveness is provided to senior management level as well as at Board Risk and Technology Committees' level to help enable appropriate visibility and governance of the risk and its mitigating actions.

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.

4.11 Regulatory Compliance Risk

The Group conducts its business subject to on-going regulations and the associated regulatory risks, including the impact of the implementation of and amendments in laws, regulations, policies, codes of conduct etc. Regulatory compliance risk is the risk of impairment to the Group's operations, reputation and financial condition from failure to meet laws and regulations, internal standards and policies. This risk may also impact the expectations of key stakeholders such as shareholders, regulators, customers, employees and society. Failure to comply with the regulatory framework requirements or identify and prepare for emerging requirements could lead to, amongst others, increased costs for the Group, regulatory fines, limitation on BOC PCL's capacity to perform banking activities and could have a material adverse effect on the business, financial condition and results, operations and prospects of the Group. Given the evolving regulatory agenda and supervisory expectations, regulatory compliance is also treated as an emerging risk area requiring timely assessment and implementation across 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 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 and Regulatory Compliance Department. The Group Compliance monitors the status of upcoming 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 its 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. Regulatory compliance risks are reported promptly to the senior management and the Board in accordance with the guidelines of the CBC Internal Governance Directive.

The Regulatory Compliance Division follows the ORM Risk Assessment Scoring Methodology which is established by the Operational Risk Division with regards to the risk classification process. The Regulatory Compliance Division identifies and informs business areas about new or updated regulations, enabling them to conduct impact assessments and/or regulatory gap analyses, while the Compliance Division reviews and challenges the latter as the second line of defence.

4. Principal and Emerging Risks (continued)

4.11 Regulatory Compliance Risk(continued)

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 Group's compliance liaisons;
- The use of aggregated risk measurements for the monitoring of the relevant regulatory compliance risks via the establishment of Key Risk Indicators (KRIs);
- 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 mitigating actions to manage the 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 functions, including 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 thematic reviews regarding the 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 the relevant authorities, with the support of internal experts and control functions, where applicable.

4.12 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.

4. Principal and Emerging Risks (continued)

4.13 Climate Related & Environmental Risks

Climate and environmental matters are 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.
- **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 Environmental, Social and Governance (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.

4. Principal and Emerging Risks (continued)

4.14 Data Accuracy and Integrity Risk

Data Accuracy and Integrity Risk refers to the risk that data used for decision making, regulatory reporting, customer communication, and risk management is incorrect, incomplete, inconsistent, or compromised across its lifecycle. This risk is systemic, as data underpins financial reporting, capital adequacy, customer outcomes, and regulatory compliance. Group Data Accuracy & integrity Risk is managed by the Data Quality & Governance control unit which actively identifies, assesses, and monitors such risks. All data risks identified undergo a root cause analysis and impact assessment.

This risk is mitigated by the establishment of a Quality & Governance Framework. Data & Report Quality controls assessment and continuous monitoring are performed at each step of the data life cycle, with frequent updates to Senior Management and Board. The dedicated Data Quality & Governance control unit participates in data initiatives, new products/projects and the RCSA process.

4.15 Model Risk

Model risk arises from the potential for adverse consequences resulting from decisions based on incorrect or misused model outputs. The Group relies on various models for critical activities, including credit risk quantification and assessment, stress testing, capital and liquidity planning, and provisioning. These models incorporate assumptions, methodologies and data inputs.

Errors in model design, incorrect implementation, insufficient validation, or inappropriate use of models may lead to inaccurate risk measurement, mispricing of products, inadequate capital allocation, or incorrect provisioning levels. Such outcomes could result in financial loss, increased volatility in earnings or regulatory breaches.

To mitigate these risks, the Group has established a comprehensive model risk management framework supported by policies, standards, and procedures designed to ensure the consistent and effective management of model risk across the full model lifecycle, from model initiation and development through validation, implementation and ongoing monitoring. The framework defines the key controls required to manage model risk and ensures that models are developed, reviewed, and used in a controlled and transparent manner.

Key elements of the framework include the maintenance of a complete and up to date model inventory, with models categorised according to model risk tier which includes model materiality and complexity, to ensure that validation, monitoring, and governance requirements are applied proportionately. Clear roles and responsibilities are defined across the lifecycle. All models are subject to independent validation by a function that is separate from model development, and ongoing performance monitoring is conducted to assess model stability and fitness for purpose over time.

Model risk is monitored and reported through regular governance processes, with identified issues tracked and addressed in a timely manner. Where model performance deteriorates or limitations are identified, appropriate remedial actions are implemented to ensure continued compliance with internal standards and regulatory expectations.

5. 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, is implemented through the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). 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.

5. Capital management (continued)

During 2024, the EU co-legislators finalized, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWAs (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from 1 January 2025, with Regulation (EU) 2024/1623 amending the CRR as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor and Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks. 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.

The date of the application of the Fundamental Review of the Trading Book ('FRTB') framework was postponed to 1 January 2026, in accordance with Commission delegated regulation 2024/2795. On 12 June 2025, the European Commission confirmed that the start date for the new market risk rules under the FRTB will be postponed by one additional year to 1 January 2027.

The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in Credit Risk RWAs.

The Regulatory CET1 ratio of the Group as at 31 December 2025 stands at 21.1% and the Total Capital ratio at 26.0%. The Regulatory Capital ratios as at 31 December 2025 include profits for the year ended 31 December 2025 and a deduction for the proposed final cash dividend in respect of 2025 earnings as described in Section 'Distributions' in the Management Report included within the Annual Financial Report.

The Group's minimum capital requirements are presented below:

Minimum CET1 Regulatory Capital Requirements	2025	2024
Pillar I – CET1 Requirement	4.50%	4.50%
Pillar II – CET1 Requirement	1.55%	1.55%
Capital Conservation Buffer (CCB)	2.50%	2.50%
Other Systematically Important Institutions (O-SII) Buffer*	1.9375%	1.875%
Countercyclical Buffer (CcyB)	0.90%	0.92%
Minimum CET1 Regulatory Capital Requirements	11.38%	11.34%

* Increased on 1 January 2026 to 2.25%

Minimum Total Capital Regulatory Requirements	2025	2024
Pillar I – Total Capital Requirement	8.00%	8.00%
Pillar II – Total Capital Requirement	2.75%	2.75%
Capital Conservation Buffer (CCB)	2.50%	2.50%
Other Systematically Important Institutions (O-SII) Buffer*	1.9375%	1.875%
Countercyclical Buffer (CcyB)	0.90%	0.92%
Minimum Total Capital Regulatory Requirements	16.08%	16.05%

* Increased on 1 January 2026 to 2.25%

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.

5. Capital management (continued)

The capital position of the Group and BOC PCL as at 31 December 2025 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 Macprudential Oversight of Institutions Law of 2015 sets, on a quarterly basis, the CcyB rates in accordance with the methodology described in this law.

On 2 June 2023, the CBC, announced its decision to raise the CcyB rate from 0.50% 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 2025 has been calculated at approximately 0.90% (31 December 2024: 0.92%). The CCyB for Cyprus exposures is 1% at 31 December 2025 (equating to an estimated 0.81% Group requirement). The CCyB for Greek exposures is 0.25% (equating to an estimated 0.02% Group requirement). Other jurisdictional exposures equate to approximately a 0.07% Group requirement.

In January 2025, the CBC, based on its macroprudential policy, increased the CcyB rate from 1.00% to 1.50% of the total risk exposure amount in Cyprus effective from January 2026.

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 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 the Group's O-SII buffer has been set to 2.00% from 1 January 2026 phased-in by 6.25 bps to 1.9375% on 1 January 2025. In November 2025, following the annual assessment by CBC, the O-SII buffer increased to 2.25%, effective from 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 2025 and based on the final 2025 SREP Decision received in October 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements decreased effective from 1 January 2026, when disregarding the aforementioned increase of the CcyB and the O-SII buffer, reflecting the reduction in the Pillar II requirement. The Pillar II requirement decreased by 25 bps to 2.50%, effective from 1 January 2026. The Group's minimum phased-in CET1 capital ratio has been set at 12.16%, comprising a 4.50% Pillar I requirement, a 1.41% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.25% and CcyB of approximately 1.50%. Likewise the Group's minimum phased-in Total Capital ratio requirement is expected to be set at 16.75%, 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 2.50% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.25% and CcyB of approximately 1.50%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) has also been revised downwards compared to 2025, based on the final SREP Decision.

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.

5. Capital management (continued)

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

Regulatory capital	BOC Group		BOC PCL	
	31 December 2025 ¹	31 December 2024 ²	31 December 2025 ¹	31 December 2024 ²
	€000	€000	€000	€000
Common Equity Tier 1 (CET1) ³	2,195,944	2,079,320	2,152,361	2,015,685
Additional Tier 1 capital (AT1)	220,000	220,000	220,000	220,000
Tier 2 capital (T2)	297,984	307,955	297,984	307,955
Transitional total regulatory capital	2,713,928	2,607,275	2,670,345	2,543,640
Risk weighted assets – credit risk ⁴	9,150,831	9,172,706	9,381,391	9,228,404
Risk weighted assets – market risk	-	-	-	-
Risk weighted assets – operational risk	1,273,951	1,663,258	1,242,867	1,601,470
Total risk weighted assets	10,424,782	10,835,964	10,624,258	10,829,874
Transitional	%	%	%	%
Common Equity Tier 1 (CET1) ratio	21.1	19.2	20.3	18.6
Total capital ratio	26.0	24.1	25.1	23.5
Leverage ratio	8.6	8.8	8.4	8.5

1. Includes profits for the year ended 31 December 2025 net of a deduction for a distribution in respect of 2025 earnings, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €218 million.

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 cash dividend of €241 million.

3. CET1 includes regulatory deductions, comprising of, amongst others, intangible assets amounting to €24,509 thousand for the Group and €15,409 thousand for BOC PCL as at 31 December 2025 (31 December 2024: €25,231 thousand for the Group and €16,039 thousand for BOC PCL).

4. Includes Credit Valuation Adjustments (CVA).

5. 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	BOC Group		BOC PCL	
	31 December 2025 ^{1,4}	31 December 2024 ^{2,3}	31 December 2025 ^{1,4}	31 December 2024 ^{2,3}
	%	%	%	%
Common Equity Tier 1 ratio	20.7	19.2	19.9	18.6
Total capital ratio	25.6	24.0	24.7	23.5
Leverage ratio	8.6	8.8	8.4	8.5

¹. Includes profits for the year ended 31 December 2025 net of a deduction for a distribution in respect of 2025, following relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €218 million.

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 cash dividend of €241 million.

³. IFRS 9 fully loaded as applicable. IFRS 9 transitional arrangements ceased to apply as of 1 January 2025.

⁴. Fully loaded under Articles 495a, 495b, 495d and 500a of the Capital Requirements Regulation (CRR).

Capital Ratios at 31 December 2025

The CET1 ratio (on a transitional basis) has increased by approximately 190 bps during the year ended 31 December 2025, whereas on a fully loaded basis the ratio has increased by approximately 150 bps. The CET1 ratio was positively affected by organic capital generation from profitability offset by the combined impacts of higher distribution at 70% payout and coupon payments. In addition, risk-weighted assets decreased as a result of the implementation of CRR III on 1 January 2025 which was partially offset by business growth during the year. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in Credit Risk RWAs.

A charge, which amounted to 19 bps as at 31 December 2025, is deducted from own funds in relation to ECB expectations for NPEs. 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 are 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 2025 the impact of these requirements was 65 bps on the Group's CET1 ratio compared to 51 bps as at 31 December 2024. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

Capital actions

In September 2025, BOCH issued €300 million unsecured and subordinated Tier 2 Capital Notes (the 'New Notes') priced at 99.632% and immediately after, BOCH and BOC PCL entered into an agreement pursuant to which BOCH on-lent to BOC PCL the proceeds of the issue of the New Notes (the '2025 Loan').

At the same time, BOCH invited the holders of its €300 million Fixed Rate Reset Tier 2 Capital Notes due October 2031 (the '2021 Notes') to tender the 2021 Notes for cash purchase by BOCH, and at the same time, the Company invited BOCH to tender its 2021 Loan for cash purchase by the Company on the same terms as the tender of BOCH of the 2021 Notes. The Company received valid tenders of approximately €217 million in aggregate principal amount, all of which were accepted by the Company; approximately €82 million in aggregate principal amount of the 2021 Loan remained outstanding as at 31 December 2025. The 2021 Loan remaining outstanding was deducted from the capital of the Company for 31 December 2025.

5. Capital management (continued)

In March 2026, BOCH announced that it will exercise its option to redeem the remaining outstanding 2021 Notes on 23 April 2026. At the same time, the Company gave notice to BOCH that it will exercise its option to redeem the remaining outstanding 2021 Loan on 23 April 2026 as well.

Distributions

In February 2026, the Board of Directors declared a final cash dividend of €0.0227 per ordinary share in respect of 2025 earnings. The proposed final cash dividend together with the interim dividend of €0.0091 per ordinary share paid in October 2025, amount to a total cash dividend of €0.03 per ordinary share and an aggregate distribution of €305 million in respect of 2025 earnings, all in the form of cash dividend.

Capital requirements of subsidiaries

The insurance subsidiaries of the Group 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, currently licensed as an Electronic Money Institution, complies with regulatory capital requirements under the Electronic Money Laws of 2012 (N. 81(I)/2012) as amended.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD) requires EU member states to apply the BRRD's provisions requiring EU credit institutions 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 which was transposed and implemented in Cyprus law in May 2021.

In December 2025, BOC PCL received notification from the SRB, by which the MREL requirement is now set at 24.03% of risk weighted assets (or 29.36% of risk weighted assets taking into account the prevailing CBR as at 31 December 2025 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure (LRE). The revised MREL requirements became binding with immediate effect, replacing the previous requirement of 23.85% of risk weighted assets and 5.91% of LRE.

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 2025, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 35.3% of RWAs (including capital used to meet the CBR) and at 13.1% of LRE (based on the regulatory Total Capital as at 31 December 2025) creating a comfortable buffer over the requirements. The CBR stood at 5.33% as at 31 December 2025, compared to 5.30% as at 31 December 2024. As of January 2026, the CBR increases further, following the revision of the O-SII buffer from 1.9375% to 2.25% on 1 January 2026 as well as the increase of the CcyB rate, as explained above.



Independent Auditor's Report

To the Members of Bank of Cyprus Public Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

In our opinion, the accompanying consolidated financial statements of Bank of Cyprus Public Company Limited (the "Company") and its subsidiaries (the "Group") give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated financial statements which are presented in pages 78 to 272 and comprise:

- the Consolidated Balance Sheet as at 31 December 2025;
- the Consolidated Income Statement for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- Notes to the Consolidated Financial Statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in Cyprus. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of 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 among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

	• Overall group materiality: €27,4 million, which represents approximately 5% of the Group's profit before tax • We audited the complete financial information of Bank of Cyprus Public Company Limited which is the main trading entity of the Group, and assessed as the only significant component of the Group. • For centralised activities and non-significant components, further audit procedures have been performed. We have identified the following key audit matters: • Impairment of loans and advances to customers. • Provisions for pending litigation and claims. • Valuation of stock of properties. • Privileged user access over financial reporting systems.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	€27,4 million.
How we determined it	Based on approximately 5% of the Group's profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark, because in our view, this is a metric against which the recurring performance of the Group is commonly measured to assess its performance. We chose 5%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1,372 thousand as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated 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 parent of a group of companies. The financial information of this Group is included in the consolidated financial statements of Bank of Cyprus Public Company Limited.

Considering our ultimate responsibility for the opinion on the Group's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we tailored the scope of our audit and determined the nature and extent of the audit procedures for the components of the Group to ensure that we perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the significance and/or risk profile of the group entities or activities, the accounting processes and controls, and the industry in which the Group operates.

The Group's activities mainly consist of banking operations, which are primarily in Cyprus. These are carried out by Bank of Cyprus Public Company Limited, which is the main trading entity of the Group and for which full scope audit procedures were performed based on its financial significance and risk of material misstatement to the consolidated financial statements. For centralised activities and non-significant components, further audit procedures have been performed so as to ensure we obtained sufficient audit evidence on individual financial statement line items.

Where the work was performed by component auditors, we as group auditors determined the level of involvement we needed to have in the audit work of those components 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. Our involvement in that work included, amongst others, the instructing of the component auditors in scope, with respect to matters pertaining to the risk assessment process as well as our review of detailed memorandums prepared by the component auditors delineating the results of audit procedures performed. Further, on the basis of frequent communications with component audit teams in relation to the nature, timing and extent of the work impacting the Group audit opinion we ensured that our audit plan was appropriately executed. The group consolidation and consolidated financial statement disclosures are audited by the group engagement team.

By performing the procedures above at components, combined with the additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial information of the Group as a whole to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Impairment of loans and advances to customers</i> Refer to Note 2.16 “Impairment of financial assets” within Note 2 “Summary of material 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 43 “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: • Changes and calibrations to the model and methodology; • 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; and • Incorporation of forward-looking economic scenarios (including geo-political uncertainties) 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, including consideration of geo-political uncertainties, 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 and calibrations 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 allowance for expected credit losses for impairment of loans and advances to customers is reasonable.

Provisions for pending litigation and claims

Refer to Note 2.34 "Provisions for pending litigation, claims, regulatory and other matters" within Note 2 "Summary of material accounting policies", Note 5.3 "Provisions for pending litigation and claims", within Note 5 "Significant and other judgements, estimates and assumptions" and Note 37 "Provisions for pending litigation, 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 c.€68 million as at 31 December 2025, of which c.€29 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 understood and evaluated the design of the overall control framework 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 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 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 amount of any economic outflow.

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 recorded. 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.

For a sample of cases settled in the year, we inspected the related settlement agreements and traced the outflow payments to supporting documentation.

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 2025.

Based on evidence obtained, while noting the inherent uncertainty in such matters, we concluded that the provision for pending litigation and claims was reasonable.

Valuation of stock of properties

Refer to Note 2.27 "Stock of property", within Note 2 "Summary of material 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, over the years, 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.

The key inputs to estimate the net realisable value are the valuations obtained from external valuers and the liquidity discounts determined by management.

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.

We determined this to be a key audit matter due to the higher degree of judgement inherent to assessing the market conditions underpinning the external valuations and the liquidity discounts that are applied by management to arrive at the net realisable value.

We performed look-back procedures by comparing the price achieved for disposals during 2026 to the carrying values for those assets as at 31 December 2025.

Based on our procedures, we concluded that the valuation of stock of property as at 31 December 2025 was reasonable.

Privileged user access over financial reporting systems

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.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Forward Looking Statements and Notes, Management Report of Bank of Cyprus Public Company Limited, Risk and Capital Management Report, and Alternative Performance Measures Disclosures, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Requirements of Article 10(2) of the EU Regulation 537/2014

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group on 2 April 2019 by the shareholder of the Company through an extraordinary general meeting for the audit of the consolidated financial statements for the year ended 31 December 2019. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 March 2026 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the Management Report of Bank of Cyprus Public Company Limited.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report of Bank of Cyprus Public Company Limited has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report of Bank of Cyprus Public Company Limited. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Anna Loizou.

A handwritten signature in blue ink, appearing to read 'Anna Loizou'.

Anna Loizou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

30 March 2026

Consolidated Financial Statements 2025

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BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Income Statement
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Notes</i>	€000	€000
Interest income	7	839,919	1,000,135
Income similar to interest income	7	6,274	10,163
Interest expense	8	(113,836)	(186,885)
Expense similar to interest expense	8	(242)	(1,289)
<i>Net interest income</i>		732,115	822,124
Fee and commission income	9	188,063	184,418
Fee and commission expense	9	(8,404)	(7,475)
Net foreign exchange gains	10	28,930	27,285
Net gains on financial instruments	11	15,522	10,672
Net losses on derecognition of financial assets measured at amortised cost		(2,013)	(13)
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	12	(1,106)	(3,907)
Net insurance service result	12	90,178	76,791
Net reinsurance service result	12	(29,363)	(26,693)
Net losses from revaluation and disposal of investment properties		(2,251)	(1,430)
Net gains on disposal of stock of property	27	11,519	216
Other income	13	17,878	14,381
<i>Total operating income</i>		1,041,068	1,096,369
Staff costs	14	(225,215)	(203,062)
Special levy on deposits and other levies/contributions	15	(42,379)	(39,115)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	37	383	(11,775)
Other operating expenses	15	(161,365)	(161,876)
<i>Operating profit before credit losses and impairment</i>		612,492	680,541
Credit losses on financial assets	16	(33,601)	(31,797)
Impairment net of reversals on non-financial assets	16	(28,651)	(56,040)
Profit before tax		550,240	592,704
Income tax	17	(57,262)	(81,128)
Profit after tax for the year		492,978	511,576
Attributable to:			
Owners of the Company		490,422	510,621
Non-controlling interests		2,556	955
Profit for the year		492,978	511,576
Basic and diluted earnings per share attributable to the owners of the Company (€ cent)	18	5.1	5.3

		2025	2024
	<i>Notes</i>	€000	€000
Profit for the year		492,978	511,576
Other comprehensive income (OCI)			
OCI that may be reclassified in the consolidated income statement in subsequent periods		240	(5,011)
Fair value reserve (debt instruments)		271	(5,028)
Net gains/(losses) on investments in debt instruments measured at fair value through OCI (FVOCI)		271	(5,028)
Foreign currency translation reserve		(31)	17
(Loss)/profit on translation of net investments in foreign subsidiaries		(31)	17
OCI not to be reclassified in the consolidated income statement in subsequent periods		1,087	1,428
Fair value reserve (equity instruments)		393	1,070
Net gains on investments in equity instruments designated at FVOCI		393	1,070
Property revaluation reserve		(232)	542
Net fair value gains before tax	25	-	522
Deferred tax (charge)/credit	17	(232)	20
Actuarial gains/(losses) on defined benefit plans		926	(184)
Remeasurement gains/(losses) on defined benefit plans	14	926	(184)
Other comprehensive income/(loss) for the year net of taxation		1,327	(3,583)
Total comprehensive income for the year		494,305	507,993
Attributable to:			
Owners of the Company		491,722	507,060
Non-controlling interests		2,583	933
Total comprehensive income for the year		494,305	507,993

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Balance Sheet
as at 31 December 2025

Annual Financial Report 2025

	Notes	2025 €000	2024 €000
Assets			
Cash and balances with central banks	19	7,933,036	7,600,726
Loans and advances to banks	19	575,508	820,574
Reverse repurchase agreements	43.11	1,618,955	1,010,170
Derivative financial assets	21	88,342	95,273
Investments at FVPL	20	201,914	136,629
Investments at FVOCI	20	356,580	416,077
Investments at amortised cost	20	4,765,238	3,805,637
Loans and advances to customers	23	10,800,913	10,117,168
Life insurance business assets attributable to policyholders	24	923,191	772,757
Prepayments, accrued income and other assets	28	375,804	478,955
Stock of property	27	372,202	648,757
Investment properties	22	28,330	36,251
Deferred tax assets	17	166,763	166,844
Property and equipment	25	312,546	307,414
Intangible assets	26	51,920	49,747
Non-current assets and disposal groups held for sale	23	-	23,143
Total assets		28,571,242	26,486,122
Liabilities			
Deposits by banks		404,099	364,231
Derivative financial liabilities	21	19,256	4,664
Customer deposits	29	22,215,053	20,528,848
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	21	12,612	44,074
Insurance contract liabilities	30	877,716	743,684
Accruals, deferred income, other liabilities and other provisions	32	612,645	545,264
Provisions for pending litigation, claims, regulatory and other matters	37	67,523	92,620
Debt securities in issue	31	983,446	989,435
Subordinated liabilities	31	381,746	307,955
Deferred tax liabilities	17	36,760	31,943
Total liabilities		25,610,856	23,652,718
Equity			
Share capital	33	959,794	959,794
Share premium	33	1,250	1,250
Revaluation and other reserves		108,150	107,032
Retained earnings	35	1,651,447	1,525,134
Equity attributable to the owners of the Company		2,720,641	2,593,210
Other equity instruments	33	220,000	220,000
Non-controlling interests		19,745	20,194
Total equity		2,960,386	2,833,404
Total liabilities and equity		28,571,242	26,486,122


Mr. E.G. Arapoglou
Chairman


Mrs. K. Santis
Company Secretary


Mr. P. Nicolaou
Chief Executive Officer


Mrs. E. Livadiotou
Executive Director Finance

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Statement of Changes in Equity
for the year ended 31 December 2025

Annual Financial Report 2025

	Attributable to the owners of the Company								Other equity instruments (Note 33)	Non-controlling interests	Total equity
	Share capital (Note 33)	Share premium (Note 33)	Other capital reserves (Note 14)	Retained earnings (Note 35)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	Total			
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2025	<u>959,794</u>	<u>1,250</u>	<u>1,849</u>	<u>1,525,134</u>	<u>84,869</u>	<u>3,623</u>	<u>16,691</u>	2,593,210	<u>220,000</u>	<u>20,194</u>	2,833,404
Profit for the year	-	-	-	490,422	-	-	-	490,422	-	2,556	492,978
Other comprehensive income/(loss) after tax for the year	-	-	-	926	(233)	638	(31)	1,300	-	27	1,327
Total comprehensive income/(loss) after tax for the year	-	-	-	<u>491,348</u>	<u>(233)</u>	<u>638</u>	<u>(31)</u>	491,722	-	<u>2,583</u>	494,305
Dividends (Note 34)	-	-	-	(328,373)	-	-	-	(328,373)	-	-	(328,373)
Share-based benefits - cost	-	-	1,363	-	-	-	-	1,363	-	-	1,363
Payment of coupon to AT1 holders (Note 33)	-	-	-	(26,125)	-	-	-	(26,125)	-	-	(26,125)
Issue of shares under share-based schemes	-	-	(619)	-	-	-	-	(619)	-	-	(619)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)
Defence contribution (Note 35)	-	-	-	(10,537)	-	-	-	(10,537)	-	-	(10,537)
Impact on non-controlling interests due to disposal of subsidiary (Note 49)	-	-	-	-	-	-	-	-	-	(1,347)	(1,347)
31 December 2025	<u>959,794</u>	<u>1,250</u>	<u>2,593</u>	<u>1,651,447</u>	<u>84,636</u>	<u>4,261</u>	<u>16,660</u>	2,720,641	<u>220,000</u>	<u>19,745</u>	2,960,386

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Statement of Changes in Equity
for the year ended 31 December 2025

Annual Financial Report 2025

	Attributable to the owners of the Company								Other equity instruments (Note 33)	Non-controlling interests	Total equity
	Share capital (Note 33)	Share premium (Note 33)	Other capital reserves (Note 14)	Retained earnings (Note 35)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	Total			
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2024	<u>959,794</u>	<u>1,250</u>	<u>917</u>	<u>1,175,506</u>	<u>84,239</u>	<u>9,553</u>	<u>16,674</u>	2,247,933	220,000	21,261	2,489,194
Profit for the year	-	-	-	510,621	-	-	-	510,621	-	955	511,576
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	-	-	-	510,437	564	(3,958)	17	507,060	-	933	507,993
Dividends (Note 34)	-	-	-	(136,590)	-	-	-	(136,590)	-	-	(136,590)
Share-based benefits - cost	-	-	932	-	-	-	-	932	-	-	932
Payment of coupon to AT1 holders (Note 33)	-	-	-	(26,125)	-	-	-	(26,125)	-	-	(26,125)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Transfers to retained earnings	-	-	-	1,906	66	(1,972)	-	-	-	-	-
31 December 2024	<u>959,794</u>	<u>1,250</u>	<u>1,849</u>	<u>1,525,134</u>	<u>84,869</u>	<u>3,623</u>	<u>16,691</u>	2,593,210	<u>220,000</u>	<u>20,194</u>	<u>2,833,404</u>

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Statement of Cash Flows
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Note</i>	€000	€000
Profit before tax		550,240	592,704
<i>Adjustments for:</i>			
Depreciation of property and equipment and amortisation of intangible assets		35,856	36,171
Impairment net of reversals on non-financial assets		28,651	56,040
Credit losses on financial assets		33,601	31,797
Net losses on derecognition of financial assets measured at amortised cost		2,013	13
Amortisation of discounts/premiums and interest on debt securities		(138,910)	(102,975)
Dividend income		(668)	(183)
(Gain)/loss from revaluation of financial instruments designated as fair value hedges		(51,960)	40,312
Fair value gains on other financial assets measured at FVPL		(9,933)	-
Interest on subordinated liabilities and debt securities in issue		60,170	64,310
Interest on long term reverse repurchase agreements		(30,441)	(27,012)
Interest on funding from central banks		-	21,842
Loss on disposal of subsidiaries		278	-
Share-based benefits cost	14	1,233	932
Loss on early redemption of subordinated liabilities		3,335	-
Net gains on disposal of stock of property and investment properties		(11,905)	(1,225)
Profit on sale and write offs of property and equipment and intangible assets		(60)	(28)
Interest expense on lease liability		903	493
Premium tax included in net insurance service result as directly attributable expense		2,883	2,558
Net losses from revaluation of investment properties		2,637	2,439
Net exchange differences		34,178	(18,135)
		512,101	700,053
<i>Change in:</i>			
Loans and advances to banks		507,105	(430,577)
Deposits by banks		39,868	(107,325)
Obligatory balances with central banks		(22,228)	(58,523)
Balances with central banks for ancillary services		(2,276)	(47,390)
Customer deposits		1,686,205	1,189,968
Short-term reverse repurchase agreements		(602,375)	-
Life insurance business assets attributable to policyholders and Insurance contract liabilities		(38,313)	(38,285)
Loans and advances to customers		(697,286)	(380,944)
Prepayments, accrued income and other assets		106,374	91,995
Provisions for pending litigation, claims, regulatory and other matters		(30,185)	(38,883)
Accruals, deferred income, other liabilities and other provisions		34,380	64,982
Derivative financial instruments		21,523	(57,534)
Investments measured at FVPL		(10,659)	(1,354)
Stock of property		242,412	152,450
		1,746,646	1,038,633
Tax paid		(25,399)	(28,542)
Net cash from operating activities		1,721,247	1,010,091
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	49	(22,383)	-
Proceeds from disposal of subsidiary, net of transaction cost		2,439	-
Purchases of debt securities, treasury bills and equity securities	20	(1,615,875)	(1,433,813)
Purchase of reverse repurchase agreements		-	(600,000)
Proceeds on disposal/redemption of investments in debt and equity securities	20	731,033	834,618
Interest received from debt securities		94,536	66,125
Interest received from long-term reverse repurchase agreements		24,020	20,032
Dividend income from equity securities		668	183
Purchases of property and equipment	25	(13,525)	(21,055)
Additions to intangible assets	26	(17,313)	(19,736)
Proceeds on disposal of property and equipment and intangible assets		78	44
Proceeds on disposal of investment properties		5,670	24,622
Net cash used in investing activities		(810,652)	(1,128,980)

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Consolidated Statement of Cash Flows
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Note</i>	€000	€000
Cash flow from financing activities			
Payment of coupon to AT1 holders	33	(26,125)	(26,125)
Repurchase of subordinated liabilities	31	(222,588)	-
Proceeds from the issue of subordinated liabilities (net of transaction costs)	31	298,896	-
Repayment of funding from central banks		-	(2,065,710)
Proceeds from the issue of debt securities in issue (net of transaction costs)		-	297,767
Dividend paid on ordinary shares		(328,373)	(136,590)
Interest on subordinated liabilities		(15,925)	(19,875)
Interest on debt securities in issue		(41,810)	(33,313)
Principal elements of lease payments	41	(7,360)	(9,741)
Dividend paid by subsidiaries to non-controlling interests		(1,685)	(2,000)
Net cash used in financing activities		(344,970)	(1,995,587)
Net increase/(decrease) in cash and cash equivalents		565,625	(2,114,476)
Cash and cash equivalents 1 January		7,723,845	9,838,321
Cash and cash equivalents 31 December	40	8,289,470	7,723,845

Additional information on the Consolidated Statement of Cash Flows is provided in Note 39.

1. Corporate information

Bank of Cyprus Public Company Limited (the 'Company'), a limited liability company incorporated in 1930 under the Cyprus Companies Law, is the holding company of Bank of Cyprus Group (the 'Group'). The principal activities of the Group involve the provision of banking services, financial services, insurance services and the management and disposal of property predominately acquired in exchange of debt.

The Company 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 European Central Bank (ECB) and the Central Bank of Cyprus (CBC) for the purposes of its prudential requirements.

Bank of Cyprus Holdings Public Limited Company ('BOCH'), the parent company of the Company, is a public limited company incorporated in Ireland in 2016, the shares of the 'BOCH' are listed and trading on the Cyprus Stock Exchange (CSE) and the Athens Stock Exchange (ATHEX).

Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 December 2025 (the Consolidated Financial Statements) were authorised for issue by a resolution of the Board of Directors on 30 March 2026.

The Consolidated Financial Statements are available at the Company's registered office (51 Stassinou Street, Ayia Paraskevi, 2002 Strovolos, Nicosia, Cyprus) and on the Group's website www.bankofcyprus.com (Group/Investors Relations/Financial Results) (the Group's website).

The Annual Financial Report of Bank of Cyprus Holdings Public Limited Company Group (BOCH Group) is available on the Group's website.

2. Summary of material 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, where applicable, 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, insurance and reinsurance contract assets and liabilities measured at their fulfilment values in accordance with IFRS 17, non-current assets held for sale measured at fair value less costs to sell, where applicable, 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 IFRS Accounting Standards and with the requirements of the Cyprus Companies Law, Cap. 113.

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 42.

Comparative information

There have been no changes to comparative information.

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.

2. Summary of material accounting policies (continued)

2.2 Accounting policies and changes in accounting policies and disclosures (continued)

The accounting policies adopted are consistent with those of the previous year. The adoption of amendments that came into effect on or after 1 January 2025 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 1 January 2025 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 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. These amendments did not have an impact on the Group's results and financial position.

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

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 an impact on its results and financial position.

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 does not expect these amendments to have an impact 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 does not expect these amendments to have an impact on its results and financial position.

2. Summary of material accounting policies (continued)

2.3 Standards and Interpretations that are issued but not yet effective (continued)

2.3.1 Standards and Interpretations issued by the IASB and adopted by the EU (continued)

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 has commenced its impact assessment. IFRS 18 will have no impact on the Group's net profit or equity position. However, it will impact the presentation of the Group's results as it requires operating, investing and financing activities to be presented separately and additional disclosures will also be required. The standard also introduces narrow scope amendments to IAS 7 Statement of Cash Flows by using operating profit as the starting point for the indirect method and removing optionality for the classification of interest and dividends.

2.3.2 Standards and Interpretations issued by the IASB but not yet adopted by the EU

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 19 Subsidiaries without Public Accountability: Disclosures (amendments)

The latest amendments to IFRS 19 help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024. The amendment ensures consistency by applying the same principles for reducing disclosures as used in the original IFRS 19. Key features include exclusions for public accountability disclosures and cross-references to IFRS 18 for management performance. These amendments will be effective for annual periods beginning on or after 1 January 2027. The standard does not apply to the financial statements of the Group.

IAS 21 The effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation currency (amendments)

The IASB has issued targeted amendments to IAS 21, clarifying how entities should translate financial statements when moving from a non-hyperinflationary currency to a hyperinflationary one. These amendments are designed to enhance the relevance of reported information while keeping implementation costs manageable. They aim to reduce inconsistencies in practice and establish clearer framework for financial reporting in hyperinflationary environments. These amendments will be effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. These amendments do not apply to the financial statements of the Group.

2.4 Basis of consolidation

The Consolidated Financial Statements comprise the Consolidated Financial Statements of the Company as at and for the year ended 31 December 2025. 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.

2. Summary of material accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

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.

2. Summary of material accounting policies (continued)

2.5 Foreign currency translation (continued)

2.5.2 Subsidiary companies and branches (continued)

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.

2.7 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 2.12 to 2.16.

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.

2.7.1 Fee and commission income

The Group earns fee income from a diverse range of services it provides to its clients. The majority of the Group's fee and commission income arises from its banking activities (mainly payment order fees, account maintenance and review fees, fees on guarantees provided) and from interchange and merchant fees income generated from credit and bank card usage.

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

2. Summary of material accounting policies (continued)

2.7 Revenue from contracts with customers (continued)

2.7.1 Fee and commission income (continued)

- 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.

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.

2.7.2 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.

2.7.3 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'.

2.7.4 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.

2.7.5 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 material accounting policies (continued)

2.8 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 the issue of financial assets 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 material accounting policies (continued)

2.9 Employee benefits

2.9.1 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.

2.9.2 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.

2.9.3 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.

2.10 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 material accounting policies (continued)

2.10 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.

2.11 Financial instruments - initial recognition

2.11.1 Date of recognition

'Balances with central banks', 'Loans and advances to banks', 'Reverse repurchase agreements', '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.

2.11.2 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 2.12.

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 material accounting policies (continued)

2.11 Financial instruments - initial recognition (continued)

2.11.2 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 2.11.3 below.

2.11.3 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.

2.11.4 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.

2.12 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 material accounting policies (continued)

2.12 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.

2.12.1 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 2.12 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.

2.12.2 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 material accounting policies (continued)

2.12 Classification and measurement of financial assets and financial liabilities (continued)

2.12.3 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.

2.12.4 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.

2.12.5 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 material accounting policies (continued)

2.12 Classification and measurement of financial assets and financial liabilities (continued)

2.12.5 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.

2.12.6 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.

2.12.7 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.

2.12.8 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.

2.12.9 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 material accounting policies (continued)

2.12 Classification and measurement of financial assets and financial liabilities (continued)

2.12.9 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 the Company'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 the Company'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 the Company. 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) with an original maturity of more than one year are presented as investing activities in the Consolidated Statement of Cash Flows, whereas cash flows relating to reverse repurchase agreements (including interest received) with an original maturity of less than one year are presented as operating 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.

2. Summary of material accounting policies (continued)

2.12 Classification and measurement of financial assets and financial liabilities (continued)

2.12.9 Determination of fair value - Valuation techniques (continued)

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.

2.13 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.

2.14 Derecognition of financial assets and financial liabilities

2.14.1 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.

2.14.2 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.

2.15 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.

2. Summary of material accounting policies (continued)

2.15 Modification of financial assets (continued)

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.

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 2.16.2, 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.

2.16 Impairment of financial assets

2.16.1 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 2.16.3.

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 2.16.2 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.

2. Summary of material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.1 Overview of ECL principle (continued)

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.

2.16.2 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.

2. Summary of material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.2 Credit impaired and definition of default (continued)

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.

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-forbore 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 2.16.3 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.

2.16.3 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 material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.3 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 as regards 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 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 applied on 31 December 2025 and 2024 which varies depending on the credit quality at origination as follows:

Segment	Rating at origination	PD Deterioration thresholds applied at 31 December 2025 (median across IFRS 9 segments)	PD Deterioration thresholds applied at 31 December 2024 (median across IFRS 9 segments)
Retail	1-7	3 X PD@O	3 X PD@O
SME	1-7	3 X PD@O	3 X PD@O
Corporate	1-7	2 X PD@O	2 X PD@O

During the year ended 31 December 2025, two methodological refinements in SICR model have been introduced (with respect to PDs relative and absolute thresholds) (Note 5.1).

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 (for retail exposures, arrears up to €100 and the amount in arrears is lower than 1% of the customer's total exposure, and all exposures other than retail, arrears up to €500 and the amount in arrears is lower than 1% of the customer's total exposure). 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 material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.3 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.

2.16.4 Measurement of ECLs

IFRS 9 ECL reflects an unbiased, probability-weighted estimate based on 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.

As regards 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 material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.4 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 adjustment), 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 adjustment, which is an add-on factor that calibrates the underlying models, such that they are aligned with the NPE definition. The NPE adjustment component ensures that the predicted definition of default aligns with the regulatory definition. This adjustment is necessary due to the lack of historical data for the current definition, considering that an extended time-period is utilised for modelling. 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.

The Company's internal rating process is summarised in Note 43.

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 the Company 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).

2. Summary of material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.4 Measurement of ECLs (continued)

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.

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.

2.16.5 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 43).

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 macroeconomic variables have been selected 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 scenarios, these are determined using probability theory and severity analysis. Historical data for GDP growth (1995-2025) 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 deviations with severity being higher as the number of deviations from the mean increases. The baseline scenario is defined over the range of values that correspond to 50% probability, i.e. 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 60% probability, i.e. more positive values compared to the baseline. The adverse scenario is defined over the range of values to the left of the distribution that correspond to 5% on the probability distribution. In 2024, the favourable scenario corresponded to the 60% probability of the distribution, and the adverse scenario was defined over the range of values to the left of the distribution that corresponded to a 10% probability. In 2025, the favourable scenario remained at 60%, and the Group employed a more adverse scenario compared to the previous year, moving to a probability range of 5%, as a result of the US trade policy, the resulting tariff war and the increase in geopolitical uncertainty. These benchmark probability distribution points 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 the Company, with this process utilising a variety of external actual and forecasted information by the main local and international agencies (e.g. International Monetary Fund (IMF), European Commission, Ministry of Finance of the Republic of Cyprus and other).

2. Summary of material accounting policies (continued)

2.16 Impairment of financial assets (continued)

2.16.5 Scenarios and scenario weights (continued)

The applied weights for the scenarios at the reporting date are ultimately based on expert judgement, with reference to external market information where possible, though the decision is also informed by the analysis described above as to assess the relative probabilities of the economic downturn. The Group has used the 30-50-20 probability structure for the adverse, baseline and favourable scenarios respectively, which remain unchanged compared to those at 31 December 2024. The resulting scenarios and weights are reviewed by the Chief Risk Officer (CRO) and are then 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.

2.16.6 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 revolving facilities, credit cards and corporate and retail overdrafts, the Company has the right to cancel and/or reduce the facilities with two months' notice. The Company 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.

For irrevocable loan commitments and financial guarantee contracts, the measurement period is determined similar to the period of the revolving facilities.

2.16.7 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.

2.17 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. The Company 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), the Company forms a reasonable expectation of future cash flows which would also take into account the collateral's realisable value.
- ii. When the Company 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.

2. Summary of material accounting policies (continued)

2.17 Write-offs (continued)

- 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, the Company might be unable to form a reasonable expectation of future cash flows. Nevertheless, the Company 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'.

2.18 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.

2.19 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.

2.20 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').

2. Summary of material accounting policies (continued)

2.20 Hedge accounting (continued)

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.

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.

2.20.1 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.

2.20.2 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. Summary of material accounting policies (continued)

2.21 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.

2.22 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.

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.

2. Summary of material accounting policies (continued)

2.22 Insurance business (continued)

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.

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.

2. Summary of material accounting policies (continued)

2.22 Insurance business (continued)

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.

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).

2. Summary of material accounting policies (continued)

2.22 Insurance business (continued)

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.

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. Summary of material accounting policies (continued)

2.23 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.

2.24 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.

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.

2. Summary of material accounting policies (continued)

2.24 Leases (continued)

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.

2.25 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 2.26. 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 2.24.

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. Summary of material accounting policies (continued)

2.26 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 2.25 '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.

2.27 Stock of property

The Group in its normal course of business acquires properties in exchange for debt, which are held either directly by the Company 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.

2.28 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.

2. Summary of material accounting policies (continued)

2.28 Non-current assets held for sale and discontinued operations (continued)

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.

2.29 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 is 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 intangible assets. Computer software, including internally developed computer software has an estimated useful life of three to eight years. Customer related intangible assets are externally purchased intangible assets, which relate to the tied agents' distribution network with an estimated useful life of five years and to direct customer relationships with an estimated useful life of 11 years.

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.

2.30 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 material accounting policies (continued)

2.31 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). The Short-term Incentive Plan is primarily a cash-based bonus scheme. However, in case the amount for an individual exceeds a certain threshold, the award is delivered as a combination of cash and shares.

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.

2.32 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.

2.33 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.

2.34 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. Summary of material accounting policies (continued)

2.35 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 and the Company 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 and the Company 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 at the beginning of March 2026 (the 'Plan') and the operating environment, as well as the recent geopolitical events as described in Note 4. 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 2025 that can be monetised in a period of stress.

4. Economic and geopolitical environment

Cyprus is a diversified, small, open, services-based economy, with a large external sector and reliance on tourism and international business and information and communication technology (ICT) services that has demonstrated resilience and growth in recent years, navigating through global uncertainties and regional challenges. 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. The Cypriot economy in 2025 continued to be resilient with strong GDP growth in recent years, consistently being one of the top performers in the Eurozone, despite the ongoing increase in uncertainty across the world as well as the recent geopolitical challenges that have erupted in the region. Cyprus' performance is supported by solid fiscal developments and sustained improvements in the financial sector. GDP grew by 3.8% in 2025 and labour productivity over the same period increased by 2.5%, higher than the 1.8% level observed in 2024. Inflation, as measured by the Harmonised Index of Consumer Prices, has been declining since its peak in July-August 2022, reaching 2.3% in 2024 and standing at 0.8% in 2025, the lowest in the Eurozone. The drop was mainly driven by lower energy prices and to a lesser extent by a decline in food prices, a behaviour in line with the global oil price developments over the course of the year. Core inflation, i.e., inflation excluding energy and food, was near the 2% target, at 1.9% in 2025, driven by elevated services inflation.

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. 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.

Information with respect to the implications from the new major escalation in the Middle East that occurred post the year-end is disclosed in Note 53.

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 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. Significant and other judgements, estimates and assumptions (continued)

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:

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. For exposures which are subject to individual impairment assessment, the Group does not rely solely on quantitative and backstop indicators to assess whether SICR has occurred. Instead, judgement is exercised based on the specific facts and circumstances of each case. 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 was 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 2025, the economy achieved a growth rate of 3.8%, 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 5.2% in the period 2015-2024. The unemployment rate has remained low, dropping to 4.4% in 2025 indicating almost full employment conditions. Inflation has been successfully stabilized, with rates declining from 2.3% in 2024 to 0.8% in 2025. General government debt metrics have significantly improved in recent years. The government debt-to-GDP ratio dropped to 57% in November 2025 from 63% in 2024 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, with estimates that it will hover around 50% over the medium-term. Growth in the medium term, is expected to continue to outpace eurozone peers and average about 3% annually in 2026-2028, 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, as result of the improvement in overall macroeconomic conditions, good institutional strength and effective policy making.

However, risks remain in the domestic operating environment, as well as the external environment on which it depends.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Legacy loans owned by credit acquiring companies still linger in the economy. The current account deficit remains sizable and, while public debt has dropped relative to GDP, government expenditures need more rationalisation. 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. As at the year end, tensions in the Middle East, remain high. At the same time, while the US trade policy is not expected to have any meaningful direct effects on the Cyprus economy, some indirect effects could materialise due to the more uncertain global macroeconomic environment. Cyprus remains exposed to travel, energy and other disruptions that can impact its economy.

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.

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 2.16.5. 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 and specifically, at the 60% and the 5% of the probability distribution respectively. In 2025, the favourable scenario remained at 60%, and the Group employed a more adverse scenario compared to the previous year, moving to a probability range of 5%, as a result of the US trade policy, the resulting tariff war, and the increase in geopolitical uncertainty.

The most significant macroeconomic variables for each of the scenarios used by the Group as at 31 December 2025 and 2024 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, using the method described in Note 2.16.5 and above. This reflects management's view of specific characteristics of the Cyprus economy that render it more vulnerable to external and internal shocks.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

31 December 2025

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2026	Adverse	30.0	-5.1	8.0	-1.4	-3.9
	Baseline	50.0	2.6	4.3	2.6	2.5
	Favourable	20.0	4.1	4.1	3.4	3.9
2027	Adverse	30.0	-2.3	7.4	-0.9	-4.3
	Baseline	50.0	2.4	4.3	2.1	2.2
	Favourable	20.0	2.6	4.1	2.7	2.8
2028	Adverse	30.0	0.3	6.7	1.2	-0.2
	Baseline	50.0	2.2	4.3	1.9	2.2
	Favourable	20.0	2.3	4.1	2.2	2.3
2029	Adverse	30.0	1.7	6.2	1.6	3.1
	Baseline	50.0	2.1	4.2	2.0	2.1
	Favourable	20.0	2.1	4.1	2.0	2.1
2030	Adverse	30.0	3.3	5.9	1.9	4.1
	Baseline	50.0	2.1	4.2	2.0	2.0
	Favourable	20.0	2.1	4.1	2.0	2.0

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

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 scenarios used are described below.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

The baseline scenario was updated for the 31 December 2025 reporting, considering available information and relevant developments until then, and reflect the Group's views as at the reporting date. Growth recovered in 2024 following a slowdown in 2023, and remained above the Euro area average, supported by the continued recovery in tourism and expanding services activity. Real GDP increased by 3.9% in 2024 and 3.8% in 2025. Tourist arrivals in Cyprus exceeded four million in 2024, up by an annual 5.1% and have continued growing in 2025, up by 12.2% for the year. Under the baseline scenario the economy is expected to advance by 2.6% in 2026 and consumer price inflation will rise to 2.6% from 0.1% in 2025. House prices are expected to rise by 2.5% in 2026 following strong increases in 2022-2025. The economic backdrop is characterised by robust growth, despite geopolitical risk. Lower inflation and prior cuts to central bank rates should continue to support economic activity in the near term. Geopolitical tensions act as a headwind to growth via higher potential fragmentation in global trade patterns, but artificial intelligence (AI) deployment is also underpinning global trade and investment.

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 decline by 5.1% in 2026 and by 2.3% in 2027. In the labour market the unemployment rate will rise to 8% in 2026 and to 7.4% in 2027. Inflation will turn negative to -1.4% in 2026, with deflation remaining in 2027. House prices will also slow in line with the contraction in real GDP.

The favourable scenario is a plausible scenario, representing a more favourable outlook than the central scenario. The impact of US tariffs on global growth proves to be less negative than feared, while geopolitical tensions ease globally. These developments provide a boost to consumer and business confidence. Stronger growth combined with the already low boost productivity and at the same lead to stronger house and CRE price growth. Under the favourable scenario, real GDP is expected to grow by 4.1% in 2026 and by 2.6% in 2027. In the labour market the unemployment rate will remain to 4.1% in 2026 and 2027 and consumer price inflation will rise to 3.4% from 0.1% in 2025. House prices are expected to rise by 3.9% in 2026.

The Group uses actual values for the input variables used for the calculation of the forecasts. These values are sourced from the Cyprus Statistical Service, the Eurostat, the CBC for the residential property price index, and the ECB 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 Company'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 ECB 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 and Impairments Committee and approved by the Board of Directors following recommendation by the Board Risk and Audit Committees.

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 materially constrained, haircuts applied on real estate collateral are substantially increased by and the recovery of collaterals is delayed compared 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 the Company 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.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

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, as well as the minimum LGD rate which provides for a minimum loss rate which acts as a floor.

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 2025, 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 (2024: approximately 42%, excluding those classified as held for sale).

At 31 December 2025, 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 7.5 years under the baseline scenario (2024: average of 7 years, excluding those classified as held for sale).

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.

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 and Impairments Committee and approved by the Board of Directors following recommendation by the Board Risk and Audit Committees.

Calibration of IFRS 9 models in 2025

During the year ended 31 December 2025, the Group has performed a calibration of the PD adjustment factor of the PD model. The PD adjustment factor represents a dynamic adjustment that adjusts model projections based on the relationship between historical model estimated defaults and actual observed defaults. The update, which was implemented in the first quarter of 2025, incorporated observations over a longer period to further enhance stability and predictability of the PD estimates. The impact of the calibration was an increase in PDs across stages and a €4.8 million ECL charge for the year ended 31 December 2025.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

During the year, the Group introduced two methodological refinements in its SICR assessment framework relating to the use of PD metrics. These refinements add two new SICR conditions, applied consistently across all credit facilities of the Group. Accordingly, facilities are classified as Stage 2 when at least one of the following newly introduced SICR conditions is met: i) the ratio of the annualised lifetime PD at the reporting date to the annualised lifetime PD at origination exceeds the relative threshold of 3 or ii) the annualised lifetime PD at the reporting date exceeds the absolute threshold of 20%. These additional conditions complement the Group's existing SICR criteria thresholds disclosed in Note 2.16.3. This update in SICR conditions resulted in exposures of a gross book value €18 million to transition to Stage 2 and had an impact on ECL of a charge of €2.3 million for the year ended 31 December 2025.

The IFRS 9 models are reviewed and updated 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.

Climate & Environmental Risk overlay

The Group has completed the climate & environmental ECL impact quantification exercise, and applied an overlay to incorporate the impact of climate-related transition, physical and water scarcity risks. This has been determined through the use of separate scenario analysis (Network for Greening the Financial System Current Policies scenario) combined with internal analysis and data. The quantification considered the impact on projected customer financial performance, collateral valuation and internal credit ratings. This resulted in an ECL charge of €4.3 million, and exposures of a gross book value of €21 million to transition to Stage 2.

Overlays applied in the prior year:

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.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

- 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.

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 2025. 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 in prior years to include significant exposures to customers with passport of origin or residency in Russia, Ukraine or Belarus and/or business activity within these countries, as well as significant exposures with repayment deriving from Israel.

Further details on impairment allowances and related credit information are set out in Note 43.

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 the Company's available historical data, where an expected maturity for each revolving facility based on the customer's profile is assigned.

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.

5.3 Provisions for pending litigation and claims

The accounting policy for provisions for pending litigation, claims, regulatory and other matters is described in Note 2.34.

5. Significant and other judgements, estimates and assumptions (continued)

5.3 Provisions for pending litigation and claims (continued)

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 37.

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), the Company 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 tax, including disclosures relating to the implications of the Cyprus tax reform enacted in December 2025, 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.

Further details on the fair value of assets and liabilities are disclosed in Notes 2.12.9 and 22.

5. Significant and other judgements, estimates and assumptions (continued)

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.

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.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

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 2025		31 December 2024
		Existing portfolios	Newly acquired portfolios	
Males	Smokers	61% A67/70	46.5% A67/70	61% A67/70
	Non-Smokers	43% A67/70	46.5% A67/70	43% A67/70
Females	Smokers	61% A67/70 rated down by 4 years	46.5% A67/70 rated down by 4 years	61% A67/70 rated down by 4 years
	Non-Smokers	43% A67/70 rated down by 4 years	46.5% A67/70 rated down by 4 years	43% 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.

	31 December 2025	31 December 2024
	€000	€000
Inflation rate	3.00%	4.00%

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

Lapse and surrender rates

An analysis of contract termination rates is performed every year, using actual data from the insurance company incorporation until the immediately preceding year. Rates vary according to the type and duration of the plan.

Lapse rates													
		Year 1		Year 2		Year 3		Year 4		Year 5		Year 6+	
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Protection	Unit-Linked	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Savings		6%	6%	6%	6%	5%	5%	4%	5%	4%	4%	4%	4%
Capital Builder		3%	3%	4%	6%	5%	6%	4%	5%	4%	4%	4%	4%
Lifestart		3%	3%	6%	6%	7%	6%	7%	6%	7%	6%	5%	5%
Unit-linked without guarantees		6%	n/a	6%	n/a	6%	n/a	7%	n/a	6%	n/a	8%	n/a
Unit-linked with guarantees	Non-Linked	4%	n/a	4%	n/a	4%	n/a	6%	n/a	6%	n/a	9%	n/a
Term		5%	5%	5%	6%	5%	5%	6%	6%	6%	6%	6%	6%
Term (newly acquired)		9%	n/a	8%	n/a	8%	n/a	8%	n/a	8%	n/a	7%	n/a
Endowment		3%	n/a	4%	n/a	3%	n/a	5%	n/a	5%	n/a	5%	n/a

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 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Life insurance contracts (unit-linked)	2.2%-2.3%	2.5%	2.4%-2.5%	2.4%	2.6%-2.7%	2.4%	3.0%-3.1%	2.5%	3.3%-3.4%	2.5%
Life insurance contracts (non-linked)	2.2%-2.5%	2.5%	2.4%-2.7%	2.4%	2.6%-2.9%	2.4%	3.0%-3.3%	2.6%	3.3%-3.6%	2.5%
Non-life insurance contracts	2.4%-2.7%	2.8%	2.5%-2.9%	2.5%	2.7%-3.1%	2.5%	2.9%-3.5%	2.6%	3.3%-3.9%	2.6%

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 Group uses the same CoC rate as the one used under Solvency II, i.e. a rate of 6%.

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 one-year solvency capital requirement (SCR) corresponds to the 99.5% percentile of that one-year 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% (2024: 90%) percentile for the confidence level.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 Insurance and reinsurance contracts (continued)

Life insurance business and health insurance business for acquired portfolios

The risk adjustment for non-financial risk represents the compensation required by the Group to bear the uncertainty regarding the amount and timing of cash flows of insurance contract groups. The risk adjustment reflects an amount that a rational insurer would pay to eliminate the uncertainty that future cash flows will exceed the expected value. The Group has estimated the risk adjustment using the Value at Risk (VaR) technique, calibrated on the basis of the Standard Formula under the Solvency II framework. The Group uses a target 80% 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.

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% (2024:75%) percentile for the confidence level.

Contractual Service Margin

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 30.

Similarly, the valuation of the insurance contracts acquired as part of the business combination for the determination of the fair value on acquisition date is also subject to similar judgement and assumptions. The valuation techniques used are described in Note 49.

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 for 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. Significant and other judgements, estimates and assumptions (continued)

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.

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 2.24, 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 the Company 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 41.

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.

5. Significant and other judgements, estimates and assumptions (continued)

5.13 Classification of financial assets (continued)

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.

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. 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 the Company.
 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 mainly as participant in large international loan syndication transactions. Shipping Centre provides shipping financing primarily for ocean-going cargo vessels.
- iii. The Restructuring and Recoveries Unit (RRU) is the specialised division responsible for managing exposures to borrowers experiencing financial difficulty which are transferred to this unit. The unit provides tailored restructuring solutions to effectively address distressed situations.
- iv. The Real Estate Management Unit (REMU) manages and promotes for sale properties acquired through debt-for-property swaps, along with foreclosed assets, implementing exit strategies to monetise these assets. REMU manages all such properties, whether recorded directly on the Bank's balance sheet or held through individual subsidiary property companies.
- 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. Treasury also incorporates (i) the Institutional Wealth Management and Custody unit, which provides services to institutional investors, such as order execution, custody and depository services, and (ii) Global Markets and Treasury Sales unit which offers currency exchange and derivative solutions to customers, while it is also responsible for the execution of client transactions.
- 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 the Company 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 (other than 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.

The Company broadly categorises its loans per customer group, in the following customer sectors:

- i. Retail – all individuals, regardless of the facility amount, and legal entities (including their related individuals) with facilities from the Company of up to €500 thousand excluding business property loans, and/or annual credit turnover up to €1 million.

6. Segmental analysis (continued)

- 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 the Company in the range of €500 thousand to €4 million and/or annual credit turnover in the range of €1 million to €10 million.
- 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 the Company 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 analysis by business line for the banking and Treasury business lines, 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
2025											
Net interest income/(expense)	131,033	125,691	52,427	342,663	9,523	(9,901)	841	89,414	-	(9,576)	732,115
Net fee and commission income/(expense)	19,763	48,265	10,507	67,169	2,205	(64)	(9,448)	4,472	29,612	7,178	179,659
Net foreign exchange gains/(losses)	1,563	7,863	872	2,580	19	-	-	16,302	(315)	46	28,930
Net gains/(losses) on financial instruments	1,315	-	-	-	-	10,031	2,595	(3,369)	1,642	3,308	15,522
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(805)	(49)	(2,290)	(5,831)	6,980	-	-	-	-	(18)	(2,013)
Net insurance result	-	-	-	-	-	-	59,709	-	-	-	59,709
Net losses from revaluation and disposal of investment properties	-	-	-	-	-	(81)	(317)	-	-	(1,853)	(2,251)
Net gains on disposal of stock of property	-	-	-	-	-	10,918	-	-	-	601	11,519
Other income	11	4	13	199	14	2,673	10,644	-	3,430	890	17,878
<i>Total operating income</i>	152,880	181,774	61,529	406,780	18,741	13,576	64,024	106,819	34,369	576	1,041,068
Staff costs	(8,950)	(16,799)	(7,288)	(59,882)	(8,645)	(3,369)	(7,395)	(3,510)	(7,344)	(102,033)	(225,215)
Special levy on deposits and other levies/contributions	(5,059)	(8,750)	(2,637)	(25,591)	(35)	-	-	(307)	-	-	(42,379)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-	-	-	-	-	-	-	383	383
Other operating expenses	(30,563)	(23,053)	(15,438)	(106,682)	(8,943)	(9,425)	(6,727)	(12,917)	(14,498)	66,881	(161,365)
<i>Operating profit/(loss) before credit losses and impairment</i>	108,308	133,172	36,166	214,625	1,118	782	49,902	90,085	12,527	(34,193)	612,492
Credit losses on financial assets	(14,261)	(8,008)	(4,805)	(6,058)	(819)	(1,262)	(59)	169	-	1,502	(33,601)
Impairment net of reversals on non-financial assets	-	-	-	-	-	(26,901)	(1,187)	-	-	(563)	(28,651)
Profit/(loss) before tax	94,047	125,164	31,361	208,567	299	(27,381)	48,656	90,254	12,527	(33,254)	550,240
Income tax	(696)	(9,377)	(1,805)	(14,856)	(201)	149	(5,821)	(8,738)	(1,300)	(14,617)	(57,262)
Profit/(loss) after tax	93,351	115,787	29,556	193,711	98	(27,232)	42,835	81,516	11,227	(47,871)	492,978
Non-controlling interests-(profit)/loss	-	-	-	-	-	206	-	-	(2,806)	44	(2,556)
Profit/(loss) after tax attributable to the owners of the Company	93,351	115,787	29,556	193,711	98	(27,026)	42,835	81,516	8,421	(47,827)	490,422

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
2024	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Net interest income/(expense)	157,910	159,223	58,978	419,895	14,656	(23,185)	19	38,009	-	(3,381)	822,124
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	14	10	14	219	70	4,321	2,647	-	3,828	3,258	14,381
<i>Total operating income</i>	171,867	214,120	69,156	488,215	28,499	(18,384)	41,987	57,553	34,668	8,688	1,096,369
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	(32,501)	(19,885)	(15,170)	(100,734)	(8,900)	(14,827)	(5,058)	(12,711)	(13,974)	61,884	(161,876)
<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	(42,193)	680,541
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	(48,188)	592,704
Income tax	(17,242)	(21,384)	(5,629)	(36,670)	874	9,531	(2,894)	(5,300)	(1,381)	(1,033)	(81,128)
Profit/(loss) after tax	120,695	149,688	39,407	256,692	(6,117)	(78,176)	30,066	37,099	11,443	(49,221)	511,576
Non-controlling interests-(profit)/loss	-	-	-	-	-	2,215	-	-	(2,856)	(314)	(955)
Profit/(loss) after tax attributable to the owners of the Company	120,695	149,688	39,407	256,692	(6,117)	(75,961)	30,066	37,099	8,587	(49,535)	510,621

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
2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Revenue from third parties	164,756	104,517	54,109	241,253	19,221	24,375	73,332	320,879	29,336	9,290	1,041,068
Inter-segment (expense)/revenue	(11,876)	77,257	7,420	165,527	(480)	(10,799)	(9,308)	(214,060)	5,033	(8,714)	-
Total revenue	152,880	181,774	61,529	406,780	18,741	13,576	64,024	106,819	34,369	576	1,041,068
2024											
Revenue from third parties	193,280	118,263	60,097	255,129	29,720	5,707	50,580	343,314	28,801	11,478	1,096,369
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	8,688	1,096,369

Analysis of assets and liabilities

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	Total
2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Assets											
Assets	3,617,958	1,481,519	982,697	4,766,487	38,939	613,598	1,289,390	15,216,918	184,469	690,919	28,882,894
Inter-segment assets	(89,258)	-	-	-	-	(99,089)	(23,588)	-	(52,769)	(46,948)	(311,652)
Total assets	3,528,700	1,481,519	982,697	4,766,487	38,939	514,509	1,265,802	15,216,918	131,700	643,971	28,571,242
2024											
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	916,746	26,690,424
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	890,566	26,486,122

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
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2025											
Liabilities											
Liabilities	2,864,867	4,531,741	1,396,335	13,489,070	14,951	23,146	1,091,374	1,922,404	153,390	435,230	25,922,508
Inter-segment liabilities	(219,880)	-	-	-	-	(12,998)	(10,164)	-	(36,678)	(31,932)	(311,652)
Total liabilities	2,644,987	4,531,741	1,396,335	13,489,070	14,951	10,148	1,081,210	1,922,404	116,712	403,298	25,610,856
2024											
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	475,213	23,857,020
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	451,342	23,652,718

Segmental analysis of customer deposits and loans and advances to customers is presented in Notes 29 and Notes 23, 43.2 and 43.5 respectively.

6. Segmental analysis (continued)

Analysis of turnover

Turnover is represented by total operating income as follow:

	2025	2024
	€000	€000
Net interest income	732,115	822,124
Net fee and commission income	179,659	176,943
Net foreign exchange gains	28,930	27,285
Net gains on financial instruments	15,522	10,672
Net losses on derecognition of financial assets measured at amortised cost	(2,013)	(13)
Net insurance result	59,709	46,191
Net losses from revaluation and disposal of investment properties	(2,251)	(1,430)
Net gains on disposal of stock of property	11,519	216
Other income	17,878	14,381
	<u>1,041,068</u>	<u>1,096,369</u>

Analysis of turnover for the Company

	2025	2024
	€000	€000
Net interest income	732,532	823,300
Net fee and commission income	154,993	155,119
Net foreign exchange gains	29,280	27,285
Net gains on financial instruments	11,087	5,581
Net losses on derecognition of financial assets measured at amortised cost	(2,013)	(13)
Dividend income from subsidiaries	39,457	22,958
Net losses from revaluation and disposal of investment properties	(1,553)	(641)
Net gains on disposal of stock of property	4,359	5,054
Other income	5,741	3,447
	<u>973,883</u>	<u>1,042,090</u>

7. Interest income and income similar to interest income

Interest income

	2025 €000	2024 €000
Financial assets at amortised cost:		
- Loans and advances to customers	478,193	538,712
- Loans and advances to banks and central banks	186,503	297,255
- Reverse repurchase agreements	32,815	27,012
- Debt securities	122,313	95,056
- Other financial assets	3,498	16,877
Debt securities at FVOCI	7,540	7,919
Non-trading derivatives - hedge accounting:		
- Debt securities at amortised cost	1,177	2,572
- Debt securities at FVOCI	7,880	14,732
	839,919	1,000,135

Income similar to interest income

	2025 €000	2024 €000
Loans and advances to customers measured at FVPL	5,836	8,841
Debt securities at FVPL	196	-
Derivative financial instruments	242	1,322
	6,274	10,163

8. Interest expense and expense similar to interest expense

Interest expense

	2025 €000	2024 €000
Financial liabilities at amortised cost:		
- Customer deposits	61,445	67,726
- Funding from central banks and deposits by banks	6,814	30,549
- Debt securities in issue	49,787	44,435
- Subordinated liabilities	19,459	19,875
Non-trading derivatives - hedge accounting:		
- Customer deposits	(15,388)	16,473
- Debt securities in issue	(6,503)	6,251
- Subordinated liabilities	(2,573)	1,314
Interest expense on lease liabilities	795	262
	113,836	186,885

Expense similar to interest expense

	2025 €000	2024 €000
Derivative financial instruments	242	1,289

9. Fee and commission income and expense

Fee and commission income

	2025 €000	2024 €000
Credit-related fees and commissions	56,516	55,939
Other banking commissions	84,830	86,885
Mutual funds and asset management fees	5,476	4,668
Brokerage commissions	2,335	1,375
Other commissions	38,906	35,551
	188,063	184,418

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 €33,854 thousand (2024: €33,190 thousand). Other banking commissions include commissions from payment orders amounting to €24,988 thousand (2024: €24,690 thousand) and account maintenance fees of €30,679 thousand (2024: €29,462 thousand).

Fee and commission income is further divided into:

Fees earned from services that are provided over time:

	2025 €000	2024 €000
Credit-related fees and commissions	26,593	25,132
Other banking commissions	45,854	43,710
Mutual funds and asset management fees	3,365	3,057
	75,812	71,899

Fees earned from point in time services:

	2025 €000	2024 €000
Credit-related fees and commissions	29,923	30,807
Other banking commissions	38,976	43,175
Mutual funds and asset management fees	2,111	1,611
Brokerage commissions	2,335	1,375
Other commissions	38,906	35,551
	112,251	112,519

Fee and commission expense

	2025 €000	2024 €000
Banking commissions	7,540	6,681
Mutual funds and asset management fees	513	410
Brokerage commissions	351	384
	8,404	7,475

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

	2025 €000	2024 €000
Trading portfolio:		
- derivative financial instruments	(34)	79
Investments at FVPL:		
- debt securities	482	-
- other securities	2,398	6,942
- mutual funds	2,206	2,500
- equity securities	2,557	(81)
Net gains on other financial assets measured at FVPL (Note 22)	9,933	-
Net gains on loans and advances to customers measured at FVPL (Note 22)	1,315	1,232
Loss on early redemption of subordinated liabilities (Note 31)	(3,335)	-
Revaluation of financial instruments designated as fair value hedges:		
- hedging instruments (Note 21)	(47,712)	44,132
- hedged items (Note 21)	47,712	(44,132)
	15,522	10,672

12. Net insurance result

	2025			2024		
	Life insurance €000	Non-life insurance €000	Total €000	Life insurance €000	Non-life insurance €000	Total €000
Insurance finance income/(expense)	(36,309)	(806)	(37,115)	(60,640)	(1,725)	(62,365)
Reinsurance finance income/(expense)	417	350	767	(1,375)	647	(728)
Return on assets backing insurance liabilities	35,242	-	35,242	59,186	-	59,186
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	(650)	(456)	(1,106)	(2,829)	(1,078)	(3,907)
Insurance revenue	61,986	117,122	179,108	54,150	95,920	150,070
Insurance service expenses	(23,557)	(65,686)	(89,243)	(20,252)	(52,921)	(73,173)
Other insurance related income/(expense)	232	81	313	(106)	-	(106)
Net insurance service result	38,661	51,517	90,178	33,792	42,999	76,791
Allocation of reinsurance premiums	(19,028)	(42,169)	(61,197)	(18,340)	(37,685)	(56,025)
Amounts recoverable from reinsurers for incurred claims	13,994	17,840	31,834	12,325	17,007	29,332
Net reinsurance service result	(5,034)	(24,329)	(29,363)	(6,015)	(20,678)	(26,693)
Net insurance result	32,977	26,732	59,709	24,948	21,243	46,191

12. Net insurance result (continued)

The analysis of the insurance revenue recognised during the year is presented below:

	2025 €000	2024 €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	36,064	34,183
Change in the risk adjustment for non-financial risk	1,055	1,047
Amount of CSM recognised in profit or loss	12,719	8,893
Other amounts, including experience adjustments for premium receipts	1,572	859
<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	476	349
Insurance revenue from contracts measured under GMM and VFA	51,886	45,331
Insurance revenue from contracts measured under PAA	10,100	8,819
Insurance revenue - life	61,986	54,150
Non-life insurance contracts		
Insurance revenue from contracts measured under PAA	117,122	95,920
Insurance revenue - non-life	117,122	95,920
Insurance revenue	179,108	150,070

The analysis of the insurance service expenses recognised during the year is presented below:

	2025			2024		
	Life insurance €000	Non-life insurance €000	Total €000	Life insurance €000	Non-life insurance €000	Total €000
Incurred claims and directly attributable expenses	(26,514)	(48,837)	(75,351)	(19,462)	(39,840)	(59,302)
Amortisation of insurance acquisition cash flows	(475)	(9,868)	(10,343)	(349)	(6,945)	(7,294)
Insurance acquisition cash flows expensed as incurred	(2,040)	(5,273)	(7,313)	(2,750)	(6,317)	(9,067)
Reversals of losses/(losses) on onerous contracts	3,325	(212)	3,113	413	(337)	76
Changes to liabilities for incurred claims (LIC)	2,147	(1,496)	651	1,896	518	2,414
Insurance service expenses	(23,557)	(65,686)	(89,243)	(20,252)	(52,921)	(73,173)

12. Net insurance result (continued)

The analysis of the net reinsurance service result from reinsurance contracts held, recognised during the year is presented below:

	2025	2024
	€000	€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	(11,747)	(12,924)
Change in the risk adjustment for non-financial risk	(36)	(23)
Contractual service margin recognised for services provided	(3,788)	(2,665)
Allocation of reinsurance premiums from contracts measured under GMM	(15,571)	(15,612)
Allocation of reinsurance premiums from contracts measured under PAA	(3,457)	(2,728)
Allocation of reinsurance premiums	(19,028)	(18,340)
Amounts recoverable for claims and other expenses incurred in the year	14,840	12,810
Changes in amounts recoverable arising from changes in liability for incurred claims	(891)	(883)
Changes in fulfilment cash flows which relate to onerous underlying contracts	45	398
Amounts recoverable from reinsurers for incurred claims	13,994	12,325
Net reinsurance service result - life	(5,034)	(6,015)
Reinsurance contracts - non-life contracts		
Allocation of reinsurance premiums from contracts measured under PAA	(42,169)	(37,685)
Allocation of reinsurance premiums	(42,169)	(37,685)
Amounts recoverable for claims and other expenses incurred in the year	14,714	12,106
Changes in amounts recoverable arising from changes in liability for incurred claims	3,126	4,715
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	186
Amounts recoverable from reinsurers for incurred claims	17,840	17,007
Net reinsurance service result - non-life	(24,329)	(20,678)
Net reinsurance service result	(29,363)	(26,693)

12. Net insurance result (continued)

The analysis of insurance finance income/(expense) and reinsurance finance income/(expense) recognised during the year is presented below:

	2025			2024		
	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	(34,618)	-	(34,618)	(59,346)	-	(59,346)
Interest accreted to insurance contracts using current financial assumptions	(230)	(940)	(1,170)	(71)	(1,371)	(1,442)
Interest accreted to insurance contracts using locked-in rates	(119)	-	(119)	(60)	-	(60)
Changes in interest rates and other financial assumptions	(1,342)	134	(1,208)	(1,163)	(354)	(1,517)
Insurance finance income/(expense)	(36,309)	(806)	(37,115)	(60,640)	(1,725)	(62,365)
Interest accreted to reinsurance contracts using current financial assumptions	-	380	380	-	544	544
Interest accreted to reinsurance contracts using locked-in rates	641	-	641	639	-	639
Changes in interest rates and other financial assumptions	(224)	(28)	(252)	(2,014)	112	(1,902)
Changes in non-performance risk of reinsurer	-	(2)	(2)	-	(9)	(9)
Reinsurance finance income/(expense)	417	350	767	(1,375)	647	(728)

13. Other income

	2025 €000	2024 €000
Dividend income	668	183
Profit on sale and write-off of property and equipment and intangible assets	60	28
Rental income from investment properties	1,143	2,153
Rental income from stock of property	52	204
Income from hotel, golf and other leisure activities	1,547	2,036
Income from insurance compensation	10,086	1,889
Other income	4,322	7,888
	17,878	14,381

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. Income from insurance compensation relates to insurance recoveries benefits for one of the insurance entities of the Group.

14. Staff costs

Staff costs

	2025	2024
	€000	€000
Salaries	148,570	143,115
Employer's contributions	27,535	26,604
Variable compensation:		
<i>Accrual for short-term incentive award</i> (Note 14.3)	15,656	10,090
<i>Share-based benefits expense</i> (Note 14.2)	1,233	932
Retirement benefit plan costs	13,311	12,782
Exit cost and other termination benefits	18,910	9,539
	225,215	203,062

The number of persons employed by the Group as at 31 December 2025 was 2,850 (2024: 2,880).

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 for the year ended 31 December 2025 comprises the cost for the short-term incentive award for the performance year 2025 under the short-term incentive plan (STIP) the Group established since prior years of €11,795 thousand (2024: €11,968 thousand for the performance year 2024 and a credit amount of €1,878 thousand relating to 2023 STIP), of which an amount of €1,574 thousand (2024: €1,597 thousand) relates to employers' contributions on 2025 STIP, and a net of cost of €3,861 thousand which relates to additional amounts to be granted to employees for years 2024 and 2025 under the agreement reached in December 2025 between ETYK and the Association of Cyprus Banks as part of the collective agreement renewal.

During 2025, the Group provided for termination benefits to 107 (2024: 57) of the Group's full time employees at a total cost of €18,910 thousand (2024: €9,539 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 2025 and 2024.

	2025	2024
Corporate	55	52
IBU & International corporate		
- IBU	210	212
- International corporate	8	7
Small and medium-sized enterprises	83	83
Retail	862	879
Restructuring and recoveries	101	120
REMU	38	39
Insurance	229	209
Treasury	36	37
Payment services	111	117
Other (primarily head office functions)	1,133	1,096
Total Cyprus	2,866	2,851
Other countries	7	7
	2,873	2,858

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:

	2025 €000	2024 €000
Defined benefit plans	370	261
Defined contribution plans	13,492	13,624
	13,862	13,885

During the year ended 31 December 2025 retirement benefit costs of €551 thousand are included within net insurance service result as directly attributable expenses for the fulfilment of insurance contracts within the scope of IFRS 17 (2024: €1,103 thousand) (Note 15.1).

Cyprus

The main retirement plan for the Group's permanent employees in Cyprus (84% of total Group employees) is a defined contribution plan. This plan provided for employer contributions of 9% for 2025 and 2024 and employee contributions of 3%-10% of the employees' gross salaries for both 2025 and 2024. 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 2025 and 2024 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.

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. The Group remains liable for the UK pension plan as at 31 December 2025 and 2024.

Analysis of the results of the actuarial valuations for the defined benefit plans

	2025 €000	2024 €000
Amounts recognised in the consolidated balance sheet		
Liabilities (Note 32)	107	-
Assets (Note 28)	(3,350)	(1,767)
	(3,243)	(1,767)

There was no surplus of the total funded status as at 31 December 2025. As at 31 December 2024, the surplus of the total funded status amounted to €992 thousand and was 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 2025 and 2024 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/(asset)
	€000	€000	€000	€000	€000
1 January 2025	56,695	(59,454)	(2,759)	992	(1,767)
Current service cost	439	-	439	-	439
Net interest expense/(income)	2,591	(2,709)	(118)	49	(69)
Administration cost	-	414	414	-	414
Total amount recognised in the consolidated income statement	3,030	(2,295)	735	49	784
Remeasurements:					
Return on plan assets, excluding amounts included in net interest expense	-	2,575	2,575	-	2,575
Actuarial gain from changes in financial assumptions	(3,338)	-	(3,338)	-	(3,338)
Demographic assumptions	(790)	-	(790)	-	(790)
Experience adjustments	1,645	-	1,645	-	1,645
Change in asset ceiling	-	-	-	(1,018)	(1,018)
Total amount recognised in the consolidated OCI	(2,483)	2,575	92	(1,018)	(926)
Exchange differences	(2,193)	2,303	110	(23)	87
Contributions:					
Employer	-	(1,421)	(1,421)	-	(1,421)
Plan participants	192	(192)	-	-	-
Benefits paid from the plans	(3,309)	3,309	-	-	-
31 December 2025	51,932	(55,175)	(3,243)	-	(3,243)

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/(asset)
	€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)

The actual return on plan assets for year 2025 was a gain of €134 thousand (2024: a loss of €9,247 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 the insurance policy related to the 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:

	2025	2024
Equity securities	8%	8%
Debt securities	14%	11%
Loans and advances to banks	n/a	6%
Funds	5%	4%
Buy-in insurance policy	73%	71%
	100%	100%

The Group expects to make additional contributions to defined benefit plans of €1,368 thousand during 2026.

At the end of the reporting period, the average duration of the defined benefit obligations was 13 years (2024: 13 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 2025 and 2024 are set out below:

2025	Cyprus	UK
Discount rate	3.87%	5.60%
Inflation rate	2.00%	2.90%
Future salary increases	2.00%	n/a
Rate of pension increase	n/a	2.75%
Life expectancy for pensioners at age 65	n/a	23.5 years M 24.2 years F
2024		
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 65	n/a	22.6 years M 24.3 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 22% of the defined benefit obligations, the Group adopted a full yield curve approach using AA- rated corporate bond data. For the Group's plan in the UK which comprises 78% 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 2025 and 2024 is presented below:

Variable	2025		2024	
	Change +0.5%	Change -0.5%	Change +0.5%	Change -0.5%
Discount rate	-5.1%	5.6%	-5.8%	6.2%
Inflation growth rate	3.3%	-3.2%	3.8%	-3.7%
Salary growth rate	0.7%	-0.4%	0.9%	-0.8%
	Plus 1 year	Minus 1 year	Plus 1 year	Minus 1 year
Life expectancy	3.4%	-3.4%	3.3%	-3.3%

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 changes. 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. Staff costs (continued)

14.2 Share-based compensation plan

Long-Term Incentive Plan

At the Annual General Meeting of the shareholders of BOCH 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 BOCH.

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 BOCH 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 BOCH 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 2025:

- i. On 31 March 2025 (grant date) a maximum of 278,440 share awards were granted by BOCH to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in March 2025 are subject to a three-year performance period 2025-2027 (with all performance conditions being non-market performance conditions).
- ii. On 3 April 2024 (grant date) a maximum of 403,990 share awards were granted by BOCH 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).
- iii. On 3 October 2023 (grant date) a maximum of 479,160 share awards were granted by BOCH to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in October 2023 were subject to a three-year performance period 2023-2025 (with all performance conditions being non-market performance conditions). A total number of 452,553 shares have been awarded in March 2026 under this LTIP cycle (determined by reference to the performance scorecard assessment outcome). The shares are to be delivered in tranches as described above and are subject to continuing employment.
- iv. On 22 December 2022 (grant date) a maximum of 819,860 share awards were granted by BOCH 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). A total number of 723,159 shares have been awarded in early 2025 under this LTIP cycle, which are to vest in tranches as described above (subject to continuing employment) for amounts not yet vested. During the year ended 31 December 2025, 289,253 shares were issued and allotted to members of the Extended Executive Committee of the Group in respect of the 2022 LTIP Cycle for the part vested in 2025, representing 40% of the shares awarded under the 2022 LTIP Cycle.

The following table presents movements in outstanding share-based awards during the year ended 31 December 2025 and 2024.

14. Staff costs (continued)

14.2 Share-based compensation plan (continued)

	2025		2024	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
		€		€
As at 1 January	1,652,030	2.54	1,209,036	2.15
Granted during the year	278,440	5.86	403,990	3.70
Change in estimate of number of awards to vest	(56,921)	-	39,004	-
Vested during the year	(289,253)	-	-	-
Forfeited during the year	(19,496)	n/a	-	n/a
31 December	<u>1,564,800</u>	3.29	<u>1,652,030</u>	2.54

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

The Short-Term Incentive Plan was first introduced by BOCH 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 BOCH's 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 the 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% per year) 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 years 2024 and 2025 no amount was or is to be granted in the form of shares. Further information on the amounts awarded under the short-term incentive award for the performance years 2024 and 2025 to Executive Directors and other key management personnel is disclosed in Note 48.

15. Other operating expenses

	2025 €000	2024 €000
Technology and systems	38,318	34,684
Property-related costs	13,776	14,348
Consultancy, legal and other professional services fees	18,371	18,425
Insurance	4,609	5,070
Advertising and marketing	12,402	13,281
Incentives to performing customers	-	2,300
Depreciation of property and equipment (Note 15.1)	16,088	16,075
Amortisation of intangible assets (Note 15.1)	15,260	14,901
Communication expenses	6,545	5,936
Printing and stationery	1,224	1,685
Cash transfer expenses	3,525	3,352
Other operating expenses	31,247	31,819
	161,365	161,876

During the year ended 31 December 2025, the Group recognised €265 thousand relating to rent expense for short-term leases, included within 'Property-related costs' (2024: €56 thousand).

Within total other operating expenses, an amount of €420 thousand (2024: €542 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:

	2025 €000	2024 €000
Special levy on deposits of credit institutions in Cyprus	31,504	29,448
Guarantee fee on annual deferred tax credit (Note 17)	5,364	5,364
Contribution to Deposit Guarantee Fund	5,511	4,303
	42,379	39,115

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.

The Company was subject to a contribution to the Deposit Guarantee Fund (DGF) on a semi-annual basis, until 3 July 2024, when the target level of at least 0.8% of covered deposits was reached as requested by the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes (DGS). In July 2025, the Group received notification that the Management Committee of the DGS resolved to increase the target level of covered deposits from 0.8% to 1.25% and therefore require contributions on a semi-annual basis from authorised institutions to reach the target level over a period of 5 years (i.e., by June 2030) starting from the second half of 2025.

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 Cyprus		PwC Network firms	
	2025 €000	2024 €000	2025 €000	2024 €000
Audit of the individual and the Group financial statements	1,674	1,575	312	315
Other assurance services	656	760	61	66
Tax compliance and advisory services	140	174	18	18
Other non-assurance services	328	288	42	95
	1,124	1,222	121	179
	2,798	2,797	433	494

15. Other operating expenses (continued)

Fees are exclusive of VAT.

Other assurance services fees relate primarily to the fees for limited assurance review of the Sustainability Statement, 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:

	2025				
	Directly attributable expenses	Capitalised as internally developed computer software	Staff costs (Note 14)	Other operating expenses (Note 15)	Total
	€000	€000	€000	€000	€000
Salaries and employer's contributions	13,746	2,213	176,105	-	192,064
Variable compensation:					
<i>Accrual for short-term incentive award</i>	-	-	15,656	-	15,656
<i>Share-based benefits expense</i>	-	-	1,233	-	1,233
Retirement benefit plan costs	551	-	13,311	-	13,862
Exit cost and other termination benefits	-	-	18,910	-	18,910
Depreciation (Note 25)	597	-	-	7,883	8,480
Depreciation of RoU assets (Note 25)	957	-	-	8,205	9,162
Amortisation of intangible assets (Note 26)	2,954	-	-	15,260	18,214
Other operating expenses	5,129	-	-	130,017	135,146
Total	23,934	2,213	225,215	161,365	412,727

	2024				
	Directly attributable expenses	Capitalised as internally developed computer software	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	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	-	-	130,900	135,048
Total	21,639	2,337	203,062	161,876	388,914

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

	2025	2024
	€000	€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 43.5)	45,493	47,519
Recoveries of loans and advances to customers previously written off	(9,069)	(13,520)
Changes in expected cash flows	(4,099)	(1,080)
Financial guarantees and commitments (Notes 43.6.1 and 43.6.2)	1,577	(1,006)
	33,902	31,913
<i>Credit losses on other financial instruments</i>		
Amortised cost debt securities (Note 20)	(153)	(256)
FVOCI debt securities (Note 20)	(10)	(242)
Loans and advances to banks	(19)	19
Balances with central banks	5	(403)
Reverse repurchase agreements	10	9
Other financial assets	(134)	757
	(301)	(116)
	33,601	31,797
<i>Impairment net of reversals on non-financial assets</i>		
Stock of property (Note 27)	27,016	55,612
Other non-financial assets	1,635	428
	28,651	56,040

17. Income tax

	2025	2024
	€000	€000
Current tax:		
- Cyprus	35,949	45,214
Cyprus special defence contribution	32	121
Deferred tax charge	4,259	34,081
Prior years' tax adjustments	15,286	515
Other tax charges	1,736	1,197
	57,262	81,128

17. Income tax (continued)

The reconciliation between the income tax expense and the profit before tax as estimated using the current income tax rates is set out below:

	2025	2024
	€000	€000
Profit before tax	550,240	592,704
Income tax at the normal tax rates in Cyprus	68,780	74,088
Income tax effect of:		
- expenses not deductible for income tax purposes	29,491	20,456
- income not subject to income tax	(21,517)	(8,981)
- other allowable deductions	(4,719)	(6,268)
- changes in recognition of deferred tax	(6,343)	-
- remeasurement of deferred tax due to rate changes	(25,484)	-
	40,208	79,295
Cyprus special defence contribution	32	121
Prior years' tax adjustments	15,286	515
Other tax charges	1,736	1,197
	57,262	81,128

The corporate income tax rate in Cyprus for the years ended 31 December 2025 and 2024 was 12.5% on taxable income. The tax rates prevailing in the countries the Group has entities incorporated, for the years ended 31 December 2025 and 2024 were: Greece 22%, Romania 16% and Russia 20%.

In December 2025, the Cyprus Parliament passed a number of legislative bills into law, the provisions of which constitute the Cyprus Tax Reform. The amendments aim to stimulate economic growth, enhance tax administration and improve tax compliance and affect both individuals and corporations. As part of the Laws voted, the Income Tax Law of 2002 (118(I)/2002) has been amended and amongst other, it increases the corporate income tax rate to 15%, effective from 1 January 2026. As a consequence, the Group's deferred tax position has been remeasured at the enacted rate as at 31 December 2025 for those assets and liabilities expected to be taxed under corporation tax when they are realised/settled. This impact is non-cash and will be reversed in the following years through the higher corporation tax liability and arises solely from the prescribed accounting treatment for deferred taxes. Other changes introduced relate to the abolition of deemed distributions rules and the reduction of withholding tax on dividend payments made to Cyprus tax resident and domiciled individuals which is reduced from 17% to 5% on dividends distributed from profits arising from 1 January 2026 onwards. Further, as part of the amendments made in the Special Defence Contribution Law, Cyprus tax resident entities receiving dividends in financial years 2026 and 2027 from Cyprus tax resident entities relating to profits out of financial years 2025 and 2024 are required to pay special defence tax at 17% to the extent that the receiving entity is directly or indirectly owned by Cyprus tax residents. Deferred tax is not recognised in respect of the value of the Group's investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was approximately €60 million and the corresponding unrecognised deferred tax liability approximately €2 million as at 31 December 2025.

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 €2,834 thousand for the year ended 31 December 2025 (2024: €2,494 thousand). As part of the Cyprus Tax Reform, the premium tax on life insurance companies is abolished effective from 1 January 2026.

Special defence contribution is payable on 75% of rental income at a rate of 3% and on interest income from activities outside the ordinary course of business at a rate of 17% for the years ended 31 December 2025 and 2024. As part of the Cyprus Tax Reform, the special defence contribution on rental income and on the interest income of corporations is abolished effective from 1 January 2026.

17. Income tax (continued)

Tax law is, at times, complex, and it is the role of courts and tribunals to act as the final authority on the correct interpretation of tax law. In prior years the Group had received a refund in relation to withholding taxes suffered by the Group in an overseas location in which the Group used to operate. A judgement has since been handed down in respect of such taxes which creates an uncertain tax position as to whether the Group may be required to repay in cash the amount received. A provision has therefore been created in order to cover the cost of the uncertain tax position.

The Group is in scope of the Cyprus Pillar Two Law which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups. The Group is eligible for the transitional provision under Article 12 for the purpose of Domestic Minimum Top-up Tax (DMTT) and Article 55 for the purpose of the Income Inclusion Rule (IRR) 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 years ended 31 December 2025 and 2024. The Group does not anticipate any top up tax liability arising from the foreign jurisdictions in which it has subsidiary entities.

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 (Directive (EU) 2022/2523 voted into Law 151(I)/2024) 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.

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
	€000	€000	€000	€000	€000	€000
2025						
Net deferred tax asset/(liability) as at 1 January 2025	(11,091)	(16,526)	10,546	151,637	335	134,901
Income Statement - tax (charge)/credit	(1,431)	-	(1,216)	(37,909)	10,813	(29,743)
Income Statement - tax (charge)/credit due to effect of tax rate changes	(2,265)	-	2,408	22,745	2,596	25,484
Other comprehensive income - tax charge	-	(232)	-	-	-	(232)
Deferred taxes arising on business combinations (Note 49)	-	-	-	-	(219)	(219)
Other transfers	-	(10)	-	-	(178)	(188)
31 December 2025	(14,787)	(16,768)	11,738	136,473	13,347	130,003
Deferred tax assets	102	29	14,585	136,473	15,574	166,763
Deferred tax liabilities	(14,889)	(16,797)	(2,847)	-	(2,227)	(36,760)
31 December 2025	(14,787)	(16,768)	11,738	136,473	13,347	130,003
2024						
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

The deferred tax assets (DTA) relate to Cyprus operations.

As a result of the Cyprus Tax Reform, the deferred tax assets and liabilities for assets and liabilities subject to corporation tax were remeasured as at 31 December 2025 at the corporate income tax rate of 15% which is expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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').

The Company has DTA that meets the requirements of the Income Tax Law Amendment 28(I) of 2019 relating to income tax losses transferred to the Company 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 the Company 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 €136,473 thousand as at 31 December 2025 (2024: €151,637 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 2.10.

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 2025 (2024: €5,364 thousand) was recorded during the year ended 31 December 2025.

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
2025	€000	€000	€000
Expiring within 5 years	831	-	831
Utilisation in annual instalments up to 2028	909,818	909,818	-
	910,649	909,818	831
2024			
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

18. Earnings per share

Basic and diluted earnings per share

	2025	2024
Profit for the year attributable to the owners of the Company (€ thousand) (basic)	490,422	510,621
Weighted average number of shares in issue during the year, excluding treasury shares (thousand)	9,597,945	9,597,945
Basic and diluted earnings per share attributable to the owners of the Company (€ cent)	5.1	5.3

19. Cash, balances with central banks and loans and advances to banks

	2025 €000	2024 €000
Cash	99,510	94,991
Balances with central banks	7,833,651	7,505,855
Allowance for expected credit losses (Note 16)	(125)	(120)
	7,933,036	7,600,726

	2025 €000	2024 €000
Loans and advances to banks	575,530	820,615
Allowance for expected credit losses (Note 16)	(22)	(41)
	575,508	820,574

Balances with central banks are classified as Stage 1.

The ECL charge (Note 16) on balances with central banks for the year ended 31 December 2025 amounted to €5 thousand (2024: ECL release of €403 thousand).

All loans and advances to banks are classified as Stage 1.

Balances with central banks include obligatory deposits for liquidity purposes which amount to €139,930 thousand as at 31 December 2025 (2024: €117,702 thousand) (Note 40). The average balance of obligatory deposits that should be maintained with central banks was set at €210,054 thousand for the period of December 2025 to February 2026 (2024: €194,636 thousand for the period December 2024 to February 2025).

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 43.11.

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:

	2025	2024
	€000	€000
Investments at FVPL	201,914	136,629
Investments at FVOCI	356,580	416,077
Investments at amortised cost	4,765,238	3,805,637
	5,323,732	4,358,343

Out of these, the amounts pledged as collateral are shown below:

	2025	2024
	€000	€000
Investments pledged as collateral		
Investments at amortised cost	113,701	39,958
	113,701	39,958

Investments pledged as collateral as at 31 December 2025 are mainly used as supplementary assets for the covered bond and collateral for the clearing of interest rate derivative transactions through the central clearing house. As at 31 December 2024 the investments pledged as collateral were mainly used as supplementary assets for the covered bond (Note 45).

The maximum exposure to credit risk for debt securities is disclosed in Note 43.1 and the debt securities price risk sensitivity analysis is disclosed in Note 44.

The increase in the investment portfolio as at 31 December 2025 is consistent with the strategy of the Group to grow the fixed income portfolio.

The credit rating analysis of investments is disclosed in Note 43.11.

Investments at fair value through profit or loss

	2025	2024
	€000	€000
Debt securities	19,537	-
Other securities	28,241	10,702
Equity securities	6,060	837
Mutual funds	148,076	125,090
	201,914	136,629

The other securities include an equity instrument with embedded option derivative amounting to €24,409 thousand as at 31 December 2025 (2024: n/a) and a non-equity security amounting to €3,832 thousand as at 31 December 2025 (2024: €10,702 thousand).

Investments at FVOCI

	2025	2024
	€000	€000
Debt securities	346,608	406,540
Equity securities	9,972	9,537
	356,580	416,077

Investments at amortised cost

	2025	2024
	€000	€000
Debt securities	4,765,238	3,805,637

20. Investments (continued)

Further analysis of the Group's investments is provided in the tables below.

Equity securities

	FVPL	FVOCI	Total
	€000	€000	€000
2025			
Listed on the Cyprus Stock Exchange	-	268	268
Listed on other stock exchanges	6,060	65	6,125
Unlisted	-	9,639	9,639
	6,060	9,972	16,032

	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

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 €9,972 thousand at 31 December 2025 (2024: €9,537 thousand) and is equal to their fair value.

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 €668 thousand has been received and recognised during the year ended 31 December 2025 in other income (2024: €183 thousand) (Note 13).

During the year ended 31 December 2025, no holdings of equity investments measured at FVOCI have been disposed of (2024: €812 thousand).

Mutual funds

	FVPL
	€000
2025	
Listed on other stock exchanges	32,714
Unlisted	115,362
	148,076

	FVPL
	€000
2024	
Listed on other stock exchanges	30,740
Unlisted	94,350
	125,090

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.

20. Investments (continued)

Debt securities and other securities

Analysis by issuer type	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Cyprus government	3,979	223,497	916,110	1,143,586
Greek government	144	-	23,519	23,663
Other governments	15,414	25,570	1,306,562	1,347,546
Financial institutions	-	66,978	1,322,601	1,389,579
Other financial corporations	3,832	-	67,575	71,407
Supranational organisations	-	27,364	821,430	848,794
Other non-financial corporations	24,409	3,230	308,020	335,659
Allowance for expected credit losses	-	(31)	(579)	(610)
	47,778	346,608	4,765,238	5,159,624

	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

20. Investments (continued)

Geographic dispersion by country of issuer	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Cyprus	28,388	223,497	916,110	1,167,995
Greece	144	11,002	167,916	179,062
Germany	48	2,938	318,809	321,795
France	3,617	23,332	308,945	335,894
Other European Union countries	11,749	31,453	1,479,953	1,523,155
United Kingdom	-	-	32,577	32,577
USA and Canada	3,832	3,230	325,927	332,989
Other countries	-	23,823	394,150	417,973
Supranational organisations	-	27,364	821,430	848,794
Allowance for expected credit losses	-	(31)	(579)	(610)
	47,778	346,608	4,765,238	5,159,624

	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

'Other countries' include exposures in Israel amounting to €30,729 thousand as at 31 December 2025 (2024: €31,065 thousand).

Analysis by currency	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Euro	43,946	329,349	4,465,300	4,838,595
US dollar	3,832	17,290	255,004	276,126
Pound sterling	-	-	45,513	45,513
Allowance for expected credit losses	-	(31)	(579)	(610)
	47,778	346,608	4,765,238	5,159,624

	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

20. Investments (continued)

Listing analysis	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Listed on the Cyprus Stock Exchange	-	-	46,348	46,348
Listed on other stock exchanges	19,537	346,639	4,719,469	5,085,645
Unlisted	28,241	-	-	28,241
Allowance for expected credit losses	-	(31)	(579)	(610)
	47,778	346,608	4,765,238	5,159,624

	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

The Group uses fair value hedging to manage the interest rate risk in relation to its FVOCI bonds (Note 21).

There were no reclassifications between measurement classes of investments during the years ended 31 December 2025 and 2024.

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:

	2025		2024	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	406,581	(41)	431,351	(283)
New assets acquired in the year	26,570	-	45,316	-
Assets derecognised and/or redeemed in the year (Note 16)	(86,808)	3	(75,871)	68
Interest accrued and amortisation	(2,418)	-	(2,959)	-
Foreign exchange adjustments	(2,217)	-	1,188	-
Changes to models and inputs used for ECL calculations (Note 16)	-	7	-	174
Changes in fair value	4,931	-	7,556	-
31 December	346,639	(31)	406,581	(41)

All debt securities measured at FVOCI are classified as Stage 1 as at 31 December 2025 and 2024.

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:

	2025		2024	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	3,806,369	(732)	3,117,702	(988)
New assets acquired in the year	1,589,305	-	1,388,497	-
Assets derecognised and/or redeemed in the year (Note 16)	(644,225)	48	(758,747)	177
Fair value due to hedging relationship	308	-	2,362	-
Interest accrued and amortisation	46,792	-	39,809	-
Changes to models and inputs used for ECL calculation (Note 16)	-	105	-	79
Foreign exchange adjustments	(32,732)	-	16,746	-
31 December	4,765,817	(579)	3,806,369	(732)

All debt securities measured at amortised cost are classified as Stage 1 as at 31 December 2025 and 2024.

There were no reclassifications of investments during the years ended 31 December 2025 and 2024.

The fair value of the financial assets that have been reclassified out of FVPL to FVOCI on transition to IFRS 9, amounts to €3,230 thousand at 31 December 2025 (2024: €6,932 thousand). The fair value loss that would have been recognised in the consolidated income statement during the year ended 31 December 2025 had these financial assets not been reclassified as part of the transition to IFRS 9, amounts to €12 thousand (2024: gain of €6 thousand). The interest rate of these instruments ranges from 1.6%-5.0% (2024: 1.6%-5.0%) per annum and the respective interest income during the year ended 31 December 2025 amounts to €190 thousand (2024: €206 thousand).

21. Derivative financial instruments

The contract amount and fair value of the derivative financial instruments is set out below:

	2025			2024		
	Contract amount	Fair value		Contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	€000	€000	€000	€000	€000	€000
Derivatives held for trading						
Forward exchange rate contracts	20,897	143	43	23,232	171	126
Currency swaps	647,043	492	2,585	926,195	7,662	517
Currency options	-	-	-	472	455	17
Interest rate caps/floors	21,426	629	548	18,130	945	945
	689,366	1,264	3,176	968,029	9,233	1,605
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	1,651,500	46,384	3,258	1,637,500	58,299	2,918
Portfolio fair value hedges - interest rate swaps	5,038,484	40,694	12,822	2,914,362	27,741	140
Net investments - forward exchange rate contracts	81	-	-	985	-	1
	6,690,065	87,078	16,080	4,552,847	86,040	3,059
Total	7,379,431	88,342	19,256	5,520,876	95,273	4,664

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.

21. Derivative financial instruments (continued)

Derivatives identified above as trading comprise derivatives entered into with economic hedging intent (hedging the changes in interest rates, foreign currency exchange rates or other risks) to which the Group does not apply hedge accounting or derivative positions which arise as a result of activity generated by corporate customers. Derivatives identified as derivatives qualifying for hedge accounting comprise only those derivatives to which the Group applies hedge accounting.

Interest rate risk is explained in Note 44. 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, floating rate assets/liabilities are converted to fixed.

Currency risk is explained in Note 44. 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.

The principal derivatives used by the Group are as follow:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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 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 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.

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.

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.

21. Derivative financial instruments (continued)

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.

The Group generally uses macro-hedging for balance sheet items and specifically deposits and micro-hedging for debt securities and its funding operations in capital markets, for which derivative contracts are arranged, typically for a nominal amount identical to that of the hedged item and with the same financial characteristics. Effectiveness is assessed by comparing changes in the fair value of the derivatives with changes in the fair value of the hedged item attributable to the hedged risk by applying a hypothetical derivative method.

As part of its structural interest rate risk management the Group contracts fixed-rate receiver swaps to hedge interest rate risk by setting up fair value hedges for a portfolio of liabilities being the core Non-Maturing Deposits (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 2025 amounted to a cumulative fair value change of €12,612 thousand (2024: €44,074 thousand).

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). Hedging is effected through the use of forward exchange rate contracts.

As at 31 December 2025, forward exchange rate contracts amounting to €81 thousand (2024: €985 thousand) have been designated as hedging instruments and have given rise to approximately nil loss (2024: nil) 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.

2025	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	413	(413)	-
-debt securities in issue	7,464	(7,464)	-
-subordinated liabilities	8,480	(8,480)	-
-customer deposits (macro hedge)	31,355	(31,355)	-
Total	47,712	(47,712)	-

21. Derivative financial instruments (continued)

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 - investments	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	-

The accumulated fair value adjustment arising from the hedging relationships is presented in the table below:

2025	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	314,072	-	(23,529)	-
-debt securities in issue	-	983,446	-	(10,871)
-subordinated liabilities	-	381,746	-	4,336
-customer deposits (macro hedge)	-	5,038,484	-	(12,612)
Net investments - forward exchange rate contracts				
-net assets/liabilities	-	81	-	-
Total	314,072	6,403,757	(23,529)	(19,147)

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	-	307,955	-	(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	4,212,737	(28,498)	(66,552)

For assets hedged using fair value hedges, the average fixed rate of hedging instruments is 2.35% as at 31 December 2025 (2024: 2.35%). For liabilities hedged using fair value hedges, the average fixed rate is 2.57% for Euro denominated instruments of a nominal value €6,283,000 thousand and 4.16% for US Dollar denominated instruments of a nominal value US\$104,000 thousand as at 31 December 2025 (2024: 2.83% for Euro denominated instruments of a nominal value €4,100,000 thousand and 4.11% for US Dollar denominated instruments of a nominal value US\$67,000 thousand).

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
2025						
Derivatives held for trading						
Forward exchange rate contracts	6,318	6,973	7,606	-	-	20,897
Currency swaps	504,998	141,293	752	-	-	647,043
Currency options	-	-	-	-	-	-
Interest rate caps/floors	-	-	-	16,851	4,575	21,426
	511,316	148,266	8,358	16,851	4,575	689,366
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	-	7,000	393,000	858,000	393,500	1,651,500
Portfolio fair value hedges - interest rate swaps	-	350,000	525,524	3,312,960	850,000	5,038,484
Net investments - forward exchange rate contracts	81	-	-	-	-	81
	81	357,000	918,524	4,170,960	1,243,500	6,690,065
Total	511,397	505,266	926,882	4,187,811	1,248,075	7,379,431

	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						
Derivatives held for trading						
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

22. Fair value measurement

The following table presents the carrying value and fair value of the Group's financial assets and liabilities.

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000
Financial assets				
Cash and balances with central banks	7,933,036	7,933,036	7,600,726	7,600,726
Loans and advances to banks	575,508	572,132	820,574	813,239
Reverse repurchase agreements	1,618,955	1,626,840	1,010,170	1,026,046
Derivative financial assets	88,342	88,342	95,273	95,273
Investments at FVPL	201,914	201,914	136,629	136,629
Investments at FVOCI	356,580	356,580	416,077	416,077
Investments at amortised cost	4,765,238	4,788,675	3,805,637	3,837,774
Loans and advances to customers	10,800,913	10,821,657	10,117,168	10,117,524
Life insurance business assets attributable to policyholders	911,961	911,961	761,127	761,127
Other financial assets	205,708	205,708	295,632	300,606
Financial assets classified as held for sale	-	-	23,143	23,143
	27,458,155	27,506,845	25,082,156	25,128,164
Financial liabilities				
Deposits by banks	404,099	383,109	364,231	334,156
Derivative financial liabilities	19,256	19,256	4,664	4,664
Customer deposits	22,215,053	22,193,856	20,528,848	20,504,116
Debt securities in issue	983,446	1,015,763	989,435	1,024,400
Subordinated liabilities	381,746	388,020	307,955	314,195
Other financial liabilities and lease liabilities	467,109	467,109	430,561	430,561
	24,470,709	24,467,113	22,625,694	22,612,092

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.

The description of the determination of fair value for financial instruments which are recorded at fair value on a recurring and on a non-recurring basis and for financial instruments which are not measured at fair value but for which fair value is disclosed using valuation techniques is disclosed in Note 2.12.9.

22. Fair value measurement (continued)

The following table presents the fair value measurement hierarchy of the Group's financial and non-financial assets and financial liabilities recorded at fair value and financial assets and financial liabilities for which fair value is disclosed, by level of fair value hierarchy.

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets measured at fair value				
<i>Investment properties</i>				
Residential	-	-	3,760	3,760
Offices and other commercial properties	-	-	19,310	19,310
Manufacturing and industrial properties	-	-	2,970	2,970
Land (fields and plots)	-	-	2,290	2,290
	-	-	28,330	28,330
<i>Freehold property</i>				
Offices and other commercial properties	-	-	247,302	247,302
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	143	-	143
Currency swaps	-	492	-	492
Interest rate caps/floors	-	629	-	629
	-	1,264	-	1,264
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges - interest rate swaps	-	46,384	-	46,384
Portfolio fair value hedges - interest rate swaps	-	40,694	-	40,694
	-	87,078	-	87,078
<i>Investments at FVPL</i>	58,311	115,161	28,442	201,914
<i>Investments at FVOCI</i>	346,673	268	9,639	356,580
<i>Other financial assets</i>	-	-	15,000	15,000
	404,984	203,771	328,713	937,468
Financial assets not measured at fair value				
Loans and advances to banks	-	572,132	-	572,132
Investments at amortised cost	4,514,735	273,940	-	4,788,675
Reverse repurchase agreements	-	1,626,840	-	1,626,840
Loans and advances to customers	-	-	10,821,657	10,821,657
	4,514,735	2,472,912	10,821,657	17,809,304

For one investment included in other securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €3,832 thousand as at 31 December 2025, a change in the conversion factor by 10% would result in a change in the value of the other securities by €383 thousand.

The fair value of one investment included in other securities measured at FVPL and categorised as Level 3 with a carrying value of €24,409 thousand as at 31 December 2025 (2024: n/a) has been determined by reference to recent transactions for comparable instruments (Note 27).

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 in Note 24.

22. Fair value measurement (continued)

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Liabilities measured at fair value				
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	43	-	43
Currency swaps	-	2,585	-	2,585
Interest rate caps/floors	-	548	-	548
	-	3,176	-	3,176
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges - interest rate swaps	-	3,258	-	3,258
Portfolio fair value hedges - interest rate swaps	-	12,822	-	12,822
	-	16,080	-	16,080
	-	19,256	-	19,256
Financial liabilities not measured at fair value				
Deposits by banks	-	383,109	-	383,109
Customer deposits	-	-	22,193,856	22,193,856
Debt securities in issue	1,015,763	-	-	1,015,763
Subordinated liabilities	-	388,020	-	388,020
	1,015,763	771,129	22,193,856	23,980,748

22. Fair value measurement (continued)

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>Derivatives held for trading</i>				
Forward exchange rate contracts	-	171	-	171
Currency swaps	-	7,662	-	7,662
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>Other financial 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	-	-	9,986,516	9,986,516
	3,604,367	2,072,692	9,986,516	15,663,575

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%.

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 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 securities by €1,070 thousand.

22. Fair value measurement (continued)

2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Liabilities measured at fair value				
<i>Derivatives held for trading</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	-	-	20,504,116	20,504,116
Debt securities in issue	1,024,400	-	-	1,024,400
Subordinated liabilities	-	314,195	-	314,195
	1,024,400	648,351	20,504,116	22,176,867

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 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 2025 and 2024 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:

	2025					2024				
	Investment properties	Own use properties	Other financial assets	Loans and advances to customers	Financial instruments	Investment properties	Own use properties	Other financial assets	Loans and advances to customers	Financial instruments
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January	36,251	240,185	25,500	131,008	20,173	62,105	232,235	-	138,727	15,177
Additions	-	4,435	15,000	-	24,610	198	9,549	25,500	-	-
Own use properties acquired through business combinations (Note 49)	-	5,348	-	-	-	-	-	-	-	-
Disposals	(5,284)	-	-	-	-	(23,613)	-	-	-	-
Conversion of instruments into common shares	-	-	-	-	(8,434)	-	-	-	-	-
Depreciation charge for the year	-	(2,214)	-	-	-	-	(2,121)	-	-	-
Impairment (Note 25)	-	(452)	-	-	-	-	-	-	-	-
Fair value (losses)/gains	(2,637)	-	9,933	-	2,566	(2,439)	522	-	-	4,847
Net gains on loans and advances to customers measured at FVPL (Note 11)	-	-	-	1,315	-	-	-	-	1,232	-
Repayments/derecognition of loans	-	-	(35,433)	(138,159)	-	-	-	-	(17,792)	-
Interest on loans (Note 7)	-	-	-	5,836	-	-	-	-	8,841	-
Foreign exchange adjustments	-	-	-	-	(834)	-	-	-	-	149
31 December	28,330	247,302	15,000	-	38,081	36,251	240,185	25,500	131,008	20,173

The effect on profit or loss or other comprehensive income from fair value changes of financial assets classified as Level 3 in the fair value measurement hierarchy is mainly attributable to the unobservable inputs, which concern the discount factor used and the expected cash flows, and relates to financial assets held as at the end of the reporting period.

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 for investment properties

Type and country	2025	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
Residential	€000						m ²	m ²	Years
Cyprus	1,381	€41-€93	€1,357-€1,672	3.0%-5.0%	€473-€2,338	€130-€325	607-725	142-577	14-60
Greece	2,379	€15-€124	€201-€3,018	3.9%-9.4%	€45-€1,914	€26-€2,434	24-5,147	51-825	20-53
	3,760								
Offices and other commercial properties									
Cyprus	15,950	€52-€349	n/a	4.0%-6.8%	€1,051-€5,833	€500-€800	348-1,872	16-3,292	25-71
Greece	3,360	€9-€128	€188-€1,740	4.1%-8.1%	€68-€1,461	€499	100-8,582	242-4,692	20-52
	19,310								
Manufacturing and industrial									
Cyprus	1,351	€78	n/a	7%	€1,072	n/a	3,410	1,765	32
Greece	1,619	€1-€57	€225-€670	3.6%-9.3%	€12-€292	€4-€9	305-34,495	349-2,448	16-49
	2,970								
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	28,330								

Analysis for own use properties

Type and country	2025	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
Offices and other commercial properties	€000						m ²	m ²	Years
Cyprus	247,302	€15-€315	€1,063-€3,162	5.5%-6.5%	€65-€5,254	€65-€3,050	390-51,947	210-24,035	18-102
Total	247,302								

22. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Analysis for 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 for 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	17-101
Total	240,185								

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

	2025 €000	2024 €000
Gross loans and advances to customers at amortised cost	10,955,397	10,130,405
Allowance for ECL for impairment of loans and advances to customers (Note 43.5)	(157,055)	(147,019)
	10,798,342	9,983,386
Gross loans and advances to group companies at amortised cost	2,571	2,774
Loans and advances to customers measured at FVPL	-	131,008
	10,800,913	10,117,168

Gross loans and advances to group companies represent loans and advances to the parent company classified as Stage 1 as at 31 December 2025 and 2024.

The following tables present the Group's gross loans and advances to customers at amortised cost by staging and by business line concentration.

2025 By business line	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	3,152,460	402,590	20,309	9,054	3,584,413
IBU & International corporate					
- IBU	120,217	16,128	291	95	136,731
- International corporate	1,342,145	13,383	-	6	1,355,534
SMEs	916,985	64,742	6,886	4,253	992,866
Retail					
- housing	3,514,129	167,869	10,889	9,729	3,702,616
- consumer, credit cards and other	974,919	100,303	8,090	10,146	1,093,458
Restructuring					
- corporate	396	906	2,254	11,131	14,687
- SMEs	605	1,884	4,746	1,092	8,327
- retail housing	1,915	2,785	17,114	793	22,607
- retail other	584	434	8,332	617	9,967
Recoveries					
- corporate	-	-	2,766	297	3,063
- SMEs	-	-	3,878	473	4,351
- retail housing	-	-	12,982	2,291	15,273
- retail other	8	-	9,338	2,158	11,504
	10,024,363	771,024	107,875	52,135	10,955,397

23. Loans and advances to customers (continued)

2024 By business line	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €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
	<u>9,126,495</u>	<u>775,080</u>	<u>170,768</u>	<u>58,062</u>	<u>10,130,405</u>

Loans and advances to customers pledged as collateral are disclosed in Note 45.

Additional analysis and information on loans and advances to customers and related allowance for ECL are set out in Note 43.

Loans and advances held for sale

As at 31 December 2025, no portfolio of loans and advances to customers was classified as held for sale (2024: a portfolio of loans and advances to customers, known as 'Project River', was classified as held for sale. The disposal portfolio comprised mainly of corporate and retail exposures under the Restructuring & Recoveries business line. The sale transaction was completed during the first half of the year ended 31 December 2025). The analysis of the gross book value and the allowance for ECL of loans and advances to customers classified as held for sale as at 31 December 2024 by staging is provided below:

2024	Stage 3 €000	POCI €000	Total €000
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)
	<u>20,586</u>	<u>2,557</u>	<u>23,143</u>

During the year ended 31 December 2025, the Group entered into an agreement with Cerberus Global Investments B.V. to sell a non-performing loans portfolio ('Project River 4') with a total gross book value of approximately €35 million as at 30 September 2025 (the 'Sale transaction'). The Sale transaction was completed in December 2025. The disposal portfolio comprised mainly of retail exposures under the Restructuring & Recoveries business line.

24. Life insurance business assets attributable to policyholders

	2025 €000	2024 €000
Equity securities	3,357	2,145
Debt securities	106,696	81,299
Mutual funds	755,872	639,321
Bank deposits and other receivables	46,036	38,362
	911,961	761,127
Property	11,230	11,630
	923,191	772,757

of which:

Assets underlying insurance contracts with direct participation features	751,749	653,680

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 €10,580 thousand (2024: €8,550 thousand).

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:

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Equity securities	3,357	-	-	3,357
Debt securities	86,697	-	19,999	106,696
Mutual funds	753,402	-	2,470	755,872
	843,456	-	22,469	865,925
2024				
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

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 receivables 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:

	2025 €000	2024 €000
1 January	22,681	23,427
Unrealised losses recognised in the consolidated income statement	(212)	(746)
31 December	22,469	22,681

During the years ended 31 December 2025 and 2024 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

2025	Property €000	Equipment €000	Total €000
Net book value at 1 January	275,035	32,379	307,414
Additions	6,650	6,875	13,525
Acquired through business combinations (Note 49)	5,348	302	5,650
Disposals and write-offs	-	(78)	(78)
Depreciation charge for the year (Note 15.1)	(8,259)	(9,383)	(17,642)
Impairment charge for the year	(452)	(126)	(578)
New leases (Note 41)	1,869	-	1,869
Leases acquired through business combinations (Note 49)	396	104	500
Lease modifications (Note 41)	2,700	-	2,700
Derecognition of RoU assets (Note 41)	(800)	(14)	(814)
Net book value at 31 December	282,487	30,059	312,546

1 January 2025			
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

31 December 2025			
Cost or valuation	371,425	143,550	514,975
Accumulated depreciation	(88,938)	(113,491)	(202,429)
Net book value	282,487	30,059	312,546

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 41)	1,575	895	2,470
Re-assessment of RoU assets (Note 41)	16,158	-	16,158
Derecognition of RoU assets (Note 41)	(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

25. Property and equipment (continued)

As at 31 December 2025 the net book value of the Group's equipment includes an amount of €5,481 thousand that relates to RoU asset - Computer hardware (2024: €9,169 thousand), and an amount of €60 thousand that relates to RoU asset - Motor vehicles (2024: nil).

The net book value of the Group's property comprises:

	2025	2024
	€000	€000
Freehold property	247,302	240,185
Improvements on leasehold property	3,340	1,726
RoU assets (Note 41)	31,845	33,124
Total	282,487	275,035

Freehold property includes land amounting to €95,803 thousand (2024: €93,409 thousand) for which no depreciation is charged. Further, freehold property includes an amount of €23,551 thousand (2024: €22,507 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.

As at 31 December 2025 there are charges against freehold property of the Group with carrying value €10,816 thousand (2024: €10,621 thousand).

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2025 amounts to €173,889 thousand (2024: €166,126 thousand).

26. Intangible assets

	2025			2024
	Computer software	Customer related intangible assets	Total	Computer software
	€000	€000	€000	Total €000
Net book value at 1 January	49,747	-	49,747	48,635
Additions	17,313	-	17,313	19,736
Acquired through business combinations (Note 49)	442	3,213	3,655	-
Disposals and write-offs	(125)	-	(125)	(432)
Amortisation charge for the year (Note 15.1)	(17,923)	(291)	(18,214)	(18,192)
Impairment charge for the year	(156)	(300)	(456)	-
Net book value at 31 December	49,298	2,622	51,920	49,747

	2025 Total €000	2024 Total €000
1 January		
Cost	287,208	268,268
Accumulated amortisation and impairment	(237,461)	(219,633)
Net book value	49,747	48,635

	2025 Total €000	2024 Total €000
31 December		
Cost	308,554	287,208
Accumulated amortisation and impairment	(256,634)	(237,461)
Net book value	51,920	49,747

The category 'computer software' includes both computer software externally purchased and computer software internally generated. Computer software includes internally developed computer software with a net carrying amount of €4,955 thousand as at 31 December 2025 (2024: €5,570 thousand).

Customer related intangible assets comprise the identifiable intangible assets recognised upon the acquisition of Ethniki Insurance Cyprus Ltd in July 2025 (Note 49). The nature and useful economic life applied for these intangible assets is described in Note 49.

During 2025, the Group reviewed the customer related intangible assets for any indicators of impairment and concluded that an impairment of €300 thousand is required relating to the insurance licenses of Ethniki companies acquired, following the completion of the legal merger in December 2025.

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 2025 an impairment loss of €27,016 thousand (2024: €55,612 thousand) was recognised in 'Impairment net of reversals on non-financial assets' in the Consolidated Income Statement. At 31 December 2025, stock of property of €283,868 thousand (2024: €405,520 thousand) is carried at net realisable value.

There is no stock of property pledged as collateral.

27. Stock of property (continued)

The carrying amount of the stock of property is analysed in the tables below:

	2025	2024
	€000	€000
Net book value at 1 January	648,757	826,115
Additions	10,440	30,488
Disposals	(258,765)	(152,234)
Transfers to non-current assets and disposal groups held for sale	(1,214)	-
Impairment for the year (Note 16)	(27,016)	(55,612)
Net book value at 31 December	372,202	648,757

In June 2025, the Group completed the disposal of 80.1% of its holding in certain property subsidiaries comprising plots of land. As a result of the transaction, the Group derecognised the underlying stock of property and its retained holding of 19.9% (which the buyer can require the Group to dispose to buyer) in the property company holding the underlying plots of land, was recognised as an investment measured at FVPL (Note 20).

The result on the disposal of stock of property in the year is presented in the table below:

	2025	2024
	€000	€000
Net consideration	270,284	152,450
Carrying value of stock of property disposed of	(258,765)	(152,234)
Net gains on disposal of stock of property	11,519	216

Analysis by type and country	Cyprus	Greece	Total
2025	€000	€000	€000
Residential properties	39,803	2,746	42,549
Offices and other commercial properties	39,342	2,786	42,128
Manufacturing and industrial properties	10,621	4,623	15,244
Hotels	7,005	339	7,344
Land (fields and plots)	262,765	2,172	264,937
Total	359,536	12,666	372,202

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

28. Prepayments, accrued income and other assets

	2025 €000	2024 €000
<i>Financial assets</i>		
Debtors	41,984	33,340
Receivable relating to tax	1,746	2,772
Deferred purchase payment consideration	-	143,604
Other assets	161,978	115,916
	205,708	295,632
<i>Non-financial assets</i>		
Insurance and reinsurance contract assets (Note 30)	54,759	50,612
Current tax receivable	50,053	61,890
Prepaid expenses	1,124	978
Retirement benefit plan assets (Note 14.1)	3,350	1,767
Other assets	60,810	68,076
	170,096	183,323
	375,804	478,955

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
2025				
1 January	264,329	35,430	5,445	305,204
Net (decrease)/increase	(84,726)	(1,758)	7,732	(78,752)
31 December	179,603	33,672	13,177	226,452
2024				
1 January	381,151	35,934	5,872	422,957
Net decrease	(116,822)	(504)	(427)	(117,753)
31 December	264,329	35,430	5,445	305,204

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
2025				
1 January	2,330	31,884	858	35,072
Changes to models and inputs used for ECL calculations	613	-	59	672
31 December	2,943	31,884	917	35,744
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

There were no financial assets classified as Stage 2 as at 31 December 2025 and 2024. In addition, financial assets amounting to €15,000 thousand were measured at FVPL as at 31 December 2025 (2024: €25,500 thousand).

Within other non-financial assets an amount of €18,550 thousand as at 31 December 2025 (2024: €18,550 thousand) relates to contract assets from contracts with customers.

28. Prepayments, accrued income and other assets (continued)

The amount outstanding of the deferred consideration receivable from the sale of Project Helix 2 (the 'DPP'), which was due by 31 December 2025, has been settled during the first half of 2025. The DPP was classified as Stage 1 as at 31 December 2024.

29. Customer deposits

	2025	2024
	€000	€000
<i>By type of deposit</i>		
Demand	12,064,505	10,747,056
Savings	3,402,642	3,091,475
Time or notice	6,747,906	6,690,317
	22,215,053	20,528,848
<i>By geographical area</i>		
Cyprus	18,088,884	16,431,661
Greece	1,518,290	1,558,482
United Kingdom	401,282	396,972
United States	130,574	129,823
Germany	73,416	80,796
Romania	26,340	38,408
Russia	79,624	88,710
Ukraine	208,891	212,662
Belarus	1,428	1,583
Israel	230,294	214,547
Other countries	1,456,030	1,375,204
	22,215,053	20,528,848

Deposits by geographical area are based on the country of residence of the Ultimate Beneficial Owner.

	2025	2024
	€000	€000
<i>By currency</i>		
Euro	20,277,096	18,568,911
US Dollar	1,578,033	1,589,240
British Pound	302,817	309,083
Russian Rouble	893	1,080
Swiss Franc	7,197	8,315
Other currencies	49,017	52,219
	22,215,053	20,528,848

	2025	2024
	€000	€000
<i>By business line</i>		
Corporate	2,644,987	2,319,737
IBU & International corporate		
- IBU	4,280,583	4,139,368
- International corporate	251,158	174,370
SMEs	1,396,335	1,161,464
Retail	13,489,070	12,600,526
Restructuring		
- corporate	5,865	10,000
- SMEs	525	2,854
- retail other	8,010	6,306
Recoveries		
- corporate	551	979
Institutional Wealth Management and Custody	137,969	113,244
	22,215,053	20,528,848

30. 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:

	2025			2024		
	Assets €000	Liabilities €000	Net €000	Assets €000	Liabilities €000	Net €000
Insurance contracts						
Life insurance	-	(803,875)	(803,875)	-	(682,830)	(682,830)
Non-life insurance	-	(73,841)	(73,841)	-	(60,854)	(60,854)
Total insurance contracts	-	(877,716)	(877,716)	-	(743,684)	(743,684)
Reinsurance contracts						
Life insurance	23,222	-	23,222	24,039	-	24,039
Non-life insurance	31,537	-	31,537	26,573	-	26,573
Total reinsurance contracts	54,759	-	54,759	50,612	-	50,612
Total insurance and reinsurance contracts	54,759	(877,716)	(822,957)	50,612	(743,684)	(693,072)

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.

	2025				2024			
	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	(645,642)	(23,635)	(130,757)	(800,034)	(586,145)	(17,302)	(75,615)	(679,062)
Reinsurance contracts								
Reinsurance contracts assets	(7,458)	1,337	30,043	23,922	(915)	15	23,654	22,754

30. 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:

	2025				2024			
	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	(656,452)	(5,407)	(81,825)	(743,684)	(580,410)	(5,713)	(72,301)	(658,424)
Insurance contract assets as at 1 January	-	-	-	-	7,175	(305)	(398)	6,472
Net insurance contract assets/(liabilities) as at 01 January	(656,452)	(5,407)	(81,825)	(743,684)	(573,235)	(6,018)	(72,699)	(651,952)
Insurance revenue	179,108	-	-	179,108	150,070	-	-	150,070
<i>Insurance service expenses</i>								
Incurred claims and directly attributable expenses	4,138	573	(80,062)	(75,351)	3,976	545	(63,823)	(59,302)
Amortisation of insurance acquisition cash flows	(10,343)	-	-	(10,343)	(7,294)	-	-	(7,294)
Insurance acquisition cash flows expensed as incurred	(7,313)	-	-	(7,313)	(9,067)	-	-	(9,067)
Reversals of losses/(losses) on onerous contracts	-	3,113	-	3,113	-	76	-	76
Changes to liabilities for incurred claims (LIC)	-	-	651	651	-	-	2,414	2,414
Investment component	76,000	-	(76,000)	-	65,973	-	(65,973)	-
Insurance finance income/(expense)	(36,301)	(8)	(806)	(37,115)	(60,630)	(10)	(1,725)	(62,365)
Total changes in the statement of profit or loss	205,289	3,678	(156,217)	52,750	143,028	611	(129,107)	14,532
Premiums received	(385,064)	-	-	(385,064)	(266,547)	-	-	(266,547)
Claims and other directly attributable expenses paid	-	-	152,195	152,195	-	-	119,760	119,760
Insurance acquisition cash flows	46,087	-	-	46,087	40,302	-	221	40,523
Total cash flows	(338,977)	-	152,195	(186,782)	(226,245)	-	119,981	(106,264)
Net insurance contract liabilities as at 31 December	(790,140)	(1,729)	(85,847)	(877,716)	(656,452)	(5,407)	(81,825)	(743,684)

Amount of €385,064 thousand for the year ended 31 December 2025 corresponding to 'Premiums received' in the table above includes the fair value of the insurance contracts recognised upon the acquisition of Ethniki Insurance Cyprus Ltd (Note 49).

30. Insurance and reinsurance contracts (continued)

The table below presents the roll-forward of the net asset or liability for insurance contracts issued, showing CSM for portfolios included in the life insurance business.

	2025	2024
	€000	€000
Insurance contract liabilities as at 1 January	(75,615)	(58,331)
Insurance contract assets as at 1 January	-	(1,935)
Contractual Service Margin as at 1 January	(75,615)	(60,266)
Changes that relate to current services		
Contractual service margin recognised for services provided	12,719	8,893
Changes that relate to future services		
Contracts initially recognised in the period	(20,645)	(2,492)
Changes in estimates that adjust the contractual service margin	(47,028)	(21,691)
Insurance service result	(54,954)	(15,290)
Insurance finance expenses	(188)	(59)
Total changes in the consolidated income statement	(55,142)	(15,349)
Contractual Service Margin as at 31 December	(130,757)	(75,615)
Insurance contract liabilities as at 31 December	(130,757)	(75,615)

31. Debt securities in issue and Subordinated liabilities

		2025		2024	
		Nominal value €000	Carrying value €000	Nominal value €000	Carrying value €000
Subordinated liabilities	Contractual interest rate				
Subordinated Tier 2 Capital Note - April 2021	6.625% up to 23 October 2026	82,413	83,762	300,000	307,955
Subordinated Tier 2 Capital Note - September 2025	4.250% up to 18 September 2031	300,000	297,984	-	-
		382,413	381,746	300,000	307,955
Debt securities in issue					
Senior Preferred Notes - June 2021	2.50% up to 24 June 2026	300,000	304,353	300,000	305,274
Senior Preferred Notes - July 2023	7.375% up to 25 July 2027	350,000	365,789	350,000	368,714
Green Senior Preferred Notes - May 2024	5% up to 2 May 2028	300,000	313,304	300,000	315,447
		950,000	983,446	950,000	989,435

BOCH and the Company 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 – September 2025

In September 2025, BOCH issued €300 million unsecured and subordinated Tier 2 Capital Note (the '2025 Note') under the EMTN Programme and immediately after, BOCH and the Company entered into an agreement pursuant to which BOCH on lent to the Company the entire €300 million proceeds of the issue of the 2025 Note (the '2025 Loan') on terms substantially identical to the terms and conditions of the 2025 Note issued by BOCH. The 2025 Loan was priced at 99.632% and has a coupon of 4.250% per annum payable annually in arrear and resettable on 18 September 2031 at the then prevailing 5-year swap rate plus a margin of 1.95% per annum up to 18 September 2036, payable annually. The 2025 Loan matures on 18 September 2036. The Company has the option to redeem the 2025 Loan early on any day during the six-month period commencing 18 March 2031 to, and including, 18 September 2031, subject to applicable regulatory consents and the relevant conditions to redemption.

31. Debt securities in issue and Subordinated liabilities (continued)

Subordinated Tier 2 Capital Note - April 2021

In April 2021, BOCH issued a €300 million unsecured and subordinated Tier 2 Capital Note (the '2021 Note') under the EMTN Programme and immediately after, BOCH and the Company entered into an agreement pursuant to which BOCH on-lent to the Company the entire €300 million proceeds of the issue of the 2021 Note (the '2021 Loan') on terms substantially identical to the terms and conditions of the 2021 Note issued by BOCH. The 2021 Loan 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 2021 Loan matures on 23 October 2031. The Company has the option to redeem the 2021 Loan early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory consents.

In September 2025, BOCH invited the holders of the 2021 Note to tender it for cash purchase by BOCH at a price of 102.3% of the principal amount. At the same time the Company invited BOCH to tender its 2021 Loan for cash purchase by the Company at a price of 102.3% of the principal amount, on the same terms as the tender of BOCH of the 2021 Note. As a result of the tender offer, €217,287 thousand in aggregate principal amount of the 2021 Loan were purchased and cancelled by the Company. In December 2025, the Company further purchased €300 thousand of the then outstanding nominal amount of the 2021 Loan. As at 31 December 2025, €82,413 thousand in aggregate principal amount of the 2021 Loan remained outstanding.

A net loss of €3,335 thousand on the early redemption of subordinated liabilities has been recognised in the Consolidated Income Statement during the year ended 31 December 2025 (Note 11).

The fair value of the subordinated liabilities as at 31 December 2025 and 2024 is disclosed in Note 22.

Debt securities in issue

Senior Preferred Notes - June 2021

In June 2021, the Company 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. The Company 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.

Senior Preferred Notes - July 2023

In July 2023, the Company 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. The Company 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.

Green Senior Preferred Notes - May 2024

In May 2024, the Company 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. The Company 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 fair value of the debt securities in issue as at 31 December 2025 and 2024 is disclosed in Note 22.

32. Accruals, deferred income, other liabilities and other provisions

	2025 €000	2024 €000
Income tax payable and related provisions	90,640	74,159
Special defence contribution payable	11,599	1,322
Retirement benefit plan liabilities (Note 14.1)	107	-
Provisions for financial guarantees and commitments (Notes 43.6.1 and 43.6.2)	19,470	17,893
Liabilities arising from non-participating investment contracts	151,785	119,636
Accrued expenses and other provisions	106,082	89,972
Deferred income	22,147	20,130
Items in the course of settlement	25,922	61,078
Lease liabilities (Note 41)	35,069	36,903
Other liabilities	149,824	124,171
	612,645	545,264

As at 31 December 2025, other liabilities include an amount of €10,385 thousand (2024: €10,385 thousand) relating to the guarantee fee for the conversion of DTA into tax credits (Note 17) and an amount of €42,249 thousand (2024: €13,367 thousand) relating to card processing transactions. As at 31 December 2025, other liabilities include an amount of €19,696 thousand for the ancillary guarantee fund (2024: €19,495 thousand).

33. Share capital

	2025		2024	
	Number of shares (thousand)	€000	Number of shares (thousand)	€000
<i>Authorised</i>				
Ordinary shares of €0.10 each	47,677,593	4,767,759	47,677,593	4,767,759
<i>Issued</i>				
31 December	9,597,945	959,794	9,597,945	959,794

Authorised and issued share capital

All issued ordinary shares carry the same rights.

The authorised capital of the Company is €4,767,759 thousand divided into 47,677,593 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 2025 and 2024.

Share premium reserve

There were no changes to the share premium reserve during the years ended 31 December 2025 and 2024.

Other equity instruments

	2025 €000	2024 €000
2023 Reset Perpetual Additional Tier 1 Capital Securities	220,000	220,000
	220,000	220,000

33. Share capital (continued)

In June 2023, BOCH issued €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities'). On the same date, the Company and BOCH entered into an agreement pursuant to which BOCH on-lent to the Company the entire €220,000 thousand proceeds of the issue of the BOCH Capital Securities ('Capital Securities Loan') on terms substantially identical to the terms and conditions of the BOCH Capital Securities. The Capital Securities Loan constitutes an unsecured and subordinated obligations of the Company, is perpetual and issued at par. The Capital Securities Loan carries 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 Loan is perpetual and has 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.

During the year ended 31 December 2025, coupon payments for the total amount of €26,125 thousand (2024: €26,125 thousand) were made to the holders of the AT1 instrument and recognised in retained earnings.

34. Distributions

Based on the relevant SREP decisions applicable in the year 2024, any equity dividend distribution was subject to regulatory approval, both for the Company and BOCH. Following the SREP decision received in December 2024 the requirement for approval was lifted effective from 1 January 2025.

Interim cash dividend in respect of 2025 earnings

In August 2025, the Board of Directors of the Company approved the payment of an interim dividend by the Company of €0.0091 per ordinary share in respect of the financial performance for the six months ended 30 June 2025. The interim dividend, amounted to an aggregate cash dividend of €87 million.

Distribution in respect of 2024 earnings

The AGM, held on 16 May 2025, approved a final cash dividend of €0.03 per ordinary share in respect of earnings for the year ended 31 December 2024, which amounted to an aggregate distribution of €241 million.

Distribution in respect of 2023 earnings

In March 2024, the Company obtained the approval of the European Central Bank to pay a dividend in respect of earnings for the year ended 31 December 2023 of €136,590 thousand in total, comprising a cash dividend. The AGM on 17 May 2024, approved a final cash dividend of €0.01 per ordinary share in respect of earnings for the year ended 31 December 2023.

Information in respect of proposed final dividend and total distribution out of 2025 earnings is disclosed in Note 53.

35. 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 2025, €10,537 thousand in total for SDC and GHS on deemed dividend distribution were accrued by the Company (2024: no SDC and GHS on deemed dividend distribution were required to be accrued).

As part of the Cyprus Tax Reform, the deemed dividend distribution rules are abolished for profits earned by Cyprus tax resident companies effective from 1 January 2026, with transitional deemed dividend distribution provisions being introduced for distributions to be made out of profits for the years ended 31 December 2024 and 31 December 2025. In addition, the SDC rate on dividend payments made to Cyprus tax resident and domiciled individuals is reduced from 17% to 5% on gross dividends distributed out of profits arising from 1 January 2026 onwards.

36. Fiduciary transactions

The Group offers fund management and custody services that result in holding or investing of assets on behalf of its customers. Assets are managed on a discretionary or advisory basis. The Group is not liable to its customers for any default by other banks or organisations. The assets under management and custody are not assets of the Group and thus are not included in the consolidated balance sheet of the Group, unless they are placed with the Group.

37. 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 the Company in 2013 as a result of the bail-in Decrees, the Company 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.

37. Provisions for pending litigation, claims, regulatory and other matters (continued)

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 2025 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group.

37.1 Pending litigation and claims

Investigations and litigation relating to securities issued by the Company

A number of institutional and retail customers have filed various separate actions against the Company alleging that the Company is guilty of mis-selling in relation to securities issued by the Company 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).

The Company 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 the Company's officers 'persuaded' them to proceed with the purchase and/or purported to offer 'investment advice', the Company may face significant difficulties.

Provision has been made based on management's best estimate of probable outflows for capital securities related litigation. In establishing the provision estimate, the Group, where relevant, uses a number of scenarios to address uncertainties around key assumptions. Certain information usually required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it could be expected to seriously prejudice the outcome of the litigation and/or the possible taking of legal action.

Bail-in related litigation

Depositors

A number of the Company's depositors, who allege that they were adversely affected by the bail-in, filed claims against the Company and other parties (such as the CBC and the Ministry of Finance of Cyprus) including against the Company 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. There are also cases under the bail-in category where the plaintiffs are alleging that the Company failed to follow their instructions, and cases where they are alleging that the bail-in was wrongfully applied. The Company is defending these actions. In relation to the bail-in decree related cases, the court ruled in favour of the Company 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 with only a few remaining as against the Company.

Provision has been made based on management's best estimate of probable outflows for depositors related litigation.

37. Provisions for pending litigation, claims, regulatory and other matters (continued)

37.1 Pending litigation and claims (continued)

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 the Company (as regards the way and methodology whereby such Decrees have been implemented), or that the Company 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. The Company 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 the Company claiming €70 million allegedly owed as part of the Company's contribution by virtue of an agreement with the Union dated 31 December 2011. Towards the end of 2024, the Group reached a final settlement arrangement and the case was unreservedly withdrawn, as a result of which, the Group 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 the Company lost. The Company 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. Both appeals were rejected by the court. This matter is now considered as concluded.

Additionally, a number of former employees have filed claims against the Company contesting entitlements received relating to the various voluntary exit plans. As at the reporting date, most of these cases have been withdrawn with only one such case remaining to be heard before the District Court. Another case is pending at appeal. The Group does not expect that these actions will have a material impact on its financial position.

Banking business cases

There is a number of banking business cases where the amounts claimed are significant. These cases primarily concern allegations as to the Company's standard policies and procedures allegedly resulting to damages and other losses for the claimants (including cases where it is alleged that the Company 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. The Company 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.

37. Provisions for pending litigation, claims, regulatory and other matters (continued)

37.1 Pending litigation and claims (continued)

Others

An investigation was in process in prior years relating 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 could be expected to seriously prejudice the outcome of the investigation and/or the possible taking of legal action. Based on the available facts and circumstances as at 31 December 2025, management has determined that no probable liability is expected from any parties associated with this case and therefore no liability for potential future claims has been recognised in the financial statements for the year ended 31 December 2025.

37.2 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 the Company'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 the Company'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 the Company's issuance of capital securities and concluded that the Company 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 the Company. The latter filed a recourse. The Administrative Court cancelled both the CBC's decision and the fine that was imposed upon the Company in a judgment 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.

Consumer Protection Service (CPS)

In July 2017, CPS imposed a fine of €170 thousand upon the Company after concluding an ex officio investigation regarding some terms in both the Company'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. The Company has filed a recourse before the Administrative Court against this decision. The Administrative Court has issued its judgment in 2022 in favour of the Company, 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 2025.

In April 2021, the director of CPS filed an application for the issuance of a court order against the Company, prohibiting the use of a number of contractual terms included in the Company'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 2025.

Following an investigation into certain housing loan agreement terms, in the year ended 31 December 2025 the CPS found that some contractual terms included in the Bank's housing loan agreements were deemed to be unfair and imposed a fine of €800 thousand, which the Company paid under protest. The Company has appealed the decision to the Minister of Commerce. The decision of the Minister was issued in January 2026, largely upholding the decision of the CPS, except with respect to one of the clauses which was found to be partly unfair. The Company had 60 days as of this date to comply. The Company took the necessary actions to comply.

37. Provisions for pending litigation, claims, regulatory and other matters (continued)

37.2 Regulatory matters (continued)

Cyprus Consumers' Association (CCA)

In March 2021, the Company 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 the Company'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 the Company in 2016 and 2017. The Company will take all necessary steps for the protection of its interests. This matter is still pending before the court as at 31 December 2025.

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 no retrospective effect in that it does not apply to any 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.

37.3 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 and assets of the Group, as well as the provision charge recognised by the Group in the year ended 31 December 2025 in connection with the reinstatement of bailed-in provident funds (as a result of the 2013 bail-in) of the banking sector employees, following an in-principle agreement reached with the Cyprus Government in November 2025.

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'.

37.4 Provisions for pending litigation, claims, regulatory and other matters

	Pending litigation and claims (Note 37.1)	Regulatory matters (Note 37.2)	Other matters (Note 37.3)	Total
2025	€000	€000	€000	€000
1 January	68,512	3,109	20,999	92,620
Net increase in provisions including unwinding of discount	8,487	-	19,955	28,442
Utilisation of provisions	(41,738)	(800)	(9,264)	(51,802)
Release of provisions	(6,825)	-	-	(6,825)
Other movements	629	-	4,459	5,088
31 December	29,065	2,309	36,149	67,523
Provisions expected to be settled within 12 months post reporting date	7,785	-	9,434	17,219

37. Provisions for pending litigation, claims, regulatory and other matters (continued)

37.4 Provisions for pending litigation, claims, regulatory and other matters (continued)

2024				
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

Provisions for pending litigation, claims, regulatory and other matters recorded in the Consolidated Income Statement during the year ended 31 December 2025 amounted to a credit of €383 thousand, and comprise the total of lines 'Net increase in provisions including unwinding of discount' and 'Release of provisions' of the table above amounting to a charge of €21,617 thousand and a credit for a one-off insurance reimbursement relating to past litigation and litigation-related costs, directly recognised in the Consolidated Income Statement (2024: charge of €11,775 thousand, which includes 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).

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 and assets of the Group.

38. 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 43.1 and 43.6).

38.1 Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 31 December 2025 amount to €20,666 thousand (2024: €22,456 thousand).

38.2 Contingent liabilities

The Group, as part of the disposal process of certain of its operations and assets, 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 37.3).

39. Additional information on cash flow statement

Non-cash transactions

Repossession of collaterals

During the year ended 31 December 2025, the Group acquired properties by taking possession of collaterals held as security for loans and advances to customers of €6,977 thousand (2024: €25,833 thousand).

Recognition of RoU assets and lease liabilities

During 2025 the Group recognised RoU assets and corresponding lease liabilities of €1,869 thousand (2024: €2,470 thousand).

Net cash flow from operating activities - interest

	2025	2024
	€000	€000
Interest paid	(134,251)	(156,839)
Interest received	828,183	995,064
	693,932	838,225

Changes in liabilities arising from financing activities

	Funding from central banks	Debt securities in issue and Subordinated liabilities (Note 31)	Total
2025	€000	€000	€000
1 January	-	1,297,390	1,297,390
Cash flows	-	18,573	18,573
Other non-cash movements	-	49,229	49,229
31 December	-	1,365,192	1,365,192
2024			
1 January	2,043,868	979,681	3,023,549
Cash flows	(2,065,710)	244,579	(1,821,131)
Other non-cash movements	21,842	73,130	94,972
31 December	-	1,297,390	1,297,390

Further information relating to the change in lease liabilities is disclosed in Note 41.

40. Cash and cash equivalents

Cash and cash equivalents comprise:

	2025	2024
	€000	€000
Cash and non-obligatory balances with central banks	7,743,440	7,435,634
Loans and advances to banks with original maturity less than three months	546,030	288,211
	8,289,470	7,723,845

40. Cash and cash equivalents (continued)

Analysis of cash and balances with central banks and loans and advances to banks

	2025	2024
	€000	€000
Cash and non-obligatory balances with central banks	7,743,440	7,435,634
Obligatory balances with central banks (Note 19)	139,930	117,702
Balances with central banks for ancillary systems (restricted)	49,666	47,390
Total cash and balances with central banks (Note 19)	7,933,036	7,600,726
Loans and advances to banks with original maturity less than three months	546,030	288,211
Loans and advances to banks with original maturity more than three months	3,412	472,163
Restricted loans and advances to banks	26,066	60,200
Total loans and advances to banks (Note 19)	575,508	820,574

Restricted loans and advances to banks include €2,270 thousand collaterals under derivative transactions (2024: nil) which are not immediately available for use by the Group, but are released once the transactions are terminated. As at 31 December 2025, €669 thousand were placed as collateral for the reverse repurchase agreements (2024: €6,685 thousand) (Note 43.11).

41. 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.

During the year ended 31 December 2025, the Group entered into modifications to certain lease contracts, relating to changes in lease payments. These modifications were accounted for in line with the accounting policy as detailed in Note 2.24, resulting in remeasurement of the lease liabilities based on the revised lease payments.

As at 31 December 2024, the lease term for branches and other buildings was re-assessed using the parameter inputs as detailed in Note 5.12, resulting in a remeasurement of the lease liability for those contracts.

41. Leases (continued)

The carrying amounts of the Group's RoU assets and lease liabilities and the movement during the years ended 31 December 2025 and 2024 is presented in the table below:

2025	RoU assets (Note 25)	Lease Liabilities (Note 32)
	€000	€000
1 January	42,293	(36,903)
Depreciation charge for the year (Note 15.1)	(9,162)	-
New leases (Note 25)	1,869	(1,942)
Leases acquired through business combinations	500	(397)
Lease modifications (Note 25)	2,700	(2,700)
Assets derecognised (Note 25)	(814)	416
Interest expense	-	(903)
Cash outflows-payments	-	7,360
31 December	37,386	(35,069)

2024	RoU assets (Note 25)	Lease Liabilities (Note 32)
	€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)

As at 31 December 2025 RoU assets comprised of leases of buildings of a carrying amount of €31,845 thousand (2024: €33,124 thousand), motor vehicles of a carrying amount of €60 thousand (2024: nil), and computer hardware of a carrying amount of €5,481 thousand (2024: €9,169 thousand), and are presented within Property and equipment in Note 25.

Interest expense on lease liabilities of €108 thousand is included within net insurance service result as it is directly attributable expense for the fulfilment of insurance contracts within IFRS 17 scope (2024: €231 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 45.

42. Analysis of assets and liabilities by expected maturity

	2025			2024		
	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	7,743,440	189,596	7,933,036	7,435,634	165,092	7,600,726
Loans and advances to banks	549,442	26,066	575,508	760,374	60,200	820,574
Reverse repurchase agreements	1,005,554	613,401	1,618,955	-	1,010,170	1,010,170
Derivative financial assets	13,369	74,973	88,342	8,742	86,531	95,273
Investments	735,504	4,588,228	5,323,732	714,954	3,643,389	4,358,343
Loans and advances to customers	1,225,847	9,575,066	10,800,913	1,216,995	8,900,173	10,117,168
Life insurance business assets attributable to policyholders	51,840	871,351	923,191	34,373	738,384	772,757
Prepayments, accrued income and other assets	266,031	109,773	375,804	378,841	100,114	478,955
Stock of property	99,523	272,679	372,202	155,015	493,742	648,757
Investment properties	10,477	17,853	28,330	11,985	24,266	36,251
Deferred tax assets	45,747	121,016	166,763	37,909	128,935	166,844
Property, equipment and intangible assets	-	364,466	364,466	-	357,161	357,161
Non-current assets and disposal groups held for sale	-	-	-	23,143	-	23,143
	11,746,774	16,824,468	28,571,242	10,777,965	15,708,157	26,486,122
Liabilities						
Deposits by banks	242,050	162,049	404,099	140,694	223,537	364,231
Derivative financial liabilities	2,680	16,576	19,256	798	3,866	4,664
Customer deposits	6,945,539	15,269,514	22,215,053	6,538,212	13,990,636	20,528,848
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	12,612	12,612	-	44,074	44,074
Insurance liabilities	113,692	764,024	877,716	100,390	643,294	743,684
Accruals, deferred income, other liabilities, other provisions and provisions for pending litigation, claims, regulatory and other matters	335,664	344,504	680,168	382,000	255,884	637,884
Debt securities in issue and subordinated liabilities	388,115	977,077	1,365,192	-	1,297,390	1,297,390
Deferred tax liabilities	146	36,614	36,760	-	31,943	31,943
	8,027,886	17,582,970	25,610,856	7,162,094	16,490,624	23,652,718

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.

42. 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. Stage 3 loans are classified in the 'Over one year' time band except for 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.

43. 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 and 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 43.4.

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 safeguard the effective management of credit risk at all stages of the credit cycle, monitor the quality of decisions and processes and ensure 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 and 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 the reverse repurchase agreements.

The Group sets credit risk control limits and country risk exposure limits to mitigate concentration risk.

43. Risk management - Credit risk (continued)

Models and limits are presented to and approved by the Board Risk Committee and ultimately 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 by reporting 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 the credit lines to 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 and 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 of its debt security investment portfolio and the average rating of the portfolio is presented in Note 20 and information for the credit quality is presented in Note 43.11.

43. 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 2025 and 2024, the majority of derivative exposures are covered by ISDA netting arrangements. The effect or potential effect of netting arrangements on the Group's financial position is presented in Note 51. An analysis of derivative asset and liability exposures is available in Note 21. Information about the Group's level of collateral under derivative transactions is provided in Note 40.

43.1 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.

43. Risk management - Credit risk (continued)

43.1 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 (including movable property)*	Other	Surplus collateral	Net collateral	
2025	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balances with central banks (Note 19)	7,833,526	-	-	-	-	-	-	-	7,833,526
Loans and advances to banks (Note 19)	575,508	-	-	-	-	-	-	-	575,508
Reverse repurchase agreements (Note 43.11)	1,618,955	63,587	1,565,955	-	-	-	(10,587)	1,618,955	-
Debt securities (Note 20)	5,131,383	-	-	-	-	-	-	-	5,131,383
Derivative financial instruments (Note 21)	88,342	71,127	-	-	-	-	-	71,127	17,215
Loans and advances to customers (Note 23)	10,800,913	607,749	575,518	230,842	17,121,651	309,091	(9,681,182)	9,163,669	1,637,244
Debtors (Note 28)	41,984	-	-	-	-	-	-	-	41,984
Insurance and reinsurance contract assets (Note 28)	54,759	-	-	-	-	-	-	-	54,759
Other financial assets (Note 28)	163,724	39,981	-	4,250	-	-	-	44,231	119,493
On-balance sheet total	26,309,094	782,444	2,141,473	235,092	17,121,651	309,091	(9,691,769)	10,897,982	15,411,112
<i>Contingent liabilities</i>									
Acceptances and endorsements	3,020	87	-	-	2,931	2	-	3,020	-
Guarantees	669,051	84,661	2,963	1,819	173,906	259	-	263,608	405,443
<i>Commitments</i>									
Documentary credits	22,932	13,939	-	-	361	-	-	14,300	8,632
Undrawn formal stand-by facilities, credit lines and other commitments to lend	2,126,297	23,167	4,355	948	431,437	23,254	-	483,161	1,643,136
Off-balance sheet total	2,821,300	121,854	7,318	2,767	608,635	23,515	-	764,089	2,057,211
	29,130,394	904,298	2,148,791	237,859	17,730,286	332,606	(9,691,769)	11,662,071	17,468,323

*Property (including movable property) includes residential, commercial and other real estate securities, as well as floating charges and mortgages on ships (for shipping loans).

43. Risk management - Credit risk (continued)

43.1 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 (including movable 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 43.11)	1,010,170	13,068	1,006,856	-	-	-	(9,754)	1,010,170	-
Debt securities and other securities (Note 20)	4,222,879	-	-	-	-	-	-	-	4,222,879
Derivative financial instruments (Note 21)	95,273	-	-	-	-	-	-	-	95,273
Loans and advances to customers (Note 23)	10,117,168	577,972	659,723	233,160	17,141,516	292,621	(10,037,307)	8,867,685	1,249,483
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	24,141,186	648,521	1,666,579	233,160	17,141,516	292,621	(10,047,061)	9,935,336	14,205,850
<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
	26,876,697	748,638	1,687,137	239,718	17,734,841	315,569	(10,047,061)	10,678,842	16,197,855

*Property (including movable property) includes residential, commercial and other real estate securities, as well as floating charges and mortgages on ships (for shipping loans).

43. Risk management - Credit risk (continued)

43.2 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.

2025	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	€000
Trade	880,996	8,143	3	-	32,006	921,148
Manufacturing	271,316	123,403	117	-	65,034	459,870
Hotels and catering	1,057,005	27,239	75,078	-	28,817	1,188,139
Construction	348,101	49,197	2	-	-	397,300
Real estate	873,315	8,329	572	-	22,355	904,571
Private individuals	4,846,458	8,929	27,046	3,895	37,608	4,923,936
Professional and other services	615,246	561	5,116	6	78,971	699,900
Shipping	27,952	36,889	-	-	298,627	363,468
Other sectors	692,718	264,375	-	2	139,970	1,097,065
	9,613,107	527,065	107,934	3,903	703,388	10,955,397

2025	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	€000
Corporate	3,513,867	70,283	117	-	146	3,584,413
IBU & International corporate						
- IBU	109,603	2,190	5,111	3,221	16,606	136,731
- International corporate	160,407	449,496	80,085	-	665,546	1,355,534
SMEs	989,882	394	980	-	1,610	992,866
Retail						
- housing	3,666,173	3,215	19,218	74	13,936	3,702,616
- consumer, credit cards and other	1,090,447	1,472	897	-	642	1,093,458
Restructuring						
- corporate	13,748	-	835	-	104	14,687
- SMEs	8,174	-	153	-	-	8,327
- retail housing	22,297	-	124	122	64	22,607
- retail other	9,940	2	13	-	12	9,967
Recoveries						
- corporate	2,572	-	6	385	100	3,063
- SMEs	3,801	1	19	18	512	4,351
- retail housing	11,209	6	324	68	3,666	15,273
- retail other	10,987	6	52	15	444	11,504
	9,613,107	527,065	107,934	3,903	703,388	10,955,397

43. Risk management - Credit risk (continued)

43.2 Credit risk concentration of loans and advances to customers (continued)

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
	<u>9,163,216</u>	<u>317,051</u>	<u>78,235</u>	<u>7,545</u>	<u>564,358</u>	<u>10,130,405</u>

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
	<u>9,163,216</u>	<u>317,051</u>	<u>78,235</u>	<u>7,545</u>	<u>564,358</u>	<u>10,130,405</u>

The loans and advances to customers include lending exposures in Cyprus with collaterals in Greece with a carrying value as at 31 December 2025 of €135,794 thousand (2024: €176,890 thousand).

The loans and advances to customers reported within 'Other countries' as at 31 December 2025 include exposures of €0.4 million in Ukraine (2024: €0.6 million) and €5.7 million in Israel (2024: €4.9 million).

43. Risk management - Credit risk (continued)

43.3 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
2025					
1 January	9,126,495	775,080	220,357	63,394	10,185,326
Transfers to stage 1	216,748	(213,265)	(3,483)	-	-
Transfers to stage 2	(247,962)	261,340	(13,378)	-	-
Transfers to stage 3	(12,236)	(11,475)	23,711	-	-
Write offs	(367)	(486)	(14,837)	(327)	(16,017)
Interest accrued and other adjustments	390,057	38,043	32,796	5,401	466,297
New loans originated or purchased and drawdowns of existing facilities	2,909,940	66,709	1,066	64	2,977,779
Loans derecognised or repaid (excluding write offs)	(2,356,288)	(151,527)	(55,734)	(8,133)	(2,571,682)
Changes to contractual cash flows due to modifications	(2,024)	6,605	(469)	(13)	4,099
Disposal of held for sale portfolio (Project River)	-	-	(82,154)	(8,251)	(90,405)
31 December	10,024,363	771,024	107,875	52,135	10,955,397

	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

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.

43. Risk management - Credit risk (continued)

43.3 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), is presented in the tables below:

	Corporate	IBU & International corporate	SME	Retail
2025	€000	€000	€000	€000
1 January	3,347,221	1,081,715	967,737	4,575,743
Transfers in/(out of) business line	1,598	(1,064)	11,107	(4,170)
Write offs	(2,230)	(22)	(942)	(1,154)
Interest accrued and other adjustments	155,582	69,034	44,575	173,934
New loans originated or purchased	1,163,802	740,620	235,401	837,348
Loans derecognised or repaid (excluding write offs)	(1,088,162)	(397,228)	(264,075)	(784,960)
Changes to contractual cash flows due to modifications not resulting in derecognition	6,602	(790)	(937)	(667)
31 December	3,584,413	1,492,265	992,866	4,796,074

	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 and other adjustments	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

43.4 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 the Company. 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.

43. Risk management - Credit risk (continued)

43.4 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.

2025	12-month PD		
Rating	Corporate legal entities %	Retail individuals %	SME legal entities %
1	1.86	0.05	0.09
2	1.94	0.08	0.20
3	2.11	0.14	0.38
4	3.31	0.28	1.51
5	4.82	0.74	3.74
6	6.14	4.74	7.05
7	7.13	14.20	15.96

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

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 in 2025', the Group during 2025 further updated the model calibrations affecting the probability of default parameter which led to an increase mainly in Corporate portfolio weighted PDs, when compared to last year. The increase in PDs is driven by a calibration of the probability of default (PD) parameter and specifically in relation to PD adjustment factor; a dynamic adjustment that calibrates the model projections based on the relationship between the past model projections and the actual observed defaults. The factor was updated to include observations over a longer period to further enhance stability and predictability.

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 the Company.

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	703,257	4,380	707,637	795,970	7,675	803,645
Rating 2	333,490	2,530	336,020	414,627	12,266	426,893
Rating 3	953,086	86,664	1,039,750	840,468	17,460	857,928
Rating 4	510,280	50,459	560,739	617,084	181,452	798,536
Rating 5	623,194	89,265	712,459	446,603	85,994	532,597
Rating 6	156,324	41,147	197,471	58,029	61,365	119,394
Rating 7	9,798	97,962	107,760	6,217	21,329	27,546
Unrated	397,493	17,247	414,740	231,861	22,225	254,086
New customers	878,989	16,267	895,256	654,183	48,048	702,231
	4,565,911	405,921	4,971,832	4,065,042	457,814	4,522,856
Total Stage 3 and POCI			47,783			58,171
			5,019,615			4,581,027

43. Risk management - Credit risk (continued)

43.4 Credit quality of loans and advances to customers based on the internal credit rating (continued)

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Rating 1	411,537	1,215	412,752	404,639	1,263	405,902
Rating 2	357,459	1,547	359,006	309,996	898	310,894
Rating 3	575,935	4,276	580,211	539,982	1,155	541,137
Rating 4	1,621,533	27,581	1,649,114	1,523,523	12,369	1,535,892
Rating 5	1,099,573	60,563	1,160,136	1,107,575	48,957	1,156,532
Rating 6	64,909	64,003	128,912	59,245	81,998	141,243
Rating 7	54,181	107,939	162,120	82,361	120,555	202,916
Unrated	-	2,655	2,655	-	2,215	2,215
New customers	422,537	18,024	440,561	380,491	6,629	387,120
	4,607,664	287,803	4,895,467	4,407,812	276,039	4,683,851
Total Stage 3 and POCI			95,389			146,115
			4,990,856			4,829,966

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SMEs legal entities						
Rating 1	134,934	2,450	137,384	125,714	1,235	126,949
Rating 2	365,783	11,349	377,132	260,609	2,266	262,875
Rating 3	138,069	8,843	146,912	125,330	8,654	133,984
Rating 4	35,642	28,135	63,777	47,228	15,261	62,489
Rating 5	9,314	14,074	23,388	10,668	4,285	14,953
Rating 6	5,271	2,525	7,796	3,414	4,361	7,775
Rating 7	2,215	1,141	3,356	3,172	1,415	4,587
Unrated	11,570	986	12,556	-	670	670
New customers	147,990	7,797	155,787	77,368	3,080	80,448
	850,788	77,300	928,088	653,503	41,227	694,730
Total Stage 3 and POCI			16,838			24,348
			944,926			719,078

43. Risk management - Credit risk (continued)

43.5 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:

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
2025					
1 January	12,005	38,739	107,519	20,534	178,797
Transfers to stage 1	13,400	(12,662)	(738)	-	-
Transfers to stage 2	(574)	4,868	(4,294)	-	-
Transfers to stage 3	(188)	(938)	1,126	-	-
Impact on transfer between stages during the year*	(13,792)	9,648	6,235	359	2,450
Foreign exchange and other adjustments	-	-	(174)	-	(174)
Write offs	(367)	(486)	(14,837)	(327)	(16,017)
Interest (provided) not recognised in the income statement	-	-	3,394	724	4,118
New loans originated or purchased*	7,655	-	-	11	7,666
Loans derecognised or repaid (excluding write offs)*	(3,626)	(989)	(5,279)	(391)	(10,285)
Write offs*	344	306	5,711	197	6,558
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	20,513	6,263	8,938	1,035	36,749
Changes to contractual cash flows due to modifications not resulting in derecognition*	(285)	4,384	(1,746)	2	2,355
Disposal of held for sale portfolio (Project River)	-	(3)	(50,997)	(4,162)	(55,162)
31 December	35,085	49,130	54,858	17,982	157,055
Individually assessed	16,104	27,094	15,479	11,526	70,203
Collectively assessed	18,981	22,036	39,379	6,456	86,852
	35,085	49,130	54,858	17,982	157,055

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 16).

43. Risk management - Credit risk (continued)

43.5 Credit losses of loans and advances to customers (continued)

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 ECL charge relating to the 'Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations' for the years ended 31 December 2025 and 2024 is mainly driven by the below components as provided in the reconciliation in the table below:

Categories	ECL charge/(release)	
	2025	2024
	€000	€000
(i) Impact from updates in macros parameters	9,626	(2,744)
(ii) PD - macro model calibration in 2025 (2024: PD calibration & PD adjustment factor refinement) (Note 5.1)	4,829	(4,225)
(iii) Climate & Environmental risk - overlay (Note 5.1)	4,279	n/a
(iv) Removal of overlays performed in prior years	n/a	(15,711)
(v) Collateral realisation - LGD parameter updated re portfolio sales realisations path	n/a	19,214
(vi) LGD floor introduction	n/a	20,013
(vii) SICR - PD model calibration & SICR absolute threshold introduction	n/a	(1,434)
(viii) Marginal Probabilities of Cure differentiation	n/a	2,119
(ix) Net impact from other remeasurements and models updates (changes in EAD, LGD, PDs)	12,375	18,069
(x) ECL charge on held for sale portfolio	5,640	13,069
Total ECL charge	36,749	48,370

43. Risk management - Credit risk (continued)

43.5 Credit losses of loans and advances to customers (continued)

The impact presented in the table above refers to the impact from the relevant calibration/adjustment to the ECL models in the year of implementation; in the following year the impact is reported as n/a as such adjustments are part of the business-as-usual run of the ECL models.

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:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	19,313	26,679	9,009	712	55,713
IBU & International corporate					
- IBU	73	349	111	8	541
- International corporate	8,576	1,629	-	-	10,205
SMEs	2,580	4,080	3,313	196	10,169
Retail					
- housing	2,288	9,355	3,034	569	15,246
- consumer, credit cards and other	2,193	6,688	4,694	766	14,341
Restructuring					
- corporate	2	64	1,206	10,871	12,143
- SMEs	4	46	1,721	150	1,921
- retail housing	29	208	7,234	356	7,827
- retail other	27	32	6,018	333	6,410
Recoveries					
- corporate	-	-	1,782	242	2,024
- SMEs	-	-	2,091	462	2,553
- retail housing	-	-	7,285	1,766	9,051
- retail other	-	-	7,360	1,551	8,911
	35,085	49,130	54,858	17,982	157,055

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
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

43. Risk management - Credit risk (continued)

43.5 Credit losses of loans and advances to customers (continued)

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
2025	€000	€000	€000	€000
1 January	37,266	3,513	7,416	31,168
Transfer in/(out of) the business line	95	(17)	366	(1,527)
Write offs	(2,230)	(22)	(942)	(1,154)
Interest (provided) not recognised in the income statement	646	3	169	390
New loans originated or purchased*	1,947	3,238	369	2,060
Loans derecognised or repaid (excluding write offs)*	(3,312)	(451)	(266)	(2,347)
Write offs*	21	23	187	540
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	17,875	4,968	2,908	946
Changes to contractual cash flows due to modifications not resulting in derecognition*	2,404	(190)	173	(2)
Impact on transfer between stages during the year*	1,001	(319)	(211)	(487)
31 December	55,713	10,746	10,169	29,587

*Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 16).

	Corporate	IBU & International corporate	SME	Retail
2024	€000	€000	€000	€000
1 January	62,425	2,887	6,134	29,314
Transfer in/(out of) 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	37,266	3,513	7,416	31,168

*Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 16).

During the year ended 31 December 2025 the total non-contractual write-offs recorded by the Group amounted to €252 thousand (2024: €25,391 thousand). The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is €2,322 thousand (2024: €187,288 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 2025 and 2024.

43. Risk management - Credit risk (continued)

43.5 Credit losses of loans and advances to customers (continued)

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	
	2025	2024
	€000	€000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	3,473	1,560
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(2,810)	(1,677)
100% weight applied to the adverse scenario	45,248	20,764
Increase the expected recovery period by 1 year	1,775	1,965
Decrease the expected recovery period by 1 year	(1,461)	(2,047)
Increase the collateral realisation haircut by 5%	3,948	4,429
Decrease the collateral realisation haircut by 5%	(3,283)	(3,771)
Increase in the PDs of stages 1 and 2 by 20%*	25,256	18,232
Decrease in the PDs of stages 1 and 2 by 20%*	(14,800)	(8,273)

The increase/(decrease) on ECL, for loans and advances to customers at amortised cost is presented per stage in the table below:

	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
2025				
Increase the adverse weight by 5% and decrease the favourable weight by 5%	879	1,790	804	3,473
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(1,136)	(870)	(804)	(2,810)
100% weight applied to the adverse scenario	10,259	26,795	8,194	45,248
Increase the expected recovery period by 1 year	359	724	692	1,775
Decrease the expected recovery period by 1 year	(290)	(586)	(585)	(1,461)
Increase the collateral realisation haircut by 5%	801	1,450	1,697	3,948
Decrease the collateral realisation haircut by 5%	(631)	(1,089)	(1,563)	(3,283)
Increase in the PDs of stages 1 and 2 by 20%*	3,828	21,428	-	25,256
Decrease in the PDs of stages 1 and 2 by 20%*	(6,247)	(8,553)	-	(14,800)
2024				
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)
100% weight applied to the adverse scenario	2,786	9,904	8,074	20,764
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)

*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.

43. Risk management - Credit risk (continued)

43.6 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.

43.6.1 Contingent liabilities

An analysis of changes in the outstanding nominal amount of exposures and the corresponding ECL are disclosed in the tables below:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Exposures				
1 January	563,918	114,797	32,330	711,045
Transfers to stage 1	11,081	(10,688)	(393)	-
Transfers to stage 2	(51,974)	52,300	(326)	-
Transfers to stage 3	-	(7)	7	-
Net increase/(decrease)	(38,518)	(302)	(154)	(38,974)
31 December	484,507	156,100	31,464	672,071

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €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

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL				
1 January	-	14	17,879	17,893
Net decrease	-	-	-	-
Charge for the year	58	5	745	808
31 December	58	19	18,624	18,701
Individually assessed	58	-	18,624	18,682
Collectively assessed	-	19	-	19
	58	19	18,624	18,701

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

43. Risk management - Credit risk (continued)

43.6 Contingent liabilities and commitments (continued)

43.6.1 Contingent liabilities (continued)

The credit quality of contingent liabilities as per the internal rating system of the Company is disclosed in the table below.

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	57,796	20,944	78,740	98,192	2,161	100,353
Rating 2	31,402	1,298	32,700	17,055	151	17,206
Rating 3	71,064	8,067	79,131	92,078	63	92,141
Rating 4	51,116	3,656	54,772	27,905	421	28,326
Rating 5	17,205	35,345	52,550	73,886	17,939	91,825
Rating 6	1,932	416	2,348	1,768	5,700	7,468
Rating 7	450	742	1,192	1,817	66	1,883
Unrated	43,582	23,616	67,198	64,565	23,683	88,248
New customers	82,315	1,251	83,566	56,061	500	56,561
	356,862	95,335	452,197	433,327	50,684	484,011
Total Stage 3			5,584			6,038
			457,781			490,049

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SME legal entities						
Rating 1	55,434	389	55,823	57,714	1,147	58,861
Rating 2	21,565	2	21,567	20,390	74	20,464
Rating 3	3,281	38	3,319	3,149	536	3,685
Rating 4	540	450	990	672	916	1,588
Rating 5	93	2	95	6	2	8
Rating 6	69	15	84	17	2	19
Rating 7	-	319	319	27	136	163
Rating 8	-	-	-	-	-	-
Unrated	524	41,358	41,882	-	43,046	43,046
New customers	46,139	1,282	47,421	48,616	1,213	49,829
	127,645	43,855	171,500	130,591	47,072	177,663
Total Stage 3			25,814			26,190
			197,314			203,853

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Unrated	-	16,910	16,910	-	17,041	17,041
	-	16,910	16,910	-	17,041	17,041
Total Stage 3			66			102
			16,976			17,143

43. Risk management - Credit risk (continued)

43.6 Contingent liabilities and commitments (continued)

43.6.2 Commitments

An analysis of changes in the outstanding exposures and the corresponding ECL are disclosed in the tables below:

2025	Stage 1	Stage 2	Stage 3	Total
Exposure	€000	€000	€000	€000
1 January	1,860,367	144,154	19,945	2,024,466
Transfers to stage 1	58,604	(58,149)	(455)	-
Transfers to stage 2	(55,999)	56,803	(804)	-
Transfers to stage 3	(228)	(205)	433	-
Net increase/(decrease)	125,983	6,667	(7,887)	124,763
31 December	1,988,727	149,270	11,232	2,149,229

2024	Stage 1	Stage 2	Stage 3	Total
Exposure	€000	€000	€000	€000
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

2025	Stage 1	Stage 2	Stage 3	Total
ECL	€000	€000	€000	€000
1 January	-	-	-	-
Transfers to stage 1	60	(60)	-	-
Transfers to stage 2	(18)	18	-	-
Charge for the year	603	67	99	769
31 December	645	25	99	769
Individually assessed	487	1	-	488
Collectively assessed	158	24	99	281
	645	25	99	769

There was no ECL on commitments as at 31 December 2024.

43. Risk management - Credit risk (continued)

43.6 Contingent liabilities and commitments (continued)

43.6.2 Commitments (continued)

The credit quality of commitments as per the internal rating system of the Company is disclosed in the table below.

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Corporate legal entities						
Rating 1	287,123	15,464	302,587	287,501	4,488	291,989
Rating 2	53,133	4,615	57,748	48,996	2,543	51,539
Rating 3	137,253	8,173	145,426	90,481	1,897	92,378
Rating 4	60,934	851	61,785	106,090	6,608	112,698
Rating 5	68,164	16,883	85,047	63,889	12,487	76,376
Rating 6	7,598	694	8,292	1,691	4,919	6,610
Rating 7	79	3,489	3,568	1,883	555	2,438
Unrated	52,173	36,976	89,149	131,778	45,041	176,819
New customers	186,135	612	186,747	91,060	2,359	93,419
	852,592	87,757	940,349	823,369	80,897	904,266
Total Stage 3			3,894			11,035
			944,243			915,301

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
SME legal entities						
Rating 1	337,893	11,686	349,579	306,438	17,151	323,589
Rating 2	134,981	2,781	137,762	104,628	1,473	106,101
Rating 3	22,341	1,788	24,129	18,280	1,916	20,196
Rating 4	3,397	702	4,099	3,529	1,196	4,725
Rating 5	391	256	647	558	100	658
Rating 6	341	298	639	128	152	280
Rating 7	3	20	23	13	9	22
Unrated	14,853	5,560	20,413	-	5,242	5,242
New customers	26,238	1,943	28,181	11,375	692	12,067
	540,438	25,034	565,472	444,949	27,931	472,880
Total Stage 3			4,456			5,125
			569,928			478,005

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Rating 1	151,518	7,440	158,958	143,334	8,115	151,449
Rating 2	90,613	3,888	94,501	83,886	4,617	88,503
Rating 3	135,585	6,256	141,841	136,728	6,649	143,377
Rating 4	93,814	3,330	97,144	88,827	3,502	92,329
Rating 5	23,872	2,441	26,313	27,224	1,519	28,743
Rating 6	3,483	2,320	5,803	4,704	1,778	6,482
Rating 7	829	1,375	2,204	931	1,213	2,144
Unrated	-	6,846	6,846	30	7,038	7,068
New customers	95,983	2,583	98,566	106,385	895	107,280
	595,697	36,479	632,176	592,049	35,326	627,375
Total Stage 3			2,882			3,785
			635,058			631,160

43. Risk management - Credit risk (continued)

43.7 Collateral and other credit enhancements obtained

The carrying value of assets obtained during 2025 and 2024 by taking possession of collateral held as security, was as follows:

	2025 €000	2024 €000
Residential property	5,401	7,968
Commercial and other property	-	11,388
Land (fields and plots)	1,576	6,477
	6,977	25,833

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 2025, including any expenses capitalised during the year, amounted to €377,397 thousand (2024: €659,976 thousand).

The disposals of repossessed assets during 2025 amounted to €263,549 thousand (2024: €174,840 thousand).

43.8 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.

	2025 €000	2024 €000
Gross loans at amortised cost		
Euro	10,152,024	9,475,479
US Dollar	694,545	573,140
British Pound	101,452	72,361
Swiss Franc	6,905	8,935
Other currencies	471	490
	10,955,397	10,130,405

43.9 Modified loans and advances to customers

Modified loans and advances to customers are those loans where the original contractual terms of the loans

- have been modified due to financial difficulties of the borrower and are considered as forbore/restructured (as explained in Note 43.10), and
- have been modified due to commercial renegotiations and such loans are considered as non-forborne.

The amortised cost before the modification for Stage 2 and Stage 3 loans that were modified during the year amounted to €104,405 thousand (2024: €140,980 thousand). Their related modification gain amounted to €6,904 thousand (2024: €22 thousand gain).

The table below shows the gross carrying amount of modified financial assets, in the current or a prior year period, while they had an ECL allowance measured at an amount equal to lifetime ECL and where the modification did not result in derecognition.

43. Risk management - Credit risk (continued)

43.9 Modified loans and advances to customers (continued)

	2025		2024	
	Gross Carrying amount	Corresponding ECL	Gross Carrying amount	Corresponding ECL
Financial assets modified since initial recognition	€000	€000	€000	€000
Facilities that were measured using lifetime ECL before modification and are as at 31 December measured using 12-months ECL (Stage 1)	341,893	779	441,544	655
Facilities that reverted to lifetime ECL (Stage 2/3) as at 31 December having once reverted and measured using 12-months ECL	41,198	4,904	77,534	12,588
31 December	383,091	5,683	519,078	13,243

The gross carrying amount of loans that have been modified since initial recognition, for which ECL allowance has changed from lifetime to 12-months ECL during the year amounted to €43,039 thousand as at 31 December 2025 (2024: €125,296 thousand).

43.10 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 changes to the contractual terms of a debt or payment in some form other than cash, such as a settlement 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 to comply with 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 borrowers 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:

- 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.
- 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.

43. Risk management - Credit risk (continued)

43.10 Forbearance/Restructuring (continued)

- 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: 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 the Company 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.

All forbore loans are classified as Stage 2 or Stage 3, if they are considered to be credit impaired. 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.

The below table presents the movement of the Group's forbore loans and advances to customers measured at amortised cost.

43. Risk management - Credit risk (continued)

43.10 Forbearance/Restructuring (continued)

	2025	2024
	€000	€000
1 January	366,839	455,740
New loans and advances classified as forborne in the year	85,169	148,348
Loans no longer classified as forborne and repayments	(92,363)	(249,742)
Write off	(3,177)	(11,983)
Interest accrued and other adjustments	23,893	24,476
Derecognition of held for sale portfolio (Project River)	(24,939)	-
31 December	355,422	366,839

The forborne loans classification is discontinued when all EBA criteria for the discontinuation of the classification as forborne 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 forborne 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 forborne loans.

	2025	2024
	€000	€000
Stage 1	-	-
Stage 2	276,459	253,862
Stage 3	54,510	86,639
POCI	24,453	26,338
	355,422	366,839

Fair value of collateral

	2025	2024
	€000	€000
Stage 1	-	-
Stage 2	258,333	234,794
Stage 3	49,776	75,515
POCI	23,844	24,965
	331,953	335,274

The fair value of collateral presented above has been computed to the extent that the collateral mitigates credit risk.

Credit risk concentration

	2025	2024
	€000	€000
By economic activity		
Trade	8,591	10,155
Manufacturing	984	3,325
Hotels and catering	467	6,058
Construction	128,101	132,011
Real estate	32,823	26,614
Private individuals	69,926	116,063
Professional and other services	71,183	36,621
Other sectors	43,347	35,992
	355,422	366,839

43. Risk management - Credit risk (continued)

43.10 Forbearance/Restructuring (continued)

2025	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	€000
Corporate	-	244,748	18,160	8,782	271,690
IBU & International corporate					
- IBU	-	-	1	-	1
SMEs	-	7,370	4,532	323	12,225
Retail					
- housing	-	18,031	6,569	1,443	26,043
- consumer, credit cards and other	-	3,311	1,889	20	5,220
Restructuring					
- corporate	-	111	1,072	10,911	12,094
- SMEs	-	1,031	2,432	586	4,049
- retail housing	-	1,623	9,398	793	11,814
- retail other	-	234	1,651	430	2,315
Recoveries					
- corporate	-	-	720	33	753
- SMEs	-	-	1,160	-	1,160
- retail housing	-	-	5,367	844	6,211
- retail other	-	-	1,559	288	1,847
	-	276,459	54,510	24,453	355,422

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

43. Risk management - Credit risk (continued)

43.10 Forbearance/Restructuring (continued)

ECL allowance

	2025 €000	2024 €000
Stage 1	-	-
Stage 2	14,811	9,525
Stage 3	25,182	36,503
POCI	13,068	12,462
	53,061	58,490

43.11 Credit quality of certain financial assets - 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:

	2025 €000	2024 €000
Aaa - Aa3	334,697	468,981
A1 - A3	7,951,780	7,743,265
Baa1 - Baa3	31,161	17,983
Ba1 - Ba3	2,460	3,642
B1 - B3	1,053	-
Unrated	7,534	23,910
Other receivables from banks	80,349	68,528
	8,409,034	8,326,309

All balances with central banks and loans and advances to banks are classified as Stage 1 (Note 19).

Reverse repurchase agreements

Reverse repurchase agreements are analysed by counterparties' rating per Moody's Investors Service rating as follows:

	2025 €000	2024 €000
A1 - A3	908,355	306,053
Unrated	710,600	704,117
	1,618,955	1,010,170

Reverse repurchase arrangements presented as unrated in the table above relate to agreements with counterparties for which no rating by Moody's Investors Service was available. These counterparties had a rating of A+ by S&P Global Ratings as at 31 December 2025 (2024: A+).

In accordance with the terms of the reverse repurchase agreements of a carrying value of €1,619 million (2024: €1,010 million) that are held by the Group as at 31 December 2025, the Group accepts collateral that it is permitted to sell. As at 31 December 2025, the total fair value of the collateral in the form of debt securities received was €1,566 million (2024: €1,007 million), with an average rating of Aa3 (2024: Aa2), none of which had been resold or repledged. As at 31 December 2025, cash collateral of €1 million was placed with the counterparties and €64 million had been received from the counterparties (2024: cash collateral of €7 million was placed with the counterparties and €13 million had been received from the counterparties). The weighted effective yield of the reverse repurchase agreements is approximately 2.6% p.a. (2024: 3% p.a.) and the weighted average remaining duration is estimated at approximately 0.8 years (2024: 2.1 years).

43. Risk management - Credit risk (continued)

43.11 Credit quality of certain financial assets - analysis by rating agency designation (continued)

Debt securities

Investments in debt securities are analysed by Moody's Investors Service rating as follows:

	2025	2024
<i>Moody's rating</i>	€000	€000
Aaa - Aa3	2,987,129	2,459,365
A1 - A3	1,804,963	1,506,802
Baa1 - Baa3	334,136	254,698
Ba1 - Ba3	-	2,014
Unrated	5,155	-
	5,131,383	4,222,879

The tables below present the Moody's Investors Service rating of the Group's investments in debt securities:

	FVPL	FVOCI	Amortised cost
		Stage 1	Stage 1
2025	€000	€000	€000
Aaa - Aa3	7,425	85,589	2,894,115
A1 - A3	4,301	250,025	1,550,637
Baa1 - Baa3	7,811	10,994	315,331
Unrated	-	-	5,155
	19,537	346,608	4,765,238

	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

The ratings are provided for the ISIN or if not available for the specific issuance, the rating of the counterparty is used.

Reinsurance contract assets

The Group has credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Group's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations, resulting in insignificant credit risk exposures to the Group.

Reinsurance is used to manage insurance risk. This does not discharge the Group's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder.

The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to the finalisation of any contract. The financial analysis of reinsurers that is conducted at the Group level produces an assessment categorised by the Group's credit risk grading, based on the external credit ratings.

The amounts that best represent the maximum credit risk exposure in reinsurance contract assets are analysed below, using the Group's credit risk rating grading.

43. Risk management - Credit risk (continued)

43.11 Credit quality of certain financial assets - analysis by rating agency designation (continued)

	2025	2024
	€000	€000
Aaa-Aa3	45,398	42,647
A1-A3	9,160	7,965
Baa1-Baa3	201	-
	54,759	50,612

44. 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. 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.

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 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 characterised by floating rate assets in its majority 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 Division 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. The Group maintains a structural hedging strategy subject to oversight by ALCO and the Board Risk Committee. This involves the set of techniques and the financial instruments (derivatives, primarily interest rate swaps and reverse repo arrangements complementing the natural hedges arising from the balance sheet structure) 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.

44. Risk management - Market risk (continued)

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 Appetite 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 2025 and 2024 respectively.

Currency	Interest Rate Scenario	Impact on Net Interest Income €000	
		2025 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)	2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)
All	Parallel up	87,912	102,061
All	Parallel down	(66,603)	(84,200)
All	Steepening	(26,954)	(51,175)
All	Flattening	50,488	79,770
All	Short up	73,954	106,190
All	Short down	(56,551)	(88,788)
Euro	Parallel up	84,417	98,728
Euro	Parallel down	(64,373)	(82,267)
Euro	Steepening	(25,772)	(51,731)
Euro	Flattening	47,839	79,588
Euro	Short up	70,129	104,647
Euro	Short down	(54,100)	(88,085)
US Dollar	Parallel up	3,495	3,333
US Dollar	Parallel down	(2,230)	(1,932)
US Dollar	Steepening	(1,182)	556
US Dollar	Flattening	2,649	182
US Dollar	Short up	3,825	1,543
US Dollar	Short down	(2,451)	(703)

The above sensitivities incorporate assumptions on the pass-through rate of time deposits of 35% for both the upside and the downside scenario for Euro denominated deposits for the year ended 31 December 2025 (2024: 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.

44. Risk management - Market risk (continued)

The table below sets out the impact on the Group's equity (change in the Economic Value) 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	
		2025 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)	2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)
All	Parallel up	(80,847)	(16,380)
All	Parallel down	20,821	613
All	Steepening	54,516	41,074
All	Flattening	(160,229)	(113,840)
All	Short up	(171,570)	(112,972)
All	Short down	65,791	40,990
Euro	Parallel up	(82,964)	(15,355)
Euro	Parallel down	48,881	953
Euro	Steepening	102,639	78,258
Euro	Flattening	(151,050)	(107,390)
Euro	Short up	(165,505)	(106,983)
Euro	Short down	127,597	78,078
US Dollar	Parallel up	4,234	(1,025)
US Dollar	Parallel down	(3,619)	273
US Dollar	Steepening	6,394	3,890
US Dollar	Flattening	(9,179)	(6,450)
US Dollar	Short up	(6,065)	(5,990)
US Dollar	Short down	3,986	3,903

The aggregation of the impact on equity was performed as per the EBA guidelines by adding the negative impact and 50% of the positive impact of each scenario. The increased IRRBB hedging, the different magnitude of the shocks and revision of embedded models and assumptions impact the sensitivity scenarios year-on-year.

In addition to the above fluctuations in net interest income and Economic Value, 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
2025		
+1.6% for US Dollar +1.35% for Euro +3% for British Pound	(6,224)	(1,837)
-1% for US Dollar -1% for Euro -3% for British Pound	4,610	1,360

44. Risk management - Market risk (continued)

<i>Parallel change in interest rates</i>	Impact on profit/(loss) before tax	Impact on equity
2024	€000	€000
+1.6% for US Dollar		
+1.35% for Euro	(934)	(1,982)
+3% for British Pound		
-1% for US Dollar		
-1% for Euro	692	1,468
-3% for British Pound		

The hedging relationships have been taken into account in the Net Interest Income (NII) and Economic Value of Equity (EVE) sensitivity tables.

The Group is also exposed to currency risk, price risk and property price risk.

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
2025	%	€000	€000
US Dollar	+5	1,851	-
Russian Rouble	+60	2,203	-
Romanian Lei	+5	2	(4)
Swiss Franc	+5	65	-
British Pound	+5	288	-
Japanese Yen	+5	2	-
Other currencies	+5	54	-
US Dollar	-5	(1,674)	-
Russian Rouble	-30	(339)	-
Romanian Lei	-5	(2)	3
Swiss Franc	-5	(58)	-
British Pound	-5	(261)	-
Japanese Yen	-5	(2)	-
Other currencies	-5	(49)	-

44. Risk management - Market risk (continued)

2024	Change in foreign exchange rate %	Impact on profit/(loss) after tax €000	Impact on equity €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)	-

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.

2025	Change in index %	Impact on profit/(loss) before tax €000	Impact on equity €000
Cyprus Stock Exchange	+40	-	528
Athens Exchange	+30	251	-
New York Exchange	+10	522	-
Other stock exchanges and unlisted other equities	+40	81	1,364
Non-listed (Real Estate)	+10	-	696
Cyprus Stock Exchange	-40	-	(528)
Athens Exchange	-30	(251)	-
New York Exchange	-10	(522)	-
Other stock exchanges and unlisted other equities	-40	(81)	(1,364)
Non-listed (Real Estate)	-10	(2,441)	(696)

44. Risk management - Market risk (continued)

	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 other equities	+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 other equities	-40	-	(1,343)
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 2025 was Aa3 (2024: Aa2). Further information on ratings of debt securities is disclosed in Note 43.11.

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
2025	€000	€000
Up scenario:		
Aa3 and above rated bonds	3,522	2,684
A3 and above rated bonds	856	1,030
Baa1 and below rated bonds	1,026	1,099
Cyprus Government bonds (A3 rated)	678	10,204
Down scenario:		
Aa3 and above rated bonds	(3,522)	(2,684)
A3 and above rated bonds	(856)	(1,030)
Baa1 and below rated bonds	(1,026)	(1,099)
Cyprus Government bonds (A3 rated)	(678)	(10,204)

44. Risk management - Market risk (continued)

	Impact on profit/(loss) before tax	Impact on equity
	€000	€000
2024		
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 (A3 rated)	-	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 (A3 rated)	-	(12,273)

Other securities 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 the non-equity security included in other securities, (Note 20 - Investments at FVPL) 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
2025			
Other securities	+10	383	-
Other securities	-10	(383)	-
2024			
Other securities	+40	4,281	-
Other securities	-10	(1,070)	-

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.

45. 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 payment inflows 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.

45. 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 Risk Committee regularly reviews the Group's liquidity position and recommends the Group Liquidity Risk Policy and the Liquidity Limit Framework to the Board of Directors for approval. The Group Liquidity Risk Policy and the Liquidity Limit Framework are ultimately approved by the Board of Directors.

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. The Market and Liquidity Risk department prepares a daily report analysing the internal liquidity buffer and compares it to the previous day's buffer. Results are made available to members of the Risk Management and Treasury Divisions. In addition, the Treasury Division 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 (including any eligible bonds received as collateral from reverse repurchase agreements).

45. Risk management - Liquidity and funding risk (continued)

The design of the stress tests follows authoritative 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 are approved by the Board of Directors following relevant recommendation by the Board Risk Committee. Whenever it is considered appropriate to amend the assumptions during the year, approval is requested from ALCO and the Board of Directors. The main items impacted 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 reverse repurchase agreements.

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, which is submitted to CBC.

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 the Company to survive a twelve-month stress period, including capacity to raise funding under all scenarios. This is circulated internally to Treasury Division to facilitate the internal monitoring process.

Furthermore, a report is submitted to the regulator on a weekly basis, which 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 the Company and describes the measures already implemented, if any, 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.

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.

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 the Company and describes the measures implemented and to be implemented in the short-term to improve the 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 possible actions that can be taken. The LCP is reviewed and tested at least annually.

45. 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), which requires the maintenance of an NSFR ratio greater than or equal to 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 2025, the Group's main sources of funding were its deposit base and wholesale funding. Deposits are the primary source of funding. Wholesale funding is also an important source of funding, comprising the issuances of Tier 2 of an aggregate nominal amount of €382 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 2025, the wholesale funding nominal amount was €1,552 million (2024: €1,470 million) as further described in Notes 31 and 33.

Funding to subsidiaries

The funding provided by the Company 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 the Company, 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 2025 and 2024 are summarised below:

	2025	2024
	€000	€000
Cash and other liquid assets	26,411	55,434
Investments	113,701	39,958
Loans and advances	3,673,527	3,470,859
	3,813,639	3,566,251

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 2025 investments are mainly used as supplementary assets for the covered bond, and as collateral for the clearing of interest rate derivatives transactions through the central clearing house. As at 31 December 2024, investments were mainly used as supplementary assets for the covered bond.

As at 31 December 2025 and 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. Loans and advances to customers include mortgage loans of a nominal amount of €1,002 million as at 31 December 2025 (2024: €1,010 million) in Cyprus, pledged as collateral for the covered bond issued by the Company in 2011 under its Covered Bond Programme. As at 31 December 2025, although there is no outstanding funding from the ECB, housing loans of a nominal amount of €2,632 million (2024: €2,431 million) in Cyprus, remain in the collateral pool of the CBC as part of the available credit line. ECB on 27 January 2026 announced its decision to terminate the scheme which accepts housing loans as eligible collateral as from 30 March 2026.

45. Risk management - Liquidity and funding risk (continued)

The Company 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, the Company 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, the Company 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 the Company. 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 2025 cash collateral of €1 million has been placed with counterparties in relation to the reverse repurchase agreements (2024: €7 million) (Note 43).

Other disclosures

Deposits by banks include balances of €9,579 thousand as at 31 December 2025 (2024: €13,870 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 €17,864 thousand as at 31 December 2025 (2024: €27,341 thousand).

Analysis of financial assets and liabilities based on remaining contractual maturity

The table below summarises the maturity profile of the Group's financial assets and liabilities, excluding insurance contracts at 31 December 2025 and 31 December 2024. These maturity profiles are based on the remaining contractual maturity period at the reporting date analysed in time bands according to the number of days remaining from 31 December to the contractual maturity date. The contractual maturity of the derivatives' contract amount is presented in Note 21.

Financial assets

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.

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.

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.

45. Risk management - Liquidity and funding risk (continued)

Debt securities in issue and subordinated liabilities are classified in the relevant time band according to the remaining contractual maturity.

	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
2025	€000	€000	€000	€000	€000	€000
Financial assets						
Cash and balances with central banks	7,846,222	16,419	19,103	1,576	49,716	7,933,036
Loans and advances to banks	459,761	86,410	3,608	25,423	306	575,508
Reverse repurchase agreements	-	301,618	703,936	613,401	-	1,618,955
Derivative financial assets	495	3,570	9,303	69,754	5,220	88,342
Investments at FVPL	157,063	350	1,963	27,084	15,454	201,914
Investments not at FVPL	37,651	260,715	318,428	2,243,067	2,261,957	5,121,818
Loans and advances to customers	975,025	233,975	814,867	3,434,283	5,342,763	10,800,913
Other financial assets	95,998	6,390	12,453	80,390	10,477	205,708
	9,572,215	909,447	1,883,661	6,494,978	7,685,893	26,546,194
Financial liabilities						
Deposits by banks	185,214	15,673	41,166	156,717	5,329	404,099
Customer deposits	18,437,247	1,735,359	2,032,436	10,011	-	22,215,053
Debt securities in issue	-	-	25,267	958,179	-	983,446
Subordinated liabilities	-	-	4,715	-	377,031	381,746
Derivative financial liabilities	2,434	236	9	7,300	9,277	19,256
Lease liabilities	916	1,122	4,350	20,731	7,950	35,069
Other financial liabilities	254,431	403	137	75,911	101,158	432,040
	18,880,242	1,752,793	2,108,080	1,228,849	500,745	24,470,709
Net financial (liabilities)/assets	(9,308,027)	(843,346)	(224,419)	5,266,129	7,185,148	2,075,485

45. 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
Derivative financial 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	1,059,779	214,529	744,076	3,078,961	5,019,823	10,117,168
Other financial assets	73,560	4,214	158,119	49,289	10,450	295,632
	<u>9,191,229</u>	<u>333,225</u>	<u>1,804,409</u>	<u>6,240,998</u>	<u>6,728,025</u>	<u>24,297,886</u>
Financial liabilities						
Deposits by banks	100,032	10,665	30,146	201,025	22,363	364,231
Customer deposits	16,446,893	1,546,141	2,520,594	15,220	-	20,528,848
Debt securities in issue	-	-	25,267	964,168	-	989,435
Subordinated liabilities	-	-	3,812	-	304,143	307,955
Derivative financial liabilities	585	34	178	2,077	1,790	4,664
Lease liabilities	834	1,197	4,096	21,085	9,691	36,903
Other financial liabilities	272,725	543	188	33,972	86,230	393,658
	<u>16,821,069</u>	<u>1,558,580</u>	<u>2,584,281</u>	<u>1,237,547</u>	<u>424,217</u>	<u>22,625,694</u>
Net financial (liabilities)/assets	<u>(7,629,840)</u>	<u>(1,225,355)</u>	<u>(779,872)</u>	<u>5,003,451</u>	<u>6,303,808</u>	<u>1,672,192</u>

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturity at the balance sheet date. Amounts disclosed are the contractual undiscounted cash flows.

	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
2025	€000	€000	€000	€000	€000	€000
Financial liabilities						
Deposits by banks	185,545	16,221	42,867	161,196	5,417	411,246
Customer deposits	18,447,654	1,742,598	2,032,797	10,050	-	22,233,099
Debt securities in issue	-	-	48,313	1,058,168	-	1,106,481
Subordinated liabilities	-	-	18,210	82,660	484,697	585,567
Derivative financial liabilities	2,434	236	9	7,300	9,277	19,256
Lease liabilities	971	1,230	4,803	22,202	8,093	37,299
Other financial liabilities	254,431	403	137	75,911	101,158	432,040
	<u>18,891,035</u>	<u>1,760,688</u>	<u>2,147,136</u>	<u>1,417,487</u>	<u>608,642</u>	<u>24,824,988</u>

45. 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 liabilities						
Deposits by banks	100,558	11,533	32,434	207,342	23,284	375,151
Customer deposits	16,448,840	1,550,780	2,535,228	15,440	-	20,550,288
Debt securities in issue	-	-	48,313	1,104,057	-	1,152,370
Subordinated liabilities	-	-	19,875	102,615	356,162	478,652
Derivative financial liabilities	585	34	178	2,077	1,790	4,664
Lease liabilities	870	1,269	4,383	22,127	9,911	38,560
Other financial liabilities	272,725	543	188	33,972	86,230	393,658
	<u>16,823,578</u>	<u>1,564,159</u>	<u>2,640,599</u>	<u>1,487,630</u>	<u>477,377</u>	<u>22,993,343</u>

Gross settled derivatives

The table below presents gross settled derivatives, where the corresponding cash flows are classified accordingly in the time bands which relate to the number of days until their receipt or payment.

	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
2025	€000	€000	€000	€000	€000	€000
Gross settled derivatives						
<i>Financial assets</i>						
Contractual amounts receivable	134,647	34,167	7,276	-	-	176,090
Contractual amounts payable	(134,064)	(34,064)	(7,198)	-	-	(175,326)
	<u>583</u>	<u>103</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>764</u>
<i>Financial liabilities</i>						
Contractual amounts receivable	466,148	114,098	1,082	-	-	581,328
Contractual amounts payable	(467,990)	(114,137)	(1,088)	-	-	(583,215)
	<u>(1,842)</u>	<u>(39)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(1,887)</u>

	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
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)
	<u>7,626</u>	<u>639</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>8,329</u>
<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)
	<u>(106)</u>	<u>1</u>	<u>(56)</u>	<u>-</u>	<u>-</u>	<u>(161)</u>

Maturity of Contingent liabilities and Commitments

The table below shows the contractual maturity of the Group's contingent liabilities, commitments and financial guarantees. 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.

45. Risk management - Liquidity and funding risk (continued)

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.

	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
2025	€000	€000	€000	€000	€000	€000
Contingent liabilities and commitments						
<i>Contingent liabilities</i>						
Acceptances and endorsements	1,620	1,099	301	-	-	3,020
Guarantees	669,051	-	-	-	-	669,051
<i>Commitments</i>						
Documentary credits	1,228	7,268	14,436	-	-	22,932
Undrawn formal standby facilities, credit lines and other commitments to lend	2,126,297	-	-	-	-	2,126,297
	2,798,196	8,367	14,737	-	-	2,821,300

	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

Cash flows arising from insurance contract liabilities and reinsurance contract assets

The following tables present the estimated amount and timing of the remaining contractual undiscounted cash flows arising from portfolios of insurance contract liabilities and associated reinsurance contract assets. Unit-linked contracts payable on demand are €16,643 thousand (2024: €18,087 thousand) and do not present a liquidity risk due to backing funds. The amounts presented do not include those relating to the liability for remaining coverage of contracts that are measured under the premium allocation approach.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+	Total
2025	€000	€000	€000	€000	€000	€000	€000
Insurance contract cash flows							
Insurance contract liabilities	(62,383)	(88,956)	(42,389)	(35,475)	(40,673)	(377,696)	(647,572)
Reinsurance contract assets	10,404	(2,382)	(1,121)	(942)	(1,060)	(12,234)	(7,335)
Net insurance contract cash flows	(51,979)	(91,338)	(43,510)	(36,417)	(41,733)	(389,930)	(654,907)

45. Risk management - Liquidity and funding risk (continued)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+	Total
2024	€000	€000	€000	€000	€000	€000	€000
Insurance contract cash flows							
Insurance contract liabilities	(32,550)	(25,159)	(81,824)	(32,663)	(33,045)	(381,953)	(587,194)
Reinsurance contract assets	12,055	(488)	(1,588)	(634)	(641)	(7,490)	1,214
Net insurance contract cash flows	(20,495)	(25,647)	(83,412)	(33,297)	(33,686)	(389,443)	(585,980)

46. 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.

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 managed and 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.

46. Risk management - Insurance risk (continued)

2025	Change in assumptions %	Impact on profit before tax €000	Impact on equity €000
Change in mortality rates	-10	944	826
Change in lapsation and surrender rates	+10	(571)	(599)
Change in expenses	+5	(757)	(847)
Change in inflation	+1	(1,360)	(1,518)
Change in discount rate curve at each projection year	-0.25	196	172

	Change in assumptions %	Impact on Profit before tax €000	Impact on equity €000
2024			
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

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.

Non-life insurance contracts other than accident and health

Non-life insurance business is concentrated in Cyprus and the main claims during the years ended 31 December 2025 and 2024 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 is covered for shorter periods and the contractors all risks class that is covered for 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.

47. 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.

During 2024, the EU co-legislators finalised, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWAs (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from 1 January 2025, with Regulation (EU) 2024/1623 amending the CRR as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor and Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks. 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. The date of the application of the Fundamental Review of the Trading Book ('FRTB') framework was postponed to 1 January 2026, in accordance with Commission delegated regulation 2024/2795. On 12 June 2025, the European Commission confirmed that the start date for the new market risk rules under the FRTB will be postponed by one additional year to 1 January 2027.

The Group and the Company have complied with the minimum capital requirements (Pillar I and Pillar II).

The insurance subsidiaries of the Group, 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 Electronic Money Laws of 2012 (N. 81(I)/2012) as amended.

48. Related party transactions

Related parties of the Group include the parent company (BOCH), subsidiary undertakings, 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 the parent company

Transactions between the Company and its parent company and between the Company's subsidiaries and the parent company are entered into in the normal course of business. Information on the Subordinated Liabilities loans and the Capital Securities Loan from the parent company is disclosed in Notes 31 and 33 respectively. In addition, balances the Bank maintains with the parent company are disclosed in Note 22 of the Company's financial statements, along with the income and expenses of related party transactions. Further, a subsidiary of the Company has also recognised fees and commissions on transactions with the parent company of €60 thousand in the year ended 31 December 2025 (2024: n/a).

b) Transactions with subsidiaries

The Company is the parent company of the Group. Transactions between the parent company and its subsidiaries and between subsidiaries are entered into in the normal course of business. Balances and transactions between the Company and its subsidiaries are disclosed in Note 22 of the Company's financial statements. Transactions with the subsidiaries have been eliminated on consolidation.

c) 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.

d) 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 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

	2025	2024
	€000	€000
Directors' emoluments		
<i>Executives</i>		
Salaries and other short-term benefits	1,179	1,151
Variable remuneration - STIP	49	72
Variable remuneration - LTIP	1,234	1,180
Retirement benefit plan costs	104	102
	2,566	2,505
<i>Non-executives</i>		
Fees	1,221	942
Total directors' emoluments	3,787	3,447
Key management personnel emoluments		
Salaries and other short-term benefits	3,409	3,241
Variable remuneration - STIP	590	600
Variable remuneration - LTIP	2,440	2,161
Retirement benefit plan costs	289	275
Total key management personnel emoluments	6,728	6,277
Total	10,515	9,724

48. Related party transactions (continued)

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.

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 2025 for STIP and of the performance period 2023-2025 for the 2023 LTIP (2023 LTIP cycle awarded), and include both amounts expected to vest in 2026 and amounts to be deferred in following years. In respect of the 2023 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 2.31. 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 2025 to 16 January 2026 of €8.12. The final number of shares to be delivered to the Chief Executive Officer have been set to 112,083, to the Executive Director Finance to 39,950 and for the key management personnel to 300,520. For the comparative period the amounts presented relate to the 2024 STIP and the amount awarded in respect of the performance period 2022-2024 for the 2022 LTIP (2022 LTIP cycle awarded). The annual expense amounts recorded in the consolidated income statement for the year ended 31 December 2025 and 2024 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 2025, 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 2025 (2024: in the form of cash). In the context of establishing the final amount of variable remuneration for the performance years 2025 and 2024, following the outcome of the assessment of the predetermined performance targets, the amounts awarded under the 2023 and 2022 LTIP cycles were determined first, followed by the STIP amount to be awarded for the relevant performance year, so that the total variable remuneration is within the 100% fixed to variable remuneration ratio threshold. Therefore, for years 2025 and 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.

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.

Employer's contributions in relation to the emoluments of key management personnel of €402 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2025 (2024: €391 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 €818 thousand has been recorded by the Group in the Consolidated Income Statement in relation to awards granted to the key management personnel under the Long-Term Incentive Plan (LTIP) for years 2022-2025 as described in Note 14.2 (2024: cost of €615 thousand for awards granted under LTIP Cycles for years 2022-2024). The recognition of such cost is in accordance with the Group accounting policy described in Note 2.31.

48. Related party transactions (continued)

Executive Directors

The fees and emoluments of the Executive Directors are analysed as follows:

	2025	2024
	€000	€000
Directors' emoluments		
Panicos Nicolaou (Chief Executive Officer)		
Salaries and other short-term benefits	836	819
Variable remuneration - STIP	-	-
Variable remuneration - LTIP	910	891
Retirement benefit plan costs	74	73
	1,820	1,783
Eliza Livadiotou (Executive Director Finance)		
Salaries and other short-term benefits	343	332
Variable remuneration - STIP	49	72
Variable remuneration - LTIP	324	289
Retirement benefit plan costs	30	29
	746	722
Total	2,566	2,505

The share-based benefits expense recorded in the Consolidated Income Statement during the year ended 31 December 2025 for the share awards granted under the LTIP for LTIP Cycles 2022, 2023, 2024 and 2025 amounts to €315 thousand (2024: €240 thousand) for the Chief Executive Officer and to €100 thousand (2024: €77 thousand) for the Executive Director Finance.

Further, employer's contributions of €67 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2025, of which €36 thousand relate to the Chief Executive Officer and €31 thousand relate to the Executive Director Finance (2024: employer's contributions of €63 thousand, of which €34 thousand relate to the Chief Executive Officer and €29 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.

48. Related party transactions (continued)

Non-executive Directors

The fees of Non-executive Directors are analysed as follows:

	2025	2024
	€000	€000
Efstratios-Georgios Arapoglou	301	261
Lyn Grobler	181	165
Monique Eugenie Hemerijck	167	152
Adrian John Lewis	178	159
Christian Philipp Hansmeyer ⁽²⁾	113	62
William Stuart Birrell ⁽²⁾	113	62
Irene Psalti ⁽³⁾	92	-
Dr. Georgios Syrighas ⁽⁴⁾	40	-
Dr. Andreas Kritiotis ⁽⁵⁾	36	-
Constantine Iordanou ⁽¹⁾	-	81
	1,221	942

Further, employer's contributions in relation to non-executive Directors of €30 thousand have been recorded in the Consolidated Income Statement during the year ended 31 December 2025 (2024: €24 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.

⁽¹⁾Passed away on 16 June 2024.

⁽²⁾On 29 April 2024, ECB approved the appointment of Mr Christian Philipp Hansmeyer and Mr William Stuart Birrell.

⁽³⁾On 25 March 2025 ECB approved the appointment of Ms Irene Psalti as an independent, non-executive member of the Board of Directors and at the AGM on 16 May 2025, Ms Irene Psalti was elected to the Board of Directors with her appointment commencing on 5 May 2025.

⁽⁴⁾ECB approved the appointment of Dr. Georgios Syrighas on 6 August 2025.

⁽⁵⁾ECB approved the appointment of Dr. Andreas Kritiotis on 28 August 2025.

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.

e) 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 provisions of IAS 24 Related Party Disclosures.

Loans to Directors

For the purposes of these 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 11 Directors in office during the year (2024: nine Directors), five of whom availed of credit facilities (2024: two Directors). Three of the Directors who availed of credit facilities had balances outstanding at 31 December 2025 (2024: two of the Directors who availed of credit facilities had balances outstanding). The balances outstanding are disclosed below.

48. Related party transactions (continued)

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%. No amounts have been waived during the year ended 31 December 2025.

Where no amount is shown in the tables below, this indicates a credit balance, a nil balance, or a balance of less than €500.

Board of Directors

Details of transactions with the Directors and their connected persons, where indicated, for the years ended 31 December 2025 and 2024 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 2025	€000	€000	€000	€000	€000	€000
Overdrafts/ credit cards	3	n/a	n/a	2	5	54

Panicos Nicolaou 2024	€000	€000	€000	€000	€000	€000
Overdrafts/ credit cards	2	n/a	n/a	3	5	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 2025	€000	€000	€000	€000	€000	€000
Loans	60	-	12	48	60	-
Overdrafts/ credit cards	8	n/a	n/a	6	8	55
	68			54	68	55

Eliza Livadiotou 2024	€000	€000	€000	€000	€000	€000
Loans	71	-	14	60	71	-
Overdrafts/ credit cards	4	n/a	n/a	8	8	55
	75			68	79	55

	Balance as at 1 January (or appointment date)	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
Irene Psalti 2025	€000	€000	€000	€000	€000	€000
Overdrafts/ credit cards	1	n/a	n/a	-	2	13

48. Related party transactions (continued)

	Balance as at 1 January (or appointment date)	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
Georgios Syrichas 2025	€000	€000	€000	€000	€000	€000
Overdrafts/ credit cards	2	n/a	n/a	6	6	16

	Balance as at 1 January (or appointment date)	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
Andreas Kritiotis 2025	€000	€000	€000	€000	€000	€000
Overdrafts/ credit cards	-	n/a	n/a	-	1	10

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. Where no amount is shown in the tables above, this indicates a credit balance, a nil balance, or a balance of less than €500.

No other Directors had any loan facilities or overdraft/credit card balances with the Group during the year ended 31 December 2025 (2024: nil).

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2025 (2024: below €5 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

Connected persons of the Board of Directors

The aggregate of loans to connected persons of Directors in office at 31 December 2025, are as follows (2025: aggregate of four persons; 2024: 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
Panicos Nicolaou 2025	€000	€000	€000	€000	€000
Overdrafts/ credit cards	1	n/a	n/a	1	2

	€000	€000	€000	€000	€000
2024					
Overdrafts/ credit cards	1	n/a	n/a	1	3

	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
Eliza Livadiotou 2025	€000	€000	€000	€000	€000
Loans	57	-	15	49	59
Overdrafts/ credit cards	15	n/a	n/a	13	17
	72			62	76

48. Related party transactions (continued)

2024					
Loans	66	-	13	57	66
Overdrafts/ credit cards	18	n/a	n/a	15	18
	<u>84</u>			<u>72</u>	<u>84</u>

	Balance as at 1 January (or appointment date)	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
Andreas Kritiotis					
2025					
Overdrafts/ credit cards	-	n/a	n/a	-	1

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. Where no amount is shown in the tables above, this indicates a credit balance, a nil balance, or a balance of less than €500.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2025 (2024: 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 20 key management personnel in office during the year (2024: 19 key management personnel), all of whom availed of credit facilities while in office (2024: 19 key management personnel). All of the key management personnel who availed of credit facilities and were in office at 31 December each year had balances outstanding at 31 December 2025 and 2024.

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.

Details of transactions with key management personnel and their connected persons for the years ended 31 December 2025 and 2024 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)
	€000	€000	€000	€000	€000	€000	€000
2025							
Loans	1,967	133	49	378	437	2,066	2,357
Overdrafts/credit cards	269	n/a	n/a	n/a	n/a	209	445
	<u>2,236</u>					<u>2,275</u>	<u>2,802</u>
2024							
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>

48. Related party transactions (continued)

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. Other movements on balances of key management personnel and their connected persons during the year relate to balances of key management personnel, and their connected persons, who resigned during the year ended 31 December 2025.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2025 (2024: below €26 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

	2025 €000	2024 €000
Loans and advances		
Board of Directors	62	71
Key management personnel	1,336	1,706
Connected persons - Board of Directors	63	73
Connected persons - Key management personnel	939	530
	2,400	2,380
Deposits as at 31 December		
Board of Directors	1,033	644
Key management personnel	2,679	2,945
Connected persons - Board of Directors	799	308
Connected persons - Key management personnel	3,623	4,541
	8,134	8,438
Interest income for the year	93	113
Interest expense for the year	25	37
Fees and Commission income for the year	18	-
Insurance premium income for the year	486	487
Insurance expenses for the year	25	6

The above table does not include period/year-end balances for members of the Board of Directors, key management personnel and their connected persons who resigned during the period/year, nor balances of customers that do not meet the definition of connected persons as at the reporting dates.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €5 thousand as at 31 December 2025 (2024: below €26 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms, as for comparable transactions with customers of a similar credit standing, including interest rates. 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.

As at 31 December 2025 there were 11 Directors in office (2024: nine) and 19 key management personnel in office (2024: 19).

48. Related party transactions (continued)

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. Fees and emoluments are included for the period that they serve as members of the Board of Directors or key management personnel.

During the year ended 31 December 2025 an amount of €841 thousand (2024: €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 €173 thousand as at 31 December 2025 (2024: €114 thousand).

There were also contingent liabilities and commitments to key management personnel and their connected persons amounting to €1,217 thousand as at 31 December 2025 (2024: €1,379 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 2025 amounted to €1,558 thousand (2024: €1,485 thousand).

During the year ended 31 December 2025 premiums of €186 thousand (2024: €177 thousand) and claims of €7 thousand (2024: 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.

During the year ended 31 December 2025 one member of the key management personnel transacted with REMU for the purchase of a property with a carrying amount of €114 thousand. The transaction was made on normal business terms as for comparable transactions with third parties. No similar transaction took place during the year ended 31 December 2024.

There were no other transactions during the year ended 31 December 2025 and 2024 with connected persons of the current members of the Board of Directors or with any members who resigned during the periods.

49. Group companies

The main subsidiary companies and branches included in the Consolidated Financial Statements of the Company, their country of incorporation, their activities and the percentage held by the Company (directly or indirectly) as at 31 December 2025 are:

Company	Country of incorporation	Activities	Percentage holding (%)
EuroLife Ltd	Cyprus	Life insurance	100
General Insurance of Cyprus Ltd	Cyprus	Non-life insurance	100
JCC Payment Systems Ltd	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)	Cyprus	Investment banking, brokerage, discretionary asset management and investment advice services	100
Jinius Ltd	Cyprus	Digital Economy Platform	100
Kermia Ltd	Cyprus	Property holding	100
Kermia Properties & Investments Ltd	Cyprus	Property management and disposal of repossessed properties	100
S.Z. Eliades Leisure Ltd	Cyprus	Land development and operation of a golf resort	70
Auction Yard Ltd	Cyprus	Auction company	100
BOC Secretarial Company Ltd	Cyprus	Secretarial services	100
Bank of Cyprus Public Company Ltd (branch of the Company)	Greece	Administration of guarantees and holding of real estate properties	n/a
BOC Asset Management Romania S.A.	Romania	In run-down	100
MC Investment Assets Management LLC	Russia	Problem asset management company - In run-down	100
Fortuna Astrum Ltd	Serbia	Problem asset management company - In run-down	100

LCP Holdings and Investments Public Ltd, a 67% subsidiary company, was disposed of during the year ended 31 December 2025.

In addition to the above companies, as at 31 December 2025, the Company had 100% shareholding, either directly or indirectly, in the companies listed below, whose activity is the ownership and management of immovable property:

Cyprus: Pelika Properties Ltd, Cobhan Properties Ltd, Nalmosa Properties Ltd, Emovera Properties Ltd, Blodra Properties Ltd, Les Coraux Estates Ltd, Natakon 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, Melsolia Properties Ltd, Solomaco Properties Ltd, Unital Properties Ltd, Lisbo Properties Ltd, Mantinec Properties Ltd, Hillbay Properties Ltd, Forenaco Properties Ltd, Hovita Properties Ltd, Fogland Properties Ltd, Tebasco Properties Ltd, Altco Properties Ltd, Olivero Properties Ltd, Elosa Properties Ltd, Mostero Properties Ltd, Helal Properties Ltd, Pendalo Properties Ltd, Bonsova Properties Ltd, Thermano Properties Ltd, Lorman Properties Ltd, Rulemon Properties Ltd, Diafor Properties Ltd, Kartama Properties Ltd, Paramina Properties Ltd, Soblano Properties Ltd, Talamon Properties Ltd, Weinara Properties Ltd, Zemialand Properties Ltd, Coeval Properties Ltd, Finevo Properties Ltd, Mazima Properties Ltd, Riveland 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, Enelo Properties Ltd, Monata Properties Ltd, Carilo Properties Ltd, Olisto Properties Ltd, Holstone Properties Ltd, Gelimo Properties Ltd and Philiki Ltd.

Romania: Otherland Properties Dorobanti SRL.

Further, at 31 December 2025, the Company had 100% shareholding in Stamoland 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 2025, the Company had 100% shareholding in BOC Terra AIF V.C.I.C. Plc which is a real estate alternative investment fund, currently inactive.

49. Group companies (continued)

At 31 December 2025, the Company 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, Ellagio Properties Ltd, Amirela Properties Ltd, Erlino Properties Ltd and Ontra Properties Ltd.

In addition, the Company holds 100% of the following intermediate holding companies:

Cyprus: Otherland Properties Ltd, Janoland Properties Ltd and Hydrobius Ltd.

The Company 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, Tolmeco Properties Ltd, Jobelis Properties Ltd, Spacous Properties Ltd, Wingstreet Properties Ltd, Eracor Properties Ltd, Balasec Properties Ltd, Nouralia Properties Ltd, Alezia 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.

The Company 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.

49. Group companies (continued)

Acquisitions of subsidiaries

Acquisition of Ethniki Insurance Cyprus Ltd

In April 2025, the Group announced that it reached a binding agreement for the acquisition of Ethniki Insurance Cyprus Ltd. In July 2025, following the completion of all regulatory approvals, the Group acquired a 100% interest in Ethniki Insurance Cyprus Ltd for a cash consideration of €29,343 thousand. Ethniki Insurance Cyprus Ltd was the parent entity of Ethniki General Insurance Cyprus Ltd (together referred to as Ethniki Insurance Cyprus). The acquisition is aligned with the strategy of the Group to expand its insurance operations and further improve its diversified business model. In December 2025, the Group completed legal mergers by acquisition, whereby Ethniki Insurance Cyprus Ltd was absorbed by Eurolife Ltd and Ethniki General Insurance Cyprus Ltd was absorbed by General Insurance of Cyprus Ltd. These legal mergers had no impact on the Company's consolidated financial statements.

Identifiable assets acquired and liabilities assumed

Following the acquisition of Ethniki Insurance Cyprus Ltd, the Company proceeded with an assessment of the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date, along with the determination of any goodwill or gain from a bargain purchase. The result of the fair value assessment did not identify any material amounts of goodwill and therefore, the difference between the fair value of the net identifiable assets and the consideration transferred of €309 thousand was not recognised.

Fair value of assets acquired and liabilities assumed as of the acquisition date:

	€000
Assets	
Loans and advances to banks	12,299
Investments at FVPL	30,217
Life insurance business assets attributable to policyholders	47,799
Prepayments, accrued income and other assets	6,633
Deferred tax assets	86
Property and equipment	6,150
Intangible assets	3,655
Total assets acquired	106,839
Liabilities	
Insurance contract liabilities	69,710
Accruals, deferred income, other liabilities and provisions	7,161
Provisions for pending litigation, claims, regulatory and other matters	629
Deferred tax liabilities	305
Total liabilities assumed	77,805
Total net identifiable assets acquired	29,034
Total cash consideration transferred	29,343
Difference between consideration transferred and fair value of net assets acquired	309
	€000
Consideration transferred	29,343
Cash and cash equivalents acquired	(6,960)
Net cash outflow on acquisition	22,383

49. Group companies (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of the major assets acquired, including newly identified intangible assets, and liabilities assumed were as follows:

Loans and advances to banks	The majority of these balances relate to current accounts with local banks repayable on demand, and placements with local banks that have a maturity period of more than three months, but less than one year. The ratings for the institutions range from AAA+ to BBB- based on external credit ratings. Therefore, it was assessed that their contractual outstanding value approximated their fair value at acquisition date.
Investments at FVPL	These primarily consist of investments in debt securities and mutual funds and their fair value was determined by reference to quoted prices.
Life insurance business assets attributable to policyholders	Assets attributable to policyholders comprise of investments in debt securities, mutual funds and equity securities, and loans and advances to banks. Their fair value on acquisition date was determined on the same basis as the investments of FVPL.
Property and equipment	Property and equipment mainly comprise of own use property and its fair value of approximately €5,400 thousand was based on a valuation carried out applying the market comparable approach.
Intangible assets	Intangible assets mainly comprise of the newly identified intangible assets. The total fair value of newly identified intangible assets recognised as part of the acquisition amounted to €3,213 thousand and comprised of insurance licences of €300 thousand, tied agents' distribution network of a total amount of €2,592 thousand and direct customer relationships of €321 thousand. The insurance licences (life and non-life) were valued using the replacement cost method, reflecting the estimated cost and time required for a market participant to obtain equivalent licences in Cyprus, including regulatory, legal, and professional fees. The tied agents' distribution networks and direct customer relationships were valued using the Multi-Period Excess Earnings Method (MPEEM), which estimates the present value of future cash flows attributable to these assets, net of contributory asset charges and adjusted for relevant risks. The useful economic lives (UEL) assigned to the tied agents' networks were determined based on the historic retention and age profile of agents, resulting in a weighted average UEL of five years. For direct customer relationships, the UEL was based on the average duration of customer portfolios, with a weighted average of eleven years for non-life and health portfolios.
Insurance contract liabilities and reinsurance contract assets	Insurance contracts acquired were classified and measured based on their contractual terms and prevailing economic conditions at the date of acquisition, rather than at their original inception date. The fair value of these contracts was established at the acquisition date, reflecting market participant assumptions and current best estimate cash flows. To determine fair value, the Group applied Solvency II's best estimate cash flows, incorporating adjustments for risk margins, discount rates, and other relevant actuarial assumptions. This ensures that the valuation reflects the expected cost of fulfilling policyholder obligations under current market conditions. For reinsurance contract assets and insurance contract liabilities, the fair value as at the valuation date was used as a proxy for the premiums received or paid. This amount formed the basis for determining the Contractual Service Margin ('CSM') at the acquisition date, ensuring that future profit recognition aligns with the economic substance of the acquired contracts. The fair value of reinsurance contract assets, which are included within 'Prepayments, accrued income and other assets' was determined at approximately €3,481 thousand.

49. Group companies (continued)

Additional information

The table below provides the amounts of revenue, expenses and profit of the acquiree from acquisition date to 31 December 2025 that have been included in the Consolidated Income Statement of the Group for the year ended 31 December 2025:

	€000
Net insurance result	3,234
Total operating income	4,003
Total operating expenses	(1,933)
Profit before tax	2,070
Profit after tax attributable to the owners of the Company	1,490

Information about the amounts of revenue, expenses and profit of the acquiree that would have been included in the Consolidated Income Statement of the Group for the year ended 31 December 2025 had the acquisition occurred as of the beginning of the year ended 31 December 2025 is not provided, as it is not anticipated that this would have a material impact on the financial performance of the Group.

The Group incurred acquisition-related costs of €681 thousand relating to fees for external professional services, which were recorded in the Consolidated Income Statement during the year ended 31 December 2025.

During the year ended 31 December 2024 there were no acquisitions of subsidiaries.

Dissolution and disposal of subsidiaries

During the year ended 31 December 2025, the Company incorporated Sintras Properties Limited, a 100% subsidiary, which had been set up to accept property. On 30 June 2025, the Company disposed of 80.1% of its shareholding in the subsidiary and the remaining 19.9% shareholding has been classified as other securities measured at FVPL (Note 20).

There were no material disposals of subsidiaries during the year ended 31 December 2025. Obafemi Holdings Ltd, Thryan Properties Ltd, Bramwell Properties Ltd, Battersee Real Estate SRL, 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 were dissolved during the year ended 31 December 2025. Cranmer Properties Ltd, Larizemo Properties Ltd, Rosalica Properties Ltd, Astromeria Properties Ltd, Orilema Properties Ltd, Lomenia Properties Ltd, Amary Properties Ltd, Midelox Properties Ltd, Montira Properties Ltd, Linaland Properties Ltd, Barosca Properties Ltd, Jaselo Properties Ltd, Toreva Properties Ltd, Resoma Properties Ltd, Maledico Properties Ltd, Aparno Properties Ltd, Frontyard Properties Ltd, Nolory Properties Ltd, Unoplan Properties Ltd, Resocot Properties Ltd, Neraland Properties Ltd, Flona Properties Ltd, Provezaco Properties Ltd, Valecross Properties Ltd and Venicous Properties Ltd were disposed of during the year ended 31 December 2025.

As at 31 December 2025, the following subsidiaries were in the process of dissolution or in the process of being struck off: Fantasio Properties Ltd, Battersee Properties Ltd, Bonayia Properties Ltd, Imoreth Properties Ltd, Inroda Properties Ltd, Zunimar Properties Ltd, Nikaba Properties Ltd, Allioma Properties Ltd and Demoro Properties Ltd.

50. Investments in associates and joint venture

	Percentage holding
Investments in associates	(%)
Aris Capital Management LLC	30.0
Fairways Automotive Holdings Ltd	45.0

The carrying values of the investments in associates are assessed as fully impaired and their value has been restricted to zero.

50. Investments in associates and joint venture (continued)

	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.

51. Offsetting financial assets and liabilities

In the offsetting of financial assets and financial liabilities, the net amount is reported on the balance sheet when the offset criteria are met. This is achieved when there is a legally enforceable right to offset the recognised amount and there is either an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The following tables set out the effect or potential effect of netting arrangements on the Group's financial position. The 'Related amounts not offset on the balance sheet' include transactions where:

- Financial assets and liabilities are subject to offset under netting provisions included in counterparties' agreements but do not qualify for balance sheet offsetting as at the reporting date.
- Financial collateral (such as debt securities and cash collateral) received for derivatives and reverse repurchase agreements to cover net exposure in the event of a default or other predetermined events.

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, or similar agreement, has the option to settle all such amounts on a net basis in the event of default of the other party. The gross amounts of recognised derivative financial assets and liabilities, include amounts of €16,950 thousand (2024: €3,421 thousand) that do not meet the offsetting criteria, but are subject to enforceable master netting arrangements.

The effect of over-collateralisation is excluded. Financial collateral (including cash collateral) disclosed is limited to the net position exposure and hence may differ from the maximum collateral available for offset.

	Effects of offsetting on the balance sheet			Related amounts not offset on the balance sheet		
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Amounts subject to master netting agreements	Financial collateral (including cash collateral)	Net amount
	€000	€000	€000	€000	€000	€000
Assets						
2025						
Derivative financial assets	88,342	-	88,342	(16,950)	(71,127)	265
Reverse repurchase agreements	1,618,955	-	1,618,955	-	(1,618,955)	-
Total	1,707,297	-	1,707,297	(16,950)	(1,690,082)	265
2024						
Derivative financial assets	95,273	-	95,273	(3,421)	(91,202)	650
Reverse repurchase agreements	1,010,170	-	1,010,170	-	(1,010,170)	-
Total	1,105,443	-	1,105,443	(3,421)	(1,101,372)	650

51. Offsetting financial assets and liabilities (continued)

	Effects of offsetting on the balance sheet			Related amounts not offset on the balance sheet		
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Amounts subject to master netting agreements	Financial collateral (including cash collateral)	Net amount
	€000	€000	€000	€000	€000	€000
Liabilities						
2025						
Derivative financial liabilities	19,256	-	19,256	(16,950)	(1,397)	909
Total	19,256	-	19,256	(16,950)	(1,397)	909
2024						
Derivative financial liabilities	4,664	-	4,664	(3,421)	-	1,243
Total	4,664	-	4,664	(3,421)	-	1,243

52. 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 or has operations in run-down. The table below provides information on the following items of the Group for year 2025:

	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	1,041,568	2,866	551,595	35,949	25,399	-
Russia	-	1	(227)	-	-	-
Romania	117	-	(211)	-	-	-
Greece	(617)	6	(917)	-	-	-
Total	1,041,068	2,873	550,240	35,949	25,399	-

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 49.

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 2025.

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 2025 for corporation tax (including insurance premium taxes) and Cyprus special defence contribution.

53. Events after the reporting period

Final cash dividend and aggregate distribution in respect of 2025 earnings

In February 2026, the Board of Directors declared a final cash dividend of €0.0227 per ordinary share in respect of 2025 earnings. The proposed final cash dividend together with the interim dividend of €0.0091 per ordinary share (Note 34) paid in October 2025, amount to a total cash dividend of €0.03 per ordinary share and an aggregate distribution of €305 million in respect of 2025 earnings, all in the form of cash dividend. The proposed final cash dividend is subject to shareholders' approval at the AGM that will be held on 15 May 2026.

The financial statements for the year ended 31 December 2025 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 2026.

Dividends are funded out of distributable reserves.

Agreement for a 26.45% equity stake in Wealthyhood Ltd

In March 2026, the Group entered into a Subscription & Shareholder Agreement for an acquisition by the Group of shareholding to 26.45% equity stake in Wealthyhood Ltd, a digital investment platform. The transaction is in line with the Group's strategy for small bolt-on acquisitions that complement its product offering for further diversification of its income composition. The transaction remains subject to completion conditions.

Agreement for the acquisition of performing loans and deposits of The Cyprus Development Bank Public Company Limited

In March 2026, the Group entered into an agreement with The Cyprus Development Bank Limited Public Company Limited ('CDB'), for the acquisition of performing loans and deposits and certain other assets and liabilities of CDB (the 'Transaction'). The Transaction perimeter includes a portfolio of performing loans of a contractual amount of approximately €150 million and deposits of approximately €500 million as at 31 December 2025. Completion of the Transaction remains subject to certain conditions precedent (including obtaining regulatory approvals) being fulfilled.

Decision to call the outstanding 2021 Note

In March 2026, BOCH announced that it will exercise its option to redeem the remaining outstanding 2021 Note on 23 April 2026. At the same time, the Company gave notice to BOCH that it will exercise its option to redeem the remaining outstanding 2021 Loan, on 23 April 2026 as well.

Military Conflict in Middle East

The new major escalation in the Middle East in 2026 is disrupting the geopolitical balance and shaking international markets, especially with regards to energy. While both the Cypriot and the global economy enter this crisis from a relatively solid position, despite the existing trade and geopolitical tensions, this new conflict is expected to have implications for energy markets, as states in the Gulf have already seen their production affected, while shipping costs have already increased. These will, in turn, impact inflation and broader financial conditions, but the magnitude of the impact crucially depends on how long the conflict lasts. As such, the quantification of potential impacts from the conflict remains uncertain, including, but not limited to, on economic developments, asset valuations, interest rate expectations, and exchange rates. Similarly, inflation and any central bank actions will hinge on the length of the conflict and the monetary policy reaction function, with oil-driven inflation likely to sustain pressures on interest rates and weigh on easing expectations.

53. Events after the reporting date (continued)

The extent and quantification of these impacts on the Group remains uncertain at this stage. As it stands, the current conflict could result in elevated and prolonged geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices which will increase inflationary pressures around the globe, and a potential adverse impact on financial markets coupled with a downturn in the global economy. Secondary effects stemming from these developments, e.g., the reaction of central banks or the sufficiency of energy supplies in Europe, as well as the economic impact of such effects are hard to predict and could be significant. Although the Group's direct exposure to the Middle East region is limited, the conflict could have an adverse impact on the Cypriot economy, including, a negative impact on the tourism, import costs through higher freight notes and administrative services sectors, an increase energy prices resulting in inflationary pressures, and disruptions to trade. With respect to direct exposure, as mentioned, the Group's direct exposure to the countries in the Middle East Region directly affected by the conflict (and specifically exposure in Israel, Iran, Lebanon, Saudi Arabia, United Arab Emirates, Qatar, Bahrain and Kuwait) is limited. Specifically, the Group has bond exposures of an aggregated nominal amount of €71 million all classified at the amortised cost category, and customer advances of a gross amount of €79 million at the end of February 2026, by reference to the country of risk as defined in Note 43.2 and expanded to also include exposures for loans and advances to customers with collateral located in these countries and/or business activities within these countries, as applicable. All of the customer advances exposures were classified as Stage 1 and/or Stage 2 except for an amount of €4.7 million classified as Stage 3, which had a net book value of €0.5 million.

In this context, the Group is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required. 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. In its models, the Group includes related events in its stress testing scenarios to obtain a better understanding of the potential capital impact. The Group considering its capital and liquidity position, its risk profile as well as the results of its stress testing scenarios demonstrates that is well positioned to withstand volatility that may arise from a deterioration in the geopolitical and global economic environment.

No other significant non-adjusting events have taken place since 31 December 2025.



Independent Auditor's Report

To the Members of Bank of Cyprus Public Company Limited

Report on the Audit of the Separate Financial Statements

Opinion

In our opinion, the accompanying separate financial statements of parent company Bank of Cyprus Public Company Limited (the "Company") give a true and fair view of the separate financial position of the Company as at 31 December 2025, and of its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the separate financial statements which are presented in pages 282 to 420 and comprise:

- the Balance Sheet as at 31 December 2025;
- the Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Statement of Cash flows for the year then ended;
- Notes to the Financial Statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate 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 Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the separate financial statements of public interest entities in Cyprus. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the Board of 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 among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

- Overall materiality: €25,6 million, which represents approximately 5% of the Company's profit before tax.

We have identified the following key audit matters:

- Impairment of loans and advances to customers
- Provisions for pending litigation and claims
- Valuation of stock of properties held directly and indirectly through investment in subsidiaries
- Privileged user access over financial reporting systems

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality	€25,6 million.
How we determined it	Based on approximately 5% of the Company's profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark, because in our view, this is a metric against which the recurring performance of the Company is commonly measured to assess its performance. We chose 5%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.280 thousand as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Impairment of loans and advances to customers</i> Refer to Note 5.1 “Calculation of expected credit losses” within Note 5 “Significant and other judgements, estimates and assumptions”, Note 21 “Loans and advances to customers” and Note 41 “Risk management - Credit risk”. The Company 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: • Changes and calibrations to the model and methodology; • 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; and • Incorporation of forward-looking economic scenarios (including geo-political uncertainties) and the related inputs, assumptions and probability weights assigned to multiple economic scenarios as used by the Company.	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 Company 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, including consideration of geo-political uncertainties, 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 and calibrations 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 Company'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 Company's disclosures, particularly in relation to significant judgements and estimates.

We concluded that the allowance for expected credit losses for impairment of loans and advances to customers is reasonable.

Provisions for pending litigation and claims

Refer to Note 5.3 "Provisions for pending litigation and claims", within Note 5 "Significant and other judgements, estimates and assumptions" and Note 35 "Provisions for pending litigation, claims, regulatory and other matters".

The Company is subject to various legal claims, investigations and other proceedings. Provisions for pending litigation, claims, regulatory and other matters amounted to c.€67 million as at 31 December 2025, of which c.€28 million amounts to provisions for pending litigation and claims.

We understood and evaluated the design of the overall control framework 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 provisions against information contained in case files, information obtained from external legal

Management together with the Company'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 Company.

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 amount of any economic outflow.

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 recorded. 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.

For a sample of cases settled in the year, we inspected the related settlement agreements and traced the outflow payments to supporting documentation. 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 2025.

Based on evidence obtained, while noting the inherent uncertainty in such matters, we concluded that the provision for pending litigation and claims was reasonable.

Valuation of stock of properties held directly and indirectly through investment in subsidiaries

Refer to Note 5.2 "Stock of property - estimation of net realisable value" within Note 5 "Significant and other judgements, estimates and assumptions", Note 26 "Stock of property" and Note 46 "Subsidiary companies".

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.

The Company has, over the years, acquired a significant number of properties as a result of restructuring agreements with customers. These properties are held by the Company either (i) directly and accounted for as stock of property and measured at the lower of their cost or net realisable value in accordance with IAS 2, or (ii) held through investment in subsidiaries and their valuation impacts the recoverable amount of the subsidiaries which are held at cost less impairment in line with IAS36.

The key inputs to estimate the net realisable value are the valuations obtained from external valuers and the liquidity discounts determined by management.

We determined this to be a key audit matter due to the higher degree of judgement inherent to assessing the market conditions underpinning the external valuations and the liquidity discounts that are applied by management to arrive at the net realisable value.

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. We performed look-back procedures by comparing the price achieved for disposals during 2026 to the carrying values for those assets as at 31 December 2025.

Based on our procedures, we concluded that the valuation of stock of property held directly by the Company or held through investment in subsidiaries as at 31 December 2025 was reasonable.

Privileged user access over financial reporting systems

The Company'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 Company'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.

Reporting on Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Forward Looking Statements and Notes, Management Report of Bank of Cyprus Public Company Limited, Risk and Capital Management Report, and Alternative Performance Measures Disclosures, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 in this regard.

Responsibilities of the Board of Directors and those Charged with Governance for the Separate Financial Statements

The Board of Directors is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Requirements of Article 10(2) of the EU Regulation 537/2014

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 2 April 2019 by the shareholder of the Company through an extraordinary general meeting for the audit of the separate financial statements for the year ended 31 December 2019. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 March 2026 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the separate financial statements or the Management Report of Bank of Cyprus Public Company Limited.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report of Bank of Cyprus Public Company Limited has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the separate financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report of Bank of Cyprus Public Company Limited. We have nothing to report in this respect.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Anna Loizou.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

A handwritten signature in blue ink, appearing to read 'Anna Loizou'.

Anna Loizou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

30 March 2026

Financial Statements 2025

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Financial Statements
for the year ended 31 December 2025

Annual Financial Report 2025

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BANK OF CYPRUS PUBLIC COMPANY LIMITED
Income Statement
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Notes</i>	€000	€000
Interest income	6	840,515	1,000,936
Income similar to interest income	6	6,078	10,466
Interest expense	7	(113,819)	(186,813)
Expense similar to interest expense	7	(242)	(1,289)
<i>Net interest income</i>		732,532	823,300
Fee and commission income	8	169,073	168,077
Fee and commission expense	8	(14,080)	(12,958)
Net foreign exchange gains	9	29,280	27,285
Net gains on financial instruments	10	11,087	5,581
Net losses on derecognition of financial assets measured at amortised cost		(2,013)	(13)
Dividend income from subsidiaries	22	39,457	22,958
Net losses from revaluation and disposal of investment properties		(1,553)	(641)
Net gains on disposal of stock of property	26	4,359	5,054
Other income	11	5,741	3,447
<i>Total operating income</i>		973,883	1,042,090
Staff costs	12	(207,116)	(186,752)
Special levy on deposits and other levies/contributions	13	(42,379)	(39,115)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	35	683	(14,288)
Other operating expenses	13	(133,641)	(136,755)
<i>Operating profit before credit losses and impairment</i>		591,430	665,180
Credit losses on financial assets	14	(34,310)	(32,376)
Impairment net of reversals on non-financial assets	14	(14,192)	(78,588)
Profit before tax		542,928	554,216
Income tax	15	(47,340)	(77,650)
Profit after tax for the year		495,588	476,566
Basic and diluted earnings per share (€ cent)	16	5.2	5.0

Information about the Company's turnover is analysed in Note 6 of the Consolidated Financial Statements of the Company.

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Statement of Comprehensive Income
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Notes</i>	€000	€000
Profit for the year		495,588	476,566
Other comprehensive income (OCI)			
OCI that may be reclassified in the income statement in subsequent periods		(77)	(5,492)
Fair value reserve (debt instruments)		(77)	(5,492)
Net losses on investments in debt instruments measured at fair value through OCI (FVOCI)		(77)	(5,492)
OCI not to be reclassified in the income statement in subsequent periods		(605)	(749)
Fair value reserve (equity instruments)		(96)	324
Net (losses)/gains on investments in equity instruments designated at FVOCI		(96)	324
Property revaluation reserve		(198)	208
Deferred tax (charge)/credit	15	(198)	208
Actuarial losses on defined benefit plans		(311)	(1,281)
Remeasurement losses on defined benefit plans	12	(311)	(1,281)
Other comprehensive loss for the year net of taxation		(682)	(6,241)
Total comprehensive income for the year		494,906	470,325

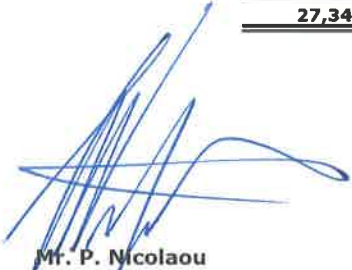
BANK OF CYPRUS PUBLIC COMPANY LIMITED
Balance Sheet
as at 31 December 2025

Annual Financial Report 2025

		2025	2024
	Notes	€000	€000
Assets			
Cash and balances with central banks	17	7,883,218	7,553,183
Loans and advances to banks	17	540,718	787,304
Reverse repurchase agreements	41.11	1,618,955	1,010,170
Derivative financial assets	19	88,342	95,273
Investments at FVPL	18	28,948	7,627
Investments at FVOCI	18	320,475	384,495
Investments at amortised cost	18	4,765,238	3,805,637
Loans and advances to customers	21	10,798,342	10,114,273
Balances with Group companies	22	88,561	65,785
Prepayments, accrued income and other assets	27	225,068	369,767
Stock of property	26	227,577	281,862
Investment properties	20	9,651	16,151
Deferred tax assets	15	165,737	166,257
Property and equipment	24	255,999	255,057
Intangible assets	25	28,843	28,824
Investment in subsidiaries	46	303,796	427,422
Non-current assets and disposal groups held for sale	21	-	23,143
Total assets		27,349,468	25,392,230
Liabilities			
Deposits by banks		390,173	360,010
Derivative financial liabilities	19	19,256	4,664
Customer deposits	28	22,187,465	20,519,276
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	19	12,612	44,074
Balances with Group companies	22	219,757	135,511
Accruals, deferred income, other liabilities and other provisions	30	335,489	319,878
Provisions for pending litigation, claims, regulatory and other matters	35	66,567	92,593
Debt securities in issue	29	983,446	989,435
Subordinated liabilities	29	381,746	307,955
Deferred tax liabilities	15	26,592	23,084
Total liabilities		24,623,103	22,796,480
Equity			
Share capital	31	959,794	959,794
Revaluation and other reserves		66,614	66,241
Retained earnings	33	1,479,957	1,349,715
Other equity instruments	31	220,000	220,000
Total equity		2,726,365	2,595,750
Total liabilities and equity		27,349,468	25,392,230


Mr. E.G. Arapoglou
Chairman


Mrs. K. Santis
Company Secretary


Mr. P. Nicolaou
Chief Executive Officer


Mrs. E. Livadiotou
Executive Director Finance

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Statement of Changes in Equity
for the year ended 31 December 2025

Annual Financial Report 2025

	Attributable to shareholders of the Company						Other equity instruments (Note 31)	Total equity
	Share capital (Note 31)	Retained earnings (Note 33)	Other capital reserves (Note 12)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve		
	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2025	959,794	1,349,715	1,849	60,134	5,524	(1,266)	220,000	2,595,750
Profit for the year	-	495,588	-	-	-	-	-	495,588
Other comprehensive loss after tax for the year	-	(311)	-	(198)	(173)	-	-	(682)
Total comprehensive income/(loss) after tax for the year	-	495,277	-	(198)	(173)	-	-	494,906
Dividends (Note 32)	-	(328,373)	-	-	-	-	-	(328,373)
Share-based benefits - cost (Note 12)	-	-	1,233	-	-	-	-	1,233
Defence contribution (Note 33)	-	(10,537)	-	-	-	-	-	(10,537)
Payment of coupon to AT1 holders (Note 31)	-	(26,125)	-	-	-	-	-	(26,125)
Other movements	-	-	(489)	-	-	-	-	(489)
31 December 2025	959,794	1,479,957	2,593	59,936	5,351	(1,266)	220,000	2,726,365

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Statement of Changes in Equity
for the year ended 31 December 2025

Annual Financial Report 2025

	Attributable to shareholders of the Company						Other equity instruments (Note 31)	Total equity
	Share capital (Note 31)	Retained earnings (Note 33)	Other capital reserves (Note 12)	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve		
	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2024	959,794	1,036,526	917	59,926	11,311	(1,266)	220,000	2,287,208
Profit for the year	-	476,566	-	-	-	-	-	476,566
Other comprehensive (loss)/income after tax for the year	-	(1,281)	-	208	(5,168)	-	-	(6,241)
Total comprehensive income/(loss) after tax for the year	-	475,285	-	208	(5,168)	-	-	470,325
Dividends (Note 32)	-	(136,590)	-	-	-	-	-	(136,590)
Shared-based benefits - cost (Note 12)	-	-	932	-	-	-	-	932
Transfers to retained earnings	-	619	-	-	(619)	-	-	-
Payment of coupon to AT1 holders (Note 31)	-	(26,125)	-	-	-	-	-	(26,125)
31 December 2024	959,794	1,349,715	1,849	60,134	5,524	(1,266)	220,000	2,595,750

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Statement of Cash Flows
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	Notes	€000	€000
Profit before tax		542,928	554,216
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets		23,434	24,251
Impairment of stock of property and other non-financial assets		13,784	15,308
Impairment of balances with Group Companies	14	1,153	812
Credit losses on financial assets	14	33,157	31,564
Net losses on derecognition of financial assets measured at amortised cost		2,013	13
Amortisation of discounts/premiums and interest on debt securities		(138,276)	(102,922)
Dividend income		(39,591)	(23,100)
(Gain)/loss from revaluation of financial instruments designated as fair value hedges		(51,960)	40,312
Fair value gains on other financial assets measured at FVPL		(9,933)	-
Interest on subordinated liabilities and debt securities in issue		60,170	64,310
Interest on long-term reverse repurchase agreements		(30,441)	(27,012)
Interest on funding from central banks		-	21,842
Share-based benefits cost	12	1,233	932
(Gains)/losses on disposal/dissolution of subsidiary companies		(389)	4,712
Impairment of investment in subsidiaries		408	63,280
Loss on early redemption of subordinated liabilities		3,335	-
Net gains on disposal of stock of property and investment properties		(4,745)	(5,276)
Profit on sale and write offs of property and equipment and intangible assets		(56)	(8)
Interest expense on lease liability		801	228
Net losses from revaluation of investment properties		1,939	863
Net exchange differences		35,667	(17,519)
		444,631	646,806
Change in:			
Loans and advances to banks		506,337	(429,265)
Deposits by banks		30,163	(103,320)
Obligatory balances with central banks		(22,228)	(58,523)
Customer deposits		1,668,189	1,182,361
Short-term reverse repurchase agreements		(602,375)	-
Debit balances with Group companies		(23,929)	(66,165)
Credit balances with Group companies		77,589	24,424
Loans and advances to customers		(696,450)	(379,550)
Prepayments, accrued income and other assets		142,114	88,718
Provisions for pending litigation, claims, regulatory and other matters		(30,485)	(31,978)
Accruals, deferred income, other liabilities and other provisions		(8,976)	4,302
Derivative financial instruments		21,523	(57,534)
Investments measured at FVPL		(21,321)	(4,504)
Stock of property		41,638	65,196
		1,526,420	880,968
Tax paid		(16,163)	(16,807)
Net cash from operating activities		1,510,257	864,161
Cash flows from investing activities			
Payments for acquisition of subsidiary	46	(29,343)	-
Purchases of debt, treasury bills and equity securities	18	(1,589,305)	(1,395,497)
Purchase of reverse repurchase agreements		-	(600,000)
Proceeds on disposal/redemption of investments in debt and equity securities	18	708,225	819,778
Interest received from debt securities		93,907	66,140
Interest received from long-term reverse repurchase agreements		24,020	20,032
Dividend income from equity securities		39,591	23,100
Proceeds on disposal of subsidiaries and associates		168,240	83,850
Purchases of property and equipment	24	(11,195)	(16,976)
Additions to intangible assets	25	(9,809)	(10,543)
Proceeds on disposals of property and equipment and intangible assets		156	27
Proceeds on disposals of investment properties		4,947	23,835
Net cash used in investing activities		(600,566)	(986,254)

BANK OF CYPRUS PUBLIC COMPANY LIMITED
Statement of Cash Flows
for the year ended 31 December 2025

Annual Financial Report 2025

		2025	2024
	<i>Notes</i>	€000	€000
Cash flow from financing activities			
Dividend paid on ordinary shares		(328,373)	(136,590)
Payment of coupon to AT1 holders	31	(26,125)	(26,125)
Repayment of funding from central banks		-	(2,065,710)
Repurchase of subordinated liabilities	29	(222,588)	-
Proceeds from the issue of subordinated liabilities (net of transaction costs)	29	298,896	-
Proceeds from the issue of debt securities in issue (net of costs)		-	297,767
Interest on subordinated liabilities		(15,925)	(19,875)
Interest on debt securities in issue		(41,810)	(33,313)
Principal elements of lease payments	39	(6,248)	(8,760)
Net cash used in financing activities		(342,173)	(1,992,606)
Net increase/(decrease) in cash and cash equivalents		567,518	(2,114,699)
Cash and cash equivalents 1 January		7,691,722	9,806,421
Cash and cash equivalents 31 December	38	8,259,240	7,691,722

Additional information on the Statement of Cash Flows is provided in Note 37.

1. Corporate information

Bank of Cyprus Public Company Limited (the 'Company' or the 'Bank') is a limited liability company incorporated in 1930 under the Cyprus Companies Law. The principal activities of the Company involve the provision of banking, financial services and management and disposal of property predominately acquired in exchange of debt. The Company remains a public company for the purposes of the Cyprus Income Tax Laws.

The Company is the holding company of the Bank of Cyprus Group (the Group), which comprises the Company and its subsidiaries.

The Company 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 Company is subject to joint supervision by the ECB and the CBC for the purposes of its prudential requirements.

Bank of Cyprus Holdings Public Limited Company (BOCH), a company incorporated in Ireland, is the parent company of the Company. The shares of BOCH are listed and trading on the Cyprus Stock Exchange (CSE) and on the Athens Stock Exchange (ATHEX).

Financial Statements

The Financial Statements of the Bank of Cyprus Public Company Limited for the year ended 31 December 2025 (the Financial Statements) were authorised for issue by a resolution of the Board of Directors on 30 March 2026.

These Financial Statements are the separate financial statements of the Company. Management clarifies that the terms 'separate financial statements' and 'Financial Statements' are used interchangeably and with the same meaning throughout these Financial Statements.

The financial statements are available at the Bank of Cyprus Public Company Limited registered office (51 Stasinou Street, 2002 Strovolos, Nicosia, Cyprus) and on the Group's website <http://www.bankofcyprus.com> (Group/Investor Relations/Financial Results).

The Annual Financial Report of Bank of Cyprus Holdings Public Limited Company is available on the Group's website <http://www.bankofcyprus.com> (Group/Investor Relations/Financial Results).

2. Summary of material accounting policies

2.1 Basis of preparation

The 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, where applicable, 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, where applicable, 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 Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and with the requirements of the Cyprus Companies Law, Cap. 113 applicable to companies reporting under IFRS Accounting Standards.

Presentation of the Financial Statements

The 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. Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

The Company 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 40.

The Financial Statements include the Company and the Company's branch in Greece.

Comparative information

There have been no changes to comparative information.

2.2 Accounting policies and 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 2025.

In addition the following policies are adopted:

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured at cost less impairment.

The Company periodically evaluates the recoverability of the investment in subsidiary companies whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows of the subsidiaries or material adverse changes in the economic or political stability of the country that the subsidiaries operate, which may indicate that the carrying amount of the investment in subsidiary companies is not recoverable. If facts and circumstances indicate that the investment in subsidiary companies may be impaired, the recoverable amount of each subsidiary would be compared to the carrying amount of the investment in the subsidiary in the Company's financial statements to determine if impairment of the investment is necessary. An impairment loss is recognised equal to the excess of the carrying amount of the investment in the subsidiary over its recoverable amount.

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.

For the purposes of determining the carrying amount of investments in subsidiaries hosting properties, where the properties are not recognised directly on the balance sheet of the Company but are held indirectly through special purpose vehicles (SPVs), the value of the underlying properties is used. The value of the underlying properties is determined by applying the same methodology and assumptions as for the stock of property held directly by the Bank and described in Note 5.2, supplemented by additional considerations specific to the subsidiary, including the expected timing and path of realisation.

Proceeds from the disposal of subsidiaries and associates are presented within investing activities in the Statement of Cash Flows.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards and interpretations as explained in Note 2.2.1 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025. These did not have an impact on the Financial Statements of the Company.

3. Going concern

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

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

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 BOCH Group's Financial Plan approved by the Board at the beginning of March 2026 (the 'Plan') and the operating environment, as well as the recent geopolitical events as described in Note 4. 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 2025 that can be monetised in a period of stress.

4. Economic and geopolitical environment

Cyprus is a diversified, small, open, services-based economy, with a large external sector and reliance on tourism and international business and information and communication technology (ICT) services that has demonstrated resilience and growth in recent years, navigating through global uncertainties and regional challenges. As a result, external factors which are beyond the control of the Company, 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. The Cypriot economy in 2025 continued to be resilient with strong GDP growth in recent years, consistently being one of the top performers in the Eurozone, despite the ongoing increase in uncertainty across the world as well as the recent geopolitical challenges that have erupted in the region. Cyprus' performance is supported by solid fiscal developments and sustained improvements in the financial sector. GDP grew by 3.8% in 2025 and labour productivity over the same period increased by 2.5%, higher than the 1.8% level observed in 2024. Inflation, as measured by the Harmonised Index of Consumer Prices, has been declining since its peak in July-August 2022, reaching 2.3% in 2024 and standing at 0.8% in 2025, the lowest in the Eurozone. The drop was mainly driven by lower energy prices and to a lesser extent by a decline in food prices, a behaviour in line with the global oil price developments over the course of the year. Core inflation, i.e., inflation excluding energy and food, was near the 2% target, at 1.9% in 2025, driven by elevated services inflation.

External factors which are beyond the control of the Company, 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 Company'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.

4. Economic and geopolitical environment (continued)

In this context, the Company is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required. Furthermore, the Company 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 Company recognises that unforeseen political events can have negative effects on the Company's activities. The Company is continuously monitoring the current affairs and the impact of the forecasted macroeconomic conditions and geopolitical developments on the Company's strategy to proactively manage emerging risks.

Information with respect to the implications from the new major escalation in the Middle East that occurred post the year-end is disclosed in Note 48.

5. Significant and other judgements, estimates and assumptions

The preparation of the 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 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

The 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 5.10.

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 Company's calculations are outputs of models, of underlying assumptions on the choice of variable inputs and their interdependencies.

It has been the Company'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 Company 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. For exposures which are subject to individual impairment assessment, the Group does not rely solely on quantitative and backstop indicators to assess whether SICR has occurred. Instead, judgement is exercised based on the specific facts and circumstances of each case. 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 was 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 Company uses a PD at origination incorporating behavioural information (score cards) whereas, for the corporate portfolio, the Company 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 Company 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 2025, the economy achieved a growth rate of 3.8%, 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 5.2% in the period 2015-2024. The unemployment rate has remained low, dropping to 4.4% in 2025 indicating almost full employment conditions. Inflation has been successfully stabilized, with rates declining from 2.3% in 2024 to 0.8% in 2025. General government debt metrics have significantly improved in recent years. The government debt-to-GDP ratio dropped to 57% in November 2025 from 63% in 2024 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, with estimates that it will hover around 50% over the medium-term. Growth in the medium term, is expected to continue to outpace eurozone peers and average about 3% annually in 2026-2028, 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, as result of the improvement in overall macroeconomic conditions, good institutional strength and effective policy making.

However, risks remain in the domestic operating environment, as well as the external environment on which it depends.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Legacy loans owned by credit acquiring companies still linger in the economy. The current account deficit remains sizable and, while public debt has dropped relative to GDP, government expenditures need more rationalisation. 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. As at the year end, tensions in the Middle East, remain high. At the same time, while the US trade policy is not expected to have any meaningful direct effects on the Cyprus economy, some indirect effects could materialise due to the more uncertain global macroeconomic environment. Cyprus remains exposed to travel, energy and other disruptions that can impact its economy.

For the ECL, the Company 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.

For the ECL calculations, the Company uses an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, as described in Note 2.16.5 of the Consolidated Financial Statements of Company for the year ended 31 December 2025. The approach employed, involves scenario generation, where the scenarios applied by the Bank 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 Company'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 to the left of the distribution and specifically, at the 60% and the 5% of the probability distribution respectively. In 2025, the favourable scenario remained at 60%, and the Company employed a more adverse scenario compared to the previous year, moving to a probability range of 5%, as a result of the US trade policy, the resulting tariff war, and the increase in geopolitical uncertainty.

The most significant macroeconomic variables for each of the scenarios used by the Company as at 31 December 2025 and 2024 are presented in the table below. The Company 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 Company has used the 30-50-20 probability structure for the adverse, baseline and favourable scenarios respectively using the method described in Note 2.16.5 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025 and above. This reflects management's view of specific characteristics of the Cyprus economy that render it more vulnerable to external and internal shocks.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

31 December 2025

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2026	Adverse	30.0	-5.1	8.0	-1.4	-3.9
	Baseline	50.0	2.6	4.3	2.6	2.5
	Favourable	20.0	4.1	4.1	3.4	3.9
2027	Adverse	30.0	-2.3	7.4	-0.9	-4.3
	Baseline	50.0	2.4	4.3	2.1	2.2
	Favourable	20.0	2.6	4.1	2.7	2.8
2028	Adverse	30.0	0.3	6.7	1.2	-0.2
	Baseline	50.0	2.2	4.3	1.9	2.2
	Favourable	20.0	2.3	4.1	2.2	2.3
2029	Adverse	30.0	1.7	6.2	1.6	3.1
	Baseline	50.0	2.1	4.2	2.0	2.1
	Favourable	20.0	2.1	4.1	2.0	2.1
2030	Adverse	30.0	3.3	5.9	1.9	4.1
	Baseline	50.0	2.1	4.2	2.0	2.0
	Favourable	20.0	2.1	4.1	2.0	2.0

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

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 scenarios used are described below.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

The baseline scenario was updated for the 31 December 2025 reporting, considering available information and relevant developments until then, and reflect the Company's views as at the reporting date. Growth recovered in 2024 following a slowdown in 2023, and remained above the Euro area average, supported by the continued recovery in tourism and expanding services activity. Real GDP increased by 3.9% in 2024 and 3.8% in 2025. Tourist arrivals in Cyprus exceeded four million in 2024, up by an annual 5.1% and have continued growing in 2025, up by 12.2% for the year. Under the baseline scenario the economy is expected to advance by 2.6% in 2026 and consumer price inflation will rise to 2.6% from 0.1% in 2025. House prices are expected to rise by 2.5% in 2026 following strong increases in 2022-2025. The economic backdrop is characterised by robust growth, despite geopolitical risk. Lower inflation and prior cuts to central bank rates should continue to support economic activity in the near term. Geopolitical tensions act as a headwind to growth via higher potential fragmentation in global trade patterns, but artificial intelligence (AI) deployment is also underpinning global trade and investment.

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 decline by 5.1% in 2026 and by 2.3% in 2027. In the labour market the unemployment rate will rise to 8% in 2026 and to 7.4% in 2027. Inflation will turn negative to -1.4% in 2026, with deflation remaining in 2027. House prices will also slow in line with the contraction in real GDP.

The favourable scenario is a plausible scenario, representing a more favourable outlook than the central scenario. The impact of US tariffs on global growth proves to be less negative than feared, while geopolitical tensions ease globally. These developments provide a boost to consumer and business confidence. Stronger growth combined with the already low boost productivity and at the same lead to stronger house and CRE price growth. Under the favourable scenario, real GDP is expected to grow by 4.1% in 2026 and by 2.6% in 2027. In the labour market the unemployment rate will remain to 4.1% in 2026 and 2027 and consumer price inflation will rise to 3.4% from 0.1% in 2025. House prices are expected to rise by 3.9% in 2026.

The Company uses actual values for the input variables used for the calculation of the forecasts. These values are sourced from the Cyprus Statistical Service, the Eurostat, the CBC for the residential property price index, and the ECB for interest rates. Interest rates are also sourced from the Eurostat. In the case of property prices, the Company additionally uses data from the Royal Institute of Chartered Surveyors. For the forward reference period, the Company uses the forecast values for the same variables, as prepared by the Company'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 ECB 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 and Impairments Committee and approved by the Board of Directors following recommendation by the Board Risk and Audit Committees.

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 materially constrained, haircuts applied on real estate collateral are substantially increased by and the recovery of collaterals is delayed compared 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 the Company 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, as well as the minimum LGD rate which provides for a minimum loss rate which acts as a floor.

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 2025, 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 (2024: approximately 42%, excluding those classified as held for sale).

At 31 December 2025, 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 7.5 years under the baseline scenario (2024: average of 7 years, excluding those classified as held for sale).

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.

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.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

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 and Impairments Committee and approved by the Board of Directors following recommendation by the Board Risk and Audit Committees.

Calibration of IFRS 9 models in 2025

During the year ended 31 December 2025, the Company has performed a calibration of the PD adjustment factor of the PD model. The PD adjustment factor represents a dynamic adjustment that adjusts model projections based on the relationship between historical model estimated defaults and actual observed defaults. The update, which was implemented in the first quarter of 2025, incorporated observations over a longer period to further enhance stability and predictability of the PD estimates. The impact of the calibration was an increase in PDs across stages and a €4.8 million ECL charge for the year ended 31 December 2025.

During the year, the Company introduced two methodological refinements in its SICR assessment framework relating to the use of PD metrics. These refinements add two new SICR conditions, applied consistently across all credit facilities of the Company. Accordingly, facilities are classified as Stage 2 when at least one of the following newly introduced SICR conditions is met: i) the ratio of the annualised lifetime PD at the reporting date to the annualised lifetime PD at origination exceeds the relative threshold of 3 or ii) the annualised lifetime PD at the reporting date exceeds the absolute threshold of 20%. These additional conditions complement the Company's existing SICR criteria thresholds disclosed in Note 2.16.3 of the consolidated financial statements. This update in SICR conditions resulted in exposures of a gross book value €18 million to transition to Stage 2 and had an impact on ECL of a charge of €2.3 million for the year ended 31 December 2025.

The IFRS 9 models are reviewed and updated 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.

Climate & Environmental Risk overlay

The Company has completed the climate & environmental ECL impact quantification exercise, and applied an overlay to incorporate the impact of climate-related transition, physical and water scarcity risks. This has been determined through the use of separate scenario analysis (Network for Greening the Financial System Current Policies scenario) combined with internal analysis and data. The quantification considered the impact on projected customer financial performance, collateral valuation and internal credit ratings. This resulted in an ECL charge of €4.3 million, and exposures of a gross book value of €21 million to transition to Stage 2.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Overlays applied in the prior year:

During the year ended 31 December 2024, the Company 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 Company updating and revising the LGD parameter, as part of the Company'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 Company 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 Company 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 Company 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 Company 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.

The Company 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 2025. The Company 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.

5. Significant and other judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

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 in prior years to include significant exposures to customers with passport of origin or residency in Russia, Ukraine or Belarus and/or business activity within these countries, as well as significant exposures with repayment deriving from Israel.

Further details on impairment allowances and related credit information are set out in Note 41.

In addition to the above significant judgments and assumptions made for the calculation of the ECL, the Company 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 the Company's available historical data, where an expected maturity for each revolving facility based on the customer's profile is assigned.

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 held by the Company either (i) directly and accounted for as stock of property and measured at the lower of cost and net realisable value in accordance with IAS2, or (ii) held through investments in subsidiaries and their valuation impact the recoverable amount of the investments in subsidiaries, which are held at cost less impairment in line with IAS36. 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 26.

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 2.34 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025.

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 Company 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 Company 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 Company believed the probability of loss was remote.

5. Significant and other judgements, estimates and assumptions (continued)

5.3 Provisions for pending litigation and claims (continued)

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 35.

5.4 Tax

The Company, 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 Company 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 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 the Company 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 tax, including disclosures relating to the implications of the Cyprus tax reform enacted in December 2025, refer to Note 15.

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 Company 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 Company 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.

Further details on the fair value of assets and liabilities are disclosed in Note 2.12.9 of the Consolidated Financial Statements of the Company and in Note 20.

5. Significant and other judgements, estimates and assumptions (continued)

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 Company'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 Company'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 12.

5.7 Classification of properties

The Company 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 Company, 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 for 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).

5.8 Fair value of properties held for own use and investment properties

In accordance with the Company'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.

Further information on inputs used is disclosed in Note 20.

5. Significant and other judgements, estimates and assumptions (continued)

5.9 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 2.24 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025, 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 Company's secured borrowing cost, for a time horizon in accordance to the lease term. The sensitivity analysis on the yield curve performed by the Company 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 Company'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 Company'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 Company 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 39.

5.10 Classification of financial assets

The Company 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 Company exercises judgement in determining the effect of sales of financial instruments on its business model assessment.

The Company 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. Interest income and income similar to interest income

Interest income

	2025	2024
	€000	€000
Financial assets at amortised cost:		
- Loans and advances to customers	479,804	539,876
- Loans and advances to banks and central banks	186,122	296,945
- Reverse repurchase agreements	32,815	27,012
- Debt securities	122,313	95,056
- Other financial assets	3,498	16,877
Debt securities at FVOCI	6,906	7,866
Non-trading derivatives - hedge accounting:		
- Debt securities at amortised cost	1,177	2,572
- Debt securities at FVOCI	7,880	14,732
	840,515	1,000,936

Income similar to interest income

	2025	2024
	€000	€000
Loans and advances to customers measured at FVPL	5,836	9,144
Derivative financial instruments	242	1,322
	6,078	10,466

7. Interest expense and expense similar to interest expense

Interest expense

	2025	2024
	€000	€000
Financial liabilities at amortised cost:		
- Customer deposits	61,422	67,688
- Funding from central banks and deposits by banks	6,814	30,549
- Debt securities in issue	49,787	44,435
- Subordinated liabilities	19,459	19,875
Non-trading derivatives - hedge accounting:		
- Customer deposits	(15,388)	16,473
- Debt securities in issue	(6,503)	6,251
- Subordinated liabilities	(2,573)	1,314
Interest expense on lease liabilities	801	228
	113,819	186,813

Expense similar to interest expense

	2025	2024
	€000	€000
Derivative financial instruments	242	1,289

8. Fee and commission income and expense

Fee and commission income

	2025	2024
	€000	€000
Credit-related fees and commissions	70,178	68,744
Other banking commissions	90,440	91,990
Mutual funds and asset management fees	4,480	3,736
Other commissions	3,975	3,607
	169,073	168,077

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 €47,515 thousand (2024: €45,995 thousand). Other banking commissions include commissions from payment orders amounting to €24,988 thousand (2024: €24,690 thousand) and account maintenance fees of €30,679 thousand (2024: €29,462 thousand).

Fee and commission income is further divided into:

Fees earned from services that are provided over time:

	2025	2024
	€000	€000
Credit-related fees and commissions	26,593	25,132
Other banking commissions	45,854	43,710
Mutual funds and asset management fees	2,370	2,125
	74,817	70,967

Fees earned from point in time services:

	2025	2024
	€000	€000
Credit-related fees and commissions	43,585	43,612
Other banking commissions	44,586	48,280
Mutual funds and asset management fees	2,110	1,611
Other commissions	3,975	3,607
	94,256	97,110

Fee and commission expense

	2025	2024
	€000	€000
Banking commissions	13,482	12,548
Mutual funds and asset management fees	598	410
	14,080	12,958

9. 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.

10. Net gains on financial instruments

	2025	2024
	€000	€000
Trading portfolio:		
- derivative financial instruments	(34)	79
Investments at FVPL:		
- other securities	2,910	4,355
- equity securities	298	(85)
Net gains on other financial assets measured at FVPL (Note 20)	9,933	-
Net gains on loans and advances to customers measured at FVPL (Note 20)	1,315	1,232
Loss on early redemption of subordinated liabilities (Note 29)	(3,335)	-
Revaluation of financial instruments designated as fair value hedges:		
- hedging instruments (Note 19)	(47,712)	44,132
- hedged items (Note 19)	47,712	(44,132)
	11,087	5,581

11. Other income

	2025	2024
	€000	€000
Dividend income from third parties	134	142
Profit on sale and write-off of property and equipment and intangible assets	56	8
Rental income from investment properties	689	1,055
Rental income from stock of property	16	34
Net gains/(losses) on disposal/dissolution of subsidiaries and associates (Note 46)	389	(4,712)
Other income	4,457	6,920
	5,741	3,447

12. Staff costs

Staff costs

	2025	2024
	€000	€000
Salaries	138,438	132,965
Employer's contributions to state social insurance	25,427	24,736
Variable compensation:		
<i>Accrual for short-term incentive award (Note 12.3)</i>	13,577	8,891
<i>Share-based benefits expense (Note 12.2)</i>	1,233	932
Retirement benefit plan costs	12,337	12,093
Exit cost and other termination benefits	16,104	7,135
	207,116	186,752

The number of persons employed by the Company as at 31 December 2025 was 2,403 (2024: 2,440).

Staff cost are presented in the Income Statement net of software capitalisation costs, which amounted to €286 thousand for the year ended 31 December 2025 (2024: €312 thousand).

12. Staff costs (continued)

The cost for the short-term incentive award for the year ended 31 December 2025 comprises the cost for the short-term incentive award for the performance year 2025 under the short-term incentive plan (STIP) that was established since prior years, of €10,572 thousands (2024: €10,769 thousand for the performance year 2024 and a credit amount of €1,878 thousand relating to 2023 STIP), of which an amount of €1,411 thousand (2024: €1,423 thousand) relates to employer's contribution accrual on 2025 STIP, and a net of cost of €3,005 thousand which relates to additional amounts to be granted to employees for years 2024 and 2025 under the agreement reached in December 2025 between ETYK and the Association of Cyprus Banks as part of the collective agreement renewal.

During 2025, the Company provided termination benefits to 76 (2024: 45) of the Group's full-time employees at a total cost of €16,104 thousand (2024: €7,135 thousand).

12.1 Retirement benefits

In addition to the employer's contributions to state social insurance, the Company operates plans for the provision of additional retirement benefits as described below:

	2025 €000	2024 €000
Defined benefit plans	-	177
Defined contribution plans	12,337	11,916
	12,337	12,093

Cyprus

The main retirement plan for the Company's permanent employees in Cyprus (99% of total Company employees) is a defined contribution plan. This plan provided for employer contributions of 9% for 2025 and 2024 and employee contributions of 3%-10% of the employees' gross salaries for both 2025 and 2024. This plan is managed by an Administrative Committee appointed by the members.

United Kingdom

The Company has assumed in prior years the obligation of the defined benefit plan of employees of the former subsidiary of the Company in the United Kingdom which was closed in December 2008 to future accrual of benefits for active members.

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. The Company remains liable for the UK pension plan as at 31 December 2025 and 2024.

Analysis of the results of the actuarial valuations for the defined benefit plan

Amounts recognised in the balance sheet	2025 €000	2024 €000
Liabilities (Note 30)	107	-

There was no surplus of the total funded status as at 31 December 2025. As at 31 December 2024, the surplus of the total funded status amounted to €992 thousand and was not recognised as an asset on the basis that the Company has no unconditional right to future economic benefits either via a refund or a reduction in future contributions.

The amounts recognised in the balance sheet and the movement in the net defined benefit obligation for the years ended 31 December 2025 and 2024 are presented below:

12. Staff costs (continued)

12.1 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 2025	44,864	(45,856)	(992)	992	-
Net interest expense/(income)	2,198	(2,247)	(49)	49	-
Administration cost	-	414	414	-	414
Total amount recognised in the income statement	2,198	(1,833)	365	49	414
Remeasurements:					
Return on plan assets, excluding amounts included in net interest expense	-	3,644	3,644	-	3,644
Actuarial gain from changes in financial assumptions	(2,880)	-	(2,880)	-	(2,880)
Demographic assumptions	(791)	-	(791)	-	(791)
Experience adjustments	1,356	-	1,356	-	1,356
Change in asset ceiling	-	-	-	(1,018)	(1,018)
Total amount recognised in OCI	(2,315)	3,644	1,329	(1,018)	311
Exchange differences	(2,193)	2,303	110	(23)	87
Contributions:					
Employer	-	(705)	(705)	-	(705)
Benefits paid from the plans	(2,207)	2,207	-	-	-
31 December 2025	40,347	(40,240)	107	-	107

12. Staff costs (continued)

12.1 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 2024	46,999	(53,575)	(6,576)	7,141	565
Net interest expense/(income)	2,229	(2,241)	(12)	-	(12)
Administration cost	-	189	189	-	189
Total amount recognised in the income statement	2,229	(2,052)	177	-	177
Remeasurements:					
Return on plan assets, excluding amounts included in net interest expense	-	12,481	12,481	-	12,481
Actuarial gain from changes in financial assumptions	(2,058)	-	(2,058)	-	(2,058)
Demographic assumptions	(2,272)	-	(2,272)	-	(2,272)
Experience adjustments	(30)	-	(30)	-	(30)
Change in asset ceiling	-	-	-	(6,840)	(6,840)
Total amount recognised in OCI	(4,360)	12,481	8,121	(6,840)	1,281
Exchange differences	2,240	(2,954)	(714)	691	(23)
Contributions:					
Employer	-	(2,000)	(2,000)	-	(2,000)
Benefits paid from the plans	(2,244)	2,244	-	-	-
31 December 2024	44,864	(45,856)	(992)	992	-

12. Staff costs (continued)

12.1 Retirement benefits (continued)

The actual return on plan assets for year 2025 was a loss of €1,397 thousand (2024: a loss of €10,429 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 plan, the Company is exposed to a number of risks as outlined below:

Interest rate risk	The Company 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 Company 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 the insurance policy related to the 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:

	2025	2024
Funds	n/a	3%
Buy-in insurance policy	100%	97%
	100%	100%

The Company expects to make additional contributions of €750 thousand during 2026.

At the end of the reporting period, the average duration of the defined benefit obligations was 13 years (2024: 13 years).

12. Staff costs (continued)

12.1 Retirement benefits (continued)

Principal actuarial assumptions used in the actuarial valuations

The present value of the defined benefit obligations of the retirement plan 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 plan of the Company during 2025 and 2024 are set out below:

2025	UK
Discount rate	5.60%
Inflation rate	2.90%
Rate of pension increase	2.75%
Life expectancy for pensioners at age 65	23.5 years M 24.2 years F
2024	
Discount rate	5.15%
Inflation rate	3.05%
Rate of pension increase	2.90%
Life expectancy for pensioners at age 65	22.6 years M 24.3 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 Company's plan in the UK which comprises 100% of the defined benefit obligations, the Company 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 Company, 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 2025 and 2024 is presented below:

Variable	2025		2024	
	Change +0.5%	Change -0.5%	Change +0.5%	Change -0.5%
Discount rate	-6.0%	6.3%	-6.2%	6.5%
Inflation growth rate	3.4%	-3.5%	3.6%	-3.6%
	Plus 1 year	Minus 1 year	Plus 1 year	Minus 1 year
Life expectancy	4.4%	-4.4%	4.2%	-4.2%

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 changes. 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 balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous years.

12. Staff costs (continued)

12.2 Share-based compensation plan

Long-Term Incentive Plan

At the Annual General Meeting of the shareholders of BOCH 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 BOCH 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 BOCH, 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 2025:

- i. On 31 March 2025 (grant date) a maximum of 278,440 share awards were granted by BOCH to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in March 2025 are subject to a three-year performance period 2025-2027 (with all performance conditions being non-market performance conditions).
- ii. On 3 April 2024 (grant date) a maximum of 403,990 share awards were granted by BOCH 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).
- iii. On 3 October 2023 (grant date) a maximum of 479,160 share awards were granted by BOCH to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in October 2023 were subject to a three-year performance period 2023-2025 (with all performance conditions being non-market performance conditions). A total number of 452,553 shares have been awarded in March 2026 under this LTIP cycle (determined by the performance score-card assessment outcome). The shares are to be delivered in tranches as described above and are subject to continuing employment.

12. Staff costs (continued)

12.2 Share-based compensation plan (continued)

- iv. On 22 December 2022 (grant date) a maximum of 819,860 share awards were granted by BOCH 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). A total number of 723,159 shares have been awarded in early 2025 under this LTIP cycle, which are to vest, in tranches as described above (subject to continuing employment) for amounts not yet vested. During the year ended 31 December 2025, 289,253 shares were issued and allotted to members of the Extended Executive Committee of the Group in respect of the 2022 LTIP Cycle for the part vested in 2025, representing 40% of the shares awarded under the 2022 LTIP Cycle.

The following table presents movements in outstanding share-based awards during the years ended 31 December 2025 and 2024.

	2025		2024	
	Number of shares	Weighted average grant date fair value €	Number of shares	Weighted average grant date fair value €
As at 1 January	1,652,030	2.54	1,209,036	2.15
Granted during the year	278,440	5.86	403,990	3.70
Change in estimate of number of awards to vest	(56,921)	-	39,004	-
Vested during the year	(289,253)	-	-	-
Forfeited during the year	(19,496)	n/a	-	n/a
31 December	1,564,800	3.29	1,652,030	2.54

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.

12.3 Short-term incentive plan

The Short-Term Incentive Plan was 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 the 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% per year) 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.

12. Staff costs (continued)

12.3 Short-term incentive plan (continued)

For the short-term incentive award for the performance years 2024 and 2025 no amount was or is to be granted in the form of shares. Further information on the amounts awarded under the short-term incentive award for the performance years 2024 and 2025 to Executive Directors and other key management personnel is disclosed in Note 45.

13. Other operating expenses

	2025 €000	2024 €000
Technology and systems	31,570	27,643
Property-related costs	12,125	12,485
Consultancy, legal and other professional services fees	16,088	16,283
Insurance	4,363	4,764
Advertising and marketing	11,016	12,039
Incentives to performing customers	-	2,300
Depreciation of property and equipment (Note 24)	13,800	13,461
Amortisation of intangible assets (Note 25)	9,634	10,790
Communication expenses	5,459	4,983
Printing and stationery	1,141	1,620
Cash transfer expenses	3,525	3,352
Other operating expenses	24,920	27,035
	133,641	136,755

During the year ended 31 December 2025, the Company recognised €241 thousand relating to rent expense for short-term leases, included within 'Property related costs' (2024: nil).

Within total other operating expenses, an amount of €273 thousand (2024: €395 thousand) relates to investment property that generated rental income.

Special levy on deposits and other levies/contributions as presented in the Income Statement are set out below:

	2025 €000	2024 €000
Special levy on deposits of credit institutions in Cyprus	31,504	29,448
Guarantee fee on annual deferred tax credit (Note 15)	5,364	5,364
Contribution to Deposit Guarantee Fund	5,511	4,303
	42,379	39,115

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.

The Company was subject to a contribution to the Deposit Guarantee Fund (DGF) on a semi annual basis, until 3 July 2024, when the target level of at least 0.8% of covered deposits was reached as requested by the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes (DGS). In July 2025, the Company received notification that the Management Committee of the DGS resolved to increase the target level of covered deposits from 0.8% to 1.25% and therefore require contributions on a semi annual basis from authorised institutions to reach the target level over a period of 5 years (i.e., by June 2030) starting from the second half of 2025.

13. Other operating expenses (continued)

Fees to the independent auditors of the Company, for audit and other professional services provided both in Cyprus and overseas are presented in the table below:

	PwC Cyprus		PwC Network firms	
	2025 €000	2024 €000	2025 €000	2024 €000
Audit of the individual and the Group financial statements	1,269	1,159	168	187
Other assurance services	599	692	61	66
Tax compliance and advisory services	85	66	12	12
Other non-assurance services	328	273	42	81
	1,012	1,031	115	159
	2,281	2,190	283	346

Fees are exclusive of VAT.

14. Credit losses on financial assets and impairment net of reversals on non-financial assets

	2025 €000	2024 €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 41.5)	45,493	47,422
Recoveries of loans and advances to customers previously written off	(9,069)	(13,520)
Changes in expected cash flows	(4,099)	(1,080)
Financial guarantees and commitments (Notes 41.6.1 and 41.6.2)	1,577	(1,006)
	33,902	31,816
<i>Credit losses on other financial instruments</i>		
Amortised cost debt securities (Note 18)	(153)	(256)
FVOCI debt securities (Note 18)	(11)	(242)
Balances with Group companies (Note 22)	1,153	812
Loans and advances to banks (Note 17)	(20)	19
Balances with central banks (Note 17)	5	(403)
Reverse repurchase agreements	10	9
Other financial assets	(576)	621
	408	560
	34,310	32,376
	2025 €000	2024 €000
<i>Impairment net of reversals on non-financial assets</i>		
Stock of property (Note 26)	13,340	14,883
Investments in subsidiaries (Note 46)	408	63,280
Other non-financial assets	444	425
	14,192	78,588

14. Credit losses on financial assets and impairment net of reversals on non-financial assets
(continued)

The impairment of investment in subsidiaries for the year ended 31 December 2025 amounts to €408 thousand (2024: €63,280 thousand) and represents the difference between the carrying value of the investment in the subsidiary companies compared to their recoverable amount and arises primarily on property companies subsidiaries.

The impairment of balances with Group companies which are measured at amortised cost is computed following the same ECL principles adopted by the Group in preparing the Consolidated Financial Statements of the Company.

15. Income tax

	2025	2024
	€000	€000
Current tax	28,106	40,528
Withholding tax on interest income	1,313	990
Cyprus special defence contribution	15	21
Deferred tax charge	3,706	35,111
Prior years' tax adjustments	14,200	-
Other tax charges	-	1,000
	47,340	77,650

The reconciliation between the income tax expense and the profit before tax as estimated using the current income tax rates is set out below:

	2025	2024
	€000	€000
Profit before tax	542,928	554,216
Income tax at the normal tax rates in Cyprus	67,866	69,277
Income tax effect of:		
- expenses not deductible for income tax purposes	24,671	23,557
- income not subject to income tax	(22,007)	(9,937)
- other allowable deductions	(5,591)	(6,268)
- changes in recognition of deferred tax	(6,343)	-
- remeasurement of deferred tax due to rate changes	(25,471)	-
	33,125	76,629
Cyprus special defence contribution	15	21
Prior years' tax adjustments	14,200	-
Other tax charges	-	1,000
	47,340	77,650

The corporate income tax rate in Cyprus and Greece for the years ended 31 December 2025 and 2024 was 12.5% and 22% respectively on taxable income.

15. Income tax (continued)

In December 2025 the Cyprus Parliament passed a number of legislative bills into law, the provisions of which constitute the Cyprus Tax Reform. The amendments aim to stimulate economic growth, enhance tax administration and improve tax compliance and affect both individuals and corporations. As part of the Laws voted, the Income Tax Law of 2002 (118(I)/2002) has been amended and amongst other it increases the corporate income tax rate to 15%, effective from 1 January 2026. As a consequence, the Company's deferred tax position has been remeasured at the enacted rate as at 31 December 2025 for those assets and liabilities expected to be taxed under corporation tax when they are realised/settled. This impact is non-cash and will be reversed in the following years through the higher corporation tax liability and arises solely from the prescribed accounting treatment for deferred taxes. Other changes introduced relate to the abolition of deemed distributions rules and the reduction of withholding tax on dividend payments made to Cyprus tax resident and domiciled individuals which is reduced from 17% to 5% on dividends distributed from profits arising from 1 January 2026 onwards. Further, as part of the amendments made in the Special Defence Contribution Law, Cyprus tax resident entities receiving dividends in financial years 2026 and 2027 from Cyprus tax resident entities relating to profits out of financial years 2025 and 2024 are required to pay special defence tax at 17% to the extent that the receiving entity is directly or indirectly owned by Cyprus tax residents.

Special defence contribution is payable on 75% of rental income at a rate of 3% and on interest income from activities outside the ordinary course of business at a rate of 17% for the years ended 31 December 2025 and 2024. As part of the Cyprus Tax Reform, the special defence contribution on rental income and on the interest income of corporations is abolished effective from 1 January 2026.

Tax law is, at times, complex, and it is the role of courts and tribunals to act as the final authority on the correct interpretation of tax law. In prior years one of the Company's overseas location it used to operate banking activities had received a refund in relation to withholding taxes suffered by the overseas location. A judgement has since been handed down in respect of such taxes which creates an uncertain tax position as to whether amounts received may be required to be repaid in cash. A provision has therefore been created in order to cover the cost of the uncertain tax position.

The Bank of Cyprus Holdings Group is in scope of the Cyprus Pillar Two Law which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups. The Bank of Cyprus Holdings Group is eligible for the transitional provision under Article 12 for the purpose of Domestic Minimum Top up Tax (DMTT) and Article 55 for the purpose of the Income Inclusion Rule (IRR) 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 years ended 31 December 2025 and 2024. The Bank of Cyprus Holdings Group does not anticipate any top up tax liability arising from the foreign jurisdictions in which it has subsidiary entities.

The Company is subject to income tax in the jurisdictions in which it operates and the calculation of the Company's income tax charge, top-up tax liability under Cyprus Pillar Two Law (Directive (EU) 2022/2523 voted into Law 151(I)/2024) 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 Company 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.

15. 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
2025	€000	€000	€000	€000	€000	€000
Net deferred tax asset/(liability) as at 1 January 2025	(9,723)	(13,361)	12,920	151,637	1,700	143,173
Income Statement - tax (charge)/credit	(1,138)	-	(1,532)	(37,909)	11,402	(29,177)
Income Statement - tax (charge)/credit due to effect of tax rate charge	(2,172)	-	2,302	22,745	2,596	25,471
Other comprehensive income - tax charge	-	(198)	-	-	-	(198)
Other transfers	-	-	-	-	(124)	(124)
31 December 2025	(13,033)	(13,559)	13,690	136,473	15,574	139,145
Deferred tax assets	-	-	13,690	136,473	15,574	165,737
Deferred tax liabilities	(13,033)	(13,559)	-	-	-	(26,592)
31 December 2025	(13,033)	(13,559)	13,690	136,473	15,574	139,145

	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)	Other temporary differences (net)
2024	€000	€000	€000	€000	€000	€000
Net deferred tax asset/(liability) as at 1 January 2024	(9,067)	(13,569)	10,389	189,546	1,248	178,547
Income Statement - tax credit/(charge)	(656)	-	3,002	(37,909)	452	(35,111)
Other comprehensive income - tax credit	-	208	-	-	-	208
Other transfers	-	-	(471)	-	-	(471)
31 December 2024	(9,723)	(13,361)	12,920	151,637	1,700	143,173
Deferred tax assets	-	-	12,920	151,637	1,700	166,257
Deferred tax liabilities	(9,723)	(13,361)	-	-	-	(23,084)
31 December 2024	(9,723)	(13,361)	12,920	151,637	1,700	143,173

The deferred tax assets (DTA) relate to Cyprus operations.

As a result of the Cyprus Tax Reform, the deferred tax assets and liabilities for assets and liabilities subject to corporation tax were remeasured as at 31 December 2025 at the corporate income tax rate of 15% which is expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

15. Income tax (continued)

The Company 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').

The Company has DTA that meets the requirements of the Income Tax Law Amendment 28(I) of 2019 relating to income tax losses transferred to the Company 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 the Company 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 Company has DTA amounting to €136,473 thousand as at 31 December 2025 (2024: €151,637 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 in which case the annual instalment is reflected as a charge in the Income Statement.

The DTA subject to the Law is accounted for on the same basis, as described in Note 2.10 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025.

The Law provides that an annual fee is charged on an annual basis until expiration of such losses in 2028. The Company 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 Company 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 2025 (2024: €5,364 thousand) was recorded during the year ended 31 December 2025.

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
2025	€000	€000	€000
Utilisation in annual instalments up to 2028	909,818	909,818	-
	909,818	909,818	-
2024			
Utilisation in annual instalments up to 2028	1,213,091	1,213,091	-
	1,213,091	1,213,091	-

16. Earnings per share

	2025	2024
Profit for the year (€ thousand)	495,588	476,566
Weighted average number of shares in issue during the year, excluding treasury shares (thousand)	9,597,945	9,597,945
Basic and diluted earnings per share (€ cent)	5.2	5.0

17. Cash, balances with central banks and loans and advances to banks

	2025	2024
	€000	€000
Cash	99,507	94,987
Balances with central banks	7,783,836	7,458,316
Allowance for expected credit losses (Note 14)	(125)	(120)
	7,883,218	7,553,183
Loans and advances to banks	540,739	787,345
Allowance for expected credit losses (Note 14)	(21)	(41)
	540,718	787,304

Balances with central banks are classified as Stage 1.

The ECL charge (Note 14) on balances with central banks for the year ended 31 December 2025 amounted to €5 thousand (2024: ECL release of €403 thousand).

All loans and advances to banks are classified as Stage 1.

Balances with central banks include obligatory deposits for liquidity purposes which amount to €139,930 thousand as at 31 December 2025 (2024: €117,702 thousand) (Note 38). The average balance of obligatory deposits that should be maintained with central banks was set at €210,054 thousand for the period of December 2025 to February 2026 (2024: €194,636 thousand for the period December 2024 to February 2025).

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 41.11.

Loans and advances to banks earn interest based on the interbank rate of the relevant term and currency.

18. Investments

The analysis of the Company's investments is presented in the table below:

	2025	2024
	€000	€000
Investments at FVPL	28,948	7,627
Investments at FVOCI	320,475	384,495
Investments at amortised cost	4,765,238	3,805,637
	5,114,661	4,197,759

Out of these, the amounts pledged as collateral are shown below:

	2025	2024
	€000	€000
Investments pledged as collateral		
Investments at amortised cost	113,701	39,958
	113,701	39,958

Investments pledged as collateral as at 31 December 2025 are mainly used as supplementary assets for the covered bond and collateral for the clearing of interest rate derivative transactions through the central clearing house. As at 31 December 2024, the investments pledged as collateral were mainly used as supplementary assets for the covered bond (Note 43).

The maximum exposure to credit risk for debt securities is disclosed in Note 41.1 and the debt securities price risk sensitivity analysis is disclosed in Note 42.

The increase in the investment portfolio as at 31 December 2025 is consistent with the strategy of the Group to grow the fixed income portfolio.

The credit rating analysis of investments is disclosed in Note 41.11.

Investments at fair value through profit or loss

	2025	2024
	€000	€000
Other securities	27,910	6,790
Equity securities	837	837
Mutual funds	201	-
	28,948	7,627

Other securities include an equity instrument with embedded option derivative amounting to €24,409 thousand as at 31 December 2025 (2024: n/a) and a non equity security amounting to €3,501 thousand as at 31 December 2025 (2024: €6,790 thousand).

Investments at FVOCI

	2025	2024
	€000	€000
Debt securities	311,647	375,693
Equity securities	8,828	8,802
	320,475	384,495

18. Investments (continued)

Investments at amortised cost

	2025	2024
	€000	€000
Debt securities	4,765,238	3,805,637

Further analysis of the Company's investments is provided in the tables below.

Equity securities

2025	FVPL	FVOCI	Total
	€000	€000	€000
Listed on other stock exchanges	837	65	902
Unlisted	-	8,763	8,763
	837	8,828	9,665

2024	FVPL	FVOCI	Total
	€000	€000	€000
Listed on other stock exchanges	837	60	897
Unlisted	-	8,742	8,742
	837	8,802	9,639

The Company 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 €8,828 thousand at 31 December 2025 (2024: €8,802 thousand) and is equal to their fair value.

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 €134 thousand has been received and recognised during the year ended 31 December 2025 in other income (2024: €142 thousand) (Note 11).

During the year ended 31 December 2025, no holdings of equity investments measured at FVOCI have been disposed of (2024: €812 thousand).

Mutual funds

Mutual funds with a carrying value of €201 thousand as at 31 December 2025 (2024: n/a) are unlisted and are presented in Level 3 hierarchy in Note 20.

18. Investments (continued)

Debt securities and other securities

Analysis by issuer type	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Cyprus government	-	217,178	916,110	1,133,288
Greek government	-	-	23,519	23,519
Other governments	-	10,231	1,306,562	1,316,793
Financial institutions	-	66,978	1,322,601	1,389,579
Other financial corporations	3,501	-	67,575	71,076
Supranational organisations	-	17,289	821,430	838,719
Other non-financial corporations	24,409	-	308,020	332,429
Allowance for expected credit losses	-	(29)	(579)	(608)
	27,910	311,647	4,765,238	5,104,795

	FVPL	FVOCI	Amortised cost	Total
2024	€000	€000	€000	€000
Cyprus government	-	280,070	735,617	1,015,687
Other governments	-	10,261	1,056,915	1,067,176
Financial institutions	-	65,822	1,084,888	1,150,710
Other financial corporations	6,790	-	57,258	64,048
Supranational organisations	-	19,580	696,260	715,840
Other non-financial corporations	-	-	175,431	175,431
Allowance for expected credit losses	-	(40)	(732)	(772)
	6,790	375,693	3,805,637	4,188,120

Geographic dispersion by country of issuer	FVPL	FVOCI	Amortised cost	Total
2025	€000	€000	€000	€000
Cyprus	24,409	217,178	916,110	1,157,697
Greece	-	11,002	167,916	178,918
Germany	-	-	318,809	318,809
France	-	22,301	308,945	331,246
Other European Union countries	-	20,083	1,479,953	1,500,036
United Kingdom	-	-	32,577	32,577
USA and Canada	3,501	-	325,927	329,428
Other countries	-	23,823	394,150	417,973
Supranational organisations	-	17,289	821,430	838,719
Allowance for expected credit losses	-	(29)	(579)	(608)
	27,910	311,647	4,765,238	5,104,795

18. Investments (continued)

	FVPL	FVOCI	Amortised cost	Total
	€000	€000	€000	€000
2024				
Cyprus	-	280,070	737,640	1,017,710
Greece	-	11,097	78,492	89,589
Germany	-	-	217,589	217,589
France	-	22,111	344,597	366,708
Other European Union countries	-	19,809	1,129,546	1,149,355
United Kingdom	-	-	18,094	18,094
USA and Canada	6,790	-	291,982	298,772
Other countries	-	23,066	292,169	315,235
Supranational organisations	-	19,580	696,260	715,840
Allowance for expected credit losses	-	(40)	(732)	(772)
	<u>6,790</u>	<u>375,693</u>	<u>3,805,637</u>	<u>4,188,120</u>

'Other countries' include exposures in Israel amounting to €30,729 thousand as at 31 December 2025 (2024: €31,065 thousand).

Analysis by currency	FVPL	FVOCI	Amortised cost	Total
	€000	€000	€000	€000
2025				
Euro	24,409	294,386	4,465,300	4,784,095
US dollar	3,501	17,290	255,004	275,795
Pound sterling	-	-	45,513	45,513
Allowance for expected credit losses	-	(29)	(579)	(608)
	<u>27,910</u>	<u>311,647</u>	<u>4,765,238</u>	<u>5,104,795</u>

	FVPL	FVOCI	Amortised cost	Total
	€000	€000	€000	€000
2024				
Euro	-	356,151	3,510,264	3,866,415
US dollar	6,790	19,582	283,963	310,335
Pound sterling	-	-	12,142	12,142
Allowance for expected credit losses	-	(40)	(732)	(772)
	<u>6,790</u>	<u>375,693</u>	<u>3,805,637</u>	<u>4,188,120</u>

Listing analysis	FVPL	FVOCI	Amortised cost	Total
	€000	€000	€000	€000
2025				
Listed on the Cyprus Stock Exchange	-	-	46,348	46,348
Listed on other stock exchanges	-	311,676	4,719,469	5,031,145
Unlisted	27,910	-	-	27,910
Allowance for expected credit losses	-	(29)	(579)	(608)
	<u>27,910</u>	<u>311,647</u>	<u>4,765,238</u>	<u>5,104,795</u>

18. Investments (continued)

	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	-	375,733	3,772,485	4,148,218
Unlisted	6,790	-	-	6,790
Allowance for expected credit losses	-	(40)	(732)	(772)
	<u>6,790</u>	<u>375,693</u>	<u>3,805,637</u>	<u>4,188,120</u>

The Company uses fair value hedging to manage the interest rate risk in relation to its FVOCI bonds (Note 19).

There were no reclassifications between measurement classes of investments during the years ended 31 December 2025 and 2024.

An analysis of the movement of the gross debt securities at FVOCI and the ECL of debt securities at FVOCI is presented in the table below:

	2025		2024	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	375,733	(40)	424,511	(282)
New assets acquired in the year	-	-	7,000	-
Assets derecognised and/or redeemed in the year (Note 14)	(64,000)	4	(61,031)	68
Interest accrued and amortisation	(2,423)	-	(3,027)	-
Foreign exchange adjustments	(2,217)	-	1,188	-
Changes to models and inputs used for ECL calculations (Note 14)	-	7	-	174
Changes in fair value	4,583	-	7,092	-
31 December	<u>311,676</u>	<u>(29)</u>	<u>375,733</u>	<u>(40)</u>

All debt securities measured at FVOCI are classified as Stage 1 as at 31 December 2025 and 2024.

18. Investments (continued)

An analysis of the movement of the gross carrying amount and the ECL of the debt securities at amortised cost is presented in the table below:

	2025		2024	
	Gross debt securities	ECL	Gross debt securities	ECL
	€000	€000	€000	€000
1 January	3,806,369	(732)	3,117,702	(988)
New assets acquired in the year	1,589,305	-	1,388,497	-
Assets derecognised and/or redeemed in the year (Note 14)	(644,225)	48	(758,747)	177
Fair value due to hedging relationship	308	-	2,362	-
Interest accrued and amortisation	46,792	-	39,809	-
Changes to models and inputs used for ECL calculation (Note 14)	-	105	-	79
Foreign exchange adjustments	(32,732)	-	16,746	-
31 December	4,765,817	(579)	3,806,369	(732)

All debt securities measured at amortised cost are classified as Stage 1 as at 31 December 2025 and 2024.

There were no reclassifications of investments during the years ended 31 December 2025 and 2024.

19. Derivative financial instruments

The contract amount and fair value of the derivative financial instruments is set out below:

	2025			2024		
	Contract amount €000	Fair value		Contract amount €000	Fair value	
		Assets €000	Liabilities €000		Assets €000	Liabilities €000
Derivatives held for trading						
Forward exchange rate contracts	20,978	143	43	23,232	171	126
Currency swaps	647,043	492	2,585	927,180	7,662	518
Currency options	-	-	-	472	455	17
Interest rate caps/floors	21,426	629	548	18,130	945	945
	689,447	1,264	3,176	969,014	9,233	1,606
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	1,651,500	46,384	3,258	1,637,500	58,299	2,918
Portfolio fair value hedges - interest rate swaps	5,038,484	40,694	12,822	2,914,362	27,741	140
	6,689,984	87,078	16,080	4,551,862	86,040	3,058
Total	7,379,431	88,342	19,256	5,520,876	95,273	4,664

The use of derivatives is an integral part of the Company's activities. Derivatives are used to manage the Company's own exposure to fluctuations in interest rates and foreign currency exchange rates. Derivatives are also sold to customers as risk management products.

19. Derivative financial instruments (continued)

Derivatives identified above as trading comprise derivatives entered into with economic hedging intent (hedging the changes in interest rates, foreign currency exchange rates or other risks) to which the Company does not apply hedge accounting or derivative positions which arise as a result of activity generated by corporate customers. Derivatives identified as derivatives qualifying for hedge accounting comprise only those derivatives to which the Company applies hedge accounting.

Interest rate risk is explained in Note 42. 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, floating rate assets/liabilities are converted to fixed.

Currency risk is explained in Note 42. In order to manage currency risk, the Company 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.

The principal derivatives used by the Company are as follow:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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 contract amount of certain types of derivative financial instruments provides a basis for comparison with other instruments recognised on the 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 Company's exposure to credit or market risk.

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 Company's credit risk management process for credit facilities granted to customers and financial institutions.

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.

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 Company elected, as a policy choice permitted by IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

Fair value hedges

The Company 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.

19. Derivative financial instruments (continued)

The Company generally uses macro-hedging for balance sheet items and specifically deposits and micro-hedging for debt securities and its funding operations in capital markets, for which derivative contracts are arranged, typically for a nominal amount identical to that of the hedged item and with the same financial characteristics. Effectiveness is assessed by comparing changes in the fair value of the derivative with changes in the fair value of the hedged item attributable to the hedged risk by applying a hypothetical derivative method.

As part of its structural interest rate risk management the Company contracts fixed-rate receiver swaps to hedge interest rate risk by setting up fair value hedges for a portfolio of liabilities being the core Non-Maturing Deposits (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 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 2025 amounted to a cumulative fair value change of €12,612 thousand (2024: €44,074 thousand).

	Gains/(losses) attributable to hedged risk		Hedge in-effectiveness
	Hedged items	Hedging instruments	
2025	€000	€000	€000
Derivatives qualifying for hedge accounting			
Fair value hedges - interest rate swaps			
-debt securities - investments	413	(413)	-
-debt securities in issue	7,464	(7,464)	-
-subordinated liabilities	8,480	(8,480)	-
-customer deposits (macro hedge)	31,355	(31,355)	-
Total	47,712	(47,712)	-
2024			
Derivatives qualifying for hedge accounting	€000	€000	€000
Fair value hedges - interest rate swaps			
-debt securities - investments	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	-

19. Derivative financial instruments (continued)

The accumulated fair value adjustment arising from the hedging relationships is presented in the table below:

	Carrying amount of hedged items		Accumulated amount of fair value hedging adjustments gains/(losses) on the hedged item	
	Assets	Liabilities	Assets	Liabilities
2025				
Derivatives qualifying for hedge accounting	€000	€000	€000	€000
Fair value hedges - interest rate swaps				
-debt securities - investments	314,072	-	(23,529)	-
-debt securities in issue	-	983,446	-	(10,871)
-subordinated liabilities	-	381,746	-	4,336
-customer deposits (macro hedge)	-	5,038,484	-	(12,612)
Total	314,072	6,403,676	(23,529)	(19,147)
2024				
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	-	307,955	-	(4,144)
-customer deposits (macro hedge)	-	2,914,362	-	(44,074)
Total	379,937	4,211,752	(28,498)	(66,553)

For assets hedged using fair value hedges, the average fixed rate of hedging instruments is 2.35% as at 31 December 2025 (2024: 2.35%). For liabilities hedged using fair value hedges, the average fixed rate is 2.57% for Euro denominated instruments of a nominal value €6,283,000 thousand and 4.16% for US Dollar denominated instruments of a nominal value US\$104,000 thousand as at 31 December 2025 (2024: 2.83% for Euro denominated instruments of a nominal value €4,100,000 thousand and 4.11% for US Dollar denominated instruments of a nominal value US\$67,000 thousand).

19. Derivative financial instruments (continued)

The maturity of the Company'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
2025						
Derivatives held for trading						
Forward exchange rate contracts	6,399	6,973	7,606	-	-	20,978
Currency swaps	504,998	141,293	752	-	-	647,043
Currency options	-	-	-	-	-	-
Interest rate caps/floors	-	-	-	16,851	4,575	21,426
	511,397	148,266	8,358	16,851	4,575	689,447
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	-	7,000	393,000	858,000	393,500	1,651,500
Portfolio fair value hedges - interest rate swaps	-	350,000	525,524	3,312,960	850,000	5,038,484
	-	357,000	918,524	4,170,960	1,243,500	6,689,984
Total	511,397	505,266	926,882	4,187,811	1,248,075	7,379,431

19. Derivative financial instruments (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 contract amount
2024	€000	€000	€000	€000	€000	€000
Derivatives held for trading						
Forward exchange rate contracts	8,040	9,870	5,322	-	-	23,232
Currency swaps	720,749	206,213	218	-	-	927,180
Currency options	472	-	-	-	-	472
Interest rate caps/floors	-	-	-	18,130	-	18,130
	<u>729,261</u>	<u>216,083</u>	<u>5,540</u>	<u>18,130</u>	<u>-</u>	<u>969,014</u>
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
	<u>-</u>	<u>-</u>	<u>69,000</u>	<u>4,318,362</u>	<u>164,500</u>	<u>4,551,862</u>
Total	<u>729,261</u>	<u>216,083</u>	<u>74,540</u>	<u>4,336,492</u>	<u>164,500</u>	<u>5,520,876</u>

20. Fair value measurement

The following table presents the carrying value and fair value of the Company's financial assets and liabilities.

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000
Financial assets				
Cash and balances with central banks	7,883,218	7,883,218	7,553,183	7,553,183
Loans and advances to banks	540,718	537,342	787,304	779,966
Reverse repurchase agreements	1,618,955	1,626,840	1,010,170	1,026,046
Derivative financial assets	88,342	88,342	95,273	95,273
Investments at FVPL	28,948	28,948	7,627	7,627
Investments at FVOCI	320,475	320,475	384,495	384,495
Investments at amortised cost	4,765,238	4,788,675	3,805,637	3,837,774
Loans and advances to customers	10,798,342	10,819,086	10,114,273	10,114,612
Balances with Group companies	88,561	88,561	65,785	65,785
Other financial assets	127,138	127,138	255,867	260,841
Financial assets classified as held for sale	-	-	23,143	23,143
	26,259,935	26,308,625	24,102,757	24,148,745
Financial liabilities				
Deposits by banks	390,173	369,411	360,010	330,178
Derivative financial liabilities	19,256	19,256	4,664	4,664
Customer deposits	22,187,465	22,166,268	20,519,276	20,494,544
Balances with Group companies	219,757	219,757	135,511	135,511
Debt securities in issue	983,446	1,015,763	989,435	1,024,400
Subordinated liabilities	381,746	388,020	307,955	314,195
Other financial liabilities and lease liabilities	194,817	194,817	207,631	207,631
	24,376,660	24,373,292	22,524,482	22,511,123

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 Company 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 Financial Statements at fair value, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

20. Fair value measurement (continued)

The description of the determination of fair value for financial instruments which are recorded at fair value on a recurring and on a non-recurring basis and for financial instruments which are not measured at fair value but for which fair value is disclosed using valuation techniques is disclosed in Note 2.12.9 of the Consolidated Financial Statements of the Company for the year ended 31 December 2025.

The following table presents the fair value measurement hierarchy of the Company's financial and non-financial assets and financial liabilities recorded at fair value and financial assets and financial liabilities for which fair value is disclosed, by level of fair value hierarchy:

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets measured at fair value				
<i>Investment properties</i>				
Residential	-	-	3,760	3,760
Offices and other commercial properties	-	-	4,272	4,272
Manufacturing and industrial properties	-	-	1,619	1,619
	-	-	9,651	9,651
<i>Freehold property</i>				
Offices and other commercial properties	-	-	203,855	203,855
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	143	-	143
Currency swaps	-	492	-	492
Interest rate caps/floors	-	629	-	629
	-	1,264	-	1,264
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges - interest rate swaps	-	46,384	-	46,384
Portfolio fair value hedges - interest rate swaps	-	40,694	-	40,694
	-	87,078	-	87,078
<i>Investments at FVPL</i>	837	-	28,111	28,948
<i>Investments at FVOCI</i>	311,712	-	8,763	320,475
	312,549	88,342	250,380	651,271
Financial assets not measured at fair value				
Loans and advances to banks	-	537,342	-	537,342
Reverse repurchase agreements	-	1,626,840	-	1,626,840
Investments at amortised cost	4,514,735	273,940	-	4,788,675
Loans and advances to customers	-	-	10,819,086	10,819,086
Balances with Group companies	-	-	88,561	88,561
	4,514,735	2,438,122	10,907,647	17,860,504

For one investment included in other securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €3,501 thousand as at 31 December 2025, a change in the conversion factor by 10% would result in a change in the value of the other securities by €350 thousand.

20. Fair value measurement (continued)

The fair value of one investment included in other securities measured at FVPL and categorised as Level 3 with a carrying value of €24,409 thousand as at 31 December 2025 (2024: n/a) has been determined by reference to recent transactions for comparable instruments (Note 27 of the Consolidated Financial Statements).

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Liabilities measured at fair value				
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	43	-	43
Currency swaps	-	2,585	-	2,585
Interest rate caps/floors	-	548	-	548
	-	3,176	-	3,176
<i>Derivatives qualifying for hedge accounting</i>				
Fair value hedges - interest rate swaps	-	3,258	-	3,258
Portfolio fair value hedges - interest rate swaps	-	12,822	-	12,822
	-	16,080	-	16,080
	-	19,256	-	19,256
Financial liabilities not measured at fair value				
Deposits by banks	-	369,411	-	369,411
Customer deposits	-	-	22,166,268	22,166,268
Balances with Group companies	-	-	219,757	219,757
Debt securities in issue	1,015,763	-	-	1,015,763
Subordinated liabilities	-	388,020	-	388,020
	1,015,763	757,431	22,386,025	24,159,219

20. Fair value measurement (continued)

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	-	-	4,255	4,255
Manufacturing and industrial properties	-	-	7,312	7,312
	-	-	16,151	16,151
<i>Freehold property</i>				
Offices and other commercial properties	-	-	200,851	200,851
<i>Loans and advances to customers measured at FVPL</i>	-	-	131,008	131,008
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	171	-	171
Currency swaps	-	7,662	-	7,662
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>	837	-	6,790	7,627
<i>Investments at FVOCI</i>	375,753	-	8,742	384,495
<i>Other financial assets</i>	-	-	25,500	25,500
	376,590	95,273	389,042	860,905
Financial assets not measured at fair value				
Loans and advances to banks	-	779,966	-	779,966
Reverse repurchase agreements	-	1,026,046	-	1,026,046
Investments at amortised cost	3,604,367	233,407	-	3,837,774
Loans and advances to customers	-	-	9,983,604	9,983,604
Balances with Group companies	-	-	65,785	65,785
	3,604,367	2,039,419	10,049,389	15,693,175

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%.

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 securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €6,790 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 securities by €679 thousand.

20. Fair value measurement (continued)

2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Liabilities measured at fair value				
<i>Derivatives held for trading</i>				
Forward exchange rate contracts	-	126	-	126
Currency swaps	-	518	-	518
Currency options	-	17	-	17
Interest rate caps/floors	-	945	-	945
	-	1,606	-	1,606
<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
	-	3,058	-	3,058
	-	4,664	-	4,664
Financial liabilities not measured at fair value				
Deposits by banks	-	330,178	-	330,178
Customer deposits	-	-	20,494,544	20,494,544
Balances with Group companies	-	-	135,511	135,511
Debt securities in issue	1,024,400	-	-	1,024,400
Subordinated liabilities	-	314,195	-	314,195
	1,024,400	644,373	20,630,055	22,298,828

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 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 2025 and 2024 there were no significant transfers between Level 1 and Level 2.

20. 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 Company requires significant unobservable inputs to calculate their fair value.

The movement in Level 3 assets which are measured at fair value is presented below:

	2025					2024				
	Investment properties	Own use properties	Other financial assets	Loans and advances to customers	Financial instruments	Investment properties	Own use properties	Other financial assets	Loans and advances to customers	Financial instruments
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January	16,151	200,851	25,500	131,008	15,532	22,656	192,941	-	138,727	11,177
Additions	-	4,558	-	-	24,610	198	9,403	25,500	-	-
Disposals	(4,561)	-	-	-	-	(5,840)	-	-	-	-
Conversion of instruments into common shares	-	-	-	-	(5,365)	-	-	-	-	-
Depreciation charge for the year	-	(1,554)	-	-	-	-	(1,493)	-	-	-
Fair value (losses)/gains	(1,939)	-	9,933	-	2,931	(863)	-	-	-	4,206
Net gains on loans and advances to customers measured at FVPL (Note 10)	-	-	-	1,315	-	-	-	-	1,232	-
Repayments/derecognition of loans and other financial assets	-	-	(35,433)	(138,159)	-	-	-	-	(17,792)	-
Interest on loans	-	-	-	5,836	-	-	-	-	8,841	-
Foreign exchange adjustments	-	-	-	-	(834)	-	-	-	-	149
31 December	9,651	203,855	-	-	36,874	16,151	200,851	25,500	131,008	15,532

The effect on profit or loss or other comprehensive income from fair value changes of financial assets classified as Level 3 in the fair value measurement hierarchy is mainly attributable to the unobservable inputs, which concern the discount factor used and the expected cash flows, and relates to financial assets held as at the end of the reporting period.

Valuation policy and sensitivity analysis

Investment properties and own use properties

The valuation technique mainly applied by the Company is the market comparable approach, adjusted for market and property specific conditions. In certain cases, the Company 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:

20. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Analysis for investment properties

Type and country	2025	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
Residential	€000						m ²	m ²	Years
Cyprus	1,381	€41-€93	€1,357-€1,672	3.0%-5.0%	€473-€2,338	€130-€325	607-725	142-577	14-60
Greece	2,379	€15-€124	€201-€3,018	3.9%-9.4%	€45-€1,914	€26-€2,434	24-5147	51-825	20-53
	3,760								
Offices and other commercial properties									
Cyprus	912	€55-€97	n/a	4.0%-6.0%	€1,302-€1,700	€500-€800	348-619	217-422	25-70
Greece	3,360	€9-€128	€188-€1,740	4.1%-8.1%	€68-€1,461	€499	100-8,582	242-4,692	20-52
	4,272								
Manufacturing and industrial									
Cyprus	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Greece	1,619	€1-€57	€225-€670	3.6%-9.3%	€12-€292	€4-€9	305-34,495	349-2,448	16-49
	1,619								
Total	9,651								

Analysis for own use properties

Type and country	2025	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
Offices and other commercial properties	€000						m ²	m ²	Years
Cyprus	203,855	€30-€315	€1,063-€3,162	6.0%-6.5%	€65-€5,254	€65-€1,700	390-51,947	210-24,035	22-102
Total	203,855								

20. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Analysis for 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
Residential	€000						m ²	m ²	Years
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-€2,088	€26-€479	24-5,147	51-825	16-52
	4,584								
Offices and other commercial properties									
Cyprus	1,482	€64-€111	n/a	4%-6.4%	€579-€1,800	€500-€1,000	348-619	37-471	18-69
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
	4,255								
Manufacturing and industrial									
Cyprus	1,328	€45	n/a	6%	€920	€400	2,935	1,608	n/a
Greece	5,984	€1-€71	€214-€1,199	4.5%-10.3%	€12-€464	€52-€521	57-34,495	349-5,858	15-86
	7,312								
Total	16,151								

Analysis for 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
Offices and other commercial properties	€000						m ²	m ²	Years
Cyprus	200,851	€36-€264	€1,063-€3,162	6%	€475-€5,254	€150-€1,700	390-51,947	210-24,035	21-101
Total	200,851								

20. Fair value measurement (continued)

Valuation policy and sensitivity analysis (continued)

Sensitivity analysis

The fair value of the Company'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.

21. Loans and advances to customers

	2025 €000	2024 €000
Gross loans and advances to customers at amortised cost	10,955,397	10,130,088
Allowance for ECL for impairment of loans and advances to customers (Note 41.5)	(157,055)	(146,823)
	10,798,342	9,983,265
Loans and advances to customers measured at FVPL	-	131,008
	10,798,342	10,114,273

The following tables present the Company's gross loans and advances to customers at amortised cost by staging and by business line concentration.

2025 By business line	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	3,152,460	402,590	20,309	9,054	3,584,413
IBU & International corporate					
- IBU	120,217	16,128	291	95	136,731
- International corporate	1,342,145	13,383	-	6	1,355,534
SMEs	916,985	64,742	6,886	4,253	992,866
Retail					
- housing	3,514,129	167,869	10,889	9,729	3,702,616
- consumer, credit cards and other	974,919	100,303	8,090	10,146	1,093,458
Restructuring					
- corporate	396	906	2,254	11,131	14,687
- SMEs	605	1,884	4,746	1,092	8,327
- retail housing	1,915	2,785	17,114	793	22,607
- retail other	584	434	8,332	617	9,967
Recoveries					
- corporate	-	-	2,766	297	3,063
- SMEs	-	-	3,878	473	4,351
- retail housing	-	-	12,982	2,291	15,273
- retail other	8	-	9,338	2,158	11,504
	10,024,363	771,024	107,875	52,135	10,955,397

21. Loans and advances to customers (continued)

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	886,726	68,843	7,898	4,270	967,737
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	-	16,238	3,156	19,408
	<u>9,126,357</u>	<u>775,080</u>	<u>170,589</u>	<u>58,062</u>	<u>10,130,088</u>

Loans and advances to customers pledged as collateral are disclosed in Note 43.

Additional analysis and information on loans and advances to customers and related allowance for ECL are set out in Note 41.

Loans and advances held for sale

As at 31 December 2025, no portfolio of loans and advances to customers was classified as held for sale (2024: a portfolio of loans and advances to customers, known as 'Project River', was classified as held for sale. The disposal portfolio comprised mainly of corporate and retail exposures under the Restructuring & Recoveries business line. The sale transaction was completed during the first half of the year ended 31 December 2025). The analysis of the gross book value and the allowance for ECL of loans and advances to customers classified as held for sale as at 31 December 2024 by staging is provided below:

2024	Stage 3	POCI	Total
	€000	€000	€000
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)
	<u>20,586</u>	<u>2,557</u>	<u>23,143</u>

During the year ended 31 December 2025, the Company entered into an agreement with Cerberus Global Investments B.V. to sell a non-performing loans portfolio ('Project River 4') with a total gross book value of approximately €35 million as at 30 September 2025 (the 'Sale transaction'). The Sale transaction was completed in December 2025. The disposal portfolio comprised mainly of retail exposures under the Restructuring & Recoveries business line.

22. Balances and transactions with Group companies

Receivable balances with Group companies

Name of Group company	2025 €000	2024 €000
<i>Balances with Group companies at amortised cost</i>		
Bank of Cyprus Holdings Public Limited Company	2,971	2,774
The Cyprus Investment and Securities Corporation Ltd (CISCO)	4,106	2,781
General Insurance of Cyprus Ltd	8,327	305
EuroLife Ltd	1,756	1,876
Jinius Ltd	18,466	11,602
S.Z. Eliades Leisure Ltd	10,449	9,406
Hydrobius Ltd	2,040	1,715
BOC Asset Management Romania S.A.	235	1,006
JCC Payment Systems Ltd	36,661	27,878
Kyprou Properties S.A.	97	69
Kermia Ltd	364	-
Stamoland Properties Ltd	971	1,707
BOC Terra AIF V.C.I.C. Plc	3	-
Group property companies	2,115	4,666
Total	88,561	65,785

	2025		2024	
	Gross carrying amount	ECL	Gross carrying amount	ECL
	€000	€000	€000	€000
Stage 1	76,593	(756)	54,035	(377)
Stage 3	3,052	(777)	2,721	-
POCI	14,170	(3,721)	12,779	(3,373)
Total balances with Group Companies at amortised cost	93,815	(5,254)	69,535	(3,750)

The classification of the receivable balances with related companies depends on how these are managed as part of the business model the Company operates under, and their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest (SPPI)).

Receivable balances with Group companies measured at amortised cost are denominated in Euro, except from balances of a carrying value of €2,040 thousand as at 31 December 2025 which are denominated in Russian Rouble (2024: €1,715 thousand).

As at 31 December 2025, an amount of €29,646 thousand receivable from JCC Payment Systems Ltd relates to the ancillary services agreement (2024: €27,895 thousand).

During the year ended 31 December 2025 credit losses of €1,153 thousand (2024: €812 thousand) have been recognised in relation to these receivable balances.

The balances are uncollateralised. The location of the Group companies' operations is disclosed in Note 46.

There were also contingent liabilities and commitments to the Group companies amounting to €47,542 thousand as at 31 December 2025 (2024: €32,492 thousand).

22. Balances and transactions with Group companies (continued)

Payable balances with Group companies

Name of Group company	2025	2024
	€000	€000
JCC Payment Systems Ltd	52,764	24,883
The Cyprus Investment and Securities Corporation Ltd (CISCO)	12,601	6,377
General Insurance of Cyprus Ltd	20,400	11,108
EuroLife Ltd	3,187	8,325
Kermia Properties & Investments Ltd	48,420	22,293
Kermia Ltd	2,144	2,661
Kyprou Commercial S.A.	1,478	1,529
BOC Asset Management Romania S.A.	500	563
MC Investment Assets Management LLC	1,823	1,664
S.Z. Eliades Leisure Ltd	42	15
Bank of Cyprus Holdings Public Limited Company	27,591	11,833
BOC Terra AIF V.C.I.C. Plc	460	482
Jinius Ltd	93	103
Group property companies and other companies	48,254	43,675
Total	219,757	135,511

Amounts included above comprise mainly of deposits from the Group companies, which are made on normal business terms.

Dividend income from subsidiaries

Name of Group company	2025	2024
	€000	€000
EuroLife Ltd	16,700	12,000
General Insurance of Cyprus Ltd	11,000	4,500
JCC Payment Systems Ltd	5,055	6,000
Kermia Properties & Investments Ltd	5,960	-
Group property companies in Cyprus	143	438
Other Group Companies in Romania	584	-
Auction Yard Ltd	15	20
	39,457	22,958

Transactions with Group companies

	2025	2024
	€000	€000
Interest income and income similar to interest income	3,512	1,882
Interest expense	(19,462)	(19,880)
Fee and commission income	23,246	21,517
Fee and commission expense	(6,029)	(5,867)
Other income	3,803	3,484
Other operating expenses	(6,331)	(8,045)

22. Balances and transactions with Group companies (continued)

In addition, during the year ended 31 December 2025, coupon payments for the total amount of €26,125 thousand (2024: €26,125 thousand) were made to the parent company being the holder of the AT1 instrument (Note 31), recognised directly in retained earnings.

23. Investments in associates

	Percentage holdings
	(%)
Aris Capital Management LLC	30.0
Fairways Automotive Holdings Ltd	45.0

The carrying values of the investments in associates are assessed as fully impaired and their value has been restricted to zero.

24. Property and equipment

2025	Property €000	Equipment €000	Total €000
Net book value at 1 January	230,206	24,851	255,057
Additions	6,770	4,425	11,195
Depreciation charge for the year (Note 13)	(6,688)	(7,112)	(13,800)
New leases (Note 39)	595	-	595
Lease modifications (Note 39)	3,344	-	3,344
Derecognition of RoU assets (Note 39)	(392)	-	(392)
Net book value at 31 December	233,835	22,164	255,999
1 January 2025			
Cost or valuation	303,767	87,412	391,179
Accumulated depreciation	(73,561)	(62,561)	(136,122)
Net book value	230,206	24,851	255,057
31 December 2025			
Cost or valuation	314,084	91,283	405,367
Accumulated depreciation	(80,249)	(69,119)	(149,368)
Net book value	233,835	22,164	255,999

24. Property and equipment (continued)

2024	Property €000	Equipment €000	Total €000
Net book value at 1 January	209,840	23,632	233,472
Additions	10,445	6,531	16,976
Disposals and write-offs	-	(11)	(11)
Depreciation charge for the year (Note 13)	(7,265)	(6,196)	(13,461)
New leases (Note 39)	1,398	895	2,293
Re-assessment of RoU assets (Note 39)	16,158	-	16,158
Derecognition of RoU assets (Note 39)	(370)	-	(370)
Net book value at 31 December	230,206	24,851	255,057
1 January 2024			
Cost or valuation	276,616	80,366	356,982
Accumulated depreciation	(66,776)	(56,734)	(123,510)
Net book value	209,840	23,632	233,472
31 December 2024			
Cost or valuation	303,767	87,412	391,179
Accumulated depreciation	(73,561)	(62,561)	(136,122)
Net book value	230,206	24,851	255,057

As at 31 December 2025 the net book value of the Company's equipment includes an amount of €5,481 thousand that relates to RoU asset - Computer hardware (2024: €9,169 thousand).

The net book value of the Company's property comprises:

	2025 €000	2024 €000
Freehold property	203,855	200,851
Improvements on leasehold property	3,314	1,691
RoU assets (Note 39)	26,666	27,664
Total	233,835	230,206

Freehold property includes land amounting to €81,335 thousand (2024: €81,335 thousand) for which no depreciation is charged. Further, freehold property includes an amount of €23,551 thousand (2024: €22,507 thousand) which relates to a property under construction.

The Company'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 Company 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 20.

As at 31 December 2025 there are charges against the freehold property of the Company with carrying value €10,816 thousand (2024: €10,621 thousand).

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2025 amounts to €145,093 thousand (2024: €142,089 thousand).

25. Intangible assets

	2025	2024
	Computer software	Computer software
	€000	€000
Net book value at 1 January	28,824	29,504
Additions	9,809	10,543
Disposals and write-offs	(156)	(433)
Amortisation charge for the year (Note 13)	(9,634)	(10,790)
Net book value at 31 December	28,843	28,824
1 January		
Cost	221,510	211,761
Accumulated amortisation and impairment	(192,686)	(182,257)
Net book value	28,824	29,504
31 December		
Cost	231,123	221,510
Accumulated amortisation and impairment	(202,280)	(192,686)
Net book value	28,843	28,824

Computer software includes internally developed computer software with a net carrying amount of €676 thousand as at 31 December 2025 (2024: €523 thousand).

26. 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 2025 an impairment loss of €13,340 thousand (2024: €14,883 thousand) was recognised in 'Impairment net of reversals on non-financial assets' in the income statement. At 31 December 2025, stock of property of €153,174 thousand (2024: €148,484 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:

	2025	2024
	€000	€000
Net book value at 1 January	281,862	346,531
Additions	6,534	15,142
Disposals	(38,002)	(60,142)
Transfer to non-current assets and disposal groups held for sale	(347)	-
Transfers to subsidiaries	(9,130)	(4,786)
Impairment for the year (Note 14)	(13,340)	(14,883)
Net book value at 31 December	227,577	281,862

26. Stock of property (continued)

The result on the disposal of stock of property in the year is presented in the table below:

	2025 €000	2024 €000
Net consideration	42,361	65,196
Carrying value of stock of property disposed of	(38,002)	(60,142)
Net gains on disposal of stock of property	4,359	5,054

Analysis by type and country 2025	Cyprus €000	Greece €000	Total €000
Residential properties	34,783	2,746	37,529
Offices and other commercial properties	16,636	2,786	19,422
Manufacturing and industrial properties	1,432	4,623	6,055
Hotels	2,272	339	2,611
Land (fields and plots)	159,906	2,054	161,960
Total	215,029	12,548	227,577

	Cyprus €000	Greece €000	Total €000
2024			
Residential properties	42,238	3,216	45,454
Offices and other commercial properties	24,347	5,059	29,406
Manufacturing and industrial properties	2,160	3,993	6,153
Hotels	2,272	340	2,612
Land (fields and plots)	195,265	2,972	198,237
Total	266,282	15,580	281,862

27. Prepayments, accrued income and other assets

	2025 €000	2024 €000
<i>Financial assets</i>		
Debtors	5	5
Receivable relating to tax	1,746	2,772
Deferred purchase payment consideration	-	143,604
Other assets	125,387	109,486
	127,138	255,867
<i>Non-financial assets</i>		
Current tax receivable	48,596	60,681
Prepaid expenses	49	61
Other assets	49,285	53,158
	97,930	113,900
	225,068	369,767

27. Prepayments, accrued income and other assets (continued)

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	Stage 3	Total
	€000	€000	€000
2025			
1 January	229,151	34,137	263,288
Net decrease	(100,845)	(1,758)	(102,603)
31 December	128,306	32,379	160,685
2024			
1 January	345,819	34,648	380,467
Net decrease	(116,668)	(511)	(117,179)
31 December	229,151	34,137	263,288

An analysis of the movement of the ECL of the above financial assets is presented in the table below:

	Stage 1	Stage 3	Total
	€000	€000	€000
2025			
1 January	2,330	30,591	32,921
Changes to models and inputs used for ECL calculations	626	-	626
31 December	2,956	30,591	33,547
2024			
1 January	2,101	30,590	32,691
Changes to models and inputs used for ECL calculations	229	1	230
31 December	2,330	30,591	32,921

There were no financial assets classified as Stage 2 as at 31 December 2025 and 2024. In addition, there were no financial assets measured at FVPL as at 31 December 2025 (2024: €25,500 thousand).

Within other non-financial assets an amount of €18,550 thousand as at 31 December 2025 (2024: €18,550 thousand) relates to contract assets from contracts with customers.

The amount outstanding of the deferred consideration receivable from the sale of Project Helix 2 (the 'DPP'), which was due by 31 December 2025, has been settled during the first half of 2025. The DPP was classified as Stage 1 as at 31 December 2024.

28. Customer deposits

	2025 €000	2024 €000
<i>By type of deposit</i>		
Demand	12,036,917	10,737,484
Savings	3,402,642	3,091,475
Time or notice	6,747,906	6,690,317
	22,187,465	20,519,276
<i>By geographical area</i>		
Cyprus	18,088,884	16,422,089
Greece	1,518,290	1,558,482
United Kingdom	401,282	396,972
United States	130,574	129,823
Germany	73,416	80,796
Romania	26,340	38,408
Russia	79,624	88,710
Ukraine	208,891	212,662
Belarus	1,428	1,583
Israel	230,294	214,547
Other countries	1,428,442	1,375,204
	22,187,465	20,519,276

Deposits by geographical area are based on the country of residence of the Ultimate Beneficial Owner.

	2025 €000	2024 €000
<i>By currency</i>		
Euro	20,249,508	18,559,339
US Dollar	1,578,033	1,589,240
British Pound	302,817	309,083
Russian Rouble	893	1,080
Swiss Franc	7,197	8,315
Other currencies	49,017	52,219
	22,187,465	20,519,276

28. Customer deposits (continued)

	2025 €000	2024 €000
<i>By business line</i>		
Corporate	2,617,399	2,310,165
IBU & International corporate		
– IBU	4,280,583	4,139,368
– International corporate	251,158	174,370
SMEs	1,396,335	1,161,464
Retail	13,489,070	12,600,526
Restructuring		
– corporate	5,865	10,000
– SMEs	525	2,854
– retail other	8,010	6,306
Recoveries		
– corporate	551	979
Institutional Wealth Management and Custody	137,969	113,244
	22,187,465	20,519,276

29. Debt securities in issue and Subordinated liabilities

		2025		2024	
		Nominal value €000	Carrying value €000	Nominal value €000	Carrying value €000
Subordinated liabilities	Contractual interest rate				
Subordinated Tier 2 Capital Note - April 2021	6.625% up to 23 October 2026	82,413	83,762	300,000	307,955
Subordinated Tier 2 Capital Note - September 2025	4.250% up to 18 September 2031	300,000	297,984	-	-
		382,413	381,746	300,000	307,955
Debt securities in issue					
Senior Preferred Notes - June 2021	2.50% up to 24 June 2026	300,000	304,353	300,000	305,274
Senior Preferred Notes - July 2023	7.375% up to 25 July 2027	350,000	365,789	350,000	368,714
Green Senior Preferred Notes - May 2024	5% up to 2 May 2028	300,000	313,304	300,000	315,447
		950,000	983,446	950,000	989,435

BOCH and the Company maintain a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4,000 million.

29. Debt securities in issue and Subordinated liabilities (continued)

Subordinated Liabilities

Subordinated Tier 2 Capital Note – September 2025

In September 2025, BOCH issued €300 million unsecured and subordinated Tier 2 Capital Note (the '2025 Note') under the EMTN Programme and immediately after, BOCH and the Company entered into an agreement pursuant to which BOCH on lent to the Company the entire €300 million proceeds of the issue of the 2025 Note (the '2025 Loan') on terms substantially identical to the terms and conditions of the 2025 Note issued by BOCH. The 2025 Loan was priced at 99.632% and has a coupon of 4.250% per annum payable annually in arrear and resettable on 18 September 2031 at the then prevailing 5-year swap rate plus a margin of 1.95% per annum up to 18 September 2036, payable annually. The 2025 Loan matures on 18 September 2036. The Company has the option to redeem the 2025 Loan early on any day during the six-month period commencing 18 March 2031 to, and including, 18 September 2031, subject to applicable regulatory consents and the relevant conditions to redemption.

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 '2021 Note') and immediately after, BOCH and the Company entered into an agreement pursuant to which BOCH on-lent to the Company the entire €300 million proceeds of the issue of the 2021 Note (the '2021 Loan') on terms substantially identical to the terms and conditions of the 2021 Note issued by BOCH. The 2021 Loan 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 2021 Loan matures on 23 October 2031. The Company has the option to redeem the 2021 Loan early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory consents.

In September 2025, BOCH invited the holders of the 2021 Note to tender it for cash purchase by BOCH at a price of 102.3% of the principal amount. At the same time the Company invited BOCH to tender its 2021 Loan for cash purchase by the Company at a price of 102.3% of the principal amount, on the same terms as the tender of BOCH of the 2021 Note. As a result of the tender offer, €217,287 thousand in aggregate principal amount of the 2021 Loan were purchased and cancelled by the Company. In December 2025, the Company further purchased €300 thousand of the then outstanding nominal amount of the 2021 Loan. As at 31 December 2025, €82,413 thousand in aggregate principal amount of the 2021 Loan remained outstanding.

A net loss of €3,335 thousand on the early redemption of subordinated liabilities has been recognised in the income statement during the year ended 31 December 2025 (Note 10).

The fair value of the subordinated liabilities as at 31 December 2025 and 2024 is disclosed in Note 20.

Debt securities in issue

Senior Preferred Notes - June 2021

In June 2021, the Company 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. The Company 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.

Senior Preferred Notes - July 2023

In July 2023, the Company 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. The Company 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.

29. Debt securities in issue and Subordinated liabilities (continued)

Green Senior Preferred Notes - May 2024

In May 2024, the Company 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. The Company 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 fair value of the debt securities in issue as at 31 December 2025 and 2024 is disclosed in Note 20.

30. Accruals, deferred income, other liabilities and other provisions

	2025	2024
	€000	€000
Income tax payable and related provisions	85,780	71,699
Special defence contribution payable	11,594	1,322
Retirement benefit plan liabilities (Note 12.1)	107	-
Provisions for financial guarantees and commitments (Notes 41.6.1 and 41.6.2)	19,470	17,893
Accrued expenses and other provisions	83,274	70,434
Deferred income	22,147	20,130
Items in the course of settlement	25,847	60,974
Lease liabilities (Note 39)	28,609	30,528
Other liabilities	58,661	46,898
	335,489	319,878

As at 31 December 2025, other liabilities include an amount of €10,385 thousand (2024: €10,385 thousand) relating to the guarantee fee for the conversion of DTA into tax credits (Note 15).

31. Share capital

	2025		2024	
	Number of shares (thousand)	€000	Number of shares (thousand)	€000
<i>Authorised</i>				
Ordinary shares of €0.10 each	47,677,593	4,767,759	47,677,593	4,767,759
<i>Issued</i>				
1 January and 31 December	9,597,945	959,794	9,597,945	959,794

Authorised and issued share capital

All issued ordinary shares carry the same rights.

The authorised share capital of the Company is €4,767,759 thousand divided into 47,677,593 thousand shares of a nominal value of €0.10 each. There were no changes to the authorised or issued share capital during the years ended 31 December 2025 and 2024.

31. Share capital (continued)

Other equity instruments

	2025	2024
	€000	€000
2023 Reset Perpetual Additional Tier 1 Capital Securities	220,000	220,000
	220,000	220,000

In June 2023, BOCH issued €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities'). On the same date, the Company and BOCH entered into an agreement pursuant to which BOCH on-lent to the Company the entire €220,000 thousand proceeds of the issue of the BOCH Capital Securities ('Capital Securities Loan') on terms substantially identical to the terms and conditions of the BOCH Capital Securities. The Capital Securities Loan constitutes an unsecured and subordinated obligation of the Company, is perpetual and issued at par. The Capital Securities Loan carries 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 Loan is perpetual and has 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.

During the year ended 31 December 2025, coupon payments for the total amount of €26,125 thousand (2024: €26,125 thousand) were made to the holders of the AT1 instrument and recognised in retained earnings.

32. Distributions

Based on the relevant SREP decisions applicable in the year 2024, any equity dividend distribution was subject to regulatory approval, both for the Company and BOCH. Following the SREP decision received in December 2024, the requirement for approval was lifted effective from 1 January 2025.

Interim cash dividend in respect of 2025 earnings

In August 2025, the Board of Directors of the Company approved the payment of an interim dividend by the Company of €0.0091 per ordinary share in respect of the financial performance for the six months ended 30 June 2025. The interim dividend amounted to an aggregate cash dividend of €87 million.

Distribution in respect of 2024 earnings

The AGM, held on 16 May 2025, approved a final cash dividend of €0.03 per ordinary share in respect of earnings for the year ended 31 December 2024, which amounted to an aggregate distribution of €241 million.

Distribution in respect of 2023 earnings

In March 2024, the Company obtained the approval of the European Central Bank to pay a dividend in respect of earnings for the year ended 31 December 2023 of €136,590 thousand in total, comprising a cash dividend. The AGM, on 17 May 2024, approved a final cash dividend of €0.01 per ordinary share in respect of earnings for the year ended 31 December 2023.

Information in respect of proposed final dividend and total distribution out of 2025 earnings is disclosed in Note 48.

33. Retained earnings

For the purpose of dividend distribution, retained earnings determined at the Company level are the only distributable reserve.

33. Retained earnings (continued)

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 2025, €10,537 thousand in total for SDC and GHS on deemed dividend distribution were accrued by the Company (2024: no SDC and GHS on deemed dividend distribution were required to be accrued by the Company).

As part of the Cyprus Tax Reform, the deemed dividend distribution rules are abolished for profits earned by Cyprus tax resident companies effective from 1 January 2026, with transitional deemed dividend distribution provisions being introduced for distributions to be made out of profits for the years ended 31 December 2024 and 31 December 2025. In addition, the SDC rate on dividend payments made to Cyprus tax resident and domiciled individuals is reduced from 17% to 5% on gross dividends distributed out of profits arising from 1 January 2026 onwards.

34. Fiduciary transactions

The Company offers asset management and custody services that result in holding or investing of assets on behalf of its customers. Assets are managed on an advisory basis. The Company is not liable to its customers for any default by other banks or organisations. The assets under management and custody are not assets of the Company and thus are not included in the balance sheet of the Company, unless they are placed with the Company.

35. Provisions for pending litigation, claims, regulatory and other matters

The Company, 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 the Company in 2013 as a result of the bail-in Decrees, the Company 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.

35. Provisions for pending litigation, claims, regulatory and other matters (continued)

Apart from what is described below, the Company 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 Company 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 Company 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 Company may enter into a settlement agreement. This may occur only if such settlement is in the Company'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 2025 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Company.

35.1 Pending litigation and claims

Investigations and litigation relating to securities issued by the Company

A number of institutional and retail customers have filed various separate actions against the Company alleging that the Company is guilty of mis-selling in relation to securities issued by the Company 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).

The Company 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 Company's officers 'persuaded' them to proceed with the purchase and/or purported to offer 'investment advice', the Company may face significant difficulties.

Provision has been made based on management's best estimate of probable outflows for capital securities related litigation. In establishing the provision estimate, the Company, where relevant, uses a number of scenarios to address uncertainties around key assumptions. Certain information usually required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it could be expected to seriously prejudice the outcome of the litigation and/or the possible taking of legal action.

Bail-in related litigation

Depositors

A number of the Company's depositors, who allege that they were adversely affected by the bail-in, filed claims against the Company and other parties (such as the CBC and the Ministry of Finance of Cyprus) including against the Company 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. There are also cases under the bail in category where the plaintiffs are alleging that the Company failed to follow their instructions, and cases where they are alleging that the bail in was wrongfully applied. The Company is defending these actions. In relation to the bail in decree related cases, the court ruled in favour of the Company 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 with only a few remaining as against the Company.

35. Provisions for pending litigation, claims, regulatory and other matters (continued)

35.1 Pending litigation and claims (continued)

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 the Company (as regards the way and methodology whereby such Decrees have been implemented), or that the Company 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. The Company contests all of these claims.

Legal position of the Company

All of the above claims are being vigorously disputed by the Company, in close consultation with the appropriate state and governmental authorities. The position of the Company 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 the Company claiming €70 million allegedly owed as part of the Company's contribution by virtue of an agreement with the Union dated 31 December 2011. Towards the end of 2024, the Company has reached a final settlement arrangement and the case was unreservedly withdrawn, as a result of which, the Company 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 Company have instituted a number of employment claims including unfair dismissals. The Company 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 the Company lost. The Company 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. Both appeals were rejected by the court. This matter is now considered as concluded.

Additionally, a number of former employees have filed claims against the Company contesting entitlements received relating to the various voluntary exit plans. As at the reporting date most of these cases have been withdrawn with only one such case remaining to be heard before the District Court. Another case is pending at appeal. The Company does not expect that these actions will have a material impact on its financial position.

Banking business cases

There is a number of banking business cases where the amounts claimed are significant. These cases primarily concern allegations as to the Company's standard policies and procedures allegedly resulting to damages and other losses for the claimants (including cases where it is alleged that the Company misled borrowers and/or misrepresented matters, in violation of applicable laws for matters such as foreign currency lending and advancing/misselling 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 Company. Such matters arise as a result of the Company's activities and management appropriately assesses the facts and the risks of each case accordingly.

35. Provisions for pending litigation, claims, regulatory and other matters (continued)

35.1 Pending litigation and claims (continued)

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. The Company 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 Company is of the view that any further investigations or claims resulting from these investigations will not have a material impact on its financial position.

35.2 Regulatory matters

The Hellenic Capital Market Commission (HCMC) Investigation

The HCMC has been in the process of investigating matters concerning the Company's investment in Greek Government Bonds from 2009 to 2011, including, inter alia, related non-disclosure of material information in the Company'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 the Company'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 Company.

Central Bank of Cyprus (CBC)

The CBC had conducted an investigation in the past into the Company's issuance of capital securities and concluded that the Company 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 the Company. The latter filed a recourse. The Administrative Court cancelled both the CBC's decision and the fine that was imposed upon the Company in a judgment 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.

Consumer Protection Service (CPS)

In July 2017, CPS imposed a fine of €170 thousand upon the Company after concluding an ex officio investigation regarding some terms in both the Company'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. The Company has filed a recourse before the Administrative Court against this decision. The Administrative Court has issued its judgment in 2022 in favour of the Company, 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 2025.

In April 2021, the director of CPS filed an application for the issuance of a court order against the Company, prohibiting the use of a number of contractual terms included in the Company'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 2025.

Following an investigation into certain housing loan agreement terms, in the year ended 31 December 2025 the CPS found that some contractual terms included in the Bank's housing loan agreements were deemed to be unfair and imposed a fine of €800 thousand, which the Company paid under protest. The Company has appealed the decision to the Minister of Commerce. The decision of the Minister was issued in January 2026, largely upholding the decision of the CPS, except with respect to one of the clauses which was found to be partly unfair. The Company had 60 days as of this date to comply. The Company took the necessary actions to comply.

35. Provisions for pending litigation, claims, regulatory and other matters (continued)

35.2 Regulatory matters (continued)

Cyprus Consumers' Association (CCA)

In March 2021, the Company 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 the Company'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 the Company in 2016 and 2017. The Company will take all necessary steps for the protection of its interests. This matter is still pending before the court as at 31 December 2025.

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 no retrospective effect in that it does not apply to any 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.

35.3 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 and assets of the Company, as well as the provision charge recognised by the Company in the year ended 31 December 2025 in connection with the reinstatement of bailed-in provident funds (as a result of the 2013 bail-in) of the banking sector employees, following an in-principle agreement reached with the Cyprus Government in November 2025.

35.4 Provisions for pending litigation, claims, regulatory and other matters

	Pending litigation and claims (Note 35.1)	Regulatory matters (Note 35.2)	Other matters (Note 35.3)	Total
2025	€000	€000	€000	€000
1 January	68,454	3,140	20,999	92,593
Net increase in provisions including unwinding of discount	8,187	-	19,955	28,142
Utilisation of provisions	(41,738)	(800)	(9,264)	(51,802)
Release of provisions	(6,825)	-	-	(6,825)
Other movements	-	-	4,459	4,459
31 December	28,078	2,340	36,149	66,567
Provisions expected to be settled within 12 months post reporting date	7,493	-	9,434	16,927

35. Provisions for pending litigation, claims, regulatory and other matters (continued)

35.4 Provisions for pending litigation, claims, regulatory and other matters (continued)

	Pending litigation and claims (Note 35.1)	Regulatory matters (Note 35.2)	Other matters (Note 35.3)	Total
2024	€000	€000	€000	€000
1 January	55,784	12,993	55,794	124,571
Net increase in provisions including unwinding of discount	42,380	-	11,374	53,754
Utilisation of provisions	(18,814)	-	(29,802)	(48,616)
Release of provisions	(10,896)	(9,897)	(16,601)	(37,394)
Transfer	-	-	234	234
Foreign exchange adjustments	-	44	-	44
31 December	68,454	3,140	20,999	92,593
Provisions expected to be settled within 12 months post reporting date	39,897	-	7,661	47,558

Provisions for pending litigation, claims, regulatory and other matters recorded in the income statement during the year ended 31 December 2025 amounted to a credit of €683 thousand and comprise the total of lines 'Net increase in provisions including unwinding of discount' and 'Release of provisions' of the table above amounting to a charge of €21,317 thousand and a credit for a one-off insurance reimbursement relating to past litigation and litigation-related costs, directly recognised in the Income Statement (2024: charge of €14,288 thousand, which includes a credit amount of €2,072 thousand representing an amount recovered on the conclusion of open examinations of governmental bodies and amounts from litigation settled, directly recognised in the income statement).

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 and assets of the Company.

36. Contingent liabilities and commitments

As part of the services provided to its customers, the Company 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 balance sheet, they do entail credit risk and are therefore part of the overall credit risk exposure of the Company (Notes 41.1 and 41.6).

36.1 Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 31 December 2025 amount to €20,336 thousand (2024: €22,376 thousand).

36. Contingent liabilities and commitments (continued)

36.2 Contingent liabilities

The Company, as part of the disposal process of certain of its operations and assets, 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 Company 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 35.3).

37. Additional information on cash flow statement

Non-cash transactions

Repossession of collaterals

During the year ended 31 December 2025, the Company acquired (directly or through SPV subsidiaries) properties by taking possession of collaterals held as security for loans and advances to customers of €6,977 thousand (2024: €25,833 thousand).

Recognition of RoU assets and lease liabilities

During 2025 the Company recognised RoU assets and corresponding lease liabilities of €595 thousand (2024: €2,293 thousand).

Net cash flow from operating activities - interest

	2025	2024
	€000	€000
Interest paid	(132,519)	(156,510)
Interest received	828,583	996,168
	696,064	839,658

Changes in liabilities arising from financing activities

	Funding from central banks	Debt securities in issue and Subordinated liabilities (Note 29)	Total
2025	€000	€000	€000
1 January	-	1,297,390	1,297,390
Cash flows	-	18,573	18,573
Other non-cash movements	-	49,227	49,227
31 December	-	1,365,190	1,365,190
2024			
1 January	2,043,868	979,681	3,023,549
Cash flows	(2,065,710)	244,579	(1,821,131)
Other non-cash movements	21,842	73,130	94,972
31 December	-	1,297,390	1,297,390

Further information relating to the change in lease liabilities is disclosed in Note 39.

38. Cash and cash equivalents

Cash and cash equivalents comprise:

	2025	2024
	€000	€000
Cash and non-obligatory balances with central banks	7,743,288	7,435,481
Loans and advances to banks with original maturity less than three months	515,952	256,241
	8,259,240	7,691,722

Analysis of cash and balances with central banks and loans and advances to banks

	2025	2024
	€000	€000
Cash and non-obligatory balances with central banks	7,743,288	7,435,481
Obligatory balances with central banks (Note 17)	139,930	117,702
Total cash and balances with central banks (Note 17)	7,883,218	7,553,183
Loans and advances to banks with original maturity less than three months	515,952	256,241
Loans and advances to banks with original maturity more than three months	-	472,163
Restricted loans and advances to banks	24,766	58,900
Total loans and advances to banks (Note 17)	540,718	787,304

Restricted loans and advances to banks include €2,270 thousand collaterals under derivative transactions (2024: nil) which are not immediately available for use by the Company, but are released once the transactions are terminated. As at 31 December 2025, €669 thousand were placed as collateral for the reverse repurchase agreements (2024: €6,685 thousand) (Note 41.11).

39. Leases

The Company 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 Company has the option to extend the tenancy for four further periods of two years each. The Company 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 Company 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.

During the year ended 31 December 2025, the Company entered into modifications to certain lease contracts, relating to changes in lease payments. These modifications were accounted for in line with the accounting policy as detailed in Note 2.24 of the consolidated financial statements of the Company, resulting in remeasurement of the lease liabilities based on the revised lease payments.

As at 31 December 2024 the lease term for branches and other buildings was re-assessed using the parameter inputs as detailed in Note 5.9, resulting in a remeasurement of the lease liability for those contracts.

The carrying amounts of the Company's RoU assets and lease liabilities and the movement during the years ended 31 December 2025 and 2024 is presented in the table below:

2025	RoU assets (Note 24) €000	Lease Liabilities (Note 30) €000
1 January	36,833	(30,528)
Depreciation charge for the year	(8,233)	-
New leases (Note 24)	595	(595)
Lease modifications (Note 24)	3,344	(3,344)
Assets derecognised (Note 24)	(392)	411
Interest expense	-	(801)
Cash outflows-payments	-	6,248
31 December	32,147	(28,609)

2024	RoU assets (Note 24) €000	Lease Liabilities (Note 30) €000
1 January	27,138	(22,835)
Depreciation charge for the year	(8,386)	-
New leases (Note 24)	2,293	(1,780)
Re-assessment of lease terms (Note 24)	16,158	(16,158)
Assets derecognised (Note 24)	(370)	1,713
Interest expense	-	(228)
Cash outflows-payments	-	8,760
31 December	36,833	(30,528)

39. Leases (continued)

As at 31 December 2025 RoU assets comprised of leases of buildings of a carrying amount of €26,666 thousand (2024: €27,664 thousand) and computer hardware of a carrying amount of €5,481 thousand (2024: €9,169 thousand), and are presented within Property and equipment in Note 24.

Cash outflows relate to lease payments made during the year.

The analysis of lease liabilities based on remaining contractual maturity is disclosed in Note 43.

40. Analysis of assets and liabilities by expected maturity

	2025			2024		
	Less than one year	Over one year	Total	Less than one year	Over one year	Total
	€000	€000	€000	€000	€000	€000
Assets						
Cash and balances with central banks	7,743,288	139,930	7,883,218	7,435,481	117,702	7,553,183
Loans and advances to banks	515,952	24,766	540,718	728,404	58,900	787,304
Derivative financial assets	13,369	74,973	88,342	8,742	86,531	95,273
Investments	622,794	4,491,867	5,114,661	626,703	3,571,056	4,197,759
Reverse repurchase agreements	1,005,554	613,401	1,618,955	-	1,010,170	1,010,170
Loans and advances to customers	1,223,276	9,575,066	10,798,342	1,214,100	8,900,173	10,114,273
Balances with Group companies	56,821	31,740	88,561	34,072	31,713	65,785
Prepayments, accrued income and other assets	153,529	71,539	225,068	301,894	67,873	369,767
Stock of property	43,971	183,606	227,577	74,622	207,240	281,862
Investment properties	4,200	5,451	9,651	4,000	12,151	16,151
Deferred tax assets	45,491	120,246	165,737	37,909	128,348	166,257
Property, equipment and intangible assets	-	284,842	284,842	-	283,881	283,881
Investment in subsidiaries	61,829	241,967	303,796	-	427,422	427,422
Non-current assets and disposal groups held for sale	-	-	-	23,143	-	23,143
	11,490,074	15,859,394	27,349,468	10,489,070	14,903,160	25,392,230
Liabilities						
Deposits by banks	228,124	162,049	390,173	136,621	223,389	360,010
Derivative financial liabilities	2,680	16,576	19,256	798	3,866	4,664
Customer deposits	6,917,951	15,269,514	22,187,465	6,528,640	13,990,636	20,519,276
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	-	12,612	12,612	-	44,074	44,074
Balances with Group companies	219,757	-	219,757	135,511	-	135,511
Accruals, deferred income, other liabilities and other provisions and provisions for pending litigation, claims, regulatory and other matters	257,550	144,506	402,056	291,599	120,872	412,471
Debt securities in issue and subordinated liabilities	388,115	977,077	1,365,192	-	1,297,390	1,297,390
Deferred tax liabilities	-	26,592	26,592	-	23,084	23,084
	8,014,177	16,608,926	24,623,103	7,093,169	15,703,311	22,796,480

The main assumptions used in determining the expected maturity of assets and liabilities are set out below.

40. Analysis of assets and liabilities by expected maturity (continued)

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 restricted balances with other banks, which are classified in the 'Over one year' time band.

The investments 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. Stage 3 loans are classified in the 'Over one year' time band except for 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.

Investment in subsidiaries 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.

Balances with group companies are classified in the relevant time band based on the 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.

41. 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 Company, together with the counterparty credit risk arising from investment in debt securities.

In the ordinary course of its business the Company is exposed to credit risk which is monitored through various control mechanisms across all Group entities in order to identify and measure credit risk, and 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 41.4.

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 Company. The Credit Risk Control and Monitoring department monitors compliance with credit risk policies applicable to each business line and the quality of the Company's loans and advances portfolio. The credit exposures of related accounts are aggregated and monitored on a consolidated basis.

41. Risk management - Credit risk (continued)

The Credit Risk Management department, in co-operation with the Credit Risk Control and Monitoring department, also safeguard the effective management of credit risk at all stages of the credit cycle, monitor the quality of decisions and processes and ensure that the credit sanctioning function is being properly managed.

The credit risk exposure of the Company 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 and 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 the reverse repurchase agreements.

The Company sets credit risk control limits and country risk exposure limits to mitigate concentration risk.

Models and limits are presented to and approved by the Board Risk Committee and ultimately approved by the Board of Directors, through the relevant authority based on the authorisation level limits.

The Company'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 by reporting to senior management. In addition, the Company 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 Company 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 Company 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 Company's requirements on obtaining collateral, valuation and management of collateral are set out in relevant policies of the Company.

Off-balance sheet exposures

The Company enters into various irrecoverable commitments and contingent liabilities, by offering guarantee facilities, documentary credits and other commitments to extend the credit lines to 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 Company to risks similar to those of loans and advances and are therefore monitored by the same policies and control processes.

41. Risk management - Credit risk (continued)

The Company makes available to its customers guarantees that may require that the Company makes payments on their behalf. The Company also enters into commitments, such as documentary credits which commit the Company makes 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 and 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 Company maintains per issuer type of its debt security investment portfolio and the average rating of the portfolio is presented in Note 18 and information for the credit quality is presented in Note 41.11.

The Company 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 2025 and 2024, the majority of derivative exposures are covered by ISDA netting arrangements. The effect or potential effect of netting arrangements on the Company's financial position is presented in Note 47. An analysis of derivative asset and liability exposures is available in Note 19. Information about the Company's level of collateral under derivative transactions is provided in Note 38.

41.1 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.

41. Risk management - Credit risk (continued)

41.1 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 Company							Net exposure to credit risk
		Cash	Securities	Letters of credit/ guarantee	Property (including movable property)*	Other	Surplus collateral	Net collateral	
2025	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balances with central banks (Note 17)	7,783,711	-	-	-	-	-	-	-	7,783,711
Loans and advances to banks (Note 17)	540,718	-	-	-	-	-	-	-	540,718
Reverse repurchase agreements (Note 41.11)	1,618,955	63,587	1,565,955	-	-	-	(10,587)	1,618,955	-
Debt securities (Note 18)	5,076,885	-	-	-	-	-	-	-	5,076,885
Derivative financial instruments (Note 19)	88,342	71,127	-	-	-	-	-	71,127	17,215
Loans and advances to customers (Note 21)	10,798,342	607,749	575,518	230,842	17,121,651	309,091	(9,681,182)	9,163,669	1,634,673
Debtors (Note 27)	5	-	-	-	-	-	-	-	5
Balances with group companies (Note 22)	88,561	-	-	-	-	-	-	-	88,561
Other financial assets (Note 27)	127,133	22,481	-	4,250	-	-	-	26,731	100,402
On-balance sheet total	26,122,652	764,944	2,141,473	235,092	17,121,651	309,091	(9,691,769)	10,880,482	15,242,170
<i>Contingent liabilities</i>									
Acceptances and endorsements	3,020	87	-	-	2,931	2	-	3,020	-
Guarantees	669,871	84,661	2,963	1,819	173,906	259	-	263,608	406,263
<i>Commitments</i>									
Documentary credits	22,932	13,939	-	-	361	-	-	14,300	8,632
Undrawn formal stand-by facilities, credit lines and other commitments to lend	2,173,019	23,167	4,355	948	431,437	23,254	-	483,161	1,689,858
Off-balance sheet total	2,868,842	121,854	7,318	2,767	608,635	23,515	-	764,089	2,104,753
	28,991,494	886,798	2,148,791	237,859	17,730,286	332,606	(9,691,769)	11,644,571	17,346,923

*Property (including movable property) includes residential, commercial and other real estate securities, as well as floating charges and mortgages on ships (for shipping loans).

41. Risk management - Credit risk (continued)

41.1 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 Company							Net exposure to credit risk
		Cash	Securities	Letters of credit/ guarantee	Property (including movable property)*	Other	Surplus collateral	Net collateral	
	€000	€000	€000	€000	€000	€000	€000	€000	€000
2024									
Balances with central banks (Note 17)	7,458,196	-	-	-	-	-	-	-	7,458,196
Loans and advances to banks (Note 17)	787,304	-	-	-	-	-	-	-	787,304
Reverse repurchase agreements (Note 41.11)	1,010,170	13,068	1,006,856	-	-	-	(9,754)	1,010,170	-
Debt securities and other securities (Note 18)	4,188,120	-	-	-	-	-	-	-	4,188,120
Derivative financial instruments (Note 19)	95,273	-	-	-	-	-	-	-	95,273
Loans and advances to customers (Note 21)	10,114,273	577,972	659,723	233,160	17,140,948	292,621	(10,036,877)	8,867,547	1,246,726
Loans and advances to customers classified as held for sale (Note 21)	23,143	-	-	-	-	-	-	-	23,143
Debtors (Note 27)	5	-	-	-	-	-	-	-	5
Balances with group companies (Note 22)	65,785	-	-	-	-	-	-	-	65,785
Deferred purchase payment consideration (Note 27)	143,604	-	-	-	-	-	-	-	143,604
Other financial assets (Note 27)	112,258	57,481	-	-	-	-	-	57,481	54,777
On-balance sheet total	23,998,131	648,521	1,666,579	233,160	17,140,948	292,621	(10,046,631)	9,935,198	14,062,933
<i>Contingent liabilities</i>									
Acceptances and endorsements	5,271	-	-	-	5,269	2	-	5,271	-
Guarantees	706,496	72,744	209	4,099	148,199	224	-	225,475	481,021
<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	2,041,468	26,529	20,349	2,459	439,691	22,722	-	511,750	1,529,718
Off-balance sheet total	2,768,003	100,117	20,558	6,558	593,325	22,948	-	743,506	2,024,497
	26,766,134	748,638	1,687,137	239,718	17,734,273	315,569	(10,046,631)	10,678,704	16,087,430

*Property (including movable property) includes residential, commercial and other real estate securities, as well as floating charges and mortgages on ships (for shipping loans).

41. Risk management - Credit risk (continued)

41.2 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 Company's Risk Appetite Statement may impose stricter concentration limits which are monitored by the Company.

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 Company's Country Risk Policy which is followed for monitoring the Company'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.

2025	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	€000
Trade	880,996	8,143	3	-	32,006	921,148
Manufacturing	271,316	123,403	117	-	65,034	459,870
Hotels and catering	1,057,005	27,239	75,078	-	28,817	1,188,139
Construction	348,101	49,197	2	-	-	397,300
Real estate	873,315	8,329	572	-	22,355	904,571
Private individuals	4,846,458	8,929	27,046	3,895	37,608	4,923,936
Professional and other services	615,246	561	5,116	6	78,971	699,900
Shipping	27,952	36,889	-	-	298,627	363,468
Other sectors	692,718	264,375	-	2	139,970	1,097,065
	9,613,107	527,065	107,934	3,903	703,388	10,955,397

2025	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	€000
Corporate	3,513,867	70,283	117	-	146	3,584,413
IBU & International corporate						
- IBU	109,603	2,190	5,111	3,221	16,606	136,731
- International corporate	160,407	449,496	80,085	-	665,546	1,355,534
SMEs	989,882	394	980	-	1,610	992,866
Retail						
- housing	3,666,173	3,215	19,218	74	13,936	3,702,616
- consumer, credit cards and other	1,090,447	1,472	897	-	642	1,093,458
Restructuring						
- corporate	13,748	-	835	-	104	14,687
- SMEs	8,174	-	153	-	-	8,327
- retail housing	22,297	-	124	122	64	22,607
- retail other	9,940	2	13	-	12	9,967
Recoveries						
- corporate	2,572	-	6	385	100	3,063
- SMEs	3,801	1	19	18	512	4,351
- retail housing	11,209	6	324	68	3,666	15,273
- retail other	10,987	6	52	15	444	11,504
	9,613,107	527,065	107,934	3,903	703,388	10,955,397

41. Risk management - Credit risk (continued)

41.2 Credit risk concentration of loans and advances to customers (continued)

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	-	-	17	490,008
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	61,513	635,551
Shipping	36,874	12	-	-	302,279	339,165
Other sectors	606,598	106,116	-	5	42,560	755,279
	<u>9,163,216</u>	<u>317,051</u>	<u>78,235</u>	<u>7,545</u>	<u>564,041</u>	<u>10,130,088</u>

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	-	1,869	967,737
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	244	19,408
	<u>9,163,216</u>	<u>317,051</u>	<u>78,235</u>	<u>7,545</u>	<u>564,041</u>	<u>10,130,088</u>

The loans and advances to customers include lending exposures in Cyprus with collaterals in Greece with a carrying value as at 31 December 2025 of €135,794 thousand (2024: €176,890 thousand).

The loans and advances to customers reported within 'Other countries' as at 31 December 2025 include exposures of €0.4 million in Ukraine (2024: €0.6 million) and €5.7 million in Israel (2024: €4.9 million).

41. Risk management - Credit risk (continued)

41.3 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:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
1 January	9,126,357	775,080	220,178	63,394	10,185,009
Transfers to stage 1	216,748	(213,265)	(3,483)	-	-
Transfers to stage 2	(247,962)	261,340	(13,378)	-	-
Transfers to stage 3	(12,236)	(11,475)	23,711	-	-
Write offs	(367)	(486)	(14,658)	(327)	(15,838)
Interest accrued and other adjustments	390,057	38,043	32,796	5,401	466,297
New loans originated or purchased and drawdowns of existing facilities	2,909,940	66,709	1,066	64	2,977,779
Loans derecognised or repaid (excluding write offs)	(2,356,150)	(151,527)	(55,734)	(8,133)	(2,571,544)
Changes to contractual cash flows due to modifications	(2,024)	6,605	(469)	(13)	4,099
Disposal of held for sale portfolio (Project River)	-	-	(82,154)	(8,251)	(90,405)
31 December	10,024,363	771,024	107,875	52,135	10,955,397

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
1 January	8,275,416	1,161,271	326,380	98,771	9,861,838
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	-	-
Write offs	(801)	(619)	(46,787)	(4,951)	(53,158)
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)	(2,140,560)	(212,439)	(100,651)	(49,241)	(2,502,891)
Changes to contractual cash flows due to modifications	(230)	1,415	120	(224)	1,081
31 December	9,126,357	775,080	220,178	63,394	10,185,009

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 21.

41. Risk management - Credit risk (continued)

41.3 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), is presented in the tables below:

	Corporate	IBU & International corporate	SME	Retail
2025	€000	€000	€000	€000
1 January	3,347,221	1,081,715	967,737	4,575,743
Transfers in/(out of) business line	1,598	(1,064)	11,107	(4,170)
Write offs	(2,230)	(22)	(942)	(1,154)
Interest accrued and other adjustments	155,582	69,034	44,575	173,934
New loans originated or purchased	1,163,802	740,620	235,401	837,348
Loans derecognised or repaid (excluding write offs)	(1,088,162)	(397,228)	(264,075)	(784,960)
Changes to contractual cash flows due to modifications not resulting in derecognition	6,602	(790)	(937)	(667)
31 December	3,584,413	1,492,265	992,866	4,796,074

	Corporate	IBU & International corporate	SME	Retail
2024	€000	€000	€000	€000
1 January	3,357,438	883,106	948,624	4,380,921
Transfers (out of)/in business line	(19,504)	(3,596)	21,822	(5,792)
Write offs	(4,597)	(189)	(144)	(1,458)
Interest accrued and other adjustments	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

41.4 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 the Company. 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.

41. Risk management - Credit risk (continued)

41.4 Credit quality of loans and advances to customers based on the internal credit rating (continued)

Unrated corporate exposures are assessed using the Company'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.

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.

2025		12-month PD		
Rating	Corporate legal entities %	Retail individuals %	SME legal entities %	
1	1.86	0.05	0.09	
2	1.94	0.08	0.20	
3	2.11	0.14	0.38	
4	3.31	0.28	1.51	
5	4.82	0.74	3.74	
6	6.14	4.74	7.05	
7	7.13	14.20	15.96	

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	

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 in 2025', the Company during 2025 further updated the model calibrations affecting the probability of default parameter which led to an increase mainly in Corporate portfolio weighted PDs, when compared to last year. The increase in PDs is driven by a calibration of the probability of default (PD) parameter and specifically in relation to PD adjustment factor; a dynamic adjustment that calibrates the model projections based on the relationship between the past model projections and the actual observed defaults. The factor was updated to include observations over a longer period to further enhance stability and predictability.

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 the Company.

41. Risk management - Credit risk (continued)

41.4 Credit quality of loans and advances to customers based on the internal credit rating (continued)

	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Corporate legal entities						
Rating 1	703,257	4,380	707,637	795,970	7,675	803,645
Rating 2	333,490	2,530	336,020	414,627	12,266	426,893
Rating 3	953,086	86,664	1,039,750	840,468	17,460	857,928
Rating 4	510,280	50,459	560,739	617,084	181,452	798,536
Rating 5	623,194	89,265	712,459	446,603	85,994	532,597
Rating 6	156,324	41,147	197,471	58,029	61,365	119,394
Rating 7	9,798	97,962	107,760	6,217	21,329	27,546
Unrated	397,493	17,247	414,740	231,861	22,225	254,086
New customers	878,989	16,267	895,256	654,183	48,048	702,231
	4,565,911	405,921	4,971,832	4,065,042	457,814	4,522,856
Total Stage 3 and POCI			47,783			58,188
			5,019,615			4,581,044

	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Retail individuals						
Rating 1	411,537	1,215	412,752	404,639	1,263	405,902
Rating 2	357,459	1,547	359,006	309,996	898	310,894
Rating 3	575,935	4,276	580,211	539,982	1,155	541,137
Rating 4	1,621,533	27,581	1,649,114	1,523,523	12,369	1,535,892
Rating 5	1,099,573	60,563	1,160,136	1,107,575	48,957	1,156,532
Rating 6	64,909	64,003	128,912	59,245	81,998	141,243
Rating 7	54,181	107,939	162,120	82,361	120,555	202,916
Unrated	-	2,655	2,655	-	2,215	2,215
New customers	422,537	18,024	440,561	380,491	6,629	387,120
	4,607,664	287,803	4,895,467	4,407,812	276,039	4,683,851
Total Stage 3 and POCI			95,389			146,115
			4,990,856			4,829,966

	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
SMEs legal entities						
Rating 1	134,934	2,450	137,384	125,714	1,235	126,949
Rating 2	365,783	11,349	377,132	260,609	2,266	262,875
Rating 3	138,069	8,843	146,912	125,330	8,654	133,984
Rating 4	35,642	28,135	63,777	47,228	15,261	62,489
Rating 5	9,314	14,074	23,388	10,668	4,285	14,953
Rating 6	5,271	2,525	7,796	3,414	4,361	7,775
Rating 7	2,215	1,141	3,356	3,172	1,415	4,587
Unrated	11,570	986	12,556	-	670	670
New customers	147,990	7,797	155,787	77,368	3,080	80,448
	850,788	77,300	928,088	653,503	41,227	694,730
Total Stage 3 and POCI			16,838			24,348
			944,926			719,078

41. Risk management - Credit risk (continued)

41.5 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:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
1 January	12,005	38,739	107,323	20,534	178,601
Transfers to stage 1	13,400	(12,662)	(738)	-	-
Transfers to stage 2	(574)	4,868	(4,294)	-	-
Transfers to stage 3	(188)	(938)	1,126	-	-
Impact on transfer between stages during the year*	(13,792)	9,648	6,235	359	2,450
Foreign exchange and other adjustments	-	-	(154)	-	(154)
Write offs	(367)	(486)	(14,661)	(327)	(15,841)
Interest (provided) not recognised in the income statement	-	-	3,394	724	4,118
New loans originated or purchased*	7,655	-	-	11	7,666
Loans derecognised or repaid (excluding write offs)*	(3,626)	(989)	(5,279)	(391)	(10,285)
Write offs*	344	306	5,711	197	6,558
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	20,513	6,263	8,938	1,035	36,749
Changes to contractual cash flows due to modifications not resulting in derecognition*	(285)	4,384	(1,746)	2	2,355
Disposal of held for sale portfolio (Project River)	-	(3)	(50,997)	(4,162)	(55,162)
31 December	35,085	49,130	54,858	17,982	157,055
Individually assessed	16,104	27,094	15,479	11,526	70,203
Collectively assessed	18,981	22,036	39,379	6,456	86,852
	35,085	49,130	54,858	17,982	157,055

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 14).

41. Risk management - Credit risk (continued)

41.5 Credit losses of loans and advances to customers (continued)

	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
2024					
1 January	24,205	30,257	103,575	20,995	179,032
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)	(46,784)	(4,951)	(53,155)
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	12,096	295	13,464
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	107,323	20,534	178,601
Individually assessed	3,378	17,069	21,090	10,485	52,022
Collectively assessed	8,627	21,670	86,233	10,049	126,579
	12,005	38,739	107,323	20,534	178,601

*Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 14).

The ECL charge relating to the 'Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations' for the years ended 31 December 2025 and 2024 is mainly driven by the below components as provided in the reconciliation in the table below:

Categories	ECL charge/(release)	
	2025 €000	2024 €000
(i) Impact from updates in macros parameters	9,626	(2,744)
(ii) PD - macro model calibration in 2025 (2024: PD calibration & PD adjustment factor refinement) (Note 5.1)	4,829	(4,225)
(iii) Climate & Environmental risk overlay (Note 5.1)	4,279	n/a
(iv) Removal of overlays performed in prior years	n/a	(15,711)
(v) Collateral realisation LGD parameter updated re portfolio sales realisations path	n/a	19,214
(vi) LGD floor introduction	n/a	20,013
(vii) SICR - PD model calibration & SICR absolute threshold introduction	n/a	(1,434)
(viii) Marginal Probabilities of Cure differentiation	n/a	2,119
(ix) Net impact from other remeasurements and models updates (changes in EAD, LGD, PDs)	12,375	18,069
(x) ECL charge on held for sale portfolio	5,640	13,069
Total ECL charge	36,749	48,370

41. Risk management - Credit risk (continued)

41.5 Credit losses of loans and advances to customers (continued)

The impact presented in the table above refers to the impact from the relevant calibration/adjustment to the ECL models in the year of implementation; in the following year the impact is reported as n/a as such adjustments are part of the business-as-usual run of the ECL models.

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:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	19,313	26,679	9,009	712	55,713
IBU & International corporate					
- IBU	73	349	111	8	541
- International corporate	8,576	1,629	-	-	10,205
SMEs	2,580	4,080	3,313	196	10,169
Retail					
- housing	2,288	9,355	3,034	569	15,246
- consumer, credit cards and other	2,193	6,688	4,694	766	14,341
Restructuring					
- corporate	2	64	1,206	10,871	12,143
- SMEs	4	46	1,721	150	1,921
- retail housing	29	208	7,234	356	7,827
- retail other	27	32	6,018	333	6,410
Recoveries					
- corporate	-	-	1,782	242	2,024
- SMEs	-	-	2,091	462	2,553
- retail housing	-	-	7,285	1,766	9,051
- retail other	-	-	7,360	1,551	8,911
	35,085	49,130	54,858	17,982	157,055

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
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	3,107	142	7,416
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	78,320	17,759	146,823

41. Risk management - Credit risk (continued)

41.5 Credit losses of loans and advances to customers (continued)

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
2025	€000	€000	€000	€000
1 January	37,266	3,513	7,416	31,168
Transfer in/(out of) the business line	95	(17)	366	(1,527)
Write offs	(2,230)	(22)	(942)	(1,154)
Interest (provided) not recognised in the income statement	646	3	169	390
New loans originated or purchased*	1,947	3,238	369	2,060
Loans derecognised or repaid (excluding write offs)*	(3,312)	(451)	(266)	(2,347)
Write offs*	21	23	187	540
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	17,875	4,968	2,908	946
Changes to contractual cash flows due to modifications not resulting in derecognition*	2,404	(190)	173	(2)
Impact on transfer between stages during the year*	1,001	(319)	(211)	(487)
31 December	55,713	10,746	10,169	29,587

*Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 14).

	Corporate	IBU & International corporate	SME	Retail
2024	€000	€000	€000	€000
1 January	62,425	2,887	6,134	29,314
Transfer in/(out of) 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	37,266	3,513	7,416	31,168

*Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 14).

During the year ended 31 December 2025 the total non-contractual write-offs recorded by the Company amounted to €252 thousand (2024: €25,391 thousand). The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is €2,322 thousand (2024: €187,288 thousand).

41. Risk management - Credit risk (continued)

41.5 Credit losses of loans and advances to customers (continued)

Sensitivity analysis

The Company has performed sensitivity analysis relating to the loan portfolio in Cyprus, which represents more than 99% of the total loan portfolio of the Company with reference date 31 December 2025 and 2024.

The Company 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	
	2025	2024
	€000	€000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	3,473	1,560
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(2,810)	(1,677)
100% weight applied to the adverse scenario	45,248	20,764
Increase the expected recovery period by 1 year	1,775	1,965
Decrease the expected recovery period by 1 year	(1,461)	(2,047)
Increase the collateral realisation haircut by 5%	3,948	4,429
Decrease the collateral realisation haircut by 5%	(3,283)	(3,771)
Increase in the PDs of stages 1 and 2 by 20%*	25,256	18,232
Decrease in the PDs of stages 1 and 2 by 20%*	(14,800)	(8,273)

The increase/(decrease) on ECL, for loans and advances to customers at amortised cost is presented, per stage in the table below:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	879	1,790	804	3,473
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(1,136)	(870)	(804)	(2,810)
100% weight applied to the adverse scenario	10,259	26,795	8,194	45,248
Increase the expected recovery period by 1 year	359	724	692	1,775
Decrease the expected recovery period by 1 year	(290)	(586)	(585)	(1,461)
Increase the collateral realisation haircut by 5%	801	1,450	1,697	3,948
Decrease the collateral realisation haircut by 5%	(631)	(1,089)	(1,563)	(3,283)
Increase in the PDs of stages 1 and 2 by 20%*	3,828	21,428	-	25,256
Decrease in the PDs of stages 1 and 2 by 20%*	(6,247)	(8,553)	-	(14,800)

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)
100% weight applied to the adverse scenario	2,786	9,904	8,074	20,764
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)

41. Risk management - Credit risk (continued)

41.5 Credit losses of loans and advances to customers (continued)

*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.

41.6 Contingent liabilities and commitments

The Company 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.

41.6.1 Contingent liabilities

An analysis of changes in the outstanding nominal amount of exposures and the corresponding ECL are disclosed in the tables below:

	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
2025				
Exposures				
1 January	564,640	114,797	32,330	711,767
Transfers to stage 1	11,081	(10,688)	(393)	-
Transfers to stage 2	(51,974)	52,300	(326)	-
Transfers to stage 3	-	(7)	7	-
Net increase/(decrease)	(38,420)	(302)	(154)	(38,876)
31 December	485,327	156,100	31,464	672,891

	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
2024				
Exposures				
1 January	489,730	184,827	36,966	711,523
Transfers to stage 1	51,626	(51,626)	-	-
Transfers to stage 2	(16,549)	17,453	(904)	-
Transfers to stage 3	(135)	(3,133)	3,268	-
Net increase/(decrease)	39,968	(32,724)	(7,000)	244
31 December	564,640	114,797	32,330	711,767

	Stage 1	Stage 2	Stage 3	Total
	€000	€000	€000	€000
2025				
ECL				
1 January	-	14	17,879	17,893
Charge for the year	58	5	745	808
31 December	58	19	18,624	18,701
Individually assessed	58	-	18,624	18,682
Collectively assessed	-	19	-	19
	58	19	18,624	18,701

41. Risk management - Credit risk (continued)

41.6 Contingent liabilities and commitments (continued)

41.6.1 Contingent liabilities (continued)

2024	Stage 1	Stage 2	Stage 3	Total
ECL	€000	€000	€000	€000
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

The credit quality of contingent liabilities as per the internal rating system of the Company is disclosed in the table below.

Corporate legal entities	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Rating 1	58,616	20,944	79,560	98,914	2,161	101,075
Rating 2	31,402	1,298	32,700	17,055	151	17,206
Rating 3	71,064	8,067	79,131	92,078	63	92,141
Rating 4	51,116	3,656	54,772	27,905	421	28,326
Rating 5	17,205	35,345	52,550	73,886	17,939	91,825
Rating 6	1,932	416	2,348	1,768	5,700	7,468
Rating 7	450	742	1,192	1,817	66	1,883
Unrated	43,582	23,616	67,198	64,565	23,683	88,248
New customers	82,315	1,251	83,566	56,061	500	56,561
	357,682	95,335	453,017	434,049	50,684	484,733
Total Stage 3			5,584			6,038
			458,601			490,771

SME legal entities	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Rating 1	55,434	389	55,823	57,714	1,147	58,861
Rating 2	21,565	2	21,567	20,390	74	20,464
Rating 3	3,281	38	3,319	3,149	536	3,685
Rating 4	540	450	990	672	916	1,588
Rating 5	93	2	95	6	2	8
Rating 6	69	15	84	17	2	19
Rating 7	-	319	319	27	136	163
Unrated	524	41,358	41,882	-	43,046	43,046
New customers	46,139	1,282	47,421	48,616	1,213	49,829
	127,645	43,855	171,500	130,591	47,072	177,663
Total Stage 3			25,814			26,190
			197,314			203,853

41. Risk management - Credit risk (continued)

41.6 Contingent liabilities and commitments (continued)

41.6.1 Contingent liabilities (continued)

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Unrated	-	16,910	16,910	-	17,041	17,041
	-	16,910	16,910	-	17,041	17,041
Total Stage 3			66			102
			16,976			17,143

41.6.2 Commitments

An analysis of changes in the outstanding exposures and the corresponding ECL are disclosed in the tables below:

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Exposure				
1 January	1,892,137	144,154	19,945	2,056,236
Transfers to stage 1	58,604	(58,149)	(455)	-
Transfers to stage 2	(55,999)	56,803	(804)	-
Transfers to stage 3	(228)	(205)	433	-
Net increase/(decrease)	140,935	6,667	(7,887)	139,715
31 December	2,035,449	149,270	11,232	2,195,951

2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Exposure				
1 January	1,704,452	271,766	21,488	1,997,706
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)	55,413	7,353	(4,236)	58,530
31 December	1,892,137	144,154	19,945	2,056,236

2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
ECL				
1 January	-	-	-	-
Transfers to stage 1	60	(60)	-	-
Transfers to stage 2	(18)	18	-	-
Charge for the year	603	67	99	769
31 December	645	25	99	769
Individually assessed	487	1	-	488
Collectively assessed	158	24	99	281
	645	25	99	769

There was no ECL on commitments as at 31 December 2024.

41. Risk management - Credit risk (continued)

41.6 Contingent liabilities and commitments (continued)

41.6.2 Commitments (continued)

The credit quality of commitments, as per the internal rating system of the Company is disclosed in the table below.

Corporate legal entities	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Rating 1	333,845	15,464	349,309	319,271	4,488	323,759
Rating 2	53,133	4,615	57,748	48,996	2,543	51,539
Rating 3	137,253	8,173	145,426	90,481	1,897	92,378
Rating 4	60,934	851	61,785	106,090	6,608	112,698
Rating 5	68,164	16,883	85,047	63,889	12,487	76,376
Rating 6	7,598	694	8,292	1,691	4,919	6,610
Rating 7	79	3,489	3,568	1,883	555	2,438
Unrated	52,173	36,976	89,149	131,778	45,041	176,819
New customers	186,135	612	186,747	91,060	2,359	93,419
	899,314	87,757	987,071	855,139	80,897	936,036
Total Stage 3			3,894			11,035
			990,965			947,071

SME legal entities	2025			2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	€000	€000	€000	€000	€000	€000
Rating 1	337,893	11,686	349,579	306,438	17,151	323,589
Rating 2	134,981	2,781	137,762	104,628	1,473	106,101
Rating 3	22,341	1,788	24,129	18,280	1,916	20,196
Rating 4	3,397	702	4,099	3,529	1,196	4,725
Rating 5	391	256	647	558	100	658
Rating 6	341	298	639	128	152	280
Rating 7	3	20	23	13	9	22
Unrated	14,853	5,560	20,413	-	5,242	5,242
New customers	26,238	1,943	28,181	11,375	692	12,067
	540,438	25,034	565,472	444,949	27,931	472,880
Total Stage 3			4,456			5,125
			569,928			478,005

41. Risk management - Credit risk (continued)

41.6 Contingent liabilities and commitments (continued)

41.6.2 Commitments (continued)

	2025			2024		
	Stage 1 €000	Stage 2 €000	Total €000	Stage 1 €000	Stage 2 €000	Total €000
Retail individuals						
Rating 1	151,518	7,440	158,958	143,334	8,115	151,449
Rating 2	90,613	3,888	94,501	83,886	4,617	88,503
Rating 3	135,585	6,256	141,841	136,728	6,649	143,377
Rating 4	93,814	3,330	97,144	88,827	3,502	92,329
Rating 5	23,872	2,441	26,313	27,224	1,519	28,743
Rating 6	3,483	2,320	5,803	4,704	1,778	6,482
Rating 7	829	1,375	2,204	931	1,213	2,144
Unrated	-	6,846	6,846	30	7,038	7,068
New customers	95,983	2,583	98,566	106,385	895	107,280
	595,697	36,479	632,176	592,049	35,326	627,375
Total Stage 3			2,882			3,785
			635,058			631,160

41.7 Collateral and other credit enhancements obtained

The carrying value of assets obtained during 2025 and 2024 by taking possession of collateral held as security, was as follows:

	2025 €000	2024 €000
Residential property	5,401	7,968
Commercial and other property	-	11,388
Land (fields and plots)	1,576	6,477
	6,977	25,833

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 Company as at 31 December 2025, including any expenses capitalised during the year, amounted to €377,397 thousand (2024: €659,976 thousand).

The disposals of repossessed assets during 2025 amounted to €263,549 thousand (2024: €174,840 thousand).

41.8 Currency concentration of loans and advances to customers

The following table presents the currency concentration of the Company's loans and advances to customers at amortised cost.

	2025 €000	2024 €000
Gross loans at amortised cost		
Euro	10,152,024	9,475,162
US Dollar	694,545	573,140
British Pound	101,452	72,361
Swiss Franc	6,905	8,935
Other currencies	471	490
	10,955,397	10,130,088

41. Risk management - Credit risk (continued)

41.9 Modified loans and advances to customers

Modified loans and advances to customers are those loans where the original contractual terms of the loans

- have been modified due to financial difficulties of the borrower and are considered as forborne/restructured (as explained in Note 41.10), and
- have been modified due to commercial renegotiations and such loans are considered as non-forborne

The amortised cost before the modification for Stage 2 and Stage 3 loans that were modified during the year amounted to €104,405 thousand (2024: €140,980 thousand). Their related modification gain amounted to €6,904 thousand (2024: €22 thousand gain).

The table below shows the gross carrying amount of modified financial assets, in the current or a prior year period, while they had an ECL allowance measured at an amount equal to lifetime ECL, and where the modification did not result in derecognition.

	2025		2024	
	Gross Carrying amount	Corresponding ECL	Gross Carrying amount	Corresponding ECL
Financial assets modified since initial recognition	€000	€000	€000	€000
Facilities that were measured using lifetime ECL before modification and are as at 31 December measured using 12 months ECL (Stage 1)	341,893	779	441,544	655
Facilities that reverted to lifetime ECL (Stage 2/3) as at 31 December having once reverted and measured using 12-months ECL	41,198	4,904	77,534	12,588
31 December	383,091	5,683	519,078	13,243

The gross carrying amount of loans that have been modified since initial recognition, for which ECL allowance has changed from lifetime to 12-months ECL during the year amounted to €43,039 thousand as at 31 December 2025 (2024: €125,296 thousand).

41.10 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 Company 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 Company 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 changes to the contractual terms of a debt or payment in some form other than cash, such as a settlement arrangement whereby the borrower transfers collateral pledged to the Company.

For an account to qualify for forbearance/restructuring it must meet certain criteria including the viability of the customer. The extent to which the Company 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 to comply with 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).

41. Risk management - Credit risk (continued)

41.10 Forbearance/Restructuring (continued)

Forbearance/restructuring options may be of a short or long-term nature or a combination thereof. The Company has developed and deployed sustainable restructuring solutions, which are suitable for borrowers and acceptable for the Company.

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.
- 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: 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 the Company 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 Company 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 Company, 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 Company and the borrower to voluntarily transfer the mortgaged asset or other immovable property to the Company, 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.

41. Risk management - Credit risk (continued)

41.10 Forbearance/Restructuring (continued)

All forbore loans are classified as Stage 2 or Stage 3 if they are considered to be credit impaired. 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.

The below table presents the movement of the Company's forbore loans and advances to customers measured at amortised cost.

	2025	2024
	€000	€000
1 January	366,839	455,416
New loans and advances classified as forbore in the year	85,169	148,348
Loans no longer classified as forbore and repayments	(92,363)	(249,742)
Write-off	(3,177)	(11,654)
Interest accrued and other adjustments	23,893	24,471
Derecognition of held for sale portfolio (Project River)	(24,939)	-
31 December	355,422	366,839

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 Company'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.

	2025	2024
	€000	€000
Stage 1	-	-
Stage 2	276,459	253,862
Stage 3	54,510	86,639
POCI	24,453	26,338
	355,422	366,839

41. Risk management - Credit risk (continued)

41.10 Forbearance/Restructuring (continued)

Fair value of collateral

	2025 €000	2024 €000
Stage 1	-	-
Stage 2	258,333	234,794
Stage 3	49,776	75,515
POCI	23,844	24,965
	331,953	335,274

The fair value of collateral presented above has been computed to the extent that the collateral mitigates credit risk.

Credit risk concentration

	2025 €000	2024 €000
By economic activity		
Trade	8,591	10,155
Manufacturing	984	3,325
Hotels and catering	467	6,058
Construction	128,101	132,011
Real estate	32,823	26,614
Private individuals	69,926	116,063
Professional and other services	71,183	36,621
Other sectors	43,347	35,992
	355,422	366,839

2025 By business line	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	-	244,748	18,160	8,782	271,690
IBU & International corporate					
- IBU	-	-	1	-	1
SMEs	-	7,370	4,532	323	12,225
Retail					
- housing	-	18,031	6,569	1,443	26,043
- consumer, credit cards and other	-	3,311	1,889	20	5,220
Restructuring					
- corporate	-	111	1,072	10,911	12,094
- SMEs	-	1,031	2,432	586	4,049
- retail housing	-	1,623	9,398	793	11,814
- retail other	-	234	1,651	430	2,315
Recoveries					
- corporate	-	-	720	33	753
- SMEs	-	-	1,160	-	1,160
- retail housing	-	-	5,367	844	6,211
- retail other	-	-	1,559	288	1,847
	-	276,459	54,510	24,453	355,422

41. Risk management - Credit risk (continued)

41.10 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

ECL allowance

	2025	2024
	€000	€000
Stage 1	-	-
Stage 2	14,811	9,525
Stage 3	25,182	36,603
POCI	13,068	12,462
	53,061	58,590

41. Risk management - Credit risk (continued)

41.11 Credit quality of certain financial assets-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:

	2025	2024
	€000	€000
Aaa - Aa3	282,897	468,981
A1 - A3	7,951,780	7,684,100
Baa1 - Baa3	5,373	2,627
Ba1 - Ba3	-	1,218
Unrated	4,030	20,046
Other receivables from banks	80,349	68,528
	8,324,429	8,245,500

All balances with central banks and loans and advances to banks are classified as Stage 1 (Note 17).

Reverse repurchase agreements

Reverse repurchase agreements are analysed by counterparties' rating per Moody's Investors Service rating as follows:

	2025	2024
	€000	€000
A1 - A3	908,355	306,053
Unrated	710,600	704,117
	1,618,955	1,010,170

Reverse repurchase arrangements presented as unrated in the table above relate to agreements with counterparties for which no rating by Moody's Investors Service was available. These counterparties had a rating of A+ by S&P Global Ratings as at 31 December 2025 (2024: A+).

In accordance with the terms of the reverse repurchase agreements of a carrying value of €1,619 million (2024: €1,010 million) that are held by the Company as at 31 December 2025, the Company accepts collateral that it is permitted to sell. As at 31 December 2025, the total fair value of the collateral in the form of debt securities received was €1,566 million (2024: €1,007 million), with an average rating of Aa3 (2024: Aa2), none of which had been resold or repledged. As at 31 December 2025, cash collateral of €1 million was placed with the counterparties and €64 million had been received from the counterparties (2024: cash collateral of €7 million was placed with the counterparties and €13 million had been received from the counterparties). The weighted effective yield of the reverse repurchase agreements is approximately 2.6% p.a. (2024: 3% p.a.) and the weighted average remaining duration is estimated at approximately 0.8 years (2024: 2.1 years).

Debt securities

Investments in debt securities are analysed by Moody's Investors Service rating as follows:

	2025	2024
	€000	€000
<i>Moody's rating</i>		
Aaa - Aa3	2,951,062	2,433,855
A1 - A3	1,794,343	1,497,553
Baa1 - Baa3	326,325	254,698
Ba1 - Ba3	-	2,014
Unrated	5,155	-
	5,076,885	4,188,120

The tables below present the Moody's Investors Service rating of the Company's investments in debt securities:

41. Risk management - Credit risk (continued)

41.11 Credit quality of certain financial assets-analysis by rating agency designation (continued)

	FVOCI	Amortised cost
	Stage 1	Stage 1
2025	€000	€000
Aaa - Aa3	56,947	2,894,115
A1 - A3	243,706	1,550,637
Baa1 - Baa3	10,994	315,331
Unrated	-	5,155
	311,647	4,765,238

	FVOCI	Amortised cost
	Stage 1	Stage 1
2024	€000	€000
Aaa - Aa3	54,000	2,373,065
A1 - A3	310,606	1,186,947
Baa1 - Baa3	11,087	243,611
Ba1 - Ba3	-	2,014
	375,693	3,805,637

The ratings are provided for the ISIN or if not available for the specific issuance, the rating of the counterparty is used.

42. 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. 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.

42. Risk management - Market risk (continued)

Interest rate risk

Interest rate risk refers to the current or prospective risk to the Company's capital and earnings arising from adverse movements in interest rates that affect the Company's banking book positions.

Interest rate fluctuations affect the economic value of the Company'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 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 Company's balance sheet composition is characterised by floating rate assets in its majority 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 Division 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. The Group maintains a structural hedging strategy subject to oversight by ALCO and the Board Risk Committee. This involves the set of techniques and the financial instruments (derivatives, primarily interest rate swaps and reverse repo arrangements complementing the natural hedges arising from the balance sheet structure) used to manage the risk of adverse changes in interest rates, affecting the net interest income and the economic value of the Company and aims to ensure financial stability and robust risk management. The Company uses derivatives and currently applies fair value hedge accounting. The Company 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 Company uses interest rate swaps to manage the fair value movements of fixed rate financial instruments due to changes in the benchmark rate.

The Company 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.

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 Company 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 Company does not maintain a trading book.

Sensitivity analysis

The table below sets out the impact on the Company'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 2025 and 2024 respectively.

42. Risk management - Market risk (continued)

		Impact on Net Interest Income	
		€000	
		2025 (+135 bps/- 100 bps for Euro and +160 bps/- 100 bps for US Dollar)	2024 (+135 bps/- 100 bps for Euro and +160 bps/- 100 bps for US Dollar)
Currency	Interest Rate Scenario		
All	Parallel up	87,912	102,061
All	Parallel down	(66,603)	(84,200)
All	Steepening	(26,954)	(51,175)
All	Flattening	50,488	79,770
All	Short up	73,954	106,190
All	Short down	(56,551)	(88,788)
Euro	Parallel up	84,417	98,728
Euro	Parallel down	(64,373)	(82,267)
Euro	Steepening	(25,772)	(51,731)
Euro	Flattening	47,839	79,588
Euro	Short up	70,129	104,647
Euro	Short down	(54,100)	(88,085)
US Dollar	Parallel up	3,495	3,333
US Dollar	Parallel down	(2,230)	(1,932)
US Dollar	Steepening	(1,182)	556
US Dollar	Flattening	2,649	182
US Dollar	Short up	3,825	1,543
US Dollar	Short down	(2,451)	(703)

42. Risk management - Market risk (continued)

The above sensitivities incorporate assumptions on the pass-through rate of time deposits of 35% for both the upside and the downside scenario for Euro denominated deposits for the year ended 31 December 2025 (2024: 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.

The table below sets out the impact on the Company's equity, (change in the Economic Value) 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.

		Impact on Equity €000	
		2025 (+135 bps/- 100 bps for Euro and +160 bps/- 100 bps for US Dollar)	2024 (+135 bps/- 100 bps for Euro and +160 bps/- 100 bps for US Dollar)
Currency	Interest Rate Scenario		
All	Parallel up	(80,847)	(16,380)
All	Parallel down	20,821	613
All	Steepening	54,516	41,074
All	Flattening	(160,229)	(113,840)
All	Short up	(171,570)	(112,972)
All	Short down	65,791	40,990
Euro	Parallel up	(82,964)	(15,355)
Euro	Parallel down	48,881	953
Euro	Steepening	102,639	78,258
Euro	Flattening	(151,050)	(107,390)
Euro	Short up	(165,505)	(106,983)
Euro	Short down	127,597	78,078
US Dollar	Parallel up	4,234	(1,025)
US Dollar	Parallel down	(3,619)	273
US Dollar	Steepening	6,394	3,890
US Dollar	Flattening	(9,179)	(6,450)
US Dollar	Short up	(6,065)	(5,990)
US Dollar	Short down	3,986	3,903

The aggregation of the impact on equity was performed as per the EBA guidelines by adding the negative impact and 50% of the positive impact of each scenario. The increased IRRBB hedging, the different magnitude of the shocks and revision of embedded models and assumptions impact the sensitivity scenarios year-on-year.

In addition to the above fluctuations in net interest income and Economic Value, 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 Company.

The equity of the Company is also affected by changes in market interest rates. The impact on the Company's equity arises from changes in the fair value of mainly fixed rate debt securities classified at FVOCI.

42. Risk management - Market risk (continued)

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 Company's profit/(loss) before tax and equity as a result of reasonably possible changes in the interest rates of the major currencies.

<i>Parallel change in interest rates</i>	Impact on profit/(loss) before tax	Impact on equity
2025	€000	€000
+1.6% for US Dollar		
+1.35% for Euro		
+3% for British Pound	(2,946)	(110)
-1% for US Dollar		
-1% for Euro		
-3% for British Pound	2,182	81

	Impact on profit/(loss) before tax	Impact on equity
<i>Parallel change in interest rates</i>	€000	€000
2024		
+1.6% for US Dollar		
+1.35% for Euro	(934)	(300)
+3% for British Pound		
-1% for US Dollar		
-1% for Euro	692	222
-3% for British Pound		

The hedging relationships have been taken into account in the Net Interest Income (NII) and Economic Value of Equity (EVE) sensitivity tables.

The Company is also exposed to currency risk, price risk and property price risk.

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 Company does not maintain a currency trading book.

The table below sets out the Company's currency risk resulting from the Company'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.

42. Risk management - Market risk (continued)

	Change in foreign exchange rate	Impact on profit/(loss) after tax	Impact on equity
2025	%	€000	€000
US Dollar	+5	1,785	-
Russian Rouble	+60	(580)	-
Romanian Lei	+5	(18)	(4)
Swiss Franc	+5	65	-
British Pound	+5	288	-
Japanese Yen	+5	2	-
Other currencies	+5	33	-

US Dollar	-5	(1,615)	-
Russian Rouble	-30	89	-
Romanian Lei	-5	16	3
Swiss Franc	-5	(58)	-
British Pound	-5	(261)	-
Japanese Yen	-5	(2)	-
Other currencies	-5	(30)	-

	Change in foreign exchange rate	Impact on profit/(loss) after tax	Impact on equity
2024	%	€000	€000
US Dollar	+5	1,492	-
Russian Rouble	+60	(1,241)	-
Romanian Lei	+5	9	(49)
Swiss Franc	+5	91	-
British Pound	+5	235	-
Japanese Yen	+5	1	-
Other currencies	+5	32	-

US Dollar	-5	(1,350)	-
Russian Rouble	-30	191	-
Romanian Lei	-5	(8)	44
Swiss Franc	-5	(82)	-
British Pound	-5	(212)	-
Japanese Yen	-5	(1)	-
Other currencies	-5	(29)	-

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 are outside the Company's risk appetite, but may be acquired in the context of delinquent loan workouts. The Company monitors the current portfolio mostly acquired by the Company 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 Company as soon as practicable.

Changes in the prices of equity securities that are classified as investments at FVPL affect the results of the Company, whereas changes in the value of equity securities classified as FVOCI affect directly the equity of the Company.

42. Risk management - Market risk (continued)

The table below shows the impact on the profit/(loss) before tax and on equity of the Company 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
2025	%	€000	€000
Cyprus Stock Exchange	+40	-	528
Athens Exchange	+30	251	-
New York Exchange	+10	-	-
Other stock exchanges and unlisted other equities	+40	81	217
Non-listed (Real Estate)	+10	-	696

Cyprus Stock Exchange	-40	-	(528)
Athens Exchange	-30	(251)	-
New York Exchange	-10	-	-
Other stock exchanges and unlisted other equities	-40	(81)	(217)
Non-listed (Real Estate)	-10	(2,441)	(696)

	Change in index	Impact on profit/(loss) before tax	Impact on equity
2024	%	€000	€000
Cyprus Stock Exchange	+40	-	503
Athens Exchange	+50	419	-
New York Exchange	+40	-	-
Other stock exchanges and unlisted other equities	+40	-	189
Non-listed (Real Estate)	+10	-	693

Cyprus Stock Exchange	-40	-	(503)
Athens Exchange	-50	(419)	-
New York Exchange	-10	-	-
Other stock exchanges and unlisted other equities	-40	-	(189)
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 Company. 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 Company 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 Company as at 31 December 2025 was Aa3 (2024: Aa2). Further information on ratings of debt securities is disclosed in Note 41.11.

Changes in the prices of debt securities classified as investments at FVPL, affect the profit or loss of the Company, whereas changes in the value of debt securities classified as FVOCI affect directly the equity of the Company.

42. Risk management - Market risk (continued)

The table below indicates how the profit/(loss) before tax and equity of the Company 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
	€000	€000
2025		
Up scenario:		
Aa3 and above rated bonds	-	1,534
A3 and above rated bonds	-	1,030
Baa1 and below rated bonds	-	1,099
Cyprus Government bonds (A3 rated)	-	9,908
Down scenario:		
Aa3 and above rated bonds	-	(1,534)
A3 and above rated bonds	-	(1,030)
Baa1 and below rated bonds	-	(1,099)
Cyprus Government bonds (A3 rated)	-	(9,908)

	Impact on profit/(loss) before tax	Impact on equity
	€000	€000
2024		
Up scenario:		
Aa3 and above rated bonds	-	1,241
A3 and above rated bonds	-	640
Baa1 and below rated bonds	-	437
Cyprus Government bonds (A3 rated)	-	11,919
Down scenario:		
Aa3 and above rated bonds	-	(1,241)
A3 and above rated bonds	-	(640)
Baa1 and below rated bonds	-	(437)
Cyprus Government bonds (A3 rated)	-	(11,919)

Other securities price risk

The table below shows the impact on the profit/(loss) before tax and equity of the Company from a change in the price of the non-equity security included in other securities (Note 18 - Investments at FVPL) 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
2025			
Other securities	+10	350	-
Other securities	-10	(350)	-

	Change in index	Impact on profit/(loss) before tax	Impact on equity
	%	€000	€000
2024			
Other securities	+40	2,716	-
Other securities	-10	(679)	-

42. Risk management - Market risk (continued)

Property price risk

A significant part of the Company's loan portfolio is secured by real estate, the majority of which is located in Cyprus. Furthermore, the Company 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 Company primarily as stock of properties and some are held as investment properties.

Property risk is the risk that the Company'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.

43. Risk management - Liquidity and funding risk

Liquidity Risk

Liquidity risk is the risk that the Company 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 Company 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 payment inflows 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 Company has developed internal control processes and contingency plans for managing liquidity risk.

Management and structure

The Board of Directors sets the Group's Liquidity Risk Appetite which defines the level of risk at which the Group and the Company should operate.

The Board Risk Committee regularly reviews the Company's liquidity position and recommends the Company's Liquidity Risk Policy and the Liquidity Limit Framework to the Board of Directors for approval. The Company's Liquidity Risk Policy and the Liquidity Limit Framework are ultimately approved by the Board of Directors.

The ALCO is responsible for setting the policies for the effective management and monitoring of liquidity risk across the Company.

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.

43. Risk management - Liquidity and funding risk (continued)

- (iv) Early Warning Indicators: monitoring of a range of indicators for early signs of liquidity risk in the market or specific to the Company. 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 Company 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 Company to be adequately prepared to respond to stressed conditions and restore the Company'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 Company's activities. The Market and Liquidity Risk department prepares a daily report analysing the internal liquidity buffer and compares it to the previous day's buffer. Results are made available to members of the Risk Management and Treasury Divisions. In addition, the Treasury Division monitors daily and intraday the customer inflows and outflows in the main currencies used by the Company.

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 (including any eligible bonds received as collateral from reverse repurchase agreements).

The design of the stress tests follows authoritative 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 are approved by the Board of Directors following relevant recommendation by the Board Risk Committee. Whenever it is considered appropriate to amend the assumptions during the year, approval is requested from ALCO and the Board of Directors. The main items impacted 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 reverse repurchase agreements.

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, which is submitted to CBC.

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 the Company to survive a twelve-month stress period, including capacity to raise funding under all scenarios. This is circulated internally to Treasury Division to facilitate the internal monitoring process.

Furthermore, a report is submitted to the regulator on a weekly basis, which 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 the Company and describes the measures already implemented, if any, 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.

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.

43. Risk management - Liquidity and funding risk (continued)

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.

Annually

The Company prepares on an annual basis its ILAAP package. The ILAAP package provides a holistic view of the Company's liquidity adequacy under normal and stress conditions. Within ILAAP, the Company 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 Company.

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 the Company and describes the measures implemented and to be implemented in the short-term to improve the 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 possible actions that can be taken. The LCP is reviewed and tested at least annually.

Liquidity ratios

The Company's 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 Company also calculates its NSFR as per Capital Requirements Regulation II (CRR II), which requires the maintenance of an NSFR ratio greater than or equal to 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 Company 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 Company may fail to meet its obligations, including regulatory ones (e.g. MREL).

Main sources of funding

As at 31 December 2025, the Company's main sources of funding were its deposit base and wholesale funding. Deposits are the primary source of funding. Wholesale funding is also an important source of funding, comprising the issuances of Tier 2 of an aggregate nominal amount of €382 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 2025, the wholesale funding nominal amount was €1,552 million (2024: €1,470 million) as further described in Notes 29 and 31.

Funding to subsidiaries

The funding provided by the Company 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 the Company, provided that they are not in breach of their regulatory capital and liquidity requirements, where applicable.

43. Risk management - Liquidity and funding risk (continued)

Collateral requirements and other disclosures

Collateral requirements

The carrying values of the Company's encumbered assets as at 31 December 2025 and 2024 are summarised below:

	2025	2024
	€000	€000
Cash and other liquid assets	24,121	55,434
Investments	113,701	39,958
Loans and advances	3,673,527	3,470,859
	3,811,349	3,566,251

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 2025 investments are mainly used as supplementary assets for the covered bond and as collateral for the clearing of interest rate derivatives transactions through the central clearing house. As at 31 December 2024 investments were mainly used as supplementary assets for the covered bond.

As at 31 December 2025 and 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. Loans and advances to customers include mortgage loans of a nominal amount of €1,002 million as at 31 December 2025 (2024: €1,010 million) in Cyprus, pledged as collateral for the covered bond issued by the Company in 2011 under its Covered Bond Programme. As at 31 December 2025, although there is no outstanding funding from the ECB, housing loans of a nominal amount of €2,632 million (2024: €2,431 million) in Cyprus, remain in the collateral pool of the CBC as part of the available credit line. ECB on 27 January 2026 announced its decision to terminate the scheme which accepts housing loans as eligible collateral as from 30 March 2026.

The Company 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, the Company 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, the Company 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 the Company. 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 2025 cash collateral of €1 million has been placed with counterparties in relation to the reverse repurchase agreements (2024: €7 million) (Note 41).

Other disclosures

Deposits by banks include balances of €9,579 thousand as at 31 December 2025 (2024: €13,870 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 €17,864 thousand as at 31 December 2025 (2024: €27,341 thousand).

Analysis of financial assets and liabilities based on remaining contractual maturity

The table below summarises the maturity profile of the Company's financial assets and liabilities. These maturity profiles are based on the remaining contractual maturity period at the reporting date analysed in time bands according to the number of days remaining from 31 December to the contractual maturity date. The contractual maturity of the derivatives' contract amount is presented in Note 19.

43. Risk management - Liquidity and funding risk (continued)

Financial assets

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, which are assigned to different time bands proportionally according to the allocation of customer deposits and deposits by banks.

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.

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.

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 Company 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 Company 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.

43. 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
2025	€000	€000	€000	€000	€000	€000
Financial assets						
Cash and balances with central banks	7,846,219	16,270	19,103	1,576	50	7,883,218
Loans and advances to banks	432,341	83,752	196	24,123	306	540,718
Reverse repurchase agreements	-	301,618	703,936	613,401	-	1,618,955
Derivative financial assets	495	3,570	9,303	69,754	5,220	88,342
Investments at FVPL	3,965	-	-	24,983	-	28,948
Investments not at FVPL	37,651	260,715	315,249	2,215,863	2,256,235	5,085,713
Loans and advances to customers	972,454	233,975	814,867	3,434,283	5,342,763	10,798,342
Balances with Group companies	53,870	399	2,552	2,012	29,728	88,561
Other financial assets	48,976	2,318	10,452	55,153	10,239	127,138
	9,395,971	902,617	1,875,658	6,441,148	7,644,541	26,259,935
Financial liabilities						
Deposits by banks	171,288	15,673	41,166	156,717	5,329	390,173
Customer deposits	18,409,659	1,735,359	2,032,436	10,011	-	22,187,465
Balances with Group companies	210,730	9,027	-	-	-	219,757
Debt securities in issue	-	-	25,267	958,179	-	983,446
Subordinated liabilities	-	-	4,715	-	377,031	381,746
Derivative financial liabilities	2,434	236	9	7,300	9,277	19,256
Lease liabilities	652	979	3,692	16,014	7,272	28,609
Other financial liabilities	160,619	-	-	5,589	-	166,208
	18,955,382	1,761,274	2,107,285	1,153,810	398,909	24,376,660
Net financial (liabilities)/assets	(9,559,411)	(858,657)	(231,627)	5,287,338	7,245,632	1,883,275

43. 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
2024						
Financial assets						
Cash and balances with central banks	7,512,612	14,536	23,759	2,061	215	7,553,183
Loans and advances to banks	256,210	1,219	472,188	57,687	-	787,304
Reverse repurchase agreements	-	-	-	1,010,170	-	1,010,170
Derivative financial assets	7,907	332	503	75,197	11,334	95,273
Investments at FVPL	837	-	5,335	1,455	-	7,627
Investments not at FVPL	119,232	97,899	398,119	1,949,042	1,625,840	4,190,132
Loans and advances to customers	1,057,022	214,529	743,938	3,078,961	5,019,823	10,114,273
Balances with Group companies	27,056	-	7,016	-	31,713	65,785
Other financial assets	41,095	2,098	158,058	44,346	10,270	255,867
	<u>9,021,971</u>	<u>330,613</u>	<u>1,808,916</u>	<u>6,218,919</u>	<u>6,699,195</u>	<u>24,079,614</u>
Financial liabilities						
Deposits by banks	95,810	10,665	30,146	201,025	22,364	360,010
Customer deposits	16,437,321	1,546,141	2,520,594	15,220	-	20,519,276
Balances with Group companies	126,561	8,703	247	-	-	135,511
Debt securities in issue	-	-	25,267	964,168	-	989,435
Subordinated liabilities	-	-	3,812	-	304,143	307,955
Derivative financial liabilities	585	34	178	2,077	1,790	4,664
Lease liabilities	747	1,057	3,442	15,711	9,571	30,528
Other financial liabilities	176,335	110	92	566	-	177,103
	<u>16,837,359</u>	<u>1,566,710</u>	<u>2,583,778</u>	<u>1,198,767</u>	<u>337,868</u>	<u>22,524,482</u>
Net financial (liabilities)/assets	<u>(7,815,388)</u>	<u>(1,236,097)</u>	<u>(774,862)</u>	<u>5,020,152</u>	<u>6,361,327</u>	<u>1,555,132</u>

43. Risk management - Liquidity and funding risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturity at the balance sheet date. Amounts disclosed are the contractual undiscounted cash flows.

	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
2025	€000	€000	€000	€000	€000	€000
Financial liabilities						
Deposits by banks	171,621	16,221	42,867	161,196	5,419	397,324
Customer deposits	18,420,066	1,742,598	2,032,797	10,050	-	22,205,511
Balances with Group companies	210,730	9,027	-	-	-	219,757
Debt securities in issue	-	-	48,313	1,058,168	-	1,106,481
Subordinated liabilities	-	-	18,210	82,660	484,697	585,567
Derivative financial liabilities	2,434	236	9	7,300	9,277	19,256
Lease liabilities	708	1,088	4,150	17,491	7,415	30,852
Other financial liabilities	160,619	-	-	5,589	-	166,208
	18,966,178	1,769,170	2,146,346	1,342,454	506,808	24,730,956

	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 liabilities						
Deposits by banks	96,321	11,533	32,434	207,342	23,271	370,901
Customer deposits	16,439,268	1,550,780	2,535,228	15,440	-	20,540,716
Balances with Group companies	126,561	8,703	247	-	-	135,511
Debt securities in issue	-	-	48,313	1,104,057	-	1,152,370
Subordinated liabilities	-	-	19,875	102,615	356,162	478,652
Derivative financial liabilities	585	34	178	2,077	1,790	4,664
Lease liabilities	796	1,154	3,844	16,995	9,845	32,634
Other financial liabilities	176,335	110	92	566	-	177,103
	16,839,866	1,572,314	2,640,211	1,449,092	391,068	22,892,551

Gross settled derivatives

The table below presents gross settled derivatives, where the corresponding cash flows are classified accordingly in the time bands which relate to the number of days until their receipt or payment.

	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
2025	€000	€000	€000	€000	€000	€000
Gross settled derivatives						
<i>Financial assets</i>						
Contractual amounts receivable	134,647	34,167	7,276	-	-	176,090
Contractual amounts payable	(134,064)	(34,064)	(7,198)	-	-	(175,326)
	583	103	78	-	-	764
<i>Financial liabilities</i>						
Contractual amounts receivable	466,148	114,098	1,082	-	-	581,328
Contractual amounts payable	(467,990)	(114,137)	(1,088)	-	-	(583,215)
	(1,842)	(39)	(6)	-	-	(1,887)

43. 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
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)
	<u>7,626</u>	<u>639</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>8,329</u>
<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)
	<u>(106)</u>	<u>1</u>	<u>(56)</u>	<u>-</u>	<u>-</u>	<u>(161)</u>

Maturity of Contingent liabilities and Commitments

The table below shows the contractual maturity of the Company's contingent liabilities, commitments and financial guarantees. 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 Company can be required to pay. For guarantees to give rise to a payment obligation to the Company, 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.

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.

	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
2025	€000	€000	€000	€000	€000	€000
Contingent liabilities and commitments						
<i>Contingent liabilities</i>						
Acceptances and endorsements	1,620	1,099	301	-	-	3,020
Guarantees	669,871	-	-	-	-	669,871
<i>Commitments</i>						
Documentary credits	1,228	7,268	14,436	-	-	22,932
Undrawn formal standby facilities, credit lines and other commitments to lend	2,173,019	-	-	-	-	2,173,019
	<u>2,845,738</u>	<u>8,367</u>	<u>14,737</u>	<u>-</u>	<u>-</u>	<u>2,868,842</u>

43. 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	706,496	-	-	-	-	706,496
<i>Commitments</i>						
Documentary credits	7,318	1,539	5,911	-	-	14,768
Undrawn formal standby facilities, credit lines and other commitments to lend	2,041,468	-	-	-	-	2,041,468
	<u>2,759,379</u>	<u>2,250</u>	<u>6,374</u>	<u>-</u>	<u>-</u>	<u>2,768,003</u>

44. Capital management

The primary objective of the Company'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.

During 2024, the EU co-legislators finalised, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWAs (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from 1 January 2025, with Regulation (EU) 2024/1623 amending the CRR as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor and Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks. 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. The date of the application of the Fundamental Review of the Trading Book ('FRTB') framework was postponed to 1 January 2026, in accordance with Commission delegated regulation 2024/2795. On 12 June 2025, the European Commission confirmed that the start date for the new market risk rules under the FRTB will be postponed by one additional year to 1 January 2027.

The Group and the Company have complied with the minimum capital requirements (Pillar I and Pillar II).

45. Related party transactions

Related parties of the Company include the holding Company (BOCH), subsidiary undertakings, 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.

45. Related party transactions (continued)

a) Transactions with Group companies

Transactions between the Company and its parent company and between the Company and its subsidiaries are entered into in the normal course of business. Balances and transactions with the Group companies are disclosed in Note 22. Further, information on the Subordinated Liabilities loans and the Capital Securities Loan from the parent company is disclosed in Notes 29 and 31 respectively.

b) Transactions with associates

From time to time, the Company provides to and receives from its associates certain banking and financial services. These are not material to the Company and all the transactions are made on normal business terms as for comparable transactions with other customers of a similar type.

Aggregate amounts outstanding at year end and additional transactions

	2025 €000	2024 €000
Loans and advances as at 31 December		
Board of Directors	62	71
Key management personnel	1,194	1,695
Connected persons - Board of Directors	63	73
Connected persons - key management personnel	809	524
	2,128	2,363
Deposits as at 31 December		
Board of Directors	1,033	644
Key management personnel	1,987	2,289
Connected persons - Board of Directors	799	308
Connected persons - key management personnel	2,334	3,235
	6,153	6,476
Interest income for the year	93	113
Interest expense for the year	18	37
Fee and commission income for the year	18	-
Insurance premium income for the year	464	451
Insurance expenses for the year	24	6

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 the reporting dates.

As at 31 December 2025 there were 11 Directors in office (2024: nine Directors) and 17 key management personnel in office (2024: 17 key management personnel).

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 2025 an amount of €841 thousand (2024: €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 €173 thousand as at 31 December 2025 (2024: €114 thousand).

45. Related party transactions (continued)

There were also contingent liabilities and commitments to other key management personnel and their connected persons amounting to €1,082 thousand as at 31 December 2025 (2024: €1,240 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 other connected persons (using forced-sale values for tangible collaterals, and assigning no value to other types of collaterals) at 31 December 2025 amounted to €1,400 thousand (2024: €1,328 thousand).

During the year ended 31 December 2025 one member of the key management personnel transacted with REMU for the purchase of a property with a carrying amount of €114 thousand. The transaction was made on normal business terms as for comparable transactions with third parties. No similar transaction took place during the year ended 31 December 2024.

There were no other transactions during the years ended 31 December 2025 and 2024 with connected persons of the current members of the Board of Directors or with any members who resigned 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. A number of loans and advances have been extended to key to management personnel on the same terms as those applicable to the rest of the Company's employees and their connected persons on the same terms as those of customers of a similar credit standing.

Fees and emoluments of members of the Board of Directors and key management personnel

	2025	2024
	€000	€000
Directors' emoluments		
<i>Executives</i>		
Salaries and other short-term benefits	1,179	1,151
Variable remuneration - STIP	49	72
Variable remuneration - LTIP	1,234	1,180
Retirement benefit plan costs	104	102
Total directors' emoluments	2,566	2,505
Key management personnel emoluments		
Salaries and other short-term benefits	3,111	2,944
Variable remuneration - STIP	535	545
Variable remuneration - LTIP	2,316	2,050
Retirement benefit plan costs	265	251
Total key management personnel emoluments	6,227	5,790
Total	8,793	8,295

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.

Non-executive Directors

Non-executive director fees are expensed by Bank of Cyprus Holdings Public Limited Company and as a result no non-executive director fees are disclosed. However, these are recharged by the holding company back to the Company and the recharge cost is included within 'Other operating expenses'. The non-executive director fees are disclosed in Note 48 of the Consolidated Financial Statements of the Company.

The retirement benefit plan costs relate to contributions paid for defined contributions plans.

45. Related party transactions (continued)

Fees and emoluments of members of the Board of Directors and key management personnel (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 2025 for STIP and of the performance period 2023-2025 for the 2023 LTIP (2023 LTIP cycle awarded), and include both amounts expected to vest in 2026 and amounts to be deferred in following years. In respect of the 2023 LTIP, the amount of the award disclosed is different from the annual cost amount recorded in the income statement as the annual cost is calculated under the IFRS 2 provisions as per the accounting policy disclosed in Note 2.31 of the Consolidated Financial Statements of the Company. The LTIP amount included in the tables in this Note represents the amount awarded, calculated as the final amount of shares of BOCH 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 2025 to 16 January 2026 of €8.12. The final number of BOCH shares to be delivered to the Chief Executive Officer have been set to 112,083, to the Executive Director Finance to 39,950 and for the key management personnel to 285,270. For the comparative period the amounts presented relate to 2024 STIP and the amount awarded in respect of the performance period 2022-2024 for the 2022 LTIP (2022 LTIP cycle awarded). The annual expense amounts recorded in the income statement for the year ended 31 December 2025 and 2024 in accordance with IFRS 2 in respect of the Executive Directors and key management personnel are disclosed below.

As disclosed in Note 12.3 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 2025, 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 2025 (2024: in the form of cash). In the context of establishing the final amount of variable remuneration for the performance years 2025 and 2024, following the outcome of the assessment of the predetermined performance targets, the amounts awarded under the 2023 and 2022 LTIP cycles were determined first, followed by the STIP amount to be awarded for the relevant performance year so that the total variable remuneration is within the 100% fixed to variable remuneration ratio threshold. Therefore, for years 2025 and 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 12.3 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

The fees and emoluments of the Executive Directors are analysed as follows:

	2025 €000	2024 €000
Directors' emoluments		
Panicos Nicolaou (Chief Executive Officer)		
Salaries and other short-term benefits	836	819
Variable remuneration - STIP	-	-
Variable remuneration - LTIP	910	891
Retirement benefit plan costs	74	73
	1,820	1,783
Eliza Livadiotou (Executive Director Finance)		
Salaries and other short-term benefits	343	332
Variable remuneration - STIP	49	72
Variable remuneration - LTIP	324	289
Retirement benefit plan costs	30	29
	746	722
Total	2,566	2,505

45. Related party transactions (continued)

Fees and emoluments of members of the Board of Directors and key management personnel
(continued)

The share-based benefits expense recorded in the Income Statement during the year ended 31 December 2025 for the share awards granted under the LTIP for LTIP Cycles for the years 2022-2025 amounts to €315 thousand for the Chief Executive Officer and to €100 thousand for the Executive Director Finance (2024: €240 thousand for the Chief Executive Officer and €77 thousand for the Executive Director Finance for the share awards granted under the LTIP for LTIP Cycles 2022-2024).

Further, employer's contributions of €67 thousand have been recorded in the Income Statement during the year ended 31 December 2025, of which €36 thousand relate to the Chief Executive Officer and €31 thousand relate to the Executive Director Finance (2024: employer's contributions of €63 thousand, of which €34 thousand relate to the Chief Executive Officer and €29 thousand to the Executive Director Finance). Such amounts are not considered part of the remuneration of Directors, but rather an incremental cost to the Company, and as such have not been included in the table above.

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) of the Company since the date of their appointment to the Committees.

Employer's contributions in relation to the emoluments of key management personnel of €364 thousand have been recorded in the Income Statement during the year ended 31 December 2025 (2024: €354 thousand). Such amounts are not considered part of the remuneration, but rather an incremental cost to the Company, and as such not included in the table above.

Further a cost of €818 thousand has been recorded by the Company in the Income Statement in relation to awards granted to the key management personnel under the Long-Term Incentive Plan (LTIP) for years 2022-2025 as described in Note 12.2 (2024: cost of €615 thousand for awards granted under LTIP Cycles for years 2022-2024). The recognition of such cost is in accordance with the Group accounting policy described in Note 2.31 of the Consolidated Financial Statements of the Company.

46. Subsidiary companies

The main subsidiary companies and branches of the Company, their country of incorporation, their activities and the percentage held by the Company (directly or indirectly) as at 31 December 2025 are:

Company	Country	Activities	Percentage holding (%)
EuroLife Ltd	Cyprus	Life insurance	100
General Insurance of Cyprus Ltd	Cyprus	Non-life insurance	100
JCC Payment Systems Ltd	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)	Cyprus	Investment banking, brokerage, discretionary asset management and investment advice services	100
Jinius Ltd	Cyprus	Digital Economy Platform	100
Kermia Ltd	Cyprus	Property holding	100
Kermia Properties & Investments Ltd	Cyprus	Property management and disposal of repossessed properties	100
S.Z. Eliades Leisure Ltd	Cyprus	Land development and operation of a golf resort	70
Auction Yard Ltd	Cyprus	Auction company	100
BOC Secretarial Company Ltd	Cyprus	Secretarial services	100
Bank of Cyprus Public Company Ltd (branch of the Company)	Greece	Administration of guarantees and holding of real estate properties	n/a
BOC Asset Management Romania S.A.	Romania	In run-down	100
MC Investment Assets Management LLC	Russia	Problem asset management company - In run-down	100
Fortuna Astrum Ltd	Serbia	Problem asset management company - In run-down	100

46. Subsidiary companies (continued)

LCP Holdings and Investments Public Ltd, a 67% subsidiary company indirectly held by the Company through its subsidiary CISCO, was disposed of during the year ended 31 December 2025.

In addition to the above companies, as at 31 December 2025 the Company had 100% shareholding, either directly or indirectly, in the companies listed below, whose activity is the ownership and management of immovable property:

Cyprus: Pelika Properties Ltd, Cobhan Properties Ltd, Nalmosa Properties Ltd, Emovera Properties Ltd, Blodar Properties Ltd, Les Coraux Estates Ltd, Natakou 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, Melsolia Properties Ltd, Solomaco Properties Ltd, Unital Properties Ltd, Lisbo Properties Ltd, Mantinec Properties Ltd, Hillbay Properties Ltd, Forenaco Properties Ltd, Hovita Properties Ltd, Fogland Properties Ltd, Tebasco Properties Ltd, Altco Properties Ltd, Olivero Properties Ltd, Elosa Properties Ltd, Mostero Properties Ltd, Helal Properties Ltd, Pendalo Properties Ltd, Bonsova Properties Ltd, Thermano Properties Ltd, Lorman Properties Ltd, Rulemon Properties Ltd, Diafor Properties Ltd, Kartama Properties Ltd, Paramina Properties Ltd, Soblano Properties Ltd, Talamon Properties Ltd, Weiner Properties Ltd, Zemialand Properties Ltd, Coeval Properties Ltd, Finevo Properties Ltd, Mazima Properties Ltd, Riveland Properties Ltd, Secretsky Properties Ltd, Senadaco Properties Ltd, Tasabo Properties Ltd, Venetolio Properties Ltd, Zandexo Properties Ltd, Odolo Properties Ltd, Molemo Properties Ltd, Samilo Properties Ltd, Enelo Properties Ltd, Monata Properties Ltd, Carilo Properties Ltd, Olisto Properties Ltd, Holstone Properties Ltd, Gelimo Properties Ltd and Philiki Ltd.

Romania: Otherland Properties Dorobanti SRL.

Further, at 31 December 2025 the Company had 100% shareholding in Stamoland 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 2025, the Company 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 2025, the Company 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, Amirela Properties Ltd, Erlino Properties Ltd, Ontra Properties Ltd and Ellagio Properties Ltd.

In addition, the Company holds 100% of the following intermediate holding companies:

Cyprus: Otherland Properties Ltd, Janoland Properties Ltd and Hydrobius Ltd.

The Company 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, Tolmeco Properties Ltd, Jobelis Properties Ltd, Spacous Properties Ltd, Wingstreet Properties Ltd, Eracor Properties Ltd, Balasec Properties Ltd, Nouralia Properties Ltd, Alezia 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.

The Company also holds indirectly 75% of Settle Cyprus Ltd, which is inactive.

All companies listed above have share capital consisting of ordinary shares.

46. **Subsidiary companies** (continued)

Acquisitions of subsidiaries

Acquisition of Ethniki Insurance Cyprus Ltd

In April 2025, the Company announced that it reached a binding agreement for the acquisition of Ethniki Insurance Cyprus Ltd. In July 2025, following the completion of all regulatory approvals, the Company acquired a 100% interest in Ethniki Insurance Cyprus Ltd for a cash consideration of €29,343 thousand. Ethniki Insurance Cyprus Ltd was the parent entity of Ethniki General Insurance Cyprus Ltd (together referred to as Ethniki Insurance Cyprus). The acquisition is aligned with the strategy of the Group to expand its insurance operations and further improve its diversified business model. In December 2025, the Company completed legal mergers by acquisition, whereby Ethniki Insurance Cyprus Ltd was absorbed by Eurolife Ltd and Ethniki General Insurance Cyprus Ltd was absorbed by General Insurance of Cyprus Ltd. The legal merger was in exchange for shares, in Eurolife Ltd and General Insurance of Cyprus Ltd, by reference to the carrying values of the merged entities as of that date, which approximated the original acquisition cost. These legal mergers had no impact on the Company's financial statements.

The Company incurred acquisition-related costs of €681 thousand relating to fees for external professional services, which were recorded in the Income Statement during the year ended 31 December 2025.

During the year ended 31 December 2024 there were no acquisitions of subsidiaries.

Dissolution and disposal of subsidiaries

During the year ended 31 December 2025, the Company incorporated Sintras Properties Limited, a 100% subsidiary, which had been set up to accept property. On 30 June 2025, the Bank disposed of 80.1% of its shareholding in the subsidiary and the remaining 19.9% shareholding has been classified as other securities measured at FVPL (Note 18).

There were no material disposals of subsidiaries during the year ended 31 December 2025. Obafemi Holdings Ltd, Thryan Properties Ltd, Bramwell Properties Ltd, Battersee Real Estate SRL, 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 were dissolved during the year ended 31 December 2025. Cranmer Properties Ltd, Larizemo Properties Ltd, Rosalica Properties Ltd, Astromeria Properties Ltd, Orilema Properties Ltd, Lomenia Properties Ltd, Amary Properties Ltd, Midelox Properties Ltd, Montira Properties Ltd, Linaland Properties Ltd, Barosca Properties Ltd, Jaselo Properties Ltd, Toreva Properties Ltd, Resoma Properties Ltd, Maledico Properties Ltd, Aparno Properties Ltd, Frontyard Properties Ltd, Nolory Properties Ltd, Unoplan Properties Ltd, Resocot Properties Ltd, Neraland Properties Ltd, Flona Properties Ltd, Provezaco Properties Ltd, Valecross Properties Ltd and Venicous Properties Ltd were disposed of during the year ended 31 December 2025.

As at 31 December 2025, the following subsidiaries were in the process of dissolution or in the process of being struck off: Battersee Properties Ltd, Bonayia Properties Ltd, Imoreth Properties Ltd, Inroda Properties Ltd, Zunimar Properties Ltd, Nikaba Properties Ltd, Allioma Properties Ltd, Fantasio Properties Ltd and Demoro Properties Ltd.

During the year ended 31 December 2025 net gains on disposal/dissolution of subsidiary companies of €389 thousand (2024: net losses of €4,712 thousand) were recorded in the income statement (Note 11) and relates primarily to disposal of entities holding properties managed under the REMU portfolio.

Carrying value of investments in subsidiaries

	2025	2024
	€000	€000
1 January	427,422	552,577
Additions	2,508	13,522
Acquisitions of subsidiaries - Ethniki Insurance Cyprus Ltd	29,343	-
Disposals/dissolution of subsidiaries	(167,754)	(88,562)
Contribution to subsidiaries-net	12,685	13,165
Impairment of investments in subsidiaries (Note 14)	(408)	(63,280)
31 December	303,796	427,422

47. Offsetting financial assets and liabilities

In the offsetting of financial assets and financial liabilities, the net amount is reported on the balance sheet when the offset criteria are met. This is achieved when there is a legally enforceable right to offset the recognised amount and there is either an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The following tables set out the effect or potential effect of netting arrangements on the Company's financial position. The 'Related amounts not offset on the balance sheet' include transactions where:

- Financial assets and liabilities are subject to offset under netting provisions included in counterparties' agreements but do not qualify for balance sheet offsetting as at the reporting date.
- Financial collateral (such as debt securities and cash collateral) received for derivatives and reverse repurchase agreements to cover net exposure in the event of a default or other predetermined events.

The agreement between the Company 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, or similar agreement, has the option to settle all such amounts on a net basis in the event of default of the other party. The gross amounts of recognised derivative financial assets and liabilities, include amounts of €16,950 thousand (2024: €3,421 thousand) that do not meet the offsetting criteria, but are subject to enforceable master netting arrangements.

The effect of over-collateralisation is excluded. Financial collateral (including cash collateral) disclosed is limited to the net position exposure and hence may differ from the maximum collateral available for offset.

	Effects of offsetting on the balance sheet			Related amounts not offset on the balance sheet		
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Amounts subject to master netting agreements	Financial collateral (including cash collateral)	Net amount
Assets						
2025	€000	€000	€000	€000	€000	€000
Derivative financial assets	88,342	-	88,342	(16,950)	(71,127)	265
Reverse repurchase agreements	1,618,955	-	1,618,955	-	(1,618,955)	-
Total	1,707,297	-	1,707,297	(16,950)	(1,690,082)	265
2024						
Derivative financial assets	95,273	-	95,273	(3,421)	(91,202)	650
Reverse repurchase agreements	1,010,170	-	1,010,170	-	(1,010,170)	-
Total	1,105,443	-	1,105,443	(3,421)	(1,101,372)	650

47. Offsetting financial assets and liabilities (continued)

	Effects of offsetting on the balance sheet			Related amounts not offset on the balance sheet		
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Amounts subject to master netting agreements	Financial collateral (including cash collateral)	Net amount
Liabilities						
2025	€000	€000	€000	€000	€000	€000
Derivative financial liabilities	19,256	-	19,256	(16,950)	(1,397)	909
Total	19,256	-	19,256	(16,950)	(1,397)	909
2024						
Derivative financial liabilities	4,664	-	4,664	(3,421)	-	1,243
Total	4,664	-	4,664	(3,421)	-	1,243

48. Events after the reporting period

Final cash dividend and aggregate distribution in respect of 2025 earnings

In February 2026, the Board of Directors declared a final cash dividend of €0.0227 per ordinary share in respect of 2025 earnings. The proposed final cash dividend together with the interim dividend of €0.0091 per ordinary share (Note 32) paid in October 2025, amount to a total cash dividend of €0.03 per ordinary share and an aggregate distribution of €305 million in respect of 2025 earnings, all in the form of cash dividend. The proposed final cash dividend is subject to shareholder's approval at the AGM that will be held on 15 May 2026.

The financial statements for the year ended 31 December 2025 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 2026.

Dividends are funded out of distributable reserves.

Agreement for a 26.45% equity stake in Wealthyhood Ltd

In March 2026, the Company entered into a Subscription & Shareholder Agreement for an acquisition by the Company of shareholding to 26.45% equity stake in Wealthyhood Ltd, a digital investment platform. The transaction is in line with the Company's strategy for small bolt-on acquisitions that complement its product offering for further diversification of its income composition. The transaction remains subject to completion conditions.

Agreement for the acquisition of performing loans and deposits of Cyprus Development Bank Ltd

In March 2026, the Company entered into an agreement with the Cyprus Development Bank Ltd ('CDB'), for the acquisition of performing loans and deposits and certain other assets and liabilities of CDB (the 'Transaction'). The Transaction perimeter includes a portfolio of performing loans of a contractual amount of approximately €150 million and deposits of approximately €500 million as at 31 December 2025. Completion of the Transaction remains subject to certain conditions precedent (including obtaining regulatory approvals) being fulfilled.

Decision to call the outstanding 2021 Note

In March 2026, BOCH announced that it will exercise its option to redeem the remaining outstanding 2021 Note on 23 April 2026. At the same time, the Company gave notice to BOCH that it will exercise its option to redeem the remaining outstanding 2021 Loan, on 23 April 2026 as well.

48. Events after the reporting date (continued)

Military Conflict in Middle East

The new major escalation in the Middle East in 2026 is disrupting the geopolitical balance and shaking international markets, especially with regards to energy. While both the Cypriot and the global economy enter this crisis from a relatively solid position, despite the existing trade and geopolitical tensions, this new conflict is expected to have implications for energy markets, as states in the Gulf have already seen their production affected, while shipping costs have already increased. These will, in turn, impact inflation and broader financial conditions, but the magnitude of the impact crucially depends on how long the conflict lasts. As such, the quantification of potential impacts from the conflict remains uncertain, including, but not limited to, on economic developments, asset valuations, interest rate expectations, and exchange rates. Similarly, inflation and any central bank actions will hinge on the length of the conflict and the monetary policy reaction function, with oil-driven inflation likely to sustain pressures on interest rates and weigh on easing expectations.

The extent and quantification of these impacts on the Company remains uncertain at this stage. As it stands, the current conflict could result in elevated and prolonged geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices which will increase inflationary pressures around the globe, and a potential adverse impact on financial markets coupled with a downturn in the global economy. Secondary effects stemming from these developments, e.g., the reaction of central banks or the sufficiency of energy supplies in Europe, as well as the economic impact of such effects are hard to predict and could be significant. Although the Company's direct exposure to the Middle East region is limited, the conflict could have an adverse impact on the Cypriot economy, including, a negative impact on the tourism, import costs through higher freight notes and administrative services sectors, an increase energy prices resulting in inflationary pressures, and disruptions to trade. With respect to direct exposure, as mentioned, the Company's direct exposure to the countries in the Middle East region directly affected by the conflict (and specifically exposure in Israel, Iran, Lebanon, Saudi Arabia, United Arab Emirates, Qatar, Bahrain and Kuwait) is limited. Specifically, the Company has bond exposures of an aggregated nominal amount of €71 million all classified in the amortised cost category, and customer advances of a gross amount of €79 million at the end of February 2026, by reference to the country of risk as defined in Note 41.2 and expanded to also include exposures for loans and advances to customers with collateral located in these countries and/or business activities within these countries, as applicable. All of the customer advances exposures were classified as Stage 1 and/or Stage 2 except for an amount of €4.7 million classified as Stage 3, which had a net book value of €0.5 million.

In this context, the Company is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required. The Company is continuously monitoring the current affairs and the impact of the forecasted macroeconomic conditions and geopolitical developments on the Company's strategy to proactively manage emerging risks. In its models, the Company includes related events in its stress testing scenarios to obtain a better understanding of the potential capital impact. The Company considering its capital and liquidity position, its risk profile as well as the results of its stress testing scenarios demonstrates that is well positioned to withstand volatility that may arise from a deterioration in the geopolitical and global economic environment.

No other significant non-adjusting events have taken place since 31 December 2025.

Alternative Performance Measures Disclosures 2025

DEFINITIONS

Adjusted recurring profitability	The definition refers to the BOCH Group's profit after tax (attributable to the owners of the Company) as reported, adjusted for the results of certain one-off items (e.g. capital gains, write-downs/write-ups relating to certain re-organisation activities and/or, legacy related, as well as material non-cash transactions impacting the profitability) that fall outside the ordinary course of the Group's business and are items that Management and investors would ordinarily identify and consider separately to better understand the underlying trends in the business and after 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) and (ii) allowance for expected credit losses on off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities.
Basic earnings per share (attributable to the owners of the Company)	Basic earnings 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.
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).
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 and 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.
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 (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 (where applicable).
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') (where applicable), 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 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 property, 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) 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 any accrual for distribution deducted from CET1 but not from shareholders' equity and the excess CET1 capital on a 15% CET1 ratio 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 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 property and Other income (on an underlying basis).

Underlying basis The underlying basis is computed by adjusting the results as per the statutory basis as explained in the 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2025 between the statutory basis and the underlying basis' within the Management Report. A reconciliation between the statutory and the underlying basis is disclosed in the Management Report under section 'Group financial results on the underlying basis'.

Reconciliations

Reconciliation between the Consolidated Income Statement under the statutory basis and the underlying basis in the Management Report is included in Section 'Reconciliation of the Consolidated Income Statement for the year ended 31 December 2025 between the statutory basis and the underlying basis' of the Management 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 2025.

As of 30 September 2025, the definition of both gross loans and allowance for expected loan credit losses was updated with respect to the residual fair value adjustment on initial recognition now being deducted from gross loans instead of being included in the allowance for expected loan credit losses (refer to Definitions above). This revision was implemented to align the underlying basis with the statutory basis for gross loans and advances to customers measured at amortised cost and is not material. There is no impact on the net loans as a result of this update in the definitions. Comparative information has been revised to reflect this adjustment to conform with the current period's disclosure format, unless otherwise stated. References to Pro forma figures as at 31 December 2024 refer to the agreement for the sale of a non-performing loan portfolio, which was completed in the first half of 2025. The portfolio is 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 assumed completion of the sale.

1. Reconciliation of Gross loans and advances to customers

	2025	2024 Pro forma
	€000	€000
Gross loans and advances to customers as per the underlying basis (<i>as defined above</i>)	10,955,397	10,261,413
Reconciling items:		
Loans and advances to customers measured at FVPL (<i>Note 23</i>)	-	(131,008)
Gross loans and advances to customers at amortised cost as per the Consolidated Financial Statements (<i>Note 23</i>)	10,955,397	10,130,405

2. Reconciliation of Allowance for expected credit losses (ECL) on loans and advances to customers

	2025	2024 Pro forma
	€000	€000
Allowance for expected credit losses (ECL) on loans and advances to customers as per the underlying basis (<i>as defined above</i>)	176,525	164,912
Reconciling items:		
Provisions for financial guarantees and commitments (<i>Note 32</i>)	(19,470)	(17,893)
Allowance for ECL on loans and advances to customers as per the Consolidated Financial Statements (<i>Note 23</i>)	157,055	147,019

Reconciliations (continued)

3. Reconciliation of NPEs

	2025	2024 Pro forma
	€000	€000
NPEs as per the underlying basis (<i>as defined above</i>)	126,768	202,090
Reconciling items:		
POCI (NPEs) (<i>Note 1 below</i>)	(18,893)	(31,322)
Stage 3 gross loans and advances to customers at amortised cost as per Consolidated Financial Statements (<i>Note 23</i>)	107,875	170,768

NPE ratio	2025	2024 Pro forma
NPEs (<i>as per table above</i>) (€000)	126,768	202,090
Gross loans and advances to customers (<i>as per table 1 above</i>) (€000)	10,955,397	10,261,413
Ratio of NPEs/Gross loans (%)	1.2%	2.0%

NPE Coverage ratio	2025	2024 Pro forma
Allowance for expected credit losses (ECL) on loans and advances to customers (<i>as per table 2 above</i>) (€000)	176,525	164,912
NPEs (<i>as per table above</i>) (€000)	126,768	202,090
NPE Coverage ratio (%)	139%	82%

Note 1: Gross loans and advances to customers at amortised cost include an amount of €18,893 thousand POCI - NPEs (out of a total of €52,135 thousand POCI loans) (2024: €31,322 thousand POCI - NPEs (out of a total of €58,062 thousand POCI loans)) as disclosed in Note 23 of the Consolidated Financial Statements.

4. Reconciliation of Loan credit losses

	2025	2024
	€000	€000
Loan credit losses as per the underlying basis	34,600	30,368
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 (<i>Note 16</i>)	33,902	31,913
Net losses/(gains) on derecognition of financial assets measured at amortised cost – loans and advances to customers (<i>see further below</i>)	2,013	(313)
Net gains on loans and advances to customers measured at FVPL (<i>Note 11</i>)	(1,315)	(1,232)
	34,600	30,368

Net losses on derecognition of financial assets measured at amortised cost in the Consolidated Income Statement amount to €2,013 thousand (2024: €13 thousand) and comprise €2,013 thousand (2024: net gains of €313 thousand) net losses on derecognition of loans and advances to customers and nil (2024: €326 thousand) net losses on derecognition of debt securities measured at amortised cost.

Key Performance Ratios Information

1. Net Interest Margin (NIM)

The components for the calculation of net interest margin are provided below:

	2025	2024
1.1 Net interest income used in the calculation of NIM	€000	€000
Net interest income as per the underlying basis/statutory basis	732,115	822,124

1.2 Interest earning assets	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2024
	€000	€000	€000	€000	€000
Cash and balances with central banks (<i>Note 19</i>)	7,933,036	7,512,502	7,401,060	7,197,251	7,600,726
Loans and advances to banks (<i>Note 19</i>)	575,508	912,809	1,004,664	1,018,603	820,574
Reverse repurchase agreements	1,618,955	1,322,484	1,014,713	1,015,539	1,010,170
Loans and advances to customers (<i>Note 23</i>)	10,800,913	10,655,868	10,580,438	10,400,243	10,117,168
Loans and advances to customers held for sale (<i>Note 23</i>)	-	11,019	-	-	23,143
Prepayments, accrued income and other assets – Deferred consideration receivable ('DPP') (<i>Note 28</i>)	-	-	-	145,463	143,604
Investments					
Debt securities (<i>Note 20</i>)	5,131,383	4,910,819	4,649,595	4,518,668	4,212,177
Total interest earning assets	26,059,795	25,325,501	24,650,470	24,295,767	23,927,562
1.3 Quarterly average interest earning assets (€000)					
- 2025					24,851,819
- 2024					23,272,815

1.4. Net Interest Margin (NIM)	2025	2024
Net interest income (<i>as per table 1.1 above</i>) (€000)	732,115	822,124
Quarterly average interest earning assets (<i>as per table 1.3 above</i>) (€000)	24,851,819	23,272,815
NIM (%)	2.95%	3.53%

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 Total Expenses as per the underlying basis	2025	2024
	€000	€000
Staff costs as per the underlying basis/statutory basis	225,215	203,062
Special levy on deposits and other levies/contributions as per the underlying basis/statutory basis	42,379	39,115
Other operating expenses as per the underlying basis/statutory basis	161,365	161,876
Total Expenses as per the underlying basis	428,959	404,053

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	2025	2024
	€000	€000
Net interest income as per the underlying basis/statutory basis (<i>as per table 1.1 above</i>)	732,115	822,124
Net fee and commission income as per the underlying basis/statutory basis	179,659	176,943
Net foreign exchange gains, Net gains on financial instruments and Net losses on derecognition of financial assets measured at amortised cost as per the underlying basis (<i>as per table 2.2.2 below</i>)	43,137	36,399
Net insurance result* (<i>as per the statutory basis</i>)	59,709	46,191
Net losses from revaluation and disposal of investment properties and Net gains on disposal of stock of property (<i>as per the statutory basis</i>)	9,268	(1,214)
Other income (<i>as per the statutory basis</i>)	17,878	14,381
Total Income as per the underlying basis	1,041,766	1,094,824

*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 losses on derecognition of financial assets measured at amortised cost between the statutory basis and the underlying basis	2025	2024
€000	€000	€000
Net foreign exchange gains, Net gains on financial instruments and Net losses on derecognition of financial assets measured at amortised cost as per the underlying basis	43,137	36,399
<i>Reclassifications for:</i>		
Net gains on loans and advances to customers measured at FVPL, disclosed within 'Loan credit losses' per the underlying basis (as per table 4 in Section 'Reconciliations' above)	1,315	1,232
Net (losses)/gains on derecognition of financial assets measured at amortised cost - loans and advances to customers, disclosed within 'Loan credit losses' per the underlying basis (as per table 4 in Section 'Reconciliations' above)	(2,013)	313
Net foreign exchange gains, Net gains on financial instruments and Net losses on derecognition of financial assets measured at amortised cost as per the statutory basis (see below)	42,439	37,944
Net foreign exchange gains, Net gains on financial instruments and Net losses 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	28,930	27,285
Net gains on financial instruments	15,522	10,672
Net losses on derecognition of financial assets measured at amortised cost	(2,013)	(13)
	42,439	37,944

	2025	2024
Cost to income ratio		
Total expenses (as per table 2.1 above) (€000)	428,959	404,053
Total income (as per table 2.2.1 above) (€000)	1,041,766	1,094,824
Total expenses / Total income (%)	41%	37%

Cost to income ratio excluding special levy on deposits and other levies/contributions	2025	2024
Total expenses (as per table 2.1 above) (€000)	428,959	404,053
Less: Special levy on deposits and other levies/contributions (as per table 2.1 above) (€000)	(42,379)	(39,115)
Total expenses excluding special levy on deposits and other levies/contributions (€000)	386,580	364,938
Total income (as per table 2.2.1 above) (€000)	1,041,766	1,094,824
Total expenses excluding special levy on deposits and other levies/contributions / Total income (%)	37%	33%

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 2025 €000	30 September 2025 €000	30 June 2025 €000	31 March 2025 €000	31 December 2024 €000
Total assets (Per the Consolidated Balance Sheet)	28,571,242	27,859,016	27,105,745	26,852,936	26,486,122
Quarterly average total assets (€000)					
- 2025					27,375,012
- 2024					25,878,266

	2025	2024
Total income (as per table 2.2.1 above) (€000)	1,041,766	1,094,824
Total expenses (as per table 2.1 above) (€000)	(428,959)	(404,053)
Operating profit (€000)	612,807	690,771
Quarterly average total assets (as per table above) (€000)	27,375,012	25,878,266
Operating profit return on average assets (%)	2.2%	2.7%

4. Cost of Risk

	2025 €000	2024 €000
Loan credit losses (as per table 4 in Section 'Reconciliations' above)	34,600	30,368
Average gross loans (as defined) (as per table 1 in Section 'Reconciliations' above)	10,608,405	10,221,942
Cost of Risk (CoR) %	0.33%	0.30%

5. Basic earnings per share attributable to the owners of the Company

The components used in the determination of the 'Basic earnings per share attributable to the owners of the Company (€ cent)' are provided below:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	490,422	510,621
Weighted average number of shares in issue during the year, excluding treasury shares (thousand) (Note 18)	9,597,945	9,597,945
Basic earnings per share attributable to the owners of the Company for the year ended 31 December (€ cent)	5.1	5.3

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:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	490,422	510,621
Quarterly average tangible shareholders' equity as at 31 December (<i>as per table 6.2 below</i>) (€000)	2,592,178	2,371,894
ROTE (%)	18.9%	21.5%

6.1 Tangible shareholders' equity	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2024
	€000	€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	2,720,641	2,606,706	2,575,364	2,711,634	2,593,210
Less: Intangible assets (as per the statutory basis)	(51,920)	(50,642)	(46,870)	(47,486)	(49,747)
Total tangible shareholders' equity	2,668,721	2,556,064	2,528,494	2,664,148	2,543,463

6.2 Quarterly average tangible shareholders' equity (€000)					
- 2025					2,592,178
- 2024					2,371,894

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:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the year ended 31 December (€000)	490,422	510,621
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)	1,822,674	1,839,347
ROTE on 15% CET1 (%)	26.9%	27.8%

Key Performance Ratios Information (continued)

7. Return on tangible equity (ROTE) on 15% CET1 ratio (continued)

7.1 Tangible shareholders' equity on 15% CET1 ratio	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2024
	€000	€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	2,720,641	2,606,706	2,575,364	2,711,634	2,593,210
Less: Intangible assets (as per the statutory basis)	(51,920)	(50,642)	(46,870)	(47,486)	(49,747)
Less: Accrual for distribution* and FY2024 distribution **	(217,843)	(150,623)	(155,103)	(322,908)	(241,032)
Less: Excess CET1 capital* on a 15% CET1 ratio	(632,227)	(571,955)	(580,732)	(521,171)	(453,925)
Total tangible shareholders' equity on 15% CET1 ratio	1,818,651	1,833,486	1,792,659	1,820,069	1,848,506

* 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 at each period-end. As at 30 September 2025, this is reduced by the amount of the interim dividend for FY2025 deducted from equity as at 30 September 2025. As at 31 December 2025 the accrual for the distribution reflects the proposed final cash dividend for FY2025 declared by the BoD in February 2026 and subject to shareholders' approval at the AGM in May 2026.

**FY2024 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 31 December 2025, 30 September 2025 and 30 June 2025 no amount remains to be adjusted. As at 31 March 2025, the amount relating to the final dividend for FY2024 of €0.03 per share is adjusted. As at 31 December 2024, the full amount of the FY2024 distribution of €241 million is adjusted.

7.2 Quarterly average tangible shareholders' equity on 15% CET1 ratio (€000)	
- 2025	1,822,674
- 2024	1,839,347

8. Tangible book value per share

	2025	2024
	€000	€000
Tangible shareholder's equity (as per table 6.1 above) (€000)	2,668,721	2,543,463
Number of shares in issue at the end of the year, excluding treasury shares (thousand) (Note 33)	9,597,945	9,597,945
Tangible book value per share (€)	0.28	0.27

Key Performance Ratios Information (continued)

9. Leverage ratio

	2025	2024
Tangible total equity (including Other equity instruments) (<i>as per table 9.1 below</i>) (€000)	2,888,721	2,763,463
Total assets as per the statutory basis (€000)	28,571,242	26,486,122
Leverage ratio	10.1%	10.4%

9.1 Tangible total equity	2025	2024
	€000	€000
Equity attributable to the owners of the Company per the statutory basis	2,720,641	2,593,210
Other equity instruments per the statutory basis	220,000	220,000
Less: Intangible assets per the statutory basis	(51,920)	(49,747)
Tangible total equity	2,888,721	2,763,463