Pillar 3 Disclosures

2022

Bank of Cyprus Holdings

Forward Looking Statements

This document contains certain forward-looking statements which can usually be identified by terms used such as 'expect', 'should be', 'will be' and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Bank of Cyprus Holdings Group's (the Group) near term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange rate fluctuations, legislative, fiscal and regulatory developments and information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics, such as the COVID-19 pandemic and ongoing challenges and uncertainties posed by the COVID-19 pandemic for businesses and governments around the world. The Russian invasion of Ukraine has led to heightened volatility across global markets and to the coordinated implementation of sanctions on Russia, Russian entities and nationals. The Russian invasion of Ukraine has caused significant population displacement, and if the conflict continues, the disruption will likely increase. The scale of the conflict and the extent of sanctions, as well as the uncertainty as to how the situation will develop, 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. 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.

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1. Executive Summary

The executive summary discloses a high level summary of the risk profile of Bank of Cyprus Holdings Public Limited Company Group (the 'Group'), and its interaction with its risk appetite. Bank of Cyprus Holdings Public Limited Company (the 'Company') is the holding company of Bank of Cyprus Public Company Limited (the 'Bank' or 'BOC PCL'). The Group comprises the Company, its subsidiary BOC PCL and the subsidiaries of BOC PCL. Risk appetite describes the types and level of risk that the Group chooses to accept in pursuit of its strategy whilst at the same time fulfilling regulatory requirements.

The Group is a diversified, leading, financial and technology hub in Cyprus. During 2022 the Group delivered positive financial results and exceeded its 2022 financial targets, confirming the sustainability of its business model with well-diversified revenues and disciplined cost containment despite inflationary pressures.

The Group remains focused on growing revenues in a more capital efficient way. The Group aims to continue to grow its high-quality new lending, drive growth in niche areas for further market penetration and diversify through non-banking services, such as insurance and digital products. The Group has continued to provide high quality new lending in the year ended 31 December 2022 via prudent underwriting standards. Growth in new lending in Cyprus has been focused on selected industries in line with BOC PCL's target risk profile.

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

Strategy and Outlook

The strategic objectives for the Group are to become a stronger, safer and a more efficient institution with a sustainable and well-diversified business model committed to deliver sustainable shareholder returns.

The key pillars of the Group's strategy are to:
- Grow revenues in a more capital efficient way; by enhancing revenue generation via growth in performing book and less capital-intensive banking and financial services operations (Insurance and Digital Economy)
- Improve operating efficiency; by achieving leaner operations through digitisation and automation
- Strengthen asset quality; maintaining high quality new lending, completing legacy de-risking, normalising cost of risk and reducing (other) impairments
- Enhance organisational resilience and ESG (Environmental, Social and Governance) agenda; by continuing to work towards building a forward-looking organisation with a clear strategy supported by effective corporate governance aligned with ESG agenda priorities

1. Executive Summary (continued)

KEY STRATEGIC PILLARS	PLAN OF ACTION
Growing revenues in a more capital efficient way; by enhancing revenue generation via growth in performing book, and less capital-intensive banking and financial services operations (Insurance and Digital Economy)	• The structure of the Group's balance sheet is geared towards higher interest rates facilitating immediate growth in net interest income • Grow performing book and increase through high quality new lending over the medium term • Expand fixed income portfolio in 2023, subject to market conditions, to take advantage of the rising yields • Enhance fee and commission income, e.g. on-going review of price list for charges and fees, increase average product holding through cross selling, new sources of revenue through introduction of Digital Economy Platform • Profitable insurance business with further opportunities to grow, e.g. focus on high margin products, leverage on BOC PCL's strong franchise and customer base for more targeted cross selling enabled by digital transformation
Improving operating efficiency; by achieving leaner operations through digitisation and automation	• Committed to maintain cost discipline in an inflationary environment • Effectively eliminate restructuring costs as de-risking is largely complete • Enhance procurement control • Committing to maintain total operating expenses for 2023 to a range of €350-€360 million • The cost to income ratio excluding special levy on deposits and other levies/contributions for 2023 is expected to decrease to mid-40s and to remain around similar levels in 2024
Strengthening asset quality	• Prevent asset quality deterioration in an uncertain outlook • Maintain strict discipline on new business • NPE ratio target of <5% for 2023 remains unchanged • Cost of risk target of 50-80 bps for 2023 remains unchanged, starting to normalise to 40-50 bps from 2024 onwards
Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda; by continuing to work towards building a forward-looking organisation with a clear strategy supported by effective corporate governance aligned with ESG agenda priorities	• Set decarbonisation targets on specific sectors and asset classes • Establish ESG questionnaire and ESG scorecard in the loan origination process • Incorporate loan decarbonisation targets in the business strategy of the Group • Evolution of the ESG strategy with a continued focus on the climate and environmental risks • Continue to embed ESG in the Group's culture • Continuous enhancement of structure and corporate governance • Invest in people and promote talent

1. Executive Summary (continued)

The Group's updated medium term strategic targets are set out below.

Key Metrics	2022 Guidance	YEAR ENDED 31 DECEMBER 2022	FY2023 Previous guidance	FY2023 Updated guidance
Date	November 2022		November 2022	February 2023
NII	>€350 million	€370 million	€450-470 million	40-50% yoy (€520-550 million)
Cost to income ratio[1]	Low-50s	49%	approximately 50%	mid-40s
Return on Tangible Equity (ROTE)[2]	approximately 10% (recurring)	4.3% 11.3% (recurring)	>10%	>13%
NPE ratio	<5.0%	4.0%	<5%	<5%
Cost of risk	Mid-40 bps	44 bps	50-80 bps	50-80 bps

1. Calculated using total operating expenses which comprise staff costs and other operating expenses. Total operating expenses do not include the special levy on deposits or other levies/contributions and do not include any advisory or other restructuring costs.
2. Return on Tangible Equity (ROTE) is calculated as Profit after Tax (annualised) divided by the quarterly average Shareholders' equity minus intangible assets.
3. Base on market forward rates as at 23 January 2023.

Risk Profile

The Group is exposed to several key risks that include credit risk, market risk, liquidity and funding risk, concentration risk, and operational risk which includes but not limited to, compliance risk, legal risk, information security and cyber risks, technology risk and third-party risk. Further details on these risks are provided in Section 3 of the current disclosures.

The Board, through the Risk Committee, is responsible to ensure that a coherent and comprehensive Risk Management Framework for the identification, assessment, monitoring and controlling of all risks is in place. The framework, described in detail in Section 3 of the current disclosures, provides the infrastructure, processes and analytics needed to support effective risk management. It also ensures that material risks are identified, 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 overall business strategy ensuring alignment with its risk appetite. In setting its risk appetite, the Group ensures that its risk bearing capacity is considered so that the appropriate capital levels are always maintained. Furthermore, the risk appetite framework sets specific limits on credit risk including the level of NPEs, the cost of risk as well as concentration limits which are considered when defining the level of new lending in the business strategy.

To ensure that the risk profile of the Group is within the approved risk appetite a consolidated risk report and a risk appetite dashboard is regularly reviewed and discussed by the Board and the Risk Committee. Where a breach occurs, the Risk Appetite Framework provides the necessary escalation process to analyse the materiality and nature of the breach, notify the appropriate authorities, and decide the necessary remediation actions.

The concise risk statement is derived from the Risk Profile section in conjunction with the acceptance of this disclosure Report by the Executive Director Finance & Legacy and the Chief Risk Officer (CRO).

1. Executive Summary (continued)

Ukrainian crisis

The economic environment has evolved rapidly since February 2022 following Russia's invasion of Ukraine. In response to the war in Ukraine, the EU, the UK and the US, in a coordinated effort joined by several other countries imposed a variety of financial sanctions and export controls on Russia, Belarus and certain regions of Ukraine as well as various related entities and individuals. As the war is prolonged, geopolitical tension persists and inflation remains elevated, impacted by the soaring energy prices and disruptions in supply chains. The high inflation weighs on business confidence and consumers' purchasing power. In this context the Group is closely monitoring the developments, utilising dedicated governance structures including a Crisis Management Committee as required and has assessed the impact the crisis has on the Group's operations and financial performance.

Overall, the Group expects limited impact from its direct exposure, while any indirect impact depends on the duration and severity of the crisis and its impact on the Cypriot economy.

The Group continues to closely monitor the situation, taking all necessary and appropriate measures to minimise the impact on its operations and financial performance, as well as to manage all related risks and comply with the applicable sanctions.

1. Executive Summary (continued)

The following key metrics reflect largely the Group's risk profile.

	2022	2021 [2]
Key Balance sheet ratios[1]		
NPE ratio	4.00%	12.40%
NPE coverage ratio	69%	59%
Leverage ratio	7.09%	7.45%
Cost of risk (bps)	44	57
Liquidity Coverage Ratio (LCR)	291%	298%
Net Stable Funding Ratio (NSFR)[4]	168%	147%
Capital ratios and Risk Weighted Assets[1]		
Common Equity Tier 1 (CET1) ratio (transitional for IFRS 9)[3]	15.45%	15.14%
CET1 (fully loaded)	14.68%	13.75%
Total Capital ratio (transitional)	20.59%	20.01%
Risk weighted assets (€ million)	10,114	10,694
RWAs intensity	40%	43%

1 **The financial information is derived from and should be read in conjunction with the Directors' Report included within the Company's Annual Financial Report for 2022.**

2 **Including the NPE portfolios classified as 'Non-current assets and disposal groups held for sale', where relevant.**

3 **The CET1 fully loaded ratio as at 31 December 2022 amounts to 14.68%, compared to 13.75% and 14.32% pro forma for HFS as at 31 December 2021.**

4 **NSFR is reported as per CRR II.**

Throughout this Report, all relevant figures are based on 31 December 2022 financial results, unless otherwise stated. Numbers on a pro forma basis are based on the 31 December 2021 figures and are adjusted for Project Helix 3 and Project Sinope, and assume its completion. Where numbers are provided on a pro forma basis this is explicitly stated as pro forma.

- Credit Risk is managed in accordance with the Risk Appetite which sets targets for several key **asset quality metrics** described below.
    - During 2022, **NPEs** were reduced by €932 million to €411 million at 31 December 2022 (compared to €1,343 million at 31 December 2021). The reduction during the year ended 31 December 2022 is mainly driven by the completion of Project Helix 3 of €551 million (as at 30 September 2022) and net organic reduction taken place in the year.
    - The Group has continued to make steady progress across all asset quality metrics. As the balance sheet de-risking is largely complete, the Group's priorities remain unchanged; maintaining high quality new lending, with strict underwriting standards and preventing asset quality deterioration following the ongoing macroeconomic uncertainty. The loan credit losses totaled €47 million (excluding 'Provisions/net (loss)/profit relating to NPE sales') for the year ended 31 December 2022, compared to €66 million for the year ended 31 December 2021, down by 30% compared to the prior year. The annualised loan credit losses charge (cost of risk) for the year ended 31 December 2022 was 44 bps, compared to a cost of risk of 57 bps for the year ended 31 December 2021, down by 13 bps reflecting strong asset quality performance in 2022.

1. Executive Summary (continued)

- The NPEs account for 4.00% of gross loans as at 31 December 2022, compared to 12.40% as at 31 December 2021. The reduction in **NPE ratio** is driven by the completion of Project Helix 3.
- The Group has in place limits to manage concentration risk which can arise, among others, from sector, product, counterparty, currency, collateral and funding source concentration. Appropriate monitoring and reporting processes are in place and are frequently reviewed. There are restrictions on loan concentrations which are imposed by the Cyprus Banking Law, the relevant Central Bank of Cyprus (CBC) Directives, European Central Bank (ECB) Directives and the Capital Requirements Regulation (CRR). According to these restrictions, a credit institution shall not incur an exposure after taking into account the effect of the credit risk mitigation and exempt exposures to a client or group of connected clients, the value of which exceeds 25% of Tier 1 Capital. The Group's Risk Appetite Statement (RAS) imposes stricter concentration limits and the Group is taking actions to run down those exposures which are in excess of the internal limits over time.

- As at 31 December 2022, the **leverage ratio** of the Group was 7.09% (2021: 7.45%) on a transitional basis and 6.75% (2021: 6.80%) using a fully phased-in definition of Tier 1 (T1). This ratio is well above the 3% regulatory limit.

- At 31 December 2022, the **Liquidity Coverage ratio (LCR)** stood at 291% compared to 298% at 31 December 2021 and was in compliance with the minimum regulatory requirement of 100%.

- As at 31 December 2022, the **Net Stable Funding ratio (NSFR)** stood at 168% compared to 147% as at 31 December 2021 and was in compliance with the minimum regulatory requirement of 100%.

- The **CET1 ratio on a transitional basis** stood at 15.45% as at 31 December 2022, compared to 15.14% as at 31 December 2021 (and 15.76% pro forma for held for sales portfolio (referred to as 'pro forma for HFS'). During the year ended 31 December 2022, CET1 ratio was positively affected by pre-provision income, and the reduction in risk-weighted assets (RWA), mainly as a result of the completion of Project Helix 3, and negatively affected mainly by the phasing in of IFRS 9 and other transitional arrangements on 1 January 2022, the cost of the Voluntary Staff Exit Plan, the payment of AT1 coupon, the movement of the fair value through OCI reserves and other movements.

- The **CET1 fully loaded ratio** amounted to 14.68% as at 31 December 2022, compared to 13.75% as at 31 December 2021 (and 14.32% pro forma for HFS). On a transitional basis and on a fully phased in basis, after the transition period is completed, the impact of IFRS 9 is expected to be manageable and within the Group's capital plans.

- The **Total Capital ratio** stood at 20.59% as at 31 December 2022, compared to 20.01% as at 31 December 2021 (and 20.78% pro forma for HFS).

- The Standardised Approach has been applied to calculate the **Risk Weighted Assets** (RWAs) across all risks. The total RWA in 2022 (€10,114 million) decreased in comparison to 2021 (€10,694 million) with the main drivers being (a) the completion of Project Helix 3 Transaction; (b) other reductions in higher risk balance sheet items (including deferred tax assets); (c) increased provision coverage of NPEs; and (d) the phasing in of IFRS 9 transitional arrangements on 1 January 2022. The Credit Risk RWAs continue to be the main driver of minimum capital requirements.

2. Introduction

2.1. Corporate Information

The Company was incorporated in Ireland on 11 July 2016, as a public limited company under company number 585903 (LEI code: 635400L14KNHZXPUZM19) in accordance with the provisions of the Companies Act 2014 of Ireland (Companies Act 2014). Its registered office is 10 Earlsfort Terrance, Dublin 2, D02 T380, Ireland.

The Company is the holding company of BOC PCL with principal place of business in Cyprus. The Bank of Cyprus Holdings Group (the 'Group') comprises the Company, its subsidiary, BOC PCL, and the subsidiaries of BOC PCL. Bank of Cyprus Holdings Public Limited Company is the ultimate parent company of the Group.

The principal activities of BOC PCL and its subsidiary companies (the BOC Group) involve the provision of banking services, financial services, insurance services and the management and disposal of property predominately acquired in exchange of debt.

BOC PCL is a significant credit institution for the purposes of the SSM Regulation and has been designated by the CBC as an 'Other Systemically Important Institution' (O-SII). The Group is subject to joint supervision by the ECB and the CBC for the purposes of its prudential requirements.

2.2. Pillar III Regulatory Framework

Regulatory framework overview

The Pillar 3 report is prepared in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions (Capital Requirements Regulation – CRR) and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions (Capital Requirements Directive - CRD) as amended. The European Banking Authority (EBA) guidelines on Pillar 3 disclosure requirements have been fully adopted.

The CRR and CRD establish the prudential requirements for capital, liquidity and leverage that entities need to abide by. CRD governs access to deposit-taking activities, internal governance arrangements including remuneration, board composition and transparency. CRR introduced significant changes in the prudential regulatory regime applicable to banks including amended minimum capital adequacy ratios, changes to the definition of capital and the calculation of RWAs and the introduction of new measures relating to leverage, liquidity and funding. CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which was largely effective by 2019. In addition, the Regulation (EU) 2016/445 of the European Central Bank (ECB) on the exercise of options and discretions available in Union law (ECB/2016/4) provides certain transitional arrangements which supersede the national discretions unless they are stricter than the EU Regulation 2016/445.

As of 27 July 2019, the CRR was updated by the CRR Amendment Regulation (EU) 2019/876. As Regulation (EU) 2019/876 is an amendment to Regulation (EU) 575/2013, the term CRR is used consistently throughout this document. Unless further specified, the term CRR always means the currently applicable version, as last amended by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, in force since 27 June 2021.

Regulation (EU) 2019/876 which is that are applicable from June 2021 includes the introduction of a minimum leverage ratio of 3%, the new standardised EAD calculation for counterparty risk, known as SA-CCR, a minimum Net Stable Funding Ratio (NSFR) of 100%, the new limits for large exposures and the requirement to report under the standardised approach for market risk. The NSFR is calculated as the amount of "available stable funding" (ASF) relative to the amount of "required stable funding" (RSF).

2.2. Pillar III Regulatory Framework (continued)

The current regulatory framework comprises three pillars:

- Pillar I covers the regulatory capital calculations, including calculation of RWAs for credit risk, counterparty risk, market risk and operational risk.
- Pillar II covers the Supervisory Review and Evaluation Process (SREP), which assesses the internal capital adequacy processes and whether additional capital is required over and above the Pillar I and provides for the monitoring and self-assessment of a bank's capital adequacy and internal processes.
- Pillar III covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

The Group's 2022 year end disclosures comply with all relevant CRD, CRR and associated EBA and ECB guidelines and technical standards in force at 31 December 2022.

Future Regulatory Developments

The Group continues to closely monitor EU and Cyprus regulatory developments, including among others the following:

- *The 2021 Banking Package (CRR III and CRD VI and BRRD)*
  In October 2021, the European Commission adopted legislative proposals for further amendments to the Capital Requirements Regulation (CRR), CRD IV and the BRRD (the '2021 Banking Package'). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that have not yet been transposed into EU law. The 2021 Banking Package is subject to amendment in the course of the EU's legislative process; and its scope and terms may change prior to its implementation. In addition, in the case of the proposed amendments to CRD IV and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. The European Council's proposal on CRR and CRD was published on 8 November 2022. During 2023, the finalisation of the European Parliament's position is expected, which will be followed by the trilogue process that will eventually result in the final versions of the directives and regulations. It is expected that the 2021 Banking Package will enter into force on 1 January 2025; and certain measures are expected to be subject to transitional arrangements or to be phased in over time.

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

2.2. Pillar III Regulatory Framework (continued)

Capital requirements

The minimum ratios presented below apply for the Group, BOC PCL and the BOC Group. In addition, the ECB has also provided non-public guidance for an additional Pillar II CET1 buffer.

Minimum Capital Requirements

	2023	2022	2021
	%	%	%
Pillar 1			
CET1	4.50	4.50	4.50
Tier 1	6.00	6.00	6.00
Total Capital requirement - Pillar 1	**8.00**	**8.00**	**8.00**
Pillar 2			
CET1	1.73	1.83	1.69
AT1	0.58	0.61	0.56
Tier 2	0.77	0.82	0.75
Total Capital requirement-Pillar 2 - Note 2	**3.08**	**3.26**	**3.00**
Buffers			
Capital Conservation Buffer (CCB) - Note 3	2.50	2.50	2.50
Countercyclical Capital Buffer (CcyB) - Note 4	0.02	0.02	-
Other Systematically Important Institutions (O-SII) - Note 5	1.50	1.25	1.00
Total minimum requirements CET1 - Note 6	**10.25**	**10.10**	**9.69**
Overall Capital requirement - Note 6	**15.10**	**15.03**	**14.50**

Notes:

1. Based on the provisions of the Macroprudential Oversight of Institutions Law of 2015 which came into force on 1 January 2016, the CBC is the designated Authority responsible for setting the macroprudential buffers that derive from the CRD.

2. In the context of the SREP conducted by the ECB in 2021, the Pillar II requirement for 2021 was set at 3.26%, compared to previous level of 3.00%. The additional Pillar II requirement add-on of 0.26% relates to ECB's prudential provisioning expectations as per the 2018 ECB Addendum and subsequent ECB announcements and press release in July 2018 and August 2019. This component of the Pillar II requirement add-on takes into consideration Helix 3. It is dynamic and can be reduced during 2022 on the basis of in-scope NPEs and level of provisioning.

   Following the annual SREP performed by the ECB in 2022 and based on the SREP decision, effective from 1 January 2023, the P2R has been revised to 3.08%. The revised P2R includes a revised P2R add-on of 0.33% relating to ECB's prudential provisioning expectations. When disregarding the P2R II add-on relating to ECB's prudential provisioning expectations, the P2R is reduced from 3.00% to 2.75%.

2.2. Pillar III Regulatory Framework (continued)

3. The Capital Conservation Buffer (CCB) was gradually phased in at 0.625% in 2016, 1.25% in 2017, and 1.875% in 2018 and was fully implemented on 1 January 2019 at 2.50%.

4. In accordance with the provisions of the above law, the CBC determines, on a quarterly basis, the Countercyclical Capital Buffer (CcyB) rates in accordance with the methodology described in this law. The CcyB is effective as of 1 January 2016 and is determined for all the countries in the European Economic Area (EEA) by their local competent authorities ahead of the beginning of each quarter. The CBC has set the CcyB rate for risk weighted exposures in Cyprus at 0.00% for the years 2021 and 2022. The CcyB for the Group for 2022 has been calculated at c.0.02% (Section 8). On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the countercyclical buffer rate from 0,00% to 0,50% of the total risk exposure amount in Cyprus of each licensed credit institution incorporated in Cyprus. The new rate of 0.50% must be observed as from 30 November 2023. Based on the above, the CcyB for the Group is expected to increase.

5. In accordance with the provisions of this law, the CBC is also the responsible authority for the designation of banks that are 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 and the CBC initially set the O-SII buffer for the Group at 2.00%, revised to 1.50% in November 2021 with effect from 1 January 2022. This buffer is phased in gradually, having started from 1 January 2019 at 0.50% and increasing by 0.50% on 1 January 2020 and by 0.25% on 1 January 2022, until being fully implemented on 1 January 2023, with the phasing in by 0.25%.

6. In the context of the annual SREP conducted by the ECB in 2021 and based on the final 2021 SREP decision received in February 2022, the Group's minimum phased in Common Equity Tier 1 (CET1) capital ratio for 2022 was set at 10.10% (comprising a 4.50% Pillar I requirement, a 1.83% Pillar II requirement (P2R), the Capital Conservation Buffer (CCB) of 2.50%, the O-SII Buffer of 1.25% and the CcyB of 0.02%, compared to the 9.69% in 2021 and the Group's Total Capital requirement was set at 15.03% (comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of Additional Tier 1 (AT1) capital and up to 2.00% in the form of Tier 2 (T2) capital, a 3.26% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.25% and the CcyB of 0.2%, compared to 14.50% in 2021. The ECB has also provided revised lower non-public guidance for the additional Pillar II CET1 buffer (P2G). The new SREP requirements were effective from 1 March 2022.

   Following the annual SREP performed by the ECB in 2022 and based on the final SREP decision received in December 2022, effective from 1 January 2023, the Pillar II requirement has been revised to 3.08%, compared to the previous level of 3.26%. The Pillar II requirement includes a revised Pillar II requirement add-on of 0.33% relating to ECB's prudential provisioning expectations. When disregarding the Pillar II add-on relating to ECB's prudential provisioning expectations, the Pillar II requirement has been reduced from 3.00% to 2.75%.The Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements were reduced when disregarding the phasing-in of the Other Systemically Important Institution Buffer. The Group's minimum phased-in CET1 capital ratio is set at 10.25%, comprising a 4.50% Pillar I requirement, a 1.73% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.50% and the CcyB of 0.02%. The Group's minimum phased-in Total Capital ratio requirement is set at 15.10%, 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 3.08% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.50% and the CcyB of 0.02%. The ECB has also maintained the non-public guidance for an additional Pillar II CET1 buffer (P2G) unchanged.

The EBA final guidelines on SREP and supervisory stress testing and the Single Supervisory Mechanism's (SSM) 2018 SREP methodology provide that 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), and therefore cannot be used twice.

2.2. Pillar III Regulatory Framework (continued)

The capital position of the BOC PCC and the Group at 31 December 2022 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 subsidiaries of the Group which are not included in the prudential consolidation and have capital requirements to comply with, are the following insurance subsidiaries:
- General Insurance of Cyprus Ltd (Genikes Insurance) and
- EuroLife Ltd (EuroLife)

The insurance subsidiaries of the Group complied with the requirements of the Superintendent of Insurance including the minimum solvency ratio throughout 2022. Therefore, there is no capital shortfall to report with respect to the insurance subsidiaries of the Group in accordance with CRR Article 436(q). The Solvency and Financial Condition Report of the General Insurance of Cyprus Ltd and EuroLife Ltd is made public on a yearly basis beginning of April and is published on their websites, www.gic.com.cy and www.eurolife.com.cy (Solvency and Financial Condition Reports).

The regulated investment firm (CIF) of the Group, The Cyprus Investment and Securities Corporation Ltd (CISCO), complied with the minimum capital adequacy ratio requirements throughout 2022. In December 2019, the European Parliament approved the new prudential regime for Investment Firms ("IFs") in 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. IFR on the prudential requirements of IFs became directly applicable in all EU Member States on 26th June 2021 whereas IFD on the prudential supervision of IFs was transposed into national legislation by CySEC by issuing Law L.97(I)/2021 on the capital adequacy of IFs applicable as from 26th June 2021, Amending Law L.164(I)/2021 on the capital adequacy of IFs applicable as from the 5th November 2021 and Law L.165(I)/2021 on the prudential supervision of IFs applicable as from 5th November 2021. The new prudential framework introduced a new classification for IFs, the Systemic and Non-Systemic. Systemic firms are largest firms with assets over €30 billion, that carry out risky activities (e.g. bank activities), and will remain under CRR/CRD and subject to banking supervision ("Class 1A" and "Class 1B"). Non-Systemic, are firms of either "Class 2" or "Class 3", based on certain criteria, which are subject to the new IFR/IFD Regime in full or with certain exceptions. The new classification of the IFs determines their new capital requirements and reporting obligations. CISCO has been classified as a Non-Systematic "Class 2" company. CISCO complies with the new capital requirements under the IFD/IFR as at 31 December 2022. The regulated UCITS management company of the Group, BOC Asset Management Ltd, complied with the regulatory capital requirements of the Cyprus Securities and Exchange Commission (CySEC) laws and regulations throughout 2022. In February 2023, the activities of BOC Asset Management Ltd, were absorbed by CISCO and BOC Asset Management Ltd was dissolved. The payment services subsidiary of the Group, JCC Payment Services Ltd, complies with the regulatory capital requirements throughout 2022.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)
In February 2023, BOC PCL received notification from the Single Resolution Board (SRB) of the final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the BOC PCL, determined as the preferred resolution point of entry. As per the decision, the final MREL requirement was set at 24.35% of risk weighted assets and 5.91% of Leverage Ratio Exposure (LRE) (as defined in the CRR) and must be met by 31 December 2025. Furthermore, the binding interim requirement of 1 January 2022 set at 14.94% of risk weighted assets and 5.91% of LRE must continue to be met. The own funds used by BOC PCL to meet the Combined Buffer Requirement (CBR) are not eligible to meet its MREL requirements expressed in terms of risk-weighted assets. BOC PCL must comply with the MREL requirement at the consolidated level, comprising BOC PCL and its subsidiaries.

Comparative information

Comparative information was restated in Section 9.1.1, Template EU CR1-A: Maturity of exposures, to allocate the exposures to the relevant bucket depending on the remaining maturity of the financial instrument.

2.2. Pillar III Regulatory Framework (continued)

Disclosure policy

The Group maintains a Pillar 3 Disclosure Policy to support compliance with Articles 431-455 of the CRR and associated EBA guidelines and technical standards. The following sets out the key elements of the disclosure policy including the basis of preparation, frequency, media and location verification. In regard to the risk profile disclosure and their overall appropriateness please refer to Section 3.

Basis and preparation

The 2022 Pillar 3 Disclosures report (the 'Report') of the Group sets out both quantitative and qualitative information required in accordance with Part 8 'Disclosures by Institutions' of the CRR. Articles 431 to 455 of the CRR specify the Pillar 3 framework requirements (refer to Appendix V Specific References to CRR Articles at the end of the Report). The regulation is supplemented by the EBA implementing technical standards EBA/ITS/2020/04 of 24 June 2020 and the corresponding Commission implementing regulation (EU) 2021/637 of 15 March 2021, respectively, which specify the tables integrated in this report (refer to Appendix VI List of EBA templates at the end of the Report), which are now in force for the purposes of this Report. A CRR mapping table has been included in Appendix V which details how the Group has complied with each article under Part Eight.

A number of significant differences exist between accounting disclosures published in accordance with IFRS and Pillar 3 disclosures published in accordance with prudential requirements, which prevent direct comparison in a number of areas. Of particular note are the differences surrounding the scope of consolidation (Section 4) and the definition of credit risk exposure.

The Report is presented in Euro (€), which is the functional and presentation currency of the Company and its subsidiaries in Cyprus and all amounts are rounded to the nearest million, except where otherwise indicated. A comma is used to separate million and a dot is used to separate decimals. Due to rounding created from specific Pillar III regulation, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

Frequency, media and location

The Report is published annually and in conjunction with the Group's Annual Financial Report, whilst certain disclosures are published on a more frequent basis if necessary on the Group's website http://www.bankofcyprus.com (Investor Relations), in accordance with regulatory guidelines. The Group publishes semi-annually and quarterly disclosures based on the Requirements of Art. 433a (1) CRR. The semi-annual and quarterly disclosures are also published on the Group's website http://www.bankofcyprus.com (Investor Relations), are approved by the Board and published in conjunction with the Mid-Year Financial Report and Quarterly Group Results.

Copies of the Group's Annual Report 31 December 2022 along with the Group's Pillar III Disclosures can be obtained from Group's website http://www.bankofcyprus.com (Investor Relations).

Verification

This Report is published by the Group as per the formal disclosure policy approved by the Board.

Group Compliance Division had an oversight of the framework and assurance procedures and Group Internal Audit performed a review of the process followed by the Group for the preparation of Pillar 3 Disclosures for 2022.

The Pillar 3 report pre its submission to the Board is reviewed and approved by the Executive Committee (ExCo). The Board, through the Risk and Audit Committees scrutinises and approves the Pillar 3 report. This governance process ensures that both management and the Board are given sufficient opportunity to challenge the disclosures.

The Report was approved by the Board through the Audit and Risk Committees.

2.2. Pillar III Regulatory Framework (continued)

Attestation

'We, the Chief Risk Officer and the Executive Director Finance & Legacy, confirm that, to the best of our knowledge, Bank of Cyprus Holdings Public Limited Group's 2022 Pillar 3 disclosures comply with Part Eight of the CRR and the EBA ITS related disclosure requirements have been prepared in accordance with the internal control processes agreed upon at the Board level, as well as that we provide assurance that the Risk Management Framework and the system of internal controls put in place are adequate taking into account the institution's risk profile and its strategy.'

Demetris Th. Demetriou	**Eliza Livadiotou**
Chief Risk Officer	Executive Director Finance & Legacy

3. Risk Management Objectives and Policies

3.1. Strategies and Processes to Manage Risks

3.1.1. Principal Risks

As part of its business activities, the Group faces a variety of risks, the most significant of which are described further in section 3.2. Furthermore, a high-level summary of the principal risks facing the Group and the mitigating considerations are set out. The summary should not be regarded as a complete and comprehensive statement of all potential risks, uncertainties or mitigants. Furthermore, other factors either not yet identified or not currently material, may adversely affect the Group.

Principal Risks	
Risk	***Mitigating considerations***
Business Model and Strategic Risk	
- Business and strategic risk arises from changes in the external environment including economic trends and competition. - The Group faces competition from domestic banks, international banks and financial technology companies operating in Cyprus and in other parts of Europe. - A continuing deterioration of the macroeconomic environment stemming from the impact of high inflation and the resultant interest hikes or other factors could lead to adverse financial performance which could deplete capital resources. - The Group's business and performance are materially dependent on the economic conditions in, and future economic prospects of, Cyprus where the Group's operations and earnings are predominantly based and generated. - The Group is also dependent on the economic conditions and prospects of countries of the main counterparties with whom we do business.	- The Group has a clear strategy with key objectives to enable delivery. - The strategy is developed within the risk appetite and is monitored closely on a regular basis. - The Group remains ready to explore opportunities that complement its strategy, including the diversification of income sources. - The Group closely monitors the risks and impact of changing macroeconomic conditions on its lending portfolio, strategy and objectives and takes mitigating actions were necessary. - An internal stress testing framework (ICAAP) is in place to provide insights on projected capital adequacy. - The Group has a clear strategy with key objectives to address this risk including the diversification of income sources. - Country limits are set and are being monitored.

3.1.1 **Principal Risks** (continued)

<table>
<tr><th colspan="2">Geopolitical Risk</th></tr>
<tr><td>- The Bank, operating in a small, open, services-based economy with a large external sector and high reliance on tourism and international business services is susceptible to adverse changes in economic conditions caused by geopolitical uncertainties.

- The potential impacts from the ongoing Ukraine and Russian conflict have so far impacted economic conditions including inflation and interest rates but their full extent remain uncertain as the conflict continues. Further escalation of the conflict can have negative effects on the Group's activities, operating results and position.

- Risk of European and Global slowdown in the coming year could impact the financial markets and consequently the Bank customers, which can potentially impact the Group's profitability or even trigger new defaults.</td><td>- The Group is continuously monitoring the current affairs, the exposures that could be affected by the conflict and the impact of the forecasted macroeconomic conditions on the Group's strategy. Where necessary, bespoke solutions are offered to the affected exposures and close monitoring on those is maintained.

- The Group includes related events in its stress testing scenarios in order to gain a better understanding of the potential impact.</td></tr>
<tr><th colspan="2">Credit risk</th></tr>
<tr><td>- The risk that arises when a borrower or counterparty has failed to fulfil its financial obligations in a timely manner. This may be brought up as a result of negative changes in the economic environment leading to higher rates of non-payment by borrowers.

- The Group's financial condition and prospects are affected by the level of NPEs in its existing portfolio and the pace it is able to resolve these.</td><td>- Specific risk appetite limits on credit risk are in place.

- A lending policy and related circulars, incorporating prudent lending criteria, aligned with the Group's RAS are in effect and are revised on an annual basis or a more frequent ad hoc basis if deemed necessary.

- A credit risk monitoring framework is in place including a set of proactive actions to address early arears.

- The management remains committed to carefully and swiftly manage NPEs leveraging on the experience and expertise gained through the de-risking of its balance sheet, including organic actions.

- Counterparty limits are in place based on approved models.</td></tr>
</table>

3.1.1 **Principal Risks** (continued)

<table>
<tr><th colspan="2">Market risk</th></tr>
<tr><td>- The risk that the Group's capital or earnings are affected by adverse movement in market rates, in particular interest rates, credit spreads, foreign exchange movements, equity and property prices (refer to property risk below).</td><td>- The RAS sets limits on market risk losses and property exposures aiming to ensure that no major and material losses from market price related moves arise.

- The Group does not maintain a trading book while equity holdings are not material.

- Proper limit framework is in place for all market risk areas.</td></tr>
<tr><th colspan="2">Property risk</th></tr>
<tr><td>- A significant proportion of the Group's loan portfolio is secured primarily by mortgages over Cypriot real estate. Furthermore, the Group retains a portfolio of real estate in Cyprus, mainly as a result of the enforcement of loan collateral and debt-for-asset swaps.

- As a result of the above the Group's business and financial condition is affected by:
o Changes in the demand for, and prices of, Cypriot real estate; or
o Regulatory requests which may increase the capital requirement of stocks of properties.</td><td>- The Group has set up a specialised division to manage the repossessed portfolio (REMU) including employing appropriate disposal strategies.

- The Group monitors regularly 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 Group's provisioning 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 all available reference points, such as expert valuation reports, current market conditions and application of appropriate illiquidity haircuts where relevant.</td></tr>
</table>

3.1.1 **Principal Risks** (continued)

Funding & Liquidity 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). - 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.	- Sizeable surpluses in all regulatory (e.g. LCR & NSFR) and internal liquidity indicators. - Close monitoring of customer deposits. - Weekly internal stress testing. - An updated and tested Liquidity Contingency Plan and an internal stress testing framework are in place. - The Bank prepared and submitted to relevant authority (SRB) an MREL Compliance Plan approved by the BoD. The plan is updated annually. The Bank achieved its interim MREL requirement for 1 January 2022 and is in compliance with the non-binding interim MREL requirement for 1 Jan 2023. Close monitoring of the market for issuance opportunities is in place.
Concentration Risk	
- Concentration risk is the risk of loss due to exposures to any single entity or group of related entities with the potential to produce losses large enough (relative to capital, total assets, or overall risk level), to threaten the Group's health, reputation, or ability to maintain its core operations. - Concentration risk arises also through the Bank's exposure to the Cyprus sovereign bonds - Other sources of concentration risk arise from exposures to a specific sector (i.e. construction), property exposures held as collateral or have been repossessed (property risk) or undue concentration in a specific geographical area.	- The Group's risk appetite statement imposes strict concentration limits and the Group is taking actions to run down problematic exposures which are in excess of these internal limits over time. Internal limits are stricter than the ones provided by the Banking Law. - Concentration Risk Policy and related guidelines aligned with the Risk Appetite Statement are in place. - Exposures are monitored and reported on a monthly basis. - Thresholds are set for losses from changes in market prices

3.1.1 Principal Risks (continued)

Operational Risk	
- The risk of direct or indirect impact/loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes External Fraud risk, Financial Crime risk, Physical Security and Safety risk, Transaction Processing and Execution risk, Compliance risk, Business Continuity risk, Data accuracy risk, as well as Reputational risk. It also includes Information Security and Cyber risk, Legal risk, Regulatory risk, Technology risk and Third-Party risk. - Operational risks can arise from all business lines and from all activities carried out by the Bank and its third-party suppliers and are thus diverse in nature.	- The RAS sets limits on aggregate operational losses as well as across sub-categories of operational risk including, among others, fraud, conduct, legal, compliance and reputational risk. - In addition, several processes, control and procedures are in place, such as: o A Risk and Control Self-Assessment (RCSA) process. o A rigorous monitoring of risk mitigation action implementation plans. o Loss/Incident recording and analysis o Established Key Risk Indicators. o Disaster Recovery.
Information Security & 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 risks.	- The Group has an internal specialised Information Security team which constantly monitors current and future cyber security threats and invests in enhanced cyber security measures and controls to protect, prevent and appropriately respond against such threats for its systems and information. - The Group collaborates with industry bodies, the National Computer Security Incident Response Team (CSIRT) and intelligence-sharing working groups to be better equipped with the growing threat from cyber criminals.
Digital Transformation Risk	
- Digital transformation risk arises as banking models are rapidly evolving both locally and globally and available technologies have resulted in the customers' accelerated shift towards digital channels. Money transmission, data driven integrated services and Digital Product Sales are also forecast to rapidly evolve in the coming years. - How the Group adapts to these developments could impact the realisation of its market strategies and financial plans.	- The Group assesses and develops its Digital Strategy and maintains a clear roadmap that provides for migration of transactions to the Digital Channels, full Digital and Digital Assisted Product Sales, 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.

3.1.1 **Principal Risks** (continued)

Legal Risk	
- The Group may, from time to time, become involved in legal, regulatory or arbitration proceedings or investigations which may affect its operations and results. - Legal risk arises from pending or potential legal or arbitration proceedings and regulatory investigations against the Group which has resulted, and may continue to result, in significant provisions and expenses incurred by the Group.	- The Group has procedures in place to ensure effective and prompt management of Legal risk including, among others, regulatory developments, new products and internal policies. - The Legal Services Department monitors pending litigation against the Group and assesses the probability of loss for each legal action against the Group based on International Accounting Standards as well as estimate the amount of the potential loss where deemed as probable. - The Legal Services Department reports pending litigation and latest developments to the Board of Directors.
Regulatory Compliance Risk	
- The Group conducts its businesses subject to on-going regulation and associated regulatory risk, including the effects of changes in the laws, Financial Crime, regulations, policies, voluntary codes of practice and interpretations. - Failure to comply with regulatory requirements could lead to, amongst other things, increased costs for the Group, and limitations on the Bank's capacity to lend and could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.	- There is strong commitment by the Management of the Group for an on-going and transparent dialogue with the Regulators (JST, ECB, and CBC). - A dedicated Executive Steering Group through the Regulatory Affairs department monitors the regulatory agenda and to ensure that all regulatory matters are brought to the attention of management in a timely manner.
Technology Risk	
- Technology risk arises from system downtimes impacting customer service which may be due to inadequate, failed, or unavailable systems, use of outdated, obsolete and unsupported systems, or which do not fully support the requirements of business.	- The Bank is implementing its technology strategy designed to support business and includes, among others, 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.

3.1.1 Principal Risks (continued)

Third Party Risk	
- Third-Party and Outsourcing risk can arise from over-dependence on a few providers, un-satisfactory vendor monitoring, possibly lower quality of service and unsatisfactory continuity of service.	- The Group has a dedicated team, the Third-Party and Outsourcing Risk Management Unit, responsible to perform risk assessments on all outsourcing, strategic and intragroup arrangements of the Group. As part of the risk assessment the team identifies and effectively handles any potential gaps/weaknesses. The risk assessment occurs prior to signing an outsourcing/strategic/intragroup arrangement, prior to their renewal or annually.
Insurance and Reinsurance Risk	
- The Group, through its subsidiaries EuroLife and GIC, provides life insurance and non-life insurance, respectively, and is exposed to certain risks particular 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. - In addition, although reinsurance arrangements mitigate insurance risk, the Group's insurance subsidiaries are not completely relieved of their direct obligations to their policyholders and also a credit (counterparty) exposure exists to the extent that any reinsurer is unable to meet its contractual obligations.	- Both Insurance companies 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 the Company's risk profile; • The application and further development of suitable risk management and internal control systems; - Reinsurance arrangements are monitored and reviewed to ensure their adequacy as per the Reinsurance Policy. - The lead re-insurer is of high credit rating and the rating is closely monitored for any signs of deterioration. In addition, counterparty risk assessment is performed on a frequent basis.
Climate Risk	
- Climate risk is a growing consideration 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 climate-related and environmental (C&E) risks over the short, medium and long term. - 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 to achieve transition to a net zero economy by 2050. An overall ESG strategy and working plan is thus in place to facilitate these ambitions and address the ECB expectations. - A dedicated ESG team, the Risk Management Function 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 climate risk in the risk management framework and the enhanced green products offering.

3.1.2. Risk Management Framework

The Board of Directors, through the Risk Committee, is responsible to ensure that a coherent and comprehensive Risk Management Framework (the 'framework' or 'RMF') for the identification, assessment, monitoring and controlling of all risks is in place. The framework ensures that material and emerging risks are identified, 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 overall business strategy ensuring alignment with the Group's risk appetite. In setting its risk appetite, the Group ensures that its risk bearing capacity is considered so that the appropriate capital levels are always maintained.

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

3.1.3. Effectiveness of the Risk Management Framework

The Risk Management Framework has been developed based on the applicable governance requirements included in:

a) The CBC Directive on Governance and Management Arrangements in Credit Institutions, and
b) The EBA report on Internal Governance under Directive 2013/36/EU.

The Group's management and BoD needs to be satisfied that the Risk Management Framework is appropriate given the risk profile of the Group and its Strategy. As such, the Group has in place a process whereby certain confirmations/representations and warranties as to the effectiveness of Risk policies, procedures and monitoring activities, as part of the Corporate Governance Code's (Code) obligations, are provided by all the business lines and subsidiary companies to the BoD through its AC on an annual basis. Furthermore, RMD, having received such quarterly confirmations/representations from the business lines and subsidiary companies, subsequently provides confirmations/representations and warranties as to the effectiveness of its policies, procedures and monitoring activities to the BoD through its AC.

The RMD derives its authority from the BoD through the RC. It operates with a degree of independence as the CRO reports to the Chair of the RC and for administrative purposes has a dotted line to the Chief Executive Officer (CEO).

3.1.4. Risk Governance

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

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 Board and Executive Committees that provide for a consistent approach to risk management and decision-making.

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

Furthermore, certain roles within the Group are critical as they carry specific responsibilities with respect to Risk Management and include the Chief Risk Officer (CRO) and the Chief Executive Officer (CEO).

3.1.5. Accountability and Authority

The RMD operates independently. That is achieved through:

- Organisational independence from the activities assigned to be controlled.
- Unrestricted and direct access to Executive Management and the Board of Directors (BoD), 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 budget.
- The CRO is a member of the Executive Management Committee and holds voting or veto presence in key executive committees as well as operational committees.

Furthermore, this independence is also ensured as:

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

The RMD reports to the CRO and is ultimately accountable to the BoD through the RC on coordinating the effective and efficient running of the Group's Risk Management Framework. The Board and Executive Management provide the necessary support to the Division. The role of the Board, RC and AC is described in Sections 3.3.4 to 3.3.6 above.

Executive and Management Committees

Risk related topics are regularly covered by the various Executive and Management Committees in the discharge of their duties. This contributes to the overall monitoring of Risk Management while the CRO's participation in these committees ensures both that the topics are appropriately presented, and that Risk Management's position is clearly articulated.

Topics regularly covered include:

- Update on material and emerging risks and performance trends;
- Risk perspective on the Group and divisional strategic plans;
- Risk appetite formulation;
- Stress test, ICAAP and ILAAP results and analysis;
- Product, sector and country limits;
- Risk policies review;
- Asset disposal;
- On-boarding of risk;

In addition to regular topics, the committees consider ad-hoc papers on current risk topics such as economic and market developments, political events etc.

Senior Management

Certain roles within the Group are critical as they carry specific responsibilities with respect to Risk Management. These include:

3.1.5. Accountability and Authority (continued)

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

Chief Risk Officer (CRO)
The CRO leads the RMD across the Group including its subsidiaries. The CRO is responsible for and held accountable to the execution of the Risk Management Framework and development of risk management strategies. The CRO is also expected to challenge business strategy and overall risk taking and its risk governance within the Group and independently bring his findings, where necessary, to the RC.

3.1.6. Risk Identification

The risk identification process is comprised by two simultaneous but complementary approaches for identification of risks, 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 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, regulatory audits, direct engagement with specialized units and other. The above risks are compiled during the annual ICAAP process and its quarterly updates and form the Groups' material risks.

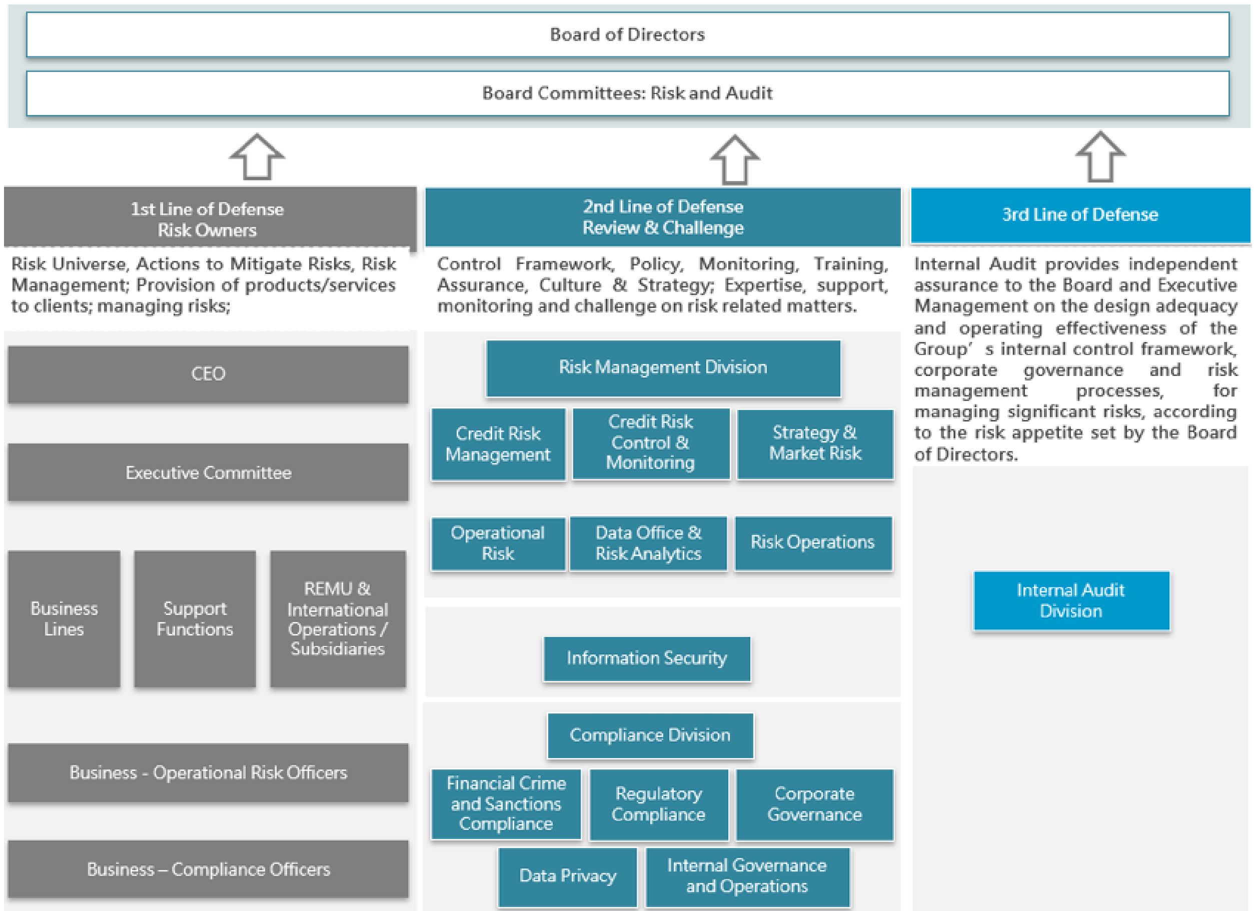
To ensure a complete and comprehensive identification of risks, the Group has integrated several key processes into its risk identification process, including:

- Annual Financial Plan
- Internal Capital Adequacy Assessment Process ("ICAAP")
- Internal Liquidity Adequacy Assessment Process ("ILAAP")
- Stress testing
- Regulatory, internal and external reviews and audits

3.1.7. Three Lines of Defence

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

3.1.7. Three Lines of Defence (continued)



First Line of Defence

The first line of defence lies with the functions that own and manage risks as part of their responsibility for achieving objectives and are responsible for implementing corrective actions to address process and control deficiencies. It comprises of management and staff of business lines and support functions who are directly aligned with the delivery of products and/or services.

The first line of defence ensures controls are designed into systems and processes under the guidance of the second line of defence. Assigned Compliance Officers and Operational Risk Management (ORM) Liaisons (part of the first line of defence) have the responsibility to pro-actively support Local Management in managing effectively key compliance risks in their area of business.

3.1.7. Three Lines of Defence (continued)

Second Line of Defence

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

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 ESG risks) for the management of risks according to the risk appetite set by the Board. Findings are communicated to the Board through the committees and senior management and other key stakeholders, with remediation plans monitored for progress against agreed completion dates.

The standing authority and responsibility of IA and of the IA Director are defined in the Internal Audit Charter, which is formed in accordance with the International Standards for the Professional Practice of Internal Auditing and the requirements of the CBC Directive on Governance and Management Arrangements in Credit Institutions ("Governance Directive") and is approved by the Group Audit Committee.

Risk Management Division (RMD) relation with control functions

Control functions meet at regular intervals in order to assess and propose areas for further enhancement of cooperation and communication amongst them, as well as for taking advantage of synergies and avoiding duplication of work.

3.1.8. Risk Management Division (RMD)

The RMD is the business function set up to manage the risk management process of Bank of Cyprus on a day-to-day basis. The risk management process, to which the RMD is responsible, is integrated into the Bank's internal control system. Headed by the CRO, the Division organized into several departments, each of which is specialized in one or several categories of risks. The organization of the Division reflects the types of risks inherent in the Group.

The RMD organisational model is structured so that to:
- Ensure that all main risks have proper ownership, management, monitoring and clear reporting.
- Promote proper empowerment in key risk areas that will assist in the creation of a robust risk culture.
- Provide tools and methodologies for risk management to the business units.
- Report losses from risks identified to Executive Management, RC and Board and, where necessary, to the Regulatory Authorities.
- Collect and monitor Key Risk Indicators (KRIs).
- The management of the Information Security Framework.
- Provide consulting or advisory services or to carry out other special tasks.

RMD is responsible for the risk management across the Group companies.

3.1.9 Risk Culture

A robust risk culture is a substantial determinant of whether the Group will be able to successfully execute its chosen strategy within its defined risk appetite. RMD is responsible to ensure that an appropriate firm wide risk culture is embedded. An action plan towards the implementation of a firm-wide risk culture is in place across the Group and RMD has a leading role in it. The action plan includes, among other, the measurement of risk culture, both at bank wide and divisional level, through a specific Risk Culture Dashboard as well as 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.

3.1.10. 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, outlying the key principles and rules that govern the risk appetite setting. It comprises the Risk Appetite Statement (RAS), the associated policies and limits where appropriate, as well as the roles and responsibilities for the implementation and monitoring of the RAF.

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

The RAF is one of the main elements of the Risk Management Framework which includes, among others, several frameworks, policies and circulars that address the principal risks of the Group. Separate RAFs are in place for all active subsidiaries which are subject to each subsidiary’s Board approval.

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 capital, liquidity, earnings, funding and other risks. The RAS considers, among others, the following risks:

Financial Risks	**Non-Financial Risks**
Capital	Transaction Processing & Execution Risk
Earnings	Compliance Risk
Credit Risk	Reputational Risk
Market Risk	Legal Risk
Interest Rate Risk in the Banking Book (IRRBB)	Information Security and Cyber Risk
Concentration Risk	Technology Risk
Funding & Liquidity Risk	Outsourcing/3rd Party Risk
Environmental	Business Continuity Risk

Risk Appetite and Capital Plan Interaction

The RAS is subject to an annual review process during the period which the Group’s financial plan as well as the divisional strategic plans are being devised. The interplay between these processes provides for an iterative cycle of feedback during which RAS indicators, with minimum regulatory requirements, act as backstop to the financial plan while for other indicators the financial plan provides input for risk tolerance setting. Furthermore, every revision of the financial plan is tested to ensure it is within the risk appetite.

3.1.11. Risk Management Policies

The entire Risk Management Policy universe enables a comprehensive and coherent framework for risk management linked to the Group's Risk Appetite. The policies, methodologies and procedures for the Risk Management Function are reviewed, updated and refined to better reflect market conditions and new regulatory requirements.

Each policy has a policy owner who is responsible to ensure its application across the Bank and the Group, provide advice to business units regarding its application, provide training on policy where required and undertake its annual review of the Policy.

The policies and / or any substantial changes to them are approved by the RC following recommendation by the ALCO or by the ExCo and are subject to annual review. Each subsidiary is expected to have in place its own risk policies which will be based on the principles of these Group Risk Policies. All BoC staff should be aware of the Risk policies.

3.1.12. Risk Measurement and reporting

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

Additionally, the RMD:

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

3.1.13. Recovery Plan

The Group Recovery Plan (RP) is drawn up and maintained by the Group and is required to be updated at least annually or after a material change to the legal or organisational structure, the Group's business or financial situation (which could have a material effect on the RP) or when the competent authority requires more frequent update.

The Group's RP:

- Distinguishes between critical and non-critical functions, as well as core and non-core business lines including major subsidiaries.
- Provides for the governance mechanism, available during recovery emergency situations, which sets the escalation and decision making process and ensures timely and appropriate action plan during crisis situations.
- Defines the key recovery and early warning indicators to promptly identify stress situations.
- Includes stress scenarios in order to identify the level of losses in a near default situation.
- Determines specific recovery options that could be implemented to address liquidity and capital issues arising as a result of stress situations that leverage on the Group's own resources.
- Includes a communication plan in the event of a crisis.
- Describes the preparatory measures for the operationalisation of the RP in cases of stress.

The Group prepared and submitted to the ECB the updated RP in September 2022 in line with the ECB's guidance.

3.1.14. Stress Testing

Stress testing is a key risk management tool used by the Group to provide insights on behaviour of different elements of the Group in a crisis scenario and assess Group's resilience and capital and liquidity adequacy, through the use of a range of scenarios, 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 liquidity adequacy under stressed conditions (ICAAP and ILAAP) and put in place the 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 Bank carries out stress testing through a combination of bottom up and top-down approaches. Scenario and sensitivity analysis follow a bottom-up approach, whereas reverse stress testing follows through a top-down approach.

If the stress testing scenarios reveal vulnerability to a given set of risks, management should make recommendations to the BoD, through 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:

- ICAAP stress testing undertaken on an annual basis in support of the Internal Capital Adequacy Assessment Process. Quarterly ICAAP reviews are also undertaken.
- Annual ILAAP stress testing applied to the funding and liquidity plan to formally assess the Group's liquidity risks. Quarterly ILAAP reviews are also undertaken.
- Ad hoc stress testing as and if required including requests from the regulator.

Other business and risk type specific stress tests
The Market & Liquidity Risk Department performs additional stress tests, which include the following:

- Monthly stress testing for interest rate risk (2% shock on Net Interest Income (NII) and EV).
- Quarterly stress testing for interest rate risk (based on the 6 predefined Basel rate scenarios which involve flattening, steepening, short down etc. rate shocks).
- Quarterly stress testing on items that are marked to market: impact on profit/loss and reserves is indicated from changes in interest rates and prices of bonds and equities.
- Liquidity stress testing on cash flows (one month horizon).

SSM-wide Stress Test / ECB 2022 Climate Risk Stress test

For the year 2022 no SSM-wide Stress Test exercise was required to be performed by the competent authorities, thus the one performed in 2021 was the last one to be required by the ECB. Instead, for the first time, ECB launched a supervisory climate risk stress test to assess how well-prepared Banks are for dealing with financial and economic shocks stemming from climate risk. The exercise aimed to identify vulnerabilities, best practices and challenges Banks face when managing climate-related risks. The specific exercise was not a pass or fail exercise, nor it had direct implications for Banks' capital levels.

The overall results for the Company and the key findings of the ECB's 2022 Climate Risk Stress Test exercise were:

Module 1
The institution did not have a climate risk stress test in place at the cut-off date of 31 December 2021 which was driving the overall score of the Module. The institution is overall still lagging supervisory expectations and is expected to take any necessary actions, in the light of Expectation 11 of the ECB guide on climate-related and environmental risks, to develop such a framework.

3.1.14. **Stress Testing** (continued)

Module 2
Module 2 assessed the potential impact of transition risk materialization on the business-model viability. The Bank's results signalled a potential impact in line with the rest of participating banks at aggregated level. Nonetheless, these results combined both a substantially high potential NFC income sensitivity to transition risk (metric 1) and lower concentration of corporate exposures into carbon-intensive counterparties (metric 2) compared to peers.

Module 3
The results for this module indicated that considering all scenarios together, the Bank is among the most vulnerable ones to the transition and physical risks. The score was largely driven by the relatively high NPE ratios reported as starting point (31/12/2020).

The Group will be participating in the 2023 SSM Stress Test as one of the "Other SSM Significant Institutions".
The Stress Test was officially launched on 31 January 2023 and is expected to be completed by the end of July 2023. The exercise will assess EU banks' resilience to an adverse economic shock and inform the 2023 SREP. The stress test results will be used to update each bank's Pillar 2 Guidance in the context of the Supervisory Review and Evaluation Process (SREP). Qualitative findings on weaknesses in the Group's stress testing practices could also affect Pillar 2 Requirements and inform other supervisory activities.

3.1.15. ICAAP, Pillar II and SREP

3.1.15.1. 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 risks, establishes the current and future capital needs for the material risks identified and assesses the Group's absorption capacity under both the baseline scenario and stress testing conditions, aiming to demonstrate that the Group has sufficient capital, under both the base and stress case scenarios, to support its business and achieve its strategic objectives as per its Board approved Risk Appetite and Strategy.

The Group undertakes quarterly reviews of its ICAAP results considering the latest actual and forecasted information. The quarterly review identifies whether the Group has adequate capital levels to withstand stress conditions. The quarterly ICAAP reviews of 2022 have indicated that the Group has sufficient capital and available mitigants to support its risk profile, its business and to enable it to meet its regulatory requirements, both in base and stress conditions.

The 2022 ICAAP is submitted to the Board of Directors through the Risk Committee for review and approval. The 2022 ICAAP indicated that the Group has sufficient capital and available mitigants to support its risk profile and its business and to enable it to meet its regulatory requirements, both under a baseline and stress conditions scenarios.

3.1.15.2. Pillar II and SREP

The ECB, as part of its supervisory role, has been conducting the SREP and onsite inspections on the Group. SREP is a holistic assessment, amongst other things, of the Group's business model, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity resources to cover these risks. The objective of the SREP is for the ECB to form an up-to-date supervisory view of the Group's risks and viability and to form the basis for supervisory measures and dialogue with the Group. Additional capital and other requirements could be imposed on the Group as a result of these supervisory processes, including a revision of the level of Pillar II add-ons capital requirements as these are a point-in-time assessment and therefore subject to change over time.

The minimum Pillar I Total Capital (TC) requirement is 8.00% and 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 P2R to be met also with AT1 and T2 capital and does not require solely the use of CET1.

The Group's minimum phased in CET1 capital ratio requirement for 2022 was 10.10% (2021: 9.69%), comprising a 4.50% Pillar I requirement, a 1.83% P2R, the CCB of 2.50%, the O-SII Buffer of 1.25% and the CcyB of 0.02%.

The Group's minimum phased in TC ratio requirement for 2022 was 15.03% (2021: 14.50%), comprising an 8.00% Pillar I requirement (of which up to 1.50% could be in the form of AT1 capital and up to 2.00% in the form of T2 capital), a 3.26% P2R, the CCB of 2.50%, the O-SII buffer of 1.25% and the CcyB of 0.02%.

In the context of the SREP conducted by the ECB in 2022, the Pillar II requirement was set at 3.08%, compared to previous level of 3.26%. The additional Pillar II requirement add-on of 0.33% relates to ECB's prudential provisioning expectations as per the 2018 ECB Addendum and subsequent ECB announcements and press release in July 2018 and August 2019. This component of the Pillar II requirement add-on takes into consideration Helix 3. It is dynamic and can vary on the basis of in-scope NPEs and level of provisioning.

When disregarding the P2R II add-on relating to ECB's prudential provisioning expectations, the P2R is reduced from 3.00% to 2.75%.

Following the annual SREP performed by the ECB in 2022 and based on the SREP decision effective from 1 January 2023, the Group's minimum phased in CET1 capital ratio for 2023 was set at 10.25% and TC ratio was set at 15.10%.

The Group's minimum phased in CET1 capital ratio requirement for 2023 of 10.25% comprises a 4.50% Pillar I requirement, a P2R of 1.73%, the CCB of 2.50%, the O-SII Buffer of 1.50% (2022: 1.25%) and the CcyB of 0.02%.

The Group's minimum phased in TC ratio requirement for 2023 of 15.10%, comprises an 8.00% Pillar I requirement, a P2R of 3.08%, the CCB of 2.50%, the O-SII Buffer of 1.50% (2022: 1.25%) and the CcyB of 0.02%.

The ECB had also provided non-public guidance for an additional Pillar II CET1 buffer.

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

3.1.15.2. Pillar II and SREP (continued)

Based on the 2021 SREP decision the Company and BOC PCL were under a regulatory prohibition on equity dividend distribution in 2022, similar to prior years and therefore no dividends were declared or paid during years 2022 and 2021. This prohibition does not apply if the distributions are made via the issuance of new ordinary shares to the shareholders which are eligible as Common Equity Tier 1 capital. No prohibition applies to the payment of coupons on any AT1 capital instruments issued by the Company and BOC PCL.

Following the 2022 SREP decision, effective from 1 January 2023, the equity dividend distribution prohibition was amended, for both the Company and BOC PCL, so that any dividend distribution, shall be subject to regulatory approval.

3.2. Risk Management Objectives and Policies

3.2.1. Credit Risk Management

Credit Risk Definition

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 (actual, contingent or potential claims both on and off balance sheet) with the Group or failure to perform as agreed. Within the general definition of credit risk, the Bank identifies and manages the following types of risk:

- Counterparty credit risk (CCR): the Group's credit exposure with other counterparties.
- Settlement risk: the risk that a counterparty fails to deliver the terms of a contract with the Group.
- Issuer risk: the risk to earnings arising from a credit deterioration of an issuer of instruments in which the Group has invested.
- Concentration risk: the risk that arises from the uneven distribution of exposures to individual borrowers or by industry, collateral, product, currency, economic sector or geographical regions.
- Country risk: the Group's credit exposure arising from lending and/or investment or the presence of the Group to a specific country.

The Group takes a comprehensive approach to risk management with a defined Risk Management Framework and a specific RAS which is approved annually by the RC and the BoD as indicated in Sections 3.1.2 – 3.1.10.

The Credit Risk Management Department (CRMD) covers a wide range of activities, which commences at the stage of the assessment of credit risk, continues at the stage of credit risk identification and measurement through reporting and provisions respectively, and ending up at the workout and collection stage.

There are various tools involved in the management of credit risk, including systems used to measure and assess customer risk, credit approval limits and structure, lending criteria, monitoring of customer advances and methods of mitigating risk. In addition, Credit Risk Management is involved in the review of new products offered by the Bank, the strategies put forward by the various Divisions as well as being involved in key Group projects such as the automation of the credit submission and approval process.

The functional activities of Credit Risk Management are organised through the following sub-departments, each of which has distinct responsibilities and covers specific risk areas.

3.2.1. Credit Risk Management (continued)

Credit Risk Policy (CRP)
The CRP department develops policies, guidelines and approval limits necessary to address the credit risk in the Group. These documents are reviewed and updated at least annually or earlier if deemed necessary to reflect any changes in the Group's risk appetite and strategy and the work environment/economy.

The Group has implemented prudent policies and a proactive approach for the monitoring of credit risk.

Corporate & SME Credit Risk (CSCR)
Corporate & SME Credit Risk (CSCR) is responsible for the well-functioning of the main Credit Committees. The Head of CSCR or his delegates, is delegated to act on behalf of the CRO with the power to veto decisions in the lower credit committees (Joint CC1/CC2) when the CRO is not present. CSCR appraises all applications from an independent credit risk perspective and prepares recommendations to Credit Committees with suggestions to improve credit proposals and mitigate credit risks.

Data Analysis and Provisions department (DA&P)
The DA&P is responsible for monitoring the Group's credit portfolio, implementing the credit provisioning policy and reports on the relevant credit risk metrics.

Shipping Risk
Shipping Risk is a specialised unit, set up to ensure Policy compliance and prepare independent risk recommendations to CC3 (for Shipping Finance Transactions). Shipping Risk main functions/responsibilities include:

- Development & review/update on the Shipping Finance Lending Policy and on the Specialized Shipping Finance Procedures.
- Review of all Shipping Finance Transactions and preparation of a specialised Risk Recommendation for approval by Credit Committee (CC3).
- Monitoring compliance of financing proposals with Lending policy and identifying deviations & proposing possible mitigants/improvements.
- Following up of the development of the Shipping portfolio (from a risk point of view), within the Bank's risk appetite policy for the Industry.

3.2.1.1 Credit Limits and Process

Regarding credit risk, the Bank sets and monitors Risk Appetite limits. Furthermore, in relation to the credit granting process, a limit framework is in place where both its structure and its general rules are documented in the Group's Lending Policy. The specific limits granted to each approving authority are communicated through circulars issued by the CRP department.

Approval limits are reviewed at least annually or whenever there is a specific requirement or request. The structure of the limits takes into account:
- The type and size of each credit facility
- The type of borrower
- The type-quality and value of the collateral
- The security gap
- The group exposure
- Other credit policy rules

3.2.1.2 Risk Identification, Measurement, Control and Reporting

The Group has adopted methodologies and techniques for risk identification, measurement and reporting of credit risk. 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.

3.2.1.2. Risk Identification, Measurement, Control and Reporting (continued)

Management, monitoring and control of customer advances

Monitoring of credit quality
The Group dedicates considerable resources to assess credit risk and to correctly reflect the value of the assets on its balance sheet 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

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. Such monitoring includes:

- Quality assurance and sample testing to analyse and report adherence to the main pillars of various Credit Risk policies, relating, among others, to assessment of the repayment ability and sensitivity analysis on borrowers' repayment ability, data quality checks and whether deviations/exceptions from policies are properly justified and approved.
- Quantitative analysis of existing bank's portfolio relating to:
  - Performing exposures & early warning indicators: arrears, excesses, accounts with no limits, undisbursed loan balance, customers marked as high risk.
  - Non-performing & forborne exposures: Daily and monthly exit and entry, problematic restructurings, performance post restructurings and expected NP and forbearance exit dates.
  - New lending analysis.
  - Portfolio analysis by sector/industry/other characteristics.

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 type or currencies. The monitoring and control of concentration risk is achieved by limit setting (e.g. sector and name limits) and reporting them to senior management.

It is noted that within Risk Management a separate department is in place, the Credit Risk Control & Monitoring Department, that independently reports to the CRO and is tasked with carrying both a control and a monitoring function in relation to credit risk.

Collateral revaluations
Credit Risk Control & Monitoring produces a comprehensive report, on a monthly basis, of all mortgaged properties that require revaluation, broken down per unit and per banker. This report is communicated to the responsible business line directors in order to take necessary actions to minimise the number of mortgaged property revaluations that are overdue. In addition, mortgaged collateral is monitored through the relevant CBC property indices (Central Bank Commercial and Residential Property indices). Indexed values of mortgaged properties have been incorporated in the customer's collateral report, so that credit officers can take the appropriate action when submitting an application for credit/restructuring.

Borrowers' audited financial statements
Risk Solutions & Model Risk Management monitors the submission of borrowers' audited financial statements as well as management accounts on a quarterly basis by preparing an analysis of all pending financial statements. This report is communicated to the line directors so that the appropriate corrective measures are taken.

Internal Audit
The Internal Audit department conducts, on a periodic basis, compliance audits in order to determine that credit activities and in particular approval authorities are in compliance with the Bank's credit policies and procedures and to ensure that approved credits are authorised within the established guidelines and limits.

3.2.1.2. Risk Identification, Measurement, Control and Reporting (continued)

Concentration
The Data Analysis & Provisions Unit actively monitors on a monthly basis the concentration limits set and reports these to the senior management through the monthly Risk Report.

New products/services
The Group's products and services have an inherent credit risk, therefore Credit Risk Management is in close cooperation with other departments (e.g. Retail) and examines all new, expanded or modified products and services from a credit risk perspective; that is, whether the new product satisfies the Group's RAS, its characteristics are according to the credit policy and the financial analysis includes all related risks.

Portfolio Quality Indicators/KPIs
Monitoring closely the quality/performance of the Group's client portfolio is of great importance. Sound credit monitoring practices can help the Group detect early signs of credit deterioration and thus take promptly remedial action to minimise losses. Monitoring is done both on a single loan/customer level/customer group (where applicable) and on an overall portfolio level.

Customer Reviews
Frequent reviews of customer facilities depending on the risk level and customer exposure in adherence with the relevant CBC Directive on Credit Granting and Review Processes. In general, legal entities are reviewed on an annual basis while physical entities every three years (except for exposures over €300 thousand which are reviewed every two years). The Bank has also introduced an automated process for the review of both physical and legal entities, based on specific criteria and thresholds set by CRM.

3.2.1.3 Credit Risk with Correspondent Banks and Countries

The Market & Liquidity Risk Department (MLR) is responsible for the credit risk, with correspondent banks and countries. CCR is discussed in Section 7 and Country risk is analysed below.

Country Risk
Country Risk refers to the possibility that sovereign borrowers of a particular country may be unable or unwilling to fulfil their foreign obligations for reasons beyond the usual risks which arise in relation to all lenders.

Country risk affects the Group via its operation in other countries and also via investments in other countries (Money Market (MM) placements, bonds, shares, derivatives, etc.). In addition, the Group is indirectly affected by credit facilities provided to customers for their international operations or due to collateral in other countries.

In this respect, country risk is considered in the risk assessment of all exposures, both on-balance sheet and off-balance sheet.

Risk Reporting and measurement system for Country Risk
On a quarterly basis, country exposures compared to country limits and reported to ALCO. The BoD, through its RC is also informed on a regular basis and at least annually, on any limit breaches. Country risk is monitoring at the level of the below transactions, on an aggregate basis.

- Treasury transactions: relate to investments in bonds, MM placements, FX and derivative transactions.
- Lending: All loans given to or guaranteed by residents of a country are taken into account, except those loans where the customer also holds a deposit with the Group with a clear right of set-off. In the case where a loan is granted to a resident of one country and the collateral is in another country, these loans are included as exposures to both countries.
- Commercial transactions: relate to letters of credit, letters of guarantee or other similar products.
- Committed lines of credit are also taken into account.

3.2.1.3. Credit Risk with Correspondent Banks and Countries (continued)

- Properties owned by the Bank.
- Investments in branches/subsidiaries abroad: relate to the carrying value of branch/subsidiary's net assets, plus any funding provided by the Bank to the branch/subsidiary.

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 in respect of its international activities.
- Group's Risk Appetite Statement.
- Perceived business opportunities in a country.
- Risk/reward ratio of an investment.
- The Group's capital base.
- The needs of the several units of the bank (i.e. Treasury, Business lines).

All limits are reviewed at regular intervals (at least once per year) and approved by the BoD through the RC. All policy documents relating to country and counterparty risk are approved by the RC at least once a year.

MLR monitors the Treasury country limits on a daily basis. Any excesses are reported to CRO, ALCO and/or RC, depending on the size of the breach.

MLR may reduce the limits already approved by the BoD if market conditions deteriorate.

3.2.1.4 Policies for Credit Risk Mitigation (CRM)

CRM is implemented through a number of policies, procedures, guidelines circulars and limits, such as:

Sanctioning limits
Relevant circulars and guidelines are in place that provides limits and parameters for the approval of credit applications and related credit limits as well as parameters. The Group currently has credit committees (Joint CC1/CC2 and CC3), for the approval of customer applications submitted through Corporate and SME Credit Risk. Credit Committees comprise of members from various Group divisions outside Risk Management, to ensure independence of opinion and need to comply with specific eligibility criteria which are monitored by the Credit Risk Control and Monitoring (CRC&M) to ensure they are adhered to. For restructuring and recoveries cases, applications are submitted for approval to the Restructuring and Recoveries Committee (RRC).

Applications falling outside the approval limits of these credit committees are submitted to the RC or the BoD, depending on the total exposure of the customer group. In addition, approval limits have been granted to lower authority levels (unit managers and Credit Sanctioning Retail & SME which examines applications below the credit committees' approval level).

Lending Policy
This is the main credit risk policy of the Group which includes collateral, customer and facility types, lending criteria, repayment ability calculation and loan-to-value rules. Deviations, Specialised Lending, Leveraged Transactions and Restructuring and Forbearance Policies, discussed below, have also been incorporated in the Bank's Lending Policy. The Lending Policy establishes the framework for safe and prudent banking and provides guidelines regarding the lending functions and how to maintain sound credit - granting standards.

3.2.1.4. Policies for Credit Risk Mitigation (CRM) (continued)

The key credit risk principles of the Bank's Lending Policy are:

- Repayment ability: The financial capacity of the customer to service and repay financial commitments is the primary factor in the decision-making process. Collateral is considered as a secondary source of repayment in cases of customer default.
- Adherence to regulatory framework / Compliance: Obligation to adhere to the terms and provisions set by the regulatory and legislative authorities (Government, CBC, ECB etc.), as well as to the relevant regulatory guidelines and requirements, internal codes of conduct, policies and procedures eg Anti-Money Laundering.
- Portfolio quality: Ability to achieve the highest possible shareholders' return through proper effective pricing/ profitability, while maintaining an acceptable risk profile.

Restructuring policy / guidelines for private individuals and legal entities
The purpose of the Restructuring Policy is to create efficient and effective strategies, policies, structures, procedures and mechanisms for the management of arrears and the attainment of fair and sustainable restructurings of credit facilities of borrowers with financial difficulties. It includes:

- Definition of restructuring and forbearance.
- General principles and guidelines for viable restructurings.
- Description of different restructuring solutions that are available (traditional and specialised).

Specialised Lending
Specialised lending exposures possess unique risk characteristics; in particular given the source of repayment, specialised lending exposures exhibit higher risk volatility than other corporate exposures, and therefore in times of distress, Credit Institutions are likely to be faced with both high default rates and high loss rates. Therefore, because of their inherent high risk, all credit decisions regarding specialised lending exposures are made after careful consideration of a number of factors, such as financial strength, political and legal environment, transaction and/or asset characteristics, strength of the sponsor and developer and security package.

Leveraged Transactions
This covers the requirements related to the corresponding ECB Guidance (Guidance on Leveraged Transactions – May 2017). A Leveraged Transaction is any transaction that meets at least one of the conditions below:

- All types of loan or credit exposure, where the borrower's post-financing level of leverage exceeds a Total Debt to EBITDA ratio of 4.0 times;
- All types of loan or credit exposures where the borrower is owned by one or more financial sponsors.

Transactions identified as leveraged are subject to more strict scrutiny and approval at higher authority levels. Concentration limits for exposures flagged as leveraged are in place in the Bank's Concentration Risk Policy.

Deviations
Credit facilities that do not align/comply with the general provisions of credit risk policies, can be approved for exceptional cases by the Bank's higher approving authorities only to the extent that they are justified and provided such deviation does not result in breach of relevant laws / regulations / directives.

Asset acquisition and disposal policy for Debt Settlement
This Policy sets out the guidelines and limits, for the acquisition of assets for debt settlement and for the disposal of assets that were acquired by the Bank for debt settlement.

Write-off policy
This policy sets out the procedures, authorities, required documentation and governance for the write-offs (contractual) and accounting set-offs (non-contractual) that are carried out by the Bank. CRC&M performs sample checks on applications approved with write-offs to ensure adherence to policies and limits.

3.2.1.4. Policies for Credit Risk Mitigation (CRM) (continued)

Concentration Risk Policy
Covers name, sector, product, geographical, counterparty, currency, collateral, shadow banking, leveraged transactions, CRAM loans, funding source and derivative concentration. Regarding collateral, limits are imposed on shares/marketable securities. The policy as well as the concentration limits are aligned with the risk bearing capacity of the Group.

Valuation policy
This policy sets the guidelines on how collaterals obtained as security by the Bank are valued at origination and how such value is monitored and reviewed at regular intervals, to ensure that:

- Valuation risk is prevented and deterred and, where it does occur, it is addressed in a timely and expeditious manner.
- Collaterals provide adequate coverage for the credit facilities granted by the Bank and provide an accurate picture of the value of collateral in case of enforceability, provisioning, or capital calculations.

Emphasis is placed on the valuations of mortgaged property which accounts for the great majority of the Group's collateral for credit facilities.

Credit Risk Monitoring policy
The Credit Risk Monitoring policy addresses the Bank's commitment to monitor the implementation of Credit Risk policies and procedures in collaboration with quality and efficiency. Various actions are performed both by RMD and Business Lines to ensure the implementation of the policy and reports are produced presenting results of compliance. Monitoring actions and procedures and the resulting reports produced are described in detail in the Credit Risk Monitoring policy.

3.2.1.5 Measurement and Assessment - 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 systems. The Group aims to continuously upgrade its systems and models used in assessing the creditworthiness of Group customers.

Credit Scoring Systems

Retail (In-house Python solution)
The Bank maintains in-house credit scoring systems for new customers through Application Scorecards providing real time score. For existing customers, the Bank uses, amongst others, behavioural scoring which takes into account factors such as the conduct of existing accounts and whether the customer has been in arrears, has consumed their overdraft limits, etc.

Small Medium Enterprises (SMEs) and Corporates (Credit Rating Models – Moody's Credit Lens Risk Analyst)
Moody's Credit Lens Risk Analyst is a system used to set the basis for consistent and accurate credit risk analysis on commercial borrowers by collecting, analysing and storing financial statement and qualitative/judgmental data.

This credit scoring system calculates the following customer ratings/scores:

- *The financial index (based on Moody's Credit Lens Risk Analyst)*: The assessment of the financial position of the customers is performed based on recent audited financial statements as well as management accounts, assessing performance with respect to operational efficiency, liquidity, debt service and capital structure. This index is used for assessing financial position/credit worthiness of business/corporate customers.
- *The borrower rating*: The assessment of the customers' credit worthiness is performed taking into account the financial index, the customer behaviour with the Bank, the management of the enterprise and sectorial risks, as well as the liquidity and capital structure of the business.

3.2.1.5. Measurement and Assessment - Systems (continued)

Shipping exposures - scorecards
The Bank has developed a customised scorecard for rating shipping exposures. The score that is produced is based on assessment of both the customer and the underlying object (vessel). Some of the drivers of the assessment are current fleet gearing, projected interest coverage, management experience, diversification outside of shipping for the customer and current brake even coverage, projected brake even coverage, geographic diversification, quality of security vessel for the project, etc.

Special Purpose Vehicle exposures
The Bank has developed a scorecard for rating special purpose vehicles. The scorecard is based on an expert judgement approach with the main drivers being financial ratios that indicate borrower's ability to repay, asset/transaction characteristics, strength of sponsor and security package such as the nature of lien etc.

Project Finance exposures
The Bank also developed a project finance scorecard, also based on an expert judgment approach. The main drivers of the scorecard are the financial ratios that indicate borrower's ability to repay, asset/transaction characteristics and security package such as assignment of contracts and accounts, lender's control over cash flow etc.

3.2.2. Market Risk Management

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

a. Interest Rate Risk (IRR);
b. FX risk;
c. Securities price risk (bonds, equities)
d. Properties risk;

Each of the risks is defined and further analysed in the subsections below.

3.2.2.1. Interest Rate Risk in the Banking Book

Definition
Interest rate risk in the banking book ("IRRBB") is the current or prospective risk to both the earnings and capital of the Bank 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 two different variable reference rates. Option risk arises from options, including embedded options, e.g. consumers redeeming fixed rate products when market rates change.

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

Limits
In order to control the interest rate risk, there is a one year limit on the maximum reduction of the net interest income. Limits are set as a percentage of CET1 capital and as a percentage of the Group net interest income (when positive). There are also different limits for Euro and USD which are the material currencies.

It is noted that all efforts take place to avoid limit breaches. Any breaches are reported following the escalation process depending on the limit breach.

3.2.2.1. Interest Rate Risk in the Banking Book (continued)

Breaches, upon identification, are immediately reported to the relevant authority. Mitigating actions are taken unless ALCO recommends to the Risk Committee that it is not beneficial to proceed with hedging alternatives.

Management
Treasury is responsible for managing the Interest Rate exposure of BOC Group. Corrective actions, mitigating strategies, are taken by Treasury with a view of minimizing the risk exposure and in any event to restrict exposure within limits (unless an ALCO/Board Risk Committee approval is obtained).

Corrective actions include:
a. on balance sheet solutions i.e. purchase of fixed rate assets, introduction of new customer accounts with the desired characteristics etc, and
b. the use of derivatives, e.g. interest rate swaps or interest rate options.

Monitoring
Interest Rate Gap report for EUR is reported to the ALCO on a monthly basis.

ΔNII, and ΔEVE under the various internally developed interest rate shock scenarios assuming static balance sheet are calculated on a monthly basis. They are compared to limits for compliance and they are reported to the ALCO for information purposes (irrespective of whether there is a breach or not). Board RC is also informed on the Bank's IRRBB on a monthly basis.

The ΔNII and ΔEVE under the various BCBS/EBA scenarios also take into account the risk from future business (dynamic balances sheet) and they are calculated and sent for review and information to the ALCO on a quarterly basis. An internal limit has been set for the ΔEVE under these scenarios.

The ΔNII and ΔEVE for EUR under 1bp change in rates (PV1bp) is also reported for information purposes to ALCO on a monthly basis.

The ΔNII and ΔEVE under Stress Testing is performed and presented to ALCO on an annual basis. The results are not compared to any limits.

3.2.2.2. Currency Risk

Definition
Currency/FX 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.

Limits
In order to limit the risk of loss from adverse fluctuations in exchange rates, overall Intraday and Overnight open currency position limits have been set. These limits are small compared to the maximum permissible by the CBC. Internal limits serve as a trigger to the management for avoiding regulatory limit breaches.

Due to the fact that there is no FX Trading Book, VaR (Value at Risk) is calculated on a monthly basis on the position reported to CBC.

2022	**Intraday**	**Overnight**
	€ million	**€ million**
Cyprus	**20**	**20 (10 per currency)**
Total	**20**	**20 (10 per currency)**
2021		
Cyprus	20	20 (10 per currency)
Total	20	20 (10 per currency)

3.2.2.2. Currency Risk (continued)

Management
The Treasury is responsible for managing the FX Open position of BOC PCL emanating from its balance sheet. The FX position emanating from customer transactions is managed by the Treasury Sales Unit of Global Markets & Treasury Sales Department. Treasury also performs the hedging for the FX open positions of the foreign non-Banking units of the Group.

2022	Change in foreign exchange rate	Impact on profit/(loss) after tax	Impact on equity
	%	€ 000	€ 000
US Dollar	+10	219	-
Russian Rouble	+70	14	1,078
Romanian Lei	+10	-	(6)
Swiss Franc	+10	(1)	-
British Pound	+10	12	-
Japanese Yen	+10	-	-
Other currencies	+10	9	-
		-	-
US Dollar	-10	(179)	-
Russian Rouble	-40	(2)	(132)
Romanian Lei	-10	-	5
Swiss Franc	-20	1	-
British Pound	-10	(10)	-
Japanese Yen	-10	-	-
Other currencies	-10	(7)	-

2021	Change in foreign exchange rate	Impact on profit/(loss) after tax	Impact on equity
	%	€ 000	€ 000
US Dollar	+10	(21)	-
Russian Rouble	+25	(1)	(235)
Romanian Lei	+10	-	34
Swiss Franc	+5	299	-
British Pound	+10	(323)	-
Japanese Yen	+10	52	-
Other currencies	+10	136	-
US Dollar	-10	17	-
Russian Rouble	-25	-	141
Romanian Lei	-10	-	(28)
Swiss Franc	-5	(270)	-
British Pound	-10	265	-
Japanese Yen	-10	(42)	-
Other currencies	-10	(111)	-

3.2.2.3. Equity Risk

Definition
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.

Management and Monitoring
The Group has an equity and fund portfolio in its books. The policy is to manage the current equity portfolio with the intention to run it down by selling all positions for which there is a market. No new purchases of equities are allowed without ALCO approval. Nevertheless, new equities may be obtained from repossessions of collateral for loans.

3.2.2.3. **Equity Risk** (continued)

Analysis of equity and fund holdings are reported to ALCO on a quarterly basis. Board Risk Committee is also updated.

	Change in index	**Impact on profit/ loss before tax**	**Impact on equity**
2022	**%**	**€ 000**	**€ 000**
Cyprus Stock Exchange	+50	1	1,383
Athens Exchange	+34	286	-
New York Exchange	+23	1,394	-
Other stock exchanges and unlisted	+66	2	2,569
Non-listed (Real Estate)	+25	-	1,735
Cyprus Stock Exchange	-33	(1)	(913)
Athens Exchange	-45	(379)	-
New York Exchange	-28	(1,697)	-
Other stock exchanges and unlisted	-59	(2)	(2,296)
Non-listed (Real Estate)	-10	-	(694)

	Change in index	**Impact on profit/ loss before tax**	**Impact on equity**
2021	**%**	**€ 000**	**€ 000**
Cyprus Stock Exchange	+20	-	645
Athens Exchange	+30	257	-
New York Exchange	+20	1,626	-
Other stock exchanges and unlisted	+65	46	3,721
Non-listed (Real Estate)	+25	-	1,666
Cyprus Stock Exchange	-25	(1)	(806)
Athens Exchange	-35	(300)	-
New York Exchange	-25	(2,033)	-
Other stock exchanges and unlisted	-80	(57)	(4,579)
Non-listed (Real Estate)	-10	-	(666)

3.2.2.4. **Debt Securities Price Risk**

Definition
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 change and/or as the interest rate changes for fixed rate securities.

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 'Hold to collect' (HTC) are held at amortised cost.

Limits
Debt security investment limits are in place. These limits include RAS limits on counterparty concentrations and acceptable market losses, Credit Limits, Investment Concentration Limits and Bond guidelines. Market and Liquidity Risk is responsible for setting and calibrating bond related limits.

Management
The debt security portfolio is managed by Group Treasury and governed by the Bond Investment Policy. Treasury continuously monitors markets and the bond positions and takes any necessary act. The annual bond investment strategy is proposed by Treasury and approved by ALCO. Treasury proceeds with bond investment amounts in accordance to the approved strategy ensuring that the portfolio remains within the bond investment policy and limits and parameters set in the various policies and frameworks.

3.2.2.4. Debt Securities Price Risk (continued)

Monitoring
Market and Liquidity Risk is primarily responsible for debt securities limit monitoring. Limit monitoring is performed on a daily basis. Any breaches are reported following the escalation process depending on the limit breach.

2022	**Impact on profit/ loss before tax**	**Impact on equity**
Change in market prices	**€ 000**	**€ 000**
Up Scenario		
Aa3 and above rated bonds	3,621	4,192
A3 and above rated bonds	1,733	3,324
Baa1 and below rated bonds	7	2,467
Cyprus Government bonds	-	34,179
Down Scenario		
Aa3 and above rated bonds	(3,621)	(4,192)
A3 and above rated bonds	(1,733)	(3,324)
Baa1 and below rated bonds	(7)	(2,467)
Cyprus Government bonds	-	(34,179)
2021	**Impact on profit/ loss before tax**	**Impact on equity**
Change in market prices	**€ 000**	**€ 000**
Up Scenario		
Aa3 and above rated bonds	2,383	4,093
A3 and above rated bonds	2,722	2,627
Baa3 and above rated bonds	31	4,183
Cyprus Government bonds	-	22,758
Down Scenario		
Aa3 and above rated bonds	(2,383)	(4,093)
A3 and above rated bonds	(2,722)	(2,627)
Baa3 and above rated bonds	(31)	(4,183)
Cyprus Government bonds	-	(22,758)

Other non-equity instruments price risk
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 other non-equity investments 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**
2022	**%**	**€ 000**	**€ 000**
Other (non-equity instruments)	+23	2,063	-
Other (non-equity instruments)	-28	(2,511)	-
2021			
Other (non-equity instruments)	+20	1,107	-
Other (non-equity instruments)	-25	(1,384)	-

3.2.2.5. Property Risk

Definition
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, Cypriot real estate; or
- Regulatory requests which may increase the capital requirement of stocks of properties

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

Management and Monitoring
The Group has in place a number of actions to manage and monitor the exposure to property risk as indicated below:
- It has set up a specialized division to manage the repossessed portfolio (REMU) including employing appropriate disposal strategies.
- It has placed great emphasis in the efficient and quick disposal of on-boarded properties and in the close monitoring and reporting. RAS indicators and other KPIs are in place monitoring REMU properties in terms of value and sales levels.
- It assesses and quantifies property risk as one of the material risks 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 Group's provisioning 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 all available reference points, such as expert valuation reports, current market conditions and application of appropriate illiquidity haircuts where relevant.

Market and Liquidity Risk is primarily responsible for REMU property limit monitoring. Limit monitoring is performed on a monthly basis. Any breaches are reported following the escalation process depending on the limit breach.

3.2.3. Liquidity Risk and Funding

Definition
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.

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 and thus the Group may fail to meet its obligations, including regulatory obligations (e.g. MREL).

Governance and Oversight
Every year, with the completion and approval of ILAAP, the BoD signs the Liquidity Adequacy Statement (LAS) which is sent to the ECB as part of ILAAP. Last year's LAS states among others that 'The Bank has a sound Liquidity Risk Management Framework with a Risk Appetite and Liquidity Policy. Processes, methods, systems and controls are in place which enable the Bank to identify measure, manage and monitor liquidity risk. This ensures that the Bank maintains liquidity resources which are adequate to ensure its ability to meet obligations as they fall due under ordinary and stressed conditions'.

The BoD approves the strategy and significant policies related to the management of liquidity. The BoD ensures that senior management takes the steps necessary to monitor and control liquidity risk and provides adequate reporting regarding liquidity.

3.2.3 Liquidity Risk and Funding (continued)

The BoD reviews the Liquidity Policy, at least annually, to take account of changing operating circumstances. Every month, the MLR submits the liquidity reports to the RC. While the BoD has the ultimate responsibility for liquidity management, ALCO is appointed to ensure the timely and effective implementation of the liquidity policy.

ALCO is responsible for setting the policies for the effective management and monitoring of liquidity across the Group.

Treasury is responsible for liquidity management, to ensure compliance with internal and regulatory liquidity policies and provide direction as to the actions to be taken regarding liquidity needs.

Liquidity is also monitored by the Market & Liquidity Risk Department, which is an independent department responsible to monitor compliance, with both internal policies and limits including RAS, and with the limits set by the regulatory authorities. Market & Liquidity Risk reports to ALCO and Board RC the liquidity position, at least monthly. It also provides the results of various stress tests to ALCO and Board RC on a quarterly basis. In the case of a breach, the escalation process is commenced.

Market & Liquidity Risk runs liquidity stress test scenarios on a regular basis. The potential impact is estimated ensuring that there is sufficient liquidity buffer and contingent liquidity to cover needs under stressed conditions. The combined stress scenario is the longest and most severe liquidity scenario performed by the bank.

The designing of the stress tests follows best practices. The stress test assumptions are reviewed and approved at least annually.

As part of the Group's procedures for monitoring and managing liquidity risk, there is an approved Liquidity Contingency Plan (LCP) for handling liquidity difficulties. The LCP details the steps to be taken in the event liquidity problems arise, which escalate to a special meeting of the extended ALCO. The LCP sets out the members of this Committee and a series of possible actions that can be taken.

All regulatory limit breaches with the recommended remedy are reported to the ALCO and RC. A number of mitigating actions exist that are analysed in the Group Recovery Plan, the Liquidity Policy and the Group LCP.

Following the deleveraging of the Bank and the disposal of all its foreign units, the Group's main operations comprise the BOC banking unit. The rest of the other local units (the insurance companies, JCC and CISCO) are immaterial in size and they manage their liquidity independently.

Risk Reporting and measurement system
The Bank has an automated daily/monthly/quarterly reporting process for liquidity and funding in place. The system utilised covers for (a) internal reporting and stress testing and (b) regulatory reporting. The system is constantly enhanced to cover the increasingly demanding needs stemming from both internal and external requirements. This tool enables the Bank to increase efficiency and effectiveness of liquidity monitoring.

3.2.4. Operational Risk Management (ORM)

3.2.4.1. Definition and Structure

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

The Group uses a broader scope when defining operational risk (to include other important risks such as reputational risks), for the purposes of its ORM Framework. As such, operational risk encompasses the following risks (which are reflected by the Level 1 categories of the Bank's Risk Taxonomy):

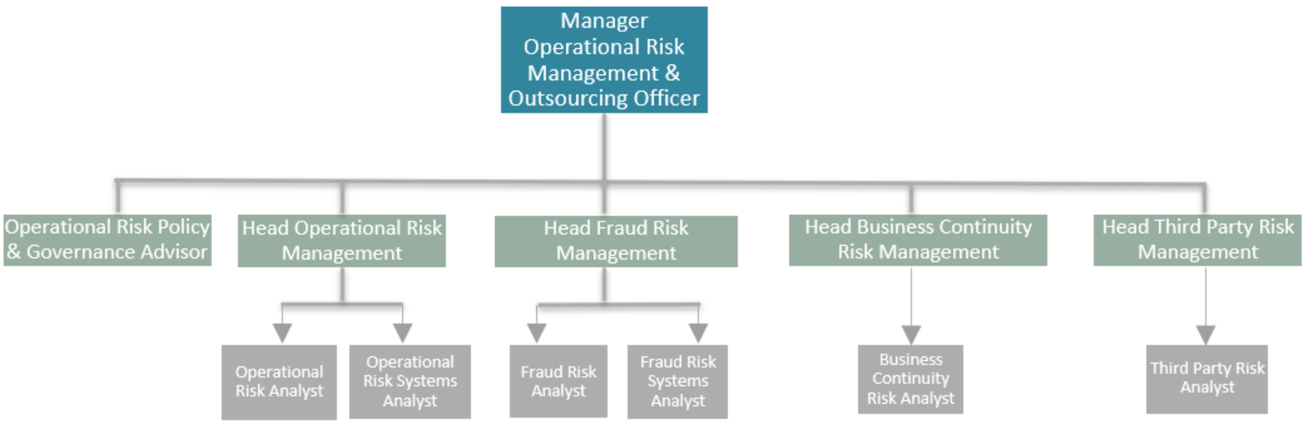
- Regulatory/Conduct risk
- Financial Crime and Sanctions Compliance risk
- Internal Fraud risk
- External Fraud risk
- People risk
- Business Continuity risks
- Information Security risk (including Cyber risk)
- Technology risk
- Data accuracy and data integrity risk
- Physical security and safety risk
- Model risk
- Legal risk
- Third-party risk
- Statutory Reporting and Tax Risk
- Transaction processing and execution
- Project risk
- Reputational risk

Operational regulatory risk policies and procedures contribute to the management of these risks, some of which are also directly managed by specialised departments, i.e. Information Security Department, Group Compliance and Legal Services. The ORM Department is responsible to embed explicit and robust ORM practices into all areas of the business process from the initial design of the Bank's business strategy to the sale of services and products to its customers.

3.2.4.1 Definition and Structure (continued)

This is achieved by implementing a sound, coherent and comprehensive framework for the identification, assessment, monitoring and control of operational risk within the Bank (Section 3.2.2.2) that improves the service provided to customers, the Bank's productivity and cost effectiveness and which ultimately protects shareholder value. ORM also ensures that the level of operational risk faced by the Bank is consistent with the BoD's overall risk appetite and corporate objectives.

ORMD Structure



3.2.4.1 Definition and Structure (continued)

Operational Risk Management Unit
The Operational Risk Management unit is responsible -inter alia - for:
- Providing direction to the first line of defence through policy, education, tools and training.
- Developing and maintaining a framework and supporting policies for the management of operational risks, to ensure timely and effective identification, assessment, monitoring, control and mitigation of operational risks, as well as, alignment with regulatory requirements.
- Exercising oversight and challenge to the process of identification and assessment of operational risk and the necessary follow-up for remedial actions, including the operational risk for new products, services, or implementation of new systems, or processes.

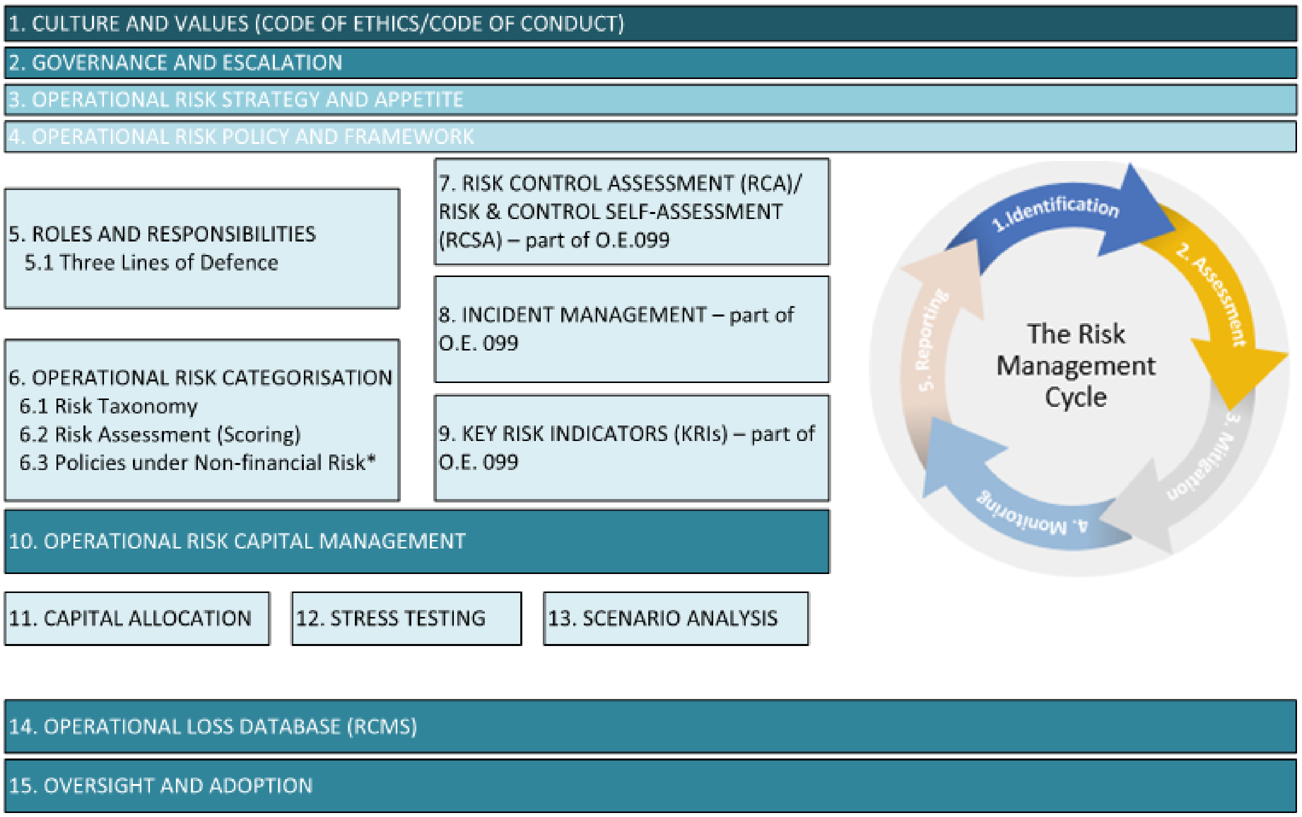
Business Continuity Risk Management Unit
- The Business Continuity Risk Management unit is responsible to maintain a comprehensive Business Continuity Management Policy and establish an automated System which follows best practice and the relevant ISO standard requirements ("ISO 22301 – Business Continuity Management").
- Business continuity risks are managed to ensure that the Group has business resiliency and continuity plans in place and is able to operate on an on-going basis and limit losses in the event of severe business disruption. To this effect, an IT Disaster Recovery (DR) plan is maintained and is annually reviewed and tested. The Business Continuity Management Framework includes incident and crisis response plans and procedures.

Fraud Risk Management Unit
The Fraud Risk Management unit is responsible for:
- Co-ordinating the Group's approach to Fraud Risk management.
- Developing and maintaining the framework, supporting policies and procedures for the management of internal and external fraud risks.
- Promoting and adopting automated Alert based systems, data analytics tools and controls for the prevention and detection of external and internal fraud.
- Establishing comprehensive Fraud Incident Response plan(s) across the Bank to ensure effective and timely management of external and internal fraud incidents.
- Performing Fraud Risk Assessments on business activities and processes for the timely identification and monitoring of fraud risks across Group.
- Ensuring that divisions and business departments have sound processes for identifying new and emerging fraud risks.
- Assessing new regulations or amendments with regards to fraud related issues and performing regulatory gap analysis in cooperation with Compliance division and other related stakeholders.
- Providing direction through policy, education, tools and training.

Third-Party Risk Management (TPRM) Unit
The TPRM unit is responsible for:
- Co-ordinating the Group's approach to Third Party Risk management.
- Developing and maintaining the framework, supporting policies and procedures for the management of Third Party risks.
- Assessing new regulations or amendments with regards to outsourcing related issues and performing regulatory gap analysis in cooperation with Compliance division and other related stakeholders.
- Assessing arrangements qualified as outsourcing, strategic or intragroup (based on the CBC's Directive to Credit Institutions on Governance and Management Arrangements 2021).
- Performing risk assessments for all aforementioned types of arrangements of the Group, in coordination with the other control functions.
- Providing direction through policy, education, tools and training.

3.2.4.2. Management and Control of Operational Risk

The following diagram summarises the ORM Framework and its components:



**Operational Risk Management Policy, Fraud Risk Management Policy, Business Continuity Management Policy, Insurance Management Policy, Reputational Risk Management Policy, Third-party/Outsourcing Risk Management Policy, New Products/Services Policy.*
The Operational Risk Management Framework includes all other non-financial risks, which are overseen by the relevant control functions (including Compliance [Regulatory Compliance, Financial Crime Compliance, DPO], Information Security).

The ORM framework addresses the following objectives:

- Fostering awareness and understanding of operational risk among all staff and promoting a culture where staff is more conscious of risks;
- Ensuring effective operational risk monitoring and reporting;
- Providing transparent reporting of operational risks and material exposure to losses, to the management and providing all stakeholders with updates on implementation of action plans as well as the risk profile of the Group;
- Promoting the implementation of 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;
- Improving productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.

3.2.4.2. Management and Control of Operational Risk (continued)

It should be noted that the Group conducts all its dealings with customers within high ethical standards and follows a very prudent and cautious strategy with regards to compensation or provision of incentives that could lead to risks of mis-selling. A thorough framework is in place for assessing all the relevant risks for new or changed products/services as a key control for minimising the risk of products or services being promoted to the customers that create the potential for unfair treatment, or are otherwise not appropriate or relevant for certain customers. Additionally, the Group maintains a Customers Complaints Management process, the purpose of which is to provide the foundation for implementing a consistent, diligent, efficient, and impartial approach throughout the Group for the handling of customer complaints. The Group cultivates a culture where complainants are treated fairly and the complaints handling mechanism is perceived as a valuable opportunity to re-build and enhance relationships with customers.

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

Risk Control Self-Assessment (RCSA)
A RCSA methodology is established across the Group. The methodology follows a three-phase process: (i) Preparation (ii) Workshop and (iii) Reporting and Follow-up. It is a process that enables/empowers the business unit management and employees to: (i) identify the inherent and residual risks to the achievement of their objectives, (ii) assess and manage critical/high risk areas of the business processes, using a uniform Likelihood x Impact scale that forms a central point of reference within the ORM framework, (iii) self-evaluate the adequacy of controls and identify the lack of controls and (iv) develop and prioritize risk treatment action plans.

According to the RCSA methodology, business owners are requested to place emphasis on identifying risks that arise primarily from the risk areas under a full Risk Taxonomy (as outlined under Section 3.2.4.1).

With primary input from the process of RCSA, ORMD maintains a detailed risk register for each Unit, which forms an important component of the ORM analysis and reporting. Updating/enriching the risk register in terms of existing and potential new risks identified and their mitigation is an on-going process, sourced from RCSAs as mentioned above, but also from other risk and control assessments (RCAs) performed, e.g. by the Information Security Department, Third-Party and Outsourcing risk assessments, New Product/Services Risk Assessments, Data Protection Impact Assessments, etc.

Risk-based Business Process Management
Risk based Business Process Management involves the assessment of risks, the provision of opinions on the acceptability of the risks assessed and the recommendation of additional controls in relation to changes made in business processes, new products or services, outsourced activities and new projects/initiatives. ORMD actively participates in the evaluation of new or amended procedures/policies, Tier 1/2 projects, new technology systems and other important decisions or developments, with an objective to facilitate and carry out the identification and assessment of any operational risks.

3.2.4.2. Management and Control of Operational Risk (continued)

Incident recording and analysis
Data on operational risk events (actual and potential losses, as well as near misses) is collected from all Group entities, with a threshold of €100 per actual/potential loss. An operational risk event is defined as any incident where through the failure or lack of a control, the Group could actually or potentially have incurred a loss. The definition includes circumstances whereby the Group could have incurred a loss, but in fact made a gain, as well as, incidents resulting in potential reputational or regulatory impact.

The data collected is categorised and analysed to facilitate the management of operational risks and, where possible, to prevent future losses by implementing relevant mitigating actions. Emphasis is constantly placed on carrying out root-cause analysis of both operational risk incidents with a significant impact and repeated operational risk incidents which present worrying trends. In 2022, 466 loss events with gross loss equal to or greater than €1,000 were recorded including incidents of prior years (mostly legal cases) for which losses materialised in 2022, compared to 323 loss events in 2021.

Key Risk Indicators (KRIs)
A KRI is an operational or financial variable, which tracks 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. KRIs are similar to, and often coincide with, KPIs and Key Control Indicators. KRIs are established from a pool of business data/indicators considered useful for the purpose of risk tracking. These indicators are used for the on-going monitoring of the Bank’s operational risks, and mitigating actions are initiated in the case KRI limit violations are observed. Key observations from the KRIs are reported to top management and the RC.

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. Both approaches are complementary and are simultaneously used in order to identify all key risks the organization is faced with. The Key Risk identification process is reviewed every quarter as part of the ICAAP process and new risks identified are added, while others that become obsolete are removed. Risk scores are updated depending on changes to circumstances (e.g. added controls, changes in the regulatory environment, etc.). The Bank, following the EBA’s methodology guidelines on stress-testing for Conduct and other operational risks, projects the P&L impact of losses arising from non-material conduct risks and other operational risks using its internally built scenarios (quantitative method) and in the case of material conduct risk, available qualitative information and feedback from the Subject Matter Experts. In order to determine which operations/actions and events may lead to material conduct risks, the Bank analyses all material conduct risk events which took place in the preceding 5 years, but also takes into account the prevailing environment in which it operates, as well as the strategy it has formulated for the following 3 years. Such analysis/assessment results in the identification of potential material conduct risks that may materialise within a 3-year horizon in an adverse environment.

Network of ORM liaisons
Operational risk liaisons act as the point of contact with the aim to enable the effective implementation of the various operational risk methodologies across the Bank, by liaising with their departmental and unit management.

Training and awareness
Training is carried out throughout the Bank with the aim to promote risk culture and enhance awareness in relation to operational risks. As training and awareness regarding operational risk is one of the main objectives of the ORM Framework, on-going training sessions are established covering awareness on principles of Operational Risk, its management Framework and tools.

3.2.4.3. Management of Litigation risk

The LSD has set in place processes and procedures to ensure the effective and prompt management of Legal Risk. These processes and procedures primarily include the following:

a) Handling requests for legal advice from all Divisions;
b) Handling litigation against the Bank and providing support to Group entities for the handling of litigation against them;
c) On-going review and assessment of the legal framework and regulatory developments;
d) Reviewing new products/advertisements/internal policies, circulars and manuals, engagement letters with external counterparties, agreements, etc.;
e) Participation of the Chief Legal Officer in Bank's committees and various ad-hoc committees; and
f) Frequent reporting on pending litigation and latest developments in a number of Board and management committees.

Software systems are in place both for the filing of legal advice requests from all Divisions, as well as for the monitoring of litigation against the Bank. The structure of the LSD in teams of lawyers enables the timely allocation and completion of work. External Legal counsel is engaged for the representation of the Group before legal forums, as well as, for obtaining legal advice on issues/areas of Law which are not within LSD's specialisation/expertise.

A framework for the engagement, monitoring and assessment of the performance of external legal counsel has also been put in place in order to ensure that the best possible service is received. The participation and reporting of legal risk by the Chief Legal Officer in a number of Board and Management committees and in particular of all pending litigation against the Group ensures that the Bank is kept informed and updated of the Group's exposure in this respect. Such committees and groups include the Provisions Committee, the BoD, the BoD Committees, the Regulatory Steering Group, the ExCo and any other ad hoc committees. Additionally, LSD reports all litigation on a monthly basis to Operational Risk and other management bodies. Reporting to Operational Risk is done via the interface of the Legal system and ORM system (RCMS) which monitors litigations and is updated on an on-going basis.

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, legal 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, record keeping, filings and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of BOC PCL in 2013 as a result of the bail-in Decrees, BOC PCL is subject to a large number of proceedings and investigations that either precede or result from the events that occurred during the period of the bail-in Decrees.

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.

Any provision recognised does not constitute an admission of wrongdoing or legal liability. 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 2022 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group.

3.2.4.4. Major developments relating to ORM during 2022

The Bank is closely monitoring the developments regarding the outbreak of Covid-19 within the community and the Pandemic Incident Management Plan is continuing to be in effect from February 2020. The Pandemic Incident Management Team (PIMT) provides regular updates to the Crisis Management Committee (CMC), in order to be able to effectively deal with any further potential crisis. Remote Access (Working From Home) to employees that support the critical Units and less critical Units are available and ready to be used if needed.

During the year, Operational Risk performed an increased number of assessments for new products/procedures triggered by the pandemic. A new control types categorization has been introduced where existing controls have been mapped to, while a number of RCMS system enhancements were designed and developed (e.g. introduction of workflows, web module for risks). Annual review of RCSAs within 2022 was completed for the in-scope Units. By the end of the year, 2 RCSAs were pending but on track for completion within agreed deadlines.

The Third-party Risk Management unit (under Operational Risk Management) has reviewed all in-scope existing and new outsourcing arrangements within the Group by 31 December 2022, to ensure their alignment with the EBA guidelines on outsourcing arrangements and to identify and effectively handle any potential gaps or weakness.

Further to the Internet Banking Fraud system which is currently monitoring Internet Banking and Mob App transactions, during the Year, the Cards Fraud system with enhanced preventing behaviour rules & models has been taken into production. The respective blocking rules' parameters have been enhanced and adjusted so as these are activated progressively, ensuring a well- balanced risk-taking approach with the current satisfied cardholder service. Both fraud systems are considered as additional layers to the existing fraud prevention framework of controls across the Bank.

Further to the above, further enhancements of the monitoring controls for the identification and management of internal fraud and risks have been achieved through:

(a) The establishment of the automated Data Fraud Analytics Tool for the identification & monitoring of Internal fraud related indicators (KFIs);
(b) The new "Toxic User Access Combinations" assessments, where users' access entitlements in Bank's financial processing systems are assessed, against predefined principles and
(c) The specialised Fraud Risk Assessment process for business activities, which goes beyond the existing RSCA process, has been undertaken as planned.

3.2.4.5. Reporting

Important operational risks identified and assessed through the various tools/methodologies of the ORM framework, are regularly reported to top management, as part of overall risk reporting. More 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 top management, as needed. Dashboards with metrics against the Bank's defined risk appetite are also submitted on a monthly basis to ExCo and the BRC through the CRO.

3.3. Governance Arrangements

3.3.1. Recruitment Policy

The Group recognises the benefits of having a diverse Board of Directors (BoD) which includes and makes use of differences in skills, experience, background, nationalities and gender among the directors. When determining the optimum composition of the BoD, consideration is given to balancing these differences and achieving the appropriate collective suitability to direct the Bank’s activities and manage its risks.

The Nominations and Corporate Governance Committee (NCGC) is assigned the responsibility to regularly review the composition of the Board in order to identify, evaluate and select candidates whose skills will complement and add value to the collective knowledge and skills of the Board. Pursuant to this assessment the Committee then makes appropriate recommendations to the BoD in accordance with the Group Board Nominations Policy and in line with the Group Policy on the Suitability of members of the management body and key function holders approved by the BoD.

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities. Prior to the appointment, the Company must obtain the approval of the ECB.

Each director nominee should be of a professional and educational background that enables him/her to have a general appreciation of the major issues facing banks. Such issues include corporate governance issues, regulatory obligations of a public issuer, human resources, remuneration issues, technology, climate related and environmental risks and strategic business planning. Specialised knowledge and experience in the application of internal control procedures and accounting issues are also required when considering members for appointment to the Audit Committee who must have significant, recent and relevant financial experience.

Factors considered by the NCGC in its review of potential candidates include:

- Specialised skills and/or knowledge in accounting, finance, banking, law, business administration, the assessment of the effectiveness of the institution’s arrangements, the interpretation of the institution’s financial information or related subject.
- Integrity, honesty and the ability to generate public confidence.
- Demonstrated sound business judgement.
- Knowledge of financial matters including understanding financial statements and financial ratios.
- Knowledge of and experience with financial institutions.
- Risk management experience.
- Reputation of the potential candidate.
- The competencies and skills that the BoD considers each existing director to possess.
- Possible gaps in knowledge and skills identified by the latest review of the composition of the Board.
- Succession planning.
- The need to attain and maintain the targets set by the Group Board Nominations Policy for achieving and maintaining gender diversity on the BoD (published on the Group’s website). The Board aims in achieving at least 40% representation of women as per the European Commission’s recommendation.

When considering proposals for the re-election of incumbent directors, the NCGC takes into account the results of the most recent assessment of the BoD and the Chairperson’s evaluation of the individual directors, the directors’ attendance record in meetings, participation in BoD activities and overall contribution to the functioning of the BoD.

An internal evaluation of the performance of the Board, its committees and individual members is conducted annually, while an external evaluation is carried out triennially. The internal assessment considers overall performance relative to the role of the Board and consists of:

- Online questionnaires completed by each Director on the role of the Board and its committees,
- Online self-assessment of each Director,
- Assessment of each Director by the Chairman,
- Assessment of the Chairman during an executive session of the non-executives led by the Senior Independent Directors (SID) (in the absence of the Chairman) and
- Discussion by the Board of the assessment and recommendations for improvements made in the report.

3.3.1. **Recruitment Policy** (continued)

Following the Board Performance Evaluation in 2022, the NCGC determined that the skills profile of the Board, either academically or through professional experience was appropriate and relevant to the business of the Group including inter alia, banking, insurance, audit and accounting, economics, risk management, dealing with competent authorities, strategy and business models, legal and consultancy services, Information Technology (IT) and human resource management. The NCGC further concluded that the Board could benefit from the appointment of a member with IT knowledge or Digital Transformation.

As at 31 December 2022 the Board comprised of ten Directors: the Group Chairman, who was independent on appointment, two executive directors and seven non-executive directors. According to the provisions of the CBC Assessment of Suitability of members of the management body and key function holders Directive of 2020 ('CBC Suitability Directive') six of the non-executive directors are independent. Mr. Ioannis Zographakis' status has changed as per the provisions of the CBC Directive on Suitability, to non-executive non-independent director since he has served on the board for more than nine years from the date of his first appointment.

3.3.2. Other Directorships

The NCGC ensures that individual Board directors have sufficient time to dedicate to their duties, having regard to applicable regulatory limits on the number of directorships which may be held by any individual director. The Board has determined the time commitment expected of non-executive directors to be 35-40 days per annum. Time devoted to the Group can be considerably more when serving on Board committees.

The NCGC considers amongst other whether a potential director is able to devote the requisite time and attention to the Bank's affairs, prior to the BoD's approval of the individual's appointment. In December 2022, the Chairman stepped down from one of his appointments at Titan Cement International SA so that he now holds three non-executive directorships and as at today meets all regulatory obligations. Finally, all directors were within the directorship limits set out for 'significant institutions'.

BOC PCL has been classified as a 'significant institution' under the European Union (Capital Requirements) Regulation 2014. The CBC Directive on Suitability, which incorporates the provisions of Article 91 of the European Capital Requirements Directive ('CRD IV') on management bodies of credit institutions, determines that a director cannot hold more than one of the following combinations:

- One executive directorship with two non-executive directorships; or
- Four non-executive directorships.

For the purposes of the above, executive or non-executive directorships held within the same group shall count as a single directorship. Directorships in organisations which do not pursue predominantly commercial objectives do not count for the purposes of the above guidelines.

According to the CBC Directive mentioned above, the CBC may, in exceptional cases and taking into consideration the nature and complexity of the business of the Group, authorise members of the BoD to hold one additional directorship.

The CBC had granted permission on appointment to two of the current directors to hold one additional non-executive directorship to the above. At present none of those directors hold additional directorships.

The number of outside directorships held by the members of the Board is as follows:

- Mr. Arapoglou 2 Non-Executive directorships
- Mr. Nicolaou 2 Non-Executive directorships
- Mrs Lyn Grobler 3 Non-Executive directors and 1 Executive directorship
- Mr. Zographakis 2 Non-Executive directorships
- Mrs Hadjisotiriou 1 Non-Executive directorship
- Mr. Berggren 2 Non-Executive directorships
- Mr. Sofianos 2 Non-Executive directorships
- Mr. Iordanou 2 Non-Executive directorships

The biographies of the directors, including experience and knowledge, are presented in Appendix I and can be accessed on our website online and in the Annual Corporate Governance Report 2022 which is included in the Annual Financial Report for 2022 and is available at www.bankofcyprus.com (Who we are).

3.3.3. Diversity

The Board has a balanced and diverse range of skills, knowledge and experience, and has achieved its target for female representation.

By the end of 2022, the Board gender diversity achieved was 40%. The Board remains committed to mainting its target.

3.3.3. **Deversity** (continued)

The Board also places high emphasis on ensuring the development of diversity in the senior management roles within the Group. A number of Group policies ensure unbiased career progression opportunities. The Code of Conduct similarly ensures equal opportunities to all members of staff and treats diversity with fairness and respect aiming to provide fair treatment for everyone at work. A primary ESG target approved under the ESG strategy by the Board is ≥30% women in Group's management bodies by 2030.

As at 31 December 2022, there is a 27% representation of women in Group's management bodies (defined as the ExCo and the Extended ExCo) and a 39% representation of women at key positions below the Extended ExCo (defined as positions between Assistant Manager and Manager).

All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole is required to have to be effective and the diversity benefits each candidate can bring to the overall board composition.

The Group's approach to Board diversity is set out in full in the Board Nominations Policy, which can be found online at https://www.bankofcyprus.com/globalassets/who-we-are/our-governance/group-board-nominations-policy.pdf. The Policy recognises that a truly diverse Board will include and make good use of the differences in skills, experience, background, race, gender and other distinctions brought by each director, with such differences being considered in determining the optimum composition of the Board.

Non-executive members of the Board possess a wide range of skills, knowledge and extensive experience acquired from executive and/or non-executive appointments as directors of other companies, that combine to provide independent perspective, insights and challenge needed to support good decision-making and effective board dynamics. The effectiveness of the Board depends on ensuring the right balance of directors with banking or financial services experience and broader commercial experience. Directors bring their individual knowledge, skills and experience to bear in discussions on the major challenges facing the Group. The participation of executives on the Board enhances the banking expertise of the Board and ensures that the Board is provided with direct, precise and up-to-date information about significant issues concerning the Group.

Following review in 2022, the NCGC determined that the skills profile of the Board, either academically or through professional experience was appropriate and relevant to the business of the Group including, *inter alia*, banking, insurance, manufacturing, audit and accounting, economics, risk management, dealing with competent authorities, strategy and business models, legal and consultancy services, information technology and human resource management. The NCGC further recognised that a candidate with strong background in IT and or cybersecurity could enrich the Board composition given the strategic importance of the digitisation of the Group.

3.3.4. **The Board**

The Board is responsible to set, approve and oversee the overall risks strategy, including the Company's risk appetite and its risk management framework and measures to ensure that the Board devotes sufficient time to risk issues, including climate-related and environmental risks. The Board exercises the responsibility for approving and monitoring the Group's overall strategy, risk appetite and policies for managing risks through two of its Committees, namely the Board Risk Committee (RC) and the Board Audit Committee (AC). The CRO regularly reports to the Board, developments in the risk environment and performance trends.

The Board is also responsible to set, approve and oversee the implementation of, an adequate and effective internal governance and internal controls framework that includes a clear organisational structure and well-functioning independent internal risk management, information security, compliance and audit functions that have sufficient authority, stature and resources to perform their functions.

3.3.5. Board Risk Committee (RC)

The RC monitors the Group's risk profile against the approved Risk Appetite and ensures compliance with risk management strategy, policies and regulations. It reviews management proposals on the desired risk strategy at individual company as well as at Group level, i.e. the risk appetite/exposure in each area of risk (market, liquidity, credit, equity, regulatory, information security, operational and capital resources) and makes appropriate recommendations to the Board.

The RC evaluates and reports to the Board on the Group's overall current and future risk appetite and strategy, taking into account the financial and risk profile of the Group and the capacity of the Group to manage and control risk. It assists the Board in overseeing the effective implementation of the risk strategy by senior management, including the development of mechanisms to ensure material exposures that are close to, or exceed approved risk limits, are managed and where necessary mitigated in an effective and timely manner and the identification and escalation of breaches in risk limits and of material risk exposures in a timely manner.

The RC is also responsible for monitoring the effectiveness of the internal risk management framework and its integration with the Bank's decision-making process, covering the whole spectrum of the Bank's activities and units, as well as subsidiaries.

The RC as at 31 December 2022 comprised of three independent non-executive directors. The Board considers that the RC consists of directors who possess individually and collectively adequate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Group as well as its risk management and control practices. The Committee's composition is fully compliant with the CSE Code and the CBC Directive on Internal Governance and the UK Code.

During 2022 the RC held 22 meetings (2021: 29 meetings).

Additionally, the Terms of Reference of the RC include the following:

- Review pricing of products and where prices do not properly reflect risk, present a remedy plan to the BoD.
- Examine the adequacy and effectiveness of the contingency and insurance strategy of the Group and make appropriate recommendations to the Board.
- Examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.
- Submit proposals to the BoD and recommendations for corrective action whenever weaknesses are identified in implementing the risk strategy.
- Appraise the CRO and the Chief Information Security Officer and submit appraisals to the BoD.
- Approve sufficient resources and budget for the Bank's Risk Management Division (RMD) and the Information Security function.
- Review and approve the organisational structure of the RMD.
- Assess and monitor the independence, adequacy and effectiveness of the RMD and the Information Security Function.
- Advise the BoD on the adequacy and effectiveness of the risk management framework and the information security framework, drawing on the reports of the AC, the RMD and external auditors.
- Advise the BoD on the adequacy, effectiveness and robustness of information and communications systems.
- Advise the BoD on the adequacy of the provisions and effectiveness of strategies and policies with respect to maintaining adequate internal capital and own funds to cover the risks of the Bank.
- Ensure that stress tests and related procedure are carried out as appropriate on all major risks, at least on an annual basis and where necessary, challenge the appropriateness of limits and adequacy of capital and budgets.
- Review and recommend for approval to the Board the Group Recovery Plan and any revisions therein.
- Conduct a self-assessment and report its conclusions and recommendations for improvements and changes to the BoD.

The appointment and removal of the CRO and the Chief Information Security Officer are recommended by the RC and approved by the BoD.

3.3.6. Board Audit Committee (AC)

The AC regularly reviews the adequacy and effectiveness of the system of internal controls and information systems of the Group (being the systems established to identify, assess, manage and monitor financial risk).

Additionally, the AC reviews all publications of financial statements and related information of the Group, and reports to the Board on the significant financial reporting issues and estimates and judgements (including impairments) made therein.

The appointment and removal of the Internal Audit Director and the Director Compliance are recommended by the AC and approved by the BoD.

The key responsibilities of the AC are set out in its terms of reference, which are available on the Group's website (www.bankofcyprus.com.cy/group) and are reviewed annually and approved by the Board.

The Committee, inter alia, is responsible for:
- The appropriateness and completeness of the Group's system of internal controls and information systems;
- Ensuring that the system of internal controls is adequately resourced;
- Monitoring the integrity of the Group's financial statements and related announcements (including significant financial reporting judgements contained in them) and the financial reporting process;
- Advising the Board on the accuracy and fairness of the annual reports and accounts;
- Monitoring the effectiveness and operations of the internal audit function and the compliance function;
- Overseeing all matters relating to the relationship between the Group and the external auditors;
- Monitoring the effectiveness of the Group's whistleblowing procedures and
- Making recommendations to the Board on such matters.

The AC from January 2022 to October 2022 comprised of 4 non-executive independent directors; from the 26th of October 2022 until the end of 2022 the composition of the AC was amended and included 3 non-executive independent directors. During 2022 the AC held 18 meetings (2021: 16 meetings).

The Chairman of the AC also sits on the RC and regular joint meetings of the two Committees take place.

3.3.7. Board Human Resources & Remuneration Committee (HRRC)

The HRRC keeps under review an overall remuneration policy for the Group to ensure among others that it is aligned with the Group's capital and liquidity position, as well as the interests of the shareholders; does not encourage excessive risk taking and ensures an appropriate balance between fixed and performance-related remuneration, immediate and deferred.

Further information on the Group Board Committees, their composition, number of meetings, their activities and terms of reference are contained in the Annual Corporate Governance Report for 2022 which is included in the Annual Financial Report 2022.

3.3.8. Reporting and Control

On an annual basis, the Chairman of the Risk Committee specifies both the information required by the Committee to discharge its duties and the calendar of the meetings. The agenda includes, among others, several regular topics described below:

- Risk appetite framework and risk appetite dashboard
- Financial plan risk assessment
- ICAAP and ILAAP
- Updates on all main risks faced by the Bank
- Credit portfolio overview
- Loan loss provisions
- Stress test results
- Risk quantification

3.3.8. Reporting and Control (continued)

- Regulatory communication
- Information security
- Updates on specific segment of the portfolio such as shipping, syndicated lending, real estate portfolio.

Further to the above topics, there are other, supplementary and ad-hoc reports that are brought to the Committees attention. Reports are generally presented by the CRO, other executives or managers of Risk Management Departments.

In addition to the Risk Committee, reports relating to the above topics are also discussed at ExCo and BoD.

4. Scope of Application

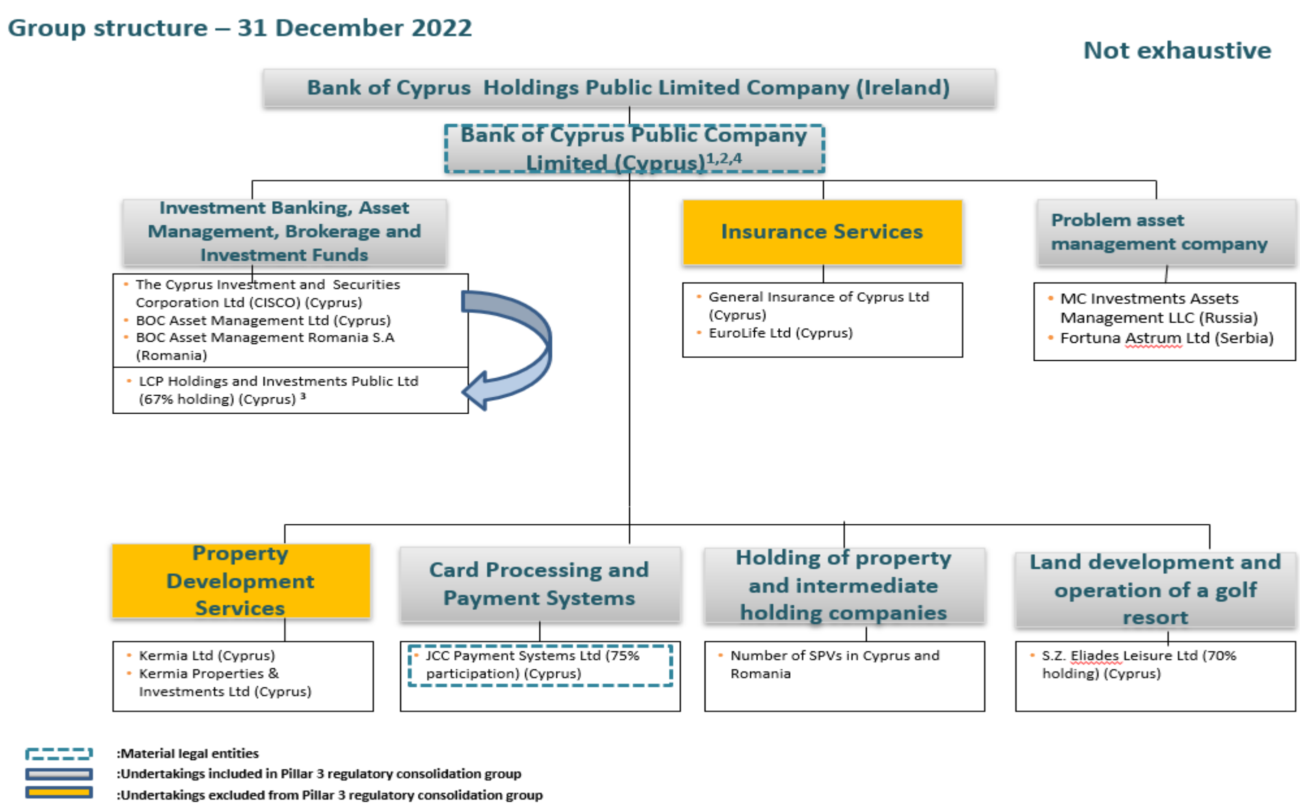
Differences on the basis of consolidation for financial reporting and prudential purposes

The data included in this Report may be different than the respective data of the Consolidated Financial Statements of the Company for 2022, which are prepared in line with IFRS, as adopted by the EU, mainly due to differences between the prudential consolidation basis and the accounting consolidation basis and/or differences in the definitions used. The reconciliation between the balance sheet presented in the Consolidated Financial Statements of the Company for 2022 and the balance sheet prepared for prudential purposes is disclosed in this section.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for properties held for own use and investment properties, investments at fair value through other comprehensive income (FVOCI), financial assets (including loans and advances to customers and investments) at fair value through profit or loss (FVPL) and derivative financial assets and derivative financial liabilities that have been measured at fair value, non-current assets held for sale measured at fair value less costs to sell and stock of property measured at net realisable value where this is lower than cost. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRSs. The basis of consolidation for prudential purposes includes only those entities which form the basis for the calculation of regulatory capital requirements.

The chart below summarises the Group's structure on the basis of consolidated accounting and prudential purposes.



[1]Activities of Bank of Cyprus Public Company Limited include mainly the provision of banking and financial services in Cyprus.
[2]All subsidiaries mentioned above are 100% unless otherwise stated.
[3] Indirect shareholding in subsidiaries through CISCO
[4]Full list of the subsidiaries is disclosed in Appendix II

4. Scope of Application (continued)

The basis of consolidation of all Group entities for accounting and prudential purposes is presented in Appendix II.

As shown in table EU LI3 (Appendix II), as at 31 December 2022, the following subsidiaries were not included in the regulatory consolidation: EuroLife Ltd, General Insurance of Cyprus Ltd, Kermia Ltd, Kermia Properties & Investments Ltd, BOC Secretarial Company Ltd, Dominion Industries Ltd, Eurolife Properties Ltd, Ledra Estate Ltd, Les Coraux Estates Ltd, Natakon Company Ltd, Oceania Ltd, Laiki Bank (Nominees) Ltd, Nelcon Transport Co. Ltd, Kyprou Properties SA, Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd) and Kyprou Zois (branch of EuroLife Ltd). For none of these subsidiaries the actual own funds as at 31 December 2022, where applicable, were less than those required.

Material legal entities

The analysis is intended to show which legal entities within the Group contribute significantly to the asset, financial and earnings situation, or to provide or support critical functions and/or essential business activities.

A group company is classified as material in the following cases:

- if at least one of the following quantitative criteria is met or
- if at least the first of the following qualitative criteria is met.

Quantitative criteria:

- Contribution to the RWAs of the Group greater than 5%
- Contribution to Group revenues greater than 5%
- Contribution to the Total Assets of the Group greater than 5%

Qualitative criteria:

- Provision of a critical function or core business line
- Provide a service or support function to maintain a critical function or core business line.

Based on EBA Technical advice on critical functions and core business lines (EBA/Op/2015/05) and the Commission Delegated Regulation (CDR) 2016/778, 'Function' indicates a structured set of activities, services or operations that are delivered by an institution or group to third parties. Critical functions means activities, services or operations the discontinuance of which is likely to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness, complexity and cross-border activities of an institution or group, with particular regard to the substitutability of those activities, services or operations.

The results of the materiality analysis of the legal entities for 31 December 2022 are presented in Appendix IV. The fulfilled criteria are highlighted in each case for the legal entities identified as material. Based on the qualitative and quantitative criteria, the Bank has been identified as material entity as at 31 December 2022 and the Group will continue to assess EuroLife Ltd taking into account other qualitative aspects.

4.1. Reconciliation of regulatory own funds to balance sheet in the audited financial statements

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
	31 December 2022	**Consolidated Balance sheet as in published financial statements**	**Consolidated Balance Sheet under regulatory scope of consolidation**	**Reference (1)**
		€ million	**€ million**	
	Assets			
1	Cash and balances with central banks	9,567	9,567	
2	Loans and advances to banks	205	191	
3	Derivative financial assets	48	48	
4	Investments at FVPL	190	19	
5	Investments at FVOCI	468	460	(h)
6	Investments at amortised cost	2,046	2,046	
7	Loans and advances to customers	9,953	9,953	
8	Life insurance business assets attributable to policyholders	542	-	
9	Prepayments, accrued income and other assets	640	559	
10	Stock of property	1,041	1,039	
11	Deferred tax assets	228	228	
12	Investment properties	85	75	
13	Property and equipment	254	223	
14	Intangible assets	168	43	(e)
15	Investments in Group undertakings	-	35	(i)
16	**Total assets**	**25,435**	**24,486**	
	Liabilities			
1	Deposits by banks	508	508	
2	Funding from central banks	1,977	1,977	
3	Derivative financial liabilities	16	16	
4	Customer deposits	18,998	19,041	
5	Insurance liabilities	680	-	
6	Accruals, deferred income, other liabilities and other provisions	384	309	
7	Provisions for pending litigation, claims, regulatory and other matters	128	128	
8	Debt securities in issue	298	298	
9	Subordinated loan stock	302	302	(g)
10	Deferred tax liabilities	43	24	
11	**Total liabilities**	**23,334**	**22,603**	
	Equity			
1	Share capital	45	45	(a)
2	Share premium	594	594	(b)
3	Revaluation and other reserves	178	81	(d)
4	Retained earnings	1,042	921	(c)
5	**Equity attributable to the owners of the Company**	**1,859**	**1,641**	
6	Other equity instruments	220	220	(f)
8	**Non-controlling interests**	**22**	**22**	
9	**Total equity**	**2,101**	**1,883**	
10	**Total liabilities and equity**	**25,435**	**24,486**	

(1) The references (a) to (i) refer to the items of template EU CC1 in Section 5.1.

4.1. Reconciliation of regulatory own funds to balance sheet in the audited financial statements (continued)

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
	31 December 2021	**Consolidated Balance sheet as in published financial statements**	**Consolidated Balance Sheet under regulatory scope of consolidation**	**Reference (1)**
		€ million	**€ million**	
	Assets			
1	Cash and balances with central banks	9,231	9,231	
2	Loans and advances to banks	292	278	
3	Derivative financial assets	7	7	
4	Investments at FVPL	199	19	
5	Investments at FVOCI	749	739	(h)
6	Investments at amortised cost	1,191	1,191	
7	Loans and advances to customers	9,836	9,836	
8	Life insurance business assets attributable to policyholders	552	-	
9	Prepayments, accrued income and other assets	616	547	
10	Stock of property	1,112	1,110	
11	Deferred tax assets	265	265	
12	Investment properties	118	92	
13	Property and equipment	252	224	
14	Intangible assets	184	45	(e)
15	Investments in Group undertakings	-	35	(i)
16	Non-current assets and disposal groups held for sale	359	359	
17	**Total assets**	**24,963**	**23,978**	
	Liabilities			
1	Deposits by banks	457	457	
2	Funding from central banks	2,970	2,970	
3	Derivative financial liabilities	32	32	
4	Customer deposits	17,531	17,561	
5	Insurance liabilities	736	-	
6	Accruals, deferred income, other liabilities and other provisions	362	305	
7	Provisions for pending litigation, claims, regulatory and other matters	104	104	
8	Debt securities in issue	303	303	
9	Subordinated loan stock	340	340	(g)
10	Deferred tax liabilities	47	25	
11	**Total liabilities**	**22,882**	**22,097**	
	Equity			
1	Share capital	45	45	(a)
2	Share premium	594	594	(b)
3	Revaluation and other reserves	213	99	(d)
4	Retained earnings	987	901	(c)
5	**Equity attributable to the owners of the Company**	**1,839**	**1,639**	
6	Other equity instruments	220	220	(f)
8	**Non-controlling interests**	22	22	
9	**Total equity**	**2,081**	**1,881**	
10	**Total liabilities and equity**	**24,963**	**23,978**	

(1) The references (a) to (i) refer to the items of template EU CC1 in Section 5.1.

4.1.1. EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The difference between the carrying values reported in the Consolidated Financial Statements of the Company for 2022 and the carrying values under the scope of regulatory consolidation is due to the different basis of consolidation for prudential purposes. The basis of consolidation for prudential purposes includes only those entities which form the basis for the calculation of the regulatory capital requirements. A summary of the Group's structure on the basis of consolidation for the prudential purposes and the basis for consolidated accounting is presented in Section 4 'Differences on the basis of consolidation for financial reporting and prudential purposes'. Also, reconciliation between the Balance Sheet presented in Consolidated Financial Statements of the Company for 2022 and the Balance Sheet for regulatory purposes is presented in Section 4.1. The shift in the exposures under each framework between 2022 and 2021 is in line with the changes in column (b).

The table illustrates the balance sheet items as they are applied in the RWA and capital requirements calculation whereby the amounts included in column (b), the carrying values under the scope of regulatory consolidation are analysed into the framework they are subject to in calculating the RWAs through CRR, columns (c) to (g).

4.1.1. EU LI1-Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

		a	b	c	d	e	f	g
				Carrying values of items				
	31 December 2022	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		€million	€million	€million	€million	€million	€million	€million
	Breakdown by asset classes according to the balance sheet in the published financial statements							
1	Cash and balances with central banks	9,567	9,567	9,567	-	-	-	-
2	Loans and advances to banks	205	191	191	-	-	-	-
3	Derivative financial assets	48	48	-	48	-	-	-
4	Investments at FVPL	190	19	19	-	-	-	-
5	Investments at FVOCI	468	460	460	-	-	-	-
6	Investments at amortised cost	2,046	2,046	2,034	-	12	-	-
7	Loans and advances to customers	9,953	9,953	9,953	-	-	-	-
8	Life insurance business assets attributable to policyholders	542	-	-	-	-	-	-
9	Prepayments, accrued income and other assets	640	559	559	-	-	-	-
10	Stock of property	1,041	1,039	1,029	-	-	-	10
11	Investment properties	85	75	75	-	-	-	-
12	Property and equipment	254	223	223	-	-	-	-
13	Intangible assets	168	43	13	-	-	-	30
14	Investments in Group undertakings, associates and joint ventures	-	35	35	-	-	-	-
15	Deferred tax assets	228	228	228	-	-	-	-
16	**Total assets**	**25,435**	**24,486**	**24,386**	**48**	**12**	**-**	**40**

4.1.1. EU LI1-Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

	31 December 2022	a	b	c	d	e	f	g
				Carrying value of items				
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		€million	€million	€million	€million	€million	€million	€million
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits by banks	508	508	-	-	-	-	508
2	Funding from central banks	1,977	1,977	-	-	-	-	1,977
3	Derivative financial liabilities	16	16	-	16	-	-	-
4	Customer deposits	18,998	19,041	-	-	-	-	19,041
5	Insurance liabilities	680	-	-	-	-	-	-
6	Accruals,deferred income, other liabilities and other provisions	384	309	15	-	-	-	294
7	Deferred tax liabilities	43	24	-	-	-	-	24
8	Provisions for pending litigation, claims, regulatory and other matters	128	128	-	-	-	-	128
9	Debt securities in issue	298	298	-	-	-	-	298
10	Subordinated loan stock	302	302	-	-	-	-	302
11	**Total liabilities**	**23,334**	**22,603**	**15**	**16**	**-**	**-**	**22,572**

4.1.1. EU LI1-Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

		a	b	c	d	e	f	g
				Carrying value of items				
31 December 2021		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Breakdown by asset classes according to the balance sheet in the published financial statements							
1	Cash and balances with central banks	9,231	9,231	9,231	-	-	-	-
2	Loans and advances to banks	292	278	278	-	-	-	-
3	Derivative financial assets	7	7	-	7	-	-	-
4	Investments at FVPL	199	19	19	-	-	-	-
5	Investments at FVOCI	749	739	739	-	-	-	-
6	Investments at amortised cost	1,191	1,191	1,167	-	24	-	-
7	Loans and advances to customers	9,836	9,836	9,836	-	-	-	-
8	Life insurance business assets attributable to policyholders	552	-	-	-	-	-	-
9	Prepayments, accrued income and other assets	616	547	547	-	-	-	-
10	Stock of property	1,112	1,110	1,105	-	-	-	5
11	Investment properties	118	92	92	-	-	-	-
12	Property and equipment	252	224	224	-	-	-	-
13	Intangible assets	184	45	15	-	-	-	30
14	Investments in Group undertakings, associates and joint ventures	-	35	35	-	-	-	-
15	Deferred tax assets	265	265	265	-	-	-	-
16	Non-current assets and disposal groups held for sale	359	359	359	-	-	-	-
17	**Total assets**	**24,963**	**23,978**	**23,912**	**7**	**24**	**-**	**35**

4.1.1. EU LI1-Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

	31 December 2021	a	b	c	d	e	f	g
				Carrying value of items				
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits by banks	457	457	-	-	-	-	457
2	Funding from central banks	2,970	2,970	-	-	-	-	2,970
3	Derivative financial liabilities	32	32	-	32	-	-	-
4	Customer deposits	17,531	17,561	-	-	-	-	17,561
5	Insurance liabilities	736	-	-	-	-	-	-
6	Accruals,deferred income, other liabilities and other provisions	362	305	22	-	-	-	283
7	Deferred tax liabilities	47	25	-	-	-	-	25
8	Provisions for pending litigation, claims, regulatory and other matters	104	104	-	-	-	-	104
9	Debt securities in issue	303	303	-	-	-	-	303
10	Subordinated loan stock	340	340	-	-	-	-	340
11	**Total liabilities**	**22,882**	**22,097**	**22**	**32**	**-**	**-**	**22,043**

4.1.2. Main sources of differences between regulatory exposure amounts and carrying values in the Financial Statements

The table presents the main sources of differences between the carrying values under the scope of regulatory consolidation and the exposure amounts that are used to calculate the RWA under each regulatory framework of the CRR.

Row 5, "Differences in valuations", refers to additional valuation adjustments following regulatory supervisory recommendations.

Row 6, "Differences due to netting rules", presents the impact of the application of netting agreements under the SA-CCR approach in calculating RWA for derivatives.

Row 7, "Differences due to consideration of provisions", refers to transitional arrangements adjustments described in section 5.1.

Row 8, "Differences due to the use of credit mitigation techniques", presents financial collateral amounts that are used in decreasing the exposures values for RWA calculation purposes under the Financial Collateral Comprehensive Method.

Row 9, "Differences due to credit conversion factors", presents the adjustment on the off-balance sheet items presented in row 4 converting them to credit equivalents.

Row 11, "Other differences", presents the balance sheet items that due to their nature do not participate in the RWA and capital requirements calculations and they are analysed in rows 11.01 and 11.02.

There are no material shifts between 2022 and 2021 other than the shifts in the carrying values under the scope of regulatory consolidation analysed in section 4.1.1 above.

4.1.2. Main sources of differences between regulatory exposure amounts and carrying values in the Financial Statements (continued)

EU LI2-Main sources of differences between regulatory exposure amounts and carrying values in the Financial Statements

		a	b	c	d	e
	31 December 2022	Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
		€ million	€ million	€ million	€ million	€ million
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**24,486**	**24,386**	**12**	**48**	**-**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)**	**(22,603)**	**(15)**	**-**	**(16)**	**-**
3	**Total net amount under the regulatory scope of consolidation**	**1,883**	**24,370**	**12**	**32**	**-**
4	**Off-balance-sheet amounts**	**2,598**	**2,598**	**-**	**-**	**-**
5	Differences in valuations	(107)	(97)	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	(6)	-	-	(6)	-
7	Differences due to consideration of provisions	90	90	-	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(845)	(845)	-	-	-
9	Differences due to credit conversion factors	(1,890)	(1,890)	-	-	-
10	Differences due to Securitisation with risk transfer	-	-	-	-	-
11	Other differences	22,546	4	-	-	-
11.01	*Deductions from Capital - Total Assets (EU LI1: column g less EU LI1 column (g) row 9 included in EU LI2 row 5)*	*(30)*	*-*	*-*	*-*	*-*
11.02	*Deductions from Capital - Total Liabilities (EU LI1: column g)*	*22,576*	*4*	*-*	*-*	*-*
12	**Exposure amounts considered for regulatory purposes**	**24,269**	**24,230**	**12**	**26**	**-**

4.1.2. Main sources of differences between regulatory exposure amounts and carrying values in the Financial Statements (continued)

EU LI2-Main sources of differences between regulatory exposure amounts and carrying values in the Financial Statements

		a	b	c	d	e
	31 December 2021	**Total**	**Items subject to**			
			Credit risk framework	**Securitisation framework**	**CCR framework**	**Market risk framework**
		€ million	**€ million**	**€ million**	**€ million**	**€ million**
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**23,978**	**23,912**	**24**	**7**	**-**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)**	**(22,097)**	**(22)**	**-**	**(32)**	**-**
3	**Total net amount under the regulatory scope of consolidation**	**1,881**	**23,890**	**24**	**(25)**	**-**
4	**Off-balance-sheet amounts**	**2,600**	**2,600**	**-**	**-**	**-**
5	Differences in valuations	(129)	(123)	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	51	-	-	51	-
7	Differences due to consideration of provisions	171	171	-	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(741)	(741)	-	-	-
9	Differences due to credit conversion factors	(2,026)	(2,026)	-	-	-
10	Differences due to Securitisation with risk transfer	-	-	-	-	-
11	Other differences	22,013	-	-	-	-
11.01	*Deductions from Capital - Total Assets (EU LI1: column g)*	*(30)*	-	-	-	-
11.02	*Deductions from Capital - Total Liabilities (EU LI1: column g)*	*22,043*	-	-	-	-
12	**Exposure amounts considered for regulatory purposes**	**23,820**	**23,772**	**24**	**26**	**-**

5. Own Funds

5.1. CRD Regulatory Capital

The tables below disclose the components of regulatory capital as at 31 December 2022 and 2021.

This disclosure has been prepared using the format set out in Annex VII of the 'Commission Implementing Regulation (EU) No 2021/637', which presents Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital as well as Provision and Deduction items'.

EU CC1 - Composition of regulatory own funds

		(a)	(a)	(b)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		€ million	**€ million**	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	639	639	(a) plus (b)
2	Retained earnings	867	880	(c)
3	Accumulated other comprehensive income (and other reserves)	50	68	(d)[1]
EU-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	-	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	55	21	(c)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,611**	**1,608**	

5.1. CRD Regulatory Capital (continued)

EU CC1 - Composition of regulatory own funds (continued)

		(a)	(b)	(c)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		€ million	**€ million**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)2	(108)	(129)	
8	Intangible assets (net of related tax liability) (negative amount)	(30)	(30)	(e)[3]
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-	
EU-20c	*of which: securitisation positions (negative amount)*	-	-	
EU-20d	*of which: free deliveries (negative amount)*	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)	-	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	-	
25	*of which: deferred tax assets arising from temporary differences*	-	-	
EU-25a	Losses for the current financial year (negative amount)	-	-	(c)
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments	90	171	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(48)**	**12**	
29	**Common Equity Tier 1 (CET1) capital**	**1,563**	**1,620**	

5.1. CRD Regulatory Capital (continued)

EU CC1 - Composition of regulatory own funds (continued)

		(a)	(b)	(c)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		€ million	**€ million**	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	220	220	
31	*of which: classified as equity under applicable accounting standards*	*220*	*220*	
32	*of which: classified as liabilities under applicable accounting standards*	-	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**220**	**220**	(f)
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	**-**	
44	**Additional Tier 1 (AT1) capital**	**220**	**220**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,783**	**1,840**	

5.1. CRD Regulatory Capital (continued)

EU CC1 - Composition of regulatory own funds (continued)

		(a)	(b)	(c)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		€ million	**€ million**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	300	300	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-	
50	Credit risk adjustments	-	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**300**	**300**	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
EU-56b	Other regulatory adjustments to T2 capital	-	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	**-**	
58	**Tier 2 (T2) capital**	**300**	**300**	(g)[4]
59	**Total capital (TC = T1 + T2)**	**2,083**	**2,140**	
60	**Total Risk exposure amount**	**10,114**	**10,694**	

5.1. CRD Regulatory Capital (continued)

EU CC1 - Composition of regulatory own funds (continued)

		(a)	(b)	(c)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		%	**%**	
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	15.45%	15.14%	
62	Tier 1 capital	17.62%	17.20%	
63	Total capital	20.59%	20.01%	
64	Institution CET1 overall capital requirements	10.10%	9.69%	
65	*of which: capital conservation buffer requirement*	*2.50%*	*2.50%*	
66	*of which: countercyclical capital buffer requirement*	*0.02%*	*0.00%*	
67	*of which: systemic risk buffer requirement*	*0.00%*	*0.00%*	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	*1.25%*	*1.00%*	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.83%*	*1.69%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**9.12%**	**8.95%**	

5.1. CRD Regulatory Capital (continued)

EU CC1 - Composition of regulatory own funds (continued)

		(a)	(b)	(c)
		31 December 2022	**31 December 2021**	Source based on reference numbers/letters of the consolidated balance sheet under the regulatory scope of consolidation (EU CC2)
		€ million	**€ million**	
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1	1	(h)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	23	23	(i)[5]
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	-	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

1 No restrictions apply on the items listed above for the purpose of the calculation of own funds in accordance with the CRR. It should be noted that on the basis of Article 26(i) of the CRR and the EBA guidelines on prudent valuations, a part of the fixed assets revaluation reserve (31 December 2022: c.€30 million, 31 December 2021: c.€31 million) is not allowed to be included in CET1 capital.

2 The amount reported in line 7, in addition to Additional Value Adjustments includes prudential charges relating to specific credits.

3 As at 31 December 2022 an amount of c.€13 million was not deducted from CET1 capital as a result of the revised rules of CRR II on the prudential treatment of software assets (31 December 2021: c.€15 million).

4 The corresponding reference in the balance sheet also includes loan stock which does not qualify for T2 capital.

5 The corresponding reference in the balance sheet also includes holdings which are not CET1 instuments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions).

5.1. CRD Regulatory Capital (continued)

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 and support its strategy and maximise shareholders' value.

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

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

The amendments that came into effect on 28 June 2021 are in addition to those introduced in June 2020 through Regulation (EU) 2020/873, which among other brought forward certain CRR II changes in light of the COVID 19 pandemic. The main adjustments of Regulation (EU) 2020/873 that had an impact on the Group's capital ratio relate to the acceleration of the implementation of the new SME discount factor (lower RWAs) extending the IFRS 9 transitional arrangements and introducing further relief measures to CET1 allowing to fully add back to CET1 any increase in ECL recognised in 2020 and 2021 for non-credit impaired financial assets and phasing in this starting from 2022 (phasing in at 25% in 2022) and advancing the application of prudential treatment of software assets as amended by CRR II (which came into force in December 2020). In addition, Regulation (EU) 2020/873 introduced a temporary treatment of unrealized gains and losses on exposures to central governments, to regional governments or to local authorities measured at fair value through other comprehensive income which the Group elected to apply and implemented from the third quarter of 2020. This temporary treatment was in effect until 31 December 2022.

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

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

5.1. CRD Regulatory Capital (continued)

The 2021 Banking Package is subject to amendment in the course of the EU's legislative process; and its scope and terms may change prior to its implementation. In addition, in the case of the proposed amendments to CRD and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. The European Council's proposal on CRR and CRD was published on 8 November 2022. During 2023, the finalisation of the European Parliament's position is expected, which will be followed by the trilogue process that will eventually result in the final versions of the directives and regulations. It is expected that the 2021 Banking Package will enter into force on 1 January 2025; and certain measures are expected to be subject to transitional arrangements or to be phased in over time.

During the year ended 31 December 2022, the CET1 was negatively affected mainly by the phasing in of IFRS 9 and other transitional adjustments on 1 January 2022, provisions and impairments, the cost of the Voluntary Staff Exit Plan, the payment of AT1 coupon, the movement of the fair value through OCI reserves and other movements and was positively affected mainly by pre-provision income and the reduction in risk-weighted assets mainly as a result of the completion of Project Helix 3 (refer to section 6.1).

As a result of the above, the CET1 ratio has increased by 31 bps during the year.

In April 2021, the Company issued €300 million unsecured and subordinated Tier 2 Capital Notes (the 'New T2 Capital Notes') and immediately after, the Company and BOC PCL entered into an agreement pursuant to which the Company on-lent to BOC PCL the entire €300 million proceeds of the issue of the New T2 Capital Notes on terms substantially identical to the terms and conditions of the New T2 Capital Notes.

At the same time, BOC PCL invited the holders of its €250 million Fixed Rate Reset Tier 2 Capital Notes due January 2027 (the 'Old T2 Capital Notes) to tender their Old T2 Capital Notes for purchase by BOC PCL, after which Old T2 Capital Notes of €43 million remained outstanding.

At a meeting held on 30 November 2021, the Board of Directors resolved to exercise BOC PCL's option to redeem the remaining c.€43 million nominal amount outstanding of the Old T2 Capital Notes. The outstanding Old T2 Capital Notes were redeemed on 19 January 2022.

The issuance of the New Tier 2 Capital Notes has resulted in the increase of the Group's Total Capital ratio in 2021.

Prudential filters and deductions

Prudential filters

The Group capital, in accordance with CRR Article 34 is subject to the prudential filter of additional value adjustments for assets measured at fair value. These adjustments are deductible from CET1 capital. As such, Additional Valuation Adjustments (AVA) relating to assets and liabilities measured at fair value are deducted from CET1 capital in accordance with the Commission Delegated Regulation (EU) 2016/101. Under the Commission Delegated Regulation (EU) 2016/101, the Group satisfies the conditions for using the simplified approach. The AVA deduction for 2022 and 2021 is reported within the Additional Value Adjustments line 7 in the tables above.

In addition, for the year ended 31 December 2022 and the year ended 31 December 2021 the Group deducted from CET1 prudential charges relating to specific credits. The deduction amounted to c.€129 million as at 31 December 2021 and to c.€108 million as at 31 December 2022. The amount includes a prudential charge in relation to the ECB's onsite inspection and review on the value of the Group's foreclosed assets which is being directly deducted from own funds since 30 June 2021. The impact of this prudential change was 31 bps on the Group's CET1 ratio as at 31 December 2021 and 26 bps on the Group's CET1 ratio as at 31 December 2022. The decrease in the impact on CET1 is mainly the result of impairments recognised during 2022.

The prudential filters of Articles 32 and 33 of the CRR are not applicable to the Group.

5.1. **CRD Regulatory Capital** (continued)

Deductions from own funds

The following items which are deductible from CET1 capital in accordance with Article 36 of the CRR are as follows:

- Intangible assets, which include mainly computer software, were deducted from CET1 capital as per CRR provisions (Article 36(1) (b)). The amount deducted in 2022 and 2021 is reported within the 'Intangible assets' line 8 in the tables above. In December 2020 the revised rules on the prudential treatment of software assets as amended by CRR II came into force, under which, EU banks no longer have to fully deduct prudently valued software and IT systems from CET1 capital.
- The Group's Insurance business is deconsolidated for regulatory capital purposes and replaced by the amount of the Group's investment in insurance entities. In line with the CRR provisions (Articles 47 and 48) and subject to the transitional arrangements, the excess of 10% of CET1 is deducted from the capital (shown as 'Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the Group has a significant investment in those entities' in the tables above) and the amount of less than 10% is risk-weighted at 250%.

In addition, during 2022 and 2021, the Group deducted from CET1 a prudential charge relating to specific credits as mentioned above.

There are no deductions from the T2 capital under Article 66 of the CRR. However, part of the Old T2 Capital Notes were subject to qualifying own funds deductions (non-controlling interests) in accordance with Article 87 of the CRR. The Old Capital Noted were fully redeemed in January 2022. The New Tier 2 Capital Notes issued by the Group during 2021 is not subject to such deductions.

There are no deductions from the AT1 capital under Article 56 of the CRR.

Items not deducted from own funds

There are no items which are not deducted from own funds under Articles 56, 66 and 79 of the CRR.

IFRS 9 Financial Instruments and CRR Article 468

Please refer to the disclosures in Section 6.3.

Issued share capital

The issued share capital consists of 446,200 thousand (2021: 446,200 thousand) number of shares at nominal value of €0.10 each. The share capital for the years 2022 and 2021 is shown on the table below:

	2022		2021	
	Number of shares (million)	**€ million**	Number of shares (million)	€ million
Authorised				
Ordinary shares of €0.10 each	**10,000**	**1,000**	10,000	1,000
Issued				
1 January and 31 December	**446**	**45**	446	45

Authorised and issued share capital
All issued ordinary shares carry the same rights.

5.1. CRD Regulatory Capital (continued)

There were no changes to the authorised or issued share capital during the years ended 31 December 2022 and 2021.

Treasury shares of the Company

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

The life insurance subsidiary of the Group, as at 31 December 2022, held a total of 142 thousand ordinary shares of the Company of a nominal value of €0.10 each (2021: 142 thousand ordinary shares of a nominal value of €0.10 each), as part of its financial assets which are invested for the benefit of insurance policyholders. The cost of acquisition of these shares was €21,463 thousand (2021: €21,463 thousand).

The treasury shares represent 0.03% of the total issued share capital of the Company (2021: 0.03%).

The Company did not provide financial assistance permitted by Section 82 of the Companies Act 2014 for the purchase of its shares.

Share Premium reserve

There were no changes to the share premium reserve during the years ended 31 December 2022 and 2021.

Other equity instruments

In December 2018 the Company issued €220 million Subordinated Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (AT1). AT1 constitutes an unsecured and subordinated obligation of the Company. The coupon is at 12.50% and is payable semi-annually. During the year ended 31 December 2022, two coupon payments to AT1 holders were made of a total amount of €27,500 thousand and have been recognised in retained earnings (2021: €27,500 thousand). 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. AT1 is perpetual and has no fixed date for redemption but can be redeemed (in whole but not in part) at the Company's option on the fifth anniversary of the issue date and on each subsequent fifth anniversary subject to the prior approval of the regulator. The AT1 notes are listed on the Luxembourg Stock Exchange's Euro Multilateral Trading Facility (MTF) market.

Dividends

Based on the 2021 SREP decision the Company and BOC PCL were under a regulatory prohibition for equity dividend distribution in 2022, similar to prior years and therefore no dividends were declared or paid during the years 2022 and 2021. This prohibition does not apply if the distributions are made via the issuance of new ordinary shares to the shareholders which are eligible as Common Equity Tier 1 capital.

No prohibition applies to the payment of coupons on any AT1 capital instruments issued by the Company and BOC PCL.

Following the 2022 SREP decision, effective from 1 January 2023, the equity dividend distribution prohibition was amended, for both the Company and BOC PCL, so that any dividend distribution shall be subject to regulatory approval.

5.2. Summary of the terms and conditions of Capital Resources

The capital base of the Group for regulatory purposes consists of ordinary shares (CET1 instruments) and AT1 and T2 instruments.

Group CET1 instruments consist only of ordinary shares (Sections 5.1 and 5.3).

Reset Perpetual Additional Tier 1 Capital Securities
In December 2018, the Company issued €220 million AT1 Capital Securities. AT1 is unsecured and subordinated to the share capital (CET1). Additional information of the AT1 Capital Securities is disclosed in Section 5.1. The full terms and conditions of the AT1 Capital Securities are presented in Section 5.3.

For financial reporting purposes AT1 is classified as other equity instrument within equity and the coupon payments are recognised in retained earnings.

Subordinated Tier 2 Capital Note - January 2017
In January 2017, BOC PCL issued a €250 million unsecured and subordinated Tier 2 Capital Note under the EMTN Programme. The note was priced at par with a coupon of 9.25% per annum payable annually up to 19 January 2022 and thereafter at the then prevailing 5-year swap rate plus a margin of 9.176% per annum up to 19 January 2027, payable annually. The note had a maturity date on 19 January 2027. BOC PCL had the option to redeem the note early on 19 January 2022, subject to applicable regulatory consents. In April 2021, BOC PCL invited the holders of this note to tender it for purchase by BOC PCL at a price of 105.5% plus accrued interest and following acceptance of the valid tenders of €207 million nominal amount, proceeded with the re-purchase. As a result, BOC PCL incurred a loss of €12.6 million for the year ended 31 December 2021, while at the same time forfeiting the relevant obligation for future coupon payments. By 31 December 2021, the Group purchased from the open market a further €7 million nominal amount of the notes, which were held by BOC PCL. On 19 January 2022, BOC PCL exercised its option to redeem at par the remaining nominal amount outstanding of the notes. All outstanding notes were cancelled. The note was listed on the Luxembourg Stock Exchange's Euro Multilateral Trading Facility (MTF) market. The full terms and conditions of the Note are presented in Section 5.3.

As at 31 December 2021 the Note was not recognised as regulatory capital.

Subordinated Tier 2 Capital Note - April 2021
In April 2021, BOCH issued a €300 million unsecured and subordinated Tier 2 Capital Note under the EMTN Programme. The note was priced at par with a coupon of 6.625% per annum payable annually in arrears and resettable on 23 October 2026 at the then prevailing 5-year swap rate plus a margin of 6.902% per annum up to 23 October 2031, payable annually. The note matures on 23 October 2031. BOCH has the option to redeem the note early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market.

For financial reporting purposes the subordinated Tier 2 Capital Notes are treated as Subordinated loan stock. The subordinated loan stock is initially measured at the fair value of the consideration received, net of any issue costs. It is 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 the loan stock. Interest on subordinated loan stock is included in 'Interest expense' in the consolidated income statement.

Senior Preferred Notes - June 2021
In June 2021, BOC PCL issued a €300 million senior preferred note under the EMTN Programme. The note was priced at par with a fixed coupon of 2.50% per annum, payable annually in arrears and resettable on 24 June 2026. The note matures on 24 June 2027. BOC PCL has the option to redeem the note early on 24 June 2026, subject to applicable regulatory consents. The note is listed on the Luxembourg Stock Exchange's Euro MTF market. The note complies with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contributes towards BOC PCL's MREL requirements.

5.3. Full terms and conditions of Capital Resources

The main features of the Group CET1 instruments (ordinary shares), AT1 and T2 instruments are presented in Appendix III. No restrictions apply on these instruments for the purpose of the calculation of the own funds in accordance with the CRR.

AT1 instruments

In December 2018 the Company issued €220 million AT1 Capital Securities.

The main features of the AT1 are presented in Appendix III.

The listing particulars and detailed information on the terms and conditions of the AT1 are available published on the website https://www.bourse.lu/security/XS1865594870/274816.

Tier 2 instruments

In January 2017, BOC PCL issued a €250 million unsecured and subordinated T2 Capital Note (Note) under BOC PCL's EMTN Programme. On 19 January 2022, BOC PCL exercised its option to redeem at par the remaining nominal amount outstanding of the notes. As at 31 December 2021 the Note was not recognised as regulatory capital.

In April 2021, BOCH issued a €300 million unsecured and subordinated Tier 2 Capital Note under the EMTN Programme.

The main features of the subordinated Tier 2 Capital Note are presented in Appendix III.

The pricing supplement and detailed information on the terms and conditions of the T2 instrument is published on the website https://www.bourse.lu/security/XS2333239692/335184).

6. Own Funds Requirements and Risk Weight Assets

6.1. Minimum Required Own Funds for Credit, Market and Operational Risk Group's approach to assessing the adequacy of its internal capital

The Group assesses its capital requirements taking into consideration its regulatory requirements, risk profile and risk appetite set by the BoD. A Financial Plan (Plan) is annually prepared revising the financial forecasts and capital projections over a three year (as a minimum) horizon in light of recent developments and it is approved by the BoD. The Plan takes into account the Group key strategic pillars and RAF. The Plan is rolled forward on a quarterly basis after taking into account the actual results of each quarter.

The Group capital projections are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group's risk profile, regulatory and business needs. These are frequently monitored against relevant internal target capital ratios to ensure they remain appropriate, and consider risks to the plan, including possible future regulatory changes. An internal assessment of the Group's capital adequacy is undertaken through the ICAAP (Section 3.1.15).

The main strategic and business risks are monitored regularly by the ExCo, the ALCO and the RC. These committees receive regular reports of risk and performance indicators, from relevant managers and make decisions to ensure adherence to the Group's strategic objective, while remaining within the Group RAS.

The key pillars of the Group's strategy are to:

- Grow revenues in a more capital efficient way; by enhancing revenue generation via growth in performing book and less capital-intensive banking and financial services operations (Insurance and Digital Economy)
- Improve operating efficiency; by achieving leaner operations through digitisation and automation
- Strengthen asset quality; maintaining high quality new lending, completing legacy de-risking, normalising cost of risk and reducing (other) impairments
- Enhance organisational resilience and ESG (Environmental, Social and Governance) agenda; by continuing to work towards building a forward-looking organisation with a clear strategy supported by effective corporate governance aligned with ESG agenda priorities

As of 1 January 2018 the RWAs are reported on an IFRS 9 transitional basis under article 473(a) of the CRR by which until 27 June 2020 provisions amounts are decreased by an appropriate ratio. As of 27 June 2020 following the amendment of the CRR, the IFRS 9 amount added back to CET1 capital is included as an exposure to "Other Items" and risk weighted at 100%. Both approaches create higher exposures compared to the actual balance sheet values and as a result comparatively higher RWAs and capital requirements. The IFRS 9 transitional basis effect for the "static component" was phased out on 1 January 2023 and for the "dynamic component" will be phased out by 1 January 2025. Furthermore, as of 27 June 2020 the RWA of debt securities are reported on a transitional basis under article 468 of the CRR by which provision amounts are decreased by the amount that is added back to CET1 capital. The transitional basis effect is phased out by 1 January 2023. Further information is disclosed in Section 6.3.

The Standardised Approach has been applied to calculate the Risk Weighted Assets (RWAs) across all risks and minimum capital requirements are calculated as 8% of the RWAs. The total capital requirement decreased in 2022 (€809 million) in comparison to 2021 (€856 million) with the main drivers behind this decrease being (a) the completion of Project Helix 3 Transaction; (b) other reductions in higher risk balance sheet items (including deferred tax asset); (c) increased provision coverage of NPEs; (d) the phasing in of IFRS 9 transitional arrangements on 1 January 2022. The Credit Risk RWAs continue to be the main driver of minimum capital requirements. The table below presents the RWA and capital requirements under each regulatory framework.

6.1 Minimum Required Own Funds for Credit, Market and Operational Risk Group's approach to assessing the adequacy of its internal capital (continued)

EU OV1 – Overview of total risk exposure amounts

The table presents the RWA and own fund requirements by framework.

		a	b	c
		Risk weighted exposure amounts (RWEAs)		**Total own funds requirements**
		31 December 2022	**30 September 2022**	**31 December 2022**
		€ million	**€ million**	**€ million**
1	Credit risk (excluding CCR)	9,085	9,490	727
2	*Of which the standardised approach*	*9,085*	*9,490*	*727*
3	*Of which the Foundation IRB (F-IRB) approach*	-	-	-
4	*Of which: slotting approach*	-	-	-
EU 4a	*Of which: equities under the simple riskweighted approach*	-	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	-	-	-
6	Counterparty credit risk - CCR	7	17	1
7	*Of which the standardised approach*	*4*	*12*	-
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	-	-	-
EU 8b	*Of which credit valuation adjustment - CVA*	*2*	*5*	-
9	*Of which other CCR*	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	12	15	1
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	-	-	-
19	*Of which SEC-SA approach*	*12*	*15*	*1*
EU 19a	*Of which 1250%/ deduction*	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	*Of which the standardised approach*	-	-	-
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,011	1,015	81
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,011*	*1,015*	*81*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	*Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)*	*57*	*57*	*5*
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**10,114**	**10,537**	**809**

The main drivers behind material changes in RWA by type of risks are analysed respectively in sections 6.3, 7, 11 and 16.

6.1 Minimum Required Own Funds for Credit, Market and Operational Risk Group's approach to assessing the adequacy of its internal capital (continued)

EU OV1 – Overview of total risk exposure amounts

		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31 December 2021	30 September 2021	31 December 2021
		€ million	€ million	€ million
1	Credit risk (excluding CCR)	9,637	9,811	771
2	*Of which the standardised approach*	*9,637*	*9,811*	*771*
3	*Of which the foundation IRB (FIRB) approach*	-	-	-
4	*Of which: slotting approach*	-	-	-
EU 4a	*Of which: equities under the simple riskweighted approach*	-	-	-
5	*Of which the advanced IRB (AIRB) approach*	-	-	-
6	Counterparty credit risk - CCR	17	17	1
7	*Of which the standardised approach*	*10*	*8*	*1*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	-	-	-
EU 8b	*Of which credit valuation adjustment - CVA*	*7*	*9*	*1*
9	*Of which other CCR*	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	25	32	2
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	-	-	-
19	*Of which SEC-SA approach*	*25*	*32*	*2*
EU 19a	*Of which 1250%/ deduction*	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	*Of which the standardised approach*	-	-	-
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,015	1,131	81
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,015*	*1,131*	*81*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	*Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)*	*57*	*57*	*5*
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**10,694**	**10,991**	**856**

6.2. Insurance participations

EU INS1 insurance participations

		a	b	a	b
		2022		**2021**	
		Exposure value	**Risk-weighted exposure amount**	**Exposure value**	**Risk-weighted exposure amount**
		€ million	**€ million**	**€ million**	**€ million**
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	23	57	23	57

The Group is not subject to supplementary own fund requirements for financial conglomerates as at 31 December 2022 and 2021, and therefore does not report the EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio.

6.3. Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

		a	b	c	d	e
		31/12/2022**	**30/09/2022**	**30/06/2022***	**31/03/2022***	**31/12/2021****
		€ million	**€ million**	**€ million**	**€ million**	**€ million**
1	Common Equity Tier 1 (CET1) capital	1,563	1,495	1,499	1,532	1,620
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,478	1,413	1,418	1,450	1,460
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	1,557	1,490	1,492	1,526	1,608
3	Tier 1 capital	1,783	1,715	1,719	1,752	1,840
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,698	1,633	1,638	1,670	1,680
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	1,777	1,710	1,712	1,746	1,828
5	Total Capital	2,083	2,015	2,019	2,052	2,140
6	Total Capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,998	1,933	1,938	1,970	1,980
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	2,077	2,010	2,012	2,046	2,128
	Risk-weighted assets					
7	Total risk-weighted assets	10,114	10,538	10,600	10,559	10,694
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,030	10,457	10,520	10,477	10,534

6.3. Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (continued)

		a	b	c	d	e
		31/12/2022**	**30/09/2022**	**30/06/2022***	**31/03/2022***	**31/12/2021****
		€ million	**€ million**	**€ million**	**€ million**	**€ million**
	Capital ratios					
9	CET1 (as a percentage of risk exposure amount)	15.45%	14.18%	14.14%	14.51%	15.14%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.74%	13.52%	13.48%	13.84%	13.86%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.39%	14.14%	14.07%	14.45%	15.04%
11	Tier 1 (as a percentage of risk exposure amount)	17.62%	16.27%	16.22%	16.59%	17.20%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.93%	15.62%	15.57%	15.94%	15.95%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	17.57%	16.23%	16.15%	16.54%	17.10%
13	Total Capital (as a percentage of risk exposure amount)	20.59%	19.12%	19.05%	19.43%	20.01%
14	Total Capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.92%	18.49%	18.43%	18.81%	18.79%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.53%	19.07%	18.98%	19.38%	19.90%
	Leverage ratio					
15	Leverage ratio total exposure measure	25,155	25,853	25,514	24,812	24,695
16	Leverage ratio	7.09%	6.63%	6.74%	7.06%	7.45%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.77%	6.34%	6.44%	6.75%	6.85%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7.06%	6.62%	6.71%	7.04%	7.41%

* Amounts and ratios exclude interim profits
** Amount and ratios include profits for the year ended 31 December 2022 and 2021 (audited)

6.3. Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (continued)

The Group applied the IFRS 9 on 1 January 2018. The accounting standard allows the impact on the implementation date, 1 January 2018, to be recognised through equity rather than the income statement. The Group's IFRS 9 impacts on transition resulted in a decrease of shareholders' equity of €308 million and was primarily driven by credit impairment provision.

The Group has elected in prior years to apply the 'static-dynamic' approach in relation to the transitional arrangements for the initial application of IFRS 9 for regulatory capital purposes where the impact on the impairment amount from the initial application of IFRS 9 on the capital ratios is phased in gradually, pursuant to EU Regulation 2017/2395 and it therefore applies paragraph 4 of Article 473(a) of the CRR. The 'static-dynamic' approach allows for recalculation of the transitional adjustment periodically on Stage 1 and Stage 2 loans, to reflect the change of the ECL provisions within the transition period. The Stage 3 ECL remains static over the transition period as per the impact upon initial recognition.

The amount added each year for the 'static component' decreases based on a weighting factor until the impact of IFRS 9 is fully absorbed back to CET1 at the end of the five years, with the impact being fully phased in (100%) by 1 January 2023. The cumulative impact on the capital position as at 31 December 2021 was 50% and as at 31 December 2022 at 75%, with the impact being fully phased in (100%) on 1 January 2023.

Following the June 2020 amendments to the CRR, the Group applied the amendments in relation to the IFRS 9 transitional arrangements for Stage 1 and Stage 2 loans (i.e. the 'dynamic component') which provide for the extension of the transitional period for the 'dynamic component'. A 100% add back of IFRS 9 provisions was allowed for the years 2020 and 2021 reducing to 75% in 2022, to 50% in 2023 and to 25% in 2024. The calculation at each reporting period is against Stage 1 and Stage 2 provisions as at 1 January 2020, instead of 1 January 2018.

In relation to the temporary treatment of unrealized gains and losses for certain exposures measured at fair value through other comprehensive income, Regulation EU 2020/873 allows institutions to remove from their CET1 the amount of unrealized gains and losses accumulated since 31 December 2019, excluding those of financial assets that are credit-impaired. The relevant amount is removed at a scaling factor of 100% from January to December 2020, reduced to 70% from January to December 2021 and to 40% from January to December 2022. The Group applies the temporary treatment from the third quarter of 2020.

7. Counterparty Credit Risk (CCR)

CCR arises from the possibility a counterparty failing to perform on an obligation arising from derivative transactions and SFTs such as repurchase agreements. The Group does not have exposures in SFT transactions.

Following the implementation of the amending regulation 2019/876 of the CRR, referred to as CRR2, the Mark-to-Market (MTM) method which the Group applied up to 28 June 2021 in calculating the exposure value of derivative positions has been abolished and the new Standardised Approach for Counterparty Credit Risk (SA-CCR) was implemented. Under the new approach laid down in Part 3, Title II Chapter 6 of the CRR/CRR2, the exposure values on which RWA for counterparty credit risk and Credit Valuation Adjustment (CVA) are calculated, are considerably higher compared to the application of MTM. The RWA impact for the Group remains negligible due to (a) decreased derivative positions and (b) the Group's derivative positions are in their majority cleared through a Qualifying Central Counterparty (QCCP) with a RW of 2%.

There are no material changes between 31 December 2022 and 31 December 2021 in the exposures values, collateral or RWA that arise from counterparty credit risk.

EU CCR1 – Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
	31 December 2022	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€ million	**€ million**	**€ million**		**€ million**	**€ million**	**€ million**	**€ million**
EU1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	4	20		1.4	15	15	15	4
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**15**	**15**	**15**	**4**

7. Counterparty Credit Risk (CCR) (continued)

EU CCR1 – Analysis of CCR exposure by approach

	31 December 2021	a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	Effective expected positive exposure (EEPE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€ million	**€ million**	**€ million**		**€ million**	**€ million**	**€ million**	**€ million**
EU1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	3	18		1.4	29	29	26	10
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**29**	**29**	**26**	**10**

7. Counterparty Credit Risk (CCR) (continued)

EU CCR2 – Transactions subject to own funds requirements for CVA risk

The Credit Valuation Adjustment (CVA) is an adjustment to the mid-market valuation of the portfolio of derivative and SFT transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty. It is applied to all counterparties excluding any transactions with a QCCP or intra-group transactions or non-financial counterparties.

	31 December 2022	a	b
		Exposure value	**RWEA**
		€ million	**€ million**
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	15	2
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**15**	**2**

	31 December 2021	a	b
		Exposure value	**RWEA**
		€ million	**€ million**
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	26	7
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**26**	**7**

7. Counterparty Credit Risk (CCR) (continued)

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

The table below provides a breakdown of CCR exposures, calculated under the Standardised Approach, by exposure class and by risk weight.

		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		**Risk weight**											
		0%	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	**Total exposure value**
31 December 2022		**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	10	-	-	12	3	-	-	-	-	-	25
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**-**	**10**	**-**	**-**	**12**	**3**	**-**	**-**	**-**	**-**	**-**	**25**

7. Counterparty Credit Risk (CCR) (continued)

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

		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		**Risk Weight**											
		0%	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	**Total exposure value**
31 December 2021		**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	9	16	-	-	-	-	-	25
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**-**	**-**	**-**	**-**	**9**	**16**	**-**	**-**	**-**	**-**	**-**	**26**

The allocation of exposure values among exposure classes as well as the overall values remains unchanged. The exposures under the 2% RW presented in 2022 relate to exposures to a QCCP.

7. Counterparty Credit Risk (CCR) (continued)

EU CCR5 – Composition of collateral for CCR exposures

The table below discloses information on counterparty credit risk exposure and the collateral posted or received used in derivative transactions or in SFTs. The collaterals reported in the table below relate to Variation and Initial Margins. The Group has not posted or received any Initial Margin in the years 2022 and 2021.

The majority of Variation Margins of the Group are with QCCP and are segregated, that is the collateral is bankruptcy remote in the event of the default or insolvency of that counterparty. In 2022, there is a shift from posted to received segregated collateral as a result of the decrease in Mark to Market losses and increase in Mark to Market profits mainly due to increase in Interest Rates.

	31 December 2022	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Cash – domestic currency	36	2	-	7	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**36**	**2**	**-**	**7**	**-**	**-**	**-**	**-**

	31 December 2021	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Cash – domestic currency	-	3	39	2	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**3**	**39**	**2**	**-**	**-**	**-**	**-**

7. Counterparty Credit Risk (CCR) (continued)

EU CCR8 – Exposures to CCPs

The Group has exposures for trades at QCCPs however, the RWA are well below EUR equivalent of €1 million.

	31 December 2022	a Exposure value € million	b RWEA € million
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	10	-
3	(i) OTC derivatives	10	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

7. Counterparty Credit Risk (CCR) (continued)

EU CCR8 – Exposures to CCPs

		a	b
	31 December 2021	**Exposure value**	**RWEA**
		€ million	**€ million**
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

7.1. Internal Capital and Credit Limits for Counterparty Credit Exposures

The counterparty model, which was approved by ALCO, sets maximum limits for financial institutions, based on their credit rating and CET1 capital base or the Bank's CET1 capital base, whichever is lower. Subsequently, an internal scoring system is applied that considers qualitative and quantitative factors such as:

- Asset Risk
- Capital adequacy
- Profitability
- Liquidity
- Market share
- Ownership strength
- Rating Outlook
- Country Rating

Then, the amount derived by the credit rating and CET1 is multiplied by the internal score and the result is considered the maximum limit that can be allocated as per the model.

Two types of limits are monitored:

a. Credit: for MM, FX (FX swaps, FX forwards), bonds, derivatives, commercial transactions and other transactions.
b. Settlement: for maturing FX spot, forward and swaps, MM placements, Nostro and banknotes.

Tenor limits for Money Market and Bond deals follow the approved Authorisation levels document. Limits for derivative transactions are assigned to counterparties with a CSA agreement in place and enforceability of netting. Allocated derivative limits with counterparties that have not signed a CSA and the Legal service department has not yet advised that netting is enforceable or has informed that netting is not enforceable can also be approved following ALCO approval.

The derivative limit for the Expected Replacement Cost (ERC) of a contract, counts within the overall limit of the counterparty and can be equal to the total limit. There is also a concentration limit for the maximum notional amount of contracts with each counterparty (excluding the ECB), which amounts to €750 million. Any exceptions to the maximum notional amounts can be approved by BoD.

Credit risk arising from entering into derivative transactions with counterparties is measured using the mark-to-market method.

According to this method, the current replacement cost of all contracts with positive amounts is obtained and an add-on is applied to this amount for potential future credit exposure, based on specific factors that depend on the type of the transaction and its duration. This amount is used for credit limit monitoring.

Risk Reporting and measurement system for Counterparty Credit Risk
Counterparty credit and settlement limits, explained above, for Treasury transactions are monitored real-time through the Bank's front to back system. Any breaches appear on a window and one can drill down to the deal causing the breach. Also, in the case of a breach, an automatic e-mail is sent to the dealers and MLR officers with an attached report with all the necessary details of the deal created the breach.

7.2. Policies for Securing Collateral and Establishing Credit Reserves

Collateral management involves multiple parties and various departments of the Bank. The collateral management team is the Treasury Back office.

The responsibilities of the collateral management team are as follows:

a. Handling collateral valuations and margin calls (for derivatives).
b. Maintain relevant data and liaise with counterparties regarding issues of collaterals.

The use of collateral for funding purposes relating to the Cyprus operations is managed by Treasury Division, with specific authorised personnel having the responsibility to manage it.

7.2. Policies for Securing Collateral and Establishing Credit Reserves (continued)

The Fixed Income and Portfolio Management desk is responsible for reviewing and managing fixed income securities as collateral, both for counterparty repos and ECB funding. The Funding & Liquidity department is jointly responsible with the Money Market desk and Interest Rate Risk Management and FX Structural Hedging (Interest Rate Risk Management) desk in collaboration with other departments of the Bank to monitor the use of cash as collateral. Also Funding & Liquidity department is responsible for the monitoring and use of loan assets for funding programmes collateralised by loans such as Covered Bond Issuance and ACCs.

The Regulatory, Governance and Agreements Management department within Treasury Division handles legal documentation (in collaboration with the Legal Service department) and relevant reporting. The Legal Service department provides advice and support regarding relevant agreements for collateralisation.

The Group has chosen the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement for contracting its derivatives activity. These agreements provide 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. They may also reduce settlement exposure (e.g. for FX transactions) by allowing same-day same-currency payments to be set-off against one another. In most cases, the parties execute a Credit Support Annex (CSA) agreement in conjunction with the ISDA Master Agreement. Under a CSA, collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions. CSAs further mitigate risk by allowing collateral to be posted on a regular basis to collateralise the mark to market exposure of a net derivative portfolio. For uncleared derivative trades, the Group trades under Variation Margin CSA agreements in line with European Markets Infrastructure Regulation (EMIR) margining provisions whereby thresholds have been set to zero and collateral exchange is carried out on a daily basis following the netting of exposures on a T+1 basis.

For derivative trades which are eligible for clearing, the Group trades under ISDA Cleared Derivatives Execution Agreement (CDEA) agreements with its counterparties so that eligible trades are cleared centrally with London Clearing House Central Clearing Counterparty (LCH CCP).

The Group has chosen the Global Master Repurchase Agreement (GMRA) for conducting its repurchase activity. It is a legal agreement designed for parties transacting in repos and is published by the International Capital Market Association (ICMA), which is the body representing the bond and repo markets in Europe. It provides the contractual framework within Buy/Sell Back transactions are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions and collateral covered by an agreement, if either party defaults.

As at 31 December 2022, the Group had signed the CSA annex of the ISDA Master Agreement with 35 counterparties (2021: 35 counterparties) and Global Master Repurchase Agreements (GMRAs) with 17 counterparties (2021: 17 counterparties). The Group has an agreement in place with a Qualifying Central Counterparty (QCCP) since 2018.

As at 31 December 2022, the Group maintained CSA exposures with 10 counterparties, one of which is QCCP (2021: 13 counterparties one of which is QCCP). The Group did not have any exposures under GMRA as at 31 December 2022 and 2021.

7.2. Policies for Securing Collateral and Establishing Credit Reserves (continued)

The following table presents the total amounts that were transferred to (where the indicated amount is negative) or obtained from (where the indicated amount is positive) counterparties as a result of reaching the threshold amounts of 9 counterparties (2021: 9 counterparties) for CSAs, one of which the QCCP. There were no amounts transferred to counterparties for GMRAs in 2022 and 2021 since no amounts were outstanding.

	2022	2021
	€ 000	€ 000
Total Positive	37,250	3,490
Total Negative	(7,380)	(41,068)
Total	**29,870**	**(37,578)**

Decrease in Mark to Market losses and increase in Mark to Market profits (mainly due to increases in Interest Rates) of the outstanding derivative transactions have been observed since the last reporting date which translate into lower posted amount and higher received amount.

7.2.1. Policies with Respect to Wrong-Way Risk Exposures

Wrong way risk occurs when an exposure to a counterparty is adversely correlated with the credit quality of that counterparty i.e. changes in market rates (interest rates, FX or other rates which are the main underlying factors of the Group's derivative transactions) have an adverse impact on the Probability of Default (PD) of a counterparty. This risk is not currently measured as it is not anticipated to be significant given that the bulk of the deals are cleared with the Bank's QCCP and the existence of CSAs for almost all the uncleared derivative transactions, with daily settlement of margins that significantly reduce credit risk resulting in a total accounting CVA charge equal to only €7 thousand (2021: €10 thousand).

7.2.2. Collateral the Group would have to provide given a Downgrade in its Credit Rating

As at 31 December 2022, the only instance where the Group would have to provide additional collateral in the event of a downgrade, involved derivative transactions under ISDA agreements, where a CSA has been signed and includes downgrade triggers. Currently, no CSA agreement is linked to the credit ratings of the involved parties. Thus, no additional collateral is expected to be required, as at 31 December 2022, in the event of a downgrade.

8. Countercyclical Capital Buffers

The majority of the CcyB relevant exposures of the Group arise in Cyprus and other countries with a 0.00% CcyB rate. There has been an increase in the CcyB rate of countries where the Group holds exposures (mainly United Kingdom, Norway and Romania) As a result there has been an increase in the institution specific countercyclical capital buffer of the Group from 0.00% to 0.02%. On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the countercyclical buffer rate from 0.00% to 0.50% of the total risk exposure amount in Cyprus of each licensed credit institution incorporated in Cyprus. However, the increase will take effect from 30 November 2023.

The decrease in CcyB relevant exposures (table EU CCyB1) and the total risk exposure (table EU CCyB2) was mainly driven by the completion of Project Helix 3.

The CcyB relevant exposures are exposure values after credit conversion factors (CCF) and credit risk mitigation (CRM) applied in the calculation of RWA and they relate to all exposure classes other than the below:

a) exposures to central governments or central banks;
b) exposures to regional governments or local authorities;
c) exposures to public sector entities;
d) exposures to multilateral development banks;
e) exposures to international organisations;
f) exposures to institutions;

The institution specific countercyclical capital buffer is the average CcyB weighted by the relevant total own fund requirements by country.

8. Countercyclical Capital Buffers (continued)

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

		a	b	c	d	e	f	g	h	i	j	k	l	m
31 December 2022		General credit exposure		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**%**	**%**
0101	Cyprus	10,864	-	-	-	-	10,864	617	-	-	617	7,713	89.98	0.00
0102	Greece	248	-	-	-	-	248	18	-	-	18	225	2.67	0.00
0103	United Kingdom	134	-	-	-	-	134	8	-	-	8	100	1.21	1.00
0104	United States	101	-	-	-	-	101	5	-	-	5	63	0.68	0.00
0105	Marshall Islands	92	-	-	-	-	92	6	-	-	6	75	0.94	0.00
0106	Liberia	63	-	-	-	-	63	4	-	-	4	50	0.61	0.00
0107	Luxembourg	45	-	-	-	12	57	4	-	1	5	63	0.71	0.50
0108	Ireland	42	-	-	-	-	42	3	-	-	3	38	0.41	0.00
0109	Canada	42	-	-	-	-	42	-	-	-	-	-	0.05	0.00
0110	France	39	-	-	-	-	39	3	-	-	3	38	0.40	0.00
0111	Germany	37	-	-	-	-	37	1	-	-	1	13	0.10	0.00
0112	Norway	25	-	-	-	-	25	-	-	-	-	-	0.03	2.00
0113	Virgin islands	24	-	-	-	-	24	2	-	-	2	25	0.24	0.00
0114	Russian Federation	18	-	-	-	-	18	1	-	-	1	13	0.14	0.00
0115	Spain	12	-	-	-	-	12	1	-	-	1	13	0.14	0.00
0116	Finland	10	-	-	-	-	10	1	-	-	1	13	0.17	0.00
0117	Romania	7	-	-	-	-	7	1	-	-	1	13	0.11	0.50
0118	Netherlands	7	-	-	-	-	7	1	-	-	1	13	0.11	0.00
0119	Australia	7	-	-	-	-	7	-	-	-	-	-	0.02	0.00
0120	Islamic Republic of	7	-	-	-	-	7	-	-	-	-	-	0.07	0.00
0121	United Arab Emirates	7	-	-	-	-	7	-	-	-	-	-	0.04	0.00
0122	South Africa	4	-	-	-	-	4	-	-	-	-	-	0.03	0.00
0123	Israel	4	-	-	-	-	4	-	-	-	-	-	0.02	0.00
0124	New Zealand	3	-	-	-	-	3	-	-	-	-	-	0.00	0.00
0125	Ukraine	2	-	-	-	-	2	-	-	-	-	-	0.02	0.00
0126	Switzerland	2	-	-	-	-	2	-	-	-	-	-	0.01	0.00
0127	Belgium	2	-	-	-	-	2	-	-	-	-	-	0.02	0.00
0128	Bahrain	2	-	-	-	-	2	-	-	-	-	-	0.01	0.00
0129	Sweden	1	-	-	-	-	1	-	-	-	-	-	0.01	1.00
0130	Other countries with total relevant exposure values < EUR 1 million	93	-	-	-	-	93	9	-	-	9	113	1.02	0, 0.5, 1, 2
020	**Total**	**11,944**	**-**	**-**	**-**	**12**	**11,956**	**685**	**-**	**1**	**686**	**8,575**	**100.00**	

8. Countercyclical Capital Buffers (continued)

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (continued)

Other countries with total relevant exposure values < EUR 1 million	77 countries with 0% CCyB except for the ones indicated: Andorra, Argentina, Armenia, Austria, Azerbaijan, Bahamas, Belarus, Belize, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria (1%), Cameroon, Cayman Islands, China, Congo, Congo Democratic Republic, Côte d'Ivoire, Croatia, Curaçao, Czech Republic (1.5%), Denmark (2%), Dominican Republic, Egypt, Estonia (1%), Gambia, Georgia, Ghana, Gibraltar, Hong Kong (1%), Hungary, Iceland (2%), India, Isle of Man, Italy, Japan, Jersey, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Libya, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Monaco, Montenegro, Nigeria, Oman, Pakistan, Panama, Philippines, Poland, Portugal, Qatar, Saint Kitts and Nevis, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia (1%), Slovenia, Syrian Arab Republic, Tanzania United Republic, Taiwan Province of China, Thailand, Turkmenistan, Turks and Caicos Islands, Uganda, Uzbekistan, Vietnam, Zimbawe.

8. Countercyclical Capital Buffers (continued)

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

31 December 2021		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposure		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**%**	**%**
0101	Cyprus	11,167	-	-	-	-	11,167	672	-	-	672	8,400	91.34	0.00
0102	Greece	259	-	-	-	-	259	20	-	-	20	250	2.75	0.00
0103	United Kingdom	161	-	-	-	-	161	10	-	-	10	125	1.29	0.00
0104	Marshall Islands	77	-	-	-	-	77	5	-	-	5	63	0.70	0.00
0105	Liberia	76	-	-	-	-	76	5	-	-	5	63	0.69	0.00
0106	Canada	73	-	-	-	-	73	1	-	-	1	13	0.09	0.00
0107	Luxembourg	36	-	-	-	24	60	3	-	2	5	63	0.61	0.50
0108	Ireland	43	-	-	-	-	43	3	-	-	3	38	0.39	0.00
0109	Russian Federation	42	-	-	-	-	42	2	-	-	2	25	0.34	0.00
0110	France	29	-	-	-	-	29	2	-	-	2	25	0.27	0.00
0111	Virgin Islands, British	26	-	-	-	-	26	2	-	-	2	25	0.25	0.00
0112	United States	21	-	-	-	-	21	2	-	-	2	25	0.21	0.00
0113	Romania	20	-	-	-	-	20	2	-	-	2	25	0.26	0.00
0114	Norway	20	-	-	-	-	20	-	-	-	-	-	0.02	1.00
0115	Sweden	19	-	-	-	-	19	-	-	-	-	-	0.03	0.00
0116	Netherlands	15	-	-	-	-	15	-	-	-	-	-	0.07	0.00
0117	Australia	11	-	-	-	-	11	-	-	-	-	-	0.02	0.00
0118	Denmark	10	-	-	-	-	10	1	-	-	1	13	0.13	0.00
0119	Finland	10	-	-	-	-	10	1	-	-	1	13	0.13	0.00
0120	Iran, Islamic Republic of	9	-	-	-	-	9	1	-	-	1	13	0.09	0.00
0121	Spain	9	-	-	-	-	9	1	-	-	1	13	0.08	0.00
0122	United Arab Emirates	7	-	-	-	-	7	-	-	-	-	-	0.05	0.00
0123	South Africa	5	-	-	-	-	5	-	-	-	-	-	0.03	0.00
0124	Ukraine	3	-	-	-	-	3	-	-	-	-	-	0.02	0.00
0125	Israel	3	-	-	-	-	3	-	-	-	-	-	0.02	0.00
0126	Germany	2	-	-	-	-	2	-	-	-	-	-	0.01	0.00
0127	Switzerland	2	-	-	-	-	2	-	-	-	-	-	0.01	0.00
0128	Belgium	2	-	-	-	-	2	-	-	-	-	-	0.02	0.00
0129	Bahrain	1	-	-	-	-	1	-	-	-	-	-	0.01	0.00
0130	Other countries with total relevant exposure values < EUR 1 million	10	-	-	-	-	10	-	-	-	-	-	0.07	0, 0.5, 1
020	**Total**	**12,168**	**-**	**-**	**-**	**24**	**12,192**	**733**	**-**	**2**	**735**	**9,188**	**100.00**	

8. Countercyclical Capital Buffers (continued)

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (continued)

Other countries with total relevant exposure values < EUR 1 million	88 countries with 0% CCyB except for the ones indicated: Albania, Algeria, Andorra, Antigua and Barbuda, Argentina, Armenia, Austria, Azerbaijan, Bahamas, Bangladesh, Belarus, Belize, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria (0.5%), Cameroon, Cayman Islands, Chile, China, Colombia, Congo, The Demotratic Republic of Congo, Croatia, Czech Republic (0.5%), Dominican Republic, Egypt, Estonia, Gambia, Georgia, Ghana, Gibraltar, Guinea, Hong Kong (1%), Hungary, Iceland, India, Indonesia, Iraq, Isle of Man, Italy, Jordan, Kazakhstan, Kuwait, Latvia, Lebanon, Libya, Lithuania, The Former Yugolsav Republic of Macedonia, Malawi, Malaysia, Malta, Mauritius, Mexico, Moldova, Monaco, Morocco, Namibia, New Zealand, Nigeria, Oman, Pakistan, Occupied Palestinian Territory, Panama, Paraguay, Philippines, Poland, Portugal, Qatar, Saint Kitts and Nevis, Senegal, Serbia, Seychelles, Singapore, Slovakia (1%), Slovenia, Somalia, Syrian Arab Republic, Taiwan Province of China, Tajikistan, Thailand, Turkmenistan, Turks and Caicos Islands, Uzbekistan, Viet Nam, Yemen, Zambia, Zimbawe.

8. Countercyclical Capital Buffers (continued)

Amount of specific Countercyclical Capital Buffer

EU CCyB2 - Amount of institution specific countercyclical capital buffer

	a	b
	31 December 2022	**31 December 2021**
	€ million	**€ million**
Total risk exposure amount	**10,114**	10,694
Institution specific countercyclical capital buffer rate	**0.02%**	0.00%
Institution specific countercyclical capital buffer requirement	**2**	-

9. Credit Risk

9.1. Past Due and Credit Impaired Loans

Past due and credit impaired loans
Past due loans are those with delayed payments or in excess of authorised credit limits. All past-due exposures more than 90 days are considered to be impaired.

The Group considers loans and advances to customers that meet the NPE definition as per 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.

The definitions of credit impaired and default are aligned so that Stage 3 represents all loans which are considered defaulted or otherwise credit impaired. When a financial asset has been identified as credit impaired, ECLs 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.

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.

Expected credit losses (ECL)/impairment of loans and advances to customers
The Group uses a forward looking ECL model, requiring judgement, estimates and assumptions in determining the level of ECLs. ECLs are 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 categorises its financial assets into Stage 1, Stage 2, Stage 3 and POCI for ECL measurement as described below:

Stage 1: Financial assets which have not had a significant increase in credit risk since initial recognition are considered to be Stage 1 and 12-month ECL is recognised.

Stage 2: Financial assets that are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2 and lifetime ECLs are recognised.

Stage 3: Financial assets which are considered to be credit-impaired and lifetime ECLs are 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 ECLs since initial recognition are recognized until a POCI loan is derecognised.

9.1. Past Due and Credit Impaired Loans (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 impairment 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'.

IFRS 9 ECL reflects an unbiased, probability-weighted estimate based on either loss expectations resulting from default events either over a maximum 12-month period from the reporting date or over the remaining life of a financial instrument. The Group calculates lifetime ECLs and 12-month ECLs either on an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group calculates ECLs 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:

- exposure at default (EAD),
- probability of default (PD), and
- loss given default (LGD).

9.1.1. Net exposures by residual maturity and exposure classes

EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
31 December 2022		**Net exposure value**					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
		€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
1	Loans and advances[1]	1,193	277	1,368	7,301	-	**10,139**
2	Debt securities	-	432	1,787	274	9	**2,502**
3	**Total**	**1,193**	**709**	**3,155**	**7,575**	**9**	**12,641**

1. Amounts presented exclude cash balances at central banks and other demand deposits.

		a	b	c	d	e	f
31 December 2021		**Net exposure value**					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
		€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
1	Loans and advances[2]	1,295	330	1,371	7,107	-	**10,103**
2	Debt securities	-	344	1,119	452	6	**1,921**
3	**Total**	**1,295**	**674**	**2,490**	**7,559**	**6**	**12,024**

2. Amounts presented exclude loans and advances classified as held for sale, cash balances at central banks and other demand deposits.

9.2. Non-performing exposures

The tables below disclose NPEs based on the definitions of the EBA standards. The definition of credit impaired loans (Stage 3) is aligned to the EBA NPEs definition. As per the EBA standards and ECB Guidance to Banks on NPLs (which was published in March 2017), NPEs are defined as those exposures that satisfy one of the following conditions:

a. 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.
b. Defaulted or impaired exposures as per the approach provided in the CRR, which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy.
c. Material exposures as set by the CBC, which are more than 90 days past due.
d. Performing forborne exposures under probation for which additional forbearance measures are extended.
e. Performing forborne exposures previously classified as NPEs that present more than 30 days past due within the probation period.

Exposures are classified as forborne when concessions are made to debtors who are facing or about to face financial difficulties and cannot meet their contractual obligations. (Section 9.4.)

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

(i) The extension of forbearance measures does not lead to the recognition of impairment or default.
(ii) A period of one year has passed since the latest of the following events:
    a) The restructuring date
    b) The date the exposure was classified as non-performing
    c) The end of the grace period included in the restructuring arrangements
(iii) Following the forbearance measures and according to the post-forbearance conditions, there is no past due amount or concerns regarding the full repayment of the exposure.
(iv) No Unlikely-to-Pay criteria exist for the debtor.
(v) The debtor has made post-forbearance payments of a non-insignificant amount of capital (different capital thresholds exist according to the facility type).

Non-performing non-forborne exposures cease to be considered as NPEs only when all of the following conditions are met:

(i) At least three months have passed since the date that the conditions for which the exposure was classified as non-performing cease to be met, and within these three months there are no default triggers, and
(ii) During the three-month period, the behaviour of the obligor should be taken into account, i.e. there are no arrears/excesses and instalments are being repaid normally, and
(iii) During the three-month period, the financial situation of the obligor should be taken into account, i.e. the financial situation of the obligor has improved, and
(iv) During the three-month period an Unlikely-to-Pay criteria assessment is carried out and it is assessed that the obligor can fulfil their obligations without resorting to the liquidation of collateral and there are no other Unlikely-to-Pay criteria and
(v) The obligor does not have any amount past due by more than 90 days

When an account 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) trigger is activated and the loan is either transferred to Stage 1 or remains in Stage 2. 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’.

9.2 Non-performing exposures (continued)

Overview of NPE trades during 2022

Project Helix 3
Project Helix 3 comprised a portfolio of loans and advances to customers and a property portfolio (comprising stock of property and investment property) classified as held for sale since 30 September 2021. In November 2022, the Group completed the disposal of Project Helix 3 through the transfer of the portfolios to a licensed Cypriot Credit Acquiring Company (the CyCAC) by BOC PCL. The shares of the CyCAC were subsequently acquired by certain funds affiliated with PIMCO, the purchaser of Project Helix 3. The gross consideration on completion for the transaction amounted to approximately €366 million (including deposit received in 2021) and reflects adjustments resulting from, inter alia, loan repayments and property disposals proceeds received on the portfolios since the reference date 31 May 2021. The net consideration for the transaction (after transaction costs and other adjustments upon completion) corresponds to the net book value of the loans and advances to customers as at the date of completion which amounted to €235 million and the carrying value of the stock of property and investment properties which amounted to a total of €88 million.

Sinope Transaction
In December 2021, the Group entered into an agreement for the sale portfolio of loans and advances to customers and stock of properties in Romania known as Project Sinope ('Project Sinope' or the 'Sinope Transaction'), classified as held for sale since 31 December 2021. The transaction was completed in August 2022 and all of the consideration has been received in cash by completion date.

As at 31 December 2022 there were no portfolios of loans classified as disposal groups held for sale.

The tables below include loans and advances to customers at amortised cost classified as held for sale and loans and advances to customers measured at FVPL.

9.2 Non-performing exposures (continued)

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/Nominal amount											
		Performing exposures			Non- performing exposures								
31 December 2022			Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past-due or are Past due ≤90 days	Past due > 90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which: defaulted
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
005	**Cash balances at central banks and other demand deposits**	**9,480**	9,480	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**												
020	Central banks	**115**	115	-	-	-	-	-	-	-	-	-	-
030	General governments	**40**	40	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	**71**	71	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	**183**	183	-	**3**	3	-	-	-	-	-	-	3
060	Non-financial corporations	**4,990**	4,989	1	**144**	94	4	14	12	11	2	7	144
070	*Of which SMEs*	***3,408***	*3,407*	*1*	***84***	*36*	*4*	*14*	*12*	*11*	*2*	*5*	*84*
080	Households	**4,510**	4,505	5	**261**	77	8	15	26	29	28	78	261
		9,909	**9,903**	**6**	**408**	**174**	**12**	**29**	**38**	**40**	**30**	**85**	**408**
090	**Debt securities**												
100	Central banks	**-**	-	-	-	-	-	-	-	-	-	-	-
110	General governments	**1,382**	1,382	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	**1,007**	1,007	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	**46**	46	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	**69**	69	-	-	-	-	-	-	-	-	-	-
		2,504	**2,504**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
150	**Off balance sheet exposures**												
160	Central Bank	**-**			**-**								-
170	General governments	**12**			**-**								-
180	Credit institutions	**62**			**-**								-
190	Other financial corporations	**39**			**-**								-
200	Non-financial corporations	**1,705**			**75**								75
210	Households	**692**			**5**								5
		2,510			**80**								**80**
220	**Total**	**24,403**	**21,887**	**6**	**488**	**174**	**12**	**29**	**38**	**40**	**30**	**85**	**488**

9.2 Non-performing exposures (continued)

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

	31 December 2021	a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/Nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past-due or are Past due ≤90 days	Past due > 90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which: defaulted
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
005	**Cash balances at central banks and other demand deposits**	**9,099**	9,099	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**												
020	Central banks	**167**	167	-	-	-	-	-	-	-	-	-	-
030	General governments	**45**	45	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	**100**	100	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	**123**	123	-	**5**	4	-	-	-	1	-	-	5
060	Non-financial corporations	**4,932**	4,931	1	**278**	177	7	21	7	22	3	41	278
070	*Of which SMEs*	***3,929***	*3,928*	*1*	***124***	*41*	*7*	*21*	*7*	*22*	*3*	*23*	*124*
080	Households	**4,321**	4,317	4	**433**	122	11	24	13	65	45	153	433
		9,688	**9,683**	**5**	**716**	**303**	**18**	**45**	**20**	**88**	**48**	**194**	**716**
	Loans and advances classified as held for sale	**2**	**2**	**-**	**554**	**13**	**1**	**4**	**7**	**68**	**84**	**377**	**554**
090	**Debt securities**												
100	Central banks	**-**	-	-	**-**	-	-	-	-	-	-	-	-
110	General governments	**1,045**	1,045	-	**-**	-	-	-	-	-	-	-	-
120	Credit institutions	**629**	629	-	**-**	-	-	-	-	-	-	-	-
130	Other financial corporations	**248**	248	-	**-**	-	-	-	-	-	-	-	-
140	Non-financial corporations	**-**	-	-	**-**	-	-	-	-	-	-	-	-
		1,922	**1,922**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
150	**Off balance sheet exposures**												
160	Central Bank	**-**			**-**								-
170	General governments	**13**			**-**								-
180	Credit institutions	**45**			**-**								-
190	Other financial corporations	**15**			**-**								-
200	Non-financial corporations	**1,710**			**91**								91
210	Households	**701**			**6**								6
		2,484			**97**								**97**
220	**Total**	**23,195**	**20,706**	**5**	**1,367**	**316**	**19**	**49**	**27**	**156**	**132**	**571**	**1,367**

9.2 Non-performing exposures (continued)

CR1: Performing and non-performing exposures and related provisions

	31 December 2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures- accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			of which stage 1	of which stage 2		of which stage 2	of which stage 3		of which stage 1	of which stage 2		of which stage 2	of which stage 3		On performing exposures	On non-performing exposures
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
005	**Cash balances at central banks and other demand deposits**	**9,480**	**9,480**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**															
020	Central banks	115	115	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	40	38	2	-	-	-	-	-	-	-	-	-	-	39	-
040	Credit institutions	71	71	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial	183	132	51	3	-	3	(4)	(1)	(3)	(2)	-	(2)	(2)	122	1
060	Non-financial	4,990	3,719	1,011	144	-	132	(31)	(15)	(14)	(69)	-	(59)	(220)	4,470	71
070	*Of which SMEs*	*3,408*	*2,673*	*671*	*84*	-	*82*	*(20)*	*(9)*	*(10)*	*(34)*	-	*(33)*	*(203)*	*3,119*	*47*
080	Households	4,510	3,978	502	261	-	236	(17)	(6)	(10)	(55)	-	(52)	(944)	4,134	200
		9,909	**8,053**	**1,566**	**408**	**-**	**371**	**(52)**	**(22)**	**(27)**	**(126)**	**-**	**(113)**	**(1,166)**	**8,765**	**272**
090	**Debt securities**															
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,382	1,382	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
120	Credit institutions	1,007	1,007	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial	46	37	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial	69	69	-	-	-	-	-	-	-	-	-	-	-	-	-
		2,504	**2,495**	**-**	**-**	**-**	**-**	**(2)**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
150	**Off-balance-sheet**															
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	12	11	1	-	-	-	-	-	-	-	-	-		7	-
180	Credit institutions	62	62	-	-	-	-	-	-	-	-	-	-		-	-
190	Other financial	39	27	12	-	-	-	-	-	-	-	-	-		16	-
200	Non-financial	1,705	1,380	286	75	-	74	-	-	-	(17)	-	(17)		903	2
210	Households	692	600	59	5	-	5	-	-	-	-	-	-		238	1
		2,510	**2,080**	**358**	**80**	**-**	**79**	**-**	**-**	**-**	**(17)**	**-**	**(17)**		**1,164**	**3**
220	**Total**	**24,403**	**22,108**	**1,924**	**488**	**-**	**450**	**(54)**	**(24)**	**(27)**	**(143)**	**-**	**(130)**	**(1,166)**	**9,929**	**275**

9.2 Non-performing exposures (continued)

CR1: Performing and non-performing exposures and related provisions

	31 December 2021	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures-accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			of which stage 1	of which stage 2		of which stage 2	of which stage 3		of which stage 1	of which stage 2		of which stage 2	of which stage 3		On performing exposures	On non-performing exposures
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
005	**Cash balances at central banks and other demand deposits**	**9,099**	**9,099**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**															
020	Central banks	167	167	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	45	44	1	-	-	-	-	-	-	-	-	-	-	44	-
040	Credit institutions	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	123	99	24	5	-	5	(1)	(1)	-	(2)	-	(2)	(12)	84	3
060	Non-financial corporations	4,932	3,503	1,156	278	-	181	(28)	(9)	(18)	(116)	-	(93)	(214)	4,391	101
070	*Of which SMEs*	*3,929*	*2,719*	*957*	*124*	-	*115*	*(23)*	*(7)*	*(15)*	*(61)*	-	*(56)*	*(188)*	*3,361*	*60*
080	Households	4,321	3,773	518	433	-	387	(17)	(5)	(10)	(137)	-	(121)	(724)	3,930	286
		9,688	**7,686**	**1,699**	**716**	**-**	**573**	**(46)**	**(15)**	**(28)**	**(255)**	**-**	**(216)**	**(950)**	**8,449**	**390**
	Loans and advances classified as held for sale	**2**	**-**	**2**	**554**	**-**	**474**	**(1)**	**-**	**(1)**	**(305)**	**-**	**(263)**	**-**	**1**	**246**
090	**Debt securities**															
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,045	996	49	-	-	-	(1)	(1)	-	-	-	-	-	-	-
120	Credit institutions	629	628	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	248	243	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		1,922	**1,867**	**49**	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
150	**Off-balance-sheet exposures**															
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	13	-	13	-	-	-	-	-	-	-	-	-		8	-
180	Credit institutions	45	45	-	-	-	-	-	-	-	-	-	-		-	-
190	Other financial corporations	15	2	12	-	-	-	-	-	-	-	-	-		9	-
200	Non-financial corporations	1,710	1,294	371	91	-	90	-	-	-	(21)	-	(21)		883	2
210	Households	701	593	66	6	-	6	-	-	-	-	-	-		226	1
		2,484	**1,934**	**462**	**97**	**-**	**96**	**-**	**-**	**-**	**(21)**	**-**	**(21)**		**1,126**	**3**
220	**Total**	**23,195**	**20,586**	**2,212**	**1,367**	**-**	**1,143**	**(48)**	**(16)**	**(29)**	**(581)**	**-**	**(500)**	**(950)**	**9,576**	**639**

The NPEs at 31 December 2022 amounted to €408 million, compared to €1,270 million at 31 December 2021, reflecting a reduction of 68%, comprising organic NPE reductions of c€0.3 billion and NPE sales of c€0.6 billion (completion of project Helix 3). New loans originated or purchased and drawdowns of existing facilities during 2022 amounted to c€2.0 billion.

9.2 Non-performing exposures (continued)

CQ4: Quality of non-performing exposures by geography

		a	b	c	d	e	f	g
	31 December 2022	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
		€million	€million	€million	€million	€million	€million	€million
010	***On-balance sheet*** [1]							
020	Cyprus	10,354	358	358	10,143	(173)		-
030	Greece	240	-	-	237	-		-
040	United Kingdom	161	26	26	161	(2)		-
050	Russia	19	8	8	19	(1)		-
070	Other countries	2,047	16	16	2,038	(4)		-
		12,821	**408**	**408**	**12,598**	**(180)**		**-**
080	***Off-balance sheet***							
090	Cyprus	2,485	65	65			(4)	
100	Greece	46	14	14			(13)	
110	United Kingdom	4	-	-			-	
130	Russia	1	-	-			-	
140	Other countries	54	1	1			-	
		2,590	**80**	**80**			**(17)**	
150	**Total**	**15,411**	**488**	**488**	**12,598**	**(180)**	**(17)**	**-**

1. Amounts presented exclude cash balances at central banks and other demand deposits.

9.2 Non-performing exposures (continued)

CQ4: Quality of non-performing exposures by geography

	31 December 2021	a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
		€million	€million	€million	€million	€million	€million	€million
010	***On-balance sheet*** [1]							
020	Cyprus	10,747	1,124	1,124	10,453	(517)		(16)
030	Greece	182	1	1	179	-		-
040	United Kingdom	244	57	57	244	(24)		-
050	Russia	60	39	39	60	(27)		-
070	Other countries	1,649	49	49	1,643	(24)		-
		12,882	**1,270**	**1,270**	**12,579**	**(592)**		**(16)**
080	***Off-balance sheet***							
090	Cyprus	2,476	77	77			(5)	
100	Greece	52	19	19			(16)	
110	United Kingdom	5	-	-			-	
130	Russia	2	-	-			-	
140	Other countries	46	1	1			-	
		2,581	**97**	**97**			**(21)**	
150	**Total**	**15,463**	**1,367**	**1,367**	**12,579**	**(592)**	**(21)**	**(16)**

1. Amounts presented include loans and advances classified as held for sale and exclude cash balances at central banks and other demand deposits.

For the above analysis a materiality threshold of 1% on total gross exposures was used to evaluate the material countries. In row "other countries", all immaterial countries were included (please refer to the list of immaterial countries below). As per the above table, 81% (2021: 83%) of the gross on balance sheet exposures of the Group are in Cyprus showing the commitment of the Group to support the local economy.

9.2 Non-performing exposures (continued)

CQ4: Quality of non-performing exposures by geography

"Other countries" included in NPEs by geography

Azerbaijan, Yugoslavia, Slovenia, Tanzania, Utd Rep of, Congo, Philippines, Lithuania, Pakistan, Congo, The Democratic Republic of, Turkmenistan, Isle of Man, Cote d'Ivoire, Curacao, Andorra, India, Vietnam, Dominican Republic, Malaysia, Cayman Islands, Ghana, Georgia, Gambia, Mauritius, Moldova, Republic of, Zambia, Croatia, St Kitts and Nevis, Uzbekistan, Estonia, Gibraltar, Brazil, Japan, Belize, Kyrgyzstan, Bosnia-Herzegovina, Libyan Arab Jamah, Paraguay, Hong Kong, Uganda, Oman, Argentina, Mexico, Bahamas, Bulgaria, Seychelles, Panama, Zimbabwe, Barbados, Portugal, Hungary, Monaco, Czech Republic, Iceland, Slovakia, Taiwan, Turka & Caicos Is, Malta, Jersey C.I., Montenegro, Syrian Arab Republic, Egypt, Thailand, Nigeria, Austria, Botswana, Belgium, Belarus, Latvia, Italy, Jordan, Poland, Kuwait, Norway, Cameroon, New Zealand, Saudi Arabia, Armenia, China, Denmark, Lebanon, Kazakhstan, Serbia, Qatar, Singapore, Canada, Sweden, Bahrain, Switzerland, Australia, Ukraine, Germany, Israel, South Africa, Netherlands, United Arab Emirates, Iran (Islamic Repl), Romania, Finland, Spain, United States, Virgin Islands, Brit, France, Ireland, Luxembourg, Liberia, Marshall Islands.

9.2 Non-performing exposures (continued)

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

	31 December 2022	a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
		€million	€million	€million	€million	€million	€million
010	Agriculture, forestry and fishing	47	2	2	47	(2)	-
020	Mining and quarrying	12	-	-	12	-	-
030	Manufacturing	393	9	9	393	(4)	-
040	Electricity, gas, steam and air conditioning supply	49	-	-	49	(1)	-
050	Water supply	6	-	-	6	-	-
060	Construction	550	12	12	550	(13)	-
070	Wholesale and retail trade	909	21	21	909	(16)	-
080	Transport and storage	292	-	-	292	(1)	-
090	Accommodation and food service activities	1,163	21	21	1,016	(10)	-
100	Information and communication	40	3	3	40	(1)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	1,109	20	20	1,109	(20)	-
130	Professional, scientific and technical activities	299	50	50	237	(27)	-
140	Administrative and support service activities	45	2	2	42	(1)	-
150	Public administration and defence, compulsory social	-	-	-	-	-	-
160	Education	71	-	-	71	-	-
170	Human health services and social work activities	99	1	1	99	(2)	-
180	Arts, entertainment and recreation	20	1	1	20	(1)	-
190	Other services	30	2	2	28	(1)	-
200	**Total**	**5,134**	**144**	**144**	**4,920**	**(100)**	**-**

9.2 Non-performing exposures (continued)

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

	31 December 2021[1]	a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
		€million	€million	€million	€million	€million	€million
010	Agriculture, forestry and fishing	53	3	3	53	(1)	-
020	Mining and quarrying	11	-	-	11	-	-
030	Manufacturing	327	14	14	327	(8)	-
040	Electricity, gas, steam and air conditioning supply	46	-	-	46	(1)	-
050	Water supply	7	-	-	7	-	-
060	Construction	513	28	28	513	(21)	-
070	Wholesale and retail trade	965	40	40	965	(29)	-
080	Transport and storage	338	1	1	338	(1)	-
090	Accommodation and food service activities	1,137	4	4	987	(3)	-
100	Information and communication	53	5	5	53	(3)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	1,210	109	109	1,130	(16)	(16)
130	Professional, scientific and technical activities	293	49	49	230	(22)	-
140	Administrative and support service activities	53	5	5	50	(4)	-
150	Public administration and defence, compulsory social	-	-	-	-	-	-
160	Education	73	-	-	73	(1)	-
170	Human health services and social work activities	65	1	1	65	(1)	-
180	Arts, entertainment and recreation	22	1	1	22	(1)	-
190	Other services	44	18	18	44	(16)	-
200	**Total**	**5,210**	**278**	**278**	**4,914**	**(128)**	**(16)**

1. Amounts presented in the table above exclude loans and advances to customers classified as held for sale

9.2. Non-performing exposures (continued)

The tables below disclose the movements (inflows and outflows) of NPEs:

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

		a	a
		31 December 2022	31 December 2021
		Gross carrying amount	Gross carrying amount
		€ million	€ million
010	**Initial stock of non-performing loans and advances to customers**	**716**	1,641
020	Inflows to non-performing portfolios	**124**	181
030	Outflows from non-performing portfolios		
040	Outflows due to write-offs	**(180)**	(278)
050	Outflow due to other situations	**(252)**	(828)
060	**Final stock of non-performing loans and advances to customers (excluding loans and advances to customers classified as held for sale)**	**408**	716

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

		a	b	a	b
		31 December 2022		31 December 2021	
		Gross carrying amount	Related net accumulated recoveries	Gross carrying amount	Related net accumulated recoveries
		€ million	€ million	€ million	€ million
010	**Initial stock of non-performing loans and advances to customers**	**716**		1,641	
020	Inflows to non-performing portfolios (including accrued interest)	**124**		181	
030	Outflows from non-performing portfolios				
040	Outflow to performing portfolio	**(66)**		(84)	
050	Outflow due to loan repayment, partial or total	**(104)**		(168)	
060	Outflow due to collateral liquidations	**-**	**-**	(1)	-
070	Outflow due to taking possession of collateral	**(82)**	**-**	(18)	-
080	Outflow due to sale of instruments	**-**	**-**	-	-
090	Outflow due to risk transfers	**-**	**-**	-	-
100	Outflow due to write-offs	**(180)**		(278)	
110	Outflow due to other situations	**-**		(3)	
120	Outflow due to reclassification as held for sale	**-**	**-**	(554)	-
130	**Final stock of non-performing loans and advances to customers (excluding loans and advances to customers classified as held for sale)**	**408**	**-**	716	**-**

9.2. Non-performing exposures (continued)

NPEs, as defined by EBA, and excluding loans and advances to customers classified as held for sale were reduced by €308 million during 2022, accounting for 4% gross loans, compared to 7% as at 31 December 2021.

The improvement in the NPEs is a result of the Bank's strategy to further de-risking its balance sheet and has been achieved mainly through the following: (i) normal curability i.e. clients that have been restructured in the past and fulfil the post forbearance conditions, ii) cash collections, and (iii) consensual foreclosures and write offs.

Collateral obtained by taking possession
In the context of its loan restructuring activities, the Group hold properties in exchange for the settlement of its customers' borrowings.

The Real Estate Management Unit (REMU) is focused on the disposal of on-boarded properties resulting from debt for asset swaps. The Group completed disposals of €162 million during the year ended 31 December 2022 (compared to €140 million during the year ended 31 December 2021), resulting in a profit on disposal of €16 million for the year ended 31 December 2022 (compared to a profit of €14 million for the year ended 31 December 2021). Asset disposals are across all property classes, with half of sales by value in the year ended 31 December 2022 relating to land.

EU CQ7: Collateral obtained by taking possession and execution processes

31 December 2022		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		€million	€million
010	Property, plant and equipment (PP&E)	2	-
020	Other than PP&E		
030	Residential immovable property	387	(29)
040	Commercial immovable property	442	(76)
050	Movable property (auto, shipping, etc.)	-	-
060	Equity and debt instruments	67	(31)
070	Other collateral	356	(39)
080	**Total**	**1,254**	**(175)**

31 December 2021		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		€million	€million
010	Property, plant and equipment (PP&E)	1	-
020	Other than PP&E		
030	Residential immovable property	526	(42)
040	Commercial immovable property	553	(101)
050	Movable property (auto, shipping, etc.)	-	-
060	Equity and debt instruments	67	(30)
070	Other collateral	312	(27)
080	**Total**	**1,459**	**(200)**

9.2. Non-performing exposures (continued)

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

The tables below disclose the total collateral obtained by taking possession by type and by time since date of foreclosure:

31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤2 years		Foreclosed >2 years ≤5 years		Foreclosed >5 years		Of which: non current assets held for sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
010	Collateral obtained by taking possession classified as PP&E	1	-	2	-								
020	Collateral obtained by taking possession other than classified as PP&E												
030	Residential immovable property	439	(153)	387	(29)	19	-	110	(2)	258	(27)	-	-
040	Commercial immovable property	1,070	(394)	442	(76)	17	-	101	(6)	324	(70)	-	-
050	Movable property	-	-	-	-	-	-	-	-	-	-	-	-
060	Equity and debt instruments	53	(11)	67	(31)	-	-	-	-	67	(31)	-	-
070	Other collateral	240	(135)	356	(39)	56	-	71	-	229	(39)	-	-
080	**Total**	**1,803**	**(693)**	**1,254**	**(175)**	**92**	**-**	**282**	**(8)**	**878**	**(167)**	**-**	**-**

9.2. Non-performing exposures (continued)

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

		a	b	c	d	e	f	g	h	i	j	k	l
31 December 2021		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤2 years		Foreclosed >2 years ≤5 years		Foreclosed >5 years		Of which: non current assets held for sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
010	Collateral obtained by taking possession classified as PP&E	-	-	1	-								
020	Collateral obtained by taking possession other than classified as PP&E												
030	Residential immovable property	508	(184)	526	(42)	34	-	282	(14)	210	(28)	82	(15)
040	Commercial immovable property	1,235	(454)	553	(101)	46	-	198	(26)	309	(75)	42	(14)
050	Movable property	-	-	-	-	-	-	-	-	-	-	-	-
060	Equity and debt instruments	53	(11)	67	(30)	-	-	-	-	67	(30)	20	(10)
070	Other collateral	256	(146)	312	(27)	5	-	98	(1)	209	(26)	4	(1)
080	**Total**	**2,052**	**(795)**	**1,459**	**(200)**	**85**	**-**	**578**	**(41)**	**795**	**(159)**	**148**	**(40)**

9.2. Non-performing exposures (continued)

EU CQ6: Collateral valuation - loans and advances

The fair value of the collateral presented in the tables below is capped to the carrying value of the loans and advances to customers.

		a	b	c	d	e	f	g	h	i	j	k	l
	31 December 2022	Loans and advances to customers											
			Performing		Non performing								
				Of which past due > 30 days ≤90 days		Unlikely to pay that are not past due or past due ≤90 days	Past due > 90 days	Of which past due > 90 days ≤180 days	Of which past due > 180 days ≤1 year	Of which past due > 1 year ≤2 years	Of which past due > 2 years ≤5 years	Of which past due > 5 years ≤7 years	Of which past due > 7 years
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
010	**Gross carrying amount**	**10,317**	**9,909**	**6**	**408**	**174**	**234**	**12**	**29**	**38**	**40**	**30**	**85**
020	Of which: Secured	9,780	9,393	6	387	163	224	11	27	35	39	30	84
030	Of which: Secured with immovable Property	8,495	8,117	6	378	157	221	11	26	34	38	30	83
040	Of which: Instruments with LTV higher than 60% and lower or equal to 80%	1,568	1,510		58	39	19						
050	Of which: Instruments with LTV higher than 80% and lower or equal to 100%	414	375		39	13	26						
060	Of which: Instruments with LTV higher than 100%	609	530		79	65	13						
070	**Accumulated impairment for secured assets**	**(148)**	**(41)**	**-**	**(107)**	**(60)**	**(47)**	**(3)**	**(10)**	**(12)**	**(10)**	**(6)**	**(6)**
080	**Collateral**												
090	Of which value capped at the value of exposure	8,984	8,714	6	270	96	174	8	17	22	28	24	75
100	Of which: Immovable Property	7,522	7,267	5	255	84	171	8	17	22	27	24	73
110	Of which value above the cap	8,599	8,097	7	502	165	337	10	21	34	60	45	167
120	Of which: Immovable Property	7,511	7,046	7	465	152	313	10	21	34	60	45	143
130	**Financial guarantees received**	**53**	**51**	**-**	**2**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**2**
140	**Accumulated partial write off**	**(1,166)**	**(86)**	**-**	**(1,080)**	**(57)**	**(1,023)**	**(1)**	**(4)**	**(32)**	**(65)**	**(64)**	**(857)**

9.2. Non-performing exposures (continued)

EU CQ6: Collateral valuation - loans and advances

	31 December 2021	a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances to customers											
			Performing		Non performing								
						Unlikely to pay that are not past due or past due ≤90 days	Past due > 90 days						
				Of which past due > 30 days ≤90 days				Of which past due > 90 days ≤180 days	Of which past due > 180 days ≤1 year	Of which past due > 1 year ≤2 years	Of which past due > 2 years ≤5 years	Of which past due > 5 years ≤7 years	Of which past due > 7 years
		€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
010	**Gross carrying amount [1]**	**10,404**	**9,688**	**5**	**716**	**303**	**413**	**18**	**45**	**20**	**88**	**48**	**194**
020	Of which: Secured	9,816	9,201	4	615	233	382	16	42	18	82	47	177
030	Of which: Secured with immovable Property	8,434	7,843	4	591	210	381	15	41	18	80	47	180
040	Of which: Instruments with LTV higher than 60% and lower or equal to 80%	1,510	1,414		96	36	60						
050	Of which: Instruments with LTV higher than 80% and lower or equal to 100%	547	433		114	26	88						
060	Of which: Instruments with LTV higher than 100%	737	570		167	79	88						
070	**Accumulated impairment for secured assets**	**(252)**	**(35)**	**-**	**(217)**	**(70)**	**(147)**	**(6)**	**(15)**	**(6)**	**(28)**	**(17)**	**(75)**
080	**Collateral**												
090	Of which value capped at the value of exposure	8,777	8,390	4	387	154	233	10	28	12	54	29	100
100	Of which: Immovable Property	7,304	6,938	4	366	140	226	10	26	12	53	29	96
110	Of which value above the cap	8,184	7,661	7	523	173	350	17	32	15	82	41	163
120	Of which: Immovable Property	7,128	6,644	7	484	160	324	16	32	15	77	40	144
130	**Financial guarantees received**	**62**	**59**	**-**	**3**	**-**	**3**	**-**	**-**	**-**	**-**	**1**	**2**
140	**Accumulated partial write off**	**(950)**	**(88)**	**-**	**(862)**	**(39)**	**(823)**	**(25)**	**(18)**	**(20)**	**(55)**	**(55)**	**(650)**

1 . Excluding loans and advances to customers classified as disposal groups held for sale

9.3. Credit Risk Adjustments

9.3.1. ECL of Loans and Advances to Customers

Individually assessed loans
The individual assessment is performed not only for individually significant assets but also for other exposures meeting specific criteria determined by Credit Risk Management. A risk-based approach is used on the selection criteria of the individually assessed population. This involves, among others, NPE or forborne exposures above a certain amount, decrease of a certain percentage on the yearly credit turnover and decrease of a certain percentage on 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 (with selection criteria such as COVID-19, a global or local economic / market / regulatory / geopolitical developments, etc) 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 for unlikeness to pay.

The ECL for individually assessed stage 3 assets is calculated on an individual basis and all relevant considerations of the expected future cash flows are taken into account (for example, the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work out process).

Collectively assessed loans
All customer exposures that are not individually assessed are assessed on a collective basis. For the purposes of calculating ECL, exposures are grouped into granular portfolios/segments with shared risk characteristics. The granularity is based on different levels of segmentation which, among other factors include customer type, exposure class and portfolio type. The granularity for the IFRS 9 segments is aligned with the Internal Rating Based (IRB) segmentation of the CRR.

In accordance with Article 1(2) Commission Delegated Regulation (EU) No. 183/2014 the criteria for the distinction between General Credit Risk Adjustments and Specific Credit Risk Adjustments has to be that general provisions are freely available to meet losses which subsequently materialise. In addition, amounts included in the calculation of General Credit Risk Adjustments should be fully available, as regards to timing and amount, to meet such losses, at least on a gone-concern basis. The Group concluded that both credit risk adjustments from individually and collectively assessed loans, are Specific Credit Risk Adjustments.

9.3.2. Credit Risk Adjustments recorded to Income Statement

Credit losses of financial instruments and net gain on derecognition of loans and advances to customers

Credit losses on financial instruments	**2022**	2021
	€ million	€ million
Credit losses to cover credit risk on loans and advances to customers		
Impairment net of reversals on loans and advances to customers	**65**	34
Recoveries of loans and advances to customers previously written off	**(12)**	(12)
Changes in expected cash flows	**8**	16
Financial guarantees and commitments	**(4)**	2
	57	40

Credit losses of other financial instruments		
Other financial assets	**3**	6
	3	6

9.4. Forbearance

Forborne loans are those loans 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.

The practice of extending forbearance measures constitutes a grant of a concession whether temporarily or permanently to that borrower. A concession may involve restructuring the contractual terms of a debt or payment in some form other than cash, such as an arrangement whereby the borrower transfers collateral pledged to the Group.

Forborne/restructured loans and advances are those facilities for which the Group has modified the repayment program (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).

For an account to qualify for forbearance/restructuring it must meet certain criteria including the viability of the customer. The extent to which the Group reschedules accounts that are eligible under its existing policies may vary depending on its view of the prevailing economic conditions and other factors which may change from year to year. In addition, exceptions to policies and practices may be allowed in specific situations in response to legal or regulatory requirements.

Forbearance/restructuring activities may include measures that restructure the borrower's business (operational restructuring) and/or measures that restructure the borrower's financing (financial restructuring).

Forbearance/restructuring options may be of a short or long-term nature or combination thereof. The Group has developed and deployed sustainable restructuring solutions, which are suitable for the borrower and acceptable for the Group.

Short-term restructuring solutions are defined as restructured repayment solutions of duration of less than two years. In the case of loans for the construction of commercial property and project finance, a short-term solution may not exceed one year.

The loans forborne continue to be classified as Stage 3 in the case they are performing forborne exposures under probation for which additional forbearance measures are extended, or performing forborne 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 they 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 forborne products is calculated and assigned accordingly.

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.

9.4. Forbearance (continued)

EU CQ1: Credit quality of forborne exposures

	31 December 2022	a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which: defaulted	Of which: impaired				
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances								
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	9	3	3	3	-	(2)	9	1
060	Non-financial corporations	859	91	91	91	(10)	(45)	866	43
070	Households	147	143	143	143	(5)	(32)	234	106
		1,015	**237**	**237**	**237**	**(15)**	**(79)**	**1,109**	**150**
080	Debt securities	-	-	-	-	-	-	-	-
090	Loans commitments given	16	1	1	1	-	-	11	-
100	Total	**1,031**	**238**	**238**	**238**	**(15)**	**(79)**	**1,120**	**150**

9.4. Forbearance (continued)

EU CQ1: Credit quality of forborne exposures

31 December 2021		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		
				Of which: defaulted	Of which: impaired				Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances								
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	8	4	4	4	-	(2)	10	3
060	Non-financial corporations	794	215	215	134	(8)	(79)	831	76
070	Households	192	238	238	238	(6)	(65)	339	165
		994	**457**	**457**	**376**	**(14)**	**(146)**	**1,180**	**244**
	Loans and advances to customers classified held for sale	**2**	**244**	**244**	**244**	**(1)**	**(117)**	**126**	**125**
080	Debt securities	-	-	-	-	-	-	-	-
090	Loans commitments given	**27**	**2**	**2**	**2**	-	-	**19**	-
100	Total	**1,023**	**703**	**703**	**622**	**(15)**	**(263)**	**1,325**	**369**

9.4. Forbearance (continued)

EU CQ2: Quality of forbearance

The table below presents the gross carrying amount of loans and advances that had been granted forbearance measures in the past and more than twice and the gross carrying amount of NPE forborne loans and advances that are in the category of NPE forborne loans and advances under the cure period of 1 year and that failed to comply with the forbearance measures after the 12-month cure period and therefore did not succeed in moving towards performing forborne status but retained NPE forborne within cure period status.

		a	a
		Gross carrying amount of forborne exposures	
		2022	**2021**
		€ million	**€ million**
010	Loans and advances that have been forborne more than twice	**249**	287
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	**42**	73

The table above does not include loans and advances to customers classified as disposal groups held for sale as at 31 December 2021.

9.5. Exposures in Equities in the Banking Book

The Group holds certain legacy equity securities and certain equity securities obtained from customers in satisfaction of debt. The intention, in line with an ALCO decision, is to run this portfolio down.

Listed equity securities are measured at fair value, being the market value of these securities on a recognised stock exchange. Unlisted securities are also measured at fair value, which is determined using valuation models with inputs form both, market observable data and non-observable data. These models are periodically reviewed by qualified personnel.

Model inputs for valuation
Observable inputs to the models for the valuation of unquoted equity include, where applicable, prevailing government bond yields, country risk premiums, equity risk premiums, industry inputs (e.g. beta, debt to equity ratio), effective corporate tax rate, prevailing borrowing cost level, and country GDP growth rate. Moreover, valuation of unquoted equity is adjusted for size, lack of control and lack of marketability, where applicable. Corporate valuation is based on business plans and cash flow projections of the company along with the prevailing and net debt position of the company. In cases where cash flow projections are not available prevailing industry multiples are utilised for valuation purposes (e.g. P/E ratio, P/B ratio, EV/EBITDA) with relevant adjustments effected where required.

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. Equity investments at FVOCI comprise mainly investments in private Cyprus registered companies, acquired through loan restructuring activity and specifically through debt for equity swaps.

The carrying value of the Group's equity securities, per the accounting scope consolidation, at 31 December 2022 at FVOCI was €13 million (2021: €16 million) and at FVPL €7 million (2021: €9 million) and it was equal to their fair value, analysed as follows:

	2022	2021
	€ million	€ million
Listed on the CSE	**1**	2
Listed on other stock exchanges	**7**	9
Other unlisted	**12**	14
Total	**20**	25

During the years ended 31 December 2022 and 31 December 2021 no material equity investments measured at FVOCI have been disposed of. During the year there were transfers from OCI to retained earnings of €2.9 million (2021: nil) relating to investments disposed in prior years.

10. Asset Encumbrance

Asset encumbrance means pledging an asset or entering into any form of transaction to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

An asset is classified as encumbered if it has been pledged as collateral against secured funding and other collateralised obligations and, as a result, is no longer available to the Group for further collateral or liquidity requirements. An asset is categorised as unencumbered if it has not been pledged as collateral against secured funding and other collateralised obligations.

The regulatory consolidation scope used for the purpose of the disclosures on asset encumbrance, in the Report is in line with the scope retained for the application of the liquidity requirements on a consolidated basis as defined in Chapter 2 of Title I of Part Two CRR, which is used to define (E)HQLA eligibility. There is no intragroup encumbrance neither any encumbrance of assets or source of encumbrance by any significant currencies other than the reporting currency.

Asset encumbrance ratio is part of the Liquidity Policy as well as the Public Funding Policy and Collateral Management Policy. It is used as a management indicator and not a critical limit. It provides a signal that the management can combine with other tools to decide if any action is deemed necessary. It also ensures that no excessive assets encumbrance occurs without any justified reason. The ratio is monitored quarterly.

All tables below are based on EBA reporting templates pertaining to Asset Encumbrance under CRD. The values presented, including totals, are median values based on quarter end point-in-time (PiT) figures covering the years ended 31 December 2022 and 31 December 2021.

10.1. Encumbered and Unencumbered Assets by Asset Type

EU AE1 - Encumbered and unencumbered assets

2022		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
		€million	€million	€million	€million	€million	€million	€million	€million
010	**Assets**	**4,582**	**1,068**			**20,374**	**10,208**		
030	**Equity instruments**	**-**	**-**	**-**	**-**	**25**	**-**	**25**	**-**
040	**Debt securities**	**1,270**	**1,068**	**1,238**	**1,046**	**787**	**571**	**763**	**553**
050	*of which: covered bonds*	*6*	*6*	*6*	*6*	*84*	*84*	*83*	*83*
060	*of which: securitisations*	-	-	-	-	*16*	-	*16*	-
070	*of which: issued by general goverments*	*806*	*806*	*787*	*787*	*275*	*269*	*264*	*258*
080	*of which: issued by financial corporations*	*459*	*256*	*441*	*249*	*475*	*270*	*463*	*265*
090	*of which: issued by non-financial corporations*	-	-	-	-	*43*	*35*	*42*	*35*
120	**Other assets**	**3,344**	**-**			**19,304**	**9,549**		

2021		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
		€million	€million	€million	€million	€million	€million	€million	€million
010	**Assets**	**4,433**	**1,061**			**18,989**	**8,961**		
030	**Equity instruments**	**-**	**-**	**-**	**-**	**20**	**-**	**20**	**-**
040	**Debt securities**	**1,264**	**1,061**	**1,275**	**1,072**	**671**	**634**	**670**	**634**
050	*of which: covered bonds*	*2*	*2*	*2*	*2*	*144*	*144*	*145*	*145*
060	*of which: securitisations*	-	-	-	-	*26*	-	*26*	-
070	*of which: issued by general goverments*	*879*	*879*	*887*	*887*	*183*	*183*	*183*	*183*
080	*of which: issued by financial corporations*	*386*	*187*	*388*	*191*	*483*	*306*	*483*	*305*
090	*of which: issued by non-financial corporations*	-	-	-	-	-	-	-	-
120	**Other assets**	**3,141**	**-**			**18,299**	**8,327**		

10.1. Encumbered and Unencumbered Assets by Asset Type (continued)

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. Encumbered assets include cash and other liquid assets placed with banks (which are included in 'Other assets' c.€0.07 billion as at 31 December 2022 and c.€0.1 billion as at 31 December 2021) as collateral under ISDA agreements which are not immediately available for use by the Group, but are released once the transactions are terminated.

The decrease in cash and other liquid assets presented as encumbered assets during the year ended 31 December 2022 was driven mainly by the cash encumbered for derivatives and for trade finance transactions.

As at 31 December 2022, investments are mainly used as collateral for ECB funding or as supplementary assets for the covered bond. The decrease in the investments presented as encumbered assets during the year ended 31 December 2022 was driven by the removal of debt securities from the ECB collateral pool following the repayment of €1 billion TLTRO III funding in December 2022.

Encumbered assets primarily consist of loans and advances to customers (which are included in 'Other assets' c.€3.3 billion as at 31 December 2022 and c.€3.1 billion as at 31 December 2021). These are mainly used as collateral for funding from the ECB and the covered bond.

Loans and advances to customers include mortgage loans of a nominal amount of €1,007 million as at 31 December 2022 (2021: €1,007 million) in Cyprus, pledged as collateral for the covered bond issued by BOC PCL in 2011 under its Covered Bond Programme. Furthermore as at 31 December 2022 housing loans of a nominal amount of €2,287 million (2021: €2,091 million) in Cyprus, are pledged as collateral for funding from the ECB.

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

The vast majority of encumbered assets are within the Bank.

As at 31 December 2022, the Group has €20.9 billion of unencumbered assets. Included in this amount are other assets of €9.2 billion which consist mainly loans and advances to customers, intangible assets, tax assets, fixed assets and derivative assets. Additionally, included in this amount are assets of €2.3 billion which would not be deemed available for encumbrance in the normal course of business.

10.2. Collateral Received by Product Type

EU AE2 - Collateral received and own debt securities issued

2022		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		€ million	€ million	€ million	€ million
130	**Collateral received**				
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	*of which: covered bonds*	-	-	-	-
180	*of which: securitisations*	-	-	-	-
190	*of which: issued by general governments*	-	-	-	-
200	*of which: issued by financial corporations*	-	-	-	-
210	*of which: issued by non-financial corporations*	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	**-**	**-**	**-**	**-**
241	**Own covered bonds and securitisations issued and not yet pledged**			**-**	**-**
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**4,582**	**1,068**		

10.2. Collateral Received by Product Type (continued)

EU AE2 - Collateral received and own debt securities issued

2021		Fair value of encumbered collateral received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
		€ million	€ million	€ million	€ million
130	**Collateral received**				
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	*of which: covered bonds*	-	-	-	-
180	*of which: securitisations*	-	-	-	-
190	*of which: issued by general governments*	-	-	-	-
200	*of which: issued by financial corporations*	-	-	-	-
210	*of which: issued by non-financial corporations*	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	**-**	**-**	**-**	**-**
241	**Own covered bonds and securitisations issued and not yet pledged**			**-**	**-**
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**4,433**	**1,061**		

The current and expected level of asset encumbrance remains at low levels. The main funding sources of the Group do not include any secured funding other than the ECB funding (TLTRO) which is expected to be early repaid and not replaced. Given this funding profile, the asset encumbrance ratio is monitored and expected to remain at low levels.

10.3. Encumbered Assets/Collateral Received and Associated Liabilities

EU AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	2022	**€ million**	**€ million**
10	Carrying amount of selected financial liabilities	**2,961**	**3,321**
	2021		
10	Carrying amount of selected financial liabilities	3,003	3,190

Sovereign ratings
The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting reduced banking sector risks, and improvements in economic resilience and consistent fiscal outperformance. Cyprus demonstrated policy commitment to correcting fiscal imbalances through reform and restructuring of its banking system. Public debt remains high in relation to GDP but large-scale asset purchases from the ECB ensure favourable funding costs for Cyprus and ample liquidity in the sovereign bond market.

Most recently, in March 2023, Fitch Ratings upgraded Cyprus' Long-Term Issuer Default rating at investment grade BBB and stable outlook. The upgrade reflects the country's fiscal outperformance, improvement in government indebtedness, and macroeconomic resilience, among others.

In October 2022, DBRS Morningstar affirmed the Republic of Cyprus's Long-Term Foreign and Local Currency – Issuer Ratings at BBB (low) and maintained the trend stable. The affirmation is supported by a stable political environment, the government's sound fiscal and economic policies and the favourable government debt profile. The stable outlook balances recent favourable fiscal dynamics against downside risks for the economic outlooks (including further escalation of the crisis in Ukraine).

In September 2022, S&P Global Ratings upgraded Cyprus' investment grade rating of BBB/A-2 and has changed the outlook from positive to stable. The upgrade reflects the resilience of the Cypriot economy to recent external shock (including the COVID-19 pandemic). The stable outlook balances risks from the crisis in Ukraine and the economy's diversified structure and the expectation that the government's fiscal position will continue to improve.

In August 2022, Moody's Investors Service affirmed the Government of Cyprus' long-term issuer and senior unsecured ratings to Ba1 and changed the outlook from stable to positive. The key drivers reflecting the affirmation are the strong reduction in Cyprus' public debt ratio in 2022, stronger-than expected economic resilience to Russia's invasion of Ukraine and the COVID-19 pandemic as well the ongoing strengthening of the banking sector. In a credit assessment that was published in December 2022, Moody's investors service affirmed a new Cyprus' credit profile.

11. Credit Risk Under the Standardised Approach

The Standardised Approach is applied to calculate the RWA in accordance with the requirements laid down in Part 3, Title II Chapters 2 and 4 of the CRR illustrated in the tables below under this section.

The ECAI applied by the Group in the RWA calculation is Moody's in line with the up-to-date standard association published by the EBA. The transfer of the issuer and issue credit ratings onto comparable assets items not included in the trading book are applied in line with articles 135 to 141 of the CRR.

The ECAI are applied to all applicable exposure classes as follows:

a) Central governments or central banks
b) Regional government or local authorities
c) Institutions
d) Corporates
e) Institutions and corporates with short-term credit assessment.

For all other exposure classes, for which the Group has exposures, no ratings are applicable by CRR.

As of 28 June 2021 the amending regulation 2019/876 of the CRR CRR2 has been fully applied in line with the regulatory implementation dates in respect of the Credit Risk RWA calculations. The major change in Standardised Approach for Credit Risk (SA-CR) is the calculation of RWA on exposures in the form of units or shares in Collective Investment Undertakings (CIUs) whereby the below three approaches have been introduced:

a) Look-through approach
b) Mandate approach
c) Fall-back approach

The Group has applied the Mandate approach in all its positions in the form of shares or units in CIUs where the RWA are calculated based on the underlying assets and limits of each CIU mandate in which the Group has invested in. The RWA impact for the Group from the application of the new methodology was immaterial due to the very small size of the CIU exposures held by the Group.

The decrease in RWA was driven by (a) the completion of Project Helix 3 Transaction; (b) other reductions in higher risk balance sheet items (including deferred tax assets); (c) increased provision coverage of NPEs; and (d) the phasing in of IFRS 9 transitional arrangements on 1 January 2022. As a result of a substantial increase in total assets, mainly through the increase in balances with Central Banks and the material decrease in RWA, the overall RWA density has dropped substantially.

11. Credit Risk Under the Standardised Approach (continued)

The table below illustrates the effect CCF and CRM techniques on exposure values that give rise to credit risk applied in accordance with the CRR.

The exposure amounts displayed in table below are after the application of value adjustments. Value adjustments refer to specific credit risk adjustments, additional value adjustments to reflect the fair value of the asset where relevant and other own funds reductions related to specific asset items. CCF refers to the credit conversion factors applied to off-balance sheet exposures to convert them to credit equivalents in line with article 111 of the CRR. CRM refers to the credit mitigation techniques applied. The CRM of the Group refers to eligible financial collateral that is used to decrease the exposure values through the application of the Financial Collateral Comprehensive Method and the eligible credit protection where the exposure RW or exposure class are substituted by the corresponding RW and exposure class of the credit protection provider.

Eligible real estate collateral on which the Group has concentration is included in the exposure classes “Secured by mortgages on immovable property” for performing exposures and form part of “Exposures in default” for non-performing exposures.

RWAs density is a synthetic metric on the riskiness of each portfolio and it is measured by dividing (e) RWA with the sum of columns (c) and (d) Exposure Value after CCF and CRM.

11. Credit Risk Under the Standardised Approach (continued)

EU CR4 Standardised Approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

	31 December 2022	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWEAs	RWEA density
		€ million	€ million	€ million	€ million	€ million	%
1	Central governments or central banks	10,932	-	11,022	-	244	2.22
2	Regional government or local authorities	148	11	108	-	2	1.44
3	Public sector entities	187	5	179	2	4	2.40
4	Multilateral development banks	169	-	206	-	-	-
5	International organisations	125	-	125	-	-	-
6	Institutions	759	62	710	33	270	36.34
7	Corporates	3,608	1,084	3,354	242	3,114	86.60
8	Retail	1,609	896	1,265	97	956	70.22
9	Secured by mortgages on immovable property	3,877	363	3,877	72	1,425	36.09
10	Exposures in default	261	45	258	3	273	104.43
11	Exposures associated with particularly high risk	677	114	616	27	965	150.00
12	Covered bonds	109	-	109	-	11	10.00
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	3	-	3	-	2	80.22
15	Equity	31	-	31	-	65	210.01
16	Other items	1,890	-	1,890	-	1,752	92.66
17	**TOTAL**	**24,385**	**2,580**	**23,754**	**476**	**9,085**	**37.49**

11. Credit Risk Under the Standardised Approach (continued)

EU CR4 Standardised Approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

31 December 2021		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWEAs	RWEA density
		€ million	€ million	€ million	€ million	€ million	%
1	Central governments or central banks	10,428	-	10,514	-	280	2.66
2	Regional government or local authorities	126	11	83	-	-	0.48
3	Public sector entities	92	6	83	-	-	0.25
4	Multilateral development banks	113	-	158	-	-	-
5	International organisations	96	-	96	-	-	-
6	Institutions	696	46	638	34	191	28.40
7	Corporates	3,452	1,209	3,260	225	3,062	87.84
8	Retail	1,469	1,054	1,189	106	921	71.10
9	Secured by mortgages on immovable property	3,816	56	3,711	30	1,359	36.32
10	Exposures in default	608	59	606	4	630	103.33
11	Exposures associated with particularly high risk	712	136	655	29	1,025	150.00
12	Covered bonds	133	-	133	-	13	10.00
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	4	-	4	-	3	80.96
15	Equity	34	-	34	-	68	201.73
16	Other items	2,183	-	2,183	-	2,085	95.52
17	**Total**	**23,961**	**2,578**	**23,344**	**428**	**9,637**	**40.54**

There is an increase in On-balance sheet exposure value mainly due to increased balances to the exposure class 'Central governments or central banks' which are assigned low Risk Weight percentage and a decrease of exposure class 'Other items' mainly due to the sale of Project Helix 3, which are assigned high Risk Weighted percentage, and therefore there is a substantial decrease in RWAs, hence the result is a decrease in RWAs density. More details of the main drivers behind the overall changes in exposures and RWAs are analysed above.

11. Credit Risk Under the Standardised Approach (continued)

EU CR5 Standardised Approach

The table analyses the exposure values of on and off-balance sheet positions excluding securitisation exposures by RW and regulatory exposure class.

31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated[1]
Exposure classes		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Central governments or central banks	10,711	-	-	-	84	-	-	-	-	227	-	-	-	-	-	**11,022**	228
2	Regional government or local authorities	101	-	-	-	8	-	-	-	-	-	-	-	-	-	-	**109**	-
3	Public sector entities	177	-	-	-	-	-	-	-	-	4	-	-	-	-	-	**181**	-
4	Multilateral development banks	206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**206**	37
5	International organisations	125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**125**	-
6	Institutions	-	-	-	-	455	-	216	-	-	71	-	-	-	-	-	**742**	-
7	Corporates	-	-	-	-	24	-	59	-	-	3,473	40	-	-	-	-	**3,596**	3,430
8	Retail	-	-	-	-	-	-	-	-	1,362	-	-	-	-	-	-	**1,362**	1,362
9	Secured by mortgages on immovable property	-	-	-	-	-	3,011	939	-	-	-	-	-	-	-	-	**3,950**	3,949
10	Exposures in default	-	-	-	-	-	-	-	-	-	238	23	-	-	-	-	**261**	261
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	643	-	-	-	-	**643**	643
12	Covered bonds	-	-	-	109	-	-	-	-	-	-	-	-	-	-	-	**109**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
14	Unit or shares in collective investment undertakings	-	-	-	-	1	-	-	-	-	2	-	-	-	-	-	**3**	3
15	Equity	-	-	-	-	-	-	-	-	-	8	-	23	-	-	-	**31**	31
16	Other items	92	-	-	-	38	-	-	-	-	1,739	-	-	-	-	22	**1,891**	1,806
17	**TOTAL**	**11,410**	**-**	**-**	**109**	**610**	**3,011**	**1,215**	**-**	**1,362**	**5,763**	**706**	**23**	**-**	**-**	**22**	**24,231**	**11,750**

1. Includes all exposures for which an issue/issuer or country rating is not available or they follow uniform regulatory treatment.

11. Credit Risk Under the Standardised Approach (continued)

EU CR5 Standardised Approach

31 December 2021		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated[1]
Exposure classes		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Central governments or central banks	10,177	-	-	-	71	-	-	-	-	265	-	-	-	-	-	**10,513**	276
2	Regional government or local authorities	81	-	-	-	2	-	-	-	-	-	-	-	-	-	-	**83**	-
3	Public sector entities	82	-	-	-	1	-	-	-	-	-	-	-	-	-	-	**83**	-
4	Multilateral development banks	158	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**158**	123
5	International organisations	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**96**	96
6	Institutions	-	-	-	-	489	-	180	-	-	3	-	-	-	-	-	**672**	7
7	Corporates	-	-	-	-	-	-	-	-	-	3,450	35	-	-	-	-	**3,485**	3,430
8	Retail	-	-	-	-	-	-	-	-	1,295	-	-	-	-	-	-	**1,295**	1,295
9	Secured by mortgages on immovable property	-	-	-	-	-	2,950	791	-	-	-	-	-	-	-	-	**3,741**	3,741
10	Exposures in default	-	-	-	-	-	-	-	-	-	569	41	-	-	-	-	**610**	610
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	683	-	-	-	-	**683**	683
12	Covered bonds	-	-	-	133	-	-	-	-	-	-	-	-	-	-	-	**133**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
14	Unit or shares in collective investment undertakings	-	-	-	-	1	-	-	-	-	2	-	-	-	-	-	**3**	1
15	Equity	-	-	-	-	-	-	-	-	-	11	-	23	-	-	-	**34**	34
16	Other items	143	-	-	-	27	-	-	-	-	1,941	-	-	-	-	71	**2,182**	2,183
17	**Total**	**10,736**	**-**	**-**	**133**	**591**	**2,950**	**972**	**-**	**1,295**	**6,242**	**759**	**23**	**-**	**-**	**71**	**23,772**	**12,479**

1. Includes all exposures for which an issue/issuer or country rating is not available or they follow uniform regulatory treatment.

In terms of exposure values there has been an increase mainly driven by an increase in the exposure class 'Central governments or central banks' as a result of increase in balances with central banks for which a 0% risk weight is assigned.

12. Market Risk

There are no minimum capital requirements for market risk for 2022 or 2021. Foreign Exchange (FX) risk does not require any capital since the materiality threshold set by Article 351 of the CRR is not met. Other than the foreign exchange risk, the Group does not hold any trading book positions that would fall under Title VI of the CRR.

13. Operational Risk

The minimum capital requirement for operational risk is calculated in accordance with Title III: Own funds requirements for operational risk of the CRR.

The Group uses the Standardised Approach for the operational risk capital calculation.

Under the Standardised Approach, net interest and non-interest income are classified into eight business lines, as set out in CRR. The capital requirement is calculated as a percentage of the average income over the past three years, ranging between 12% and 18% depending on the business line. If the total capital requirement of all business lines in any given year is negative, then the capital requirement is set to zero in the average calculation.

The minimum capital requirement of the Group in relation to operational risk calculated in accordance with the Standardised Approach amounts to €81 million for 2022 and 2021. The reduction in the operational risk capital requirement is driven mainly by lower Net Interest Income at bank level. Furthermore, in 2021, the three-year period from the disposal of the Bank of Cyprus (UK) Ltd has elapsed, and as a result it is not considered in the operational risk capital calculation.

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

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		2020	2021	2022		
		€ million	€ million	€ million	€ million	€ million
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	528	516	636	81	1,011
3	*Subject to TSA:*	528	516	636		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

14. Key Metrics

EU KM1 - Key metrics template

		a	b	c	d	e
		31/12/2022**	30/09/2022	30/06/2022*	31/03/2022*	31/12/2021**
		€ million	€ million	€ million	€ million	€ million
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,563	1,495	1,499	1,532	1,620
2	Tier 1 capital	1,783	1,715	1,719	1,752	1,840
3	Total capital	2,083	2,015	2,019	2,052	2,140
	Risk-weighted exposure amounts					
4	Total risk exposure amount	10,114	10,538	10,600	10,559	10,694
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.45%	14.18%	14.14%	14.51%	15.14%
6	Tier 1 ratio (%)	17.62%	16.27%	16.22%	16.59%	17.20%
7	Total capital ratio (%)	20.59%	19.12%	19.05%	19.43%	20.01%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.26%	3.26%	3.26%	3.26%	3.00%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*1.83%*	*1.83%*	*1.83%*	*1.83%*	*1.69%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*2.45%*	*2.45%*	*2.45%*	*2.45%*	*2.25%*
EU 7d	Total SREP own funds requirements (%)	11.26%	11.26%	11.26%	11.26%	11.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.02%	0.00%	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.25%	1.25%	1.25%	1.25%	1.00%
11	Combined buffer requirement (%)	3.77%	3.75%	3.75%	3.75%	3.50%
EU 11a	Overall capital requirements (%)	15.03%	15.01%	15.01%	15.01%	14.50%
12	CET1 available after meeting the total SREP own funds requirements	9.12%	7.83%	7.77%	8.15%	8.95%

14. **Key Metrics** (continued)

EU KM1 - Key metrics template (continued)

		a	b	c	d	e
		31/12/2022**	**30/09/2022**	**30/06/2022***	**31/03/2022***	**31/12/2021****
		€million	**€million**	**€million**	**€million**	**€million**
	Leverage ratio					
13	Total exposure measure	25,155	25,853	25,514	24,812	24,695
14	Leverage ratio (%)	7.09%	6.63%	6.74%	7.06%	7.45%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	10,057	9,666	9,307	8,849	8,261
EU 16a	Cash outflows - Total weighted value	3,762	3,618	3,490	3,343	3,236
EU 16b	Cash inflows - Total weighted value	397	387	365	365	373
16	Total net cash outflows (adjusted value)	3,365	3,232	3,125	2,978	2,863
17	Liquidity coverage ratio (%)	299%	299%	298%	297%	288%
	Net Stable Funding Ratio					
18	Total available stable funding	19,545	20,168	19,889	16,917	16,911
19	Total required stable funding	11,619	12,607	12,466	11,684	11,516
20	NSFR ratio (%)	168%	160%	160%	145%	147%

* Amount and ratios exclude interim profits

** Amount and ratios include profits for the year ended 31 December 2022 and 31 December 2021 (audited)

During the year ended 31 December 2022, pre-provision income and the decrease in risk-weighted assets (mainly as a result of the completion of Project Helix 3) had a positive impact on CET1 ratio, whereas provisions and impairments and other movements had a negative impact.

Additionally, during the first quarter of 2022, the CET1 ratio was negatively affected by the phasing in of IFRS 9 and other transitional arrangements on 1 January 2022.

During the second quarter of 2022, the CET1 ratio was further negatively affected by the payment of AT1 coupon and the movement in fair value reserves though OSI.

14. Key Metrics (continued)

During the third quarter of 2022, the CET1 ratio was negatively affected by the cost of the Voluntary Staff Exit Plan.

As a result of the above, the CET1 ratio has increased by 31 bps during the year ended 31 December 2022.

During the year ended 31 December 2022, the Group's Total Capital ratio increased by 58 bps.

The increasing trend of LCR is mainly due to the increasing customer deposits throughout 2022 totalling to c.€1.5 billion.

As at 31 December 2022 the NSFR stood at 168% compared to 147% as at 31 December 2021.

During the year ended 31 December 2022, RWA decreased substantially mainly due to (a) the Project Helix 3 Transaction; (b) other reductions in higher risk balance sheet items (including deferred tax assets); (c) increased provision coverage of NPEs; and (d) the phasing in of IFRS 9 transitional arrangements on 1 January 2022.

The decrease in the Tier 1 Capital and the increase in the leverage exposure measure from balance sheet movements had a negative impact on the leverage ratio which is still well above the regulatory minimum requirement of 3%.

15. Exposure to Interest Rate Risk on Positions in the Banking Book

15.1. Nature of the Interest Rate Risk and Key Assumptions

Interest Rate Risk in the Banking Book refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions. Moreover, optionalities embedded in the Bank's products may give rise to interest rate risk.

In order to control/quantify/monitor the risk from changes in interest rates, the outcomes of two types of analysis are calculated on a monthly basis:

a. Impact on the NII – earnings measure
b. Impact on the EV – EV measure

In addition to the above two types of measures, interest rate risk for EUR (which consists of the bulk of the Group's balance sheet) is also measured using interest rate gap analysis where the assets, liabilities and off balance sheet items are classified according to their remaining reprising period. Items that are not sensitive to rate changes are recognised as Non-Rate Sensitive (NRS) items. The present value of 1 basis point (PV01) is also calculated.

Impact on NII is measured assuming either that the composition of the Banking Book remains the same (static balance sheet) or dynamic balances in line with the Group's Financial Plan, depending on the scenario undertaken. As per the analysis undertaken for the preparation/update of the Interest Rate Risk assumptions and methodologies, no prepayment models are used due to:

1. the immaterial amount of loans subject to prepayment risk. As per the new Mortgage Credit Directive (voted in April 2017) the Bank is allowed to charge the interest rate cost, in cases the customer repays early (instead of only admin charge) for all new mortgage loans irrespective of the loan amount and with no retrospective effect. Furthermore, the analysis performed by the Bank for the portfolio before the new 2017 aforementioned legislation, indicates that loans subject to prepayment risk on which no interest rate cost can be charged are decreasing. As per the latest analysis performed, the amount of fixed rate loans that are subject to prepayment risk was around €0.6 million as at the end of December 2022 (€1.2 million as at the end of December 2021). The analysis indicates that no prepayment modelling is required. Prepayment of loans will be assessed for modelling only if the ratio of loans for which no penalty can be charged over the total loans is greater than 1%.

2. the low level of fixed deposits that allow withdrawals without a penalty charge and low usage of the option to withdraw early. Early withdrawal of deposits will be assessed for modelling when the ratio of the deposits allowing withdrawals without penalty over the total fixed deposits is greater than 1%.

It is noted that the Bank may, at its discretion allow its customers to prepay their loans. However, in the case of loan prepayments, penalty charges can apply for fixed rate loans, to cover any associated cost.

The prepayment risk is measured and reviewed at least on an annual basis.

Treatment of Non-Maturing Deposits

Non-Maturing Deposits (NMDs) are liabilities which are free to be withdrawn at any time since they have no contractually agreed maturity date. Historically, NMDs proved to be stable, even when market rates change. Any interest rate paid on these deposits is usually lower than that paid on other sources of funding. The core[1] deposit assumptions and the maturity profile of these accounts are modelled. It is noted that the assumed maturity profile for all categories is constrained to the tenor limit in line with the BASEL guidelines.

[1] Core deposits are those balances of NMDs that would remain in a place with high probability, based on historical evidence. Statistical analysis indicates that these accounts are unlikely to reprice even under significant changes in interest rates.

15.1. Nature of the Interest Rate Risk and Key Assumptions (continued)

Maturity profile assumptions vary according to depositor characteristics (e.g. retail or wholesale) and accounts characteristics (e.g. transactional or non-transactional).

The longest repricing maturity assigned to NMDs is 10 years whereas the average repricing maturity is estimated to be 5 years for retail transactional NMDs, 4.9 years for retail non-transactional NMDs and 3.9 years for wholesale NMDs.

Floor on Deposits

All deposit categories are assumed to have a 0% floor, given that it would be unlikely for the Bank to offer negative deposit rates. However, during the negative interest rate period, the Bank charged a liquidity fee to certain legal entities. As a result, even though all deposit categories were assumed to have a 0% floor, there was NII benefit in case of decrease in rates arising from accounts in which the liquidity fee was applicable. Given the increasing interest rate environment leading to positive interest rates, liquidity fee is no longer charged.

Notice Accounts

In the case of decrease in rates, Notice accounts, are assumed to have a time lag due to the requirement by PSD to give a 75 days notice to its clients. This means that the impact of interest rate of these accounts is delayed due to this time lag.

Beta of Bank Base Rate Loans, Fixed Deposits and Notice accounts

It is noted that the EUR Bank base rate loans (referenced to the CBC deposit index) have high correlation to the changes of the fixed deposits and notice account rates. It is noted that Bank base rate loans reprice quarterly and are directly linked to the CBC benchmark rate which is lagged by 2 months compared to the current month. Based on statistical evidence, the sensitivity of CBC index to the Bank's EUR Fixed Deposits and Notice accounts is 81% in case of increasing rates and 100% in case of decreasing rates. The relationship of the fixed and notice deposit rates to market rate changes has been defined, after taking feedback from the Business Lines, Treasury and Finance Division.

Floor on Loans

For existing loans, a floor of 0% on the reference rate is applied only where there is a contractual agreement in place. All new loans have a floor of 0% on the reference rate, given that such a condition is included in all new loan contracts.

Treatment of Equity

Equity does not impact the EV or NII calculations of the Bank.

Interest Rate scenarios

The interest rate risk scenarios selected by the Bank consider:

1. Up and down parallel shifts in the yield curve of varying magnitude based on statistical analysis of past interest rates shifts
2. Changes in the yield curve shape (flattening, steepening, short up and down etc.) and
3. Basis risk i.e. changes in the relationships between different key market rates.

It is noted that different interest rate scenarios apply to exposures in different currencies that account more than 5% of either banking book assets or liabilities. Currencies with less than 5% will be included until the sum of assets or liabilities included in the calculation is at least 90%. No change in NII and EV is calculated for the rest of the currencies.

The Interest Rate Effects under the BASEL scenarios (in line with the scenarios presented in the BCBS April 2016 paper) are produced on a quarterly basis and are presented for information purposes.

15.1. Nature of the Interest Rate Risk and Key Assumptions (continued)

Stress Testing is performed on an annual basis, including the standard regulatory shock which involves sudden +/-200 basis points change of the yield curve applying a floor of 0% to all loans with a contractual floor agreement and to all deposits (regulatory shock is done on a quarterly basis).

The market rate shocks for EUR and USD, which are the currencies corresponding to the bulk of the Bank's balance sheet items are indicated below:

EUR: Parallel UP / DN: +/- 60 bps, Steepening: 1 day:-60 bps & 360 mons: 60 bps, Flattening: 1 day: +60 bps & 360 mons: -60 bps, Short UP / DN: 1 day: +/- 60 bps & 360 mons: 0 bps.

USD: Parallel UP / DN: +/- 75 bps, Steepening: 1 day:-75 bps & 360 mons: 75 bps, Flattening: 1 day: +75 bps & 360 mons: -75 bps, Short UP / DN: 1 day: +/- 75 bps & 360 mons: 0 bps.

The above shocks were calculated using statistical analysis of historical interest rates.

15.2. Impact of Downward and Upward Rate Shocks

The ALCO recommends the policy and limits on the maximum allowable interest rate risk in the banking book, which are then approved by the BoD through its RC. The exposure is described below.

The aggregation of exposures for all material currencies is done by adding together any negative and 50% of any positive EVE changes as per EBA guidelines.

Movements in interest rates affect the Bank's banking book positions and can pose a risk to the Bank's EVE (Economic Value of Equity) and NII (Net Interest Income). When interest rates change, the present value and level of future cash flows change. This in turn changes the underlying value of a Bank's assets, liabilities and off-balance sheet items and hence its EVE. Changes in interest rates also affect a Bank's NII by altering interest rate-sensitive income and expenses. The NII (Net Interest Income) and EVE (Economic Value of Equity) measures are considered of complementary nature (a transaction subject to interest rate risk cannot stabilize both NII and EVE at the same time). The bulk of the Bank's EVE and NII exposure arises mainly from the customer advances, customer deposits and Central Bank Balances. The variations identified in ΔEVE and ΔNII under the various supervisory interest rate scenarios compared to the previous disclosure reference date arising mainly from the increased market interest rates and the revised approved assumptions on IRRBB.

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

	Supervisory shock scenarios	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		€ million	€ million	€ million	€ million
1	Parallel up	76	15	228	159
2	Parallel down	(155)	218	(265)	(46)
3	Steepener	10	46		
4	Flattener	(109)	53		
5	Short rates up	71	54		
6	Short rates down	(141)	151		

16. Securitisation

Securitisation results from a transaction or scheme whereby the credit risk associated with an exposure or pool of exposures is tranched having both of the following characteristics: payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and the subordination of tranches determines the distribution of losses during the on-going life of the transaction or scheme.

“Tranche” means a contractually established segment of the credit risk associated with an exposure or a number of exposures, where a position in the segment entails a risk of credit loss greater than or less than a position of the same amount in each other such segment, without taking account of credit protection provided by third parties directly to the holders of positions in the segment or in other segments.

During 2019, the Group disposed a portfolio of loans and advances to customers with a gross book value of €2.8 billion (of which €2.7 billion related to non-performing loans) (the Portfolio) and stock of property with carrying value amounting to €109 million (the Portfolio) and stock of property (known as 'Project Helix' or the 'Transaction') through the transfer of the Portfolio by BOC PCL to a licensed Cypriot Credit Acquiring Company (the ‘CyCAC’). The shares of the CyCAC were subsequently acquired by certain funds affiliated with Apollo Global Management LLC (together with its consolidated subsidiaries 'Apollo', the purchaser of the Portfolio). Funds managed by Apollo provided equity capital in relation to the financing of the purchase of the Portfolio.

BOC PCL received consideration of c€1,186 million on completion, reflecting adjustments resulting from, inter alia, loan repayments received on the Portfolio since the reference date of 31 March 2018, of which €45 million concern the BOC PCL participation in the senior debt issued to finance the transaction, representing c4% of the total acquisition funding. Other than the above, BOC PCL has no other securitisation positions. This transaction has been classified as a Traditional Securitisation. In June 2019 the Group has derecognised the disposed portfolio relating to Project Helix.

The senior debt is classified as an investment in debt securities at amortised cost. A cash-flow based ECL approach is used for the calculation of the ECL of this senior term facility. For the calculation of the IFRS 9 Provision and the setting of the IFRS 9 staging, three cash flows streams are needed: The cash flows as per original expectations (optimistic scenario), the baseline cash flows (i.e. the contractual cash flows adjusted to take into account the actual payments of the facility up to date – or expected cash flows) and the adverse scenario cash flows (i.e. the contractual cash flows adjusted to take into account specific haircuts). In case the senior debt defaults under any of the three scenarios, the ECL is calculated as the weighted loss arising by comparing its IFRS gross carrying amount (calculated in the previous period) to the sum of discounted expected cash flows of the three scenarios. In case there is no default, under the three scenarios, the ECL will be the product of i) the balance sheet amount of the bond, ii) a 12-month PD of 3.16% which is based on the rating of the Bank and iii) a loss given default (LGD) of 10% which is the floor of the Basel 3 revised IRB framework based on residential and commercial real estate.

The Group does not have any material retained positions and there is no need for hedging. No re-securitisations are applied.

Securitisation activities of the Group are accounted for in accordance with IFRS 9.

BOC PCL, being the originator to the securitisation position held, applies the Standardised Approach for Securitisation Positions (SEC-SA). The look-through approach is used in calculating the RWA and capital requirements for the position held in traditional and non-STS securitisation under article 261 of the EU Regulation 2017/2401 amending the CRR. No ECAIs are applied in its securitisation position. Analyses on the securitisation position held by the Group and its underlying securitised assets are illustrated in the following tables.

16. Securitisation (continued)

EU-SEC1 - Securitisation exposures in the non-trading book

31 December 2022		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	-	-	12	12	-	-	12	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	12	12	-	-	12	-	-	-	-	-	-	-	-
8	Loans to corporates	-	-	12	12	-	-	12	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

16. Securitisation (continued)

EU-SEC1 - Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
31 December 2021		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	-	-	24	24	-	-	24	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	24	24	-	-	24	-	-	-	-	-	-	-	-
8	Loans to corporates	-	-	24	24	-	-	24	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

16. Securitisation (continued)

EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

	31 December 2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	-	-	-	12	-	-	-	12	-	-	-	12	-	-	-	1	-
2	Traditional transactions	-	-	-	12	-	-	-	12	-	-	-	12	-	-	-	1	-
3	Securitisation	-	-	-	12	-	-	-	12	-	-	-	12	-	-	-	1	-
4	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	12	-	-	-	12	-	-	-	12	-	-	-	1	-
7	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

16. Securitisation (continued)

EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
31 December 2021		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	-	-	-	24	-	-	-	24	-	-	-	25	-	-	-	2	-
2	Traditional transactions	-	-	-	24	-	-	-	24	-	-	-	25	-	-	-	2	-
3	Securitisation	-	-	-	24	-	-	-	24	-	-	-	25	-	-	-	2	-
4	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	24	-	-	-	24	-	-	-	25	-	-	-	2	-
7	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

16. Securitisation (continued)

EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
31 December 2022		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
		€ million	€ million	€ million
1	**Total exposures**	5,594	5,566	25
2	Retail (total)	-	-	-
3	residential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposures	-	-	-
6	re-securitisation	-	-	-
7	Wholesale (total)	5,594	5,566	25
8	loans to corporates	5,594	5,566	25
9	commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	-	-	-
12	re-securitisation	-	-	-

		a	b	c
31 December 2021		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
		€ million	€ million	€ million
1	**Total exposures**	5,781	5,774	456
2	Retail (total)	-	-	-
3	residential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposures	-	-	-
6	re-securitisation	-	-	-
7	Wholesale (total)	5,781	5,774	456
8	loans to corporates	5,781	5,774	456
9	commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	-	-	-
12	re-securitisation	-	-	-

17. Environmental, Social and Governance Risks

17.1. Environmental risk

17.1.1. Business strategy and processes

17.1.1.1. Business strategy to integrate environmental factors and risks

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

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

The commitments made by the Group in its ESG Strategy focus on the following key objectives:

- Become carbon neutral by 2030;
- Become Net Zero by 2050;
- Steadily increase Green Asset Ratio; and
- Steadily increase Green Mortgage Ratio.

In supporting the net zero commitments, the Group's Scope 1, Scope 2 and material non-Financed Scope 3 GHG emissions were calculated for 2021, using a widely accepted methodology and bringing the Group in a position where it can set a feasible roadmap of actionable tasks to reduce its carbon footprint and achieve its decarbonisation goals.

Given the fact that BOC PCL is the main contributor of GHG emissions of the Group, BOC PCL has formulated a decarbonisation plan to reduce its own carbon footprint relating to Scope 1 and Scope 2 GHG emissions and ultimately reach its Carbon Neutral target by 2030.

BOC PCL plans to invest in energy efficient installations and actions and replace fuel intensive machineries and vehicles from 2023 to 2025, leading to c.5-10% reduction in Scope 1 and Scope 2 GHG emissions by 2025 compared to 2021. BOC PCL expects that the Scope 2 GHG emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy. The actions planned by BOC PCL between 2023 to 2025 include:

- Air-conditioning systems replacements
- Boiler replacements
- Photovoltaic (PV) installations
- Roof insulation
- CO_2 sensors installation
- Heat recovery installation.

BOC PCL has also recently become a member of the Partnership for Carbon Accounting Financials (PCAF) and estimated Financed Scope 3 GHG emissions derived from its loan portfolio based on PCAF standard and proxies. In 2023, the Group plans to estimate Financed Scope 3 GHG emissions associated with its investments and insurance portfolios. BOC PCL is currently in the process to set decarbonisation targets in specific sectors and asset classes of the loan portfolio. The decarbonisation targets that will be set in 2023 associated with the loan portfolio will also be embedded in the Group's Financial Plan.

17.1.1.1. Business strategy to integrate environmental factors and risks (continued)

BOC PCL has also carried out an initial materiality assessment and has identified the exposures vulnerable to transition and physical risks. As a short-term measure, these exposures have been earmarked as appropriate to receive transition finance and BOC PCL will attempt to provide new lending in alignment with any available government initiatives for the green transition of the economy (Recovery & Resilience Facility). Business lines are expected to prioritize new lending for investment and capex that supports clients' transition financing needs within the existing sector limits. It is noted that these considerations have been included in the business strategy for 2023 – 2026 even though currently there are no measurable decarbonization targets for the loan portfolio.

As a means to enhance not only its climate risk framework but also its ability to identify future opportunities BOC PCL is in the process of introducing new ESG scorecards within its credit granting process which will allow it to more granularly identify ESG risks but at the same time it will open a communication line with its clients to better prepare them to comply with upcoming EU legislation on disclosure, such as the CSRD, which will eventually be reflected within the Group's own net-zero strategy by providing more accurate data and targets.

BOC PCL offers a range of environmentally friendly products to manage transition risk and help its customers become more sustainable. For example, a number of loan products are offered under the Fil-eco Product Scheme. BOC PCL offers Environmentally friendly Car Hire Purchase addressed to anyone who wants to buy a new hybrid or electric car, providing its customers the opportunity to buy a new electric vehicle and to move away from transport options reliant on fossil fuels. Moreover, an environmentally friendly loan for home renovation is offered to customers who want to renovate and upgrade the energy efficiency of their privately owned primary residence or holiday home and achieve a higher energy efficiency rating. Further, the customers may benefit from an Energy Loan for the installation of energy saving systems for home use. This product is addressed to customers who seek financing for the installation of photovoltaic systems for home use and other home energy-saving systems. Looking forward, in 2023 the Group will continue to build out its green product offering further. The Group expects to discuss ESG and climate matters with its clients at the point of loan origination. In addition, the Group has set up a Sustainable Finance Framework which will facilitate the issuance of Green, Social or Sustainable bonds. The proceeds from such bonds will be allocated to eligible activities and products as designated in the Sustainable Finance Framework.

In terms of stress testing and climate scenario analysis, BOC PCL is currently building the necessary modelling approaches to conduct climate-related stress testing through a bottom-up methodology. Developing stress testing will further help us to assess the implications of physical and transition risks in our portfolios, and to inform our business strategy and capital planning. In addition, to incorporate physical risks in the loan origination process, BOC PCL is in the process of acquiring a third-party database.

17.1.1.2. Objectives, targets and limits

The Group has estimated the Scope 1 and Scope 2 GHG emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target. For the Group to meet the carbon neutrality target, the Scope 1 and Scope 2 GHG emissions should be reduced by 42% (absolute target) by 2030. The absolute reduction target has been set following the climate scenario of 1.5C which is aligned with the Paris Agreement. BOC PCL in 2022, designed the plan of actions to meet the carbon neutrality target by 2030 and progress towards Net Zero target of 2050. The Group is in the process to design the decarbonization strategy for the reduction of Scope 1 and Scope 2 GHG emissions of its subsidiaries.

For the purpose of the calculation of the 2021 and 2022 Carbon footprint, the Group has set its organisational boundaries based on the operational control approach. The 2021 and 2022 carbon footprint for Scope 1 and Scope 2 GHG emissions was estimated based on the methodologies described in the Greenhouse Gas Protocol ('GHG Protocol') and ISO14064-1:2019 standard. The Group's own carbon footprint will continue to be calculated on an annual basis which will enable comparisons to be made and progress against decarbonisation targets to be monitored.

In 2022, BOC PCL has formulated a plan of action to reduce Scope 1 and Scope 2 and meet carbon neutrality target by 2030 and plans to invest in energy efficient installations and actions and replace fuel intensive machineries and vehicles from 2023 to 2025, which would lead to c.5-10% reduction in Scope 1 and Scope 2 GHG emissions by 2025 compared to 2021. The Group expects that the Scope 2 GHG emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy.

A number of carbon reduction initiatives are already underway and contribute to the reduction of carbon footprint in the immediate future. These energy and waste initiatives include:

- installation of new solar panels;
- implementation of Energy Management system;
- installation of electric chargers for cars;
- improvement of waste measurement;
- increase initiatives for waste recycling; and
- reduction of paper use.

BOC PCL has managed to reduce its energy consumption by c.1,8 million kWh in 2022 compared to 2021. In addition, BOC PCL invests continuously in updating its internal practices, and upgrading equipment and technologies, adopting new standards, and complying with international best practices.

The overall environmental impact relating to Scope 1 and Scope 2 GHG emissions reduced by 1,046 GHG emissions tonnes in 2022 compared to 2021 which represents c.8% reduction.

Furthermore, BOC PCL has joined the Partnership for Carbon Accounting Financials (PCAF) in October 2022 and is following the recommended methodology for the estimation of the Financed Scope 3 GHG emissions. BOC PCL has estimated Financed Scope 3 GHG emissions relating to the loan portfolio based on PCAF standard and proxies. The PCAF Standard has been reviewed by the GHG Protocol and conforms with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for category 15 investment activities. In addition, PCAF provides a data quality ranking for the estimation of Financed Scope 3 GHG emissions based on data applied in the estimation for each asset class. The scale is between 1-5 with 1 being the highest quality and 5 being the lowest quality.

BOC PCL aims to continuously enhance the data quality used on the estimation of Financed Scope 3 GHG emissions and eliminate the data gaps, therefore in 2023 a client questionnaire is expected to be launched to gather the relevant data, where possible, as well as continue to enhance the loan origination process. BOC PCL has already established a policy in the loan origination process to gather Energy Performance Certificates (ratings and GHG emissions per square meters) for the financed properties and collateral properties. Additional data gathering actions will be performed during 2023.

17.1.1.2 Objectives, targets and limits (continued)

For the initial estimation of Financed Scope 3 GHG emissions relating to the lending portfolio, the loan portfolio was classified in the following PCAF asset classes which will facilitate the setting of decarbonisation targets in the future:

PCAF Asset class	Definition
Business loans	Business loans include all loans and lines of credit for general corporate purposes (i.e., with unknown use of proceeds as defined by the GHG Protocol) to businesses, non-profits, and any other structure of organisation that are not traded on a market and are on the balance sheet of the financial institution. Revolving credit facilities, overdraft facilities, and business loans secured by real estate such as Commercial Real Estate-secured lines of credit are also included. Any off-balance sheet loans and lines of credit are excluded.
Commercial Real Estate (CRE)	This asset class includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of commercial real estate (CRE), and on-balance sheet investments in CRE. This definition implies that the property is used for commercial purposes, such as retail, hotels, office space, industrial, or large multifamily rentals. In all cases, the building owner or investor leases the property to tenants to conduct income-generating activities.
Mortgages	This asset class includes on-balance sheet loans for specific consumer purposes namely the purchase and refinance of residential property, including individual homes and multifamily housing with a small number of units. This definition implies that the property is used only for residential purposes and not to conduct income-generating activities.
Motor vehicles	This asset class refers to on-balance sheet loans and lines of credit for specific (corporate or consumer) purposes to businesses and consumers that are used to finance one or several motor vehicles. Corporate loans for acquisition of vehicles for trade purposes were classified as 'Business Loans'.

The Financed Scope 3 GHG emissions are disclosed in **ESG Template 1 - Climate change transition risk** section.

In 2023, the Group is expected to set decarbonisation target on its Mortgage portfolio due to the fact that 91%[1] of building stock in Cyprus was built before the implementation of minimum energy performance requirements. Therefore, renovation of building stock in Cyprus is vital for reaching Net Zero by 2050. In 2023, the Group is expected to estimate the Financed Scope 3 GHG emissions per square meter financed in Cyprus and set a decarbonisation reduction target to 2030 using a 1.5^{o}C climate scenario. The decarbonisation target will then inform the Group's strategy from 2023 onwards as it will impact the new mortgage lending strategy as well as the incorporation in the new lending strategy of the provision of finance for improvement in energy performance of residential buildings taking into account any government schemes.

Given that the majority of Financed Scope 3 GHG emissions derive from Business Loan asset class, the carbon concentrated sectors under Business Loan asset class have been identified, based on PCAF definition, which are the primary sectors for setting decarbonisation targets. The Group has initiated the process to set decarbonisation targets aligned with a climate scenario for its loan portfolio in 2023. The primary sectors identified under Business Loan asset class are Accommodation and food service activities (12%), Construction (20%), Manufacturing (16%), Transportation and storage (24%) and Wholesale and retail trade (10%).

[1] Implementation-of-the-EPBD-in-Cyprus.pdf (epbd-ca.eu)

17.1.1.3. Activities towards environmental objectives and EU Taxonomy-aligned activities

BOC PCL's current Green Lending Policy is based on the Loan Market Association's (LMA) Green Loan Principles. The policy provides the basis for developing green products through a set of criteria that include the attainment of a specific environmental objective, the management of proceeds to ensure that the funds are only used for the specified purpose and appropriate reporting to support the attainment of the objective. BOC PCL aims to enhance further its policy and is also in the process of considering the EU Taxonomy and looking for ways to implement it going forward on a best effort basis.

17.1.1.4. Engagement with new or existing counterparties

A description of the mitigating actions in place or planned are described in the Risk Management section below. These include:

- The existing Environmental and Social Policy
- The consideration of ESG risks in the underwriting process through a structured questionnaire that will form the basis of the customer engagement
- The acquisition of granular third-party data on physical risks

BANK OF CYPRUS HOLDINGS GROUP
Pillar 3 Disclosures 2022

ESG Template 1 - Climate change transition risk

The below table discloses information on exposures (loans and advances, debt securities and equity instruments) towards non-financial corporates operating in carbon-related sectors, and on the quality of those exposures, including non-performing status, stage 2 classification, and related provisions as well as maturity buckets and on scope 1, 2 and 3 emissions of their counterparties.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	31 December 2022	**Gross carrying amount**					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**			**GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty)**		**GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting**	**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years**	**Average weighted maturity**
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks *	**Of which environmentally sustainable (CCM)****	**Of which stage 2 exposures**	**Of which non-performing exposures**		**Of which Stage 2 exposures**	**Of which non-performing exposures**		**Of which Scope 3 financed emissions**						
		€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**tons of CO2 equivalent**	**tons of CO2 equivalent**	**%**	**€ million**	**€ million**	**€ million**	**€ million**	**Years**
1	**Exposures towards sectors that highly contribute to climate change**																
2	**A - Agriculture, forestry and fishing**	47	-		11	2	(2)	-	(1)	23,390	6,568	100%	28	13	6	-	4.8
3	**B - Mining and quarrying**	12	-		1	-	-	-	-	5,044	1,387	100%	6	6	-	-	4.4
4	B.05 - Mining of coal and lignite	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
6	B.07 - Mining of metal ores	1	-		1	-	-	-	-	293	263	100%	1	-	-	-	-
7	B.08 - Other mining and quarrying	11	-		-	-	-	-	-	4,007	669	100%	5	6	-	-	4.6
8	B.09 - Mining support service activities	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
9	**C - Manufacturing**	443	-		23	9	(4)	(1)	(2)	191,951	130,456	89%	239	154	50	-	4.7
10	C.10 - Manufacture of food products	108	-		16	5	(4)	(1)	(2)	43,761	37,967	99%	51	34	21	-	5.2
11	C.11 - Manufacture of beverages	21	-		1	-	-	-	-	3,808	3,103	53%	16	2	3	-	3.6
12	C.12 - Manufacture of tobacco products	-	-		-	-	-	-	-	1	1	100%	-	-	-	-	-
13	C.13 - Manufacture of textiles	2	-		-	-	-	-	-	536	402	100%	1	1	-	-	3.2
14	C.14 - Manufacture of wearing apparel	2	-		-	-	-	-	-	527	390	100%	1	1	1	-	5.6
15	C.15 - Manufacture of leather and related products	1	-		-	-	-	-	-	319	241	100%	1	-	-	-	1.5

ESG Template 1 - Climate change transition risk (continued)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	31 December 2022	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks *	Of which environmentally sustainable (CCM)**	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	tons of CO2 equivalent	tons of CO2 equivalent	%	€ million	€ million	€ million	€ million	Years
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	6	-		-	-	-	-	-	1,015	499	100%	3	2	2	-	7.1
17	C.17 - Manufacture of pulp, paper and paperboard	9	-		1	-	-	-	-	2,776	2,210	100%	6	2	1	-	3.5
18	C.18 - Printing and service activities related to printing	11	-		2	1	-	-	-	3,950	3,311	100%	6	2	3	-	5.7
19	C.19 - Manufacture of coke oven products	2	-		-	2	-	-	-	5,469	3,136	100%	-	2	-	-	6.6
20	C.20 - Production of chemicals	20	-		1	-	-	-	-	8,204	5,289	76%	17	3	-	-	2.3
21	C.21 - Manufacture of pharmaceutical preparations	107	-		-	-	-	-	-	54,589	36,589	86%	47	57	3	-	4.5
22	C.22 - Manufacture of rubber products	29	-		-	-	-	-	-	7,307	5,429	100%	19	9	2	-	3.2
23	C.23 - Manufacture of other non-metallic mineral products	23	-		1	1	-	-	-	24,084	6,233	100%	10	9	3	-	5.4
24	C.24 - Manufacture of basic metals	4	-		-	-	-	-	-	2,823	1,931	100%	2	1	1	-	6.0
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	19	-		-	-	-	-	-	9,212	6,902	100%	8	6	5	-	6.3
26	C.26 - Manufacture of computer, electronic and optical products	20	-		-	-	-	-	-	139	104	3%	20	-	-	-	2.3
27	C.27 - Manufacture of electrical equipment	2	-		1	-	-	-	-	586	454	100%	1	1	-	-	6.6
28	C.28 - Manufacture of machinery and equipment n.e.c.	3	-		-	-	-	-	-	1,249	964	100%	2	-	-	-	3.1
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	1	-		-	-	-	-	-	578	463	100%	1	1	-	-	3.1

ESG Template 1 - Climate change transition risk (continued)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	31 December 2022	**Gross carrying amount**					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**			**GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty)**		**GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting**	**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years**	**Average weighted maturity**
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks *	**Of which environmentally sustainable (CCM)****	**Of which stage 2 exposures**	**Of which non-performing exposures**		**Of which Stage 2 exposures**	**Of which non-performing exposures**		**Of which Scope 3 financed emissions**						
		€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**tons of CO2 equivalent**	**tons of CO2 equivalent**	**%**	**€ million**	**€ million**	**€ million**	**€ million**	**Years**
30	C.30 - Manufacture of other transport equipment	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
31	C.31 - Manufacture of furniture	7	-		-	-	-	-	-	2,216	1,349	100%	3	2	3	-	8.4
32	C.32 - Other manufacturing	33	-		-	-	-	-	-	13,132	9,162	100%	15	16	2	-	4.9
33	C.33 - Repair and installation of machinery and equipment	13	-		-	-	-	-	-	5,657	4,315	100%	9	3	-	-	4.9
34	**D - Electricity, gas, steam and air conditioning supply**	49	-		-	-	(1)	-	-	48,631	11,196	100%	7	35	7	-	7.7
35	D35.1 - Electric power generation, transmission and distribution	21	-		-	-	-	-	-	40,394	4,452	100%	5	10	6	-	8.4
36	D35.11 - Production of electricity	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	28	-		-	-	(1)	-	-	7,952	6,716	100%	2	25	1	-	7.2
38	D35.3 - Steam and air conditioning supply	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
39	**E - Water supply; sewerage, waste management and remediation activities**	6	-		3	-	-	-	-	10,715	786	100%	2	3	1	-	6.7
40	**F - Construction**	550	-		326	10	(12)	(5)	(5)	241,295	222,024	100%	304	213	31	-	5.0
41	F.41 - Construction of buildings	486	-		306	8	(10)	(4)	(5)	201,002	187,780	100%	270	197	19	-	4.9
42	F.42 - Civil engineering	28	-		8	1	(1)	(1)	-	19,596	16,828	100%	16	8	3	-	4.4
43	F.43 - Specialised construction activities	36	-		12	1	(1)	-	-	20,697	17,416	100%	18	8	9	-	6.3
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	914	49		147	21	(16)	(5)	(8)	127,993	105,432	99%	599	219	86	1	3.7

ESG Template 1 - Climate change transition risk (continued)

	31 December 2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks *	Of which environmentally sustainable (CCM)**	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	tons of CO2 equivalent	tons of CO2 equivalent	%	€ million	€ million	€ million	€ million	Years
45	**H - Transportation and storage**	292	5		5	-	(1)	-	-	284,719	44,377	100%	205	82	5	-	3.9
46	H.49 - Land transport and transport via pipelines	18	-		2	-	(1)	-	-	4,103	1,220	100%	7	8	5	-	6.0
47	H.50 - Water transport	199	5		3	-	-	-	-	278,871	42,190	100%	138	61	-	-	3.8
48	H.51 - Air transport	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	73	-		-	-	-	-	-	1,008	651	100%	59	13	1	-	3.3
50	H.53 - Postal and courier activities	2	-		-	-	-	-	-	250	198	100%	1	-	1	-	8.4
51	**I - Accommodation and food service activities**	1,165	-		466	21	(10)	(1)	(8)	138,056	106,464	100%	177	275	712	1	10.9
52	**L - Real estate activities**	1,119	-		177	21	(19)	(3)	(15)	21,547	14,987	99%	238	357	524	1	9.1
53	**Exposures towards sectors other than those that highly contribute to climate change**																
54	**K - Financial and insurance activities**	-	-		-	-	-	-	-			-	-	-	-	-	-
55	**Exposures to other sectors (NACE codes J, M - U)**	621	-		72	58	(33)	(1)	(28)			98%	230	243	153	1	7.6
56	**Total**	**5,219**	**55**		**1,231**	**142**	**(98)**	**(16)**	**(67)**			**98%**	**2,035**	**1,600**	**1,575**	**4**	**7**

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

** Applicable as of end 2023

ESG Template 1 - Climate change transition risk (continued)

BOC PCL has joined the Partnership for Carbon Accounting Financials (PCAF) in October 2022 and is following the recommended methodology for the estimation of the Financed Scope 3 emissions. BOC PCL has estimated Financed Scope 3 emissions relating to the loan portfolio based on PCAF standard and proxies. The PCAF Standard has been reviewed by the GHG Protocol and conforms with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for category 15 investment activities. In addition, PCAF provides a data quality ranking for the estimation of Financed Scope 3 emissions based on data applied in the estimation for each asset class. The scale is between 1-5 with 1 being the highest quality and 5 being the lowest quality. BOC PCL aims to continuously enhance the data quality used on the estimation of Financed Scope 3 emissions and eliminate the data gaps, therefore in 2023 a client questionnaire is expected to be launched to gather the relevant data, where possible, as well as continue to enhance the loan origination process. BOC PCL has already established a policy in the loan origination process to gather Energy Performance Certificates (ratings and emissions per square meters) for the financed properties and collateral properties. Additional data gathering actions will be performed during 2023.

BOC PCL has identified a number of transition risks, their potential impact and the transmission mechanisms to traditional risks. Whilst credit risk is one of the risks thought to be most impacted by climate change, potential impacts on liquidity, market, operational and reputational risks were also identified as per section 17.1.3.3.

ESG Template 2 - Climate change Transition risk: Loans collateralised by immovable property collateral – Energy efficiency of the collateral

The table below shows gross carrying amounts of loans collateralised with commercial and residential immovable property and of repossessed real estate collaterals for all counterparty sectors, including non-financial corporates and households.

Energy efficiency (column b-g):
Where possible, the level of energy efficiency has been estimated. The energy efficiency was estimated utilizing data from the Ministry of Energy. The source used literature from academia to derive tables of energy efficiency per property per year built. The Bank, since the year built was not available for the majority of the properties, used an average for the total time period referenced (1981-2022). Where the loan is covered multiple property types the most prevalent (in terms of property value) was used for the estimation of energy efficiency. Land properties were excluded from the analysis.

EPC label of collateral (column h-n):
The process has been set to gather information on EPCs, however as the end of year 2022 limited data were available (only for a small portion of repossessed assets). For Cyprus specifically, buildings with a building permit after July 2020 have an EPC label A, in accordance with national building standards.

ESG Template 2 - Climate change Transition risk: Loans collateralised by immovable property collateral – Energy efficiency of the collateral (continued)

	31 December 2022	a**	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)*						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	%
1	**Total EU area**	10,863	81	4,216	-	2,608	-	621	-	1	4	12	8	9	2	7,491	100%
2	*Of which Loans collateralised by commercial immovable property****	5,007	81	678	-	2,499	-	499	-	-	-	-	-	-	-	3,758	100%
3	*Of which Loans collateralised by residential immovable property****	4,769	16	4,038	-	370	-	98	-	-	-	-	-	-	-	4,522	100%
4	*Of which Collateral obtained by taking possession: residential and commercial immovable properties ****	732	-	59	-	109	-	122	-	1	4	12	8	9	2	254	100%
5	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	7,491	81	4,206	-	2,583	-	621								7,491	100%
6	**Total non-EU area**	2	-	2	-	-	-	-	-	-	-	-	-	-	-	2	100%
7	*Of which Loans collateralised by commercial immovable property*	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
8	*Of which Loans collateralised by residential immovable property*	1	-	1	-	-	-	-	-	-	-	-	-	-	-	1	100%
9	*Of which Collateral obtained by taking possession: residential and commercial immovable properties*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	1	-	2	-	-	-	-								2	100%

* The Estimates of Energy Efficiency were calculated using data from the Ministry of Energy and Commerce. The Ministry uses literature from academia to derive tables of energy efficiency per property per year built. Information on the year built of the properties were not available and therefore an average for the total period (1981-2022) was used.

** Exposures secured with "Land" as collateral are included only in column a.

*** €1,250 million in row 2, €247 million in row 3 and €383 million in row 4 under column a concerns Land.

ESG Template 5 - Banking book - Climate change physical risk: Exposures subject to physical risk

The below table discloses information on exposures in the banking book (including loans and advances, debt securities and equity instruments), towards non-financial corporates, on loans collateralized with immovable property and on repossessed real estate collaterals, exposed to chronic and acute climate-related hazards, with a breakdown by sector of economic activity (NACE classification) and by geography of location of the activity of the counterparty or of the collateral, for those sectors and geographical areas subject to climate change acute and chronic events.

	31 December 2022	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
		€ million	€ million	€ million	€ million	€ million	Years	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	A - Agriculture, forestry and fishing	47	20	10	5	-	5	1	35	1	6	-	(1)	-	-
2	B - Mining and quarrying	12	2	1	-	-	4	-	3	-	-	-	-	-	-
3	C - Manufacturing	443	85	62	32	-	5	59	127	12	13	5	(2)	-	(1)
4	D - Electricity, gas, steam and air conditioning supply	49	1	3	4	-	10	-	8	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	6	1	-	1	-	8	-	2	-	-	-	-	-	-
6	F - Construction	550	180	172	15	-	5	111	280	91	266	4	(4)	(3)	(1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	914	185	117	39	-	5	173	232	103	46	9	(6)	(1)	(3)
8	H - Transportation and storage	292	33	5	2	-	3	8	33	1	3	-	-	-	-
9	L - Real estate activities	1,119	64	164	152	1	9	311	112	64	104	3	(5)	(1)	(3)
10	Loans collateralised by residential immovable property	4,769	321	508	762	733	15	758	1,652	205	544	123	(36)	(6)	(27)
11	Loans collateralised by commercial immovable property	5,007	681	713	663	158	9	922	1,466	338	662	51	(31)	(6)	(18)
12	Repossessed collaterals	732	-	-	-	-	-	50	421	50	-	-	-	-	-
13	Other relevant sectors	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ESG Template 5 - Banking book - Climate change physical risk: Exposures subject to physical risk (continued)

The source used to identify climate specific hazards for Cyprus was the database of ThinkHazard!. This database provides information for hazards on a district level and not on a geolocation basis. The Hazards selected are those found to be considered as "High" for Cyprus as per the database. These are the "Coastal Flood / Sea Level Rise" and "Wildfire". Wildfire is considered as an acute risk whilst Coastal Flood / Sea Level Rise as chronic. As per the database, Wildfire is prevalent across the island and as such all exposures relating to all districts of the island were identified as been subject to this risk with the exclusion of urban areas. On the other hand, Coastal Flood / Sea Level Rise is prevalent in the Limassol district and as such all exposures relating to the coastal municipalities were identified as being subject to this risk. It is noted that exposures analysed are those that are collateralised by immovable property.

ESG Template 10 - Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

	a	b	c	d	e	f
31 December 2022	**Type of financial instrument**	**Type of counterparty**	**Gross carrying amount € million**	**Type of risk mitigated (Climate change transition risk)**	**Type of risk mitigated (Climate change physical risk)**	**Qualitative information on the nature of the mitigating actions**
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	n/a	n/a	
2		Non-financial corporations	-	n/a	n/a	
3		*Of which Loans collateralised by commercial immovable property*	-	*n/a*	*n/a*	
4		Other counterparties	-	n/a	n/a	
5	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	n/a	n/a	
6		Non-financial corporations	18	Yes	No	Majority of green loans issued have to do with renewable energy installations (solar) for residential buildings and SMEs, and low carbon vehicles.
7		*Of which Loans collateralised by commercial immovable property*	*17*	*Yes*	*No*	
8		Households	3	Yes	No	
9		*Of which Loans collateralised by residential immovable property*	-	*n/a*	*n/a*	
10		*Of which building renovation loans*	-	*n/a*	*n/a*	
11		Other counterparties	-	n/a	n/a	

The Group is working towards implementing the EU Taxonomy on a best effort basis to facilitate green lending and will issue green products based on the Loan Market Association's Green Loan Principles within 2023. The Group has so far issued loans for renewable energy and vehicle loans (electric and hybrid) which were not under any EU Standards.

ESG Template 4

The Group has not granted any exposures towards the most carbon intensive counterparties in the world during 2022, and therefore does not disclose Template 4 - Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms.

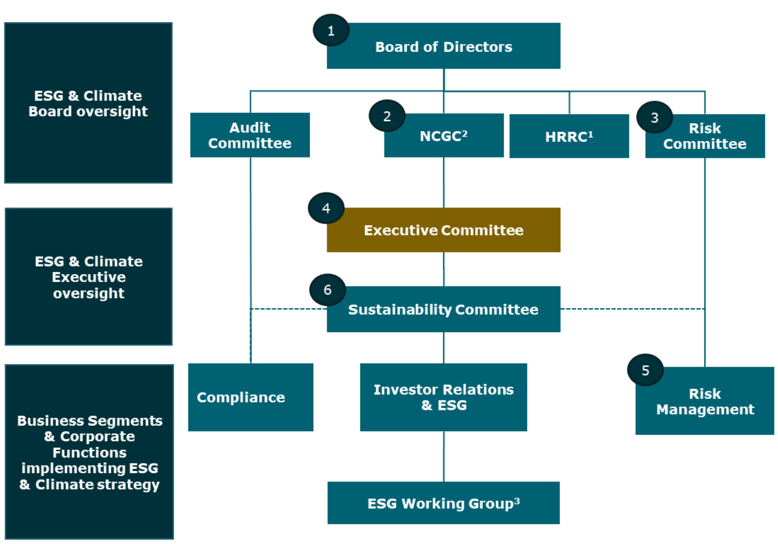
17.1.2. Governance

17.1.2.1. Responsibilities of the management body for setting the risk framework

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

The SC is responsible for the following:

- Monitor and review the development of the Group's ESG strategy for managing ESG risks, including C&E risks.
- Oversee the implementation of the Group's ESG & Climate strategy.
- Review the institution's response and plan of action to the objectives set out under international agreements.
- Review ESG targets and KPIs, including C&E targets and KPIs.
- Review the incorporation of ESG including C&E targets, KPIs and KRIs in the business strategy.
- Monitor progress against the Group's ESG working plan including the implementation of the ECB Guide on C&E risks.
- Oversee the degree of the Group's alignment with regulatory ESG including C&E related guidance, rules (such as EU Taxonomy, SFDR, NFRD and TCFD) and ECB expectations.
- Oversee the establishment of environmentally friendly products and Sustainable Finance Framework.
- Review policies relating to ESG matters and risks, including C&E matters and risks, to ensure that they are in line with the needs of the Group and the Group's ESG strategy and that they comply with applicable legal and regulatory requirements.
- Review non-financial disclosures including but not limited to the TCFD, relevant ESG disclosures in Pillar III and the annual Sustainability Report.
- Monitor the external ESG and C&E trends affecting the formulation of ESG policies, strategies and objectives.



1. The Board, through the NCGC[2] and Risk Committee, oversees the implementation of the Group's ESG and climate strategy. In order to adequately assess climate risks and opportunities, the Board draws on expertise both internally and externally.
2. NCGC[2] provides oversight to the Group's ESG and climate strategy aimed at achieving present and future economic prosperity, environmental integrity, climate stability and social equity for the Group and its stakeholders.
3. Risk Committee identifies, assesses, controls and monitors financial / economic risks and non-financial risks (including operational, technological, tax, legal, reputational, and compliance, and ESG including climate-related & environmental risks (C&E)) which the Group faces in cooperation with the responsible Board Committees.
4. EXCO recommends to NCGC[2] all ESG and climate related matters and policies (excluding ESG and climate risks matters and policies) for approval.
5. ESG and climate risks related policies and matters are discussed in Sustainability Committee and submitted by Risk Management Function directly to Risk Committee for approval, also notifying EXCO.
6. Sustainability Committee reports to EXCO.
7. ECCC[4] undertakes consultancy role to the NCGC[2] when required.

1 HRRC: Human Resources and Remunerations Committee
2 NCGC: Nominations and Corporate Governance Committee
3 ESG working group has been formed in order to support the implementation of the ESG agenda. ESG working group includes Legal, Finance, Business Lines, Operations & Cost Management, Treasury, Digital office, Strategy, Procurement, IT, HR, CAD and Insurance.
4 ECCC: Ethics, Conduct and Culture Committee

Reporting
Collaboration and support

1

17.1.2.1. Responsibilities of the management body for setting the risk framework (continued)

The Role of the Risk Committee
The RC has been delegated authority by the Board and consists of 3 non-executive members of the Board, who possess appropriate knowledge, skills and expertise to understand and monitor the strategy regarding the risk appetite of the Group.

The main purpose of the RC is to review, on behalf of the Board, the aggregate Risk Profile of the Group, including performance against Risk Appetite for all risk types and ensure both Risk Profile and Risk Appetite remain appropriate.

The RC is responsible for the following:

- Identify, assess, control and monitor financial/economic risks and non-financial risks (including operational, technological, tax, legal, reputational, and compliance, and ESG including C&E risks) which the Group faces in cooperation with the responsible Board Committees.
- Ensure that the Group's overall Risk Profile and Risk Appetite remain appropriate given the evolving external environment, any key issues and themes impacting the Group and the internal control environment.
- Ensure effective and on-going monitoring and review of the Group's management or mitigation of risk, including the Group's control processes, training and culture, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.
- Report to the Board any current or emerging topics relating to ESG risks and matters, including C&E risks and matters, that are expected to materially affect the business, operations, performance, or public image of the Group or are otherwise pertinent to it and its stakeholders and if appropriate, detail actions taken in relation to the same.
- Determine the principles that should govern the management of risks (including ESG and C&E risks), through the establishment of appropriate Risk Policies.
- Review and discuss with management the overall ESG strategy including the strategy to manage C&E risks, and whether the Company should initiate any additional actions or engage with any stakeholders regarding potential key ESG matters, including C&E matters.
- Review and monitor key enterprise wide ESG including C&E metrics, targets, KPIs, KRIs and related goals and monitor the progress towards achieving targets and benchmarks.

The role of Nomination and Corporate Governance Committee
The NCGC has been delegated authority by the Board and consists of 4 non-executive members of the Board, who possess appropriate knowledge, skills and expertise to provide oversight to the Group's sustainability strategy aimed at achieving present and future economic prosperity, environmental integrity, climate stability and social equity for the Group and its stakeholders.

The NCGC is responsible for the following:

- Develop a strategy for ESG including C&E matters focusing on Environmental, Climate, Ethical, Social, and Economic pillars and ensure it is embedded throughout the operations of the Group.
- Advise, support and guide the Chief Executive Officer ('CEO') and Executive Management Team in formulating and implementing a business strategy geared to the sustainable development of the Group taking into account ESG including C&E impacts.
- Oversee the SC implementation and progress regarding the ESG working plan.
- Review the institution's response and plan of action to the objectives set out under international agreements.
- Review and approve the ESG targets and KPIs, including C&E targets and KPIs, and monitor their performance.
- Review and approve the non-financial disclosures presented by the SC.
- Review and approve the ESG and Environmental Policy and Sustainable Finance Framework which enables BOCH and/or BOC PCL to issue Green/Social or Sustainable bonds.

17.1.2.1. Responsibilities of the management body for setting the risk framework (continued)

The process through which the Board Committees are informed on environmental and climate-related issues is presented below:

- SC reviews policies relating to ESG matters, including C&E matters, to ensure that they are in line with the needs of the Group and the Group's ESG strategy and that they comply with applicable legal and regulatory requirements. The SC recommends approval of policies to ExCo (excluding ESG and C&E risks related policies). Following ExCo's approval, the policies relating to ESG including C&E matters (excluding ESG and C&E risks related policies) are recommended to NCGC for approval.
- SC discusses and advises the RMD regarding ESG and C&E risks related matters and policies, such as ESG and C&E risks identification, quantification, materiality assessment and establishment of ESG and C&E criteria in the loan origination process. The RMD then submits to the RC for approval the ESG and C&E risks related matters and policies, also notifying the ExCo.
- SC reviews the institution's response and plan of action towards the objectives set out under international agreements and makes recommendation of the plan of actions for approval to the ExCo. Following ExCo approval and recommendation the plan of actions is submitted to NCGC for approval.
- SC monitors and reviews the development of the Group's ESG strategy for managing ESG, including C&E risks, and recommends to ExCo for approval. Following ExCo approval and recommendation it is submitted to NCGC for approval.
- SC reviews BOCH's annual non-financial disclosures including, but not limited to the TCFD, relevant ESG disclosures in Pillar III and the annual Sustainability Report and recommends to NCGC for approval, also notifying the ExCo.
- SC reports to the ExCo. The NCGC and RC are updated of the progress of ESG working plan on a regular basis.

17.1.2.2. Integration of measures to manage environmental factors and risks in internal governance arrangements

The Group has dedicated resources for the handling of ESG issues. Beyond the governance arrangements described above, ESG accountabilities have been set across various divisions of the Group.

Investor Relations and ESG Department ('IR&ESG')

The Group's IR&ESG department is developing and implementing the ESG and climate Strategy. The IR&ESG main responsibilities are to:

- compile the ESG working plan and monitor its progress;
- develop the action plan for the implementation of the ESG and climate strategy;
- establish the ESG and climate targets and KPIs and monitor their progress;
- prepare ESG and climate-related reporting;
- coordinate the activities and deadlines of the ESG Working group;
- review in cooperation with RMD the activities completed by the ESG Working group; and
- report to the SC in frequent intervals and Board Committees in line with the Terms of Reference.

Risk Management Division

The RMD is responsible for the identification, quantification and monitoring of ESG risks, including C&E risks, for own operations and clients. The main responsibilities are to:

- incorporate ESG risks, including C&E risks, in the Risk Management Framework, policies and procedures;
- incorporate ESG and climate criteria in the loan origination process;
- review in cooperation with IR&ESG the activities completed by the ESG Working group;
- comply with ECB guide on C&E risks;
- establish the ESG and climate targets and KPIs in cooperation with IR&ESG; and
- establish the C&E Key Risk Indicators (KRIs) through the ESG and climate targets and KPIs set.

Furthermore, an ESG working group is in place which draws resources from across the Group for any projects that require greater participation.

17.1.2.2. Integration of measures to manage environmental factors and risks in internal governance arrangements (continued)

Three Lines of Defence
As pet the three lines of defence model established by the Group, Control Functions have defined responsibilities in terms of ESG risks.

First Line of Defence
The first line of defence includes functions that own and manage risks as part of their responsibility for achieving objectives and are responsible for implementing corrective actions to address process and control deficiencies. Whilst not yet in place, the first line of defence will lead the interaction with the customers as part of the incorporation of the ESG criteria in the credit underwriting process through the ESG questionnaire process. Furthermore, it will be requested to observe any sector limits being put in place as derived from the science-based targets.

Second Line of Defence
The second line of defence includes functions that oversee compliance of the first line with the regulatory framework and management of risk. It comprises of the Risk Management, Information Security and Compliance functions, with the involvement as necessary of the support functions such as Human Resources (HR) and Legal Services Department (LSD). In terms of ESG, the second line of defence provides support and oversight of risks through:

- Developing, maintaining and enhancing the risk management framework covering all operations of the Group (including ESG risks) and considering new risks or amendments to the existing ones
- Developing and maintaining risk, information security and compliance policies within that framework ensuring these are consistent with the Board’s risk appetite and the Group’s ESG Strategy
- Provide the necessary reporting on exposures affected by ESG risks and develop the necessary models and tools to facilitate the climate risk assessment

Third Line of Defence
The third line of defence is the Internal Audit Division (IA) which provides independent assurance to the Board and Executive Management on the design adequacy and operating effectiveness of the Group’s internal control framework, corporate governance and risk management processes (including ESG risks), for managing significant risks according to the risk appetite set by Board.

17.1.2.3. Lines of Reporting

Currently, regular reporting primarily consists of progress updates on the Group’s ESG Working Plan. This takes place through the SC mostly on a monthly basis with less frequent updates (quarterly) being provided to the NCGC and Risk Committee. The Risk Committee also receives separate updates on specific risk management related workstreams when needed.

Beyond the ESG Working Plan updates, during 2022 the following items were submitted:

- The decarbonization strategy relating to Scope 1 and Scope 2 GHG emissions. This was submitted to the NCGC for approval.
- The risk identification and materiality assessment. This was submitted to the RC for approval.

In addition, the Group is working on setting KRIs related to the environmental pillar in order to monitor C&E risks and to prevent any negative impacts stemming from these risks. Internal reporting will also include the following actions:

- Monitoring of the Energy Performance Certificates of the building stock of the Group’s collateral portfolio (both for residential and commercial properties)
- Levels of GHG emissions per sector
- Level of financing on Renewable Energy Projects

17.1.2.4. Alignment of the remuneration policy with institution’s environmental risk-related objectives

The remuneration policy promotes - and is consistent with - sound and effective risk management, is in line with the Group’s ESG strategy and does not encourage excessive risk taking that exceeds the level of risk tolerated by the Group.

Performance Criteria (financial and/or not financial), set to measure the performance of Senior Management, are expected to contain KPIs that relate to the implementation of the Group's ESG strategy, reflecting the Group’s emphasis on achieving its climate related objectives, in accordance with the role and responsibility of each Senior Manager in relation to the ESG Strategy. Performance criteria will include incentives set to manage ESG risks related objectives and or limits to ensure that green washing practices are avoided. These are expected to be cascaded down to staff, through the performance appraisal system, in line with the staff’s respective role and responsibilities, so as to continuously enhance the Group's ESG culture, elicit the right behaviors and align individual results with ESG Strategy.

Group wide performance relating to ESG targets will, under normal circumstances, be included in the performance scorecard of any applicable Long-Term and/or Short-Term Incentive Plans, at the time of the design and approval of each Plan. The long-term incentive plan (“2022 LTIP”) that has been approved by the Company’s shareholders, incorporates measurement of performance against an evaluation scorecard consistent with the Group’s Medium-Term Strategic Targets, which include Environmental, Social and Governance (“ESG”) targets. The evaluation scorecards used in the abovementioned scheme includes KPIs on External ESG ratings. External ESG ratings are granted based on an external assessment performed on Environmental, Social and Governance aspects of the Group.

Specifically, the rating granted was based on weighted average score on Environmental Pillar 13%, Social Pillar 54% and Governance Pillar 33%. The Environmental Pillar of the assessment incorporates evaluation lending policies on agriculture, energy use, transport, mining and oil and gas. In addition, it incorporates criteria on ESG risk management and incorporation of ESG risks in counterparties due diligence as well as existence of sustainable product development.

The Social Pillar of the assessment performed by the External agency related to Human capital aspects such as grievance reporting, work life balance, personnel development, trainings and other benefits. In addition, other aspects considered under social Pillar by the rating agency were Data protection, Innovation, Online distribution channels, Complaints management, Charity, Consumer Financial protection. The Governance Pillar was assessed on Board of Directors and board committees’ composition, skills, compensation as well as policies related to anti-money laundering, corruption risks and tax transparency.

17.1.3. Risk Management

17.1.3.1. Timeframes

Due to the longer timeframes associated with C&E risks, the Group has defined the expected materialisation horizons of the different risks identified. The logic of this is explained below:

Time horizon	***Start Year***	***End Year***	***Explanation for why the firm chose that specific time frame***
Short-term (1-3 years)	2023	2026	The Corporate Sustainability Reporting Directive ('CSRD') is expected to be a major disruption and a milestone for climate change activation. As CSRD will first be applied in January 2025 (for FY 2024) for EU listed companies, and every year thereafter up until 2028 to include certain SMEs and large companies (Years 1-3), the Group considers the first three years as its first time horizon. Furthermore, the Group is committed to become carbon neutral by 2030 by reducing Scope 1 and Scope 2 GHG emissions from own operations. The Group has focused its main decarbonisation actions in the short-term up to 2026 in order to lead the decarbonisation efforts, lead by example and also to benefit from any government subsidies that will be announced as part of the Recovery and Resilience Facility ('RRF') of the European Union. As a result, the risk horizon the Group focuses for short term is between 1-3 years.
Medium-term (4-7 years)	2027	2030	As 2030 is the year set by the EU for the goal of 'Fit for 55' (i.e., a 55% reduction of GHG emissions below 1990 levels), the Group has also set 2030 as the medium term risk horizon for the identification of C&E risks and opportunities. Therefore, the time horizon for medium term is between 4-7 years. In addition, the Group is committed to become carbon neutral by 2030 by reducing Scope 1 and Scope 2 GHG emissions by 2030, therefore C&E risks should be identified and managed in a horizon of 4-7 years in order to achieve the target set.
Long-term (8-27 years)	2031	2050	The Group considers a time horizon of over 8 years for chronic physical risks to manifest. Additionally, the Group has set a target to become net zero by 2050, following its commitment to the Paris Agreement, which indicates that Scope 1, Scope 2 and Scope 3 GHG emissions should be reduced by 2050 to zero. For Scope 1 and Scope 2 own operations the reduction target is relevant for all time horizons. However, the climate related risks associated with Financed Scope 3 GHG emissions depend also on the useful life of the assets, which for the majority of the current loan portfolio of the Group this translates to a maturity beyond 8 years. As such a long-term time horizon has been set to 8–27 years to cover both the risks as well as the strategic aspects of climate related risks within the organisation.

17.1.3.2. Definitions and methodologies

BOC PCL has employed the CPRS methodology for its risk identification process. This analysis was also supported through the usage of the UNEPFI Impact Analysis Tool whilst several resources through literature and other reports have also been referred to. Furthermore, BOC PCL will be making use of NGFS scenarios in the development of its stress testing framework that will take place in 2023. More details on these methodologies and the outcome of the analysis are provided in the sections that follow.

17.1.3.3. Processes to identify, measure and monitor activities and exposures

As part of BOC PCL's overall risk management process of climate-related and environmental risks, a risk identification analysis has being carried out for the consideration of the impact of climate change on its financed portfolio for different time buckets. The identified risks will be assessed on an an on-going basis to ensure that these remain up to date given the developments in the business environment and the mitigating actions taken by BOC PCL.

BOC PCL currently considers climate related and environmental risk as a stand-alone risk category, with clear indication as to the impact on traditional risks (i.e. Credit, Liquidity, Market and Operational Risk) through specific transmission channels. This will assist in their proper management and mitigation to the extent possible.

The risk identification process was comprised by the following:

Exposures Identification
To identify the perimeter of the portfolio that is vulnerable to transition risks, BOC PCL employed the Climate Policy Relevant Sectors (CPRS) approach. This approach is a classification of activities whose revenues could be affected positively or negatively in a disorderly low-carbon transition. It allows the assessment of the economic and financial risk when firms are misaligned with the climate and decarbonization targets specified in the Paris Agreement or with other defined policy objectives.

CPRS are identified considering:

- Their direct and indirect contribution to GHG emissions
- Their role in the energy value chain,
- Their relevance for climate policy implementation (i.e., their cost sensitivity to climate policy or regulatory change, e.g., the Carbon Leakage Regulation)
- Business model (input substitutability of fossil fuel)

Risk identification
BOC PCL examined several sources as shown further below in order to identify the risks that can have a financial impact on BOC PCL. The process involved a rigorous analysis of several risks and all of the possible impacts they could have on a number of high transition sectors within the CPRS framework, marking which combination of risks and impacts were relevant to Cyprus, the local market and finally BOC PCL itself. The analysis revealed over a hundred relevant impacts across the 22 physical/transition risks. As part of this process, the materialisation time frame as well as the transmission to traditional risks were also identified.

Key Sources of Risk Identification

Transition risks

- Blackrock's study paper with title 'Development of Tools and Mechanisms for the Integration of ESG Factors into the EU Banking Prudential Framework and into Banks' Business Strategies and Investment Policies'.
- ECB's paper with title 'Climate risk stress test – SSM stress test 2022'.

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Physical risks

- The Intergovernmental Panel on Climate Change (IPCC) paper with title 'AR6 Climate Change 2021: The Physical Science Basis'.
- The Cyprus Government's Ministry of Agriculture, Rural Development and Environment in the Department of Environment report with title 'The Cyprus Climate Change Risk Assessment Evidence Report'.

Other Sources

- UNEPFI Impact Analysis Tool
- The Cyprus Government's Ministry of Agriculture, Rural Development and Environment in the Department of Environment report with title 'Report on The State of the Environment in Cyprus 2020'.

Following the risk identification process as presented above, a qualitative assessment was carried out of all identified relevant impacts. The assessment methodology included the vulnerability assessment of each NACE sector to the 21 identified risks in order to consider the relevance and potential impact to BOC PCL's portfolio. Following this BOC PCL proceeded to the qualitative assessment based on specific criteria.

The tables below provide the Group's four primary risks, which are affected by C&E risks (both transition and physical), and set out the possible impacts and the transmission mechanism. Furthermore, across the previously defined time horizons, climate change may affect, to different degrees, these primary risks (i.e. Credit, Liquidity & Funding, Market and Operational Risk) the Group is exposed to.

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

<table>
<tr><th>Traditional Risks</th><th>Transition Risks</th><th>Transmission Mechanisms</th><th>Examples</th><th>Time Horizon</th></tr>
<tr><td>Credit Risk</td><td>√</td><td>- Impact on repayment ability through:
- Increased operating costs for compliance and/or lower revenues
- Increased capital expenditures to comply with regulatory standards
- Decrease in value of collateral and/or costs to monetize</td><td rowspan="2">- Vulnerability to increasing energy costs / dependence on single energy provider (Market, Policy and Legal)
- Corporate carbon reporting has become increasingly common, and all companies will need to comply (Policy and Legal)
- Substitution of existing aged products and services will impact sectors like real estate especially existing stock (Technology)
- Manufacturing companies will need to find alternatives for packaging which will increase costs (Technology)
- Carbon pricing on carbon intensive materials will increase the cost of the raw components needed for building a new structure such as steel, concrete, plastic, agricultural products, fuels etc. (Market)
- Mandates to reduce polluting waste, encourage cyclical economy and reduce emissions will have an impact to several sectors of the economy (Policy and Legal)</td><td>Short to medium term</td></tr>
<tr><td>Liquidity & Funding Risk</td><td>√</td><td>- Inability to raise funding due to lack of climate change action by the organization
- Depletion of deposits to address increase operational costs or mitigate transition risks</td><td>Short to medium term</td></tr>
<tr><td>Market Risk</td><td>√</td><td>- Impact on the price of marketable debt instruments (bonds) and to Real Estate assets</td><td>- Impact on BOC PCL's valuation if it does not reduce its emissions and/or increase its Green Asset Ratio (Market)
- Impact on debt instruments and collateral values held by BOC PCL in cases these are exposed to C&E risks (Market)</td><td>Medium term</td></tr>
<tr><td>Operational / Reputational Risk</td><td>√</td><td>- Reputational risks due to inability to meet stakeholders' demands or due to financing of environmentally harmful projects
- Litigation risks due to financing of environmentally harmful projects</td><td>- Impact on the company valuations stemming from reputational risks in cases where they do not reduce its emissions (Reputational)
- Reputational impact on companies that fail to introduce greener products (Reputational)
- Litigation action against BOC PCL or its customers where environmentally harmful projects are financed or pursued (Policy and Legal)</td><td>Short to medium term</td></tr>
</table>

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Traditional Risks	Physical Risks	Transmission Mechanisms	Examples	Time Horizon
Credit Risk	√	Impact on repayment ability through: - Increased operating costs due to retrofitting and/or damage/substitution of assets - Increase in insurance costs - Lower revenues due to reduced productivity - Decrease in value of collateral and/or costs to monetize	- Wildfires resulting from extreme temperature spells are highly destructive on property (Acute & Chronic) - Strong storms and extreme rainfall could often result in flooding and costly damage to property and disrupt operations and supply chains if facilities are flooded (Acute) - Sea level rise is expected to reduce the island's coastline by 80% in a hot house scenario. In the absence of adaptation, more intense and frequent extreme sea level events, together with trends in coastal development will increase expected annual flood damages by 2-3 orders of magnitude by 2100 based on projections by IPCC. - Increases in temperature and failure to adapt may bring about overheating in buildings that, in turn, increases health risks to the vulnerable portion of the population and to indoor workers which can also affect productivity. Assets that have not been retrofitted will not be marketable (Acute & Chronic) - Climate change is expected to cause an increase in the frequency, intensity and duration of drought events. Studies generally conclude that these events substantially undermine property prices. (Chronic)	Short to longer term
Liquidity Risk	√	- Depletion of deposits to address increase operational costs or mitigate transition risks		
Market Risk	√	- Impact on the price of marketable debt instruments (bonds) and to Real Estate assets	- Properties located in areas of higher physical risks, such as flood and wildfire risk, will be faced with the probability of decrease in their price. (Acute & Chronic)	
Operational / Reputational Risk	√	- Increased operational costs	- Incurred damages due to acute physical risks on the buildings can disrupt operations as well as increased operational costs for repairing damages (Acute) - Increased operational costs for cooling of buildings (Acute & Chronic) - Potential downtime of IT systems during prolonged acute heatwaves (Acute) - Decreased personnel productivity during prolonged acute heatwaves (Acute & Chronic)	

Credit risk is one of the key risk categories considered to be most impacted by climate change, as seen in the tables above.

UNEPFI Impact Analysis Tool
BOC PCL has employed the UNEP FI's Impact Analysis Tool which provides for a two-step process to understand and manage actual and potential positive and negative impacts of the financing it provides. As per the methodology underpinning the tool (UNEP FI's Holistic Impact Methodology) the impacts are analysed across the spectrum of the three pillars of sustainable development articulated by the SDGs:

- Human needs (the social pillar – people)
- Environmental conditions or constraints (the environmental pillar – planet)

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

- Economic development (the economic pillar – prosperity)

Scope and Portfolio Composition
The tool helps in the selection of the industries that BOC PCL has the biggest exposures to and following that, it maps which of them are particularly affected by sustainability trends. The impacts are then further broken down as to deeply understand which SDGs are the most relevant for the Group.

For the Corporate portfolio, the impact analysis focussed on the fifty most important sub-sectors based on NACE codes for a total of ten sectors, analysing €4,7 billion of exposures out of a total of €10,2 billion gross loan book as at 31 December 2022. In terms of industries, Accommodation, Real Estate, Trade and Construction have the highest share in the Group's portfolio. Sectors that are of less importance in terms of financed exposure but are considered significant due to their impact on the SDGs, e.g., manufacturing, transportation and agriculture, were also analysed. For Consumer banking, the impacts of the most prevailing banking products were examined including credit cards, overdrafts, consumer loans, mortgage loans, student loans and vehicle loans.

Analysis
Corporate Portfolio
As a result of the analysis carried out, the most relevant impact areas of strategic importance were identified:
- Employment, Wages and Social Protection (SDG 1 and SDG 8) - Social
- Health and Safety and Healthcare and Sanitation (SDG 3) - Social
- Healthy economies, Housing and Infrastructure (SDG 8, SDG 9 and SDG 11) - Social
- Climate Stability, Biodiversity and Healthy Ecosystems, Resource efficiency and Waste (SDG 6, SDG 12, SDG 13, SDG 14 and SDG 15) - Environmental

According to the analysis the biggest positive impact is in the following areas:
- Employment, Wages and Social Protection which includes the overall financing in all areas of the economy. According to our Environmental and Social Policy, for all financing to Legal Entities above €100k a written confirmation is needed for proper business conduct, relevant licenses and work permits. In cases where the Legal Entity is categorised as medium or high risk (as per EBRD's E&S Risk Categorisation List) additional safeguards are in place, such as due diligence reports by external experts (i.e. professionals on the assessment of E&S risks). This contributes to the promotion of wellbeing and to decent work for everyone.
- Health and Safety and Healthcare and Sanitation, including financing in the areas of manufacture of medical products that contribute to health and wellbeing, as well as financing in the healthcare sector that facilitates access to the corresponding care.
- Healthy economies, Housing and Infrastructure. This positive impact stems from the fact that BOC PCL typically lends to sector wide small-medium-sized enterprises (SMEs) which are the cornerstones of a functional economy. SMEs account for the majority of companies in Cyprus and are responsible for a large portion of the private sector employment. In addition, Construction and Real estate financing (and indirectly through mortgage loans) can also contribute to the development of quality, reliable, sustainable and resilient infrastructure, to support economic development and human well-being.

Focusing on the negative impacts, the analysis indicates that all the activities of the financed portfolio can potentially affect the entire environmental pillar as expressed through the three distinct impact areas of:
- Circularity
- Biodiversity & healthy ecosystems, and
- Climate stability

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Activities from the most prevailing financed sectors such as Construction and Real Estate are negatively associated with:

- Biodiversity
- Resource Intensity
- Waste, and
- Climate Stability

This is mainly due to the fact that these sectors are associated with the use of natural resources, produce waste during the construction/operation phase, affect the climate through the GHG emissions of the properties and in addition, the land/area they are built on may have adverse effects on the local ecosystems.

Similarly, the manufacturing and the transportation sectors are mainly associated with the consumption of fossil fuels and production of GHG emissions (through energy usage and mobility). Agriculture is a sector where it takes up a lot of land whereas livestock production causes the emission of fairly large amounts of CO^2. The accommodation sector, which is of the largest sectors in of the Group's loan portfolio, it is not considered a key sector by the UNEP FI tool. However, it is negatively associated with waste, pollution, and the cause of strain on land and local ecosystems.

Examining the potential negative impacts of the portfolio on the Social Pillar, these are mainly located in the areas of Health and Safety, Wages and Social Protection.

It's important for the BOC PCL to interpret these results and engineer ways as to help the customers to achieve a mix of efficient use of natural resources and the protection of biodiversity through the development of sustainable management. This will help alleviate the stress on the environment and in addition reduce the impact of any potential transition risks.

Consumer Banking - Households
The analysis indicated that all consumer banking products have a significant impact on Finance (SDG 8 and SDG 9), which relate to the provision of affordable credit for to all the consumers as to cover their everyday needs. Mortgage loans are positively associated with Housing (SDG 11) and negatively associated with Climate Stability and Resource Intensity mainly due to the consumption of energy (CO^2 emissions). Similarly, vehicle loans are adversely related to Climate stability and Resource intensity due to their CO^2 emissions. Student loans help to promote education across the population and is thus positively associated the Education (SDG 4).

Next Steps
The Group is constantly monitoring results and working on policies as to target specific industries and sectors that will help it increase its positive impact (e.g., lending to renewable energy projects).

Impact on real estate
The below table presents the identified risks and possible impacts for the Retail Real Estate and Commercial Real Estate as BOC PCL has a high concentration within these sectors. For these sectors transition risks are expected to materialize through the need of more energy efficient and net-zero buildings which could translate into credit risk by affecting the repayment ability of the creditors due to increased unexpected costs or by decreasing the value of the asset. Physical risks need to be examined on an asset-by-asset basis as well as their location.

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Risk	Driver	Impact	Timeframe	Assessment
Change in Temperature - Change in average temperature	Chronic	Anticipated higher temperatures and lower average rainfall are expected to increase the number of 'very high' and 'extreme' Forest Fire Danger Index days. Land and buildings located near areas deemed high risk may see a decrease in demand resulting in reduced land prices.	Long-term	**Medium**
Change in Temperature - Change in average temperature	Chronic	Lack of attention to extreme heat events may bring about overheating in buildings that, in turn, increases health risks to the vulnerable portion of the population such as the elderly, the sick and physically challenged, and the very young. High temperatures can be ameliorated by air conditioning, although causing increased energy consumption and therefore in most instances, CO^2 emissions. Real estate companies and Hotels may face increased capital expenditure costs to retrofit air conditioning systems to existing buildings or additional costs in including the systems in new builds as well as additional operating expenditure to run the units. This may have an adverse impact on property valuations.	Long-term	**Low**
Change in Temperature - Extreme temperature spells	Acute	In instances where it is projected that significant increases in degradation rate are to arise, adaptations to the building fabric may be required. For existing buildings, adaptation is a means to further protect the existing building fabric, to enhance performance and control the rate of degradation.	Short-term	**Medium**
Changing customer behaviour	Market	Climate change and sustainability is becoming a important factor for many consumers and investors. Stakeholders are increasingly pressuring companies to reduce their carbon footprints. Companies that fail to adopt and respond to these changing attitudes and behaviour, they could see themselves losing customers and becoming stigmatized.	Medium-term	**Medium**
Changing customer behaviour	Market	Climate change is expecting to negatively impact housing prices and demand in regions/areas that are more exposed to physical climate risks. Sea level rise, more intense storms, higher risk of forest fires, lower water quality, and increase frequency of drought events can shift home owners and investors away from traditionally desirable locations. Furthermore climate change and sustainability is becoming a important factor for many consumers and investors. Houses will be expected to be green or energy efficient and have less dependency on traditional energy and other utility sources. These impacts could decrease valuation for properties as well as decrease in rent.	Medium-term	**Medium**
Extreme weather - Droughts - Increased intensity, frequency and/or duration of droughts	Acute	Drought events would increase the risk of fires and reduces the ability of safety teams to battle these fires due to the lack of water. Sectors with immovable assets could be facing more damages due to fire events and increasing cost to repair these damages.	Short-term	**Medium**

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Risk	Driver	Impact	Timeframe	Assessment
Shifts in consumer preferences	Reputation	Energy efficient buildings achieve higher asset values through securing higher rents, lower lease-up costs, higher occupancy levels, lower operating costs and improved indoor air quality. Buildings that do not take into account these additional preferences could face a reduction in demand and the valuation of such property could decrease.	Medium-term	**Medium**

Climate risk assessment at loan origination
Within the context of its underwriting processes BOC PCL is currently in the process of incorporating the assessment of ESG matters, amending the relevant policies and procedures in such a way that potential impact from ESG is reflected in the fundamental elements of the creditworthiness assessment i.e., in repayment capacity and collateral assessment.

In doing so, BOC PCL is taking the necessary steps to develop an approach which will allow this impact to be assessed, depending on the case, both within the base-case assessment and within stress scenarios as applicable. The rationale of elaborating on such an approach is that certain risks might be already affecting the fundamental parameters and are not dependent on realization of a scenario, whereas other risks are scenario dependent, and their impact would materialize only in case of the scenario being realized.

The exercise includes the design of ESG questionnaires per sector which will then be leveraged for deriving an ESG classification. The amendment in procedures will also account for the decision-making process in the form of potential alteration of pricing, setting of specific covenants and monitoring requirements, etc.

Stress testing framework
Scenario analysis and climate risk stress testing are methods which help in evaluating and managing the possible effects climate related and environmental risks can have to BOC PCL's business strategy and capital planning decisions.

BOC PCL is in the process of enhancing it Risk Quantification capabilities to enable the quantification of ESG risks both in terms of an Economic perspective and Normative perspective. In doing so, BOC PCL will focus / take into consideration the below:
- Incorporation of ESG into its risk parameters (PD, LGD, etc.).
- Development of methodology to quantify the ESG risks on the basis of risk parameters.
- Development of methodology to quantify the impact from specific scenarios, by considering whether the said scenario would directly affect risk parameters, or the impact would be propagated via macro-economic factors.

Following the above BOC PCL aims to be in a position to assess its capital adequacy in relation to the level of risks it is or might be exposed to, under both normal and stress conditions from both the normative and economic perspectives.

17.1.3.3. Processes to identify, measure and monitor activities and exposures (continued)

Climate change risk will be considered in the assessment's risk identification process. Where relevant, outcomes from climate scenario analyses and stress tests will be reflected in the assessment documentation. With the aim to integrate climate risk into the existing risk taxonomy and risk registry of the Bank and inform the various business processes, the Bank will assess the potential need to capitalize climate risk, considering regulatory and supervisory expectations.

BOC PCL will also be carrying out sensitivity analysis on vulnerable areas of the portfolio. Such analysis is expected to be carried out on a top-down basis.

17.1.3.4. Mitigation measures

Changing regulatory and legal requirements, increased stakeholder concern, shifts in consumer preferences, and the mandates on and regulation of existing products and services are just a few ways that the Bank can be exposed to climate risk. The Bank periodically reviews the risks it faces and considers how they may affect its clients and its operations.

The table below provides an overview of the actions to mitigate climate risk the Bank intends to take or is already taking. These actions relate to the previously identified climate related and environmental risks that affect the primary risk types.

Risk Type	Controls/ Mitigations Used
Credit	***Transition Risks*** Going forward, the Bank intends to perform detailed analyses ("deep dives") for specific Corporate clients to which it maintains large exposures, in order to carry out strategic initiatives with respect to the following: -Determination of financing terms for Corporate clients with different levels of transition risk -Financing of Corporate clients' "green" transition -Collection of additional information on Corporate clients' environmental performance (e.g. GHG emissions data). ***Physical Risk Assessment*** In the context of further future actions, the Bank intends to perform detailed analyses ("deep dives") regarding its exposure to specific areas with high physical risk vulnerabilities. This will be facilitated through the acquisition of detailed geolocation data. Detailed geolocation data will allow to consider the physical risk of collaterals during loan origination procedures, to appropriately adjust the underlying financing
Liquidity & Funding	The 2022 ILAAP scenario considers increased outflows on climate sensitive areas of the Banks portfolio.
Market	The Bank will consider ESG rating of bonds purchased.
Operational	The Bank through its current policies and procedures within its BAU and Business Continuity is already addressing these risks. Furthermore, it plans to capture these risks and mitigating actions through its 3rd party assessment procedures.

17.1.3.5. Tools for identification, measurement and management of environmental risks

The Bank is currently developing a stress test framework for climate risks as indicated above. It will also be carrying out sensitivity analysis on selected vulnerable areas of the portfolio.

17.1.3.6. Results and outcome of the risk tools implemented

BOC PCL has not assessed the impact of climate risks in its ICAAP given that it is still developing the necessary stress testing framework. In terms of the 2022 ILAAP, the Bank has incorporated in its stress testing the impact of transition risk on the deposit outflows. This risk is considered under the Market Wide (lasting for 6 months) and the Combined Stress (lasting for 12 months) scenarios. More specifically, the sectors expected to be most vulnerable to transition risks have been identified (as per the risk identification analysis) and the corresponding deposits have been assigned higher outflow rates to reflect the increased risk. It is assumed that the deposits will be deployed to mitigate transition risks.

17.1.3.7. Data availability, quality and accuracy, and effors to improve aspects

The Bank efforts on data collection are currently focussed on the following:

- GHG emissions
- Electricity consumption and energy mix
- Water consumption
- Energy Performance Certificates (EPC) of collateral.

Emissions, electricity and water consumption will be collected as part of the credit underwriting process through the structured questionnaire that will be employed. Information requested will relate to whether customer currently measure GHG emissions (all scopes), the frequency of measurement, usage of proxies and any reporting they are carrying out.

The Bank however does acknowledge that a significant part of its customer base are SMEs and are unlikely to have measured emissions at this point in time. To that end, the Bank has joined PCAF that would allow for the calculation and usage of proxies to facilitate the reporting of Financed Scope 3 GHG emissions. Following PCAF methodology the Bank disaggregated the loan portfolio to PCAF asset classes and identified the data gaps and data needs. Additionally, the Bank identified other ESG related areas where data gaps exist.

Field	Workstream	Course of Actions	Comments
EPC related info (e.g. EPC Label, Emissions, Energy Consumption)	PCAF (Asset Class), Credit Underwriting (Scorecard), Valuations	These data fields have been created and established in the loan origination process and will be gathered for new lending. Also waiting for ministry to give access to database for existing properties.	Needed for Mortgaged Properties and Commercial Real Estate
Construction Vs Acquisition	PCAF (Asset Class)	Expected to be gathered through annual review process. Field will be created and be completed during the loan origination.	
Asset value at origination	PCAF (Asset Class)	Data is available for properties and Motor vehicles. We are in the process to provide logic to IT to bring the relevant data in the Bank's database.	
Annual km Travelled	PCAF (Asset Class)	In 2023 the approach to improve the quality of data is to use the distance travelled based on local or regional statistical data.	
Square meters (m^2)	PCAF (Asset Class)	Data is already available on the building permit document that the bankers collect. Field will be created to collect the data.	
Scope 1, 2, 3 Emissions	PCAF (Asset Class)	The actual emissions of the corporate customers is expected to be gathered when the ESG questionnaire and ESG scorecard are incorporated in the loan origination process. In addition, when the government scheme is announced for corporates, the emissions data will be required and stored at a Company level.	
Physical Risks	Credit Underwriting (Scorecard), Valuations	In the process of implementing the scorecard and the creation of the fields in our data warehouse.	
Scorecard related fields (i.e Electricity consumption, water consumption, waste in tonnes, recyclable % of waste)	Credit Underwriting (Scorecard)	In the process of implementing the scorecard and the creation of the fields in our data warehouse.	

17.1.3.8. Description of limits to environmental risks

The Bank has yet to establish specific limits at the point of loan origination. The setting of Science Based Targets as described under the Strategy section will form the basis for such limit setting. As also indicated in the same section the Bank earmarked exposures identified as vulnerable to transition risk as appropriate to receive transition finance. Furthermore, the Bank does have in place certain restrictions in lending as provided by the Environmental and Social Policy which is described below.

Environmental and Social Policy

The Bank has in place an Environmental and Social Policy in relation to its lending activities. The Policy is in place since 2015 and is based on the Bank's commitment to applying certain environmental and social (E&S) procedures derived from the policies and guidelines of the European Bank for Reconstruction and Development (EBRD). The policy which is revised annually and is subject to ExCo and RC approval, applies to:

- All new lending secured by mortgage on immovable property, irrespective of type, amount, or customer activity
- Granting of funded facilities to legal entities (excluding credit cards)

Under this commitment the Bank applies a set of measures as described below:

New Lending to physical and legal persons, secured by mortgaged property

The Bank verifies acceptable levels of E&S risk as indicated in the relevant section of the Valuation report of the mortgaged property.

New lending to legal entities

The Bank verifies acceptable levels of E&S risks by:

- Screening out customers who are carrying out activities that appear on EBRD's «Exclusion and Referral Sectors» list. The said list excludes, among other:
    - Activities involving thermal coal mining or coal-fired electricity generation capacity
    - Upstream oil exploration
    - Upstream oil development projects - except in exceptional circumstances where the proceeds of the project exclusively target the reduction of Greenhouse Gas-GHG emissions or flaring from existing producing fields
- Making an initial assessment for the E&S risk in order to be classified as Low, Medium, or High depending on:
    - The customer's business activity
    - The amount and term of the facility
    - The type of the collateral

For customers assessed as Low Risk, the Bank obtains written customer confirmation for proper business conduct, relevant licenses and work permits.

For customers assessed as Medium or High, the Bank:

- Obtains written customer confirmation for proper business conduct, relevant licenses and work permits.
- Requests an E&S Due Diligence Report (E&S Study) by external experts for new lending greater than €100 thousand and with duration longer than 6 months. The Due Diligence Report assess social performance as follows:
    - Safety & Health at Work as required by the law
    - Legal entities should indicate whether there were any accidents, complaints or fines imposed by Competent Services on H & S matters and/or on labour issues.
    - Legal entities should declare that it does not employ minors or illegal workers
    - Legal entities should declare that they implement measures for protecting workers from any discrimination and prejudice at the workplace

Any negative findings in the report should be either be resolved before application submission or reported to the approving authority to assess the risk before approving / granting the credit facility.

17.2. Social Risk

17.2.1. Business strategy and processes

17.2.1.1. Business strategy to integrate social factors and risks

The Group identifies and examines the main societal needs that should be integrated in its annual Corporate and Social Responsibility (CSR) strategy and CSR budget. The Social needs and risks identified, constitute the CSR Pillars in which all the Group's actions and partnerships fall under. The main pillars of CSR strategy for 2022 are Health, Education and Environment. The CSR Strategy is driven by the ESG strategy of the Group. The Group, in it's ESG Strategy, has identified the Sustainable development goals that is focusing as it can have an impact based on its business environment and business strategy on social risks and needs:

- Good Health and Well-Being
- Quality Education
- Gender Equality
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Sustainable Cities and Communities

17.2.1.2. Objectives, targets and limits

The Group's objectives and targets under each Sustainable development goal relating to social needs and risks and their linkage with UN Global Compact is summarised in the table below:

SDG #	SDG goal	SDG Description	SDG Target	KPIs	UN Global Compact
3	**Good Health and Well-Being**	Ensure healthy lives and promote well-being for all at all ages.	Reduce the number of deaths and injuries from road traffic accidents	Hours of Training Provided in relation to Health and Safety provided to BOC employees	The Actions performed by the Group under SDG 1 support and respect the protection of internationally proclaimed human rights through provision of access to health or support relevant health organizations. Therefore, there is a direct linkage with UN Global Compact – Principle 1.
				Number of events organised on Road Safety with total number of participants	
			Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Number of patients were benefited following BOC actions (Bank of Cyprus Oncology Centre, Cyprus Anticancer Society, En Ergo programme for paraplegics and quadriplegics	
4	**Quality Education**	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Ensuring equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	Number of employees have attended on trainings per level, gender, department and training subject. Total hours of training per level, gender	The Actions performed by the Group under SDG 4 support equal opportunities to boys and girls to be educated and to have a more broader and more skilled pool of workers in the future. Therefore, there is a direct linkage with UN Global Compact – Principle 1.
			Increasing substantially the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent	Total Amount in € of new lending in education sector	

SDG #	SDG goal	SDG Description	SDG Target	KPIs	UN Global Compact
			jobs and entrepreneurship.		
			Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Total Amount in € of scholarships granted per gender Restructuring of BOC Cultural foundation in order to provide access to persons with disabilities.	
			By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	Number of individuals that had participated in trainings provide through the BOC PCL CSR Actions in pillar Education divided per subject per gender (e.g. technology, environmental training, sports, etc)	
5	**Gender Equality**	Achieve gender equality and empower all women and girls	End all forms of discrimination against all women and girls everywhere	No. of promotions per gender, per annum	The actions performed by the Group under SDG 5 is linked with UN Global Compact Principle 6. The actions keep up to date records and monitoring of recruitment, promotions, and trainings in a transparent basis.
			Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	% of women participation in the Board of Directors and Senior Management Personnel Total hours of training per level, gender, department and training subject (same KPI in SDG 4)	

SDG #	SDG goal	SDG Description	SDG Target	KPIs	UN Global Compact
8	**Decent Work and Economic Growth**	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Devising and implementation of policies to promote sustainable tourism that creates jobs and promotes local culture and products.	% of transactions carried out through digital networks & other electronic solutions (i.e. 1Bank)	The Actions performed by the Group under SDG 8 are aligned with Principle 6 of the UN Global Compact as those promote equal access to opportunities for occupation by creating new positions in the market and expanding the online services for access in rural areas. In addition, the actions contribute to Principle 1 as protects the economic livelihood of local communities.
			Strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	Total hours of training per level, gender, department and training subject (same KPI in SDG 4)	
			Well at work programme includes webinars, team building events, family events and other activities with the sole purpose to enhance physical, mental, financial and social health of the employees.	Offer our staff a refreshed program with a variety of new webinar topics and new Team building activities which was based on employee demand/suggestions we received from on-going communication with staff, evaluation forms after each webinar/activity as well as a Survey we run in 2021.	

SDG #	SDG goal	SDG Description	SDG Target	KPIs	UN Global Compact
9	**Industry, Innovation and Infrastructure**	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Development of quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	% of transactions carried out through digital networks & other electronic solutions (i.e. 1Bank) (same KPI in SDG 8).	The Actions performed by the Group under SDG 9 are aligned with Principle 6 of the UN Global Compact as those promote equal access to opportunities for occupation by creating new positions in the market and expanding the online services for access in rural areas. In addition, the actions contribute to Principle 1 as protects the economic livelihood of local communities.
11	**Sustainable Cities and Communities**	Make cities and human settlements inclusive, safe, resilient and sustainable.	Ensuring access for all to adequate, safe and affordable housing and basic services.	% of small-scale/SME loan portfolio to total loan portfolio (YoY change)	The actions under SDG 11 contribute to Principle 1 of UN Global Compact as enhance and protect the livelihood of local communities and rural areas.
			Strengthening efforts to protect and safeguard the world's cultural and natural heritage.	Total number of CSR Activities/Actions aiming to improve the resource's use and the reduction of pollution and poverty, safeguard the world's cultural and natural heritage.	
			Supporting positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning.	Total amount in € donated to charities and local authorities to support vulnerable groups resulting from national and natural disasters, and to prevent them.	

BOC PCL is also committed to greater or equal to 30% women in Group's management bodies (defined as the Executive Committee (ExCo) and the Extended ExCo) by 2030. The Board composition of the Company and the Bank is diverse, with 40% of the Board members being female as at 31 December 2022. The Board displays a strong skill set stemming from broad international experience. Moreover, the Bank aspires to achieve a representation of at least 30% women in Group's management bodies (Defined as the ExCo and the Extended ExCo) by 2030. As at 31 December 2022, there is a 27% representation of women in Group's management bodies and a 39% representation of women at key positions below the Extended ExCo level (defined as positions between Assistant Manager and Manager).

17.2.1.3. Engagement with counterparties

Social risk assessment at loan origination
As indicated under the environmental risks section the Bank is in the process of incorporating ESG factors within the context of its underwriting processes. Information that is expected to be collected from counterparties will include, among other:

- Availability of CSR strategy and material issues identified.
- Compliance and monitoring of United Nations Guiding Principles on Business and Human rights.
- Whether human rights due diligence is performed.
- Whether a complaint mechanism existing.
- Representation of women within the Board of Directors

It is noted that very few companies in Cyprus will be obliged to issue such a CSR. Specifically, currently EU Non-Financial Reporting Directive applies to large public interest entities with an average number of employees more than 500. Therefore, in Cyprus very limited number of entities meet those criteria and design and implement CSR strategies. The EU Corporate Sustainability Reporting Directive (CSRD) will apply for small and medium sized entities for financial years starting 1 January 2026. Therefore, from 2027 onwards better data availability and quality is expected to be embedded in the loan origination process.

Environmental and Social Policy
Similarly, as described under the environmental risks section an Environmental and Social Policy is in place in relation to its lending activities which requires to ensure acceptable of E&S risks. Examples of activities that are excluded through the policy relevant to social risks are:

- Activities involving child or forced labour, or violations of human rights
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
- Forced evictions

Sourcing and Procurement & Vendor Management Policy
Under the Sourcing and Procurement & Vendor Management Policy the Bank established specific ESG criteria that the vendors or suppliers must adhere to. Specifically, suppliers must adhere all the principles regarding Labour, Human rights, ethics, working conditions and Health & Safety matters.

Labour / Human Rights / Ethics

- Suppliers must respect internationally recognized human rights in all areas of operation.
- Suppliers should take actions to remedy adverse human rights impact.
- Suppliers must ensure that child and underage labour is not used, in accordance with the ILO Minimum Age Convention.
- Suppliers should not engage forced labour, slave labour, or any other non-voluntary labour and should treat all employees with respect and dignity, in accordance with the ILO Forced Labour Convention (No 29) and the Abolition of Forced Labour Convention (No 105).
- Supplier standards should cover the prohibition of discrimination regarding grounds of discrimination (e.g., age, gender, and ethnic origin) and aspects of employment (e.g., recruitment, promotion, and remuneration).

17.2.1.3 Engagement with counterparties (continued)

Working Conditions

- Suppliers should provide all employees with at least the minimum wage according to the national legislation.
- Suppliers must ensure that wages meet legally mandated minimums and industry standards, without unauthorized deductions.
- Suppliers must respect the right to freedom of association and collective bargaining of their employees.
- Suppliers must ensure that working hours are in accordance with the national legislation.
- Suppliers should ensure that employees under the age of eighteen will not be engaged in hazardous or heavy work.

Health & Safety

Suppliers should comply with Health and Safety requirements, providing a healthy and safe working environment to their employees, adhering to all relevant Health & Safety laws and regulations.

17.2.2. Governance

17.2.2.1. Responsibilities of the management body for setting the risk framework

The Sustainability Committee as described under the environmental risks section has the oversight of the totality of the ESG agenda of the Group. The same governance arrangements remain in relation to the interaction with the BoD as well.

17.2.2.2. Integration of measures to manage social factors and risks in internal governance arrangements

The Group has dedicated resources for the handling of ESG issues. Although current efforts are concentrated on the management of Climate-related and Environmental risks, the organisational set-up will be considering the social and governance risks that emanate from the Bank's operations going forward. Beyond the governance arrangements described above, ESG accountabilities have been set across various divisions of the Group.

Investor Relations and ESG Department ('IR&ESG')
The Group's IR&ESG department is developing and implementing the ESG and climate Strategy. The IR&ESG main responsibilities are to:

- compile the ESG working plan and monitor its progress;
- develop the action plan for the implementation of the ESG and climate strategy;
- establish the ESG and climate targets and KPIs and monitor their progress;
- prepare ESG and climate-related reporting;
- coordinate the activities and deadlines of the ESG Working group;
- review in cooperation with RMD the activities completed by the ESG Working group; and
- report to the SC in frequent intervals and Board Committees in line with the Terms of Reference.

17.2.2.2 Integration of measures to manage social factors and risks in internal governance arrangements (continued)

Risk Management Division:
The RMD is responsible for the identification, quantification and monitoring of ESG risks, including C&E risks, for own operations and clients. The main responsibilities are to:
- incorporate ESG risks, including C&E risks, in the Risk Management Framework, policies and procedures;
- incorporate ESG and climate criteria in the loan origination process;
- review in cooperation with IR&ESG the activities completed by the ESG Working group;
- comply with ECB guide on C&E risks;
- establish the ESG and climate targets and KPIs in cooperation with IR&ESG; and
- establish the C&E Key Risk Indicators (KRIs) through the ESG and climate targets and KPIs set.

Furthermore, an ESG working group is in place which draws resources from across the Group for any projects that require greater participation.

17.2.2.3. Lines of reporting

The Bank does not currently have in place internal reports on social risks beyond the Corporate and Social Responsibility report. Additional reports will be prepared going forward.

17.2.2.4. Alignment of the remuneration policy with institution's social risk-related objectives

For the alignment of the remuneration policy with the Group's social risk refer to 17.1.2.4 Alignment of the remuneration policy with institution's environmental risk-related objectives under 17.1 Environmental Risk section.

17.2.3. Risk Management

17.2.3.1. Tools, identification, measurement, monitoring and mitigation of social risks

The UNEPFI's Impact Analysis Tool has been employed to obtain insights on both the potential positive and negative impacts of the Bank's portfolio. The outcome of this analysis is presented under the environmental risks section. Additional work is expected to be carried out going forward aiming to identify social risks faced by the Bank through its counterparties, the relevant transmission mechanisms to traditional risks and the implementation of limits where deemed.

The Bank is also in the process of incorporating ESG factors within the context of its underwriting processes amending its policies and procedures in such a way that potential impact from ESG is reflected in the fundamental elements of the creditworthiness assessment i.e., in repayment capacity and collateral assessment. In addition, the Bank's Lending Policy, as part of determining the creditworthiness of legal entities, requires that the borrower's exposure to ESG factors is assessed. This is a general guideline rather than a prescriptive process. Furthermore, the E&S policy allows the Bank to monitor new lending for socials issues as indicated below:

- Safety & Health at Work as required by the law
- Legal entities should indicate whether there were any accidents, complaints or fines imposed by Competent Services on H & S matters and/or on labour issues.
- Legal entities should declare that it does not employ minors or illegal workers
- Legal entities should declare that they implement measures for protecting workers from any discrimination and prejudice at the workplace

CSR actions in 2022:
Health pillar main actions:

- More than 55,000 patients have been treated at the Bank of Cyprus Oncology Centre since its establishment by BOC PCL and the Cyprus Government in 1998, while the Group continued offering extensive support, financial and otherwise, towards the Centre. The cumulative contribution of the Group to the Bank of Cyprus Oncology Centre is approximately €70 million.
- The Group coordinated for one more year the 'Fight against Cancer' campaign with the Cyprus Anticancer Society, customised to meet pandemic related social distancing and other rules. The campaign resulted in fund raising of €446,000, recording an increase of around 36.0% relating to the past year.
- In 2022, the Group repeated its provision of financial and other medical support to families in need through key NGOs, based on the Donations, Sponsorships and Partnerships Policy, and within the SupportCY network. Additionally, the Group partners work with, and support several Patient Associations.

17.2.3.1. Tools, identification, measurement, monitoring and mitigation of social risks (continued)

Education pillar main actions:

- The Bank of Cyprus Cultural Foundation ('the Foundation') is a non-profit organisation established in 1984, protecting cultural heritage and supporting youth, curating two museums and five rare collections. The main strategic objectives of the Foundation are the promotion of research, the study of Cypriot culture in the fields of archaeology, history, art and literature, the preservation and dissemination of the cultural and natural heritage of Cyprus, with particular emphasis on the international promotion of the long-standing Greek culture on the island, the shift to research and development of cultural sustainability through European grants and the upgrading and promotion of the educational role of the Foundation. In addition, the Foundation is developing and upgrading the institution's social role for vulnerable/disadvantaged groups, aiming at permanent changes/adaptations in its museums and actions that promote and facilitate the participation of all vulnerable/disadvantaged groups in culture. The Foundation has more than 250 Cyprological editions, has organised and participated in more than 60 exhibitions in Cyprus and abroad, 100 conferences and more than 10,000 children have participated in its educational programmes since establishment.
- In 2022 IDEA was recognised as a valuable partner by the State through the signing of a Memorandum of Understanding with the Ministry of Research, Innovation & Digital Policy, thus materialising its strategic pillar for Public-Private Sector cooperation. The Memorandum included a grant of €100,000 for two IDEA start-ups, as well as joint activities to strengthen youth innovative entrepreneurship. IDEA's cornerstone is its Startup Programme, a comprehensive business creation training program, which hosts start-ups for a period of nine months. Through its extensive panel of more than 80 high-profile mentors and trainers working mostly pro-bono, start-ups work closely with industry experts to receive feedback, mentoring, consultation and professional services. In 2022 IDEA has brought to life innovative businesses relating to healthtec, greentec and tourism sectors, through its current five start-ups.
- In 2022, the Group repeated the partnerships with various organisations to boost efforts around education, innovation and ingenuity. Additionally, the Group awards excellence and creativity among students, but also recognises students who stand out in international and local competitions, through awards and prizes. The Group also awarded talented youth in sports, through sport associations and academies.

Environmental pillar main actions:

- The 'Melissa Zoi' Centre, a bee artificial insemination project for biodiversity, was inaugurated in June 2022, by BOC PCL and the Rotary Clubs of Cyprus. The initiative aims to revitalise the environment and restore economic activity to areas where honey is produced, and which were devastated by wildfires. The 2021 wildfires affected about 75% of beehives so the project aims to revive the destroyed ecosystem, revitalising the affected honey-producing communities. The goal is to provide the necessary support to nature and to the communities that suffer environmentally, financially and professionally. The Centre's operation will benefit nine communities and 38 small and medium-sized honey-making businesses.
- 'Seaμμαχία', a joint Sea Venture, is a project funded by BOC PCL and includes the study and installation of a pilot system for monitoring the quality of sea water in the area of the Ayia Napa Marina in Cyprus. The purpose is to monitor and record important water quality parameters in real time. The main goal of the project is the provision of early detection of pollution indices, which in turn will provide warnings for necessary corrective actions to ensure environmental protection, not only for the Ayia Napa area, but also other coasts of Cyprus thus creating a national sea water quality control system. The pilot program will be implemented by the EMERGE research group of the Cyprus University of Technology in collaboration with CYMEPA and the Ayia Napa Marina.

17.2.3.1. Tools, identification, measurement, monitoring and mitigation of social risks (continued)

- BOC PCL and SupportCY businesses and organizations joined forces and supported the Forest Department in the prevention and protection of Cypriot forests. Prevention measures and actions related to public awareness on the protection of forests, as well as fire protection programmes in the forests of Cyprus, were launched in the summer of 2022. Based on official statistical surveys, prevention is the most important factor in the protection of forests. A series of forest patrols has been programmed by the SupportCY Volunteers Corps and the Crises and Disasters Centre. Concurrently, educational and informative actions have been planned in shopping centres and rural municipalities with the collaboration of the Forest Department.
- 'Rescue 3 Europe' has certified five members of BOC PCL's SupportCY Volunteers Corps as 'Swiftwater' and 'Flood First Responders' after undergoing intense training in Greece. The certified members will be mobilized to support and deal with the event of flood.
- SupportCY's members, partnered organisations and state agencies planted 180 trees at Lourka Forest in Geri in 2022. The tree planting locations are designated by the Department of Forests, partnered up with BOC PCL and SupportCY for tree planting activities.

17.3. Governance Risk

17.3.1. Governance

The Sustainability Committee as described under the environmental risks section has the oversight of the totality of the ESG agenda of the Group. The same governance arrangements remain in relation to the interaction with the BoD as well.

It is noted that very few companies in Cyprus will be obliged to issue a Corporate and Social Responsibility (CSR) report. Specifically, currently EU Non-Financial Reporting Directive applies to large public interest entities with an average number of employees more than 500. Therefore, in Cyprus very limited number of entities meet those criteria and design and implement CSR strategies.

Nevertheless, BOC PCL expects to collect information on counterparty governance matters through the process of incorporating ESG factors in the underwriting processes. In terms of governance issues, questions on board and executive committees will be included (composition and meetings), the publication of board committee members in its public disclosures and the interaction of the internal audit function with the audit committee. In case any type of sustainability reporting is produced, this it will be collected as part of this process. Currently, the Vendor management and procurement policy currently considers the governance of counterparties, e.g., suppliers.

Additionally, the Group strengthens its governance framework with a number of policies i.e. the Conflicts of Interest Policy, the Antibribery and Corruption Policy, the Whistleblowing Policy.

17.3.2. Risk Management

BOC PCL is also in the process of incorporating ESG factors within the context of its underwriting processes amending its policies and procedures in such a way that potential impact from ESG is reflected in the fundamental elements of the creditworthiness assessment i.e., in repayment capacity and collateral assessment. Through this process, counterparty governance information will be collected.

In addition, BOC PCL's Lending Policy as part of determining the creditworthiness of legal entities requires that the following are assessed:

- Qualitative elements, such as the customer's corporate governance (for example delegation of authority checks and balances, accountability, strategy formulation, managerial skills, succession, commitment of shareholders, pricing power of the company in the marked etc.) including dividend policy, compliance with audit requirements for financial accounts and compliance with tax obligations.
- The borrower's exposure to ESG factors. This is a general guideline rather than a prescriptive process.

18. Remuneration Policy and Practices

The Group Remuneration Policy captures provisions from the CSE Code, the UK Code in line with the Bank's decision to comply with the UK Code 2018 as of 26 November 2018, MiFID II, and relevant Directives and Guidance of the EU, the ECB and the CBC. The Group Remuneration Policy aims to align the remuneration of directors, Executive Management, officers and staff with the business strategy, objectives and long-term interests of the Group. It is consistent with the effective management of risks and does not encourage excessive risk-taking.

18.1. Board Human Resources and Remuneration Committee (HRRC)

18.1.1. The Role of the HRRC

The HRRC is responsible for the development and periodic review of the Group Remuneration Policy which is presented to the BoD for approval. In addition, the BoD, through the HRRC, is ultimately responsible for monitoring the implementation of the Group Remuneration Policy.

The role of the HRRC is:

- To oversee that the Group is equipped with the human capital at the right size and with the right skill mix necessary for the achievement of its strategic goals, whose reward will be based on personal performance and Group results.
- To oversee that the Group is equipped with the organisational capital to be able to effect continuous improvement and elicit the right behaviour which would lead to the desired outcome.
- To oversee that the Group is equipped with the information capital and the technology necessary to facilitate process improvements that will create a comparative advantage in the market and sustainability for the future.
- To review, agree and recommend to the Board the overarching principles and parameters of compensation and benefits policies across the Group and exercise oversight for such issues.
- To review the remuneration arrangements of the executive Directors of the Group, senior management and the Group Remuneration Policy bearing in mind the EBA Guidelines on remuneration policies and practices, the CBC Governance Directive, the UK Code, the CSE Code and any other applicable or regulatory requirements.

The HRRC, through a formal and transparent process, considers, agrees, recommends to the Board and keeps under review an overall remuneration policy for the Group (the "Group Remuneration Policy") on an annual basis which:

- applies to all executive directors, senior management and other staff across the Group;
- aligns remuneration with job value, individual performance and potential;
- takes into account market conditions;
- is aligned with the Group's long-term business strategy and objectives, its values and its long-term interests;
- is in line with the regulatory framework;
- is aligned with the Group's capital and liquidity availability, the interests of its shareholders, does not encourage excessive risk taking and ensures an appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration;
- reviews and approves the remuneration packages of executive members of Group BoD vis-à-vis their performance;
- reviews remuneration packages of senior management and other key personnel whose total annual fixed remuneration exceeds €120 thousand (increased to €500 thousand from 2023 onwards) as follows:
  - **All Divisional Directors that report directly to the CEO or Deputy CEO & Chief of Business or an Executive Director (ExCo), General Managers of major subsidiaries (EuroLife, GIC) and other employees whose total annual remuneration exceeds €120 thousand:** Within the Group Remuneration Policy and the recommended level and structure of remuneration for senior management, the HRRC reviews and recommends to the Board for approval their remuneration packages, (including salary, pension policy or any additional provident fund, contributions, option plans and other types of compensation), as recommended by the CEO.

18.1.1. The Role of HRRC (continued)

- **Divisional Directors that report to Board Committees (Risk Management, Internal Audit, Compliance, Information Security):** Within the Group Remuneration Policy and the recommended level and structure of remuneration for senior management, the HRRC reviews and recommends to the Board for approval their remuneration packages, as recommended by the respective Committee (RC and AC) in cooperation with Human Resources.
- proposes to the Board for approval, the fees payable to the Chairperson and Vice Chairperson of the Board.

18.1.2. Composition and Meetings of the HRRC

The HRRC has a minimum of 3 members who are appointed by the BoD on an annual basis. In 2022, the Committee comprised of 3 members, the majority of whom independent. Mrs Maria Philippou, a member of the Committee since 23 July 2018, was appointed chairperson on 1 June 2020.

The HRRC holds at least 6 meetings per year and, additionally, ad hoc meetings whenever called by the chairperson of the Committee. The quorum for a meeting is assumed to be when 2 members or 50% rounded up whichever is the highest. The HRRC keeps detailed minutes of its meetings. The HRRC has authority to obtain independent advice and information from external parties whenever this is considered necessary.

The HRRC held 9 meetings at Group level during 2022. The HRRC reviewed the Bank's annual performance appraisal results and main findings and has been kept informed of - and provided feedback on – various HR practices and initiatives. Additionally, the Committee has recommended to the Board the implementation of a Long-Term Incentive Plan.

The HRRC reviewed its terms of reference in order to ensure continuing appropriateness and full alignment with regulatory framework.

18.1.3. Relevant Stakeholders

The HRRC ensures that internal control functions (i.e. Internal Audit, Risk Management and Compliance) and the HR Division are involved in the design, review and implementation of the Group Remuneration Policy.

In developing its Group Remuneration Policy, the Group takes into account the provisions that are included in the CSE Code, the UK Code as well as the CBC Directive on Internal Governance of Credit Institutions 2021 and incorporated the requirements for Remuneration Policies included in CRD V, as well as the regulatory restrictions currently pertinent to the banking sector.

18.2. Remuneration Schemes

Remuneration schemes in BOC PCL are subject to stakeholder consultation and are largely determined by the collective agreement with the Trade Union. They are also in line with the prevailing regulations and guidance.

18.2.1. Fixed Remuneration

Fixed Remuneration refers to the staff's main form of remuneration. It comprises of salary and any applicable (including non-discretionary) position allowances and is determined by employment contracts, collective agreements (where applicable) and employment legislation.

18.2.1. Fixed Remuneration (continued)

- **Fixed Remuneration is based on the following criteria:**
  - **Job Value:** The focus is on the job (requirements and contribution to the Banks business results) rather than the job holder's seniority or education.
  - **Individual contribution and potential:** The focus is on the employee's performance over time, his/her level of experience and his/her potential to undertake upgraded duties.
  - **Applicable legislation, regulations and collective agreement.**

- **Changes in fixed remuneration:**

Changes in fixed remuneration can be effected in the following cases:

I. **Annual Increments (Pay movement within Pay Scale):**
   - Granted to all employees based on tenure (annually, in January of each year).
   - The amount is fixed and is linked to the employee's salary scale.
   - Governed by the applicable provisions of the collective agreement.

II. **Merit Pay Increases (from 2022 onwards):**
   - Granted on the basis of well-defined criteria, which are defined by the Merit Pay Committee set up jointly between BOC PCL and the Trade Union for this purpose.
   - Enables BOC PCL to differentiate and reward strong performers and create a performance culture.

III. **Promotions (Pay movement across Pay Scales):**
   - Granted to selected employees on the basis of well-defined criteria (job value, performance, potential, years of service / years at position).
   - Under normal circumstances, promotions to a higher salary scale are accompanied by the granting of an additional annual increment (of the new salary scale).

IV. **Other Increases (Ad hoc):**
   - In exceptional cases (e.g. as a defensive measure), BOC PCL has the discretion to grant a salary increase to specific members of staff, subject to a well-defined approval process.

18.2.2. Variable Remuneration

Variable remuneration refers to the additional discretionary remuneration paid to an individual as an incentive for increased productivity and competitiveness. It is based on the performance of the specific individual, the overall performance of the business unit the individual belongs to, the Group's consolidated financial results and the prevailing economic market conditions. Variable remuneration might include financial instruments such as cash bonus schemes, performance shares or share option plans, at the discretion of the Bank.

Variable remuneration should reflect a sustainable and risk adjusted performance. The assessment of the performance is set in a multi-year framework in order to ensure that the process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes into account the underlying business cycle of the Group and its business risks.

18.2.2. Variable Remuneration (continued)

Variable remuneration aims to:

a) Elicit the appropriate behaviors that will produce the desired outcome, both in the short and long term;
b) Increase employee's commitment towards the achievement of the Group's long-term objectives within a given set of values;
c) Enhance employee's performance over a long-term basis, within the Bank's risk-taking framework;
d) Align employee's long-term interests with those of the Bank's shareholders;
e) Ensure that the value created is shared fairly between employees and shareholders, and
f) Retain high performers and attract talent.

Up to 100% of variable remuneration is subject to claw back and malus in accordance with criteria which include the following:

- Evidence of misbehavior or serious error by the staff member (e.g. breach of Employee Code of Conduct, Code of Ethics, Employment Contract and other internal rules, especially concerning risks and compliance);
- When the Bank and/or the business unit in which the staff member works subsequently suffers a significant downturn in its financial performance;
- When the employee leaves the Group;
- When there are significant changes in the Bank's economic, or capital base;
- Manipulation of financial performance or window dressing practices, and
- Hedging against a downward adjustment in compensation.

The maximum variable remuneration that can be granted is set at 50% of fixed remuneration, in line with the applicable regulatory framework. Any deviations from the Remuneration policy with regards to the maximum level of variable remuneration that can be granted are examined by HRRC and are submitted to the Board for Director for recommendation by shareholders.

In case the Group benefits from government intervention, then all restrictions that derive from the relevant legislation will apply.

There were severance payments awarded during 2022 (full amount paid). These relate to the Voluntary Exit Plan (not performance related) completed in July 2022.

The Group did not benefit from any derogation laid down in Article 94 (3) of Directive 2013/36/EU.

18.2.3. Short-Term and Long-Term Incentive Plans (e.g. Performance Shares or Share Option Plans)

During the Annual General Meeting of the shareholders of the Company which took place on 20 May 2022, a special resolution was approved for the establishment and implementation of the share-based Long-Term Incentive Plan of Bank of Cyprus Holdings Public Limited Company (the '2022 LTIP').

The 2022 LTIP is a share-based compensation plan for executive directors and senior management of the Group. The 2022 LTIP provides for an award in the form of ordinary shares of the company based on certain non-market performance and service vesting conditions. Performance will be measured over a 3-year period. The performance conditions are set by the Human Resources & Remuneration Committee (HRRC) each year and may be differentiated to reflect the Group's strategic targets and employee's personal performance, at HRRC's discretion. Performance will be assessed against an evaluation scorecard consistent with the Group's Medium Term Strategic Targets containing both financial and non-financial objectives, and including the areas of: (i) Profitability; (ii) Asset quality; (iii) Capital adequacy; (iv) Risk control & compliance; and (v) Environmental, Social and Governance ('ESG') targets. Under certain circumstances the HRRC has the discretion to determine whether the award will lapse and/or the extend to which the award will be vested.

18.2.3 Short-Term and Long-Term Incentive Plans (e.g. Performance Shares or Share Option Plans) (continued)

The maximum number of shares that may be issued pursuant to the 2022 LTIP until the tenth anniversary of the relevant resolution shall not exceed 5% of the issued ordinary share capital of the Company, as at the date of the resolution (being 22,309,996 ordinary shares of €0.10 each), as adjusted for any issuance or cancellation of shares subsequently to the date of the resolution (excluding any issuances of shares pursuant to the 2022 LTIP).

The Company may also introduce a short-term incentive plan (STIP) subject to obtaining HRRC and Board approval. Any such plan(s) will be in line with Group objectives and will be governed by the applicable regulatory framework.

18.2.4. Non-Monetary Incentives

The BOC PCL has in place a Team Incentive scheme which is incentivising employees of the front line (Consumer and SME, Corporate Banking, International Business, Insurance Business) based on predefined KPIs. The awards given are all non-monetary and take the form of Hotel Accommodations or Weekend Trips for the whole team, so as to promote also the team bonding and team collaboration.

18.2.5. Control Functions Pay

Remuneration of staff engaged in control functions (Internal Audit, Risk Management, Compliance and Information Security) must be weighed in favour of fixed remuneration so as to reflect the nature of their responsibilities. Staff engaged in control functions is compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

18.2.6. Pension Fund obligation risk

Pension obligation risk is the risk caused by BOC PCL contractual or other liabilities to or with respect to a pension scheme. It also covers payments BOC PCL may make because of a moral or other obligation. BOC PCL has immaterial exposure to pension schemes and therefore there is no additional capital requirement for pension risk.

18.3. Design and Structure of Remuneration

18.3.1. Non-Executive Directors

The remuneration of non-executive directors is not linked to the profitability of the Group. The remuneration of non-executive directors is related to the responsibilities and time devoted for BoD meetings and decision-making for the governance of the Group, and for their participation in the committees of the BoD and the boards of Group subsidiary companies. The shareholders' Annual General Meeting(AGM) held on 20 May 2022 approved an increase in remuneration for the Chairman and the Non-Executive Members of the Board (including the Vice Chairman and the Senior Independent Director). The AGM also abolished the fees to the Ethics, Conduct & Culture Committee (ECCC) Chair and ECCC members as of 1 January 2022.

Non-Executive Directors are not eligible for variable remuneration or participation to a share option scheme.

18.3.2. Executive Directors

Remuneration Policy
The HRRC recommends the remuneration of executive directors (jointly with NCGC) for approval to the BoD and reviews their employment contracts (unless they are members of the senior management team and their terms of employment are based on the provisions of the collective agreement, excluding the CEO).

Contracts of Employment
The remuneration (salary and bonus) of executive directors is set out in their employment contracts which can have a maximum duration of five years, unless any of the executive directors is an appointed member of the senior management team, in which case the terms of employment are based on the provisions of the collective agreement in place, excluding CEO.

The Group at present does not grant guaranteed variable remuneration or discretionary pension payments.

Service Termination Agreements
The employment contract of Panicos Nicolaou, CEO, includes a clause for termination, by service of six months' notice to that effect by the executive director on grounds of change of control.

The terms of employment of Mrs Livadiotou, Executive Director Finance & Legacy and executive member of the Board, are mainly based on the provisions of the collective agreement in place, which provide for notice or compensation by the BOC PCL based on years of service and for a four-month prior written notice by the executive director, in the event of a voluntary resignation.

Bonus
No bonuses were recommended by the BoD for executive directors for the year 2022 and 2021.

Retirement Benefit Schemes
The CEO participates in a defined contribution plan which provides for employer contributions that are equivalent to those of the rest of the employees (8% for 2022).

The EDFL participates in a defined contribution plan on the same basis as other employees.

Share Options
No share options were granted to executive directors during 2022 and 2021.

Other Benefits
Other benefits provided to the executive directors include other benefits provided to staff, medical fund contributions and life insurance.

18.4. Fees and Emoluments of Members of the Board of Directors and Other Identified Staff

EU REM1 - Remuneration awarded for the financial year

2022			a	b	c	d
			MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff****
			€ 000	**€ 000**	**€ 000**	**€ 000**
1	Fixed remuneration	Number of identified staff	8	2	20	47
2		Total fixed remuneration	**1,247**	**1,191**	**3,404**	**4,446**
3		Of which: cash-based	1,247	1,173	3,404	4,446
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	18	-	-
9	Variable remuneration*	Number of identified staff	-	-	1	5
10		Total variable remuneration	-	**-**	**200**	**1,000**
11		Of which: cash-based	-	-	200	1,000
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	Total remuneration		**1,247**	**1,191**	**3,604**	**5,446**

* There were severance payments awarded during the financial year (full amount paid). These relate to the Voluntary Exit Plan (not performance related).

** Other identified staff positions were approved by the Board in February 2022.

There were no share based payments awarded during 2022 under the 2022 LITP, as the awards are subject to a three year performance period (2022-2024) (with all performance conditions being non-market performance conditions).

18.4 Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

EU REM1 - Remuneration awarded for the financial year

		2021	a	b	c	d
			MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff****
			€ 000	**€ 000**	**€ 000**	**€ 000**
1	Fixed remuneration	Number of identified staff	10	2	23	105
2	Fixed remuneration	Total fixed remuneration	1,250	912	3,251	9,262
3	Fixed remuneration	Of which: cash-based	1,250	904	3,251	9,262
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5	Fixed remuneration	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Fixed remuneration	Of which: other instruments	-	-	-	-
7	Fixed remuneration	Of which: other forms	-	8	-	-
9	Variable remuneration*	Number of identified staff	-	-	-	-
10	Variable remuneration*	Total variable remuneration	-	-	-	-
11	Variable remuneration*	Of which: cash-based	-	-	-	-
12	Variable remuneration*	Of which: deferred	-	-	-	-
EU-13a	Variable remuneration*	Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a	Variable remuneration*	Of which: deferred	-	-	-	-
EU-13b	Variable remuneration*	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b	Variable remuneration*	Of which: deferred	-	-	-	-
EU-14x	Variable remuneration*	Of which: other instruments	-	-	-	-
EU-14y	Variable remuneration*	Of which: deferred	-	-	-	-
15	Variable remuneration*	Of which: other forms	-	-	-	-
16	Variable remuneration*	Of which: deferred	-	-	-	-
17	Total remuneration		**1,250**	**912**	**3,251**	**9,262**

* No variable remuneration was given during 2021
** Other identified staff positions were approved by the Board in December 2020.

The ''Other senior management'' emoluments include the remuneration of the members of the senior management namely:

- All Divisional Directors that report to the CEO, Deputy CEO & Chief of Business or an Executive Director (ExCo)-incl. Chief Legal Officer & Company Secretary
- General Managers of major subsidiaries (EuroLife Ltd and GIC) and
- Divisional Directors that report to Board Committees.

18.4 Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

No identified staff had total emoluments for the years 2022 and 2021, including employer's contributions and other benefits, above €1.0 million.

Other identified staff does not form part of other senior management.

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

2022		a	b	c	d
		MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
		€ 000	**€ 000**	**€ 000**	**€ 000**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	1	5
7	Severance payments awarded during the financial year - Total amount	-	-	**200**	**1,000**
8	Of which paid during the financial year	-	-	200	1,000
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	200	1,000
11	Of which highest payment that has been awarded to a single person	-	-	200	200

No guaranteed variable remuneration was granted and no severance payments awarded in previous periods have been paid out during 2022. There were severance payments awarded during the financial year 2022 (full amount paid), that relate to the Voluntary Exit Plan (not performance related).

18.4. Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

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

	2021	a	b	c	d
		MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
		€ 000	**€ 000**	**€ 000**	**€ 000**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	2	3
7	Severance payments awarded during the financial year - Total amount	-	**-**	**271**	**600**
8	Of which paid during the financial year	-	-	271	600
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	271	600
11	Of which highest payment that has been awarded to a single person	-	-	200	200

No guaranteed variable remuneration was granted and no severance payments awarded in previous periods have been paid out during 2021.

There was no outstanding deferred remuneration as at 31 December 2022 and 2021.

18.4. Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

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

	2022	a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										77
2	Of which: members of the MB	8	2	10							
3	Of which: other senior management				1	1	2	3	3	10	
4	Of which: other identified staff				3	1	6	2	14	21	
5	**Total remuneration of identified staff (€000)**	**1,247**	**1,191**	**2,438**	**612**	**231**	**939**	**822**	**2,005**	**4,441**	
6	Of which: variable remuneration (€ 000)	-	-	-	200	-	-	200	200	600	
7	Of which: fixed remuneration (€ 000)	1,247	1,191	2,438	412	231	939	622	1,805	3,841	

	2021	a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										140
2	Of which: members of the MB	10	2	12							
3	Of which: other senior management				2	1	1	4	4	11	
4	Of which: other identified staff				6	6	7	23	24	39	
5	**Total remuneration of identified staff (€000)**	**1,250**	**912**	**2,162**	**712**	**635**	**853**	**2,729**	**2,414**	**5,170**	
6	Of which: variable remuneration (€ 000)	-	-	-	-	-	-	-	-	-	
7	Of which: fixed remuneration (€ 000)	1,250	912	2,162	712	635	853	2,729	2,414	5,170	

18.4. Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

The fees of the non-executive directors include fees as members of the BoD of the Company and its subsidiaries, as well as of committees of the BoD. They include the fees and benefits for the period that they serve as members of the BoD. There is no other remuneration other than what is disclosed in this note.

Information regarding the remuneration of Members of the Board of Directors

2022	Remuneration for services **	Remuneration for participation in the Board of Directors and its Committees	Total remuneration for services	Remuneration and benefits from other Group companies	Remuneration in the form of profit and/or bonus distribution	Assessment of the value of benefits that are considered to form remuneration	Total remuneration and benefits	Annual contribution to retirement benefits
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Executive Directors								
Panicos Nicolaou (Chief Executive Officer)	788	-	788	-	-	11	799	60
Eliza Livadiotou (Executive Director Finance & Legacy)	303	-	303	-	-	7	310	22
Non-Executive Directors								
Efstratios-Georgios Arapoglou	-	257	257	-	-	-	257	-
Maksim Goldman *	-	40	40	-	-	-	40	-
Arne Berggren	-	124	124	-	-	-	124	-
Lyn Grobler	-	165	165	-	-	-	165	-
Michael Heger *	-	40	40	-	-	-	40	-
Ioannis Zographakis	-	157	157	-	-	-	157	-
Paula Hadjisotiriou	-	132	132	-	-	-	132	-
Maria Philippou	-	108	108	-	-	-	108	-
Nicolaos Sofianos	-	129	129	-	-	-	129	-
Constantine Iordanou	-	95	95	-	-	-	95	-
	1,091	**1,247**	**2,338**	**-**	**-**	**18**	**2,356**	**82**

* Following the shareholders' vote on 20 May 2022, Mr Maksim Goldman and Dr. Michael Heger have not been re-elected to the Board of Directors of the Company.
** Includes employers' contributions excluding contributions to retirement benefits.

18.4. Fees and Emoluments of Members of the Board of Directors and Other Identified Staff (continued)

Information regarding the remuneration of Members of the Board of Directors

2021	Remuneration for services	Remuneration for participation in the Board of Directors and its Committees	Total remuneration for services	Remuneration and benefits from other Group companies	Remuneration in the form of profit and/or bonus distribution	Assessment of the value of benefits that are considered to form remuneration	Total remuneration and benefits	Annual contribution to retirement benefits
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Executive Directors								
Panicos Nicolaou (Chief Executive Officer)	746	-	746	-	-	6	752	61
Eliza Livadiotou (Executive Director Finance & Legacy - appointed on 6 October 2021, following ECB approval)	90	-	90	-	-	2	92	7
Non-Executive Directors								
Efstratios-Georgios Arapoglou	-	215	215	-	-	-	215	-
Maksim Goldman	-	113	113	-	-	-	113	-
Arne Berggren	-	113	113	-	-	-	113	-
Lyn Grobler	-	154	154	-	-	-	154	-
Michael Heger	-	113	113	-	-	-	113	-
Ioannis Zographakis	-	198	198	-	-	-	198	-
Paula Hadjisotiriou	-	119	119	-	-	-	119	-
Maria Philippou	-	119	119	-	-	-	119	-
Nicolaos Sofianos (appointed on 26 February 2021, following ECB approval)	-	100	100	-	-	-	100	-
Constantine Iordanou (appointed on 29 November 2021, following ECB approval)	-	6	6	-	-	-	6	-
	836	**1,250**	**2,086**	**-**	**-**	**8**	**2,094**	**68**

18.5. Additional Information

Every year, the HRRC proposes to the BoD, the Annual Remuneration Policy Report which forms part of the Annual Corporate Governance Report of the Group. The Remuneration Policy Report is submitted to the shareholders' AGM for approval.

19. Leverage

The leverage ratio is calculated by dividing the Tier 1 capital with total leverage exposure measure. It is expressed as a percentage and it is reported on a transitional basis.

To avoid excessive leverage the Group's Leverage Ratio (RPI) is monitored on a quarterly basis. Its level is measured against a defined early warning and an in-breach threshold. The early warning threshold is high enough to allow adequate time to evaluate the position and trend. In the case of an in-breach threshold violation, the violation is escalated to the Executive Committee and subsequently to Board's Risk Committee if needed and a discussion can take place about whether any of the recovery plan provisions need to be considered/executed.

Sections 19.1 to 19.3 below provide analyses on the leverage ratio components.

19.1. Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

The table presents the regulatory adjustments applied to the total assets as per published financial statements to arrive at the total leverage measure used in the calculation of the leverage ratio in line with Part 7 of the CRR.

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

		a	b
		31 December 2022	**31 December 2021**
		€ million	**€ million**
1	**Total assets as per published financial statements**	**25,435**	**24,963**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(949)	(985)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	12	42
9	Adjustment for securities financing transactions (SFTs)	-	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	706	663
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	(48)	12
13	**Total exposure measure**	**25,155**	**24,695**

The increase in the overall total balance sheet assets due to the increase in balances placed with Central Bank was the major driver behind the increase in the Total exposure measure.

19.2. Leverage Ratio Common Disclosure

The table provides information on the components of the leverage exposure measure, Tier 1 Capital and minimum leverage ratios.

EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31 December 2022	31 December 2021
	On-balance sheet exposures (excluding derivatives and SFTs)	€ million	€ million
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**24,341**	23,849
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	49	135
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**24,390**	**23,984**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	29	19
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	31	29
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**60**	**48**

19.2. Leverage Ratio Common Disclosure (continued)

EU LR2 - LRCom: Leverage ratio common disclosure (continued)

		CRR leverage ratio exposures	
		a	b
		31 December 2022	31 December 2021
	Securities financing transaction (SFT) exposures	€ million	€ million
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**-**	**-**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	2,598	2,600
20	(Adjustments for conversion to credit equivalent amounts)	(1,892)	(1,937)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**706**	**663**

19.2. Leverage Ratio Common Disclosure (continued)

EU LR2 - LRCom: Leverage ratio common disclosure (continued)

		CRR leverage ratio exposures	
		a	b
		31 December 2022	31 December 2021
	Excluded exposures	€ million	€ million
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	-	-
	Capital and total exposure measure		
23	**Tier 1 capital**	**1,783**	**1,840**
24	**Total exposure measure**	**25,156**	**24,695**

19.2. Leverage Ratio Common Disclosure (continued)

EU LR2 - LRCom: Leverage ratio common disclosure (continued)

		CRR leverage ratio exposures	
		a	b
		31 December 2022	31 December 2021
	Leverage ratio	**€ million**	**€ million**
25	Leverage ratio	7.09%	7.45%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.09%	7.45%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.09%	7.45%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	*of which: to be made up of CET1 capital (percentage points)*	*0.00%*	*0.00%*
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	**Transitional**	**Transitional**
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	25,156	24,695
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	25,156	24,695
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.09%	7.45%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.09%	7.45%

Rows 6 and 23 are reported on a transitional basis.

The overall leverage ratio has decreased due to the relatively decreased ‘Tier 1 capital – transitional definition’ as described in section 5.1 and comparatively higher ‘Total Exposure Measure’ mainly due to the increased in sovereigns exposure class.

19.3. Split-Up of on-Balance Sheet Exposures (excluding derivatives and SFTs)

The table analyses the on-balance sheet exposures which form part of the leverage exposure measure by Credit Risk exposure classes under the Standardised Approach in calculating RWA.

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

		a	b
		CRR	
		Leverage ratio exposures	
		31 December 2022	**31 December 2021**
		€ million	**€ million**
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**24,341**	**23,850**
EU-2	**Trading book exposures**	**-**	**-**
EU-3	**Banking book exposures, of which:**	**24,341**	**23,850**
EU-4	Covered bonds	109	133
EU-5	Exposures treated as sovereigns	11,630	10,930
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	21	27
EU-7	Institutions	710	638
EU-8	Secured by mortgages of immovable properties	3,877	3,799
EU-9	Retail exposures	1,598	1,464
EU-10	Corporates	3,578	3,431
EU-11	Exposures in default	261	608
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,557	2,820

There is an increase in banking book exposures for which section 11 provides information on movements between the various exposures classes.

20. Liquidity Requirements

Minimum Regulatory Liquidity Requirements
EU limit requirement
The Group LCR is calculated monthly by MLR and sent to CBC/ECB 15 days after the month end.

During 2022, an increase in liquid assets was observed mainly due to the increase in customer deposits by c.€1.5 billion.

The Group LCR was as follows as at 31 December 2022 and 2021:

Group LCR	**2022 %**	**2021 %**
31 December	291	298
Average Ratio[1]	299	288
Highest ratio	314	303
Lowest ratio	288	250

[1] Average ratio represents the average of the end of month ratios for the whole year.

The LCR of the Group amounted to 291% as at 31 December 2022 (31 December 2021: 298%).

The LCR is designed to promote short-term resilience of a Bank'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 table below shows a quantitative analysis of LCR which complements Article 435(1) (f) of Regulation No 575/2013.

As per Article 30 (1), (2) and (3) of Commission Delegated Regulation (EU) 2015/61, potential outflows due to derivative and financing transactions are calculated based on:

a) Credit deterioration of the bank's credit quality.
During the actual acute stress period experienced in 2013, additional independent amounts had to be placed by the Bank (reflecting the increased credit risk of the bank as perceived by counterparties). The potential outflow takes into account the percentage increase of independent amounts experienced in 2013 as well as the current outstanding derivatives in terms of notional, the type of derivative and the currency pair in the case of FX swaps.

b) Adverse market movements affecting the mark to market.

The potential negative impact on the mark to market of derivatives and the underlying collateral of repos is calculated in the case of adverse market movements. The methodology followed is based on the Historical Look Back Approach for market valuation changes as per Commission Delegated Regulation (EU) 2017/208.

With regards to the currency mismatch, it is noted that for US Dollars, the ratio presents a gap when comparing the buffer with its net outflows. The Bank maintains large amounts of customer deposits in USD (included in LCR outflows). The proceeds received are invested in either USD MM placements (which form part of the LCR inflows and not the liquidity buffer) or are converted to Euro through the use of short term FX Swaps which are very liquid instruments. Smaller amounts are invested in USD liquid assets in the form of bonds. Thus, although a gap exists, the Bank is in a position to cover any USD requirements either through the cash invested in USD MM placements or by terminating or not renewing the EUR/USD FX Swaps.

The Group also monitors its position against NSFR. The NSFR has been developed to promote a sustainable maturity structure of assets and liabilities. At 31 December 2022 the Group's NSFR stood at 168% (compared to 147% at 31 December 2021).

20. Liquidity Requirements (continued)

EU LIQ1 - Quantitative information of LCR

Scope of consolidation: **Consolidated**									
		a	b	c	d	e	f	g	h
		Total unweighted value (average)				**Total weighted value (average)**			
Quarter ending on:		**31 December 2022**	**30 September 2022**	**30 June 2022**	**31 March 2022**	**31 December 2022**	**30 September 2022**	**30 June 2022**	**31 March 2022**
		€million	**€million**	**€million**	**€million**	**€million**	**€million**	**€million**	**€million**
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					10,057	9,666	9,307	8,849
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	8,840	8,544	8,235	7,909	593	569	545	521
3	Stable deposits	6,684	6,525	6,351	6,162	334	326	318	309
4	Less stable deposits	2,156	2,019	1,884	1,747	259	243	227	212
5	Unsecured wholesale funding	4,957	4,739	4,546	4,324	2,692	2,590	2,483	2,357
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	4,953	4,731	4,539	4,318	2,687	2,583	2,476	2,351
8	Unsecured debt	5	8	7	5	5	8	7	5
9	Secured wholesale funding						-	-	-
10	Additional requirements	306	298	297	304	122	118	119	120
11	Outflows related to derivative exposures and other collateral requirements	102	100	101	101	102	100	101	101
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	204	198	196	203	20	18	18	19
14	Other contractual funding obligations	153	137	135	135	153	137	135	133
15	Other contingent funding obligations	2,363	2,377	2,401	2,424	202	204	208	212
16	TOTAL CASH OUTFLOWS					3,762	3,618	3,490	3,343
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	275	266	247	252	202	192	174	181
19	Other cash inflows	961	957	938	903	196	195	191	184
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	1,248	1,223	1,184	1,155	397	387	365	365
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	1,248	1,223	1,184	1,155	397	387	365	365
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					10,057	9,666	9,307	8,849
22	TOTAL NET CASH OUTFLOWS					3,365	3,232	3,125	2,978
23	LCR (%)					299%	299%	298%	297%

20. Liquidity Requirements (continued)

EU LIQ2: Net Stable Funding Ratio

31 December 2022		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€ million	€ million	€ million	€ million	€ million
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**1,563**	**-**	**220**	**300**	**1,863**
2	Own funds	1,563	**-**	220	300	1,863
3	Other capital instruments		-	-	-	-
4	**Retail deposits**		**11,137**	**908**	**706**	**12,003**
5	Stable deposits		8,350	770	550	9,214
6	Less stable deposits		2,787	138	156	2,789
7	**Wholesale funding:**		**5,995**	**71**	**2,935**	**5,285**
8	Operational deposits		-	-	-	-
9	Other wholesale funding		5,995	71	2,935	5,285
10	Interdependent liabilities		-	-	-	-
11	**Other liabilities:**	37	**319**	**-**	**394**	**394**
12	NSFR derivative liabilities	37				
13	All other liabilities and capital instruments not included in the above categories		319	-	394	394
14	**Total available stable funding (ASF)**					**19,545**

20. Liquidity Requirements (continued)

EU LIQ2: Net Stable Funding Ratio (continued)

	31 December 2022	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€ million	€ million	€ million	€ million	€ million
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**83**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	**Deposits held at other financial institutions for operational purposes**		**30**	**-**	**-**	**15**
17	**Performing loans and securities:**		**707**	**448**	**8,511**	**8,300**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		170	12	186	209
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		364	300	4,699	4,527
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	*99*
22	Performing residential mortgages, of which:		146	97	3,051	3,032
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*135*	*88*	*2,795*	*2,779*
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		27	39	575	533
25	Interdependent assets		-	-	-	-
26	**Other assets:**		**1,222**	**5**	**2,316**	**3,073**
27	Physical traded commodities		-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1	-	-	1
29	NSFR derivative assets		42	-	-	42
30	NSFR derivative liabilities before deduction of variation margin posted		12	-	-	1
31	All other assets not included in the above categories		1,167	5	2,316	3,030
32	Off-balance sheet items		**1,952**	**183**	**491**	**147**
33	**Total RSF**					**11,619**
34	**Net Stable Funding Ratio (%)**					**168%**

20. Liquidity Requirements (continued)

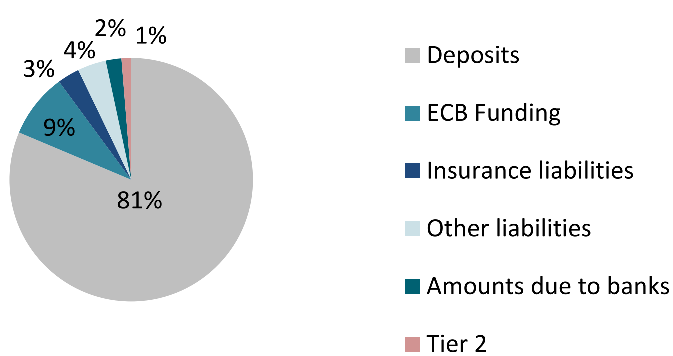
As at 31 December 2022 and 2021, the Group is in compliance with its regulatory liquidity requirement with respect to the LCR and NSFR.

The Group's Liquidity Policy is designed to avoid reaching a crisis point. However, in case liquidity or a funding crisis arises, the Bank will address it, as analysed in the Liquidity Contingency Funding Plan. A number of internal and regulatory ratios are in place to monitor Liquidity and these are further analysed in the approved LCP.

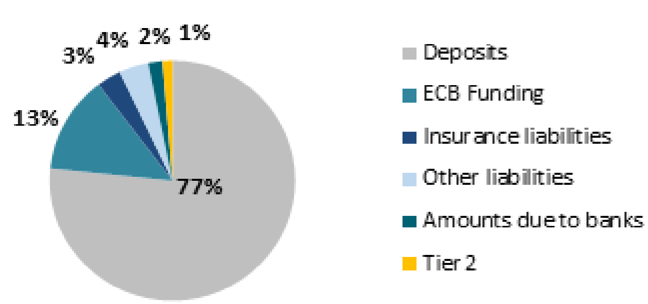
Current State of Funding and Funding sources
As at 31 December 2022, the Group had available liquids of €11.4 billion compared to €9.8 billion at the end of 2021. The increase is primarily due to the increase in customer deposits by c.€1.5 billion.

As presented in the chart below, as at 31 December 2022 the Group's liabilities as per the Consolidated Balance Sheet in published financial statements were mainly composed of customer deposits amounting to 81% (2021: 77%).

Dec 2022



Dec 2021



20. Liquidity Requirements (continued)

The credit ratings of the Republic of Cyprus by S&P and Fitch are at investment grade level during 2022 and thus the Cyprus Government Bonds have remained eligible collateral for Eurosystem monetary operations.

The ECB pool currently contains ACCs, the retained issue of the Bank's covered bond and eligible bonds. Most of the pool is used as collateral for the outstanding €2 billion ECB funding.

Impediments for the prompt transfer of funds between the parent entity and its subsidiaries
Following the deleveraging of the Bank and the disposal of all its foreign units, the Group's main operations comprise the BOC banking unit. The rest of the other local units (the insurance companies, JCC and CISCO) are immaterial in size and they manage their liquidity independently.

21. Credit Risk Mitigation Techniques

21.1. Information on Credit Risk Mitigation Techniques

The Group has implemented various methods in order to achieve effective mitigation of credit risk. Some of the most important methods implemented are listed below:

- Identifying the activities / sectors of the economy where the Bank is not willing to finance or may finance under strict conditions.
- Setting of sanctioning limits for all line/Department Managers and the various Sanctioning/Approving Authorities of the Bank (including the Credit Committees). Automation of the credit scoring process/ sanctioning limit decision, reduces significantly the risk of a credit application being approved by an incorrect approving authority.
- Setting of thresholds relating to LTV Ratios as well as guidelines for taking collaterals especially mortgages on residential and commercial properties.
- Issuing circulars and guidelines concerning the granting of credit which are in line with the regulatory directives.

21.2. Disclosure of the use of credit risk mitigation techniques

On- and off-balance sheet netting
In most jurisdictions in which the Group operates, credit risk exposures can be reduced by applying netting and set-off. Netting is applied on derivative exposures and set-off on customer advances on-balance sheet exposures.

ISDA agreements allow for netting of credit risk exposure to a counterparty resulting from derivative transactions against obligations to the counterparty in the event of default and therefore produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for FX transactions) by allowing payments on the same day in the same currency to be set-off against one another. The Bank has signed variation margin agreements in line with EMIR margining requirements and to this effect the netted positions are calculated on a daily basis and the threshold is set at 0%. Furthermore, CSA which forms part of ISDA, the collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions.

Set-off is being applied through the application of the credit mitigation technique of the CRR "On-Balance sheet netting" under Article 195. It is applied to reciprocal same currency cash balances between the institution and the counterparty, reflecting the right of set-off and it is treated as cash collateral for RWAs purposes. Set off is only applied where all minimum requirements described in Article 205 of the CRR are met and only when the institution has the legal right to set off the credit balances of a customer against their debit balances in the absence of legal pledge of cash collateral. The credit balances used for on-balance sheet netting are of account types "Fixed Deposit" and "Notice Accounts" which are flagged by the system requesting the appropriate senior approval before the release of monies to the customer from these accounts.

On-balance sheet netting is only applied in the calculation of RWAs by way of decreasing the exposure amount to be risk weighted. It recognises the balances of deposit accounts which have been flagged as eligible and for which withdrawal is only allowed after internal approval as at the reference date.

Guarantees and credit derivatives used as credit protection for the purposes of reducing capital requirements
The main type of guarantees counterparties recognised as credit risk mitigants in calculating RWA and capital requirements are:

a. Government: Guarantees issued by sovereigns are usually governed by the respective law of the country that issues the guarantee and they should be signed by an authorised representative of the government issuing the guarantee.
b. Bank: They include guarantees issued by local and foreign banks. Bank guarantees are accepted in line with the various Group limits set by the MLR and which are based on each bank's credit worthiness.
c. Qualifying Multilateral Development Banks: Explicit guarantees through government/EU support programs for products that satisfy strict minimum requirements under the support programs.

21.2. Disclosure of the use of credit risk mitigation techniques (continued)

The Group does not have any credit derivatives.

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

31 December 2022	Exposures unsecured – carrying amount	Exposures secured - carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	€ million	€ million	€ million	€ million	€ million
Total loans and advances to customers	10,582	9,037	8,984	53	-
Total debt securities	2,502	-	-	-	-
Total exposures	**13,084**	**9,037**	**8,984**	**53**	**-**
Of which non-performing exposures	10	272	270	2	-
Of which defaulted	10	272	270	2	-

31 December 2021	Exposures unsecured – carrying amount	Exposures secured - carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	€ million	€ million	€ million	€ million	€ million
Total loans and advances to customers	10,363	8,839	8,777	62	-
Total debt securities	1,921	-	-	-	-
Total exposures	**12,284**	**8,839**	**8,777**	**62**	**-**
Of which non-performing exposures	71	390	386	4	-
Of which defaulted	71	390	386	4	-

Balances of debt securities have increased during 2022. This was the net result of various purchases that took place during the year which included mainly Cyprus and other sovereign bonds, bonds of financial institutions, corporates and supranational organizations and maturities of debt securities which consisted mainly of bonds issued by financial institutions, supranational and Cyprus sovereign bonds.

21.3. Main Types of Collateral Accepted

The purpose of collateral is to secure the Bank's claims towards a customer when granting a credit facility and it acts as a credit risk mitigant in the case of customer default.

The Group sets the following criteria for accepting collaterals:

a. They should be sufficient to cover the proposed facility throughout its duration.
b. They should provide capital efficiency and minimum risk.
c. They should be easy to realise in the case of customer default in the current regulatory framework and market availability.

As a principle, the financed asset should be obtained as collateral. Deviations from this rule may be allowed in cases where (a) there is a valid reason for not pledging the financed property (b) the alternative collateral fully covers the finance amount, and (c) an official valuation is performed for both properties by the same valuer and the alternative collateral is deemed to be at least as easily realisable as the property to be financed. When the collateral is in the name of a third party, the personal/corporate guarantee of the third party is usually obtained. For capital efficiency, the duration/maturity of the collateral should be at least the same as that of the facility. Collaterals cover facilities as per agreement with the customer and Bank approval.

21.3. Main Types of Collateral Accepted (continued)

Collaterals are classified into two categories:
a. Own (belonging to the borrower).
b. Third Party (belonging to third party, not being the borrower).

Collaterals which may be accepted by the Bank to secure credit facilities include, among others, mortgages on immovable property, cash, government, bank, corporate and personal guarantees, assignments of sales contracts, fixed and floating charges on assets, assignment of life/general insurance policies, assignment of receivables and pledge on marketable securities.

21.3.1. Collateral Valuation Policy

It is essential that collaterals offered to the Group as security are valued at the point of credit origination and also monitored at regular intervals. This ensures that the value of the collateral is still adequate to cover the facilities granted by the Group and that they can be taken into account for capital adequacy purposes.

21.3.1.1. Mortgages (Legal Charge on Property)

Mortgaged property is valued by approved independent valuers based on the standards, policies and procedures set by the Bank's Valuations Unit.

Valuation Values

The valuation report presents the following values:

a. Market Value (MV) of the property is based on the assumption that there is a willing buyer / seller within a logical time period and that an arm's length transaction after a logical marketing period can take place, and where the parties involved had each acted knowledgeably, prudently and without compulsion.
b. Forced Sale Value (FSV) of a property is calculated at a percentage lower than the market value to estimate the sale price that would be expected on a quick disposal (if required), i.e. the value expected to be reached through a forced sale.
c. Insurance values, the report includes both the insurance replacement value ("new for old") and insurance current value of the property to be used as guidelines for insurance purposes by the Bank (properties should be adequately and properly insured as per the Bank's guidelines).
d. Environmental, health and safety issues: any serious issues such as physical risks are provided in the valuation report. These should be taken into account, and relevant action taken as per the provisions of the Environmental and Social Policy and related circulars.
e. Any other issues that need to be brought to the attention of the Bank e.g., issues that affect the marketability of the property and an additional haircut may be adopted on the values provided.

Immovable property collateral should be valued, adhering to European and international standards, which include the European Valuation Standards (Blue Book) and the Royal Institute of Chartered Surveyors (RICS) standards (Red Book).

External Valuers/Monitoring & Control of Valuations

The selection of an external valuer is based on specific criteria and is the exclusive responsibility of the Valuations Unit, without customer or any other Bank unit / department involvement or intervention. This is an inviolable condition. External valuers must be independent of the credit evaluation, approval and granting process. They must not have any conflict of interest regarding the result of the valuation or any interest in the property.

21.3.1.1. Mortgages (Legal Charge on Property) (continued)

External valuers should not come into contact with customers regarding the valuation, unless this is absolutely necessary in order to complete the valuation (e.g. for buildings where an internal inspection is required or to collect any documents/information relevant to the valuation).

Valuation Frequency/Monitoring

The number and frequency of valuations is described in detail in the Bank's Valuation Policy and is aligned with the regulatory framework and relevant guidelines. This takes into account factors such as the lending amount, the property value, Loan-to-Value thresholds and date of last available valuation.

For the purpose of monitoring and indexing property values the relevant P.P.I's issued by the Central Bank are used. Residential properties (including land) are monitored against the residential P.P.I. while commercial properties (including land) against the commercial P.P.I. according to the above table. The monitoring rules of the Bank are aligned with the CRR requirements on the monitoring of immovable property collateral.

22. COVID 19 - Risk and Uncertainties

As the coronavirus outbreak unfolds, the Group is following the local government guidelines in its response to the virus. Furthermore, in accordance with its Business Continuity Plans (BCP), the Pandemic Incident Management Plan of the Group has been invoked and the Group has adopted a set of measures to ensure minimum disruption to its operations and to protect its customers and employees.

Exposures subject to measures applied in response to the COVID-19 crisis

In the context of measures to support borrowers affected by the COVID-19 virus and the wider Cypriot economy, the Cypriot Parliament voted to suspend the payment of capital and interest payments (moratorium) for the period until the end of 2020, for all eligible borrowers who showed no arrears beyond 30 days at the end of February 2020. Moratorium of payments expired on 31 December 2020.

The table below has been prepared in accordance to EBA/GL/2020/07 and covers loans and advances subject to EBA-compliant moratoria (legislative and non-legislative). The template provides a breakdown of the gross carrying amount net of fair value adjustment and the related loss allowances by the status of the exposure (performing and non-performing). A further breakdown of the exposures into a) instruments with significant increase in credit risk since origination and b) Instruments that are considered as unlikely to pay that not past due or past due <=90 is provided as well. No active moratoria exist given that the scheme ceased at the end of 2020.

The decrease, when compared to the last reporting period, 30 June 2022, in the gross carrying amount of the exposures benefited from the moratorium scheme is attributed mainly to the repayments observed on the performing book during the period between December 2022 and June 2022.

22. COVID 19 - Risk and Uncertainties (continued)

31 December 2022	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances subject to moratorium	**4,395**	**4,223**	**445**	**1,136**	**172**	**4**	**99**	**(92)**	**(26)**	**(2)**	**(18)**	**(66)**	**(1)**	**(42)**	**23**
of which: Households	1,681	1,605	20	185	76	2	29	(28)	(7)	-	(5)	(21)	(1)	(8)	11
of which: Collateralised by residential immovable property	*1,425*	*1,362*	*16*	*145*	*63*	*2*	*25*	*(19)*	*(3)*	*-*	*(2)*	*(16)*	*(1)*	*(6)*	*10*
of which: Non-financial corporations	2,613	2,519	425	905	94	2	68	(59)	(16)	(2)	(11)	(43)	(1)	(32)	12
of which: Small and Medium-sized Enterprises	*1,987*	*1,941*	*291*	*630*	*46*	*2*	*20*	*(29)*	*(10)*	*(1)*	*(6)*	*(19)*	*(1)*	*(8)*	*12*
of which: Collateralised by commercial immovable property	*2,375*	*2,289*	*419*	*840*	*86*	*1*	*65*	*(49)*	*(10)*	*(1)*	*(7)*	*(39)*	*-*	*(31)*	*11*

22. COVID 19 - Risk and Uncertainties (continued)

30 June 2022	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
Loans and advances subject to moratorium	**4,820**	**4,617**	**456**	**1,327**	**203**	**2**	**134**	**(91)**	**(24)**	**(2)**	**(18)**	**(67)**	**(1)**	**(45)**	**22**
of which: Households	1,798	1,705	22	232	93	2	44	(30)	(7)	-	(5)	(23)	-	(11)	7
of which: Collateralised by residential immovable property	*1,516*	*1,440*	*18*	*184*	*76*	*1*	*36*	*(19)*	*(3)*	-	*(3)*	*(16)*	-	*(8)*	*6*
of which: Non-financial corporations	2,917	2,811	434	1,044	106	1	87	(57)	(15)	(1)	(11)	(42)	-	(33)	15
of which: Small and Medium-sized Enterprises	*2,360*	*2,314*	*314*	*863*	*46*	*1*	*28*	*(30)*	*(10)*	*(1)*	*(7)*	*(20)*	-	*(11)*	*15*
of which: Collateralised by commercial immovable property	*2,621*	*2,524*	*428*	*966*	*97*	-	*82*	*(48)*	*(10)*	*(1)*	*(7)*	*(38)*	-	*(30)*	*13*

22. COVID 19 - Risk and Uncertainties (continued)

The table below has been prepared in accordance to EBA/GL/2020/07 and covers loans and advances subject to EBA-compliant moratoria (legislative and non-legislative). The template provides information on the number of obligors subject to different statuses of EBA-compliant moratoria (requested/granted) and gross carrying amount for the granted ones. In addition, the template contains a breakdown by the residual maturity of EBA-compliant moratoria.

The decrease, when compared to the last reporting period, 30 June 2022, in the gross carrying amount of the exposures benefited from the moratorium scheme is attributed mainly to the repayments observed on the performing book during the period between December 2022 and June 2022.

No active moratoria exist given that the scheme ceased at the end of 2020.

31 December 2022	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances for which moratorium was offered	**21,303**	**4,410**							
Loans and advances subject to moratorium (granted)	**21,287**	**4,395**	**4,395**	**4,395**	-	-	-	-	-
of which: Households		1,681	1,681	1,681	-	-	-	-	-
of which: Collateralised by residential immovable property		*1,425*	*1,425*	*1,425*	-	-	-	-	-
of which: Non-financial corporations		2,613	2,613	2,613	-	-	-	-	-
of which: Small and Medium-sized Enterprises		*1,987*	*1,987*	*1,987*	-	-	-	-	-
of which: Collateralised by commercial immovable property		*2,375*	*2,375*	*2,375*	-	-	-	-	-

30 June 2022	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances for which moratorium was offered	**22,091**	**4,835**							
Loans and advances subject to moratorium (granted)	**22,083**	**4,820**	**4,820**	**4,820**	**-**	**-**	**-**	**-**	**-**
of which: Households		1,798	1,798	1,798	**-**	**-**	**-**	**-**	**-**
of which: Collateralised by residential immovable property		*1,516*	*1,516*	*1,516*	**-**	**-**	**-**	**-**	**-**
of which: Non-financial corporations		2,917	2,917	2,917	**-**	**-**	**-**	**-**	**-**
of which: Small and Medium-sized Enterprises		*2,360*	*2,360*	*2,360*	**-**	**-**	**-**	**-**	**-**
of which: Collateralised by commercial immovable property		*2,621*	*2,621*	*2,621*	**-**	**-**	**-**	**-**	**-**

22. COVID 19 - Risk and Uncertainties (continued)

With regards to the Covid-19 related public guarantee schemes, the Group granted a limited number of facilities under any applicable public guarantee schemes during 2022.

31 December 2022	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
	€ million	€ million	€ million	€ million
Newly originated loans and advances subject to public guarantee schemes	**5**	**-**	**5**	**-**
of which: Households	-			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	5	-	5	-
of which: Small and Medium-sized Enterprises	*5*			-
of which: Collateralised by commercial immovable property	*5*			-

APPENDIX I – Biographies of the directors including experience and knowledge

Efstratios-Georgios (Takis) Arapoglou (Chairperson)

Takis Arapoglou has had an earlier career in International Capital Markets and Corporate & Investment banking based in London and later in managing, restructuring and advising publicly listed Financial Institutions and Corporates, primarily in SE Europe and the Middle East.

Most recent executive assignments include: Managing Director and Global Head of the Banks and Securities Industry for Citigroup; Chairman and CEO of the National Bank of Greece; CEO of Commercial Banking at EFG-Hermes Holding SAE.

He has broad and extensive board experience and is currently holding the following non-executive board positions: Chairman of Bank of Cyprus Group, listed in the LSE, Chairman of Tsakos Energy Navigation (TEN) Ltd, listed in the NYSE and Board member of EFG-Hermes Holding SAE, listed in the Cairo Stock Exchange and the LSE. He has degrees in Mathematics, Engineering and Management from Greek and British Universities.

Term of Office:

Appointed to the Board of BOC PCL and the Board in June 2019

External Appointment:

Chairperson of the Board of Tsakos Energy Navigation
Board member at EFG Hermes Holding SAE

Independent:

Yes, on an ongoing basis.

Committee Membership:

Chairperson of the Nominations and Corporate Governance Committee

Lyn Grobler (Vice-Chair)

Mrs Grobler is an experienced executive with a strong track-record in technology and IT roles. She was appointed Group Chief Information Officer (CIO) at Howden Group Holdings (formerly Hyperion Insurance Group) in 2016. Prior to this she was Vice President and CIO Corporate Functions at BP where she led the transformation of both the organization and the digital landscape through introducing sustained change in process, capability and technology, having held a variety of roles across IT and global trading over 16 years.

Before BP, Mrs Grobler managed large scale global technology projects and strategies within banking and trading based in both London and South Africa.

She holds a Higher National Diploma in Computer Systems from Durban University in South Africa and a National Diploma in Electronic Data Processing from Cape Peninsula University (South Africa).

Term of Office:

Appointed to the Board of BOC PCL in February 2017

External Appointment:

Non-Executive Director at Howden Group Services Limited
Non-Executive Director at Hx Group Ltd
Executive Director at Howden Group Holdings
Non-Executive Director at Titan Cement International SA

Independent:

Yes

Committee Membership:

Chairperson of the Technology Committee
Member of the Human Resources & Remuneration Committee
Member of the Nominations & Corporate Governance Committee
Member of the Insurance Business Advisory Board

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

Arne Berggren

Mr. Berggren has been involved in corporate and bank restructurings, working for both the private sector as well as for international organisations since the early 90s starting with Nordea during the Swedish financial crisis. This was followed by bank crises management and bank restructuring assignments in numerous countries in Latin America, Eastern Europe and Asia, and more recently during the current financial crisis in the Baltics, Spain and Slovenia. He has been head of financial restructuring and recovery at Carnegie Investment Bank AB and Swedbank AB. Being the chief executive officer of Swedcarrier AB, he has led the restructuring of parts of Swedish Rail.

Mr. Berggren has held numerous board positions in the financial and corporate sector including a position on the board of director at LBT Varlik Yönetim AS and DUTB Ltd.

He is a graduate of the University of Uppsala, Sweden and he continued at the Universities of Amsterdam, Geneva and New York for post graduate studies.

Term of Office:

Appointed to the Board of BOC PCL in November 2014

External Appointment:

Chairman of the Board of TBC Bank Group PCL
Hoting Innovations AB

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Member of the Nominations & Corporate Governance Committee
Member of Technology Committee

Paula Hadjisotiriou

Ms Hadjisotiriou started her accountancy career at Howard, Wade & Jacob before moving to PricewaterhouseCoopers. Following an eight-year tenor at the Latsis Group of Companies as Deputy General Manager of Internal Audit, she embarked on a career in Banking in Greece, between 1990-2015, first with Eurobank Ergasias S.A. as Group Chief Financial Officer and then with National Bank of Greece as Deputy Chief Executive Officer & Chief Financial Officer. Currently, Ms Hadjisotiriou serves as an advisor to the EFG International Group in Switzerland and the UK.

Ms Hadjisotiriou is a Chartered Accountant (Institute of Chartered Accountants of England and Wales (ICAEW)).

Mrs Hadjisotiriou has significant experience in financial institutions and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL in August 2018

External Appointment:

Independent non-executive director at Credit Suisse Securities, Sociedad de Valores SA

Independent:

Yes

Committee Membership:

Member of the Audit Committee
Chairperson of the Risk Committee
Member of the Technology Committee

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

M.E. Hemerijck (Nominated independent non-executive director subject to ECB approval)

Mrs. Hemerijck has 30 years of work experience in various senior/executive roles in Risk/Financial Management in Banking & Insurance, as well as, with the Dutch Central Bank. During the last 10 years she fulfilled the roles of CRO and member of the Executive Board within NN Group and ING Group. Since December 2021, she has been appointed as a Non-Executive Board Member of the Portuguese bank Caixa Geral Depósitos in Lisbon. Her key responsibilities have been related to risk & finance, corporate governance and strategy, balance sheet & capital management and financial/ risk reporting & disclosures.

Prior to joining the ING Group, she worked for the Dutch Central Bank having performed various roles in Econometric Research, Monetary Policy, Asset Management and Supervision International Conglomerates. She has extensive experience within the financial services industry, experience as (Non) Executive Board member and in Supervision, expertise on finance & risk, asset management, balance sheet & capital management.

Mrs. Hemerijck has a Master Degree in Economics from Tilburg University. She has also obtained a certificate from the Advanced International Corporate Finance Programme from INSEAD for CFOs and other seniors.

She is an experienced executive in risk management, and has oversight experience from a number of external directorships.

Term of Office:

Nominated to the Board PCL
and the Board subject to ECB approval

External Appointment:

Caixa Geral de Depositos SA

Independent:

Yes

Committee Membership:

n/a

Constantine (Dinos) Iordanou

Mr. Iordanou has been Chairman and Chief Executive Officer (CEO) of Arch Capital Group Limited ("Arch"), since August 2003 and Director since January 2002 (retired in September 2019). Before joining Arch as one of its founders in 2002, Mr. Iordanou served in various capacities for Zurich Financial Services ("Zurich") and its affiliates, including as Senior Executive Vice President of group operations and business development of Zurich Financial Services, President of Zurich-American Specialties Division, Chief Operating Officer and CEO of Zurich American, as well as CEO of Zurich North America. Before joining Zurich in March 1992, he was President of the commercial casualty division of the Berkshire Hathaway Group and Senior Vice President of the American Home Insurance Company, a member of the American International Group.

He holds an Aerospace Engineering degree from New York University.

Mr. Iordanou has significant experience in insurance business and benefits from oversight experience in a number of external directorships.

Term of Office:

Appointed to the Board of BOC PCL
in November 2021

External Appointment:

Non-Executive Director Vantage Group Holding Ltd
Non-Executive Director Verisk Analytics Inc.

Independent:

Yes

Committee Membership:

Member of the Technology Committee
Member of the Human Resources and Remuneration Committee
Member of the Risk Committee
Member of the Insurance Business Advisory Board

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

Maria Philippou (Chairperson of the Human Resources and Remuneration Committee)

Ms Philippou started her career as an HR Consultant with KPMG Greece, before moving to the Lambrakis Press Group as HR Generalist. Having spent three years with Eurobank Ergasias S.A as Compensation & Benefits Manager, in 2006 she moved to the Coca Cola Company Group, progressing through various roles such as HR Business & Strategic Partner for multiple territories, Global Talent & Development Director and HRD for Central & Eastern Europe BU, a position which she held until recently before she moved to Egon Zehnder.

Ms Philippou holds a degree in Business Administration, from Nottingham Trent University and a Master of Science in Human Resources Management, from Brunel University.

Mrs. Philippou is an experienced executive in human resources and brings valuable skills to the Board in people management.

Term of Office:	**External Appointment:**
Appointed to the Board of BOC PCL In July 2018	None
Independent:	**Committee Membership:**
Yes	Chairperson of the Human Resources & Remuneration Committee Member of the Nominations & Corporate Governance Committee Member of Ethics, Conduct and Culture Committee

Nicolaos Sofianos (Chairperson of the Audit Committee)

Mr. Sofianos is a qualified Chartered Accountant, member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Body of Certified Public Accountants of Greece (SOEL). He was a founding partner of Deloitte Greece and representative of the firm before the regulator, supervisory and fiscal authorities in Greece. In 2016 he retired with 40 years of audit and broader professional experience in the coordination of accounting, auditing, tax and consulting services rendered to a wide range of companies covering nearly all sectors of industry and in particular the financial services industry sector.

He holds an Honours degree in Chemical Engineering with a major in Mathematical Modelling and Computer Simulation from the University of Manchester UK.

Mr. Sofianos has extensive experience in the coordination of accounting, auditing, tax and consulting services rendered to a wide range of companies covering nearly all sectors of industry and in particular the financial services industry sector.

Term of Office:	**External Appointment:**
Appointed to the Board of BOC PCL in February 2021	Non-Executive Director DoValue Greece SA Non-Executive Director Aegean Airlines Executive Director Arcela Investments Ltd
Independent:	**Committee Membership:**
Yes	Chairperson of the Audit Committee Member of the Risk Committee

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

Ioannis Zographakis (Chairperson of the Risk Committee & Senior Independent Director)

Mr. Zographakis started his career in 1990 with Citibank in Greece as a management associate for Europe, Middle East & Africa (EMEA). He then worked as the deputy treasurer and treasurer for the Citibank Consumer Bank in Greece, before moving to the United States in 1996 as the director of finance for Citibank CitiMortgage. In 1997, he became the financial controller for Citibank's consumer finance business in the United States and then he was the director of finance and acting chief financial officer for the consumer assets division. From 1998 to 2004, he worked in the Student Loan Corporation, a Citigroup subsidiary and a New York Exchange traded company. He started as the chief financial officer, became the chief operations officer and in 2001 he was named the chief executive officer. In 2005, he moved back to Europe as Citibank's consumer lending head for EMEA and head of its UK Retail Bank. Deciding to move closer to home in 2006, he took the position as Citibank's Retail Bank head in Greece where he stayed until 2011, before moving back to Cyprus consulting on financial services when requested.

He has been a director for the SLC in the United States, a director for Tiresias (Greek Credit Bureau), and the secretary of the audit committee, a director and member of the audit committee for Diners Club Greece, the vice-chairman of the Citi Insurance Brokerage Board in Greece and the chairman of the Investments and Insurance Supervisory Committee in CitiBank Greece. He has also served as a non-executive director for the National Bank of Greece group during 2018-2019.

He holds a master's degree in business administration (management) from Carnegie Mellon University in the United States and a bachelor's degree in civil engineering from Imperial College in London.

Mr. Zographakis is a senior executive with a broad and diverse international experience in the banking industry. His line/business positions and divisional/corporate responsibilities have provided him with an extensive background in corporate governance, business restructuring, crisis management, separation of businesses, business strategy, finance, product and segment management, operations & technology management, and dealing with various regulatory bodies and industry related organisations.

Term of Office:

Appointed to the Board of BOC PCL LIMITED in September 2013

External Appointment:

Non-Executive Director at A. ETERNITY CAPITAL MANAGEMENT
Non-Executive Director at Attica Bank

Independent:

No

Committee Membership:

Chairperson of the Ethics, Conduct and Culture Committee
Member of the Technology Committee

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

Executive Directors

Panicos Nicolaou (CEO)

Panicos Nicolaou is the Chief Executive Officer and Executive Member of the Board of Directors of Bank of Cyprus since September 1, 2019.

He joined the Bank in January 2001 and started his career serving at various positions, mainly in the Corporate and Credit Risk departments. He was the Manager in the Restructuring and Recoveries Division from April 2014 until June 2016. From June 2016 until August 2019, he served as Director of Corporate Banking Division.

He holds a diploma (5-year degree) in Mechanical Engineering from National Technical University of Athens (Metsovio Polytechnic) in Greece, and an MSc in Mechanical & Industrial Engineering from the University of Illinois at Urbana-Champaign in the USA. He also holds a BSc in Financial Services from the School of Management, UMIST in the UK.

Panicos is Vice-Chairman of the Board of Directors of the Association of Cyprus Banks, and Chairman of the Board of Directors of the Employer's Association of Cyprus Banks.

Term of Office:

Appointed to the Board of BOC PCL in September 2019

External Appointment:

Vice Chairman of the Board of Directors of the Association of Cyprus Banks
Chairman at Employer's Association of Cyprus Banks

Independent:

No

Committee Membership:

None

APPENDIX I – Biographies of the directors including experience and knowledge (continued)

Eliza Livadiotou (Executive Director Finance & Legacy)

Eliza is the Executive Director Finance & Legacy since January 2022, and since 6th October 2021 she has been an Executive Member of the Bank of Cyprus Board of Directors. She is responsible for Finance, Treasury, Strategy and Corporate Finance, Investor Relations, ESG, Real Estate Management, Restructuring & Recoveries, Regulatory Affairs, Procurement and Economic Research. She began her career in 1995 with the audit firm Arthur Andersen in Cambridge, UK, where she qualified as a Chartered Accountant. In 1999 she joined Bank of Cyprus, as Assistant to the Group Chief General Manager. In 2005, she moved to the Finance Division. In December 2013, Eliza was appointed Chief Financial Officer (CFO), and from 2016 to late 2021 she was responsible for the Finance and Treasury Divisions.

In October 2021, she was appointed Executive Member of the Board of Directors. Eliza studied Economics at the University of Cambridge (MA Hons). She is a member of the Board of Trustees of the Bank of Cyprus Oncology Centre, a Non-Independent and Non-Executive member of the Board of Directors of CISCO, and a member of the banking committee of the Institute of Chartered Accountants in England and Wales.

Term of Office:

Appointed to the Board of BOC PCL in October 2021

External Appointment:

None

Independent:

No

Committee Membership:

None

APPENDIX II – Basis of Consolidation of Group entities for regulatory purposes

The subsidiary companies and branches, their activities and their consolidation method as at 31 December 2022 are presented in the table below:

EU LI3 – Outline of the differences in the scope of consolidation – entity by entity

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Bank of Cyprus Holdings Public Limited Company	Full consolidation	x	-	-	-	Holding company
Bank of Cyprus Public Company Ltd	Full consolidation	x	-	-	-	Commercial bank
Auction Yard Ltd	Full consolidation	x	-	-	-	Auction company
Bank of Cyprus Public Company Ltd (branch of BOC PCL)	Full consolidation	x	-	-	-	Administration of guarantees and holding of real estate properties
BOC Asset Management Romania S.A.	Full consolidation	x	-	-	-	Collection of the existing portfolio of receivables, including third party collections
JCC Payment Systems Ltd	Full consolidation	x	-	-	-	Card processing transaction services
LCP Holdings and Investments Public Ltd	Full consolidation	x	-	-	-	Investments in securities and participations in companies and schemes that are active in various business sectors and projects
MC Investment Assets Management LLC	Full consolidation	x	-	-	-	Problem asset management company
The Cyprus Investment and Securities Corporation Ltd (CISCO)	Full consolidation	x	-	-	-	Investment banking and brokerage
S.Z. Eliades Leisure Ltd	Full consolidation	x	-	-	-	Land development and operation of a golf resort
Fortuna Astrum Ltd	Full consolidation	x	-	-	-	Problem asset management company

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
EuroLife Ltd	Full consolidation	-	-	x	-	Life insurance
General Insurance of Cyprus Ltd	Full consolidation	-	-	x	-	Non-Life insurance
Kermia Ltd	Full consolidation	-	-	x	-	Property trading and development
Kermia Properties & Investments Ltd	Full consolidation	-	-	x	-	Property trading and development
BOC Secretarial Company Ltd	Full consolidation	-	-	x	-	Secretarial services
BOC Asset Management Ltd	Full consolidation	x	-	-	-	Managements administration and safekeeping of UCITS Units
Canosa Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Edoric Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Jobelis Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Kernland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Melsolia Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Koralmon Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Spacous Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Calinora Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Marcozaco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Soluto Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Solomaco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Linaland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Unital Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Astromeria Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Neraland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Wingstreet Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Nolory Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Lynoco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Fitrus Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Lisbo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Mantinec Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Colar Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Irisa Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Venicous Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Regetona Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Provezaco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Hillbay Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Senadaco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Mostero Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Camela Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Ofraco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Forenaco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Hovita Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Helal Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Lorman Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Fareland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Barosca Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Fogland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Tebasco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Homirova Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Blodar Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Cobhan Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Cranmer Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Domita Estates Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Emovera Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Estaga Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Joberco Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Labancor Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Laiki Lefkothea Center Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Memdes Estates Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Nalmosa Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Ramendi Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Skellom Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Tebane Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Zecomex Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Valecross Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Altco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Olivero Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Jaselo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Elosa Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Flona Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Pendalo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Toreva Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Frontyard Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Resoma Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Venetolio Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Bonsova Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Weinar Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Balasec Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Eracor Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Thermano Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Nouralia Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Mazima Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Diafor Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Rulemon Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Thelemic Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Maledico Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Bascone Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Resocot Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Soblano Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Talamon Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Rosalica Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Zandexo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Paramina Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Tasabo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Coeval Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Bendolio Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Kartama Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Zemialand Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Secretsky Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Riveland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Asianco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Nigora Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Finevo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Dominion Industries Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Eurolife Properties Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Ledra Estate Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Les Coraux Estates Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Natakon Company Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Oceania Ltd	Full consolidation	-	-	x	-	Ownership and management of immovable property
Hamura Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Odolo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Tolmeco Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Arlona Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Dilero Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Ensolo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Pelika Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Calandomo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Sendilo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Molemo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Nivamo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Baleland Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Samilo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Green Hills Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Otherland Properties Dorobanti SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Imoreth Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Inroda Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Zunimar Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Allioma Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Nikaba Properties SRL	Full consolidation	x	-	-	-	Ownership and management of immovable property
Zenoplus Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Alezia Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Amary Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Alepar Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Monata Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Aparno Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Enelo Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Lomenia Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Vertilia Properties Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
Midelox Properties Limited	Full consolidation	x	-	-	-	Ownership and management of immovable property
Montira Properties Limited	Full consolidation	x	-	-	-	Ownership and management of immovable property
Orilema Properties Limited	Full consolidation	x	-	-	-	Ownership and management of immovable property
Philiki Ltd	Full consolidation	x	-	-	-	Ownership and management of immovable property
BOC Terra AIF V.C.I.C. PCL	Full consolidation	x	-	-	-	Real Estate Alternative Investment Fund
Gosman Properties Ltd	Full consolidation	x	-	-	-	Holding of shares and other investments and provision of services
Obafemi Holdings Ltd	Full consolidation	x	-	-	-	Holding of shares and other investments and provision of services
Stamoland Properties Ltd	Full consolidation	x	-	-	-	Holding of shares and other investments and provision of services
Unoplan Properties Ltd	Full consolidation	x	-	-	-	Holding of shares and other investments and provision of services
Petrassimo Properties Ltd	Full consolidation	x	-	-	-	Holding shares and other investments and the provision of services
Holstone Properties Ltd	Full consolidation	x	-	-	-	Reserved to accept property

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Cramonco Properties Ltd	Full consolidation	x	-	-	-	Reserved to accept property
Avaleto Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Carilo Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Gelimo Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Larizemo Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Olisto Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Rifelo Properties Limited	Full consolidation	x	-	-	-	Reserved to accept property
Nikaba Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Battersee Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Bonayia Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Hydrobius Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Imoreth Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Inroda Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Janoland Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Otherland Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Zunimar Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Allioma Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Landanafield Properties Ltd	Full consolidation	x	-	-	-	Intermediate holding company
Jinius Ltd	Full consolidation	x	-	-	-	Inactive
Iperi Properties Ltd	Full consolidation	x	-	-	-	Inactive
Paneuropean Ltd	Full consolidation	x	-	-	-	Inactive
Prodino Properties Ltd	Full consolidation	x	-	-	-	Inactive
Thryan Properties Ltd	Full consolidation	x	-	-	-	Inactive
Finerose Properties Ltd	Full consolidation	x	-	-	-	Inactive

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Laiki Bank (Nominees) Ltd	Full consolidation	-	-	x	-	Inactive
Nelcon Transport Co. Ltd	Full consolidation	-	-	x	-	Inactive
CYCMC IV Ltd	Full consolidation	x	-	-	-	Inactive
Kyprou Commercial SA	Full consolidation	x	-	-	-	Inactive
Kyprou Properties SA	Full consolidation	-	-	x	-	Inactive
Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd)	Full consolidation	-	-	x	-	Inactive
Kyprou Zois (branch of EuroLife Ltd)	Full consolidation	-	-	x	-	Inactive
Birkdale Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Steparco Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Folimo Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Sylvesta Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Blindingqueen Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Fairford Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Salecom Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Bramwell Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Fantasio Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Demoro Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Battersee Real Estate SRL	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Cyprialife Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Romaland Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Tavoni Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Stormino Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Aktilo Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Ameleto Properties Limited	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Trecoda Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Thames Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off
Weinco Properties Ltd	Full consolidation	x	-	-	-	In the process of dissolution/ in the process of being struck off

APPENDIX III – Main features of Capital Resources

Main features of the ordinary shares of the Group

		2022/2021
1	Issuer	Bank of Cyprus Holdings Public Limited Company
2	Unique identifier	IE00BD5B1Y92
2a	Public or private placement	Public
3	Governing law(s) of the instrument	Irish Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated
7	Instrument type	Ordinary Shares
8	Amount recognised in regulatory capital	€45 million
9	Nominal amount of instrument	€45 million
9(a)	Issue price	Various
9(b)	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	Yes
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A
29	If convertible, issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
34b	Ranking of the instrument in normal insolvency proceedings	As per the Annex on Insolvency ranking (SRB) this is ranking CY1
35	Position in subordination hierarchy in liquidation	N/A
36	Non-compliant transitioned features	N/A
37	If yes, non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

APPENDIX III – Main features of Capital Resources (continued)

Main features of the AT1 Capital Securities

		2022/2021
1	Issuer	Bank of Cyprus Holdings Public Limited Company
2	Unique identifier	XS1865594870
2a	Public or private placement	Private
3	Governing law(s) of the instrument	English law, except for the subordination and set off provisions which will be governed by the laws of Ireland
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	Regulatory treatment	
4	Transitional CRR rules	Additional Tier 1 Capital Securities
5	Post-transitional CRR rules	Additional Tier 1 Capital Securities
6	Eligible at individual/(sub-) consolidation/individual and (sub-) consolidated	Consolidated Level
7	Instrument type	Additional Tier 1 Capital Securities
8	Amount recognised in regulatory capital	2022: €220 million 2021: €220 million
9	Nominal amount of instrument	€220 million
9(a)	Issue price	100%
9(b)	Redemption price	100%
10	Accounting classification	Other equity instruments
11	Original date of issuance	19 December 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	19 December 2023
16	Subsequent call dates, if applicable	Each day which falls on every fifth anniversary of the first call date of 19 December 2023

APPENDIX III – Main features of Capital Resources (continued)

Main features of the AT1 Capital Securities

		2022/2021
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	(i) 12.50% semi-annually up to call date of 19 December 2023 (ii) After call date, the interest rate is the 5 year Mid-Swap rate plus a margin of 12.603%
19	Existence of a dividend stopper	N/A
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A
29	If convertible, issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Group CET1 Ratio less than 5.125%
32	If write-down, full or partial	Partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, write-up mechanism	Yes
34a	Type of subordination (only for eligible liabilities)	n/a
34b	Ranking of the instrument in normal insolvency proceedings	As per the Annex on Insolvency ranking (SRB) this is ranking CY2
35	Position in subordination hierarchy in liquidation	Unsecured and subordinated and at all times rank (1) junior to Tier 2, any other subordinated obligations and unsubordinated obligations (not ranking pari passu with the Capital Securities) and (2) only senior to share capital (CET1).
36	Non-compliant transitioned features	N/A
37	If yes, non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://www.bourse.lu/security/XS1865594870/274816

APPENDIX III – Main features of Capital Resources (continued)

Main features of the Subordinated Tier 2 Capital Note – January 2017

		2021
1	Issuer	Bank of Cyprus Public Company Ltd
2	Unique identifier	XS1551761569
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English law, save for Subordination and Set-off provisions which will be governed by the laws of the Republic of Cyprus
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	Regulatory treatment	
4	Transitional CRR rules	Tier 2 Capital Notes
5	Post-transitional CRR rules	Tier 2 Capital Notes
6	Eligible at individual/(sub-) consolidation/individual and (sub-) consolidated	Consolidated & Sub-consolidated & Solo
7	Instrument type	Tier 2 Capital Notes
8	Amount recognised in regulatory capital	€0 million (2021)
9	Nominal amount of instrument	€250 million
9(a)	Issue price	100%
9(b)	Redemption price	100%
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	19 January 2017
12	Perpetual or dated	Dated
13	Original maturity date	19 January 2027
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	19 January 2022
16	Subsequent call dates, if applicable	N/A

APPENDIX III – Main features of Capital Resources (continued)

Main features of the Subordinated Tier 2 Capital Note – January 2017

		2021
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	(i) 9.25% per annum up to call date of 19 January 2022 (ii) After call date, the interest rate is the 5-year Mid-Swap rate plus a margin of 9.176%
19	Existence of a dividend stopper	N/A
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A
29	If convertible, issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
34b	Ranking of the instrument in normal insolvency proceedings	As per the Annex on Insolvency ranking (SRB) this is ranking CY3
35	Position in subordination hierarchy in liquidation	Subordinated to any unsubordinated obligations and any subordinated obligations that rank senior to this Note. Senior to Additional Tier 1 instruments and share capital.
36	Non-compliant transitioned features	N/A
37	If yes, non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Redeemed / delisted

APPENDIX III – Main features of Capital Resources (continued)

Main features of the Subordinated Tier 2 Capital Note – April 2021

		2022/2021
1	Issuer	Bank of Cyprus Holdings Public Limited Company
2	Unique identifier	XS2333239692
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English law, except for the status of the Notes and acknowledgement of statutory loss absorption powers which will be governed by the laws of Ireland
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	Regulatory treatment	
4	Transitional CRR rules	Tier 2 Capital Notes
5	Post-transitional CRR rules	Tier 2 Capital Notes
6	Eligible at individual/(sub-) consolidation/individual and (sub-) consolidated	Consolidated
7	Instrument type	Tier 2 Capital Notes
8	Amount recognised in regulatory capital	2022: €300 million 2021: €300 million
9	Nominal amount of instrument	€300 million
9(a)	Issue price	100%
9(b)	Redemption price	100%
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	23 April 2021
12	Perpetual or dated	Dated
13	Original maturity date	23 October 2031
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	23 April 2026
16	Subsequent call dates, if applicable	Any date from 23/04/26 to and including 23/10/26

APPENDIX III – Main features of Capital Resources (continued)
Main features of the Subordinated Tier 2 Capital Note – April 2021

		2022/2021
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	(i) 6.625% per annum up to call date of 23/10/26 (ii) After call date, the interest rate is the 5-year Mid-Swap rate plus a margin of 6.902%
19	Existence of a dividend stopper	N/A
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A
29	If convertible, issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
34b	Ranking of the instrument in normal insolvency proceedings	As per the Annex on Insolvency ranking (SRB) this is ranking CY3
35	Position in subordination hierarchy in liquidation	Direct, unsecured and subordinated obligations of BOCH and shall at all times rank pari passu and without any preference among themselves, ranking (on a winding-up of BOCH):(A) senior to Junior Liabilities (to Tier 2 Capital); (B) pari passu and without any preference among themselves; (C) pari passu with all other Tier 2 Capital Liabilities; and (D) junior to present and future obligations of BOCH in respect of Senior Creditors of BOCH (to Tier 2 Capital).
36	Non-compliant transitioned features	N/A
37	If yes, non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://www.bourse.lu/security/XS2333239692/335184

APPENDIX III – Main features of Capital Resources (continued)

Main features of the Senior Preferred Notes

		2022/2021
1	Issuer	Bank of Cyprus Public Company Limited
2	Unique identifier	XS2355059168
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English law, save for the status of the Notes and acknowledgement of statutory loss absorption powers which will be governed by the laws of the Republic of Cyprus
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	Regulatory treatment	
4	Transitional CRR rules	Eligible Liabilities
5	Post-transitional CRR rules	Eligible Liabilities
6	Eligible at individual/(sub-) consolidation/individual and (sub-) consolidated	BOC Group & BOC PCL
7	Instrument type	Senior Preferred
8	Amount recognised in eligible liabilities	2022: €300 million 2021: €300 million
9	Nominal amount of instrument	€300 million
9(a)	Issue price	100%
9(b)	Redemption price	100%
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	24 June 2021
12	Perpetual or dated	Dated
13	Original maturity date	24 June 2027
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	24 June 2026
16	Subsequent call dates, if applicable	N/A

APPENDIX III – Main features of Capital Resources (continued)

Main features of the Senior Preferred Notes

		2022/2021
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	(i) 2.50% annually up to call date of 24 June 2026 (ii) After call date, the interest rate is the 5-year Mid-Swap rate plus a margin of 2.785%
19	Existence of a dividend stopper	n/a
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A
29	If convertible, issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	Exemption from subordination
34b	Ranking of the instrument in normal insolvency proceedings	As per the Annex on Insolvency ranking (SRB) this is ranking CY6
35	Position in subordination hierarchy in liquidation	Direct, unconditional, unsubordinated and unsecured obligations of the Issuer in accordance with Condition 3(a)
36	Non-compliant transitioned features	N/A
37	If yes, non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://www.bourse.lu/security/XS2355059168/338796

Appendix IV- Result of the materiality analysis of the legal entities as at 31 December 2022

Legal entity	Qualitative criterion	% RWAs	% Total income	% Total Assets	Materiality
Bank of Cyprus Public Company Ltd (Cyprus)	Core Business Line	92.33	93.17	92.87	YES
CISCO	Not a critical function, significant business activity or a service/support function	0.09	0.13	0.05	NO
GIC	Not a critical function, significant business activity or a service/support function	-	2.57	0.41	NO
EuroLife Ltd	Not a critical function, significant business activity or a service/support function	-	6.34	3.45	NO (under monitoring)
Kermia and Kermia Properties and Investments	Not a critical function, significant business activity or a service/support function	-	(0.01)	0.01	NO
JCC	Critical Function	1.03	4.99	0.23	NO
BOC Asset Management Ltd	Not a critical function, significant business activity or a service/support function	0.03	0.16	-	NO
S.Z. Eliades Leisure Ltd	Not a critical function, significant business activity or a service/support function	0.44	0.40	0.16	NO
Bank of Cyprus Public Company Ltd (Greek branch)	Not a critical function, significant business activity or a service/support function	0.63	-	-	NO
MC Investments and Asset Management LLC	Not a critical function, significant business activity or a service/support function	(0.15)	(1.41)	-	NO
Other various small subsidiaries (mainly Special Purpose Vehicles (SPVs))	Not a critical function, significant business activity or a service/support function	5.60	(6.34)	2.82	NO

Appendix V - Specific References to CRR Articles

CRR ref.	High-level summary	Compliance reference
General Provisions		
6	General Principles	Section 4
13	Application of disclosure requirements on a consolidated basis	Section 4
Scope of disclosure requirements		
431 (1)	Requirement to publish Pillar III disclosures.	Section 2.2
431 (2)	Disclosure of operational risk information.	Section 3.2.4
431 (3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness.	The Bank has a dedicated Pillar III policy
431 (4)	All quantitative disclosures shall be accompanied by qualitative narrative	All qualitative narrative is contained within the Report
431 (5)	Explanation of ratings decisions to SMEs upon request.	Not applicable to the Group
Non-material, proprietary or confidential information		
432	Non-material, proprietary or confidential information – EBA Guidelines on materiality, proprietary, confidentiality and on disclosure frequency	The Group discloses all minimum requirements set by CRR and no information has been omitted on the basis of materiality, proprietary or confidential
Frequency of disclosure		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements and more frequently if necessary.	Section 2.2
Means of disclosures		
434 (1)	To include disclosures in one appropriate medium, or provide clear cross-references to other media.	All applicable disclosures are contained within the Report
434 (2)	Equivalent disclosures made under other requirements (i.e., accounting) can be used to satisfy Pillar III if appropriate.	Cross-references to accounting and other disclosures are indicated in the Report
Risk management objectives and policies		
435 (1) (a)	Strategies and processes to manage risks for each separate category of risk.	Sections 3.1 and 3.2
435 (1) (b)	Information on the risk governance structure for each type of risk	
435 (1) (c)	Disclosure on the scope and nature of risk disclosure and/or measurement systems.	
435 (1) (d)	The policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.	
435 (1) (e)	Declaration approved by the BoD on adequacy of risk management arrangements.	Sections 2.2 Pillar III Regulatory Framework, Attestation section Section 3.1.3 Effectiveness of the Risk Management Framework
435 (1) (f)	Concise risk statement approved by the BoD.	Section 1 Executive Summary, Risk Profile section
435 (2)	Information, once a year at a minimum, on governance arrangements.	Section 3.3.2
435 (2) (a)	Number of directorships held by members of the BoD.	Section 3.3.2
435 (2) (b)	Recruitment policy of BoD members, their experience and expertise.	Section 3.3.1
435 (2) (c)	Policy on diversity of BoD members, its objectives and results against targets.	Section 3.3.3
435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	Sections 3.3.5 to 3.3.7
435 (2) (e)	Description of information flow on risk to BoD.	Section 3.3.8
Scope of application		
436 (a)	Name of institution.	Section 2.1

CRR ref.	High-level summary	Compliance reference
436 (b)	Difference on the basis of consolidation for accounting and prudential purposes, naming entities that are:	Section 4.1, and Appendix I
436 (c)	Breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation	Section 4.1.1
436 (d)	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation	Section 4.1.2
436 (e)	Exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment	Not applicable to the Group
436 (f)	Impediments to transfer of funds between parent and subsidiaries.	Section 12
436 (g)	Capital shortfalls in any subsidiaries outside of scope of consolidation and their names (if any).	Section 2.2
436 (h)	Use of articles on derogations from (a) prudential requirements or (b) liquidity requirements for individual subsidiaries / entities.	Not applicable to the Group
Own funds		
437 (1)	Requirements regarding capital resources table.	Sections 4.1, 5.1 to 5.3
437 (1) (a)	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds	Sections 4.1 and 5.1
437 (1) (b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution	Appendix III
437 (1) (c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	Section 5.3
437 (1) (d)	A separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	Section 5.1
437 (1) (e)	Description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply	Sections 5.1 to 5.3
437 (1) (f)	Comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation.	Not applicable to the Group
437 (a)	Disclosure of own funds and eligible liabilities	Not applicable to the Group for 2022
Capital requirements		
438 (a)	Summary of institution's approach to assessing adequacy of capital levels.	Section 6.1
438 (b)	The amount of the additional own funds requirements based on the supervisory review process	Section 14
438 (c)	Result of ICAAP on demand from competent authority.	Section 3.1.15
438 (d)	The total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories.	Section 6.1
438 (e)	The on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending	Not applicable to the Group
438 (f)	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds	Section 6.2
438 (g)	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate	Not applicable for the Group

CRR ref.	High-level summary	Compliance reference
438 (h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Not applicable to the Group
Exposure to Counterparty Credit Risk (CCR)		
439 (a)	Description of methodology to assign internal capital and credit limits for counterparty credit exposures.	Section 7
439 (b)	Discussion of policies for securing collateral and establishing credit reserves.	Section 7
439 (c)	Discussion of policies as regards wrong-way risk exposures.	Section 7
439 (d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	Section 7
439 (e)	The amount of segregated and unsegregated collateral received and posted per type of collateral,.	Section 7
439 (f)	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method.	Section 7
439 (g)	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation.	Section 7
439 (h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge.	Section 7
439 (i)	The exposure value to central counterparties and the associated risk exposures.	Section 7
439 (j)	The notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold	Not applicable to the Group
439 (k)	The estimate of alpha where applicable	Section 7
439 (l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	Section 7
439 (m)	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	Section 7
440 (1) (a)	Geographical distributions of credit exposures	Section 8
440 (1) (b)	Amount of the institution specific countercyclical buffer	Section 8
440 (2)	EBA issue the Regulatory Technical Standards on Countercyclical Capital Buffer	Section 8
Indicators of global systemic importance		
441	Indicators of global systemic importance	Not applicable to the Group
Credit risk adjustments		
442 (a)	Definitions for accounting purposes of 'past due' and 'impaired'.	Section 9.1
442 (b)	Approaches for calculating credit risk adjustments.	Section 9.3
442 (c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received	Sections 9.2 and 9.4
442 (d)	An ageing analysis of accounting past due exposures;	Section 9.2
442 (e)	Distribution of exposures by geographical area and industry	Section 9.2
442 (f)	Any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	Section 9.2
442 (g)	The breakdown of loans and debt securities by residual maturity	Section 9.1.1
Unencumbered assets		
443	Disclosures on unencumbered assets.	Section 10

CRR ref.	High-level summary	Compliance reference
Use of ECAIs		
444 (a)	Names of the nominated ECAIs used in the calculation of Standardised Approach RWAs, and reasons for any changes.	Section 11
444 (b)	Exposure classes associated with each ECAI.	Section 11
444 (c)	Description of the process used to transfer the issuer and issue credit assessments onto items in the Banking book.	Section 11
444 (d)	Mapping of external rating to credit quality steps.	Section 11
444 (e)	Exposure values pre-credit risk mitigation and post-credit risk mitigation, by credit quality step.	Section 11
Market risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those points.	Section 12
Operational risk		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	Section 13
Key Metrics		
447	Disclosure of Key Metrics	Section 14
Exposure to interest rate risk on positions in the Trading book		
448 (1) (a)	The changes in the economic value of equity calculated under the six supervisory shock scenarios	Section 15.2
448 (1) (b)	The changes in the net interest income calculated under the two supervisory shock scenarios	Section 15.2
448 (1) (c)	Description of key modelling and parametric assumptions	Not applicable to the Group
448 (1) (d)	An explanation of the significance of the risk measures	Section 15.1
448 (1) (e)	The description of how institutions define, measure, mitigate and control the interest rate risk of their non- trading book activities for the purposes of the competent authorities' review.	Sections 15.1 and 15.2
448 (1) (f)	The description of the overall risk management and mitigation strategies for those risks	Section 15.1
448 (1) (g)	Average and longest repricing maturity assigned to non-maturity deposits	Section 15.1
448 (2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e) (iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU	Not applicable to the Group
Exposure to securitisation positions		
449	Exposure to securitisation positions	Section 16
449a	Disclosure of environmental, social and governance risks (ESG risks)	Section 17
Remuneration disclosures		
450	Remuneration policy.	Section 18
Leverage		
451 (1) (a)	Leverage ratio and how the institution applies Article 499(2) and (3)	Section 19
451 (1) (b)	Analysis of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items.	Sections 19, 19.1, 19.2 and 19.3
451 (1) (c)	Where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7)	Section 19.2
451 (1) (d)	Description of the risk management process to mitigate excessive leverage .	Sections 19
451 (1) (e)	Factors that had an impact on the leverage ratio during the year	Sections 19
451 (2)	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1).	The Group follows the implementation standards. Section 19.2
451 (3)	In addition to points (a) and (b) of paragraph 1 of this Article, large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages	Section 19.2

CRR ref.	High-level summary	Compliance reference
	calculated in accordance with the implementing act referred to in Article 430(7).	
451 (a) (1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article	Section 20
451 (a) (2)	Disclose liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1)	Section 20
451 (a) (3)	Disclose stable funding ratio as calculated in accordance with Title IV of Part Six	Section 20
451 (a) (4)	Disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU	Section 20
Use of the IRB Approach to credit risk		
452	Use of the IRB Approach to credit risk	Not applicable to the Group
Use of credit risk mitigation techniques		
453 (a)	Policies and processes, and an indication of the extent to which the Bank makes use of on-balance sheet and off-balance sheet netting.	Section 21.1
453 (b)	Policies and processes for collateral valuation and management.	Section 21.3
453 (c)	Description of types of collateral used by the Bank.	Section 21.3
453 (d)	Types of guarantor and credit derivative counterparty, and their creditworthiness.	Section 21.3
453 (e)	Information about market or credit risk concentrations within the credit mitigation taken.	Sections 3.2.1.4 and 11
453 (f)	For exposures under either the Standardised or the Foundation IRB approach, disclosure of the exposure covered by eligible financial collateral and other eligible collateral	Section 21.3
453 (g)	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect.	Section 11
453 (h)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation	Section 11
453 (i)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk- weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class	Section 11
453 (j)	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk- weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission	Not applicable to the Group
Use of the Advanced Measurement Approaches to operational risk		
454	Description of the use of insurance or other risk transfer mechanisms for the purpose of mitigating operational risk.	Not applicable to the Group
Use of Internal Market Risk Models		
455	Use of Internal Market Risk Models	Not applicable to the Group

Appendix VI- List of EBA templates disclosed and mapping to Pillar 3 report

	Compliance Reference	**Section**
EU LI1	Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories	Section 4.1.1
EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in Financial Statements	Section 4.1.2
EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)	Appendix II
EU OV1	Overview of RWAs	Section 6.1
EU INS1	Non-deducted participations in insurance undertakings	Section 6.2
EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	Not applicable
EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts	Section 13
EU PV1	Prudent valuation adjustments (PVA)	Not applicable
EU CC1	Composition of regulatory own funds	Section 5.1
EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Section 4.1
EU KM1	Overview of risk weighted exposure amounts	Section 14
EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Section 8
EU CCyB2	Amount of institution-specific countercyclical capital buffer	Section 8
EU CR1-A	Maturity of exposures	Section 9.1.1
EU CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Section 21.2
EU CR4	Standardised Approach – Credit risk exposure and CRM effects	Section 11
EU CR5	Standardised Approach	Section 11
EU CR6	IRB approach – Credit risk exposures by exposure class and PD range	Not applicable
EU CR6-A	Scope of the use of IRB and SA approaches	Not applicable
EU CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	Not applicable
EU CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	Not applicable
EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	Not applicable
EU CR9	IRB approach – Back-testing of PD per exposure class (fixed PD scale)	Not applicable
EU CR9.1	IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	Not applicable
EU CR10	Specialised lending and equity exposures under the simple riskweighted approach	Not applicable
EU CCR1	Analysis of CCR exposure by approach	Section 7
EU CCR2	Transactions subject to own funds requirements for CVA risk	Section 7
EU CCR3	Standardised Approach – CCR exposures by regulatory portfolio and risk	Section 7
EU CCR4	IRB approach – CCR exposures by exposure class and PD scale	Not applicable
EU CCR5	Composition of collateral for exposures to CCR	Section 7
EU CCR6	Credit derivatives exposures	Not applicable
EU CCR7	RWEA flow statements of CCR exposures under the IMM	Not applicable
EU CCR8	Exposures to central counterparties	Section 7
EU MR1	Market risk under the Standardised Approach	Not applicable
EU MR2-A	Market risk under the internal Model Approach (IMA)	Not applicable
EU MR2-B	RWA flow statements of market risk exposures under the IMA	Not applicable
EU MR3	IMA values for trading portfolios	Not applicable
EU MR4	Comparison of VaR estimates with gains/losses	Not applicable

	Compliance Reference	Section
IFRS 9-EL	Comparison of institutions' own funds and capital and leverage ratios with the application of transitional arrangements for IFRS 9 or analogous ECLs and with and without the application of the temporary treatment in accordance with Article 468 CRR.	Section 6.3
EU CQ1	Credit quality of forborne exposures	Section 9.4
EU CQ2	Quality of forbearance	Section 9.4
EU CQ3	Credit quality of performing and non-performing exposures by past due days	Section 9.2
EU CR1	Performing and non-performing exposures and related provisions	Section 9.2
EU CQ4	Quality of non-performing exposures by geography	Section 9.2
EU CQ5	Credit quality of loans and advances by industry	Section 9.2
EU CQ6	Collateral valuation – loans and advances	Section 9.2
EU CR2	Changes in the stock of non-performing loans and advances	Section 9.2
EU CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Section 9.2
EU CQ7	Collateral obtained by taking possession and execution processes	Section 9.2
EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Section 9.2
EU AE1	Encumbered and unencumbered assets	Section 10.1
EU AE2	Collateral received and own debt securities issued	Section 10.2
EU AE3	Sources of encumbrance	Section 10.3
EU REM1	Remuneration awarded for the financial year	Section 18.4
EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 18.4
EU REM3	Deferred remuneration	Not Applicable
EU REM4	Remuneration of 1 million EUR or more per year	Not Applicable
EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 18.4
EU LR1	Summary reconciliation of accounting assets and leverage ratio exposures	Section 19.1
EU LR2	Leverage ratio common disclosure	Section 19.2
EU LR3	Split-up of on balance sheet exposures (excluding derivatives and SFTs)	Section 19.3
EU LIQ1	Quantitative information of LCR	Section 20
EU LIQ2	Net Stable Funding Ratio	Section 20
EU SEC1	Securitisation exposures in the non-trading book	Section 16
EU SEC2	Securitisation exposures in the trading book	Not Applicable
EU SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Section 16
EU SEC4	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Not Applicable
EU SEC5	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Section 16
EU IRRBB1	Interest rate risks of non-trading book activities	Section 15.2
Covid 1	Information on loans and advances subject to legislative and non-legislative moratoria	Section 22
Covid 2	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	Section 22
Covid 3	Breakdown of Covid-19 related public guarantee schemes	Section 22
ESG Template 1	Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Section 17.1
ESG Template 2	Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Section 17.1
ESG Template 4	Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	Not Applicable

	Compliance Reference	Section
ESG Template 5	Banking book - Climate change physical risk: Exposures subject to physical risk	Section 17.1
ESG Template 10	Other climate change mitigating actions that are not covered in the EU Taxonomy	Section 17.1

GLOSSARY

A	
AC	Board Audit Committee
ACCs	Additional Credit Claims
ADC	Asset Acquisition and Disposal Committee
AGM	Annual General Meeting
ALCO	Asset and Liability Committee
ASF	Available stable funding
AT1	Additional Tier 1
AVA	Additional Valuation Adjustments
B	
Bank, BOC PCL	Bank of Cyprus Public Company Limited
BoD, Board	Board of Directors
BRRD	Bank Recovery and Resolution Directive
C	
C&E	Climate and Environmental
CBC	Central Bank of Cyprus
CBR	Combined Buffer Requirement
CC1,CC2,CC3	Credit Committees
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CcyB	Countercyclical Capital Buffer
CDEA	Cleared Derivatives Execution Agreement
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CISCO	The Cyprus Investment and Securities Corporation Ltd
CIUs	Collective Investment Undertakings
Code	Corporate Governance Code
Company	Bank of Cyprus Holdings Public Limited Company
COVID-19	Coronavirus Disease 2019
CPRS	Climate Policy Relevant Sectors
CRC&M	Credit Risk Control & Monitoring
CRD	Capital Requirements Directive (Directive 2013/36/EU of the European Parliament)
CRM	Credit Risk Mitigation
CRMD	Credit Risk Management Department
CRO	Chief Risk Officer
CRP	Credit Risk Policy
CRR	Capital Requirements Regulation (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013)
CSA	Credit Support Annex
CSCR	Corporate & SME Credit Risk
CSE	Cyprus Stock Exchange
CSIRT	Computer Security Incident Response Team
CSR	Corporate and Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CVA	Credit Valuation Adjustment
CyCAC	Cypriot Credit Acquiring Company
CySEC	Cyprus Securities and Exchange Commission
D	
DA&P	Data Analysis and Provisions department
DR	Disaster Recovery
E	

EAD	Exposure at default
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECAIs	External Credit Assessment Institutions
ECB	European Central Bank
ECCC	Ethics, Conduct & Culture Committee
ECL	Expected Credit Losses
EEA	European Economic Area
EMIR	European Markets Infrastructure Regulation
EMTN	Euro Medium Term Note
EPC	Energy Performance Certificates
ESG	Environmental, Social and Governance
EU	European Union
EV	Economic Value
ExCo	Executive Committee
F	
FVOCI	Fair value through other comprehensive income
FVPL	Fair Value through Profit or Loss
FX	Foreign Exchange
G	
GDP	Gross Domestic Product
GIC	General Insurance of Cyprus
GMRAs	Global Master Repurchase Agreements
Group	Bank of Cyprus Holdings Public Limited Company
H	
HQLA	High Quality Liquid Assets
HRRC	Human Resources & Remuneration Committee
I	
IA	Internal Audit Division
ICAAP	Internal Capital Adequacy Assessment Process
ICMA	International Capital Market Association
IFRS	International Financial Reporting Standards
Ifs	Investment Firms
ILAAP	Internal Liquidity Adequacy Assessment Process
IPCC	Intergovernmental Panel on Climate Change
IRB	Internal Rating Based
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association, Inc.
IT	Information Technology
ITS	Implementing Technical Standards
J	
JST	Joint Supervisory Teams
K	
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
L	
LCH CCP	London Clearing House Central Clearing Counterparty
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LMA	Loan Market Association
LRE	Leverage Ratio Exposure
LSD	Legal Services Department
LTIP	Long-term incentive plan

LTV	Loan to Value
M	
MiFID	Markets in Financial Instruments Directive
MM	Money Market
MLR	Market & Liquidity Risk Department
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MTF	Multilateral Trading Facility
N	
NCGC	Nominations and Corporate Governance Committee
NFCs	Non-Financial Corporations
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening the Financial System
NII	Net Interest Income
NMDs	Non-Maturing Deposits
NPEs	Non-Performing Exposures
NPLs	Non-Performing Loans
NSFR	Net Stable Funding Ratio
O	
OCI	Other Comprehensive Income
ORM	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
O-SIIs	Other Systemically Important Institutions
P	
P.P.I	Property price indices
P2G	Pillar II Guidance
P2R	Pillar II Requirement
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of Default
PIMT	Pandemic Incident Management Team
PiT	Point-in-time
POCI	Purchased or originated financial assets
PV01	Present value of 1 basis point
Q	
QCCP	Qualifying Central Counterparty
R	
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RC	Board Risk Committee
RCMS	Risk Compliance Management System
RCSA	Risk Control Self-Assessment
REMU	Real Estate Management Unit
RICS	Royal Institute of Chartered Surveyors
RMD	Risk Management Division
ROTE	Return on Tangible Equity
RPI	Leverage Ratio
RSF	Required stable funding
RWAs	Risk Weighted Assets
S	
SREP	Supervisory Review and Evaluation Process
SA-CR	Standardised Approach for Credit Risk
SBTs	Science based targets
SC	Sustainability Committee
SDG	Sustainable development goal
SEC-SA	Standardised Approach for Securitisation Positions

SFDR	Sustainable Finance Disclosure Regulation
SFTs	Securities Financing Transactions
SICR	Significant increase in credit risk
SID	Senior Independent Directors
SMEs	Small Medium Enterprises
SRB	Single Resolution Board
SSM	Single Supervisory Mechanism
STEAM	Science, Technology, Engineering, Arts and Mathematics
STIP	Short-term incentive plan
T	
T1	Tier 1
T2	Tier 2
TC	Total Capital
TCFD	Task Force on Climate-related Financial Disclosures
TPRM	Third-Party Risk Management
U	
UNEPFI	United Nations Environment – Finance Initiative
V	
VaR	Value at Risk