Interim Financial Report 2025

Bank of Cyprus Holdings

Contents

Board of Directors and Executives
as at 4 August 2025

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

Non-IFRS performance measures

Bank of Cyprus Holdings Public Limited Company's (the Company) management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the Interim Financial Report as they enable the readers to identify a more consistent basis for comparing the Group's performance between financial periods and provide more detail concerning the elements of performance which management are directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which the operating targets are defined and performance is monitored by the Group's management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as the key measures of the 30 June position. Refer to 'Alternative Performance Measures Disclosures' on pages 155 to 170 of the Interim Financial Report for the six months ended 30 June 2025 for further information and calculations of non-IFRS performance measures included throughout this document and their reconciliation to the most directly comparable IFRS measures included in the Interim Condensed Consolidated Financial Statements.

The Interim Financial Report for the six months ended 30 June 2025 is available on the Group's website www.bankofcyprus.com (Group/Investor Relations) (the Group's website).

The Interim Financial Report for the six months ended 30 June 2025 is originally issued in English. The Greek translation of the Interim Financial Report for the six months ended 30 June 2025 will be available on the Group's website by 12 August 2025. In case of a difference or inconsistency between the English document and the Greek document, the English document prevails.

INTERIM MANAGEMENT REPORT 2025

The Interim Financial Report relates to Bank of Cyprus Holdings Public Limited Company (the Company) and together with its subsidiaries the Group. The Company was listed on the Main Market of the Regulated Securities Market of the Athens Stock Exchange ('ATHEX') and the Cyprus Stock Exchange ('CSE') as at 30 June 2025.

Activities

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

All Group companies and branches are set out in Note 34 to the Interim Condensed Consolidated Financial Statements. The Group has established branches in Greece. There were no acquisitions of subsidiaries and no material disposals of subsidiaries during the six months ended 30 June 2025. Information on Group companies and acquisitions and disposals during the period are detailed in Note 34 to the Interim Condensed Consolidated Financial Statements. In addition, information on the acquisition of Ethniki General Insurance Cyprus Ltd completed in July 2025 is disclosed in Note 35 of the Interim Condensed Consolidated Financial Statements

Group financial results on the underlying basis

Commentary on underlying basis
The financial information presented in this section provides an overview of the Group financial results for the six months ended 30 June 2025 on the 'underlying basis', which management believes best fits the true measurement of the performance and position of the Group, as this presents separately any non-recurring items and also includes certain reclassifications of items, other than non-recurring items, which are done for presentational purposes under the underlying basis for aligning their presentation with items of a similar nature.

Reconciliations between the statutory basis and the underlying basis to facilitate the comparability of the underlying basis to the statutory information, are included below in section 'Reconciliation of the Interim Consolidated Income Statement for the six months ended 30 June 2025 between the statutory basis and the underlying basis' and in the 'Alternative Performance Measures Disclosures' of the Interim Financial Report 2025.

The main financial highlights for the six months ended 30 June 2025 are set out below:

Interim Consolidated Income Statement on the underlying basis

€ million	**Six months ended 30 June**	
	2025[1]	2024[1]
Net interest income	**368**	420
Net fee and commission income	**88**	86
Net foreign exchange gains and net gains on financial instruments	**18**	13
Net insurance result	**24**	23
Net gains from revaluation and disposal of investment properties and on disposal of stock of properties	**5**	2
Other income	**6**	5
Total income	**509**	549
Staff costs	**(105)**	(96)
Other operating expenses	**(76)**	(71)
Special levy on deposits and other levies/contributions	**(16)**	(19)
Total expenses	**(197)**	(186)
Operating profit	**312**	363
Loan credit losses	**(19)**	(16)
Impairments of other financial and non-financial assets	**(14)**	(25)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	**(1)**	(3)
Total loan credit losses, impairments and provisions	**(34)**	(44)
Profit before tax and non-recurring items	**278**	319
Tax	**(42)**	(48)
Profit attributable to non-controlling interests	**(1)**	(1)
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**235**	270
Advisory and other transformation costs - organic	**-**	-
Profit after tax (attributable to the owners of the Company)	**235**	270

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

Group financial results on the underlying basis (continued)

Interim Consolidated Income Statement on the underlying basis (continued)

Key Performance Ratios	**Six months ended 30 June**	
	2025	2024
Net interest margin (annualised)	**3.05%**	3.66%
Net interest margin excluding TLTRO III (annualised)	**3.05%**	3.79%
Cost to income ratio	**39%**	34%
Cost to income ratio excluding special levy on deposits and other levies/contributions	**36%**	30%
Operating profit return on average assets (annualised)	**2.3%**	2.8%
Basic earnings per share attributable to the owners of the Company (€)[1]	**0.54**	0.61
Return on tangible equity (ROTE) (annualised)	**18.4%**	23.7%
Return on tangible equity (ROTE) on 15% CET1 ratio[2] (annualised)	**26.0%**	29.6%
Tangible book value per share[3] (€)	**5.80**	5.27
Tangible book value per share excluding the interim cash dividend, as applicable (€)	**5.60**	5.27

1. The diluted earnings per share attributable to the owners of the Company for the six months ended 30 June 2025 amounted to €0.53 (30 June 2024: €0.60).
2. Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised - based on year-to-date days), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible shareholders' equity at each quarter end.
3. Tangible book value per share is calculated based on number of shares in issue at the end of the period, excluding treasury shares.

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Interim Consolidated Balance Sheet on the underlying basis

€ million	**30 June 2025[1]**	31 December 2024[1]
Cash and balances with central banks	**7,401**	7,601
Loans and advances to banks	**1,005**	821
Reverse repurchase agreements	**1,015**	1,010
Debt securities, treasury bills and equity investments	**4,832**	4,358
Net loans and advances to customers	**10,578**	10,114
Stock of property	**433**	649
Investment properties	**33**	36
Other assets	**1,807**	1,872
Non-current assets and disposal groups held for sale	**-**	23
Total assets	**27,104**	26,484
Deposits by banks	**502**	364
Customer deposits	**20,903**	20,519
Debt securities in issue	**992**	989
Subordinated liabilities	**316**	307
Other liabilities	**1,576**	1,475
Total liabilities	**24,289**	23,654
Shareholders' equity	**2,574**	2,590
Other equity instruments	**220**	220
Total equity excluding non-controlling interests	**2,794**	2,810
Non-controlling interests	**21**	20
Total equity	**2,815**	2,830
Total liabilities and equity	**27,104**	26,484

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

Group financial results on the underlying basis (continued)

Interim Consolidated Balance Sheet on the underlying basis (continued)

Key Balance Sheet figures and ratios	**30 June 2025**	31 December 2024
Gross loans (€ million)	**10,794**	10,374
Allowance for expected loan credit losses (€ million)	**234**	254
Customer deposits (€ million)	**20,903**	20,519
Loans to deposits ratio (net)	**51%**	49%
NPE ratio	**1.7%**	2.5%
NPE coverage ratio	**124%**	100%
Leverage ratio	**10.1%**	10.4%

Capital ratios and risk weighted assets	**30 June 2025 (Regulatory)[1]**	31 December 2024 (Regulatory)[2]
Common Equity Tier 1 (CET1) ratio (transitional)	**20.6%**	19.2%
Total capital ratio (transitional)	**25.8%**	24.0%
Risk weighted assets (RWAs) (€ million)	**10,300**	10,834

1. Includes reviewed profits for the six months ended 30 June 2025 net of distribution accrual at 70% payout ratio (refer to section 'Capital Base').
2. Includes profits for the year ended 31 December 2024 net of distribution resolved by the Board of Directors at 50% payout ratio (refer to section 'Capital Base').

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Group financial results on the underlying basis (continued)

Reconciliation of the Interim Consolidated Income Statement for the six months ended 30 June 2025 between the statutory basis and the underlying basis

€ million	**Underlying basis**	**Reclassifications**	**Statutory basis**
Net interest income	368	-	368
Net fee and commission income	88	-	88
Net foreign exchange gains and net gains on financial instruments	18	(1)	17
Net losses on derecognition of financial assets measured at amortised cost	-	(2)	(2)
Net insurance result*	24	-	24
Net gains from revaluation and disposal of investment properties and on disposal of stock of property	5	-	5
Other income	6	-	6
Total income	**509**	**(3)**	**506**
Total expenses	**(197)**	**(1)**	**(198)**
Operating profit	**312**	**(4)**	**308**
Loan credit losses	(19)	19	-
Impairment of other financial and non-financial assets	(14)	14	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	(1)	1	-
Credit losses on financial assets and impairment net of reversals on non-financial assets	-	(30)	(30)
Profit before tax and non-recurring items	**278**	**-**	**278**
Tax	(42)	-	(42)
Profit attributable to non-controlling interests	(1)	-	(1)
Profit after tax (attributable to the owners of the Company)	**235**	**-**	**235**

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

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

- Net losses on loans and advances to customers at FVPL of €1 million included in '*Loan credit losses*' under the underlying basis are included in '*Net gains on financial instruments*' under the statutory basis. Their classification under the underlying basis is done to align their presentation with the loan credit losses on loans and advances to customers at amortised cost.

- '*Net losses on derecognition of financial assets measured at amortised cost*' of €2 million under the statutory basis comprise net losses on derecognition of loans and advances to customers included in '*Loan credit losses*' under the underlying basis as to align their presentation with the loan credit losses arising from loans and advances to customers.

- '*Provisions for pending litigation, claims, regulatory and other matters (net of reversals)*' amounting to a charge of €1 million presented within '*Operating profit before credit losses and impairment*' under the statutory basis, are presented under the underlying basis in conjunction with loan credit losses and impairments.

- '*Credit losses on financial assets*' and '*Impairment net of reversals on non-financial assets*' under the statutory basis include: i) credit losses to cover credit risk on loans and advances to customers of €16 million, which are included in '*Loan credit losses*' under the underlying basis, and ii) credit losses of other financial assets of €0.3 million and impairment net of reversals on non-financial assets of €14 million, which are included in '*Impairment of other financial and non-financial assets*' under the underlying basis, as to be presented separately from loan credit losses.

Balance Sheet Analysis

Capital Base

Total equity excluding non-controlling interests totalled €2,794 million as at 30 June 2025 compared to €2,810 million as at 31 December 2024. Shareholders' equity totalled to €2,574 million as at 30 June 2025 compared to €2,590 million as at 31 December 2024.

The regulatory Common Equity Tier 1 capital (CET1) ratio on a transitional basis stood at 20.6% as at 30 June 2025 compared to 19.2% as at 31 December 2024. Throughout the Interim Management Report, the capital ratios as at 30 June 2025 include reviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy, in line with Commission Delegated Regulation (EU) No 241/2014 principles, unless otherwise stated (such ratios are referred to as regulatory). Such distribution accrual in respect of 2025 earnings does not constitute a binding commitment for a distribution payment of any amount nor does it constitute a warranty or representation that such a payment will be made. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 19 bps as at 30 June 2025, compared to 26 bps as at 31 December 2024. A prudential charge in relation to an onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which is not material, at 1 bps on Group's CET1 ratio as at 30 June 2025, compared to 3 bps on Group's CET1 ratio as at 31 December 2024. In addition, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 30 June 2025, the impact of these requirements was 70 bps on Group's CET1 ratio, compared to 51 bps as at 31 December 2024. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

The regulatory Total Capital ratio on a transitional basis stood at 25.8% as at 30 June 2025 compared to 24.0% as at 31 December 2024.

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

As at 30 June 2025, the Group's minimum phased-in CET1 capital ratio is set at 11.39%, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of approximately 0.90%. Likewise, the Group's minimum phased-in Total Capital ratio requirement is set at 16.09%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of approximately 0.90%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) remains unchanged for 2025 compared to 2024.

Following the annual SREP performed by the ECB in 2025 and based on the draft 2025 SREP Decision received in August 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to decrease effective from 1 January 2026 (subject to ECB final confirmation), when disregarding the phasing-in of the CcyB and the O-SII buffer, reflecting a reduction in the Pillar II requirement. The Pillar II requirement is expected to decrease by 25 bps to 2.50%, effective from 1 January 2026. The Group's minimum phased-in CET1 capital ratio is expected to be set at 11.91%, comprising a 4.50% Pillar I requirement, a 1.41% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.00% and CcyB of approximately 1.50%. Likewise, the Group's minimum phased-in Total Capital ratio requirement is expected to be set at 16.50%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.50% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.00% and the CcyB of approximately 1.50%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) has also been revised downwards based on the draft 2025 SREP decision.

In June 2023, the Central Bank of Cyprus ('CBC'), following the revised methodology described in its macroprudential policy, decided to set the CcyB to 1.00% of the total risk exposure in Cyprus for each licensed credit institution incorporated in Cyprus, effective from June 2024. As a result, the CcyB for the Group as at 30 June 2025 amounted to approximately 0.90%. In January 2025, CBC, based on its macroprudential policy, decided to increase the CCyB from 1.00% to 1.50% of the total risk exposure amount in Cyprus, for each licensed credit institution incorporated in Cyprus, effective from January 2026.

Balance Sheet Analysis (continued)

Capital Base (continued)

The Bank has been designated as an Other Systemically Important Institution (O-SII) by CBC in accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 and the relevant buffer stood at 1.875% on 1 January 2024, following a revision in October 2023. In April 2024, the CBC has set the Group's O-SII buffer to 2.00% to be observed from 1 January 2026, to be phased by 6.25 bps annually, to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026.

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

As at 31 December 2024, the Group's minimum phased-in CET1 capital ratio requirement was set at 11.34%, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and CcyB of approximately 0.92%. Likewise, the Group's minimum phased-in Total Capital ratio requirement was set at 16.05%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and the CcyB of approximately 0.92%.

Distributions

Distribution policy from FY2025

The Group aims to provide sustainable returns to shareholders. The distribution policy was upgraded in February 2025 in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be in the range of 50-70% payout ratio (from the previous policy of 30-50%) of the Group's adjusted recurring profitability through a combination of cash dividends (with interim dividends also being introduced) and share buybacks. The Group adjusted recurring profitability is defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.

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

FY2025 Distribution target at 70% payout ratio

The Group proceeded with the declaration of an interim dividend of €0.20 per ordinary share, amounting to an aggregated dividend of approximately €87 million ('the Interim Dividend'). This represents approximately a 40% payout ratio of the Group's adjusted recurring profitability for the six months ended 30 June 2025, reflecting a dividend yield of 3% (based on the share price as at 30 June 2025). The Interim Dividend reflects the Group's successful execution of its ongoing commitment to deliver sustainable returns to shareholders, supported by its continued strong financial performance. The Interim Dividend will be paid in cash on 20 October 2025 to those shareholders on the register of members of the Company on 23 September 2025 ('Record date') with an ex-dividend date of 22 September 2025.

Supported by its strength of its financial performance, the Group is targeting a total distribution payout ratio of 70% in respect of the financial year ending on 31 December 2025 at the top-end of the 50-70% range of its distribution policy, further contributing to its strong track record of attractive shareholder returns.

FY2024 Distribution at 50% payout ratio

In May 2025, the Company proposed a total distribution of €241 million in respect of 2024 earnings, comprising a cash dividend of €211 million and a share buyback of up to €30 million (together, the '2024 Distribution').

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

Balance Sheet Analysis (continued)

Share Capital

As at 30 June 2025, there were 440,828,633 issued ordinary shares with a nominal value of €0.10 each, compared to 440,502,243 as at 31 December 2024. The increase since the beginning of the year relates to issuance of ordinary shares of the Company in connection with the Company's Short Term Incentive Plan and Long Term Incentive Plan. Furthermore, as of 30 June 2025, the Company held 5,142,602 ordinary shares resulting from the share buyback programme announced in February 2025, which were cancelled in July 2025.

Other equity instruments

At 30 June 2025, the Group's other equity instruments relate to Additional Tier 1 Capital Securities (the 'AT1 securities') and amounted to €220 million (31 December 2024: €220 million).

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

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

Legislative amendments for the conversion of DTA to DTC

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

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

The Group estimates that such fees could range to approximately €5 million per year (for each tax year in scope i.e. since 2018) although the Group understands that such fee may fluctuate annually as to be determined by the Ministry of Finance.

Regulations and Directives

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

During 2024, the EU co-legislators finalised, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWA (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from January 1, 2025. Most provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in credit risk RWAs. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

Balance Sheet Analysis (continued)

Regulations and Directives (continued)

Bank Recovery and Resolution Directive (BRRD)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

In January 2025, the Bank received notification from the SRB regarding the 2025 MREL decision, by which the MREL requirement is now set at 23.85% of risk weighted assets (or 29.19% of risk weighted assets taking into account the prevailing CBR as at 30 June 2025 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure ('LRE' as defined in the CRR). The revised MREL requirement became binding with immediate effect, replacing the previous requirement of 25.00% of risk weighted assets and 5.91% of LRE.

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

The MREL ratio as at 30 June 2025, calculated according to the SRB's eligibility criteria currently in effect, stood at 35.9% of RWAs (including capital used to meet the CBR) and at 13.8% of LRE (based on the regulatory Total Capital as at 30 June 2025), maintaining a comfortable buffer over the MREL requirement.

The CBR stood at 5.34% as at 30 June 2025, compared to 5.30% as at 31 December 2024. The CBR is expected to increase as a result of the phasing in of O-SII buffer by 0.50% to 2.00% on 1 January 2026 as well as the expected increase of the CcyB rate as of January 2026, as explained above.

Throughout this Interim Management Report, the MREL ratio as at 30 June 2025 includes profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy in line with Commission Delegated Regulation (EU) No 241/2014 principles.

Funding and Liquidity

Funding

Deposits

Customer deposits totalled €20,903 million at 30 June 2025, compared to €20,519 million at 31 December 2024. Customer deposits are mainly retail-funded and approximately 55% of deposits are protected under the deposit guarantee scheme as at 30 June 2025.

Customer deposits accounted for 77% of total assets and 86% of total liabilities at 30 June 2025, compared to 77% of total assets and 87% of total liabilities as at 31 December 2024.

The net loans to deposits (L/D) ratio stood at 51% as at 30 June 2025, compared to 49% as at 31 December 2024.

Subordinated liabilities

At 30 June 2025, the carrying amount of the Group's subordinated liabilities amounted to €316 million, compared to €307 million at 31 December 2024, and relate to unsecured subordinated Tier 2 Capital Notes ('T2 Notes'). Additional information on the subordinated liabilities is provided in Note 22 of the Interim Condensed Consolidated Financial Statements.

Debt securities in issue

At 30 June 2025, the carrying value of the Group's debt securities in issue amounted to €992 million, compared to €989 million at 31 December 2024, and relate to senior preferred notes. Additional information on the debt securities in issue is provided in Note 22 of the Interim Condensed Consolidated Financial Statements.

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

Balance Sheet Analysis (continued)

Funding and Liquidity (continued)

Liquidity

At 30 June 2025, the Group Liquidity Coverage Ratio (LCR) stood at 304%, compared to 309% at 31 December 2024, well above the minimum regulatory requirement of 100%. The LCR surplus as at 30 June 2025 amounted to €8.1 billion, being at the same level as at 31 December 2024.

At 30 June 2025, the Group Net Stable Funding Ratio (NSFR) stood at 169%, compared to 162% as at 31 December 2024, well above the minimum regulatory requirement of 100%.

Loans

The Group's gross loans totalled €10,794 million at 30 June 2025, compared to €10,374 million at 31 December 2024, up 4% since the beginning of the year, mainly due to higher international and corporate loan demand. The Group's gross performing loan book increased by 5% since the beginning of the year to €10.66 billion.

New lending granted in Cyprus totalled €1,602 million for the six months ended 30 June 2025, driven mainly by international and corporate loans. New lending in the six months ended 30 June 2025 comprised €709 million of corporate loans, €425 million of retail loans (of which €255 million were housing loans), €141 million of SME loans and €327 million of international loans.

At 30 June 2025, the Group net loans and advances to customers totalled €10,578 million, compared to €10,114 million at 31 December 2024, up 5% since December 2024.

Loan portfolio quality

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

The loan credit losses totalled €19 million for the six months ended 30 June 2025. Further details regarding loan credit losses are provided in Section 'Profit before tax and non-recurring items'.

Non-performing exposures

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced to €188 million at 30 June 2025, compared to €255 million at 31 December 2024.

As a result, the NPEs reduced to 1.7% of gross loans as at 30 June 2025, compared to 2.5% as at 31 December 2024.

The NPE coverage ratio stands at 124% at 30 June 2025, compared to 100% at 31 December 2024.

Agreement for the sale of NPEs

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

As at 31 December 2024, the portfolio were classified as non-current assets held for sale and their gross book value and net book value amounted to €55 million and €23 million respectively.

The sale was completed in the six months ended 30 June 2025 and was broadly neutral to both the income statement and capital position.

Balance Sheet Analysis (continued)

Fixed income portfolio

Fixed income portfolio amounts to €4,650 million as at 30 June 2025, compared to €4,212 million as at 31 December 2024, increased by 10% since 31 December 2024. As at 30 June 2025, the portfolio represents 17% of total assets and comprises €4,237 million (91%) measured at amortised cost and €413 million (9%) at fair value through other comprehensive income ('FVOCI').

The fixed income portfolio measured at amortised cost is held to maturity and therefore no fair value gains/losses are recognised in the Group's income statement or equity. This fixed income portfolio has high average rating at Aa2. The amortised cost fixed income portfolio as at 30 June 2025 has an unrealised fair value gain of €51 million.

Reverse repurchase agreements

Reverse repurchase agreements amount to €1,015 million as at 30 June 2025, compared to €1,010 million as at 31 December 2024. Reverse repurchase agreements represent part of the hedging activities the Group is carrying out in order to reduce its net interest income sensitivity. The average yield of reverse repurchase agreements is approximately 3.0% p.a. and the remaining average maturity is estimated at approximately 1.5 years.

Real Estate Management Unit (REMU)

The Real Estate Management Unit (REMU) is focused on the disposal of on-boarded properties resulting from debt for asset swaps. Cumulative sales of repossessed assets since the beginning of 2019 amount to approximately €1.3 billion and exceed properties on-boarded in the same period of €0.5 billion.

REMU completed disposals of €211 million in the six months ended 30 June 2025, resulting in a gain on disposal of approximately €8 million, compared to €57 million disposals in the six months ended 30 June 2024 at a profit of approximately €3 million.

During the six months ended 30 June 2025, REMU executed sale-purchase agreements (SPAs) for disposals of 189 properties with contract value of €227 million, compared to SPAs for disposals of 258 properties with contract value of €65 million (including a transfer of €3 million) for the six months ended 30 June 2024.

In addition, as at 30 June 2025, REMU maintains a pipeline of €34 million by contract value, of which €19 million related to SPAs signed, compared to a pipeline of €42 million as at 31 December 2024, of which €24 million related to SPAs signed.

REMU on-boarded €8 million of assets in the six months ended 30 June 2025, compared to additions of €14 million in the six months ended 30 June 2024, via the execution of debt for asset swaps and repossessed properties.

As at 30 June 2025, repossessed properties held by REMU had a carrying value of €442 million, compared to €660 million as at 31 December 2024. REMU has achieved its target of reducing this portfolio to approximately €500 million ahead of the end-2025 target date.

Income Statement Analysis

Total income

Net interest income (NII) for the six months ended 30 June 2025 amounted to €368 million compared to €420 million for the six months ended 30 June 2024, down 12% year-on-year. The year-on-year decrease reflects mainly the reduction in the reference rates, partially offset by the hedging actions, the continued increase in liquidity as a result of the increase of deposits as well as the increased loan book.

Quarterly average interest earning assets (AIEA) for the six months ended 30 June 2025 amounted to €24,285 million, compared to €23,064 million for the six months ended 30 June 2024.

Net interest margin (NIM) for the six months ended 30 June 2025 amounted to 3.05%, compared to 3.66% for the six months ended 30 June 2024, down 61 bps year-on-year, reflecting mainly the decrease in the reference rates.

Non-interest income for the six months ended 30 June 2025 amounted to €141 million, compared to €129 million for the six months ended 30 June 2024, comprising net fee and commission income of €88 million, net foreign exchange gains and net gains on financial instruments of €18 million, net insurance result of €24 million, net gains from revaluation and disposal of investment properties and on disposal of stock of properties of €5 million and other income of €6 million. All components of non-interest income experienced growth year-on-year, with net foreign exchange gains and net gains on financial instruments accounting for the majority of this increase.

Net fee and commission income for the six months ended 30 June 2025 amounted to €88 million, compared to €86 million for the six months ended 30 June 2024, primarily from higher non-transactional fees.

Net foreign exchange gains and net gains on financial instruments amounted to €18 million for the six months ended 30 June 2025, compared to €13 million for the six months ended 30 June 2024, comprising a net foreign exchange gain of approximately €15 million (including approximately €8 million customer-related foreign exchange gains) and a net gain on financial instruments of approximately €3 million. The year-on-year increase is mainly attributed to higher revaluation gains on financial instruments. Customer-related foreign exchange gains are considered as recurring contributors to the Group's profitability, while the remaining elements of net foreign exchange gains and net gains on financial instruments are considered as volatile profit contributors.

Net insurance result amounted to €24 million for the six months ended 30 June 2025, compared to €23 million for the six months ended 30 June 2024, broadly flat.

Net gains from revaluation and disposal of investment properties and on disposal of stock of properties amounted to €5 million for the six months ended 30 June 2025 (comprising of approximately €7.5 million gain on disposal of stock of properties and investment properties, and net loss from revaluation of investment properties of approximately €2 million), compared to a net gain of €2 million in the six months ended 30 June 2024. REMU profits remain volatile.

Total income amounted to €509 million for the six months ended 30 June 2025, compared to €549 million for the six months ended 30 June 2024, mainly due to lower net interest income, as explained above.

Income Statement Analysis (continued)

Total expenses

Total expenses for the six months ended 30 June 2025 were €197 million, compared to €186 million for the six months ended 30 June 2024, 53% of which related to staff costs (€105 million), 39% to other operating expenses (€76 million) and 8% to special levy on deposits and other levies/contributions (€16 million). The year-on-year increase is driven by higher staff costs and other operating expenses.

Total operating expenses amounted to €181 million for the six months ended 30 June 2025, compared to €167 million for the six months ended 30 June 2024. The year-on-year increase reflects both higher staff costs and other operating expenses.

Staff costs for the six months ended 30 June 2025 were €105 million, compared to €96 million for the six months ended 30 June 2024, and include €6 million performance-related pay accrual and €4 million termination cost (compared to approximately €5 million performance-related pay accrual in the six months ended 30 June 2024). Net of these accruals, staff costs increased by 4% year-on-year, reflecting salary increments and cost of living adjustments (COLA), which typically take place in the first quarter of the year.

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

The LTIP was approved by the 2022 AGM, which took place on 20 May 2022. The LTIP involves the granting of share awards and is driven by scorecard achievement, with measures and targets set to align pay outcomes with the delivery of the Group's strategy. Currently, under the plan, the employees eligible for LTIP awards are the members of the Extended Executive Committee ('EXCO'), including the executive directors. The LTIP stipulates that performance will be measured over a three-year period and sets financial and non-financial objectives to be achieved. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. Annual cycles of LTIP awards with a three-year performance period have been granted since 2022 with the latest in March 2025 for 2025 LTIP Cycle, with a maximum of 278,440 share awards granted to 21 eligible employees, comprising the Extended EXCO of the Group. The awards granted in March 2025 are subject to a three-year performance period 2025-2027 (with all performance conditions being non-market performance conditions).

These shares will then normally vest in six tranches, with the first tranche vesting after the end of the performance period and the last tranche vesting on the fifth anniversary of the first vesting date, whilst service vesting conditions continue to apply during this period.

As at 30 June 2025, the Group employed 2,858 persons compared to 2,880 persons as at 31 December 2024.

Other operating expenses for the six months ended 30 June 2025 amounted to €76 million, compared to €71 million for the six months ended 30 June 2024, impacted mainly by higher IT spending and professional expenses.

Special levy on deposits and other levies/contributions for the six months ended 30 June 2025 amounted to €16 million, compared to €19 million for the six months ended 30 June 2024. The year-on-year decrease is driven by the reduction in the contribution of the Bank to the Deposit Guarantee Fund ('DGF'). The Bank was subject to a contribution to the Deposit Guarantee Fund (DGF) on a semi-annual basis, until 3 July 2024, when the target level of at least 0.8% of covered deposits was reached as requested by the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes (DGS). In July 2025, the Group received notification that the Management Committee of the DGS resolved to increase the target level of covered deposits from 0.8% to 1.25% and therefore will require contributions on a semi-annual basis from authorised institutions to reach the target level over a period of 5 years (i.e. by June 2030) starting from the second half of 2025.

The cost to income ratio excluding special levy on deposits and other levies/contributions for the six months ended 30 June 2025 was 36%, compared to 30% for the six months ended 30 June 2024, reflecting primarily lower income on lower interest rate environment, as explained above.

Income Statement Analysis (continued)

Profit before tax and non-recurring items

Operating profit for the six months ended 30 June 2025 amounted to €312 million, compared to €363 million for the six months ended 30 June 2024, down by 14% year-on-year, reflecting mainly the reduction in net interest income as explained above.

Loan credit losses for the six months ended 30 June 2025 were €19 million, compared to €16 million for the six months ended 30 June 2024, up 21% year-on-year, mainly due to the recognition of more conservative macroeconomic assumptions on the adverse scenario to account for heightened global economic uncertainty, applied since the first quarter of 2025.

Cost of risk for the six months ended 30 June 2025 is equivalent to 36 bps, compared to a cost of risk of 31 bps for the six months ended 30 June 2024, up 5 bps year-on-year, mainly reflecting a more severe adverse scenario in the macroeconomic assumptions as explained above.

As at 30 June 2025, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures (please refer to Section 'Alternative Performance Measures Disclosures' of the Interim Financial Report for definition) totalled €234 million, compared to €254 million, including the portfolio held for sale, as at 31 December 2024, and accounted for 2.2% of gross loans (compared to 2.5% as at 31 December 2024, calculated on the same basis).

Impairments of other financial and non-financial assets for the six months ended 30 June 2025 amounted to €14 million, compared to €25 million for the six months ended 30 June 2024, down 43% year-on-year, and relate mainly to REMU stock properties.

Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for the six months ended 30 June 2025 amounted to €1 million, compared to €3 million for the six months ended 30 June 2024.

Profit before tax and non-recurring items for the six months ended 30 June 2025 totalled to €278 million, compared to €319 million for the six months ended 30 June 2024.

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

The tax charge for the six months ended 30 June 2025 amounted to €42 million, compared to €48 million for the six months ended 30 June 2024, reflecting mainly lower profitability.

The Group is in scope of the Cyprus Pillar Two Law (Law 151(I)/2024), which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups. The Group is eligible for the transitional provision under Article 12 for the purpose of Domestic Minimum Top-up Tax (DMTT) and Article 55 for the purpose of the Income Inclusion Rule (IRR) of the Cyprus Pillar Two Law which results in zeroing any top up tax liability in Cyprus computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the six months ended 30 June 2025 and the year ended 31 December 2024. The Group does not anticipate any top-up tax liability arising from foreign jurisdictions in which it has subsidiary entities. The Group is monitoring developments with respect to the tax reform proposals announced by the Ministry of Finance in the first half of 2025.

Profit after tax and before non-recurring items (attributable to the owners of the Company) for the six months ended 30 June 2025 is €235 million, compared to €270 million for the six months ended 30 June 2024.

Profit after tax attributable to the owners of the Company for the six months ended 30 June 2025 amounts to €235 million, corresponding to a ROTE of 18.4%, compared to €270 million for the six months ended 30 June 2024, and a respective ROTE of 23.7%. ROTE on 15% CET1 ratio for the six months ended 30 June 2025 increases to 26.0%, compared to 29.6% for the six months ended 30 June 2024 calculated on the same basis. The adjusted recurring profitability used for the Group's distribution policy (i.e. defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon which is paid semi-annually) amounts to €222 million for the six months ended 30 June 2025, compared to €257 million for the six months ended 30 June 2024.

Operating Environment

The Cypriot economy has demonstrated remarkable resilience and with strong GDP growth in recent years, consistently being one of the top performers in the euro area, despite the ongoing increase in uncertainty across the globe as well as the recent geopolitical challenges that have erupted in the region.

Cyprus' performance is further supported by the solid fiscal developments, and sustained improvements in the financial sector. As a result, Cyprus' sovereign rating continues to be upgraded, with the major rating agencies assigning an 'A-' or equivalent rating, three notches above investment grade, recognizing the robust growth performance, the strong fiscal dynamics and declining public debt, as well as the marked improvement in financial system stability.

In 2024, the economy achieved a GDP growth rate of 3.4%, in line with the projections by the Ministry of Finance. Growth in 2024 was driven by rising exports and strong economic activity in key sectors, primarily the information and communications sector, business and professional services, tourism, and construction. GDP growth over the years has highlighted the breadth and the degree of economic diversification of the Cyprus economy providing a variety of pillars for continued future economic growth.

The positive momentum is expected to continue in the medium term, with economic growth forecast to average around 3.0% in 2025, according to the latest projections by the Ministry of Finance. Private consumption is expected to remain the key driver of growth, while export performance is also projected to continue to benefit from growing tourist receipts and a dynamic outlook for services, particularly related to Information and Communication Technology. Investments are expected to accelerate, benefiting from the Recovery and Resilience Facility funds, following the third instalment (€77 million) received in April 2025. The moderation of commodity prices could also support domestic demand given the high dependence on oil imports, as well as ease domestic inflation. Easing financial conditions are expected to provide a further stimulus. The most recent GDP release regarding the first quarter of 2025 supports the above expectations, with GDP growth standing at 3.0% in the first quarter of 2025, aided by private consumption, strong investment dynamics, and with net exports reporting a marked improvement compared with the first quarter of 2024.

Employment growth averaged 2.1% in 2024, while labour productivity growth stood at 1.3%. Labour productivity growth remains a strong contributor to overall growth in the economy with efficiency improving, demonstrated by the increased ability to generate output per worker. In the first quarter of 2025, employment continued to grow, by 1.6% on an annual basis, with productivity growth rising by the same extent (four-quarter average). The unemployment rate, after rising during the pandemic period, has been declining since, averaging 4.9% in 2024, further dropping to 4.6% in the first quarter of 2025.

Inflation, as measured by the Harmonised Index of Consumer Prices, has been declining since the peak in July-August 2022, dropping to 3.9% in 2023 and further to 2.3% in 2024. In the first half of 2025, inflation showed further declines, averaging at 1.6%, with the drop mainly driven by energy prices. Core inflation, i.e. excluding energy and food, was stickier, at 2.6% in 2024 and at 2.3% in the first half of 2025. Services inflation remains elevated.

In public finances, the budget surplus reached 4.3% of GDP in 2024 from a surplus of 1.7% of GDP in 2023, driven by revenue growth, as a result of higher tax intake. In the January-May 2025 period, the budget surplus stood at 3.9%, registering a small improvement over the same period in 2024. Strong revenue growth, long average debt maturity and limited financing needs are expected to continue driving solid fiscal performance.

Strong budget surpluses and robust economic growth performance led to the reduction in the general government debt to GDP, to 65% in 2024 from 74% the year before and to 64% in March 2025. This decline in public debt represents one of the strongest performances in the European Union and has continued into 2025.

Financial system risks have also reduced over the past years, reflected in the continuous improvement of the private and banking sectors' financial position. Private sector debt in banks' balance sheets, has more than halved over the past decade and is now among the lowest in Europe. Total domestic loans excluding the government grew mildly in the first five months of 2025, and were at €20.4 billion in May 2025, or at 60% of GDP. Loans to non-financial companies were about 26% of GDP and loans to households about 31%, with housing loans at 25% of GDP.

Operating Environment (continued)

The non-performing exposures ratio in the Cyprus banking sector stood at 6.2% of total exposures, or €1.5 billion in February 2025, while the coverage ratio of provisions accounted for 63% of the non-performing loans. At the same time about 44% of non-performing loans consisted of restructured facilities. This steady progress in the banking sector continues to strengthen the sector's shock absorption capacity.

The current account deficit remains elevated driven by the primary income imbalances. The deficit stood at 6.8% of GDP in 2024 and is expected to stand at 7.3% in 2025 according to the IMF's Spring World Economic Outlook.

Short-term risks are mostly external and skewed to the downside, including a downturn in key tourism markets, linked to an escalation of regional conflicts, and delays in the implementation of the Recovery and Resilience Plan. Internationally, the recent developments in US trade policies, have significantly increased global trade uncertainty and are widely expected to have a dampening effect on the global economy, as well as increase price pressures, especially in the United States. The recent trade agreement between the US and the EU, which includes a tariff rate of 15% on European goods exported to the US, without any retaliatory actions by the EU, materially eases trade policy uncertainty and provides a more stable environment. Nonetheless, the trade deal makes EU products less competitive in the US, suggesting lower corporate profits for many exporters. This, coupled with higher defense imports from the US, is likely to add to recessionary pressures and push the euro exchange rate lower. Although Cyprus only has limited exports of goods to the US, the country might experience indirect effects via lower growth in Europe and the US, as well as overall limited trade flows.

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

Sovereign ratings

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

In May 2025, S&P Global Ratings affirmed Cyprus' long-term local and foreign currency sovereign credit ratings to A-, maintaining a stable outlook, following its December 2024 upgrade from BBB-. The affirmation of Cyprus' rating reflects the continued improvements in the economic fundamentals, including the consecutive solid fiscal surpluses as well as the capital and labour inflows from nearby conflict zones amid rising geopolitical tensions.

Additionally, in May 2025, Fitch Ratings affirmed Cyprus' long-term foreign currency issuer default rating to 'A-' with a stable outlook, following an upgrade from 'BBB+' in December 2024. The rating agency cites high per capita income levels, strong fiscal outturns, resilient growth, strong labour market dynamics, and a stable banking sector.

Similarly, Moody's Investors Service affirmed in May 2025 the long-term issuer and senior unsecured ratings of the Government of Cyprus to A3, with a stable outlook. As the rating agency mentions, this reflects the continuous improvement in fiscal and debt metrics, the reduced government debt ratio and the solid medium-term economic outlook driven by the steady expansion of high-productivity services sectors.

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

Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In May 2025, Moody's Investors Service upgraded the Bank's long-term deposit rating at A3 (from Baa1) and revised the outlook to stable from positive. The upgrade reflects the Bank's continued asset quality improvements, the expectations for a solid profitability and strong capital metrics, with sustained improved standalone financial strength. This is the highest long-term deposit rating for the Bank since 2011. In March 2025, Fitch Ratings upgraded the Bank's long-term issuer default rating to the investment grade BBB- from BB+, whilst maintaining the positive outlook. The one-notch upgrade reflects the Bank's strengthened capitalisation and reduced stock of legacy problem assets as well as the structurally sound profitability, which is expected to remain satisfactory despite the declining interest rate environment. Finally, in February 2025, S&P Global Ratings upgraded the long-term issuer credit rating of the Bank to the investment grade BBB- from BB+ and revised the outlook to stable from positive. The upgrade by one notch was driven on the improved funding profile of the banking sector in Cyprus and the supportive economic environment.

Financial performance

The Group is the leading, financial and technology hub in Cyprus, with a diversified and sustainable business model. During the six months ended 30 June 2025 the Group generated a profit after tax of €235 million, corresponding to a ROTE of 18.4%. This strong performance was the outcome of controlled net interest income, amidst the rate cycle normalisation, disciplined cost base and robust asset quality feeding into strong growth of the Group's tangible book value per share. Since June 2024, the Group's tangible book value per share improved by 10% to €5.80 (before accounting for the interim dividend), accelerating shareholder value creation.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 30 June 2025, cash balances with ECB amounted to €7.4 billion and 42% of the Group's loan portfolio is Euribor based. Net interest income for the six months ended 30 June 2025 displayed a controlled decline to €368 million, as high loan growth and positive deposit trends mitigated the impact from the normalisation of interest rates.

During the six months ended 30 June 2025, the Group continued its hedging activities to further reduce the sensitivity of net interest income. The hedging tools include the use of receive fixed interest rate swaps, investment in fixed rate bonds, engagement into reverse repurchase agreements and the offering of fixed rate loans.

During the six months ended 30 June 2025 the Group carried out additional hedging activities of €1.4 billion, totaling €10.3 billion by the period end, representing 42% of interest earning assets. The average yield of receive fixed interest rate swaps and reverse repos is 2.8%. Additionally, 22% of the Group's loan portfolio is linked with the Bank's base rate which provides a natural hedge against the cost of deposits of household time and notice deposit accounts. Overall, these actions have led to a reduction in the net interest income sensitivity (to a parallel shift in interest rates by 100 bps) by €53 million since 31 December 2022.

Growing revenues in a more capital efficient way

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

The Group has continued to provide high quality new lending in the six months ended 30 June 2025 via prudent underwriting standards. Growth in new lending in Cyprus has been focused on selected industries in line with the Bank's target risk profile. During the six months ended 30 June 2025, the Group granted strong new lending at €1.6 billion, up 31% year-on-year, driven by international and corporate demand. Since December 2024, gross performing loan book increased by 5% to €10.66 billion; of which the international loan book expanded by 16% to approximately €1.1 billion. Loan growth for the financial year ending 31 December 2025 is likely to exceed the target of approximately 4%, with growth being skewed during the first half of the year.

Business Overview (continued)

Financial performance (continued)

Growing revenues in a more capital efficient way (continued)

Fixed income portfolio continued to grow in the six months ended 30 June 2025 to €4,650 million and currently represents 17% of total assets. This portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa2. The amortised cost fixed income portfolio as at 30 June 2025 has an unrealised fair value gain of €51 million, equivalent to approximately 50 bps of CET1 ratio, following the reduction in the bond yields.

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

In the first six months of 2025, the Group generated non-interest income of €141 million, up 10% year-on-year. All components of non-interest income recorded a yearly increase, with net foreign exchange gains and net gains on financial instruments representing the main component of the yearly increase. Non-interest income remains an important profit contributor to the Group, covering almost 80% of the Group's total operating expenses.

During the first six months of 2025, net fee and commission income amounted to €88 million and was up by 2% compared to the previous year, primarily due higher non-transactional fees. Net fee and commission income is enhanced by transaction fees from the Group's subsidiary, JCC Payment Systems Ltd (JCC), a leading player in the card processing business and payment solutions, 75% owned by the Bank. JCC's net fee and commission income contributed 10% of total non-interest income and amounted to €14 million for the six months ended 30 June 2025, flat year-on-year, reflecting strong transaction growth, offset by increased fee and commission expense due to higher third-party commissions absorbed internally.

The Group's insurance companies, EuroLife and General Insurance of Cyprus Ltd ('GI') are respectively key market players in the life and non-life insurance business in Cyprus, and have been providing recurring income, remaining valuable and sustainable contributors to the Group's profitability. The net insurance result for the first six months of 2025 contributed 17% of non-interest income and amounted to €24 million. In July 2025, the wildfire in the Limassol district caused significant damages primarily on residential structures. While it is still too early to determine the full financial impact, the Group's non-life insurance subsidiary, estimates the net pre-tax cost of the recent wildfire not to exceed €5 million, but the actual impact will be determined once the assessment of damages and claims is completed and barring any unforeseen additional developments.

As part of the Group's strategy to expand its insurance operations and further improve its diversified business model, in April 2025, the Group signed a binding agreement for the acquisition of 100% of Ethniki Insurance Cyprus Ltd (the 'Transaction'). Following receipt of all regulatory approvals, the Transaction was completed in July 2025. The consideration for the acquisition is €29.3 million paid in cash and the capital impact is approximately at 15 bps by reference to capital ratios as at 30 June 2025.

Ethniki Insurance Cyprus Ltd is an established market player in the life and non-life insurance sectors in Cyprus, with a market share of 3% and 4% respectively, and cumulative profitability of approximately €4 million for the year ended 31 December 2024. The acquisition will further strengthen the Group's existing position in the insurance market in Cyprus, maintaining its position as the number one player in the life insurance sector.

The Transaction is aligned with the strategy of the Group to expand its insurance operations and customer base and to invest capital in small in-fill Mergers and Acquisitions to deliver value to shareholders. It is estimated that Group's gross written premiums and the net insurance result will increase by 15% and 10% respectively, thereby increasing the non-NII contribution to the Group's revenues.

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

Business Overview (continued)

Financial performance (continued)

Growing revenues in a more capital efficient way (continued)

The Business-to-Business services are already in use by clients and include invoice, remittance, tender, ecosystem management and advertising. Currently, approximately 2,700 companies are registered in the platform and approximately €1.1 billion cash were exchanged via the platform in the six months ended 30 June 2025 and through invoicing and remittance services. In February 2024, the Business-to-Consumer service was launched, a Product Marketplace aiming to increase the touch points with customers. Currently, approximately 232 retailers have been onboarded in total 13 product categories, including fashion, technology, small appliances, toys, beauty, health & wellness, personal care devices, luggage & travel gear, DIY, home & garden, heating & cooling, white goods and bookstore sectors, and around 355 thousand products have been embedded in the Marketplace.

Lean operating model

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

The Group’s total operating expenses for the six months ended 30 June 2025 amounted to €181 million, up 8% year-on-year, impacted by inflationary pressures mainly on staff costs as well as higher IT spending and professional expenses. Other operating expenses for the financial year ending 31 December 2025 are expected to grow by low single digit compared to prior year. The cost to income ratio excluding special levy on deposits and other levies/contributions for the six months ended 30 June 2025 remained low at 36%, reflecting resilient revenues and disciplined cost management.

Transformation plan

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

Digital transformation

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

The Group’s digital channels continue to grow. As at 30 June 2025, the Group’s digital community has increased to 493 thousand active subscribers, across Internet Banking and the BoC Mobile App, improving by 5.6% year-on-year. Likewise, the BoC Mobile App, had 460 thousand active subscribers as at 30 June 2025, representing an increase of 7.1% year-on-year.

During the six months ended 30 June 2025, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. The new innovative micro lending product ‘Fleksy’ that was available in Mobile App, is now also available in Internet Banking, providing an additional digital channel for customers to apply for up to €3,000 in credit to use for online and in-store purchases, allowing them to repay in three, six or nine-month instalments. Also, Digital Housing Loan that was initially launched in Internet Banking is now available in the Mobile App, providing customers the ability to apply for a Housing Loan digitally, providing recommended repayment options based on customers credit profile and getting an instant decision.

Business Overview (continued)

Financial performance (continued)

Lean operating model (continued)

Digital transformation (continued)

One of the Group's digital innovations, Quickloans, accessible through both the BoC Mobile App and Internet Banking, has transformed the traditional loan process, enabling customers to obtain a credit facility decision instantly, without the need to visit a branch. As at 30 June 2025, Quickloans and digital loans increased by 24% since December 2024, to €167 million.

In collaboration with GI, the ability to purchase insurance policies is integrated into the BoC Mobile App and Internet Banking, enabling customers to access motor or home insurance plans through digital channels at preferential rates. Digital insurance sales for the six months ended 30 June 2025 amounted to €370 thousand, compared to €291 thousand for the six months ended 30 June 2024, reflecting 1,118 policies in the six months ended 30 June 2025 compared to 925 policies for the six months ended 30 June 2024.

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda

Climate change and transition to a sustainable economy is one of the greatest challenges. As part of its vision to be the leading financial hub in Cyprus, the Group is determined to lead the transition of Cyprus to a sustainable future. The Group continuously evolves towards its ESG agenda and continues to progress towards building a forward-looking organisation embracing ESG in all aspects of business as usual. In 2025, the Bank received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment and upgraded to rating C (on a scale A+ to D-) which is considered 'Prime' in the ISS Corporate ESG Ratings assessment.

Reaffirming its strong commitment to sustainability and to the long-term value creation for all its stakeholders, in November 2023, the Bank was the first bank in Cyprus to become an official signatory of the United Nations Principles for Responsible Banking representing a single framework for a sustainable banking industry developed through a collaboration between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

In line with the Group's Beyond Banking approach and its commitment to create a stronger, safer and future-focused organisation the Bank proceeded, in 2024, with the issuance of an inaugural green bond. During 2025, the Bank published the relevant Green Bond Allocation and Impact report. An amount equivalent to the net proceeds of the notes had been allocated to eligible green projects as described in the Bank's sustainable finance framework, which includes green buildings, energy efficiency, clean transport and renewable energy.

The Group during 2025 implemented the Corporate Sustainability Reporting Directive (CSRD) and successfully published its first Sustainability Statement in accordance with the European Sustainability Reporting Standards (ESRS), incorporated in the Group's Annual Financial Report for the year ended 31 December 2024.

The ESG strategy formulated in 2021 is continuously expanding. The Group is maintaining its leading role in the Social and Governance pillars and focus on increasing the Group's positive impacts on the Environment by transforming not only its own operations, but also the operations of its customers.

The Group has committed to the following primary ESG ambitions, which reflect the pivotal role of ESG in the Group's strategy:

- Become carbon neutral by 2050 with interim target to reduce 42% GHG emission in own operations by 2030
- Become Net Zero by 2050
- Steadily increase Green Asset Ratio
- Steadily increase Green Mortgage Ratio
- The aspiration to achieve a representation of at least 30% women in Group's management bodies (defined as the EXCO and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women since 31 December 2023.

For the Group to continue its progress against its primary ESG ambition and address the evolving regulatory expectations, it further enhanced in 2025, its ESG working plan which was established in 2022. Progress on the ESG working plan is closely monitored by the Sustainability Committee, the EXCO and the Board Committees on a quarterly basis.

Business Overview (continued)

Financial performance (continued)

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

Environmental Pillar

The Group has estimated the Scope 1 and Scope 2 greenhouse gas (GHG) emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target by 2050. The Bank being the main contributor of GHG emissions of the Group, designed in 2022 the strategy to meet the interim GHG emission reduction target set for 2030. To become carbon neutral by 2050, the Group has set an interim target to reduce Scope 1 and Scope 2 emissions by 42% by 2030. The Bank, following the implementation of various energy upgrade actions since 2021, achieved approximately a 25% reduction in Scope 1 and Scope 2 GHG emissions by 2024 compared to the baseline of 2021. In the six months ended 30 June 2025 the Bank achieved 11% reduction of Scope 1 and Scope 2 GHG emissions compared to the six months ended 30 June 2024.

The Group plans to invest further to energy efficient installations and actions as well as replace fuel intensive machineries and vehicles in 2025. The Bank achieved a reduction of approximately 19% in Scope 2 GHG emissions by the six months ended 30 June 2025 compared to the six months ended 30 June 2024 from 3,780 tCO_2e to 3,359 tCO_2e. The Group expects that the Scope 2 emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy. The Bank also achieved an increase of 49% in renewable energy production, from 149,031 Kwh to 222,618 Kwh, in the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

The Group is gradually integrating climate-related and environmental (C&E) risks into its Business Strategy. The Bank was the first bank in Cyprus to join the Partnership for Carbon Accounting Financials (PCAF) in October 2022, and has estimated and published the Financed Scope 3 GHG emissions associated with its loan and investment portfolio as well as Insurance associated GHG emissions using the PCAF standards, methodology and proxies. Following the estimation of Financed Scope 3 GHG emissions of loan portfolio, the Bank established a decarbonization target on Mortgage loan portfolio. The decarbonization target on Mortgage portfolio was established by applying the International Energy Agency's Below 2 Degree Scenario. For the Bank's Mortgage loan portfolio to be aligned with the climate scenario and effectively be associated with lower transition risks, the baseline as at 31 December 2022 of 53.5 $kgCO_2e/m^2$ should be reduced by 43% by 31 December 2030. The carbon intensity of the portfolio as at 30 June 2025 is estimated at 46.78 $kgCO_2e/m^2$ achieving approximately a 13% reduction compared to baseline, due to increased installation of solar panels in residential properties in 2023 and 2024 and increase in financing of energy efficient residential properties in 2024. A Variable Green Housing product and a Fixed Green Housing product aligned with Green Loan Principles (GLPs) of Loan Market Association (LMA) were launched at the end of 2023 and in the nine months ended 30 September 2024 respectively to support the Bank to meet the decarbonization target on Mortgage loans and effectively limit the level of climate transition risk that is exposed to. In addition, the Bank has set lending and investment limits on specific carbon intensive sectors which are widely considered to be associated with high climate transition risk. Further, having introduced and implementing a Business Environment Scan process, the Bank developed green/transition new lending metrics in certain sectors to support its customer's transition to a low carbon economy and effectively manage climate transition risks.

During the year ended 31 December 2024 and the six months ended 30 June 2025, the Bank has made considerable progress in integrating climate-related and environmental risks into its risk management approach and risk culture. The Bank revised and enhanced the Materiality assessment process on C&E risks. The Bank has carried out a comprehensive identification and assessment of C&E risks as drivers of existing financial and non-financial risks considering its business profile and loan portfolio composition. As part of this process, the Bank has identified the risk drivers, both physical and transition, which could potentially have an impact on its risk profile and operations and has assessed the severity of each risk driver for all the existing categories of risks.

In 2024, the Bank introduced the syndicated 'Synesgy solution' (ESG Due Diligence process) across the Cypriot Banking system designed to enhance data collection, score customers on their performance against various aspects around C&E risks and provide guidance on remediation actions. This process involves the utilization of structured ESG questionnaires, through the 'Synesgy' platform, applied at the individual company level to derive an ESG score. The Bank established a structured and detailed Business Environment Scan process to monitor the impact of C&E risks on its business environment in the short, medium and long-term. The results of the preliminary (quarterly) and final (annual) impact assessment have been incorporated in the Materiality assessment of C&E risks as well as informed the Bank's Business Strategy.

Business Overview (continued)

Financial performance (continued)

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

Environmental Pillar (continued)

The Bank offers a range of environmentally friendly products to manage transition risk and help its customers become more sustainable. Specifically, the Bank offers loans for energy upgrades of homes, installation of solar panels, acquisition of new hybrid or electric car, as well as financing of renewable energy projects. In addition, as at 30 June 2025 the Bank had a pool of €418 million gross loans financing the acquisition or construction of residential property with EPC category A (Green Housing Loans) compared to €321 million gross loans as at 31 December 2024. The gross amount of environmentally friendly loans (including the Green Housing Loans) was €453 million as at 30 June 2025 compared to €354 million as at 31 December 2024.

Social Pillar

At the centre of the Group's leading social role lie its contributions to the Bank of Cyprus Oncology Centre (with an overall investment of more than approximately €70 million since 1998, whilst 55% of diagnosed cancer cases in Cyprus are being treated at the Centre), the immediate and efficient response of Bank of Cyprus' SupportCY network, consisting of companies and organisations, to various needs of the society as well as in cases of crises and emergencies, through the activation of programs, specialized equipment and a highly trained Volunteers Corps, the contribution of the Bank of Cyprus Cultural Foundation in promoting the cultural heritage of the island, and the work of IDEA Innovation Centre.

The new exhibition 'Cyprus Insula' launched in the nine months ended 30 September 2024 is being hosted in the lately renovated premises and museums of the Cultural Foundation. As a result of the high interest of the public, it has been decided to extend the exhibition until June 2026. The physical attendees of Cultural foundation events were 16,690 in the six months ended 30 June 2025.

The IDEA Innovation Centre, invested approximately €4.25 million in start-up business creation since its incorporation, supported creation of 100 new companies to date, provided support to more than 260 entrepreneurs through its Startup program since incorporation, and supported the development of more than 120 new jobs in the Cypriot Economy. Staff continued to engage in voluntary initiatives to support charities, foundations, people in need and initiatives to protect the environment.

The Group continued its emphasis on staff wellness during the six months ended 30 June 2025 by offering webinars, team-building activities and family events, with sole purpose to enhance mental, physical, financial and social health, attended by approximately 825 employees through its Well at Work program.

Governance Pillar

The Group continues to operate successfully within a complex regulatory framework of a holding company which is registered in Ireland, listed on two Stock Exchanges and run in compliance with a number of rules and regulations. Its governance and management structures enable it to achieve present and future economic prosperity, environmental integrity and social equity across its value chain. The Group operates within a framework with adequate control environment, which enable risk assessment and risk management based on the relevant policies under the leadership of the Board of Directors. The Group has set up a Governance Structure to oversee its ESG agenda. Progress on the implementation and evolution of the Group's ESG strategy is monitored by the Sustainability Committee, the EXCO and the Board of Directors. The Sustainability Committee is a dedicated executive committee set up in early 2021 to oversee the ESG agenda of the Group, review the evolution of the Group's ESG strategy, monitor the development and implementation of the Group's ESG objectives and the embedding of ESG priorities in the Group's business targets. The Group's ESG Governance structure continues to evolve, so as to better address the Group's evolving ESG needs. The Group's regulatory compliance continues to be an undisputed priority.

Business Overview (continued)

Financial performance (continued)

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

Governance Pillar (continued)

In the year ended 31 December 2024, in order to enhance the awareness and skillset on ESG matters, the Group performed relevant trainings to all staff, control functions, insurance subsidiaries, Senior Management and to the Board of Directors and plans to continue enriching its ESG training activities in the financial year ending 31 December 2025. The Group has continued to upgrade its staff's skillset by providing training and development opportunities to all staff and capitalising on modern delivery methods. In the six months ended 30 June 2025, the Bank's employees attended 30,187 hours of trainings covering a variety of topics including Business Conduct and Compliance topics in accordance with the Bank's Corporate Governance Policy and Framework.

The Group's aspiration to achieve a representation of at least 30% women in Group's management bodies (defined as the EXCO and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women in the Group's management bodies since 31 December 2023. Women representation in Group management bodies continue to be 33% as at 30 June 2025. During the six months ended 30 June 2025, a female member, highly experienced in the provision of assurance and advisory services within the financial services sector, was appointed as a member of the Board of Directors and as a result, the female representation within the Board of Directors reached 44% as at 30 June 2025, compared to 37% as at 31 December 2024.

Strategy and Outlook

The Group has established key priorities going forward to maintain a strongly capitalised and highly profitable organisation delivering attractive returns to shareholders, while simultaneously supporting the Group's stakeholders and the broader economic environment.

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

During the first half of 2025, the Group continued to deliver strong financial results with a profit after tax of €235 million, equivalent to a solid ROTE of 18.4%, demonstrating the sustainability of its business model. Capitalising on its strong performance in the six months ended 30 June 2025, the Group reaffirms its confidence of delivering a mid-teens ROTE in 2025, now expected to reach the upper-end of this target range. Additionally, the ROTE based on 15% CET1 ratio for 2025 is expected to surpass its high-teens target. Consequently, this will result to an upside potential to its target of approximately 300 bps organic capital generation for the financial year ending 31 December 2025, which will support attractive shareholder remunerations in the future.

The net interest income during the first half of 2025 remained resilient, with the year-on-year reduction being contained despite the interest rate cycle normalisation, as strong volume growth of the performing loan book and positive deposit trends mitigated the impact from the interest rate cuts. Despite the lower ECB deposit facility rate and 6-month Euribor compared to February's forward curves, currently expected to average at 2.2% and 2.1% respectively for the financial year ending 31 December 2025, the Group anticipates an upside potential to its 2025 net interest income target of <€700 million, supported by improved volume growth. For 2026, net interest income target is maintained, where the Group expects net interest income to stabilise to over €650 million.

Furthermore, gross performing loans grew by 5% since December 2024 driven by corporate book and international demand. On the back of strong volume growth in the six months ended 30 June 2025, the Group expects that it is likely to exceed its 2025 target of loan growth of approximately 4%, while anticipating seasonally lower expansion during the second half of 2025. Given its strong domestic market presence, the Group continues emphasising on expanding its international loan book to approximately €1.5 billion in the medium-term (from approximately €1.1 billion as at 30 June 2025, up by 16% since 31 December 2024). This refers to a portfolio comprising international corporates, shipping and syndicated loans, capitalising on the customer base of IBU & International Corporate overseas and targeting selective industries in line with the Group's target risk profile.

Simultaneously, the Group aims to grow its fixed income portfolio to approximately 18% of total assets by end-2025 and to approximately 20% in the medium-term, subject to market conditions, whilst maintaining a high quality and diversified portfolio.

Separately the Group continues to focus on improving its non-interest income through less capital-intensive initiatives, with a focus on fees and commission income and insurance. During the six months ended 30 June 2025, the Group's non-interest income remained an important contributor to the Group's profitability, covering almost 80% of its total operating expenses. For 2025 and beyond, the Group expects for net fee and commission income to grow by approximately 4% per annum, supported by economic growth and increased volume of transactions, whilst there are initiatives underway to enhance and diversify further this revenue stream. These initiatives include Jinius, the customer-centric digital platform, as well as the offering of high-quality, financial solutions to high-net worth customers with investible capital, with the aim of growing the assets under management of Private and Affluent Banking to €1.2 billion in the medium-term (from the €0.5 billion level in December 2024).

Strategy and Outlook (continued)

Maintaining cost discipline management remains an ongoing focus for the Group. For 2025, the Group expects other operating expenses to grow by low single digit. Overall, the target for cost to income ratio excluding special levy on deposits or other levies/contributions of approximately 40% is reiterated, as the Group navigates to approximately a 2% normalised interest rate environment. The Group aims to remain one of the most efficient banks in Europe, facilitated via ongoing staff optimisation to mitigate payroll cost inflation and staff reward schemes aiming to incentivize individual performance. Simultaneously, the Group will continue reinvesting in the business and digital transformation to improve efficiency and enhance customer experience further.

On asset quality, given the fact that the balance sheet de-risking is completed with the NPE ratio reduced to 1.7% as at 30 June 2025, the Group reiterates its cost of risk target towards the lower end of the normalised levels of 40-50 bps for 2025.

Finally, aligned with the Group's ongoing commitment to delivering sustainable returns to shareholders, the Group initiates an interim dividend of €0.20 per ordinary share, equivalent to approximately €87 million (by reference to the to the number of shares in issue as at the date of this report). This represents approximately a 40% payout ratio of the Group's adjusted recurring profitability for the six months ended 30 June 2025. For the financial year ending 31 December 2025, the Group is targeting a total distribution payout ratio of 70%, being at the top-end of the 50-70% range of its distribution policy, further contributing to its strong track record of attractive shareholder returns, with any decision for a final distribution taking into consideration market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time.

Going concern

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

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

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

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

Funding and liquidity
The Directors and Management have considered the Group's funding and liquidity position and are satisfied that the Group has sufficient funding and liquidity throughout the period of assessment. The Group continues to hold a significant liquidity buffer at 30 June 2025 that can be easily and readily monetised in a period of stress.

Principal risks and uncertainties - Risk management and mitigation

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

Information relating to the principal risks the Group faces and risk management is set out in Notes 30 to 32 of the Interim Condensed Consolidated Financial Statements and in the 'Risk and Capital Management Report', both of which form part of the Interim Financial Report for the six months ended 30 June 2025. In addition, in relation to legal risk arising from litigation, investigations, claims and other matters, further information is disclosed in Note 26 of the Interim Condensed Consolidated Financial Statements.

Additionally, the Group is exposed to the risk of changes in the value of property which is held either for own use or as stock of property or as investment property. Stock of property is predominately acquired in exchange for debt and is intended to be disposed of in line with the Group's strategy. Further information is disclosed in Note 19 of the Interim Condensed Consolidated Financial Statements.

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

Events after the reporting date

Ethniki Insurance Cyprus Ltd acquisition
In April 2025, the Group announced that it reached a binding agreement for the acquisition of Ethniki Insurance Cyprus Ltd. In July 2025, following the completion of all regulatory approvals, the Group acquired a 100% interest in Ethniki Insurance Cyprus Ltd for a cash consideration of €29.3 million. Ethniki Insurance Cyprus Ltd is the parent entity of Ethniki General Insurance Cyprus Ltd (together referred as Ethniki Insurance Cyprus). Ethniki Insurance Cyprus is an established market player in the life and non-life insurance sectors in Cyprus. The acquisition is aligned with the strategy of the Group to expand its insurance operations and further improve its diversified business model.

Limassol wildfire
In July 2025, the wildfire in the Limassol district caused significant damages primarily on residential structures. While it is still too early to determine the full financial impact, the Group's non-life insurance subsidiary, estimates the net pre-tax cost of the recent wildfire not to exceed €5 million, but the actual impact will be determined once the assessment of damages and claims is completed and barring any unforeseen additional developments.

Interim dividend against 2025 earnings
In August 2025, the Board of Directors of the Company approved the payment of an interim dividend by the Company of €0.20 per ordinary share in respect of the Group's financial performance for the six months ended 30 June 2025. The interim dividend, to be paid, amounts to an aggregate cash dividend of approximately €87 million (calculated by reference to the number of shares in issue as at 30 June 2025, excluding treasury shares held by the Company which have been subsequently cancelled in July).

No other significant non-adjusting events have taken place since 30 June 2025.

Distributions

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

Interim distribution 2025
The interim distribution approved by the Board in August 2025 based on the earnings for the six months ended 30 June 2025 is disclosed above.

Distribution in respect of 2024 earnings
In February 2025, the Company announced its proposal to make a distribution respect of 2024 earnings, comprising a cash dividend of €0.48 per ordinary share and a share buyback in an aggregate consideration amount of up to €30 million (together, the '2024 Distribution'). The AGM, on 16 May 2025, approved a final cash dividend in respect of earnings for the year ended 31 December 2024. The aggregated cash dividend in respect of the 2024 dividend distribution amounted to €209 million based on the number of shares in issue as at the relevant record date.

Distributions in respect of 2023 earnings
In March 2024, the Company obtained the approval of the European Central Bank to pay a cash dividend and to conduct a share buyback (together the '2023 Distribution') in respect of earnings for the year ended 31 December 2023. The 2023 Distribution amounted to €137 million in total, comprising a cash dividend of €112 million and a share buyback of up to €25 million. The AGM, on 17 May 2024, approved a final cash dividend of €0.25 per ordinary share in respect of earnings for the year ended 31 December 2023.

Dividends and share buybacks are funded out of distributable reserves.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Interim Financial Report in accordance with International Accounting Standard (IAS) 34 on 'Interim Financial Reporting' as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007, as amended and Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019.

Each of the Directors, whose names and functions are listed on page 1, confirms that to the best of each person's knowledge and belief:

- the Interim Condensed Consolidated Financial Statements, prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group at 30 June 2025, and its profit for the period then ended; and
- the Interim Financial Report includes a fair review of:
  a. important events that have occurred during the first six months of the year, and their impact on the Interim Condensed Consolidated Financial Statements;
  b. a description of the principal risks and uncertainties for the next six months of the financial year;
  c. details of any related party transactions that have materially affected the Group's financial position or performance in the six months ended 30 June 2025; and
  d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

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

Efstratios-Georgios Arapoglou
Chairman

Panicos Nicolaou
Chief Executive Officer

04 August 2025

The Group's approach to risk management

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

1. Risk Management Framework (RMF)

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

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

1.1 Risk Governance

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

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

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

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

1. Risk Management Framework (RMF) (continued)

1.1 Risk Governance (continued)

Chief Executive Officer (CEO)

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

Chief Risk Officer (CRO)

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

1.2 Organisational Model

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

*The Manager CRM & RA and the Chief Data Officer also report directly to the Data Quality & Governance Committee.

RMD organisational model

The RMD operates independently through:

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

1. Risk Management Framework (RMF) (continued)

1.2 Organisational Model (continued)

Furthermore, this independence is also ensured as:

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

The RMD organisational model is structured so as to:

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

1.3 Risk Identification

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

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

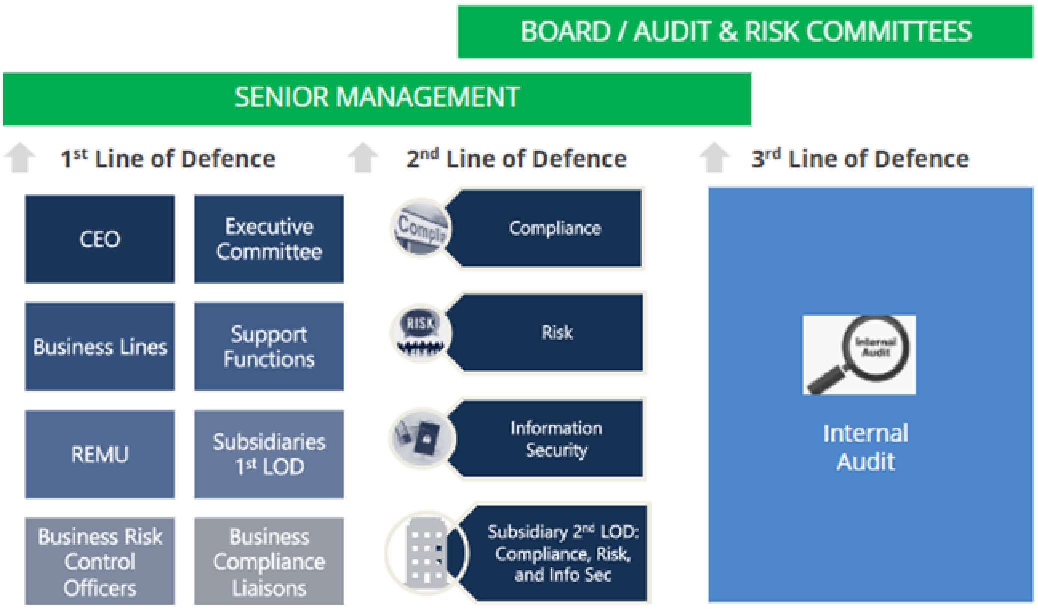
- Internal Capital Adequacy Assessment Process (ICAAP);
- Internal Liquidity Adequacy Assessment Process (ILAAP);
- Internal and external stress testing exercises;
- Group Financial Plan compilation process;
- Regulatory, internal and external reviews and audits.

1.4 Three Lines of Defence

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

1. Risk Management Framework (RMF) (continued)

1.4 Three Lines of Defence (continued)



First Line of Defence

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

Second Line of Defence

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

1. Risk Management Framework (RMF) (continued)

1.4 Three Lines of Defence (continued)

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

1.5 Risk Appetite Framework (RAF)

The objective of the Risk Appetite Framework (RAF) is to set out the level of risk that the Group is willing to take in pursuit of its strategic objectives, 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 (financial and non-financial targets) with risk management, and it should be perceived as the focal point for all relevant stakeholders within the Group, as well as the supervisory bodies, for the assessment of whether the undertaken business activities are consistent with the set risk appetite.

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

The RAF is updated on an annual basis and on an ad-hoc basis in cases where the prevailing economic conditions, significant internal developments, or regulatory guidance, demand so. The ultimate approval of the RAF lies with the Board, upon respective recommendation from the RC. The RC reviews and challenges the updated RAF document and recommends its approval to the Board. The EXCO receives the Group RAF, for endorsement and comments, before its submission to the RC.

Risk Appetite Statement (RAS)

The RAS is the articulation, in written form, of the aggregate level and types of risk that the Group is willing to accept in the course of executing its business objectives and strategy. It includes qualitative statements as well as quantitative measures expressed relative to Financial, Non-Financial and Strategic risks. The selected quantitative indicators appropriately track the underlying risks whilst effectively conveying the necessary information. The qualitative statements articulate the reasoning behind assuming or avoiding certain types of risk and cover areas that are not fully quantifiable. As part of the overall framework for risk governance, it forms a boundary condition to strategy and guides the Group in its risk-taking and related business activities.

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

Risk appetite and Financial Plan interaction

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

1. Risk Management Framework (RMF) (continued)

1.5 Risk Appetite Framework (RAF) (continued)

RAF and Strategic Decision Making

Strategic papers presented to the Board for approval, should be accompanied by a relevant risk assessment to inform of any risk considerations.

1.6 Risk Taxonomy

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

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

1.7 Risk monitoring and reporting

Risk reporting ensures that both the Executive Management and the Board can monitor the main risks of the Group. Dedicated monthly, quarterly or annual reports are produced aiming to:

- Measure the Group’s compliance with the Risk Appetite Statement, highlighting any violation of indicators as well as the remediation actions
- Update on material and emerging risks, key risk issues and performance against set KRIs in a structured and consistent manner
- Monitor work around data quality improvement in the Group

Stress testing

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

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

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

1. Risk Management Framework (RMF) (continued)

1.7 Risk monitoring and reporting (continued)

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

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

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

Other business and specific risk type stress tests

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

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

ICAAP

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

The annual ICAAP is approved by the Board following recommendation from the joint EXCO/ALCO and the RC. The Group undertakes quarterly reviews of its ICAAP results, as well as on an ad-hoc basis if needed, which are submitted to the ALCO and the RC, where actual and forecasted information is considered. During the quarterly reviews, the Group's risk profile is reviewed and any material changes/developments since the annual ICAAP exercise are assessed in terms of capital adequacy.

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

ILAAP

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

The annual ILAAP is approved by the Board following recommendation from the joint EXCO/ALCO and the RC. The Group undertakes quarterly reviews of its ILAAP results through quarterly liquidity stress tests which are submitted to the ALCO and the RC, where actual and forecasted information is considered. Any material changes/developments since the annual ILAAP exercise are assessed in terms of liquidity and funding.

1. Risk Management Framework (RMF) (continued)

1.7 Risk monitoring and reporting (continued)

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

Lastly, it is noted that the RMD has established a model governance and validation framework to help address risks arising from model use.

1.8 2025 EU-wide stress test

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

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

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

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

2. Recovery and resolution planning

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

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

3. Risk Culture

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

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

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

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

4. Principal Risks

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

4.1 Credit Risk

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

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

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

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

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

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

4. Principal Risks (continued)

4.1 Credit Risk (continued)

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

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

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

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

With the aim of identifying credit risk at an early stage, several key reports are prepared on a monthly, semi-annual and annual basis and are submitted to the EXCO, the RC and/or the Board. The reports provide information on various credit risk related metrics, such as the overall loan book performance, forborne facilities, the performance of new lending, specific products or portfolios, new forbearances and modifications and other key performance indicators (KPIs) on portfolio quality.

Country Risk

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

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

Credit Risk Mitigation

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

4. Principal Risks (continued)

4.1 Credit Risk (continued)

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

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

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

Systems

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

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

4. Principal Risks (continued)

4.1 Credit Risk (continued)

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

30 June 2025	Gross loans and advances to customers				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Group gross customer loans and advances[1,2]	Of which: NPEs	Of which exposures with forbearance measures: Total exposures with forbearance measures	Of which exposures with forbearance measures: Of which: NPEs	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: NPEs	Of which exposures with forbearance measures: Total exposures with forbearance measures	Of which exposures with forbearance measures: Of which: NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	**71,095**	-	-	-	**3**	-	-	-
Other financial corporations	**471,415**	582	34,870	486	**6,116**	404	1,660	328
Non-financial corporations	**5,260,358**	67,303	208,519	49,009	**69,620**	33,123	29,664	24,956
Of which: Small and Medium sized Enterprises[3] (SMEs)	***2,806,064***	*54,324*	*102,970*	*38,584*	***37,700***	*22,318*	*16,120*	*14,531*
Of which: Commercial real estate[3]	***3,485,314***	*57,650*	*187,015*	*46,785*	***51,651***	*26,680*	*27,849*	*23,797*
Non-financial corporations by sector								
Manufacturing	**456,765**	3,886			**3,473**			
Wholesale and retail trade	**896,633**	14,575			**11,916**			
Accommodation and food service activities	**1,212,805**	1,799			**4,902**			
Real estate activities	**893,987**	21,695			**15,207**			
Transport and storage	**503,046**	249			**3,211**			
Other sectors	**1,297,122**	25,099			**30,911**			
Households	**4,937,915**	120,629	103,344	48,875	**87,176**	62,389	23,885	20,122
Of which: Residential mortgage loans[3]	***3,800,304***	*86,976*	*91,516*	*41,220*	***53,036***	*38,243*	*19,147*	*15,772*
Of which: Credit for consumption[3]	***658,070***	*24,847*	*10,585*	*6,479*	***21,687***	*16,435*	*3,645*	*3,338*
Total on-balance sheet	**10,740,783**	**188,514**	**346,733**	**98,370**	**162,915**	**95,916**	**55,209**	**45,406**

[1]Excluding loans and advances to central banks and credit institutions and reverse repurchase agreements.
[2]The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.
[3]The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across all categories as certain customers could be in both categories.

4. Principal Risks (continued)

4.1 Credit Risk (continued)

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

[1]Excluding loans and advances to central banks and credit institutions and reverse repurchase agreements (including an amount of €6.865 thousand cash collateral placed).
[2]The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.
[3]The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across all categories as certain customers could be in both categories.

4. Principal Risks (continued)

4.2 Market Risk

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

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

Each of the risks above is defined and further analysed in the subsections below. Furthermore, additional information relating to Market risk is set out in Note 31 of the Interim Condensed Consolidated Financial Statements.

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

Interest Rate Risk in the Banking Book

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

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

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

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

Currency/foreign exchange rates risk

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

4. **Principal Risks** (continued)

4.2 **Market Risk** (continued)

Currency/foreign exchange rates risk (continued)

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

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

Equities Price Risk

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

The Group holds equity and fund investments on its balance sheet. The equity portfolio mainly relates to certain legacy positions acquired through loan restructuring activity and specifically through debt for equity swaps, whereas the fund portfolio mainly relates to investments held by the insurance operations of the Group. The policy is to manage the current equity portfolio with the intention to reduce it by selling positions for which there is a market. No new purchases of equities are allowed without ALCO approval. Analysis of equity and fund holdings are reported to ALCO on a quarterly basis. Analysis of the positions the Group maintains as at 30 June 2025 is presented in Note 15 of the Interim Condensed Consolidated Financial Statements.

Debt Securities Price Risk

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

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

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

The debt security portfolio is managed by the Treasury Division and governed by the Bond Investment Policy. The annual bond investment strategy is proposed by Treasury and approved by ALCO and ultimately by the Board as part of the approval of the Group Financial Plan. Treasury proceeds with the approved bond investments which are within the Bond Investment Policy and within limits and parameters set in the various policies and frameworks. Analysis of the positions the Group maintains as at 30 June 2025 is presented in Note 15 of the Interim Condensed Consolidated Financial Statements.

4. Principal Risks (continued)

4.2 Market Risk (continued)

Property Price Risk

Property price risk is the risk that the value of property will decrease either as a result of:
- Changes in the demand for, and prices of, real estate; or
- Regulatory requests which may increase the capital requirements for stock of property.

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

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

4.3 Liquidity and Funding Risk

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

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

Further information relating to Group risk management in relation to liquidity and funding risk is set out in Note 32 of the Interim Condensed Consolidated Financial Statements. Additionally, information on encumbrance and liquidity reserves is provided below.

4.3.1 Encumbered and unencumbered assets

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

An asset is classified as encumbered if it has been pledged as collateral against secured funding and other collateralised obligations and, as a result, it is no longer available to the Group for further collateral or liquidity requirements.

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets (continued)

An asset is classified as unencumbered if it has not been pledged as collateral against secured funding and other collateralised obligations. Unencumbered assets are further analysed into those that are available and can potentially be pledged and those that are not readily available to be pledged for funding requirements in their current form.

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

30 June 2025	Encumbered	Unencumbered		Total
	Pledged as collateral	Which can potentially be pledged	Which are not readily available to be pledged	
	€000	€000	€000	€000
Cash and other liquid assets	62,474	8,124,536	1,233,427	9,420,437
Investments	100,527	4,689,083	41,945	4,831,555
Loans and advances to customers	3,570,218	6,915,037	92,613	10,577,868
Property	-	681,155	25,851	707,006
Total on-balance sheet	**3,733,219**	**20,409,811**	**1,393,836**	**25,536,866**
31 December 2024				
Cash and other liquid assets	55,434	8,373,595	1,002,441	9,431,470
Investments	39,958	4,298,155	20,230	4,358,343
Loans and advances to customers	3,470,859	6,536,252	107,283	10,114,394
Non-current assets and disposed groups held for sale	-	-	23,143	23,143
Property	-	911,121	14,072	925,193
Total on-balance sheet	**3,566,251**	**20,119,123**	**1,167,169**	**24,852,543**

Encumbered assets primarily consist of loans and advances to customers and investments in debt securities. These are mainly pledged for any potential use of the funding facilities of the European Central Bank (ECB) and for the covered bond (Note 32 of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2025). Encumbered assets include cash and other liquid assets placed with banks as collateral under ISDA agreements which are not immediately available for use by the Group but are released once the transactions are terminated. Cash is mainly used to cover collateral required for (i) derivatives and (ii) trade finance transactions and guarantees issued. It may also be used as part of the supplementary assets for the covered bond.

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.1 Encumbered and unencumbered assets (continued)

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

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

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

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

The carrying and fair value of the encumbered and unencumbered investments of the Group as at 30 June 2025 and 31 December 2024 are as follows:

30 June 2025	Carrying value of encumbered investments	Fair value of encumbered investments	Carrying value of unencumbered investments	Fair value of unencumbered investments
	€000	€000	€000	€000
Equity securities	-	-	149,946	149,946
Debt securities	100,527	102,588	4,581,082	4,630,491
Total investments	**100,527**	**102,588**	**4,731,028**	**4,780,437**

31 December 2024				
Equity securities	-	-	135,464	135,464
Debt securities	39,958	40,870	4,182,921	4,214,146
Total investments	**39,958**	**40,870**	**4,318,385**	**4,349,610**

4. Principal Risks (continued)

4.3 Liquidity and Funding Risk (continued)

4.3.2 Liquidity regulation

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

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

As at 30 June 2025, the Group was in compliance with all regulatory liquidity requirements. As at 30 June 2025, the Group's LCR stood at 304% (compared to 309% at 31 December 2024) and the Group's NSFR stood at 169% (compared to 162% at 31 December 2024).

4.3.3 Liquidity reserves

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

Composition of the liquidity reserves	**30 June 2025**			31 December 2024		
	Internal Liquidity Reserves	**Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible**		Internal Liquidity Reserves	Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible	
		Level 1	**Level 2A & 2B**		Level 1	Level 2A & 2B
	€000	**€000**	**€000**	€000	€000	€000
Cash and balances with central banks	**7,141,460**	**7,141,460**	**-**	7,341,141	7,341,141	-
Placements with banks	**805,788**	**-**	**-**	658,154	-	-
Liquid investments	**5,141,583**	**4,390,255**	**503,166**	4,787,396	4,206,223	377,572
Available ECB Buffer	**2,045,897**	**-**	**-**	1,999,540	-	-
Total	**15,134,728**	**11,531,715**	**503,166**	14,786,231	11,547,364	377,572

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

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

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

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

4. Principal Risks (continued)

4.4 Operational Risk

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

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

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

Operational Risk Management (ORM) Framework

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

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

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

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

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

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

4. Principal Risks (continued)

4.4 Operational Risk (continued)

Operational Risk Management (ORM) Framework (continued)

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

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

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

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

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

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

4.4.1 Fraud Risk Management (FRM)

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

4. Principal Risks (continued)

4.4 Operational Risk (continued)

4.4.1 Fraud Risk Management (continued)

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

4.4.2 Third-Party Risk Management

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

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

4.4.3 Business Continuity Risk Management (BCRM)

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

5. Other risks and uncertainties

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

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

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

5. Other risks and uncertainties (continued)

5.1 Business Model and Strategic Risks

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

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

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

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

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

5.2 Geopolitical Risk

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

Geopolitical tensions remain high because of the continuing war in Ukraine and the ongoing tensions in the Middle East. The continuation of these conflicts adds considerable uncertainty to the outlook for the global economy with the impact dependent on how these conflicts are resolved. An escalation of the war in Ukraine with the more direct involvement of NATO countries, will raise the risks for inflation, shortages, and financial distress in Europe primarily. A resumption of the Israel-Iran war, which might also include other countries such as the United States, will raise the risk of a protracted conflict, something that would likely involve supply disruptions in the flow of oil and subsequently inflationary pressures with stagflationary consequences for the global economy. Given the relatively high public debt positions in many countries – the United States, Japan, and Europe – the risk of global financial distress rises.

5. **Other risks and uncertainties** (continued)

5.2 **Geopolitical Risk** (continued)

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

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

Although, there have been distinct improvements in Cyprus' risk profile after the banking crisis, risks do remain given the open structure of the Cypriot economy. Until now, the Cyprus economy has proved robust and flexible to withstand external shocks and has displayed the ability to sufficiently diversify income and production across a variety of sectors in order to maintain GDP growth and decrease unemployment.

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

5.3 **Legal Risk**

The Group may, from time to time, become involved in legal or arbitration proceedings which may affect its operations and results. Litigation risk arises from pending or potential legal proceedings and regulatory investigations against the Group. In the event that legal issues are not properly dealt with by the Group, this may result in financial and/or reputational loss to the Group. Information on pending litigation, claims, regulatory and other matters is disclosed in Note 26 of the Interim Condensed Consolidated Financial Statements.

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

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

5. Other risks and uncertainties (continued)

5.4 Technology Risk

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

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

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

5.5 Digital Transformation Risk

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

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

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

5.6 Information Security and Cyber Risk

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

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

5. Other risks and uncertainties (continued)

5.6 Information Security and Cyber Risk (continued)

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

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

5.7 Regulatory Compliance Risk

The Group conducts its business subject to on-going regulations and the associated regulatory risks, including the impact of the implementation of and amendments in laws, regulations, policies, codes of conduct etc. Regulatory compliance risk is the risk of impairment to the Group’s operations, reputation and financial condition from failure to meet laws and regulations, internal standards and policies. This risk may also impact the expectations of key stakeholders such as shareholders, regulators, customers, employees and society. Failure to comply with the regulatory framework requirements or identify and prepare for emerging requirements could lead to, amongst others, increased costs for the Group, regulatory fines, limitation on BOC PCL’s capacity to perform banking activities and could have a material adverse effect on the business, financial condition and results, operations and prospects of the Group.

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

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

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

5. Other risks and uncertainties (continued)

5.7 Regulatory Compliance Risk (continued)

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

- The assessment of periodic reports submitted by the Group's compliance liaisons;
- The use of aggregated risk measurements for the monitoring of the relevant regulatory compliance risks via the establishment of Key Risk Indicators (KRIs);
- Overseeing and challenging regulatory risks identified by compliance liaisons and subsidiary officers through gap analysis of new or amended regulations, processes, procedures, projects, products/services, and other assessments, to ensure effective management of compliance risks within the Group and recommending additional controls and corrective actions as necessary;
- Supervising the compliance risk assessment procedures conducted by the compliance liaisons and subsidiary compliance officers, as well as overseeing the implementation of mitigating actions to manage the identified risks;
- Overseeing the complaints process and utilising customer complaints as a source of relevant information in the context of its general monitoring responsibilities;
- Collaborating and sharing information with other internal control functions, including risk management teams, on compliance issues, evaluating regulatory incidents, monitoring mitigating actions to avoid recurrence, managing the risk, and reporting non-compliance incidents to competent authorities in accordance with relevant regulations;
- Conducting periodic onsite/offsite thematic reviews regarding the applicable laws, rules, regulations and standards and providing recommendations/advice to management on measures to be taken to ensure compliance;
- Investigating potential breaches of compliance policy and regulations, and conducting these investigations as requested by the relevant authorities, with the support of internal experts and control functions, where applicable.

5.8 Insurance risk and re-insurance risk

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

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

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

5. Other risks and uncertainties (continued)

5.8 Insurance risk and re-insurance risk (continued)

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

5.9 Climate Related & Environmental Risks

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

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

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

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

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

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

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

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

5. Other risks and uncertainties (continued)

5.9 Climate Related & Environmental Risks (continued)

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

6. Capital management

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

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

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

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

During 2024, the EU co-legislators finalized, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWAs (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from January 1, 2025. Most provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in Credit Risk RWAs. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

6. Capital management (continued)

The Regulatory CET1 ratio of the Group as at 30 June 2025 stands at 20.6% and the Total Capital ratio at 25.8%. The ratios as at 30 June 2025 include profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR and an accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges, as further described in Section 'Distributions' in Section 'Group Financial Results – Underlying Basis' of the Interim Financial Report.

The Group's minimum capital requirements are presented below:

Minimum CET1 Regulatory Capital Requirements	**30 June 2025**	**31 December 2024**
Pillar I – CET1 Requirement	**4.50%**	4.50%
Pillar II – CET1 Requirement	**1.55%**	1.55%
Capital Conservation Buffer (CCB)*	**2.50%**	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	**1.9375%**	1.875%
Countercyclical Buffer (CcyB)	**0.90%**	0.92%
Minimum CET1 Regulatory Capital Requirements	**11.39%**	11.34%

** Fully phased in as of 1 January 2019*
*** Increasing by 0.0625% on 1 January 2026 at 2.00%.*

Minimum Total Capital Regulatory Requirements	**30 June 2025**	**31 December 2024**
Pillar I – Total Capital Requirement	**8.00%**	8.00%
Pillar II – Total Capital Requirement	**2.75%**	2.75%
Capital Conservation Buffer (CCB)*	**2.50%**	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	**1.9375%**	1.875%
Countercyclical Buffer (CcyB)	**0.90%**	0.92%
Minimum Total Capital Regulatory Requirements	**16.09%**	16.05%

** Fully phased in as of 1 January 2019*
*** Increasing by 0.0625% on 1 January 2026 at 2.00%.*

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

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

The capital position of the Group and BOC PCL as at 30 June 2025 exceeds both their Pillar I and their Pillar II add-on capital requirements. However, the Pillar II add-on capital requirements are a point-in-time assessment and therefore are subject to change over time.

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

6. **Capital management** (continued)

On 2 June 2023, the CBC, announced its decision to raise the CcyB rate from 0.50% to 1.00% of the total risk exposure amount in Cyprus, effective from 2 June 2024. The CcyB for the Group as at 30 June 2025 has been calculated at approximately 0.90% (2024: 0.92%). In January 2025, the CBC, based on its macroprudential policy, decided to increase the CcyB rate from 1.00% to 1.50% of the total risk exposure amount in Cyprus effective from January 2026. Based on the above, the CcyB for the Group is expected to increase further.

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

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

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

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

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

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

6. Capital management (continued)

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

Regulatory capital	Group		BOC PCL	
	30 June 2025[1]	31 December 2024[3]	**30 June 2025**[2]	31 December 2024[3]
	€000	€000	**€000**	€000
Common Equity Tier 1 (CET1)[4]	**2,124,493**	2,075,484	**2,043,740**	2,015,685
Additional Tier 1 capital (AT1)	**220,000**	220,000	**220,000**	220,000
Tier 2 capital (T2)	**316,445**	307,138	**317,039**	307,955
Transitional total regulatory capital	**2,660,938**	2,602,622	**2,580,779**	2,543,640
Risk weighted assets – credit risk[5]	**9,061,345**	9,172,397	**9,147,774**	9,228,404
Risk weighted assets – market risk	**-**	-	**-**	-
Risk weighted assets – operational risk	**1,239,018**	1,661,691	**1,200,462**	1,601,470
Total risk weighted assets	**10,300,363**	10,834,088	**10,348,236**	10,829,874
Transitional	**%**	%	**%**	%
Common Equity Tier 1 (CET1) ratio	**20.6**	19.2	**19.7**	18.6
Total capital ratio	**25.8**	24.0	**24.9**	23.5
Leverage ratio	**8.7**	8.8	**8.5**	8.5

1. Includes reviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR and an accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made.

2. Includes unaudited/unreviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR and an accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made.

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

4 CET1 includes regulatory deductions, comprising of, amongst others, intangible assets amounting to €21,355 thousand for the Group and €13,606 thousand for BOC PCL as at 30 June 2025 (31 December 2024: €25,231 thousand for the Group and €16,039 thousand for BOC PCL).

5. Includes Credit Valuation Adjustments (CVA).

6. Capital management (continued)

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

Fully loaded	Group		BOC PCL	
	30 June 2025[1,5]	31 December 2024[3,4]	**30 June 2025[2,5]**	31 December 2024[3,4]
	%	%	**%**	%
Common Equity Tier 1 ratio	**20.3**	19.1	**19.4**	18.6
Total capital ratio	**25.4**	24.0	**24.5**	23.5
Leverage ratio	**8.7**	8.7	**8.5**	8.5

1. Includes reviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR and an accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made.

2. Includes unaudited/unreviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR and an accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made.

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

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

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

6. Capital management (continued)

During the six months ended 30 June 2025, the regulatory CET1 ratio was mainly affected by pre-provision income, provisions and impairments, the payment of AT1 coupon, the accrual for a distribution at a payout ratio of 70% of the Group's adjusted recurring profitability for the period and the decrease in risk-weighted assets primarily as a result of the implementation of CRR III. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in Credit Risk RWAs. As a result, the CET1 ratio (on a transitional basis) has increased by approximately 140 bps during the six months ended 30 June 2025, whereas on a fully loaded basis the ratio has increased by approximately 120 bps.

A charge, which amounted to 19 bps as at 30 June 2025, is deducted from own funds in relation to ECB expectations for NPEs. In addition, a prudential charge in relation to the onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which is 1 bps on the Group's CET1 ratio as at 30 June 2025. Furthermore, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 30 June 2025 the impact of these requirements was approximately 70 bps on the Group's CET1 ratio compared to 51 bps as at 31 December 2024. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

Following the annual SREP performed by the ECB in 2025 and based on the draft 2025 SREP decision received in August 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to decrease effective from 1 January 2026 (subject to ECB final confirmation), when disregarding the aforementioned increase of CcyB and phasing-in of O-SII buffer, reflecting the reduction in the Pillar II requirement. The Pillar II requirement is expected to decrease by 25 bps to 2.50%, effective from 1 January 2026. The Group's minimum phased-in CET1 capital ratio is expected to be set at 11.91%, comprising a 4.50% Pillar I requirement, a 1.41% Pillar II requirement, the CCB of 2.50%, the O-SII Buffer of 2.00% and the CcyB of approximately 1.50%. Likewise the Group's minimum phased-in Total Capital ratio requirement is expected to be set at 16.50%, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.50% Pillar II requirement, the CCB of 2.50%, the O-SII Buffer of 2.00% and the CcyB of approximately 1.50%. The P2G has also been revised downwards compared to 2025, based on the draft 2025 SREP decision.

Capital requirements of subsidiaries

The insurance subsidiaries of the Group, the General Insurance of Cyprus Ltd and Eurolife Ltd, comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated Cyprus Investment Firm (CIF) of the Group, The Cyprus Investment and Securities Corporation Ltd (CISCO), complies with the minimum capital adequacy ratio requirements. In 2021 the new prudential regime for Investment Firms ('IFs') as per the Investment Firm Regulation (EU) 2019/2033 ('IFR') on the prudential requirements of IFs and the Investment Firm Directive (EU) 2019/2034 ('IFD') on the prudential supervision of IFs came into effect. Under the new regime CISCO has been classified as a Non-Systemic 'Class 2' company and is subject to the new IFR/IFD regime in full. The payment services subsidiary of the Group, JCC Payment Systems Ltd, currently licensed as an Electronic Money Institution, complies with regulatory capital requirements under the Electronic Money Laws of 2012 (N. 81(I)/2012) as amended.

6. Capital management (continued)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

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

In January 2025, BOC PCL received notification from the SRB regarding the 2025 MREL decision, by which the MREL requirement is set at 23.85% of risk weighted assets (or 29.19% of risk weighted assets taking into account the prevailing CBR as at 30 June 2025 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure. The revised MREL requirements became binding with immediate effect.

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

The MREL ratio as at 30 June 2025, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 35.9% of RWAs (including capital used to meet the CBR) and at 13.8% of LRE (based on the regulatory Total Capital as at 30 June 2025) creating a comfortable buffer over the requirements. The CBR stood at 5.34% as at 30 June 2025, compared to 5.30% as at 31 December 2024, reflecting the phasing in of the O-SII buffer by 6.25 bps on 1 January 2025. The CBR is expected to increase further as a result of the phasing-in of O-SII buffer from 1.9375% to 2.00% on 1 January 2026 as well as the expected increase of the CcyB rate as of January 2026 as aforementioned.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	**€000**	€000
Interest income	*7*	**429,320**	514,292
Income similar to interest income	*7*	**3,501**	5,537
Interest expense	*8*	**(65,242)**	(99,110)
Expense similar to interest expense	*8*	**(124)**	(836)
Net interest income		**367,455**	419,883
Fee and commission income		**91,790**	89,872
Fee and commission expense		**(3,608)**	(3,657)
Net foreign exchange gains		**14,666**	13,034
Net gains on financial instruments	*9*	**1,932**	729
Net (losses)/gains on derecognition of financial assets measured at amortised cost		**(2,171)**	1,106
Net insurance finance income/(expense) and net reinsurance finance income/(expense)		**(269)**	(311)
Net insurance service result		**39,881**	34,949
Net reinsurance service result		**(15,191)**	(11,863)
Net losses from revaluation and disposal of investment properties		**(1,794)**	(1,257)
Net gains on disposal of stock of property		**7,652**	2,584
Other income		**5,543**	5,218
Total operating income		**505,886**	550,287
Staff costs	*10*	**(104,869)**	(96,135)
Special levy on deposits and other levies/contributions	*11*	**(15,519)**	(18,784)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	*26*	**(1,353)**	(2,562)
Other operating expenses	*11*	**(76,391)**	(70,989)
Operating profit before credit losses and impairment		**307,754**	361,817
Credit losses on financial assets	*12*	**(15,901)**	(17,471)
Impairment net of reversals on non-financial assets	*12*	**(14,009)**	(24,760)
Profit before tax		**277,844**	319,586
Income tax	*13*	**(42,069)**	(48,203)
Profit after tax for the period		**235,775**	271,383
Attributable to:			
Owners of the Company		**234,639**	270,353
Non-controlling interests		**1,136**	1,030
Profit for the period		**235,775**	271,383
Basic earnings per share attributable to the owners of the Company (€ cent)	*14*	**53.5**	60.6
Diluted earnings per share attributable to the owners of the Company (€ cent)	*14*	**53.3**	60.4

		Six months ended 30 June	
		2025	2024
	Notes	**€000**	€000
Profit for the period		**235,775**	271,383
Other comprehensive income (OCI)			
OCI that may be reclassified in the consolidated income statement in subsequent periods		**160**	(1,202)
Fair value reserve (debt instruments)		**213**	(1,194)
Net gains/(losses) on investments in debt instruments measured at fair value through OCI (FVOCI)		**213**	(1,194)
Foreign currency translation reserve		**(53)**	(8)
Loss on translation of net investments in foreign subsidiaries		**(53)**	(8)
OCI not to be reclassified in the consolidated income statement in subsequent periods		**649**	1,481
Fair value reserve (equity instruments)		**493**	180
Net gains on investments in equity instruments designated at FVOCI		**493**	180
Property revaluation reserve		**5**	100
Deferred tax credit	*13*	**5**	100
Actuarial gains on defined benefit plans		**151**	1,201
Remeasurement gains on defined benefit plans		**151**	1,201
Other comprehensive income for the period net of taxation		**809**	279
Total comprehensive income for the period		**236,584**	271,662
Attributable to:			
Owners of the Company		**235,447**	270,654
Non-controlling interests		**1,137**	1,008
Total comprehensive income for the period		**236,584**	271,662

Interim Consolidated Balance Sheet

	Notes	30 June 2025 €000	31 December 2024 €000
Assets			
Cash and balances with central banks	28	**7,401,060**	7,600,726
Loans and advances to banks	28	**1,004,664**	820,574
Reverse repurchase agreements	30	**1,014,713**	1,010,170
Derivative financial assets	16	**122,032**	95,273
Investments at FVPL	15	**171,931**	136,629
Investments at FVOCI	15	**422,799**	416,077
Investments at amortised cost	15	**4,236,825**	3,805,637
Loans and advances to customers	18	**10,577,868**	10,114,394
Life insurance business assets attributable to policyholders		**806,817**	772,757
Prepayments, accrued income and other assets	20	**362,369**	479,199
Stock of property	19	**432,575**	648,757
Investment properties		**33,147**	36,251
Deferred tax assets	13	**164,570**	166,844
Property and equipment		**305,273**	307,414
Intangible assets		**46,870**	49,747
Non-current assets and disposal groups held for sale	18	**-**	23,143
Total assets		**27,103,513**	26,483,592
Liabilities			
Deposits by banks		**502,187**	364,231
Derivative financial liabilities	16	**15,549**	4,664
Customer deposits	21	**20,903,113**	20,519,276
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	16	**49,309**	44,074
Insurance contract liabilities		**749,783**	743,684
Accruals, deferred income, other liabilities and other provisions	23	**666,815**	556,459
Provisions for pending litigation, claims, regulatory and other matters	26	**60,520**	92,620
Debt securities in issue	22	**992,138**	989,435
Subordinated liabilities	22	**316,445**	307,138
Deferred tax liabilities	13	**32,745**	31,943
Total liabilities		**24,288,604**	23,653,524
Equity			
Share capital	24	**44,083**	44,050
Share premium	24	**594,358**	594,358
Revaluation and other reserves		**56,940**	86,139
Retained earnings		**1,878,197**	1,865,327
Equity attributable to the owners of the Company		**2,573,578**	2,589,874
Other equity instruments	24	**220,000**	220,000
Non-controlling interests		**21,331**	20,194
Total equity		**2,814,909**	2,830,068
Total liabilities and equity		**27,103,513**	26,483,592

Mr. E.G. Arapoglou
Chairman

Mr. P. Nicolaou
Chief Executive Officer

Mrs. I. Psalti
Independent Director

Mrs. E. Livadiotou
Executive Director Finance

	Attributable to the owners of the Company												
	Share capital (Note 24)	Share premium (Note 24)	Capital redemption reserve (Note 24)	Treasury shares (Note 24)	Other capital reserves (Note 10)	Retained earnings	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	**Total**	Other equity instruments (Note 24)	Non-controlling interests	**Total equity**
	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	€000	**€000**
1 January 2025	44,050	594,358	570	(21,463)	1,849	1,865,327	84,869	3,623	16,691	**2,589,874**	220,000	20,194	**2,830,068**
Profit for the period	-	-	-	-	-	234,639	-	-	-	**234,639**	-	1,136	**235,775**
Other comprehensive income/(loss) after tax for the period	-	-	-	-	-	151	4	706	(53)	**808**	-	1	**809**
Total comprehensive income/(loss) after tax for the period	-	-	-	-	-	234,790	4	706	(53)	**235,447**	-	1,137	**236,584**
Dividends (Note 25)	-	-	-	-	-	(209,443)	-	-	-	**(209,443)**	-	-	**(209,443)**
Share-based benefits - cost	-	-	-	-	763	-	-	-	-	**763**	-	-	**763**
Payment of coupon to AT1 holders (Note 24)	-	-	-	-	-	(13,063)	-	-	-	**(13,063)**	-	-	**(13,063)**
Issue of shares under share-based schemes (Note 24)	33	-	-	-	(619)	586	-	-	-	**-**	-	-	**-**
Share buyback-repurchase of shares (Note 24)	-	-	-	(30,000)	-	-	-	-	-	**(30,000)**	-	-	**(30,000)**
30 June 2025	**44,083**	**594,358**	**570**	**(51,463)**	**1,993**	**1,878,197**	**84,873**	**4,329**	**16,638**	**2,573,578**	**220,000**	**21,331**	**2,814,909**

	Attributable to the owners of the Company												
	Share capital (Note 24)	Share premium (Note 24)	Capital redemption reserve (Note 24)	Treasury shares (Note 24)	Other capital reserves (Note 10)	Retained earnings	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	**Total**	Other equity instruments (Note 24)	Non-controlling interests	**Total equity**
	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	€000	**€000**
1 January 2024	44,620	594,358	-	(21,463)	917	1,518,182	84,239	9,553	16,674	**2,247,080**	220,000	21,261	**2,488,341**
Profit for the period	-	-	-	-	-	270,353	-	-	-	**270,353**	-	1,030	**271,383**
Other comprehensive income/(loss) after tax for the period	-	-	-	-	-	1,201	122	(1,014)	(8)	**301**	-	(22)	**279**
Total comprehensive income/(loss) after tax for the period	-	-	-	-	-	271,554	122	(1,014)	(8)	**270,654**	-	1,008	**271,662**
Dividends (Note 25)	-	-	-	-	-	(111,550)	-	-	-	**(111,550)**	-	-	**(111,550)**
Share-based benefits - cost	-	-	-	-	493	-	-	-	-	**493**	-	-	**493**
Transfers to retained earnings	-	-	-	-	-	583	-	(583)	-	**-**	-	-	**-**
Payment of coupon to AT1 holders (Note 24)	-	-	-	-	-	(13,063)	-	-	-	**(13,063)**	-	-	**(13,063)**
Share buyback-repurchase of shares and cancellation (Note 24)	(139)	-	139	(441)	-	(5,790)	-	-	-	**(6,231)**	-	-	**(6,231)**
30 June 2024	**44,481**	**594,358**	**139**	**(21,904)**	**1,410**	**1,659,916**	**84,361**	**7,956**	**16,666**	**2,387,383**	**220,000**	**22,269**	**2,629,652**

		Six months ended 30 June	
		2025	2024
	Note	**€000**	€000
Profit before tax		**277,844**	319,586
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets		**17,400**	17,706
Impairment net of reversals on non-financial assets		**14,009**	24,760
Credit losses on financial assets		**15,901**	17,471
Net (losses)/gains on derecognition of financial assets measured at amortised cost		**2,171**	(1,106)
Amortisation of discounts/premiums and interest on debt securities		**(61,266)**	(47,663)
Dividend income		**(73)**	(166)
Loss/(gain) from revaluation of financial instruments designated as fair value hedges		**1,115**	(24,660)
Interest on subordinated liabilities and debt securities in issue		**34,767**	29,447
Interest on reverse repurchase agreements		**(15,095)**	(11,666)
Interest on funding from central banks		**-**	21,842
Share-based benefits cost	*10*	**632**	493
Net gains on disposal of stock of property and investment properties		**(7,633)**	(2,725)
Profit on sale and write offs of property and equipment and intangible assets		**(16)**	(26)
Interest expense on lease liability		**553**	482
Premium tax included in net insurance service result as directly attributable expense		**1,305**	1,195
Net losses from revaluation of investment properties		**1,775**	1,398
Net exchange differences		**33,184**	(8,454)
		316,573	337,914
Change in:			
Loans and advances to banks		**86,748**	32,333
Deposits by banks		**137,956**	(66,118)
Obligatory balances with central banks		**(81,121)**	(60,247)
Balances with central banks for ancillary services		**(2,484)**	-
Customer deposits		**383,837**	385,777
Life insurance business assets attributable to policyholders and Insurance contract liabilities		**(27,961)**	(29,598)
Loans and advances to customers		**(484,881)**	(291,420)
Prepayments, accrued income and other assets		**102,975**	(20,761)
Provisions for pending litigation, claims, regulatory and other matters		**(34,994)**	(20,033)
Accruals, deferred income, other liabilities and other provisions		**66,015**	50,403
Derivative financial instruments		**(15,874)**	(12,071)
Investments measured at FVPL		**(10,893)**	16,074
Stock of property		**217,964**	48,368
		653,860	370,621
Tax paid		**(7,813)**	(5,188)
Net cash from operating activities		**646,047**	365,433
Cash flows from investing activities			
Purchases of debt securities, treasury bills and equity securities		**(828,756)**	(787,525)
Purchase of reverse repurchase agreements		**-**	(600,000)
Proceeds on disposal/redemption of investments in debt and equity securities		**373,586**	525,909
Interest received from debt securities		**49,281**	36,207
Interest received from reverse repurchase agreements		**10,552**	-
Dividend income from equity securities		**73**	166
Purchases of property and equipment		**(5,153)**	(4,378)
Additions to intangible assets		**(5,796)**	(6,268)
Proceeds on disposal of property and equipment and intangible assets		**75**	33
Proceeds on disposal of investment properties		**1,311**	7,697
Net cash used in investing activities		**(404,827)**	(828,159)
Cash flow from financing activities			
Payment of coupon to AT1 holders	*24*	**(13,063)**	(13,063)
Share buyback-repurchase of shares	*24*	**(30,000)**	(6,231)
Repayment of funding from central banks		**-**	(2,065,710)
Proceeds from the issue of debt securities in issue (net of transaction costs)		**-**	297,767
Dividend paid on ordinary shares		**(181,783)**	(92,750)
Interest on debt securities in issue		**(22,500)**	(7,500)
Principal elements of lease payments		**(6,317)**	(5,675)
Net cash used in financing activities		**(253,663)**	(1,893,162)
Net (decrease)/increase in cash and cash equivalents		**(12,443)**	(2,355,888)
Cash and cash equivalents 1 January		**7,723,845**	9,838,321
Cash and cash equivalents 30 June	*28*	**7,711,402**	7,482,433

Non-cash transactions

Repossession of collaterals
During the six months ended 30 June 2025, the Group acquired properties by taking possession of collaterals held as security for loans and advances to customers of €4,610 thousand (30 June 2024: €12,156 thousand).

Recognition of RoU assets and lease liabilities
During the six months ended 30 June 2025 the Group recognised RoU assets and corresponding lease liabilities of €338 thousand (30 June 2024: €895 thousand).

1. Corporate information

Bank of Cyprus Holdings Public Limited Company (the 'Company') was incorporated in Ireland on 11 July 2016, as a public limited company under company number 585903 in accordance with the provisions of the Companies Act 2014 of Ireland (Companies Act 2014). Its registered office is 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland. The Company is domiciled in Ireland and is tax resident in Cyprus.

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

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

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

The shares of the Company are listed and trading on the Cyprus Stock Exchange (CSE) and the Athens Stock Exchange (ATHEX).

Interim Condensed Consolidated Financial Statements
The Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 2025 (the Consolidated Financial Statements) were authorised for issue by a resolution of the Board of Directors on 4 August 2025.

2. Unaudited financial statements

The Consolidated Financial Statements have not been audited by the Group's external auditors.

The Group's external auditors have conducted a review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'.

3. Summary of accounting policies

3.1 Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis, except for properties held for own use and investment properties, investments at fair value through other comprehensive income (FVOCI), financial assets (including loans and advances to customers and investments) at fair value through profit or loss (FVPL) and derivative financial assets and derivative financial liabilities that have been measured at fair value, insurance and reinsurance contract assets and liabilities measured at their fulfilment values in accordance with IFRS 17, non-current assets held for sale measured at fair value less costs to sell 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.

Presentation of the Consolidated Financial Statements
The Consolidated Financial Statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated. A comma is used to separate thousands and a dot is used to separate decimals.

The Group presents its balance sheet broadly in order of liquidity. An analysis regarding expected recovery or settlement of assets and liabilities within twelve months after the balance sheet date and more than twelve months after the balance sheet date is presented in Note 29.

3. **Summary of accounting policies** (continued)

3.1 **Basis of preparation** (continued)

Change in presentation
The Group in the annual consolidated financial statements for the year ended 31 December 2024 included within the 2024 Annual Financial Report, changed the presentation of the interest component of fair value hedging derivatives used in accounting hedges to more appropriately reflect the impact of the accounting hedges. As a result, the net interest income/expense on qualifying hedge derivatives designated as fair value hedges, is now presented within 'Interest income' where the derivative is used to hedge an asset and as 'Interest expense' where the derivative is used to hedge a liability, under the sub-heading 'Non-trading derivatives - hedge accounting'. This was previously presented in 'Income similar to interest income' and 'Expense similar to interest expense'. The comparative amounts for 30 June 2024 have been represented to align to the new presentation.

3.2 Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the International Accounting Standard (IAS) applicable to interim financial reporting as adopted by the European Union (EU) (IAS 34), the Transparency (Directive 2004/109/EC) Regulations 2007, as amended and Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019.

The Consolidated Financial Statements do not comprise statutory financial statements for the purposes of the Companies Act 2014 of Ireland. The Company's statutory financial statements for the purposes of Chapter 4 of Part 6 of the Companies Act 2014 of Ireland for the year ended 31 December 2024, upon which the auditors have expressed an unqualified opinion, were published on 27 March 2025 and are expected to be delivered to the Registrar of Companies of Ireland within 56 days of 30 September 2025.

The Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the Annual Consolidated Financial Statements of Bank of Cyprus Holdings Public Limited Company for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and ESEF requirements, which are available at the Group's website (www.bankofcyprus.com).

3.3 Changes in accounting policies, presentation and disclosures

The accounting policies adopted and methods of computation are consistent with those followed for the preparation of the annual consolidated financial statement for the year ended 31 December 2024 and set out in Note 2 of those consolidated financial statements, except for the adoption of new and amended standards and interpretations that did not have an impact on the financial statements as explained in Note 3.3.1.

3.3.1 New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 and which are explained below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendments)
These amendments help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. Rather, it is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. These amendments did not have an impact on the Group's results and financial position.

3. Summary of accounting policies (continued)

3.4 Standards and Interpretations that are issued but not yet effective

3.4.1 Standards and Interpretations issued by the IASB and adopted by the EU

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of financial Instruments (amendments)
The IASB issued amendments to IFRS 9 and IFRS 7. The amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system, (b) add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, (c) add new disclosures for certain instruments with contractual terms that can change cash flows, (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Group does not expect these amendments to have a material impact on its results and financial position.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (amendments)
The IASB issued targeted amendments to report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments will be effective for annual periods beginning on or after 1 January 2026. The Group does not expect these amendments to have an impact on its results and financial position.

Annual Improvements to IFRS Accounting Standards — Volume 11
The amendments contained in the Annual Improvements relate to:
- (i) IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter
- (ii) IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7
- (iii) IFRS 9 Financial Instruments - Derecognition of lease liabilities and Transaction price
- (iv) IFRS 10 Consolidated Financial Statements - Determination of a 'de facto agent'
- (v) IAS 7 Statement of Cash Flows - Cost Method

These amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Group will be assessing the impact that these amendments might have on its results and financial position.

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

IFRS 18 Presentation and Disclosure in Financial Statements (new standard)
The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures) and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and will also apply to comparative information. The Group does not expect these amendments to have an impact on its results and financial position; however, presentational changes and additional disclosures will be required upon adoption.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (new standard)
The IASB issued a new accounting standard for subsidiaries. IFRS 19 Subsidiaries without Public Accountability will enable subsidiaries to keep only one set of accounting records in order to meet the needs of both their parent company and the users of their financial statements. In addition, the IFRS 19 will permit reduced disclosures better suited to the needs of the users of the financial statements while still maintaining the usefulness of the information. The new standard will be effective for annual periods beginning on or after 1 January 2027. The new standard does not apply to the financial statements of the Group.

4. Going concern

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

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

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

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

Funding and liquidity
The Directors and management have considered the Group's funding and liquidity position and are satisfied that the Group has sufficient funding and liquidity throughout the period of assessment. The Group continues to hold a significant liquidity buffer at 30 June 2025 that can be monetised in a period of stress.

5. Significant judgements, estimates and assumptions

The preparation of the Consolidated Financial Statements requires the Company's Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the Consolidated Financial Statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements, estimates and assumptions relate to the calculation of expected credit losses (ECL), the estimation of the net realisable value of stock of property and the provisions for pending litigation and claims, which are presented in Notes 5.1 to 5.3 below. Other judgements, estimates and assumptions are disclosed in Notes 5.4 to 5.13 of the annual consolidated financial statements for the year ended 31 December 2024.

5.1 Calculation of expected credit losses

The calculation of ECL requires management to apply significant judgement and make estimates and assumptions, involving significant uncertainty at the time these are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECL to be recognised. The Group's calculations are outputs of models, of underlying assumptions on the choice of variable inputs and their interdependencies.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Elements of ECL models that are considered accounting judgements and estimates include:

5. Significant judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Assessment of significant increase in credit risk (SICR)
IFRS 9 does not include a definition of significant increase in credit risk. The Group assesses whether significant increase in credit risk has occurred since initial recognition using predominantly quantitative and in certain cases qualitative information and backstop indicators. The determination of the relevant criteria to determine whether a significant increase in credit risk has occurred, is based on statistical metrics and could be subject to management judgement. The relevant criteria are set, monitored and updated on a yearly basis by the Risk Management Division and endorsed by the Group Provisions Committee. Lifetime ECL applies when a significant increase in credit risk has occurred on an individual or collective basis.

Determining the probability of default (PD) at initial recognition requires management estimates in particular cases. Specifically, in the case of exposures existing prior to the adoption of IFRS 9, a retrospective calculation of the PD is made in order to quantify the risk of each exposure at the time of the initial recognition. In certain cases, estimates about the date of initial recognition might be required.

For the retail portfolio, the Group uses a PD at origination incorporating behavioural information (score cards) whereas, for the corporate portfolio, the Group uses the internal credit rating information. For revolving facilities, management estimates are required with respect to the lifetime and hence a behavioural maturity model is utilised, assigning an expected maturity based on product and customer behaviour.

Scenarios and macroeconomic factors
The Group determines the ECL, which is a probability weighted amount, by evaluating a range of possible outcomes. Management uses forward looking scenarios and assesses the suitability of weights used. These are based on management's assumptions taking into account macroeconomic, market and other factors. Changes in these assumptions and in other external factors could significantly impact ECL. Macroeconomic inputs and weights per scenario are monitored by the Economic Research Department and are based on internal model analysis and expert judgement, considering also external forecasts.

The Cypriot economy has demonstrated remarkable resilience and growth in recent years, navigating through global uncertainties and regional challenges. In 2024, the economy achieved a growth rate of 3.4%, driven by rising exports and strong economic activity in key sectors such as tourism, information and communications, construction and trade. This follows a period of strong growth with an annual average of 5.1% in the period 2015-2023. The unemployment rate has remained low, dropping to 4.9% in 2024 indicating near-full employment conditions. Inflation has been successfully stabilized, with rates declining from 3.9% in 2023 to 2.3% in 2024. General government debt metrics have significantly improved in recent years. The government debt-to-GDP ratio dropped to 65% in December 2024 from 73.6% in 2023 and 113.6% at the end of 2020. Looking ahead, continued budgetary surpluses and favourable debt dynamics are expected to further reduce the debt ratio, potentially dropping below 60% by 2026. Growth in the medium term, is expected to continue to outpace eurozone peers. Growth is expected to average about 3% annually in 2025-2027, driven by services exports and private consumption on the expenditure side and by international business services and the ICT sector on the production side.

The credit profile of Cyprus has improved significantly in the more recent period, reflecting a solid medium-term growth outlook, good institutional strength and effective policy making.

However, substantial risks remain in terms of the domestic operating environment, as well as the external environment on which it depends. Public debt has dropped in relation to GDP, but government expenditures need more rationalisation. In the banking sector non-performing exposures need to drop further. The current account deficit remains sizable. At the same time, long-term yields may remain elevated for longer, despite interest rate cuts by the monetary policy, if inflation pressures increase and geopolitical uncertainties escalate. Tensions following the recent Israel-Iran war remain high and the risk of a resumption of the hostilities remains substantial. At the same time, while the US trade policy is not expected to have any meaningful direct effects on the Cyprus economy, some indirect effects could materialise due to the more uncertain global macroeconomic environment. Cyprus remains exposed to travel, energy and other disruptions that can impact its economy.

For the ECL, the Group updated its forward-looking scenarios, factoring in updated macroeconomic assumptions and other monetary and fiscal developments at the national and the EU level based on developments and events as at the reporting date.

5. Significant judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

For the ECL calculations, the Group uses an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, as described in Note 2.17.5 of the annual consolidated financial statements for the year ended 31 December 2024. The approach employed, involves scenario generation, where the scenarios applied by the Group are anchored to the baseline scenario. All scenarios are updated on a quarterly basis for the purposes of the ECL calculation in tandem with the baseline scenario. The updated macroeconomic inputs (incorporating any uncertainties and downside risks) are therefore reflected in the scenario parameters, starting from the baseline and updated in turn for the adverse and the favourable scenarios accordingly. If the baseline becomes more pessimistic, then both the favourable and downside scenarios would be adjusted accordingly, reflecting the fact that the economic variables used in the scenarios are not constant but are conditional on the economy's position in the business cycle. A dynamic scenario approach is followed as explained above, where the scenario parameters derived reflect the Group's view of the economic conditions. The probability weights attached to the scenarios are a function of their relative position on the distribution, with a lower probability weight attached to the scenarios that were assessed to be more distant from the centre of the distribution. The baseline scenario is defined over the range of values corresponding to 50% probability of equidistant deviations around the mean of the historical distribution. The favourable and adverse scenarios are defined over the range of values to the right and left of the distribution respectively, each corresponding to 25% probability.

The most significant macroeconomic variables for each of the scenarios used by the Group as at 30 June 2025 and 31 December 2024 are presented in the table below. The Group uses three different economic scenarios in the calculation of default probabilities and provisions. The scenarios factor-in updated macroeconomic assumptions and other monetary and fiscal developments based on events as at the reporting date. The Group has used the 30-50-20 probability structure for the adverse, baseline and favourable scenarios respectively compared to the 25-50-25 structure derived using the method described in Note 2.17.5 of the annual consolidated financial statements for the year ended 31 December 2024. This reflects management's view of specific characteristics of the Cyprus economy that render it more vulnerable to external and internal shocks.

30 June 2025

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2026	Adverse	30.0	-2.8	6.8	-1.4	-4.2
	Baseline	50.0	2.6	4.5	2.2	2.4
	Favourable	20.0	3.6	4.1	3.9	3.1
2027	Adverse	30.0	-2.3	6.8	-0.1	-0.4
	Baseline	50.0	2.5	4.5	2.1	2.4
	Favourable	20.0	2.6	4.1	1.3	2.7
2028	Adverse	30.0	0.6	6.2	1.6	1.1
	Baseline	50.0	2.3	4.5	2.2	2.3
	Favourable	20.0	2.4	4.1	2.8	2.5
2029	Adverse	30.0	3.2	5.9	2.1	2.4
	Baseline	50.0	2.2	4.5	2.2	2.2
	Favourable	20.0	2.3	4.1	1.8	2.3
2030	Adverse	30.0	2.7	5.9	2.2	3.7
	Baseline	50.0	2.2	4.5	2.3	2.2
	Favourable	20.0	2.2	4.1	2.7	2.2

5. Significant judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

31 December 2024

Year	Scenario	Weight %	Real GDP (% change)	Unemployment rate (% of labour force)	Consumer Price Index (average % change)	RICS House Properties Price Index (average % change)
2025	Adverse	30.0	-1.4	5.4	-0.7	-3.9
	Baseline	50.0	3.0	4.5	1.8	2.2
	Favourable	20.0	4.2	4.4	2.5	3.8
2026	Adverse	30.0	-0.9	5.6	1.2	-0.2
	Baseline	50.0	2.9	4.5	2.2	2.3
	Favourable	20.0	3.1	4.3	2.1	2.7
2027	Adverse	30.0	2.0	5.3	1.8	2.3
	Baseline	50.0	2.8	4.5	2.0	2.2
	Favourable	20.0	2.5	4.4	2.0	2.6
2028	Adverse	30.0	3.4	5.2	1.9	2.9
	Baseline	50.0	2.6	4.5	1.9	2.3
	Favourable	20.0	2.4	4.4	1.9	2.6
2029	Adverse	30.0	2.8	5.2	1.9	2.5
	Baseline	50.0	2.5	4.5	1.8	2.2
	Favourable	20.0	2.4	4.4	1.9	2.3

The adverse scenarios may outpace the base and favourable scenarios after the initial shock has been adjusted to, and the economy starts to expand from a lower base. Thus, in the adverse scenario GDP will follow a growth trajectory that will ultimately equal and surpass the baseline before converging. Property prices are determined by multiple factors with GDP growth featuring prominently.

The baseline scenario was updated for the 30 June 2025 reporting, considering available information and relevant developments until then, and is described next. Growth recovered in 2024 following a slow-down in 2023, and remained above the Euro area average, supported by the continued recovery in tourism and expanding services activity. Real GDP increased by 2.6% on average in 2023 and growth accelerated in 2024, averaging 3.4% and stood at 3.0% in the first quarter of 2025. Tourist arrivals in Cyprus exceeded 4 million in 2024, up by an annual 5.1% and have continued growing in 2025, up by 14.9% in the first five months of the year. Under the baseline scenario the economy is expected to advance by 2.9% in 2025 and consumer price inflation will rise to 2.3% from 1.8% in 2024. House prices are expected to rise by 2.3% in 2025 following strong increases in 2022-2024.

The adverse scenario is consistent with assumptions for a global economic slowdown driven by geopolitical tensions, tariff wars, elevated inflation expectations and the steepening of yield curves. The Cypriot economy relies on services, particularly on tourism, international business, and information and communication services with an outward orientation. This makes the Cypriot economy more exposed than other economies to the international environment and terms of trade shocks. Weaker external demand will lead to a slowdown of economic activity. The adverse scenario assumes a deeper impact of these conditions on the real economy than under the baseline scenario. Under the adverse scenario, real GDP is expected to slow to 0.4% in 2025 and then decline by 2.8% in 2026 and further decline by 2.3% in 2027. In the labour market the unemployment rate will rise to 5.5% in 2025 and to 6.8% in 2026. Inflation will slow to 0.4% in 2025 and turn negative to -1.4% in 2026, with deflation remaining in 2027. House prices will also slow in line with the contraction in real GDP.

The Group uses actual values for the input variables. These values are sourced from the Cyprus Statistical Service, the Eurostat, the CBC for the residential property price index, and the ECB for interest rates. Interest rates are also sourced from the Eurostat. In the case of property prices, the Group additionally uses data from the Royal Institute of Chartered Surveyors. For the forward reference period, the Group uses the forecast values for the same variables, as prepared by the BOC PCL's Economic Research Department. The results of the internal forecast exercises are consistent with publicly available forecasts from official sources including the European Commission, the International Monetary Fund, the ECB and the Ministry of Finance of the Republic of Cyprus.

5. Significant judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Qualitative adjustments or overlays are occasionally made when inputs calculated do not capture all the characteristics of the market. These are reviewed and adjusted, if considered necessary, by the Risk Management Division, endorsed by the Group Provisions Committee and approved by the Board Risk and Audit Committees.

For Stage 3 customers, the calculation of individually assessed provisions is the weighted average of three scenarios: base, adverse and favourable. The base scenario focuses on the following variables, which are based on the specific facts and circumstances of each customer: the operational cash flows, the timing of recovery of collaterals and the haircuts from the realisation of collateral. The base scenario is used to derive additional either more favourable or more adverse scenarios. Under the adverse scenario, operational cash flows are decreased by 50%, applied haircuts on real estate collateral are increased by 50% and the timing of recovery of collaterals is increased by one year with reference to the baseline scenario, whereas under the favourable scenario applied haircuts are decreased by 5%, with no change in the recovery period with reference to the baseline scenario. Assumptions used in estimating expected future cash flows (including cash flows that may result from the realisation of collateral) reflect current and expected future economic conditions and are generally consistent with those used in the Stage 3 collectively assessed exposures.

The above assumptions are also influenced by the ongoing regulatory dialogue BOC PCL maintains with its lead regulator, the ECB, and other regulatory guidance and interpretations issued by various regulatory and industry bodies such as the ECB and the EBA.

Any changes in these assumptions or difference between assumptions made and actual results could result in significant changes in the estimated amount of expected credit losses of loans and advances to customers.

For collectively assessed customers the calculation is also the weighted average of three scenarios: base, adverse and favourable.

Assessment of loss given default (LGD)
For the estimation of loss given default (LGD) key estimates are the timing and net recoverable amount from repossession or realisation of collaterals (including through portfolio sales) which mainly comprise real estate assets, as well as the minimum LGD rate which provides for a minimum loss rate which acts as a floor.

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts. Indexation has been used as the basis to estimate updated market values of properties, supplemented by management judgement where necessary, given the difficulty in differentiating between short-term impacts and long-term structural changes and the shortage of market evidence for comparison purposes. Assumptions were made on the basis of a macroeconomic scenario for future changes in property prices and qualitative adjustments or overlays were applied to the projected future property value increases to restrict the level of future property price growth to 0% for all scenarios for loans and advances to customers which are secured by property collaterals.

At 30 June 2025, the weighted average haircut (including liquidity haircut and selling expenses) used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) is approximately 42% under the baseline scenario (31 December 2024: approximately 42%, excluding those classified as held for sale).

At 30 June 2025, the timing of recovery from real estate collaterals used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) has been estimated to be on average 7.5 years under the baseline scenario (31 December 2024: average of seven years, excluding those classified as held for sale).

For the calculation of individually assessed provisions of Stage 3 exposures, the timing of recovery of collaterals as well as the haircuts used, are based on the specific facts and circumstances of each case. For specific cases judgement may also be exercised over staging during the individual assessment.

Any changes in these assumptions or variance between assumptions made and actual results could result in significant changes in the estimated amount of expected credit losses of loans and advances to customers.

5. Significant judgements, estimates and assumptions (continued)

5.1 Calculation of expected credit losses (continued)

Modelling adjustments
Forward looking models have been developed for ECL parameters (PD, EAD, LGD) for all portfolios and segments sharing similar characteristics. Model validation (initial and periodic) is performed by the independent validation unit within the Risk Management Division and involves assessment of a model under both quantitative (i.e. stability and performance) and qualitative terms. The frequency and level of rigour of model validation is commensurate to the overall use, complexity and materiality of the models, (i.e. risk tiering). In certain cases, judgement is exercised in the form of expert judgment and/or management overlay by applying adjustments on the modelled parameters. Governance of these models lies with the Risk Management Division, where a governance process is in place around the determination of the impairment measurement methodology including inputs, assumptions and overlays. Any management overlays are prepared by the Risk Management Division, endorsed by the Group Provisions Committee and approved by the Board Risk and Audit Committees.

Calibration of IFRS 9 models during the six months ended 30 June 2025
During the six months ended 30 June 2025, the Group proceeded with a calibration of the probability of default (PD) parameter and specifically in relation to the PD adjustment factor; a dynamic adjustment that calibrates the model projections based on the relationship between the past model projections and the actual observed defaults. The factor was updated to include observations over a longer period to further enhance stability and predictability. The impact of the calibration was an increase in PDs across stages and a €4.9 million ECL charge for the six months ended 30 June 2025.

The IFRS 9 models are reviewed regularly in order to incorporate the most recent information available and to ensure that they perform adequately and that they are suitably representative when applied to the current portfolio for the calculation of impairment loss allowances.

The Group has exercised critical judgement on a best effort basis, to consider all reasonable and supportable information available at the time of the assessment of the ECL allowance as at 30 June 2025. The Group will continue to evaluate the ECL allowance and the related economic outlook each quarter, so that any changes arising from the uncertainty on the macroeconomic outlook and geopolitical developments, are timely captured.

Portfolio segmentation
The individual assessment is performed not only for individually significant assets but also for other exposures meeting specific criteria determined by management. The selection criteria for the individually assessed exposures are based on management judgement and are reviewed on a quarterly basis by the Risk Management Division and are adjusted or enhanced, if deemed necessary. Following the wars in Ukraine and the Middle East, the selection criteria were further enhanced in prior years to include significant exposures to customers with passport of origin or residency in Russia, Ukraine or Belarus and/or business activity within these countries and significant exposures with repayment deriving from Israel.

Further details on impairment allowances and related credit information are set out in Note 30.

In addition to the above significant judgments and assumptions made for the calculation of the ECL, the Group also applies judgment for the following:

Expected lifetime of revolving facilities
The expected lifetime of revolving facilities is based on a behavioural maturity model for revolving facilities based on BOC PCL's available historical data, where an expected maturity for each revolving facility based on the customer's profile is assigned.

Off-balance sheet credit exposures
ECL allowances also include allowances on off-balance sheet credit exposures represented by guarantees given and by irrevocable commitments to disburse funds. Off-balance sheet credit exposures of the individually assessed assets require assumptions on the probability, timing and amount of cash outflows. For the collectively assessed off-balance sheet credit exposures, the allowance for provisions is calculated using the Credit Conversion Factor (CCF) model.

5. Significant judgements, estimates and assumptions (continued)

5.2 Stock of property - estimation of net realisable value

Stock of property is measured at the lower of cost and net realisable value. The net realisable value is determined through valuation techniques, requiring significant judgement, taking into account all available reference points, such as expert valuation reports, current market conditions, applying an appropriate illiquidity discount where considered necessary, taking into consideration observed sales, the holding period of the asset, realisation strategy and any other relevant parameters. Selling expenses are deducted from the realisable value.

More details on the stock of property are presented in Note 19.

5.3 Provisions for pending litigation and claims

The accounting policy for provisions for pending litigation, claims, regulatory and other matters is described in Note 2.36 of the annual consolidated financial statements for the year ended 31 December 2024.

Judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Provisions for pending litigation and claims usually require a higher degree of judgement than other types of provisions. It is expected that the Group will continue to have a material exposure to litigation and regulatory proceedings and investigations relating to legacy issues in the medium term. The matters for which the Group determines that the probability of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the possible loss for such matters can be estimated. Actual results may prove to be significantly higher or lower than the estimated possible loss in those matters, where an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the probability of loss was remote.

For a detailed description of the nature of uncertainties and assumptions and the effect on the amount and timing of pending litigation and claims refer to Note 26.

6. Segmental analysis

The Group's activities are mainly concentrated in Cyprus. Cyprus operations are organised into operating segments based on the line of business. The results of the overseas subsidiaries and branches of the Group, namely in Greece, Romania and Russia, are presented within segment 'Other', given the size of these operations which are in a run-down mode and relate to legacy operations of the Group. Further, the results of certain small subsidiaries of the Group are allocated to the segments based on their key activities.

The operating segments are analysed below:

i. The Corporate, Small and Medium-sized Enterprises (SME) and Retail business lines are managing loans and advances to customers. Retail business line also includes the Affluent Banking unit, which offers banking and investment services to its clients. Categorisation of loans per customer group is detailed further below.
ii. IBU & International Corporate comprises of:
    1. IBU, which specialises in the offering of banking services to the international corporate customers based in Cyprus, particularly international business companies whose ownership and business activities lie outside Cyprus, and non-resident individual customers of BOC PCL.
    2. International Corporate, which comprises of International Corporate Banking, Project Finance & Loan Syndication and Shipping Centre. International Corporate Banking provides financing from Cyprus in respect of projects based overseas with main focus being in Greece and the United Kingdom. Project Finance & Loan Syndication acts as arranger or participant in large international loan syndication transactions. Shipping Centre provides shipping financing primarily for ocean-going cargo vessels.
iii. Restructuring and Recoveries is the specialised unit which was set up to tackle the Group's loan portfolio quality and manages exposures to borrowers in distress situation through innovative solutions.
iv. The Real Estate Management Unit (REMU) manages properties acquired through debt-for-property swaps and properties acquired through the acquisition of certain operations of Laiki Bank in 2013 and executes exit strategies in order to monetise these assets. REMU also includes other subsidiary property companies of the Group.

6. Segmental analysis (continued)

v. Treasury is responsible for managing assets and liabilities within the Risk Appetite Framework set by the Board of Directors. Treasury manages the Group's liquid assets, investing in fixed income securities and in the interbank market. This business line manages the interest rate and foreign exchange risks to which the Group is exposed to and is also responsible for liquidity management and for ensuring compliance with internal and regulatory liquidity guidelines. It is also responsible for raising funding through the issuance of debt in the wholesale markets. Treasury also incorporates the Institutional Wealth Management and Custody unit, which comprises of market execution and custody unit services along with asset management.

vi. The Insurance business line is involved in both life and non-life insurance business.

vii. Payment Services comprise the subsidiary company JCC, which is involved in the development of inter-banking systems, acquiring and processing of debit and credit card transactions, other payment services and other activities.

viii. The segment 'Other' includes central functions of BOC PCL such as finance, risk management, compliance, legal, information technology, corporate affairs, human resources and other. These functions provide services to the operating segments. Segment 'Other' also includes the subsidiary company, CISCO and other small subsidiary companies in Cyprus (excluding the insurance subsidiaries, property companies under REMU and the payment services subsidiary of the Group (JCC)), as well as the overseas legacy activities of the Group.

BOC PCL broadly categorises its loans per customer group, in the following customer sectors:

i. Retail – all individuals, regardless of the facility amount, and legal entities with facilities from BOC PCL of up to €500 thousand excluding business property loans, and/or annual credit turnover up to €1 million.

ii. Small and medium-sized enterprises (SME) – any company or group of companies (including personal and housing loans to the directors or shareholders of a company) with facilities from BOC PCL in the range of €500 thousand to €4 million and/or annual credit turnover in the range of €1 million to €10 million.

iii. Corporate – any company or group of companies (including personal and housing loans to the directors or shareholders of a company) with available credit lines with BOC PCL of over €4 million and/or having a minimum annual credit turnover of over €10 million. These companies are either local larger corporations or international companies or companies in the shipping sector. Lending includes direct lending or through syndications.

Management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit after tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation.

Operating segment disclosures are provided as presented to the Group Executive Committee.

Income and expenses associated with each business line are included within the business line results for determining its performance. Fund transfer pricing and internal charges methodologies are applied between the business lines as to reflect the performance of each business line. Income and expenses incurred directly by the business lines are allocated to the business lines as incurred. Indirect income and expenses are re-allocated from the central functions to the business lines. For the purposes of the Cyprus analysis by business line, notional tax rate is charged/credited to the profit or loss before tax of each business line.

The loans and advances to customers, the customer deposits and the related income and expense are generally included in the segment where the business is managed, instead of the segment where the transaction is recorded.

6. Segmental analysis (continued)

Analysis by business line

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment services	Other	**Total**
Six months ended 30 June 2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Net interest income/(expense)	68,088	64,395	26,494	176,708	5,063	(4,612)	482	37,185	-	(6,348)	**367,455**
Net fee and commission income/(expense)	10,346	23,937	5,224	32,684	1,070	(34)	(4,419)	2,189	14,188	2,997	**88,182**
Net foreign exchange gains/(losses)	811	4,199	428	1,264	17	-	-	8,122	(298)	123	**14,666**
Net (losses)/gains on financial instruments	(940)	-	-	-	-	598	1,108	-	314	852	**1,932**
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(2,916)	(100)	(510)	(1,629)	2,998	-	-	-	-	(14)	**(2,171)**
Net insurance result	-	-	-	-	-	-	24,421	-	-	-	**24,421**
Net losses from revaluation and disposal of investment properties	-	-	-	-	-	(403)	-	-	-	(1,391)	**(1,794)**
Net gains on disposal of stock of property	-	-	-	-	-	7,228	-	-	-	424	**7,652**
Other income	7	1	7	76	9	1,833	268	2	2,448	892	**5,543**
Total operating income	75,396	92,432	31,643	209,103	9,157	4,610	21,860	47,498	16,652	(2,465)	**505,886**
Staff costs	(4,240)	(7,337)	(3,199)	(28,161)	(4,350)	(1,854)	(1,967)	(1,951)	(3,750)	(48,060)	**(104,869)**
Special levy on deposits and other levies/contributions	(1,866)	(3,213)	(910)	(9,382)	(14)	-	-	(134)	-	-	**(15,519)**
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-	-	-	-	-	-	-	(1,353)	**(1,353)**
Other operating expenses	(14,871)	(10,779)	(7,508)	(50,837)	(4,565)	(5,761)	(2,498)	(6,001)	(7,264)	33,693	**(76,391)**
Operating profit/(loss) before credit losses and impairment	54,419	71,103	20,026	120,723	228	(3,005)	17,395	39,412	5,638	(18,185)	**307,754**
Credit losses on financial assets	1,400	(2,554)	(6,055)	(6,020)	(2,491)	(36)	(18)	(124)	-	(3)	**(15,901)**
Impairment net of reversals on non-financial assets	-	-	-	-	-	(13,935)	-	-	-	(74)	**(14,009)**
Profit/(loss) before tax	55,819	68,549	13,971	114,703	(2,263)	(16,976)	17,377	39,288	5,638	(18,262)	**277,844**
Income tax	(6,978)	(8,569)	(1,746)	(14,338)	283	(4,132)	(1,068)	(4,911)	(580)	(30)	**(42,069)**
Profit/(loss) after tax	48,841	59,980	12,225	100,365	(1,980)	(21,108)	16,309	34,377	5,058	(18,292)	**235,775**
Non-controlling interests-(profit)/loss	-	-	-	-	-	84	-	-	(1,264)	44	**(1,136)**
Profit/(loss) after tax attributable to the owners of the Company	**48,841**	**59,980**	**12,225**	**100,365**	**(1,980)**	**(21,024)**	**16,309**	**34,377**	**3,794**	**(18,248)**	**234,639**

6. Segmental analysis (continued)

Analysis by business line (continued)

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment services	Other	Total
Six months ended 30 June 2024	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Net interest income/(expense)	79,536	81,083	29,456	213,857	8,055	(13,696)	(124)	24,173	-	(2,457)	**419,883**
Net fee and commission income/(expense)	10,248	23,790	4,574	32,218	960	(61)	(4,107)	2,100	13,962	2,531	**86,215**
Net foreign exchange gains/(losses)	650	3,147	365	1,271	22	-	-	6,928	(23)	674	**13,034**
Net gains/(losses) on financial instruments	536	-	-	-	-	4	146	(48)	44	47	**729**
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(4,631)	102	(909)	(7)	6,554	-	-	-	-	(3)	**1,106**
Net insurance result	-	-	-	-	-	-	22,775	-	-	-	**22,775**
Net (losses)/gains from revaluation and disposal of investment properties	-	-	-	-	-	(625)	8	-	-	(640)	**(1,257)**
Net gains/(losses) on disposal of stock of property	-	-	-	-	-	2,812	-	-	-	(228)	**2,584**
Other income	7	9	6	90	63	2,123	359	-	1,858	703	**5,218**
Total operating income	86,346	108,131	33,492	247,429	15,654	(9,443)	19,057	33,153	15,841	627	**550,287**
Staff costs	(3,802)	(7,145)	(2,961)	(27,757)	(4,653)	(1,649)	(1,604)	(1,483)	(3,840)	(41,241)	**(96,135)**
Special levy on deposits and other levies/contributions	(2,083)	(3,714)	(990)	(11,847)	(20)	-	-	(130)	-	-	**(18,784)**
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	-	-	-	-	-	-	-	-	-	(2,562)	**(2,562)**
Other operating expenses	(15,798)	(9,290)	(7,436)	(45,318)	(5,142)	(6,956)	(1,959)	(6,222)	(6,017)	33,149	**(70,989)**
Operating profit/(loss) before credit losses and impairment	64,663	87,982	22,105	162,507	5,839	(18,048)	15,494	25,318	5,984	(10,027)	**361,817**
Credit losses on financial assets	13,177	(1,435)	(57)	(8,725)	(19,813)	214	(118)	(439)	-	(275)	**(17,471)**
Impairment net of reversals on non-financial assets	-	-	-	-	-	(19,326)	-	-	-	(5,434)	**(24,760)**
Profit/(loss) before tax	77,840	86,547	22,048	153,782	(13,974)	(37,160)	15,376	24,879	5,984	(15,736)	**319,586**
Income tax	(11,676)	(12,982)	(3,307)	(23,067)	2,096	5,106	(1,415)	(3,732)	(834)	1,608	**(48,203)**
Profit/(loss) after tax	66,164	73,565	18,741	130,715	(11,878)	(32,054)	13,961	21,147	5,150	(14,128)	**271,383**
Non-controlling interests-(profit)/loss	-	-	-	-	-	587	-	-	(1,283)	(334)	**(1,030)**
Profit/(loss) after tax attributable to the owners of the Company	**66,164**	**73,565**	**18,741**	**130,715**	**(11,878)**	**(31,467)**	**13,961**	**21,147**	**3,867**	**(14,462)**	**270,353**

6. **Segmental analysis** (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, net foreign exchange gains, net gains/(losses) on financial instruments, net gains/(losses) on derecognition of financial assets measured at amortised cost, net insurance result, net gains/(losses) from revaluation and disposal of investment properties, net gains/(losses) on disposal of stock of property and other income. There was no revenue deriving from transactions with a single external customer that amounted to 10% or more of Group revenue.

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	**Total**
Six months ended 30 June 2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Revenue from third parties	81,000	52,300	28,357	121,205	9,424	9,688	26,216	160,610	14,314	2,772	**505,886**
Inter-segment (expense)/revenue	(5,604)	40,132	3,286	87,898	(267)	(5,078)	(4,356)	(113,112)	2,338	(5,237)	**-**
Total revenue	**75,396**	**92,432**	**31,643**	**209,103**	**9,157**	**4,610**	**21,860**	**47,498**	**16,652**	**(2,465)**	**505,886**
Six months ended 30 June 2024											
Revenue from third parties	99,544	60,485	29,311	126,532	16,416	4,735	23,088	174,509	13,325	2,342	**550,287**
Inter-segment (expense)/revenue	(13,198)	47,646	4,181	120,897	(762)	(14,178)	(4,031)	(141,356)	2,516	(1,715)	**-**
Total revenue	**86,346**	**108,131**	**33,492**	**247,429**	**15,654**	**(9,443)**	**19,057**	**33,153**	**15,841**	**627**	**550,287**

Analysis of assets and liabilities

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	**Total**
30 June 2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Assets											
Assets	3,734,064	1,231,779	977,418	4,639,601	63,646	691,159	1,092,392	14,076,341	148,931	725,730	**27,381,061**
Inter-segment assets	(68,640)	-	-	-	-	(102,728)	(15,215)	-	(21,195)	(69,770)	**(277,548)**
Total assets	**3,665,424**	**1,231,779**	**977,418**	**4,639,601**	**63,646**	**588,431**	**1,077,177**	**14,076,341**	**127,736**	**655,960**	**27,103,513**
31 December 2024											
Assets											
Assets	3,506,922	1,078,202	960,321	4,544,575	113,338	742,194	1,053,971	13,640,957	133,198	914,216	**26,687,894**
Inter-segment assets	(65,959)	-	-	-	-	(67,834)	(19,446)	-	(24,883)	(26,180)	**(204,302)**
Total assets	**3,440,963**	**1,078,202**	**960,321**	**4,544,575**	**113,338**	**674,360**	**1,034,525**	**13,640,957**	**108,315**	**888,036**	**26,483,592**

6. Segmental analysis (continued)

Analysis of assets and liabilities (continued)

	Corporate	IBU & International corporate	SME	Retail	Restructuring and recoveries	REMU	Insurance	Treasury	Payment Services	Other	**Total**
30 June 2025	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Liabilities											
Liabilities	2,484,435	4,217,499	1,256,418	12,973,818	18,483	23,739	918,799	2,061,498	117,134	494,296	**24,566,119**
Inter-segment liabilities	(172,829)	-	-	-	-	(12,429)	(2,190)	(33,847)	(29,500)	(26,720)	**(277,515)**
Total liabilities	**2,311,606**	**4,217,499**	**1,256,418**	**12,973,818**	**18,483**	**11,310**	**916,609**	**2,027,651**	**87,634**	**467,576**	**24,288,604**

31 December 2024											
Liabilities											
Liabilities	2,445,790	4,313,738	1,161,464	12,600,526	20,139	21,366	895,120	1,818,808	104,856	476,019	**23,857,826**
Inter-segment liabilities	(135,625)	-	-	-	-	(14,636)	(2,275)	-	(27,895)	(23,871)	**(204,302)**
	2,310,165	**4,313,738**	**1,161,464**	**12,600,526**	**20,139**	**6,730**	**892,845**	**1,818,808**	**76,961**	**452,148**	**23,653,524**

Segmental analysis of customer deposits and loans and advances to customers is presented in Notes 21 and Notes 18, 30.2 and 30.4 respectively.

6. Segmental analysis (continued)

Analysis of turnover

	Six months ended 30 June	
	2025	2024
	€000	€000
Net interest income	**367,455**	419,883
Net fee and commission income	**88,182**	86,215
Net foreign exchange gains	**14,666**	13,034
Net gains on financial instruments	**1,932**	729
Net (losses)/gains on derecognition of financial assets measured at amortised cost	**(2,171)**	1,106
Net insurance result	**24,421**	22,775
Net losses from revaluation and disposal of investment properties	**(1,794)**	(1,257)
Net gains on disposal of stock of property	**7,652**	2,584
Other income	**5,543**	5,218
	505,886	550,287

7. Interest income and income similar to interest income

Interest income

	Six months ended 30 June	
	2025	2024
	€000	€000
Financial assets at amortised cost:		
- Loans and advances to customers	**241,731**	272,311
- Loans and advances to banks and central banks	**102,808**	164,060
- Reverse repurchase agreements	**15,095**	11,666
- Debt securities	**57,162**	43,488
- Other financial assets	**3,079**	8,630
Debt securities at FVOCI	**4,104**	4,175
Non-trading derivatives - hedge accounting:		
- Debt securities at amortised cost	**671**	1,686
- Debt securities at FVOCI	**4,670**	8,276
	429,320	514,292

Income similar to interest income

	Six months ended 30 June	
	2025	2024
	€000	€000
Loans and advances to customers measured at FVPL	**3,377**	4,678
Derivative financial instruments	**124**	859
	3,501	5,537

8. Interest expense and expense similar to interest expense

Interest expense

	Six months ended 30 June	
	2025	2024
Financial liabilities at amortised cost:	**€000**	€000
- Customer deposits	**32,567**	31,318
- Deposits by banks	**3,560**	4,296
- Funding from central banks	**-**	21,842
- Debt securities in issue	**24,689**	19,341
- Subordinated liabilities	**10,078**	10,106
Non-trading derivatives - hedge accounting:		
- Customer deposits	**(2,966)**	7,284
- Debt securities in issue	**(1,978)**	3,602
- Subordinated liabilities	**(1,145)**	987
Interest expense on lease liabilities	**437**	334
	65,242	99,110

Expense similar to interest expense

	Six months ended 30 June	
	2025	2024
	€000	€000
Derivative financial instruments	**124**	836

9. Net gains on financial instruments

	Six months ended 30 June	
	2025	2024
	€000	€000
Trading portfolio:		
- derivative financial instruments	**12**	22
Other investments at FVPL:		
- other securities	**758**	63
- mutual funds	**1,180**	193
- equity securities	**422**	(85)
Net gains on other financial assets measured at FVPL	**500**	-
Net (losses)/gains on loans and advances to customers measured at FVPL	**(940)**	536
Revaluation of financial instruments designated as fair value hedges:		
- hedging instruments	**3,500**	(17,788)
- hedged items	**(3,500)**	17,788
	1,932	729

10. Staff costs

Staff costs

	Six months ended 30 June	
	2025	2024
	€000	€000
Salaries	**75,380**	71,996
Employer's contributions	**13,663**	13,250
Variable compensation:		
Accrual for short-term incentive award	**4,947**	4,455
Share-based benefits expense (Note 10.1)	**632**	493
Retirement benefit plan costs	**5,995**	5,781
Exit cost and other termination benefits	**4,252**	160
	104,869	96,135

10.1 Share-based compensation plan

During the six months ended 30 June 2025, a maximum of 278,440 share awards were granted by the Company to 21 members of the Extended Executive Committee of the Group in respect of the performance period 2025-2027 (with all performance conditions being non-market performance conditions) for the 2025 Long-Term Incentive Plan (LTIP), under the Group's established Long-Term Incentive Plan.

Further, during the six months ended 30 June 2025, 289,253 shares were issued and allotted to members of the Extended Executive Committee of the Group in respect of the 2022 LTIP Cycle (performance period 2022-2024) vested in 2025, representing 40% of the shares awarded under the 2022 LTIP Cycle.

The following table presents movements in outstanding share-based awards during the six months ended 30 June 2025 and the year ended 31 December 2024.

	30 June 2025		31 December 2024	
	Number of shares	**Weighted average grant date fair value**	Number of shares	Weighted average grant date fair value
		€		€
As at 1 January	**1,652,030**	**2.54**	1,209,036	2.15
Granted during the period/year	**278,440**	**5.86**	403,990	3.70
Change in estimate of number of awards to vest	**(56,921)**	**n/a**	39,004	-
Vested during the period/year	**(289,253)**	**1.69**	-	-
Forfeited during the period/year	**-**	**n/a**	-	n/a
30 June/31 December	**1,584,296**		1,652,030	

11. Other operating expenses

	Six months ended 30 June	
	2025	2024
	€000	€000
Technology and systems	**19,189**	16,150
Property-related costs	**6,853**	6,995
Consultancy, legal and other professional services fees	**9,752**	8,970
Insurance	**2,940**	3,137
Advertising and marketing	**3,970**	3,539
Depreciation of property and equipment (Note 11.1)	**8,004**	7,705
Amortisation of intangible assets (Note 11.1)	**7,312**	7,345
Communication expenses	**3,227**	2,924
Printing and stationery	**575**	924
Cash transfer expenses	**1,738**	1,562
Other operating expenses	**12,831**	11,738
	76,391	70,989

The Group in its consolidated financial statements for the year ended 31 December 2024 had changed the description of the first line item in the table above to more appropriately reflect the nature of this expense and has changed this to 'Technology and systems' from 'Repairs and Maintenance'. To align comparative information to this change, expenses of €1,635 thousand have been included in 'Property-related costs' and €16,150 thousand in 'Technology and systems'.

During the six months ended 30 June 2025, the Group recognised €251 thousand relating to rent expense for short-term leases, included within 'Property-related costs' (30 June 2024: €25 thousand).

Special levy on deposits and other levies/contributions as presented in the Consolidated Income Statement are set out below:

	Six months ended 30 June	
	2025	2024
	€000	€000
Special levy on deposits of credit institutions in Cyprus	**15,519**	14,481
Contribution to Deposit Guarantee Fund	**-**	4,303
	15,519	18,784

The special levy on credit institutions in Cyprus (the Special Levy) is imposed on the level of deposits as at the end of the previous quarter, at the rate of 0.0375% per quarter.

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

11. Other operating expenses (continued)

11.1 Expenses by nature

Analysis of staff costs and other operating expenses incurred by the Group by nature, is presented in the table below:

	Six months ended 30 June 2025				
	Directly attributable expenses	**Capitalised as internally developed computer software**	**Staff costs** (Note 10)	**Other operating expenses** (Note 11)	**Total**
	€000	**€000**	**€000**	**€000**	**€000**
Salaries and employer's contributions	**5,618**	**992**	**89,043**	**-**	**95,653**
Variable compensation:					
Accrual for short-term incentive award	**-**	**-**	**4,947**	**-**	**4,947**
Share-based benefits expense	**-**	**-**	**632**	**-**	**632**
Retirement benefit plan costs	**632**	**-**	**5,995**	**-**	**6,627**
Exit cost and other termination benefits	**-**	**-**	**4,252**	**-**	**4,252**
Depreciation	**229**	**-**	**-**	**4,014**	**4,243**
Depreciation of RoU assets	**552**	**-**	**-**	**3,990**	**4,542**
Amortisation of intangible assets	**1,303**	**-**	**-**	**7,312**	**8,615**
Other operating expenses	**1,892**	**-**	**-**	**61,075**	**62,967**
Total	**10,226**	**992**	**104,869**	**76,391**	**192,478**

	Six months ended 30 June 2024				
	Directly attributable expenses	Capitalised as internally developed computer software	Staff costs (Note 10)	Other operating expenses (Note 11)	Total
	€000	€000	€000	€000	€000
Salaries and employer's contributions	5,117	1,146	85,246	-	91,509
Variable compensation:					
Accrual for short-term incentive award	-	-	4,455	-	4,455
Share-based benefits expense	-	-	493	-	493
Retirement benefit plan costs	496	-	5,781	-	6,277
Exit cost and other termination benefits	-	-	160	-	160
Depreciation	212	-	-	3,733	3,945
Depreciation of RoU assets	581	-	-	3,972	4,553
Amortisation of intangible assets	1,863	-	-	7,345	9,208
Other operating expenses	1,812	-	-	55,939	57,751
Total	**10,081**	**1,146**	**96,135**	**70,989**	**178,351**

Directly attributable expenses are expenses incurred by the insurance subsidiaries of the Group that relate directly to the fulfilment of insurance and re-insurance contracts within the scope of IFRS 17.

12. Credit losses on financial assets and impairment net of reversals on non-financial assets

	Six months ended 30 June	
	2025	2024
Credit losses on financial assets	**€000**	€000
Credit losses to cover credit risk on loans and advances to customers		
Impairment net of reversals on loans and advances to customers (Note 30.4)	**22,745**	25,734
Recoveries of loans and advances to customers previously written off	**(4,244)**	(5,509)
Changes in expected cash flows	**(3,588)**	(2,206)
Financial guarantees and commitments	**697**	(874)
	15,610	17,145
Credit losses on other financial instruments		
Amortised cost debt securities	**123**	260
FVOCI debt securities	**(6)**	(25)
Loans and advances to banks	**10**	(2)
Balances with central banks	**(3)**	(86)
Reverse repurchase agreements	**-**	7
Other financial assets	**167**	172
	291	326
	15,901	17,471

	Six months ended 30 June	
	2025	2024
Impairment net of reversals on non-financial assets	**€000**	€000
Stock of property (Note 19)	**13,657**	24,760
Other non-financial assets	**352**	-
	14,009	24,760

13. Income tax

	Six months ended 30 June	
	2025	2024
	€000	€000
Current tax:		
- Cyprus	**35,815**	47,360
Cyprus special defence contribution	**11**	38
Deferred tax charge	**3,081**	(721)
Prior years’ tax adjustments	**1,505**	453
Other tax charges	**1,657**	1,073
	42,069	48,203

The corporate income tax rate in Cyprus for the six months ended 30 June 2025 and the year ended 31 December 2024 was 12.5% on taxable income. The tax rates prevailing in the countries the Group has entities incorporated for the six months ended 30 June 2025 and the year ended 31 December 2024, were: Greece 22%, Romania 16% and Russia 20%.

For life insurance business there is a minimum income tax charge of 1.5% on gross premiums (this is included within 'Net insurance service result'), which amounted to €1,287 thousand for the six months ended 30 June 2025 (30 June 2024: €1,168 thousand). Special defence contribution is payable on the 75% of rental income at a rate of 3% and on interest income from activities outside the ordinary course of business at a rate of 17% for the six months ended 30 June 2025 and the year ended 31 December 2024.

13. **Income tax** (continued)

The Group is subject to income tax in the various jurisdictions in which it operates and the calculation of the Group's income tax charge, top-up tax liability under Cyprus Pillar Two Law (Directive (EU) 2022/2523 voted into Law 151(I)/2024) and provisions for income tax necessarily involves a degree of estimation and judgement. There are transactions and calculations for which the ultimate income tax treatment is uncertain and cannot be determined until resolution has been reached with the relevant tax authority. The Group has a number of open income tax returns with various income tax authorities and liabilities relating to these judgemental matters which are based on estimates of whether additional income taxes will be due. In case the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group is in scope of the Cyprus Pillar Two Law which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups. The Group is eligible for the transitional provision under Article 12 for the purpose of Domestic Minimum Top-up Tax (DMTT) and Article 55 for the purpose of the Income Inclusion Rule (IRR) of the Cyprus Pillar Two Law which results in zeroing any top up tax liability in Cyprus computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the six months ended 30 June 2025 and for the year ended 31 December 2024. The Group does not anticipate any top up tax liability arising from the foreign jurisdictions in which it has subsidiary entities.

Deferred tax

The net deferred tax assets comprise:

	30 June 2025	31 December 2024
	€000	€000
Deferred tax assets	**164,570**	166,844
Deferred tax liabilities	**(32,745)**	(31,943)
Net deferred tax assets	**131,825**	134,901

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

The movement of the net deferred tax assets is set out below:

	30 June 2025	31 December 2024
	€000	€000
1 January	**134,901**	168,962
Deferred tax recognised in the consolidated income statement - tax charge	**(3,081)**	(34,081)
Deferred tax recognised in the consolidated statement of comprehensive income - tax credit	**5**	20
30 June/31 December	**131,825**	134,901

13. Income tax (continued)

The Group offsets income tax assets and liabilities only if it has a legally enforceable right to set-off current income tax assets and current income tax liabilities.

Income Tax Law Amendment 28(I) of 2019
On 1 March 2019, the Cyprus Parliament adopted legislative amendments to the Income Tax Law (the 'Law') which were published in the Official Gazette of the Republic on 15 March 2019 ('the amendments').

BOC PCL has DTA that meets the requirements of the Income Tax Law Amendment 28(I) of 2019 relating to income tax losses transferred to BOC PCL as a result of the acquisition of certain operations of Laiki Bank, on 29 March 2013, under 'The Resolution of Credit and Other Institutions Law'. The DTA recognised upon the acquisition of certain operations of Laiki in 2013 amounted to €417 million (corresponding to €3.3 billion tax losses) for which BOC PCL paid a consideration as part of the respective acquisition. The period of utilisation of the tax losses which may be converted into tax credits is eleven years following the amendment of the Law in 2019, starting from 2018 i.e., by end of 2028.

As a result of the above Law, the Group has DTA amounting to €151,637 thousand as at 30 June 2025 (31 December 2024: €151,637 thousand) that meet the requirements under this Law, the recovery of which is guaranteed. On an annual basis, an amount is either converted to annual tax credit and is reclassified from the DTA to current tax receivables or it is used in the determination of the taxable income of the relevant year, as the annual instalment can be claimed as a deductible expense. The annual instalment is reflected as a charge in the Consolidated Income Statement.

The DTA subject to the Law is accounted for on the same basis as described in Note 2.11 of the annual consolidated financial statements for the year ended 31 December 2024.

Accumulated income tax losses

The accumulated income tax losses are presented in the table below:

	Total income tax losses	**Income tax losses for which a deferred tax asset was recognised**	**Income tax losses for which no deferred tax asset was recognised**
30 June 2025	**€000**	**€000**	**€000**
Expiring within 5 years	**670**	**-**	**670**
Utilisation in annual instalments up to 2028	**1,213,091**	**1,213,091**	**-**
	1,213,761	**1,213,091**	**670**
31 December 2024			
Expiring within 5 years	464	-	464
Utilisation in annual instalments up to 2028	1,213,091	1,213,091	-
	1,213,555	1,213,091	464

14. Earnings per share

Basic earnings per share

	Six months ended 30 June	
	2025	2024
Profit for the period attributable to the owners of the Company (€ thousand) (basic)	**234,639**	270,353
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**438,528**	445,760
Basic earnings per share attributable to the owners of the Company (€ cent)	**53.5**	60.6

Diluted earnings per share

	Six months ended 30 June	
	2025	2024
Profit for the period attributable to the owners of the Company (€ thousand)	**234,639**	270,353
Weighted average number of shares in issue during the period, excluding treasury shares adjusted for the dilutive effect of all rights on shares (thousand)	**440,088**	447,308
Diluted earnings per share attributable to the owners of the Company (€ cent)	**53.3**	60.4

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted for the dilutive effect of ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plan (LTIP) for the performance years 2022-2024, 2023-2025, 2024-2026 and 2025-2027 and the Short-Term Incentive Plan (STIP) award granted for the performance year 2023.

15. Investments

The analysis of the Group's investments is presented in the table below:

	30 June 2025	31 December 2024
	€000	€000
Investments at FVPL	**171,931**	136,629
Investments at FVOCI	**422,799**	416,077
Investments at amortised cost	**4,236,825**	3,805,637
	4,831,555	4,358,343

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

	30 June 2025	31 December 2024
Investments pledged as collateral	**€000**	
Investments at amortised cost	**100,527**	39,958
	100,527	39,958

Investments pledged as collateral as at 30 June 2025 are mainly used as supplementary assets for the covered bond and collateral for the clearing of interest rate derivative transactions through the central clearing house. As at 31 December 2024 the investments pledged as collateral were mainly used as supplementary assets for the covered bond (Note 32).

The average Moody's Investors Service credit rating of the debt securities portfolio of the Group as at 30 June 2025 is Aa3 (31 December 2024: Aa2).

The maximum exposure to credit risk for debt securities is disclosed in Note 30.1.

15. Investments (continued)

The increase in the investment portfolio as at 30 June 2025 is consistent with the strategy of the Group to grow the fixed income portfolio.

Investments at fair value through profit or loss

	30 June 2025	31 December 2024
	€000	€000
Other securities	**32,014**	10,702
Equity securities	**4,227**	837
Mutual funds	**135,690**	125,090
	171,931	136,629

The other securities include an equity instrument with embedded option derivative amounting to €24,409 thousand as at 30 June 2025 (31 December 2024: n/a) and a non-equity security amounting to €7,605 thousand as at 30 June 2025 (31 December 2024: €10,702 thousand).

Investments at FVOCI

	30 June 2025	31 December 2024
	€000	€000
Debt securities	**412,770**	406,540
Equity securities	**10,029**	9,537
	422,799	416,077

Investments at amortised cost

	30 June 2025	31 December 2024
	€000	€000
Debt securities	**4,236,825**	3,805,637

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

Equity securities

	FVPL	**FVOCI**	**Total**
30 June 2025	€000	€000	**€000**
Listed on the Cyprus Stock Exchange	-	266	**266**
Listed on other stock exchanges	4,227	62	**4,289**
Unlisted	-	9,701	**9,701**
	4,227	**10,029**	**14,256**

	FVPL	FVOCI	Total
31 December 2024	€000	€000	€000
Listed on the Cyprus Stock Exchange	-	6	6
Listed on other stock exchanges	837	60	897
Unlisted	-	9,471	9,471
	837	9,537	10,374

The Group irrevocably made the election to classify its equity investments as equity investments at FVOCI on the basis that these are not held for trading. Their carrying value amounts to €10,029 thousand at 30 June 2025 (31 December 2024: €9,537 thousand) and is equal to their fair value.

15. Investments (continued)

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

Dividend income amounting to €73 thousand has been received and recognised during the six months ended 30 June 2025 in other income (30 June 2024: €166 thousand).

During the six months ended 30 June 2025, no holdings of equity investments measured at FVOCI have been disposed of (31 December 2024: €812 thousand).

Mutual funds

	FVPL
30 June 2025	**€000**
Listed on other stock exchanges	32,729
Unlisted	102,961
	135,690

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

The majority of the unlisted mutual funds relate to investments whose underlying assets are listed on stock exchanges and are therefore presented in Level 2 hierarchy in Note 17.

Debt securities and other securities

Analysis by issuer type	**FVPL**	**FVOCI**	**Amortised cost**	**Total**
30 June 2025	€000	€000	€000	**€000**
Cyprus government	-	290,668	806,409	**1,097,077**
Other governments	-	25,747	1,141,323	**1,167,070**
Financial institutions	-	66,225	1,217,640	**1,283,865**
Other financial corporations	7,605	-	62,019	**69,624**
Supranational organisations	-	25,170	744,535	**769,705**
Other non-financial corporations	24,409	4,995	265,754	**295,158**
Allowance for expected credit losses	-	(35)	(855)	**(890)**
	32,014	**412,770**	**4,236,825**	**4,681,609**

	FVPL	FVOCI	Amortised cost	Total
31 December 2024	€000	€000	€000	€000
Cyprus government	-	287,590	735,617	1,023,207
Other governments	-	24,735	1,056,915	1,081,650
Financial institutions	-	65,822	1,084,888	1,150,710
Other financial corporations	10,702	-	57,258	67,960
Supranational organisations	-	23,462	696,260	719,722
Other non-financial corporations	-	4,972	175,431	180,403
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

15. Investments (continued)

Geographic dispersion by country of issuer	**FVPL**	**FVOCI**	**Amortised cost**	**Total**
30 June 2025	€000	€000	€000	**€000**
Cyprus	24,409	290,668	808,471	**1,123,548**
Greece	-	10,798	101,637	**112,435**
Germany	-	2,965	237,653	**240,618**
France	-	23,114	323,469	**346,583**
Other European Union countries	-	32,365	1,318,593	**1,350,958**
United Kingdom	-	-	18,779	**18,779**
USA and Canada	7,605	4,127	305,038	**316,770**
Other countries	-	23,598	379,505	**403,103**
Supranational organisations	-	25,170	744,535	**769,705**
Allowance for expected credit losses	-	(35)	(855)	**(890)**
	32,014	**412,770**	**4,236,825**	**4,681,609**

	FVPL	FVOCI	Amortised cost	Total
31 December 2024	€000	€000	€000	€000
Cyprus	-	287,590	737,640	1,025,230
Greece	-	11,097	78,492	89,589
Germany	-	2,934	217,589	220,523
France	-	23,140	344,597	367,737
Other European Union countries	-	31,201	1,129,546	1,160,747
United Kingdom	-	-	18,094	18,094
USA and Canada	10,702	4,091	291,982	306,775
Other countries	-	23,066	292,169	315,235
Supranational organisations	-	23,462	696,260	719,722
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

'Other countries' include exposures in Israel amounting to €30,659 thousand as at 30 June 2025 (31 December 2024: €31,065 thousand).

Analysis by currency	**FVPL**	**FVOCI**	**Amortised cost**	**Total**
30 June 2025	€000	€000	€000	€000
Euro	24,409	395,458	3,977,215	**4,397,082**
US dollar	7,605	17,347	236,775	**261,727**
Pound sterling	-	-	23,690	**23,690**
Allowance for expected credit losses	-	(35)	(855)	**(890)**
	32,014	**412,770**	**4,236,825**	**4,681,609**

	FVPL	FVOCI	Amortised cost	Total
31 December 2024	€000	€000	€000	€000
Euro	-	387,000	3,510,264	3,897,264
US dollar	10,702	19,581	283,963	314,246
Pound sterling	-	-	12,142	12,142
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

15. Investments (continued)

Listing analysis	**FVPL**	**FVOCI**	**Amortised cost**	**Total**
30 June 2025	€000	€000	€000	**€000**
Listed on the Cyprus Stock Exchange	-	-	27,649	**27,649**
Listed on other stock exchanges	-	412,805	4,210,031	**4,622,836**
Unlisted	32,014	-	-	**32,014**
Allowance for expected credit losses	-	(35)	(855)	**(890)**
	32,014	**412,770**	**4,236,825**	**4,681,609**

	FVPL	FVOCI	Amortised cost	Total
31 December 2024	€000	€000	€000	€000
Listed on the Cyprus Stock Exchange	-	-	33,884	33,884
Listed on other stock exchanges	-	406,581	3,772,485	4,179,066
Unlisted	10,702	-	-	10,702
Allowance for expected credit losses	-	(41)	(732)	(773)
	10,702	406,540	3,805,637	4,222,879

The Group uses fair value hedging to manage the interest rate risk in relation to its FVOCI bonds (Note 16).

There were no reclassifications of investments during the six months ended 30 June 2025 and the year ended 31 December 2024.

16. Derivative financial instruments

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

	30 June 2025			31 December 2024		
		Fair value			Fair value	
	Contract amount	**Assets**	**Liabilities**	Contract amount	Assets	Liabilities
	€000	**€000**	**€000**	€000	€000	€000
Trading derivatives						
Forward exchange rate contracts	**29,951**	**423**	**360**	23,232	171	126
Currency swaps	**632,771**	**63**	**10,047**	926,195	7,662	517
Currency options	**598**	**-**	**598**	472	455	17
Interest rate caps/floors	**20,088**	**869**	**742**	18,130	945	945
	683,408	**1,355**	**11,747**	968,029	9,233	1,605
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	**1,637,500**	**68,750**	**3,246**	1,637,500	58,299	2,918
Portfolio fair value hedges - interest rate swaps	**3,888,658**	**51,924**	**556**	2,914,362	27,741	140
Net investments - forward exchange rate contracts	**765**	**3**	**-**	985	-	1
	5,526,923	**120,677**	**3,802**	4,552,847	86,040	3,059
Total	**6,210,331**	**122,032**	**15,549**	5,520,876	95,273	4,664

Hedge accounting

The Group elected, as a policy choice permitted by IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The Group applies hedge accounting using derivatives when the required criteria for hedge accounting are met. The Group also uses derivatives for economic hedging (hedging the changes in interest rates, foreign currency exchange rates or other risks) which do not meet the criteria for hedge accounting. As a result, these derivatives are accounted for as trading derivatives and the gains or losses arising from revaluation are recognised in the Consolidated Income Statement.

16. Derivative financial instruments (continued)

Derivatives identified above as trading comprise derivatives entered into with economic hedging intent to which the Group does not apply hedge accounting or derivative positions which arise as a result of activity generated by corporate customers. Derivatives identified as derivatives qualifying for hedge accounting comprise only those derivatives to which the Group applies hedge accounting.

Fair value hedges
The Group uses interest rate swaps to hedge the interest rate risk arising as a result of the possible adverse movement in the fair value of fixed rate debt securities measured at FVOCI, debt securities in issue and subordinated liabilities, as well as customer deposits.

As part of its structural interest rate risk management the Group has been contracting fixed-rate receiver swaps to hedge interest rate risk by setting up fair value hedges for a portfolio of liabilities being the core Non-Maturing Deposits (NMDs). This strategy is designated as a fair value hedge, under the IAS 39 as adopted by the EU (IAS 39 carve-out), and its effectiveness is assessed by comparing changes in the fair value of the designated hedged item, attributable to changes in the benchmark interest rate, with the respective changes in the fair value of the interest rate swaps used as hedging instruments.

Changes in the fair value of derivatives designated as fair value hedges (both for micro hedges and macro hedges) and the fair value of the hedged items in relation to the risk being hedged are recognised in the Consolidated Income Statement.

In the case of fair value macro hedges, fair value changes of the hedged portfolios are recognised in the liability side of the consolidated balance sheet under caption 'Changes in the fair value of hedged items in portfolio hedges of interest rate risk', which as at 30 June 2025 amounted to a cumulative fair value change of €49,309 thousand (31 December 2024: €44,074 thousand).

Hedges of net investments
The Group's consolidated balance sheet is impacted by foreign currency exchange differences between Euro and all non-Euro functional currencies of overseas subsidiaries and other foreign operations. The Group hedges its structural currency risk when it considers that the cost of such hedging is within an acceptable range (in relation to the underlying risk). This hedging is done through the use of forward exchange rate contracts.

As at 30 June 2025, forward exchange rate contracts amounting to €765 thousand (30 June 2024: €1,136 thousand) have been designated as hedging instruments and have given rise to approximately a nil loss (30 June 2024: nil loss) which was recognised in the 'Foreign currency translation reserve' in the consolidated statement of comprehensive income, against the profit or loss from the retranslation of the net assets of the overseas subsidiaries and other foreign operations.

16. Derivative financial instruments (continued)

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

	Carrying amount of hedged items		**Accumulated amount of fair value hedging adjustments gains/(losses) on the hedged item**	
30 June 2025	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives qualifying for hedge accounting	**€000**	**€000**	**€000**	**€000**
Fair value hedges - interest rate swaps				
-debt securities - investments	384,178	-	(24,337)	-
-debt securities in issue	-	992,138	-	(18,848)
-subordinated liabilities	-	316,445	-	(3,372)
-customer deposits (macro hedge)	-	3,888,658	-	(49,309)
Net investments - forward exchange rate contracts				
Net assets/liabilities	765	-	3	-
Total	**384,943**	**5,197,241**	**(24,334)**	**(71,529)**

	Carrying amount of hedged items		Accumulated amount of fair value hedging adjustments gains/(losses) on the hedged item	
31 December 2024	Assets	Liabilities	Assets	Liabilities
Derivatives qualifying for hedge accounting	€000	€000	€000	€000
Fair value hedges - interest rate swaps				
-debt securities - investments	379,937	-	(28,498)	-
-debt securities in issue	-	989,435	-	(18,335)
-subordinated liabilities	-	307,138	-	(4,144)
-customer deposits (macro hedge)	-	2,914,362	-	(44,074)
Net investments - forward exchange rate contracts				
Net assets/liabilities	-	985	-	1
Total	379,937	4,211,920	(28,498)	(66,552)

For assets hedged using fair value hedges, the average fixed rate of hedging instruments is 2.35% as at 30 June 2025 (31 December 2024: 2.35%). For liabilities hedged using fair value hedges, the average fixed rate is 3.29% as at 30 June 2025 (31 December 2024: 3.55%).

17. Fair value measurement

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

	30 June 2025		31 December 2024	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets	**€000**	**€000**	€000	€000
Cash and balances with central banks	**7,401,060**	**7,401,060**	7,600,726	7,600,726
Loans and advances to banks	**1,004,664**	**996,171**	820,574	813,239
Reverse repurchase agreements	**1,014,713**	**1,029,458**	1,010,170	1,026,046
Derivative financial assets	**122,032**	**122,032**	95,273	95,273
Investments at FVPL	**171,931**	**171,931**	136,629	136,629
Investments at FVOCI	**422,799**	**422,799**	416,077	416,077
Investments at amortised cost	**4,236,825**	**4,288,295**	3,805,637	3,837,774
Loans and advances to customers	**10,577,868**	**10,600,981**	10,114,394	10,114,750
Life insurance business assets attributable to policyholders	**795,647**	**795,647**	761,127	761,127
Other financial assets	**195,556**	**195,556**	295,632	300,606
Financial assets classified as held for sale	**-**	**-**	23,143	23,143
	25,943,095	**26,023,930**	25,079,382	25,125,390
Financial liabilities				
Funding from central banks and deposits by banks	**502,187**	**476,260**	364,231	334,156
Derivative financial liabilities	**15,549**	**15,549**	4,664	4,664
Customer deposits	**20,903,113**	**20,881,537**	20,519,276	20,494,544
Debt securities in issue	**992,138**	**1,020,478**	989,435	1,024,400
Subordinated liabilities	**316,445**	**321,605**	307,138	314,195
Other financial liabilities and lease liabilities	**532,620**	**532,620**	441,445	441,445
	23,262,052	**23,248,049**	22,626,189	22,613,404

The fair value of financial assets and liabilities in the above table is as at the reporting date and does not represent any expectations about their future value.

The Group uses the following hierarchy for determining and disclosing fair value:

Level 1: investments valued using quoted prices in active markets.

Level 2: investments valued using models for which all inputs that have a significant impact on fair value are market observable.

Level 3: investments valued using models for which inputs that have a significant impact on fair value are not based on market observable data.

For assets and liabilities that are recognised in the Consolidated Financial Statements at fair value, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The following is a description of the determination of fair value for financial instruments which are recorded at fair value on a recurring and on a non-recurring basis and for financial instruments which are not measured at fair value but for which fair value is disclosed, using valuation techniques. These incorporate the Group’s estimate of assumptions that a market participant would make when valuing the instruments.

Derivative financial instruments
Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps, currency rate options, forward foreign exchange rate contracts and interest rate collars. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

17. Fair value measurement (continued)

Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA)
The CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty risk and BOC PCL's own credit quality respectively.

The Group calculates the CVA by applying the PD of the counterparty, conditional on the non-default of the Group, to the Group's expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default. Conversely, the Group calculates the DVA by applying BOC PCL's PD, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to the Group and multiplying the result by the loss expected in the event of default.

The expected exposure of derivatives is calculated as per the CRR and takes into account the netting agreements where they exist. A standard Loss Given Default (LGD) assumption in line with industry norm is adopted. Alternative LGD assumptions may be adopted when both the nature of the exposure and the available data support this.

The Group does not hold any significant derivative instruments which are valued using a valuation technique with significant non-market observable inputs.

Investments at FVPL, investments at FVOCI and investments at amortised cost
Investments which are valued using a valuation technique or pricing models, primarily consist of unquoted equity securities, other securities and debt securities. These assets are valued using valuation models which sometimes only incorporate market observable data and at other times use both observable and non-observable data. The rest of the investments are valued using quoted prices in active markets.

Loans and advances to customers
The fair value of loans and advances to customers is based on the present value of expected future cash flows. Future cash flows have been based on the future expected loss rate per loan portfolio, taking into account expectations for the credit quality of the borrowers. The discount rate includes components that capture the risk-free rate per currency, funding cost, servicing cost and the cost of capital, considering the risk weight of each loan.

Customer deposits
The fair value of customer deposits is determined by calculating the present value of future cash flows. The discount rate takes into account current market rates and the credit profile of BOC PCL. The fair value of deposits repayable on demand and deposits protected by the Deposit Protection Guarantee Scheme is approximated by their carrying values.

Loans and advances to banks
Loans and advances to banks with maturity over one year are discounted using an appropriate risk-free rate plus the appropriate credit spread. For short-term lending, the fair value is approximated by the carrying value.

Reverse repurchase agreements
Fair values of reverse repurchase agreements that are held on a non-trading basis are determined by calculating the present value of future cash flows. The cashflows are discounted using an appropriate risk-free rate plus the appropriate credit spread.

Deposits by banks and funding from central banks
Deposits by banks and funding from central banks with maturity over one year are discounted using an appropriate risk-free rate plus the appropriate credit spread. For short-term funding, the fair value is approximated by the carrying value.

Debt securities in issue and Subordinated liabilities
Debt securities and subordinated liabilities issuances are traded in an active market with quoted prices.

Model inputs for valuation
Observable inputs to the models for the valuation of unquoted equity and debt securities include, where applicable, current and expected market interest rates, market expected default rates, market implied country and counterparty credit risk and market liquidity discounts.

17. Fair value measurement (continued)

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

30 June 2025	Level 1 €000	Level 2 €000	Level 3 €000	**Total €000**
Financial assets measured at fair value				
Loans and advances to customers measured at FVPL	-	-	123,259	**123,259**
Trading derivatives				
Forward exchange rate contracts	-	423	-	**423**
Currency swaps	-	63	-	**63**
Interest rate caps/floors	-	869	-	**869**
	-	1,355	-	**1,355**
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	68,750	-	**68,750**
Portfolio fair value hedges - interest rate swaps	-	51,924	-	**51,924**
Net investments - forward exchange rate contracts	-	3	-	**3**
	-	120,677	-	**120,677**
Investments at FVPL	36,956	102,790	32,185	**171,931**
Investments at FVOCI	412,832	266	9,701	**422,799**
Other financial assets	-	-	26,000	**26,000**
	449,788	**225,088**	**191,145**	**866,021**
Other financial assets not measured at fair value				
Loans and advances to banks	-	996,171	-	**996,171**
Investments at amortised cost	4,047,072	241,223	-	**4,288,295**
Reverse repurchase agreements	-	1,029,458	-	**1,029,458**
Loans and advances to customers	-	-	10,477,722	**10,477,722**
	4,047,072	**2,266,852**	**10,477,722**	**16,791,646**

The discount rate used in the determination of the fair value of the loans and advances to customers measured at FVPL as at 30 June 2025 is 5.65% (31 December 2024: 6.79%).

For loans and advances to customers measured at FVPL categorised as Level 3 as at 30 June 2025, an increase in the discount factor by 10% would result in a decrease of €1,243 thousand in their fair value and a decrease in the discount factor by 10% would result in an increase of €833 thousand in their fair value.

For one investment included in other securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €7,605 thousand as at 30 June 2025, a change in the conversion factor by 10% would result in a change in the value of the other securities by €761 thousand.

The fair value of one investment included in other securities measured at FVPL and categorised as Level 3 with a carrying value of €24,409 thousand as at 30 June 2025 (31 December 2024: n/a) has been determined by reference to recent transactions for comparable instruments (Note 19).

17. Fair value measurement (continued)

30 June 2025	Level 1 €000	Level 2 €000	Level 3 €000	**Total €000**
Financial liabilities measured at fair value				
Trading derivatives				
Forward exchange rate contracts	-	360	-	**360**
Currency swaps	-	10,047	-	**10,047**
Currency options	-	598	-	**598**
Interest rate caps/floors	-	742	-	**742**
	-	11,747	-	**11,747**
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	3,246	-	**3,246**
Portfolio fair value hedges - interest rate swaps	-	556	-	**556**
	-	3,802	-	**3,802**
	-	**15,549**	**-**	**15,549**
Other financial liabilities not measured at fair value				
Deposits by banks	-	476,260	-	**476,260**
Customer deposits	-	-	20,881,537	**20,881,537**
Debt securities in issue	1,020,478	-	-	**1,020,478**
Subordinated liabilities	321,605	-	-	**321,605**
	1,342,083	**476,260**	**20,881,537**	**22,699,880**

31 December 2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Financial assets measured at fair value				
Loans and advances to customers measured at FVPL	-	-	131,008	131,008
Trading derivatives				
Forward exchange rate contracts	-	171	-	171
Currency swaps	-	7,662	-	7,662
Currency options	-	455	-	455
Interest rate caps/floors	-	945	-	945
	-	9,233	-	9,233
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	58,299	-	58,299
Portfolio fair value hedges - interest rate swaps	-	27,741	-	27,741
	-	86,040	-	86,040
Investments at FVPL	31,577	94,350	10,702	136,629
Investments at FVOCI	406,600	6	9,471	416,077
Other financial assets	-	-	25,500	25,500
	438,177	189,629	176,681	804,487
Other financial assets not measured at fair value				
Loans and advances to banks	-	813,239	-	813,239
Investments at amortised cost	3,604,367	233,407	-	3,837,774
Reverse repurchase agreements	-	1,026,046	-	1,026,046
Loans and advances to customers	-	-	9,983,742	9,983,742
	3,604,367	2,072,692	9,983,742	15,660,801

17. Fair value measurement (continued)

For loans and advances to customers measured at FVPL categorised as Level 3 as at 31 December 2024, an increase in the discount factor by 10% would result in a decrease of €2,460 thousand in their fair value and a decrease in the discount factor by 10% would result in an increase of €591 thousand in their fair value.

For one investment included in other securities mandatorily measured at FVPL as a result of the SPPI assessment and categorised as Level 3 with a carrying amount of €10,702 thousand as at 31 December 2024, a change in the conversion factor by 10% would result in a change in the value of the other securities by €1,070 thousand.

31 December 2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Financial liabilities measured at fair value				
Trading derivatives				
Forward exchange rate contracts	-	126	-	126
Currency swaps	-	517	-	517
Currency options	-	17	-	17
Interest rate caps/floors	-	945	-	945
	-	1,605	-	1,605
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	2,918	-	2,918
Portfolio fair value hedges - interest rate swaps	-	140	-	140
Net investments - forward exchange rate contracts	-	1	-	1
	-	3,059	-	3,059
	-	4,664	-	4,664
Other financial liabilities not measured at fair value				
Deposits by banks	-	334,156	-	334,156
Customer deposits	-	-	20,494,544	20,494,544
Debt securities in issue	1,024,400	-	-	1,024,400
Subordinated liabilities	314,195	-	-	314,195
	1,338,595	334,156	20,494,544	22,167,295

The cash and balances with central banks are financial instruments whose carrying value is a reasonable approximation of fair value because they are mostly short-term in nature or are repriced to current market rates frequently. The carrying value of other financial assets and other financial liabilities is a close approximation of their fair value and they are categorised as Level 3.

During the six months ended 30 June 2025 and the year ended 31 December 2024 there were no significant transfers between Level 1 and Level 2.

Movements in Level 3 assets measured at fair value

Transfers from Level 3 to Level 2 occur when the market for some securities becomes more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Following a transfer to Level 2 the instruments are valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Group requires significant unobservable inputs to calculate their fair value.

17. Fair value measurement (continued)

The movement in Level 3 assets which are measured at fair value is presented below:

	30 June 2025				31 December 2024			
	Loans and advances to customers	**Financial instruments**	**Other financial assets**	**Total**	Loans and advances to customers	Financial instruments	Other financial assets	Total
	€000	**€000**	**€000**	**€000**	€000	€000	€000	€000
1 January	**131,008**	**20,173**	**25,500**	**176,681**	138,727	15,177	-	153,904
Additions	**-**	**24,580**	**-**	**24,580**	-	-	25,500	25,500
Conversion of instruments into common shares	**-**	**(3,069)**	**-**	**(3,069)**	-	-	-	-
Fair value gains	**-**	**988**	**500**	**1,488**	-	4,847	-	4,847
Net (losses)/gains on loans and advances to customers measured at FVPL (Note 9)	**(940)**	**-**	**-**	**(940)**	1,232	-	-	1,232
Repayment/derecognition of loans	**(10,186)**	**-**	**-**	**(10,186)**	(17,792)	-	-	(17,792)
Interest on loans (Note 7)	**3,377**	**-**	**-**	**3,377**	8,841	-	-	8,841
Foreign exchange adjustments	**-**	**(786)**	**-**	**(786)**	-	149	-	149
30 June/31 December	**123,259**	**41,886**	**26,000**	**191,145**	131,008	20,173	25,500	176,681

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

18. Loans and advances to customers

	30 June 2025	31 December 2024
	€000	€000
Gross loans and advances to customers at amortised cost	**10,617,524**	10,130,405
Allowance for ECL for impairment of loans and advances to customers (Note 30.4)	**(162,915)**	(147,019)
	10,454,609	9,983,386
Loans and advances to customers measured at FVPL	**123,259**	131,008
	10,577,868	10,114,394

Loans and advances to customers measured at FVPL are managed in Cyprus.

18. Loans and advances to customers (continued)

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

30 June 2025 **By business line**	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	**Total** **€000**
Corporate	3,149,736	405,012	20,753	9,349	**3,584,850**
IBU & International corporate					
- IBU	111,044	14,651	129	74	**125,898**
- International corporate	1,092,997	19,105	-	8	**1,112,110**
SMEs	901,018	73,503	10,253	4,072	**988,846**
Retail					
- housing	3,415,234	159,242	17,521	9,795	**3,601,792**
- consumer, credit cards and other	968,408	80,416	8,676	10,295	**1,067,795**
Restructuring					
- corporate	1,975	282	3,313	10,802	**16,372**
- SMEs	3,208	2,054	7,343	1,674	**14,279**
- retail housing	2,334	2,442	23,479	1,396	**29,651**
- retail other	791	189	11,525	700	**13,205**
Recoveries					
- corporate	-	-	3,499	348	**3,847**
- SMEs	-	-	6,951	976	**7,927**
- retail housing	-	-	26,647	4,160	**30,807**
- retail other	10	-	17,170	2,965	**20,145**
	9,646,755	**756,896**	**157,259**	**56,614**	**10,617,524**

31 December 2024 **By business line**	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	2,897,542	409,697	30,103	9,879	3,347,221
IBU & International corporate					
- IBU	104,327	16,124	126	117	120,694
- International corporate	935,383	25,634	-	4	961,021
SMEs	886,864	68,843	8,094	4,270	968,071
Retail					
- housing	3,327,631	179,619	18,206	9,893	3,535,349
- consumer, credit cards and other	959,787	61,415	8,463	10,729	1,040,394
Restructuring					
- corporate	1,424	3,184	2,469	10,357	17,434
- SMEs	6,447	3,928	8,205	1,966	20,546
- retail housing	5,062	5,898	24,281	1,143	36,384
- retail other	2,014	738	11,698	754	15,204
Recoveries					
- corporate	-	-	3,873	307	4,180
- SMEs	-	-	8,671	993	9,664
- retail housing	-	-	30,358	4,494	34,852
- retail other	14	-	16,221	3,156	19,391
	9,126,495	775,080	170,768	58,062	10,130,405

Loans and advances to customers pledged as collateral are disclosed in Note 32.

18. Loans and advances to customers (continued)

Additional analysis and information on loans and advances to customers and related allowance for ECL are set out in Note 30.

As at 31 December 2024, a portfolio of loans and advances to customers, known as 'Project River', was classified as held for sale. There were no loans and advances to customers classified as held for sale as at 30 June 2025.

	30 June 2025	31 December 2024
	€000	€000
Gross loans and advances to customers at amortised cost (Note 30.3)	**-**	54,921
Allowance for ECL for impairment of loans and advances to customers (Note 30.4)	**-**	(31,778)
	-	23,143

During the year ended 31 December 2024, the Group entered into an agreement with funds associated with Cerberus Global Investments B.V. to sell two non-performing loan portfolios ('Project River') with a total gross book value of approximately €55 million as at 31 December 2024 (the 'Sale transaction'). The Sale transaction was completed during the six months ended 30 June 2025. The disposal portfolio comprised mainly of corporate and retail exposures under the Restructuring & Recoveries business line.

The analysis of the gross book value and the allowance for ECL of loans and advances to customers classified as held for sale as at 31 December 2024 by staging is provided below:

	Stage 3	POCI	Total
31 December 2024	€000	€000	€000
Gross loans and advances to customers	49,589	5,332	54,921
Allowance for ECL for impairment of loans and advances to customers	(29,003)	(2,775)	(31,778)
	20,586	2,557	23,143

19. Stock of property

The carrying amount of stock of property is determined as the lower of cost and net realisable value. Impairment is recognised if the net realisable value is below the cost of the stock of property. During the six months ended 30 June 2025 an impairment loss of €13,657 thousand (30 June 2024: €24,760 thousand) was recognised in 'Impairment net of reversals on non-financial assets' in the Consolidated Income Statement. At 30 June 2025, stock of property of €288,740 thousand (31 December 2024: €405,520 thousand) is carried at net realisable value.

There is no stock of property pledged as collateral.

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

	30 June 2025	31 December 2024
	€000	€000
Net book value at 1 January	**648,757**	826,115
Additions	**7,787**	30,488
Disposals	**(210,312)**	(152,234)
Impairment for the period/year (Note 12)	**(13,657)**	(55,612)
Net book value at 30 June/31 December	**432,575**	648,757

19. Stock of property (continued)

In June 2025, the Group completed the disposal of 80.1% of its holding in certain property subsidiaries comprising plots of land property. As a result of the transaction, the Group derecognized the underlying stock of property and its retained holding of 19.9% (which the buyer can require the Group to dispose to buyer) in the property company holding the underlying plots of land, was recognised an investment measured at FVPL (Note 15).

Analysis by type and country	**Cyprus**	**Greece**	**Total**
30 June 2025	**€000**	**€000**	**€000**
Residential properties	43,170	2,938	**46,108**
Offices and other commercial properties	47,070	3,670	**50,740**
Manufacturing and industrial properties	11,352	4,856	**16,208**
Hotels	7,005	339	**7,344**
Land (fields and plots)	309,136	3,039	**312,175**
Total	**417,733**	**14,842**	**432,575**
31 December 2024			
Residential properties	44,327	3,216	47,543
Offices and other commercial properties	59,650	5,060	64,710
Manufacturing and industrial properties	12,532	3,993	16,525
Hotels	7,005	339	7,344
Land (fields and plots)	509,547	3,088	512,635
Total	633,061	15,696	648,757

20. Prepayments, accrued income and other assets

	30 June 2025	31 December 2024
	€000	€000
Financial assets		
Debtors	**42,153**	33,340
Receivable relating to tax	**1,961**	2,772
Deferred purchase payment consideration	**-**	143,604
Other assets	**151,442**	115,916
	195,556	295,632
Non-financial assets		
Insurance and reinsurance contract assets	**47,933**	50,612
Current tax receivable	**49,626**	61,890
Prepaid expenses	**1,377**	1,222
Retirement benefit plan assets	**2,103**	1,767
Other assets	**65,774**	68,076
	166,813	183,567
	362,369	479,199

There were no financial assets classified as Stage 2 as at 30 June 2025 and 31 December 2024. In addition, financial assets amounting to €26,000 thousand were measured at FVPL as at 30 June 2025 (31 December 2024: €25,500 thousand).

Within other non-financial assets an amount of €18,550 thousand as at 30 June 2025 (31 December 2024: €18,550 thousand) relates to contract assets from contracts with customers.

The amount outstanding of the deferred consideration receivable from the sale of Project Helix 2 (the 'DPP'), which was due by 31 December 2025, has been settled during the six months ended 30 June 2025. The DPP was classified as Stage 1 as at 31 December 2024.

21. Customer deposits

	30 June 2025	31 December 2024
	€000	€000
By type of deposit		
Demand	**11,361,921**	10,737,484
Savings	**3,212,448**	3,091,475
Time or notice	**6,328,744**	6,690,317
	20,903,113	20,519,276
By geographical area		
Cyprus	**16,930,801**	16,422,089
Greece	**1,503,242**	1,558,482
United Kingdom	**383,621**	396,972
United States	**120,072**	129,823
Germany	**72,520**	80,796
Romania	**25,951**	38,408
Russia	**76,730**	88,710
Ukraine	**176,967**	212,662
Belarus	**1,438**	1,583
Israel	**211,416**	214,547
Other countries	**1,400,355**	1,375,204
	20,903,113	20,519,276

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

	30 June 2025	31 December 2024
	€000	€000
By currency		
Euro	**19,125,782**	18,559,339
US Dollar	**1,414,018**	1,589,240
British Pound	**303,121**	309,083
Russian Rouble	**950**	1,080
Swiss Franc	**9,036**	8,315
Other currencies	**50,206**	52,219
	20,903,113	20,519,276

	30 June 2025	31 December 2024
By business line	**€000**	€000
Corporate	**2,311,606**	2,310,165
IBU & International corporate		
- IBU	**3,952,476**	4,139,368
- International corporate	**265,023**	174,370
SMEs	**1,256,418**	1,161,464
Retail	**12,973,818**	12,600,526
Restructuring		
– corporate	**9,244**	10,000
– SMEs	**3,465**	2,854
– retail other	**4,892**	6,306
Recoveries		
– corporate	**882**	979
Institutional Wealth Management and Custody	**125,289**	113,244
	20,903,113	20,519,276

22. Debt securities in issue and Subordinated liabilities

			30 June 2025		31 December 2024	
			Nominal value	**Carrying value**	Nominal value	Carrying value
Subordinated liabilities	**Contractual interest rate**	**Issuer**	**€000**	**€000**	€000	€000
Subordinated Tier 2 Capital Note - April 2021	6.625% up to 23 October 2026	BOCH	**300,000**	**316,445**	300,000	307,138
Debt securities in issue						
Senior Preferred Notes - June 2021	2.50% up to 24 June 2026	BOC PCL	**300,000**	**301,876**	300,000	305,274
Senior Preferred Notes - July 2023	7.375% up to 25 July 2027	BOC PCL	**350,000**	**381,810**	350,000	368,714
Green Senior Preferred Notes - May 2024	5% up to 2 May 2028	BOC PCL	**300,000**	**308,452**	300,000	315,447
			950,000	**992,138**	950,000	989,435

BOCH and BOC PCL maintain a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4,000 million.

The fair value of the subordinated liabilities and the debt securities in issue as at 30 June 2025 and 31 December 2024 is disclosed in Note 17.

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

	30 June 2025	31 December 2024
	€000	€000
Income tax payable and related provisions	**92,156**	74,470
Special defence contribution payable	**607**	1,322
Provisions for financial guarantees and commitments	**18,590**	17,893
Liabilities arising from non-participating investment contracts	**140,589**	119,636
Accrued expenses and other provisions	**73,510**	93,538
Deferred income	**20,781**	20,130
Items in the course of settlement	**83,802**	61,078
Lease liabilities	**35,355**	36,903
Other liabilities	**201,425**	131,489
	666,815	556,459

Other liabilities include an amount of €10,385 thousand (31 December 2024: €10,385 thousand) relating to the guarantee fee for the conversion of DTA into tax credits (Note 13) and an amount of €20,735 thousand (31 December 2024: €13,367 thousand) relating to card processing transactions. As at 30 June 2025, other liabilities include an amount of €37,231 thousand which relates to dividends declared in respect of earnings for the years 2022-2024 (31 December 2024: €9,572 thousand in respect of earnings for the years 2022-2023). As at 30 June 2025, other liabilities include an amount of €20,374 thousand for the ancillary guarantee fund (31 December 2024: €19,495 thousand).

24. Share capital

	30 June 2025		31 December 2024	
	Number of shares (thousand)	**€000**	Number of shares (thousand)	€000
Authorised				
Ordinary shares of €0.10 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued				
1 January	**440,502**	**44,050**	446,200	44,620
Share buyback - repurchase and cancellation of shares	**-**	**-**	(5,698)	(570)
Issue of shares under share-based schemes	**327**	**33**	-	-
30 June/31 December	**440,829**	**44,083**	440,502	44,050

Authorised and issued share capital

All issued ordinary shares carry the same rights.

The authorised capital of the Company is €1,000,000 thousand divided into 10,000,000 thousand ordinary shares of a nominal value €0.10 each. There were no changes to the authorised share capital during the six months ended 30 June 2025 and the year ended 31 December 2024.

As of 30 June 2025, the Company had 440,829 thousand issued shares (31 December 2024: 440,502 thousand issued shares) of a nominal value of €0.10 each.

During the six months ended 30 June 2025, 327 thousand shares of a nominal value of €0.10 each were issued and granted to the eligible employees of the Group in the context of the share-based schemes presented in Note 10.

24. Share capital (continued)

Share premium reserve

There were no changes to the share premium reserve during the six months ended 30 June 2025 and the year ended 31 December 2024.

Share repurchase programme (Buyback)

In February 2025, the Group launched a programme to buy back ordinary shares of the Company for an aggregate consideration of up to €30 million as part of the distribution in respect of 2024 earnings. The programme took place on the Main Market of the Regulated Securities Market of the ATHEX and the CSE. The purpose of the Programme was to reduce the Company's issued share capital and therefore the shares purchased under the Programme were cancelled. Under the 2025 buyback programme which was completed on 16 June 2025, 5,143 thousand shares were repurchased for a total consideration of €30,000 thousand. In July 2025, the shares re-purchased were cancelled.

Capital redemption reserve

The capital redemption reserve is a legal reserve arising as a result of the acquisition and cancellation of the Company's ordinary shares under the buyback programme and represents transfers from share capital. The capital redemption reserve is not distributable. As at 30 June 2025, the capital redemption reserve amounted to €570 thousand representing 5,698 thousand shares (31 December 2024: €570 thousand representing 5,698 thousand shares) in the Company which have been cancelled as a result of the buyback programme launched in April 2024 and completed in November 2024 relating to the distribution in respect of 2023 earnings.

Treasury shares of the Company

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

The life insurance subsidiary of the Group, as at 30 June 2025, held a total of 142 thousand ordinary shares of the Company of a nominal value of €0.10 each (31 December 2024 and 30 June 2024: 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 (31 December 2024 and 30 June 2024: €21,463 thousand).

Further, 5,143 thousand shares repurchased under the 2025 buyback programme at a total cost of €30,000 thousand remain as treasury shares as at 30 June 2025. In July 2025 these treasury shares have been cancelled.

Other equity instruments

	30 June 2025	31 December 2024
	€000	€000
2023 Reset Perpetual Additional Tier 1 Capital Securities	**220,000**	220,000
	220,000	220,000

In June 2023, the Company issued €220,000 thousand Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the 'Capital Securities'). The Capital Securities constitute unsecured and subordinated obligations of the Company, are perpetual and issued at par. They carry an initial coupon of 11.875% per annum, payable semi-annually, and resettable on 21 December 2028 and every five years thereafter. The Company may elect to cancel any interest payment for an unlimited period, on a non-cumulative basis, whereas it mandatorily cancels interest payment under certain conditions. The Capital Securities are perpetual and have no fixed date of redemption, but can be redeemed (in whole but not in part) at the Company's option from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter, subject to applicable regulatory consents and the relevant conditions to redemption. The Capital Securities are listed on the Luxembourg Stock Exchange's Euro Multilateral Trading Facility (MTF) market.

24. Share capital (continued)

During the six months ended 30 June 2025, a coupon payment for the total amount of €13,063 thousand (30 June 2024: €13,063 thousand) was made to the holders of the AT1 instrument and has been recognised in retained earnings.

25. Distributions

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

In February 2025, the Company announced its proposal to make a distribution in respect of 2024 earnings, comprising a cash dividend of €0.48 per ordinary share and a share buyback in an aggregate consideration amount of up to €30 million (together, the '2024 Distribution'). The AGM, on 16 May 2025, approved a final cash dividend in respect of earnings for the year ended 31 December 2024. The aggregated cash dividend in respect of the 2024 dividend distribution amounted to €209 million based on the number of shares in issue as at the relevant record date.

In March 2024, the Company obtained the approval of the European Central Bank to pay a cash dividend and to conduct a share buyback (together the '2023 Distribution') in respect of earnings for the year ended 31 December 2023. The 2023 Distribution amounted to €137 million in total, comprising a cash dividend of €112 million and a share buyback of up to €25 million. The AGM, on 17 May 2024, approved a final cash dividend of €0.25 per ordinary share in respect of earnings for the year ended 31 December 2023.

26. Provisions for pending litigation, claims, regulatory and other matters

The Group, in the ordinary course of business, is involved in various disputes and legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators, governmental and other public bodies, actual and threatened, relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, reporting and information security requirements and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of BOC PCL in 2013 as a result of the bail-in Decrees, BOC PCL is subject to a number of proceedings that either precede or result from the events that occurred during the period of the bail-in Decrees.

Apart from what is described below, the Group considers that none of these matters are material, either individually or in aggregate. Nevertheless, provisions have been made where: (a) there is a present obligation (legal or constructive) arising from past events, (b) the settlement of the obligation is expected to result in an outflow of resources embodying economic benefits, and (c) a reliable estimate of the amount of the obligation can be made. The Group has not disclosed an estimate of the potential financial effect on its contingent liabilities arising from these matters where it is not practicable to do so, because it is too early or the outcome is too uncertain or, in cases where it is practicable, where disclosure could prejudice conduct of the matters. Provisions have been recognised for those cases where the Group is able to reliably estimate probable losses (Note 5.3). Where an individual provision is material, the fact that a provision has been made is stated except to the extent that doing so would be prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. There are also situations where the Group may enter into a settlement agreement. This may occur only if such settlement is in the Group's interest (such settlement does not constitute an admission of wrongdoing) and only takes place after obtaining legal advice and all approvals by the appropriate bodies of management. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings, regulatory and other matters as at 30 June 2025 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group.

26.1 Pending litigation and claims

Investigations and litigation relating to securities issued by BOC PCL
A number of institutional and retail customers have filed various separate actions against BOC PCL alleging that BOC PCL is guilty of misselling in relation to securities issued by BOC PCL between 2007 and 2011. Remedies sought include the return of the money investors paid for these securities. Claims are currently pending before the courts in Cyprus and in Greece.

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

26.1 Pending litigation and claims (continued)

The bonds and capital securities in respect of which claims have been brought are the following: 2007 Capital Securities, 2008 Convertible Bonds, 2009 Convertible Capital Securities (CCS) and 2011 Convertible Enhanced Capital Securities (CECS).

BOC PCL is defending these claims, particularly with respect to institutional investors and retail purchasers who received investment advice from independent investment advisors. In the case of retail investors, if it can be demonstrated that the relevant BOC PCL's officers 'persuaded' them to proceed with the purchase and/or purported to offer 'investment advice', BOC PCL may face significant difficulties.

To date, a number of cases have been tried in Greece. BOC PCL has appealed against any such cases which were not ruled in its favour, except for cases adjudicated against BOC PCL at Areios Pagos (Supreme Court of Greece) which are deemed as concluded.

Similarly, a number of cases have been tried in Cyprus and some are pending at appeal. It is to be noted that the statutory limitation period for filing claims in the courts of Cyprus with respect to this for which the cause of action arose prior and up to 31 December 2015, expired on 31 December 2021.

The resolution of the claims brought in the courts of Greece and Cyprus is expected to take a number of years.

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

Bail-in related litigation
Depositors
A number of BOC PCL's depositors, who allege that they were adversely affected by the bail-in, filed claims against BOC PCL and other parties (such as the CBC and the Ministry of Finance of Cyprus) including against BOC PCL as the alleged successor of Laiki Bank on the grounds that, inter alia, the 'Resolution Law of 2013' and the Bail-in Decrees were in conflict with the Constitution of the Republic of Cyprus and the European Convention on Human Rights. They are seeking damages for their alleged losses resulting from the bail-in of their deposits. There are also cases under the bail-in category where the plaintiffs are alleging that BOC PCL failed to follow their instructions, and cases where they are alleging that the bail-in was wrongfully applied. BOC PCL is defending these actions. In relation to the bail-in decree related cases, the court ruled in favour of BOC PCL on the grounds that the measures that the government implemented were necessary to prevent the collapse of the financial sector, which would have detrimental consequences for the country's economy. Under the circumstances the government could rely on the doctrine of necessity when it imposed the bail-in. To date, a number of cases have been tried however the resolution of the claims brought is expected to take a number of years.

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

Shareholders
A number of actions for damages have been filed with the District Courts of Cyprus alleging either the unconstitutionality of the Resolution Law and the Bail-in Decrees, or a misapplication of same by BOC PCL (as regards the way and methodology whereby such Decrees have been implemented), or that BOC PCL failed to follow instructions promptly prior to the bail-in coming into force. As at the present date, both the Resolution Law and the Bail-in Decrees have not been annulled by a court of law and thus remain legally valid and in effect. BOC PCL contests all of these claims.

Legal position of the Group
All of the above claims are being vigorously disputed by the Group, in close consultation with the appropriate state and governmental authorities. The position of the Group is that the Resolution Law and the Decrees take precedence over all other laws. As matters now stand, both the Resolution Law and the Decrees issued thereunder are constitutional and lawful, in that they were properly enacted and have not so far been annulled by any court.

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

26.1 Pending litigation and claims (continued)

Provident fund case
In December 2015, the Bank of Cyprus Employees Provident Fund (the Provident Fund) filed an action against BOC PCL claiming €70 million allegedly owed as part of BOC PCL's contribution by virtue of an agreement with the Union dated 31 December 2011. Towards the end of 2024, the Group reached a final settlement arrangement and the case was unreservedly withdrawn, as a result of which, the Group recognised a provision as at 31 December 2024. The financial settlement took place early in 2025. This matter is now concluded, without anything pending at court.

Employment litigation
Former employees of the Group have instituted a number of employment claims including unfair dismissals. The Group does not consider that the pending cases in relation to employment will have a material impact on its financial position. A judgment has been issued in one of the unfair dismissal cases and BOC PCL lost. BOC PCL has filed an appeal with respect to this case and similarly, the plaintiff has also filed an appeal. The facts of this case are unique and it is not expected to affect the rest of the cases where unfair dismissal is claimed. Both appeals were rejected by the court. This matter is now considered as concluded.

Additionally, a number of former employees have filed claims against BOC PCL contesting entitlements received relating to the various voluntary exit plans. As at the reporting date, most of these cases have been withdrawn with only two such cases remaining. The Group does not expect that these actions will have a material impact on its financial position.

Banking business cases
There is a number of banking business cases where the amounts claimed are significant. These cases primarily concern allegations as to BOC PCL's standard policies and procedures allegedly resulting to damages and other losses for the claimants (including cases where it is alleged that BOC PCL misled borrowers and/or misrepresented matters, in violation of applicable laws for matters such as foreign currency lending and advancing/misselling loans for the purchase of property in Cyprus by UK nationals). Further, there are several other banking claims, where the amounts involved are not as significant. Management has assessed either the probability of loss as remote and/or does not expect any future outflows with respect to these cases to have a material impact on the financial position of the Group. Such matters arise as a result of the Group’s activities and management appropriately assesses the facts and the risks of each case accordingly.

General criminal investigations and proceedings
The Attorney General and the Cypriot Police (the Police) are conducting various investigations and inquiries following and relating to the financial crisis which culminated in March 2013. BOC PCL is cooperating fully with the Attorney General and the Police and is providing all information requested of it. Based on the currently available information, the Group is of the view that any further investigations or claims resulting from these investigations will not have a material impact on its financial position.

Others
An investigation is in process related to potentially overstated and/or fictitious claims paid by the non-life insurance subsidiary of the Group. The information usually required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it is expected to seriously prejudice the outcome of the investigation and/or the possible taking of legal action. Based on the information available at present, management considers that it is unlikely for this matter to have a material adverse impact on the financial position and capital adequacy of the non-life insurance subsidiary and thereby the Group, also taking into account that it is virtually certain that compensations will be received from a relevant insurance coverage, upon the settlement of any obligation that may arise.

26.2 Regulatory matters

The Hellenic Capital Market Commission (HCMC) Investigation
The HCMC has been in the process of investigating matters concerning the Group's investment in Greek Government Bonds from 2009 to 2011, including, inter alia, related non-disclosure of material information in BOC PCL's CCS, CECS and rights issue prospectuses (tracking the investigation carried out by CySEC in 2013), Greek government bonds' reclassification, ELA disclosures and allegations by some investors regarding BOC PCL's non-compliance with Markets in Financial Instruments Directive (MiFID) in respect of investors' direct investments in Greek Government Bonds.

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

26.2 Regulatory matters (continued)

A specific estimate of the outcome of the investigations or of the amount of possible fines cannot be given at this stage, though it is not expected that any resulting liability or damages will have a material impact on the financial position of the Group.

Central Bank of Cyprus (CBC)
The CBC had conducted an investigation in the past into BOC PCL's issuance of capital securities and concluded that BOC PCL breached certain regulatory requirements concerning the issuance of Convertible Capital Securities (Perpetual) in 2009, but not in relation to the CECS in 2011. The CBC had, in 2013, imposed a fine of €4 thousand upon BOC PCL. The latter filed a recourse. The Administrative Court cancelled both the CBC's decision and the fine that was imposed upon BOC PCL in a judgment in 2020. In 2021, CBC decided to re-examine this matter and to re-open the investigation. This matter is still pending as at the period-end.

Commission for the Protection of Competition Investigation (CPC)
In April 2014, following an investigation which began in 2010, CPC issued a statement of objections, alleging violations of Cypriot and EU competition law relating to the activities and/or omissions in respect of card payment transactions by, among others, BOC PCL and JCC Payment Systems Ltd (JCC), a card processing business currently 75% owned by BOC PCL. There was also an allegation concerning BOC PCL's arrangements with American Express, namely that such exclusive arrangements violated Cypriot and EU competition law. On both matters, the CPC has concluded that BOC PCL (in common with other banks and JCC) has breached the relevant provisions of the applicable law for the protection of competition and imposed a fine of €18 million upon BOC PCL. BOC PCL filed a recourse against the decision and the fine. In June 2018, the Administrative Court accepted BOC PCL's position and cancelled the decision as well as the fine imposed upon BOC PCL. During 2018, the Attorney General has filed an appeal before the Supreme court with respect to such decision. Following the decision of the appeal court in a CySEC case, the Attorney General acting on behalf of CPC withdrew his appeal. In July 2024, the Group was informed that the CPC had resolved to refrain from re-opening the investigation and the matter is now considered closed.

Consumer Protection Service (CPS)
In July 2017, CPS imposed a fine of €170 thousand upon BOC PCL after concluding an ex officio investigation regarding some terms in both BOC PCL's and Marfin Popular Bank's loan documentation, that were found to constitute unfair commercial practices. Decisions of the CPS (according to rulings of the Administrative Court) are not binding but merely an expression of opinion. BOC PCL has filed a recourse before the Administrative Court against this decision. The Administrative Court has issued its judgment in 2022 in favour of BOC PCL, and the CPS decision along with the fine have been cancelled. An appeal has been submitted by CPS with regards to this judgment, which is still pending as at 30 June 2025.

In March 2020, BOC PCL has been served with an application by the director of CPS seeking for an order of the court, with immediate effect, the result of which will be for BOC PCL to cease the use of a number of terms in the contracts of BOC PCL relating to 2006-2007 deemed to be unfair under the said order. This application was withdrawn in November 2024 and the matter is considered closed.

In April 2021, the director of CPS filed an application for the issuance of a court order against BOC PCL, prohibiting the use of a number of contractual terms included in BOC PCL's consumer contracts and requiring the amendment of any such contracts (present and future) so as to remove such unfair terms. This matter is still pending before the court as at 30 June 2025.

Cyprus Consumers' Association (CCA)
In March 2021, BOC PCL was served with an application filed by the CCA for the issuance of a court order prohibiting the use of a number of contractual terms included in BOC PCL's consumer contracts and requiring the amendment of any such contracts (present and future) so as to remove such terms deemed as unfair. The said contractual terms were determined as unfair pursuant to the decisions issued by the Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism against BOC PCL in 2016 and 2017. BOC PCL will take all necessary steps for the protection of its interests. This matter is still pending before the court as at 30 June 2025.

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

26.2 Regulatory matters (continued)

The Consumer Protection Law 2021 brings under one umbrella the existing legislation on unfair contract terms and practices with some enhanced powers vested in the Consumer Protection Service, i.e. power to impose increased fines which are immediately payable. The Consumer Protection Law 2021 has a retrospective effect in that it also applies to all contracts/practices entered into and/or terminated prior to this law coming into effect as opposed to contracts/practices which are only entered into/adopted as from the date of publication of the new Law on Consumer Protection.

There are many factors that may affect the range of outcomes and the resulting financial impact of these matters is unknown.

UK regulatory matters
During the year ended 31 December 2024, the obligation undertaken in regards to UK regulatory matters as part of the sale of Bank of Cyprus UK Ltd expired and was terminated, thus the respective provision balance was released.

26.3 Other matters

Other matters include among others, provisions for various other open examination requests by governmental and other public bodies, legal matters and provisions for warranties and indemnities related to the disposal process of certain operations and assets of the Group.

The provisions for pending litigation and claims, regulatory and other matters described above and provided in the tables below do not include insurance claims arising in the ordinary course of business of the Group's insurance subsidiaries as these are included in 'Insurance contract liabilities'.

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

	Pending litigation and claims (Note 26.1)	Regulatory matters (Note 26.2)	Other matters (Note 26.3)	**Total**
2025	€000	€000	€000	**€000**
1 January	68,512	3,109	20,999	**92,620**
Net increase in provisions including unwinding of discount	3,176	-	1,860	**5,036**
Utilisation of provisions	(29,216)	-	(7,131)	**(36,347)**
Release of provisions	(3,683)	-	-	**(3,683)**
Transfer	-	-	2,894	**2,894**
30 June	**38,789**	**3,109**	**18,622**	**60,520**

2024				
1 January	60,968	14,741	55,794	131,503
Net increase in provisions including unwinding of discount	12,686	-	7,871	20,557
Utilisation of provisions	(20,190)	(29)	(5,598)	(25,817)
Release of provisions	(5,797)	(9,000)	-	(14,797)
Foreign exchange adjustments	-	24	-	24
30 June	47,667	5,736	58,067	111,470

Provisions for pending litigation, claims, regulatory and other matters recorded in the Consolidated Income Statement during the six months ended 30 June 2025 amounted to €1,353 thousand (30 June 2024: €2,562 thousand which includes a credit amount of €3,198 thousand representing an amount recovered on the conclusion of open examinations of governmental bodies and amounts from litigation settled, directly recognised in the Consolidated Income Statement).

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

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

Some information required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation or the outcome of the negotiation in relation to provisions for warranties and indemnities related to the disposal process of certain operations and assets of the Group.

27. Contingent liabilities and commitments

As part of the services provided to its customers, the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial and other guarantees, letters of credit and other undrawn commitments to lend.

Even though these obligations may not be recognised on the consolidated balance sheet, they do entail credit risk and are therefore part of the overall credit risk exposure of the Group (Note 30.1).

27.1 Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 30 June 2025 amount to €20,185 thousand (31 December 2024: €22,456 thousand).

27.2 Contingent liabilities

The Group, as part of the disposal process of certain of its operations and assets, has provided various representations, warranties and indemnities to the buyers. These relate to, among other things, the ownership of the loans, the validity of the liens, tax exposures and other matters agreed with the buyers. As a result, the Group may be obliged to compensate the buyers in the event of a valid claim by the buyers with respect to the above representations, warranties and indemnities.

A provision has been recognised, based on management's best estimate of probable outflows, where it was assessed that such an outflow is probable (Note 26.3).

28. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2025	31 December 2024
	€000	€000
Cash and non-obligatory balances with central banks	**7,152,363**	7,435,634
Loans and advances to banks with original maturity less than three months	**559,039**	288,211
	7,711,402	7,723,845

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

	30 June 2025	31 December 2024
	€000	€000
Cash and non-obligatory balances with central banks	**7,152,363**	7,435,634
Obligatory balances with central banks	**198,823**	117,702
Balances with central banks for ancillary systems (restricted)	**49,874**	47,390
Total cash and balances with central banks	**7,401,060**	7,600,726

Loans and advances to banks with original maturity less than three months	**559,039**	288,211
Loans and advances to banks with original maturity more than three months	**379,086**	472,163
Restricted loans and advances to banks	**66,539**	60,200
Total loans and advances to banks	**1,004,664**	820,574

28. Cash and cash equivalents (continued)

Restricted loans and advances to banks include €10,780 thousand collaterals under derivative transactions (31 December 2024: nil) which are not immediately available for use by the Group, but are released once the transactions are terminated. As at 30 June 2025, €5,821 thousand were placed as collateral for the reverse repurchase agreements (31 December 2024: €6,685 thousand).

The average balance of obligatory deposits that should be maintained with central banks was set at €198,966 thousand for the period of June 2025 to July 2025 (31 December 2024: €194,636 thousand for the period December 2024 to February 2025).

29. Analysis of assets and liabilities by expected maturity

	30 June 2025			31 December 2024		
	Less than one year	**Over one year**	**Total**	Less than one year	Over one year	Total
Assets	**€000**	**€000**	**€000**	€000	€000	€000
Cash and balances with central banks	**7,152,363**	**248,697**	**7,401,060**	7,435,634	165,092	7,600,726
Loans and advances to banks	**938,125**	**66,539**	**1,004,664**	760,374	60,200	820,574
Reverse repurchase agreements	**-**	**1,014,713**	**1,014,713**	-	1,010,170	1,010,170
Derivative financial assets	**24,282**	**97,750**	**122,032**	8,742	86,531	95,273
Investments	**795,778**	**4,035,777**	**4,831,555**	714,954	3,643,389	4,358,343
Loans and advances to customers	**1,230,950**	**9,346,918**	**10,577,868**	1,214,221	8,900,173	10,114,394
Life insurance business assets attributable to policyholders	**35,888**	**770,929**	**806,817**	34,373	738,384	772,757
Prepayments, accrued income and other assets	**226,320**	**136,049**	**362,369**	379,085	100,114	479,199
Stock of property	**89,490**	**343,085**	**432,575**	155,015	493,742	648,757
Investment properties	**5,744**	**27,403**	**33,147**	11,985	24,266	36,251
Deferred tax assets	**37,909**	**126,661**	**164,570**	37,909	128,935	166,844
Property, equipment and intangible assets	**-**	**352,143**	**352,143**	-	357,161	357,161
Non-current assets and disposal groups held for sale	**-**	**-**	**-**	23,143	-	23,143
	10,536,849	**16,566,664**	**27,103,513**	10,775,435	15,708,157	26,483,592
Liabilities						
Deposits by banks	**308,909**	**193,278**	**502,187**	140,694	223,537	364,231
Derivative financial liabilities	**12,436**	**3,113**	**15,549**	798	3,866	4,664
Customer deposits	**6,671,739**	**14,231,374**	**20,903,113**	6,528,640	13,990,636	20,519,276
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**-**	**49,309**	**49,309**	-	44,074	44,074
Insurance liabilities	**94,693**	**655,090**	**749,783**	100,390	643,294	743,684
Accruals, deferred income, other liabilities, other provisions and provisions for pending litigation, claims, regulatory and other matters	**454,180**	**273,155**	**727,335**	393,195	255,884	649,079
Debt securities in issue and subordinated liabilities	**618,321**	**690,262**	**1,308,583**	-	1,296,573	1,296,573
Deferred tax liabilities	**-**	**32,745**	**32,745**	-	31,943	31,943
	8,160,278	**16,128,326**	**24,288,604**	7,163,717	16,489,807	23,653,524

The main assumptions used in determining the expected maturity of assets and liabilities are set out below.

Cash and balances with central banks, loans and advances to banks and reverse repurchase agreements are classified in the relevant time band based on the contractual maturity, with the exception of obligatory balances with central banks and balances with central banks for ancillary systems and restricted balances with other banks, which are classified in the 'Over one year' time band.

29. Analysis of assets and liabilities by expected maturity (continued)

The investments and life insurance assets attributable to policy holders are classified in the relevant time band based on expectations as to their realisation. In most cases this is the maturity date, unless there is an indication that the maturity will be prolonged or there is an intention to sell, roll or replace the security with a similar one.

Performing loans and advances to customers in Cyprus are classified based on the contractual repayment schedule. Overdraft accounts are classified in the 'Over one year' time band. Stage 3 Loans are classified in the 'Over one year' time band except for cash flows from expected receipts which are included within time bands, according to historic amounts of receipts in the recent months.

Stock of property and investment property are classified in the relevant time band based on expectations as to their realisation.

A percentage of customer deposits maturing within one year is classified in the 'Over one year' time band, based on the observed behavioural analysis.

Deposits by banks are classified based on contractual maturity.

The expected maturity of all prepayments, accrued income and other assets and accruals, deferred income and other liabilities is the same as their contractual maturity. If they do not have a contractual maturity, the expected maturity is based on the timing the asset is expected to be realised and the liability is expected to be settled.

30. Risk management - Credit risk

Credit risk is the risk that arises from the possible failure of one or more customers to discharge their credit obligations towards the Group, together with the counterparty credit risk arising from investment in debt securities.

In the ordinary course of its business the Group is exposed to credit risk which is monitored through various control mechanisms across all Group entities in order to identify and measure credit risk and control risk taking including preventing undue risk concentrations.

In order to manage this risk, management has in place established credit risk policies on which the Group's lending and investment procedures are based on. The credit risk policies are complemented by the methods/models used for the assessment of the customers' credit worthiness (credit rating and credit scoring systems) as disclosed in Note 44.4 of the annual consolidated financial statements for the year ended 31 December 2024.

Management and structure
The Credit Risk Management department, develops and sets credit risk policies, guidelines and approval limits which are necessary to manage and control or mitigate the credit and concentration risk of the Group. The Credit Risk Control and Monitoring department monitors compliance with credit risk policies applicable to each business line and the quality of the Group's loans and advances portfolio. The credit exposures of related accounts are aggregated and monitored on a consolidated basis.

The Credit Risk Management department, in co-operation with the Credit Risk Control and Monitoring department, also safeguards the effective management of credit risk at all stages of the credit cycle, monitors the quality of decisions and processes and ensures that the credit sanctioning function is being properly managed.

The credit risk exposure of the Group is diversified across the various sectors of the economy. Credit Risk Management department determines concentration limits for each sector, sets prohibited sectors and defines sectors which may require prior approval before credit applications are submitted.

The loan portfolio is analysed on the basis of the customers' creditworthiness, their economic sector of activity and geographical concentration.

The debt securities portfolio is managed by the Treasury in line with limits and parameters set in the various policies and frameworks. The Market and Liquidity Risk department assesses the credit risk relating to exposures to credit institutions and governments and other exposures of both the debt securities portfolio as well as the reverse repurchase agreements.

30. Risk management - Credit risk (continued)

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

Models and limits are presented to and approved by the Board of Directors, through the relevant authority based on the authorisation level limits.

The Group's significant judgements, estimates and assumptions regarding the determination of the level of provisions for impairment are described in Note 5.

Monitoring process and credit risk mitigation

Loans and advances to customers

The Credit Risk Management department determines the effective credit standards required for the granting of new loans to customers. The assessment of financial position/repayment ability is the determining factor when assessing the granting of a new loan. Furthermore, post-approval monitoring is in place to ensure adherence to both terms and conditions set in the approval process and credit risk policies and procedures. A key aspect of credit risk is credit risk concentration which is defined as the risk that arises from the uneven distribution of exposures to individual borrowers, specific industry or economic sectors, geographical regions, product types or currencies. The monitoring and control of concentration risk is achieved by limit setting (e.g. sector and name limits) and reporting them to senior management. In addition, the Group obtains collaterals which are used for risk mitigation, as they act as a secondary source of repayment.

The main types of collateral obtained by the Group are mortgages on real estate, cash collateral/blocked deposits, bank guarantees, government guarantees, pledges of equity securities and debt instruments of public companies, fixed and floating charges over corporate assets, assignment of life insurance policies, assignment of rights on contracts of sale and personal and corporate guarantees.

The Group regularly monitors the changes in the market value of the collateral and, where necessary, requests the pledging of additional collateral in accordance with the relevant agreement.

The Group's requirements on obtaining collateral, valuation and management of collateral are set out in relevant policies of the Group.

Off-balance sheet exposures

The Group enters into various irrecoverable commitments and contingent liabilities, by offering guarantee facilities, documentary credits and other commitments to extend credit lines of its customers to secure their liquidity needs. Even though these obligations may not be recognised on the statement of financial position, such commitments expose the Group to risks similar to those of loans and advances and are therefore monitored by the same policies and control processes.

The Group makes available to its customers guarantees that may require that the Bank makes payments on their behalf. The Group also enters into commitments, such as documentary credits which commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods.

Policies and procedures for managing, monitoring and mitigating credit risk on off-balance sheet exposures apply as for loans and advances to customers.

Other financial instruments

Collateral held as security for financial assets other than loans and advances to customers and off-balance sheet exposures is determined by the nature of the financial instrument. Debt securities and other eligible bills are generally unsecured with the exception of asset-backed securities and similar instruments, which are secured by pools of financial assets. In addition, some debt securities are government-guaranteed. Reverse repurchase agreements are generally secured by bonds.

In accordance with the terms of the reverse repurchase agreements of a carrying value of €1,015 million (31 December 2024: €1,010 million) that are held by the Group as at 30 June 2025, the Group accepts collateral that it is permitted to sell. As at 30 June 2025, the total fair value of the collateral received was €970 million (31 December 2024: €1,007 million), with an average rating of Aa3 (31 December 2024: Aa2), none of which had been resold or repledged. As at 30 June 2025, cash collateral of €6 million was placed with the counterparties and €60 million had been received from the counterparties (31 December 2024: cash collateral of €7 million was placed with the counterparties and €13 million had been received from the counterparties). The effective yield of the reverse repurchase agreements is approximately 3% p.a. (31 December 2024: 3% p.a.) and the average duration is estimated at approximately 1.6 years (31 December 2024: 2.1 years).

30. Risk management - Credit risk (continued)

The Market and Liquidity Risk Unit monitors the debt security investment and reverse repo arrangement limits in place for governing the level of riskiness of the overall portfolio, as well as the credit limits per issuer. Analysis of the positions the Group maintains per issuer type of its debt security investment portfolio and the average rating of the portfolio is presented in Note 15.

The Group has chosen the ISDA Master Agreement for documenting its derivatives activity. It provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults. In most cases the parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, the collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions. As at 30 June 2025 and 31 December 2024, the majority of derivative exposures are covered by ISDA netting arrangements. An analysis of derivative asset and liability exposures is available in Note 16. Information about the Group's level of collateral under derivative transactions is provided in Note 28.

30.1 Maximum exposure to credit risk and collateral and other credit enhancements

The table below presents the maximum exposure to credit risk before taking into account the tangible and measurable collateral and credit enhancements held.

	30 June 2025	31 December 2024
	€000	€000
Balances with central banks	**7,321,303**	7,505,735
Loans and advances to banks	**1,004,664**	820,574
Reverse repurchase agreements	**1,014,713**	1,010,170
FVPL other securities (non-equity security)	**7,605**	10,702
Debt securities classified at amortised cost and FVOCI	**4,649,595**	4,212,177
Derivative financial instruments (Note 16)	**122,032**	95,273
Loans and advances to customers (Note 18)	**10,577,868**	10,114,394
Loans and advances to customers classified as held for sale (Note 18)	**-**	23,143
Debtors (Note 20)	**42,153**	33,340
Insurance and reinsurance contract assets (Note 20)	**47,933**	50,612
Deferred purchase payment consideration (Note 20)	**-**	143,604
Other financial assets (Note 20)	**153,403**	118,688
On-balance sheet total	**24,941,269**	24,138,412
Contingent liabilities		
Acceptances and endorsements	**4,388**	5,271
Guarantees	**687,433**	705,774
Commitments		
Documentary credits	**6,562**	14,768
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**2,065,434**	2,009,698
Off-balance sheet total	**2,763,817**	2,735,511
	27,705,086	26,873,923

30.2 Credit risk concentration of loans and advances to customers

There are restrictions on loan concentrations which are imposed by the Banking Law in Cyprus, the relevant CBC Directives and CRR. The Group's Risk Appetite Statement may impose stricter concentration limits which are monitored by the Group.

The credit risk concentration, which is based on industry (economic activity) and business line, as well as the geographical concentration, is presented below.

30. Risk management - Credit risk (continued)

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

The geographical analysis, for credit risk concentration purposes, is based on the Group's Country Risk Policy which is followed for monitoring the Group's exposures. Market and Liquidity Risk department is responsible for analysing the country risk of exposures. ALCO reviews the country risk of exposures on a quarterly basis and the Board, through its Risk Committee, reviews the country risk of exposures and any breaches of country risk limits on a regular basis and at least annually.

The table below presents the geographical concentration of loans and advances to customers by country of risk based on the country of residency for individuals and the country of registration for companies.

30 June 2025	Cyprus	Greece	United Kingdom	Russia	Other countries	**Gross loans at amortised cost**
By economic activity	€000	€000	€000	€000	€000	**€000**
Trade	883,585	8,269	3	-	17,110	**908,967**
Manufacturing	261,925	134,094	229	-	63,666	**459,914**
Hotels and catering	966,468	35,274	76,859	-	14,533	**1,093,134**
Construction	374,879	51,089	-	-	155	**426,123**
Real estate	874,984	8,922	588	-	22,961	**907,455**
Private individuals	4,751,433	7,854	31,329	6,285	37,438	**4,834,339**
Professional and other services	675,009	558	5,145	6	63,462	**744,180**
Shipping	30,365	14,052	-	-	246,334	**290,751**
Other sectors	672,220	215,464	-	7	64,970	**952,661**
	9,490,868	**475,576**	**114,153**	**6,298**	**530,629**	**10,617,524**

30 June 2025	Cyprus	Greece	United Kingdom	Russia	Other countries	**Gross loans at amortised cost**
By business line	€000	€000	€000	€000	€000	**€000**
Corporate	3,518,413	66,051	229	-	157	**3,584,850**
IBU & International corporate						
- IBU	99,844	1,443	4,305	4,004	16,302	**125,898**
- International corporate	134,051	403,454	81,861	-	492,744	**1,112,110**
SMEs	985,639	321	1,016	-	1,870	**988,846**
Retail						
- housing	3,565,652	2,781	20,269	75	13,015	**3,601,792**
- consumer, credit cards and other	1,064,697	1,502	914	-	682	**1,067,795**
Restructuring						
- corporate	14,885	-	1,284	116	87	**16,372**
- SMEs	14,123	-	156	-	-	**14,279**
- retail housing	28,985	-	270	120	276	**29,651**
- retail other	13,161	-	12	-	32	**13,205**
Recoveries						
- corporate	3,603	-	4	148	92	**3,847**
- SMEs	6,100	4	313	876	634	**7,927**
- retail housing	22,496	6	3,121	872	4,312	**30,807**
- retail other	19,219	14	399	87	426	**20,145**
	9,490,868	**475,576**	**114,153**	**6,298**	**530,629**	**10,617,524**

30. Risk management - Credit risk (continued)

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

31 December 2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	€000
Trade	880,142	8,405	1	-	15,283	903,831
Manufacturing	275,779	9,691	193	-	31,412	317,075
Hotels and catering	914,460	33,500	38,355	-	36,329	1,022,644
Construction	453,362	36,629	-	-	297	490,288
Real estate	757,099	114,289	2	-	34,565	905,955
Private individuals	4,670,608	7,842	34,513	7,534	40,083	4,760,580
Professional and other services	568,294	567	5,171	6	61,550	635,588
Shipping	36,874	12	-	-	302,279	339,165
Other sectors	606,598	106,116	-	5	42,560	755,279
	9,163,216	317,051	78,235	7,545	564,358	10,130,405

31 December 2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	€000
Corporate	3,286,902	59,961	195	-	163	3,347,221
IBU & International corporate						
- IBU	92,206	1,638	4,769	5,214	16,867	120,694
- International corporate	147,180	251,140	43,245	-	519,456	961,021
SMEs	964,412	402	1,054	-	2,203	968,071
Retail						
- housing	3,496,469	2,544	22,185	80	14,071	3,535,349
- consumer, credit cards and other	1,033,208	1,339	337	-	5,510	1,040,394
Restructuring						
- corporate	16,015	-	1,241	112	66	17,434
- SMEs	20,289	-	157	-	100	20,546
- retail housing	35,644	-	534	126	80	36,384
- retail other	15,169	2	3	-	30	15,204
Recoveries						
- corporate	3,627	-	32	144	377	4,180
- SMEs	7,760	4	390	876	634	9,664
- retail housing	25,795	5	3,571	907	4,574	34,852
- retail other	18,540	16	522	86	227	19,391
	9,163,216	317,051	78,235	7,545	564,358	10,130,405

The loans and advances to customers include lending exposures in Cyprus with collaterals in Greece with a carrying value as at 30 June 2025 of €161,334 thousand (31 December 2024: €176,890 thousand).

The loans and advances to customers reported within 'Other countries' as at 30 June 2025 include exposures of €0.5 million in Ukraine (31 December 2024: €0.6 million) and €4.6 million in Israel (31 December 2024: €4.9 million).

30. Risk management - Credit risk (continued)

30.3 Analysis of loans and advances to customers

The movement of the gross loans and advances to customers at amortised cost by staging, including the loans and advances to customers classified as held for sale is presented in the tables below:

	Stage 1	Stage 2	Stage 3	POCI	**Total**
30 June 2025	€000	€000	€000	€000	**€000**
1 January	9,126,495	775,080	220,357	63,394	**10,185,326**
Transfers to stage 1	173,494	(173,494)	-	-	**-**
Transfers to stage 2	(173,362)	179,875	(6,513)	-	**-**
Transfers to stage 3	(7,544)	(8,955)	16,499	-	**-**
Write offs	(217)	(112)	(8,747)	(457)	**(9,533)**
Interest accrued and other adjustments	137,376	20,095	17,904	3,514	**178,889**
New loans originated or purchased and drawdowns of existing facilities	1,439,666	30,036	84	60	**1,469,846**
Loans derecognised or repaid (excluding write offs)	(1,047,344)	(71,803)	(31,968)	(4,261)	**(1,155,376)**
Changes to contractual cash flows due to modifications	(1,809)	6,174	(482)	(295)	**3,588**
Disposal of held for sale portfolio (Project River)	-	-	(49,875)	(5,341)	**(55,216)**
30 June	**9,646,755**	**756,896**	**157,259**	**56,614**	**10,617,524**

	Stage 1	Stage 2	Stage 3	POCI	Total
31 December 2024	€000	€000	€000	€000	€000
1 January	8,275,589	1,161,271	326,883	98,771	9,862,514
Transfers to stage 1	565,289	(564,134)	(1,155)	-	-
Transfers to stage 2	(228,889)	265,111	(36,222)	-	-
Transfers to stage 3	(14,037)	(19,442)	33,479	-	-
Write offs	(801)	(619)	(47,106)	(4,951)	(53,477)
Interest accrued and other adjustments	417,918	74,717	43,132	7,703	543,470
New loans originated or purchased and drawdowns of existing facilities	2,252,251	69,200	1,877	11,336	2,334,664
Loans derecognised or repaid (excluding write offs)	(2,140,595)	(212,439)	(100,651)	(49,241)	(2,502,926)
Changes to contractual cash flows due to modifications	(230)	1,415	120	(224)	1,081
31 December	9,126,495	775,080	220,357	63,394	10,185,326

For revolving facilities, overdrafts and credit cards, the net positive change in balance by stage excluding write-offs is reported in 'New loans originated' and the net negative change is reported in 'Loans derecognised or repaid'.

The analysis of gross loans and advances to customers at amortised cost by staging and by business line concentration is included in Note 18.

30. Risk management - Credit risk (continued)

30.4 Credit losses of loans and advances to customers

The movement in ECL of loans and advances to customers, including those classified as held for sale, is as follows:

30 June 2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	**Total €000**
1 January	12,005	38,739	107,519	20,534	**178,797**
Transfers to stage 1	10,341	(10,341)	-	-	**-**
Transfers to stage 2	(352)	1,820	(1,468)	-	**-**
Transfers to stage 3	(74)	(667)	741	-	**-**
Impact on transfer between stages during the period*	(9,787)	8,810	3,613	(193)	**2,443**
Foreign exchange and other adjustments	-	-	(205)	1	**(204)**
Write offs	(217)	(113)	(8,747)	(456)	**(9,533)**
Interest (provided) not recognised in the income statement	-	-	1,823	610	**2,433**
New loans originated or purchased*	2,171	-	-	-	**2,171**
Loans derecognised or repaid (excluding write offs)*	(2,009)	(634)	(4,118)	(240)	**(7,001)**
Write offs*	209	96	3,120	108	**3,533**
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	12,699	2,536	6,569	1,160	**22,964**
Changes to contractual cash flows due to modifications not resulting in derecognition*	100	308	(1,774)	1	**(1,365)**
Disposal of held for sale portfolio (Project River)	-	-	(28,674)	(2,649)	**(31,323)**
30 June	**25,086**	**40,554**	**78,399**	**18,876**	**162,915**
Individually assessed	10,231	20,626	19,151	10,877	**60,885**
Collectively assessed	14,855	19,928	59,248	7,999	**102,030**
	25,086	**40,554**	**78,399**	**18,876**	**162,915**

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 12).

30. Risk management - Credit risk (continued)

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

30 June 2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
1 January	24,205	30,257	103,996	20,995	179,453
Transfers to stage 1	9,120	(9,120)	-	-	-
Transfers to stage 2	(634)	3,224	(2,590)	-	-
Transfers to stage 3	(101)	(602)	703	-	-
Impact on transfer between stages during the period*	(6,726)	3,820	3,840	(133)	801
Foreign exchange and other adjustments	-	2	(22)	-	(20)
Write offs	(306)	(431)	(30,409)	(3,555)	(34,701)
Interest (provided) not recognised in the income statement	-	-	1,989	561	2,550
New loans originated or purchased*	1,593	-	-	250	1,843
Loans derecognised or repaid (excluding write offs)*	(3,126)	(559)	(6,576)	(320)	(10,581)
Write offs*	235	285	6,022	185	6,727
Changes to models and inputs (changes in PDs, LGDs and EADs) used for ECL calculations*	(12,890)	11,617	27,169	909	26,805
Changes to contractual cash flows due to modifications not resulting in derecognition*	(119)	87	181	(10)	139
30 June	11,251	38,580	104,303	18,882	173,016
Individually assessed	3,127	14,379	45,446	12,864	75,816
Collectively assessed	8,124	24,201	58,857	6,018	97,200
	11,251	38,580	104,303	18,882	173,016

* Individual components of the 'Impairment net of reversals on loans and advances to customers' (Note 12).

The analysis of credit losses of loans and advances to customers by business line, excluding those classified as held for sale as at 31 December 2024, is presented in the table below:

30 June 2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	**Total €000**
Corporate	13,216	19,613	9,762	94	**42,685**
IBU & International corporate					
- IBU	54	227	55	4	**340**
- International corporate	4,893	996	-	-	**5,889**
SMEs	1,770	5,539	3,964	155	**11,428**
Retail					
- housing	3,072	8,997	4,804	545	**17,418**
- consumer, credit cards and other	2,002	4,861	4,984	721	**12,568**
Restructuring					
- corporate	3	9	1,875	10,556	**12,443**
- SMEs	27	61	2,713	270	**3,071**
- retail housing	29	238	10,959	526	**11,752**
- retail other	20	13	7,627	473	**8,133**
Recoveries					
- corporate	-	-	2,310	229	**2,539**
- SMEs	-	-	5,073	740	**5,813**
- retail housing	-	-	12,582	2,898	**15,480**
- retail other	-	-	11,691	1,665	**13,356**
	25,086	**40,554**	**78,399**	**18,876**	**162,915**

30. Risk management - Credit risk (continued)

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

31 December 2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	4,468	17,645	14,830	323	37,266
IBU & International corporate					
- IBU	84	378	51	5	518
- International corporate	1,925	1,070	-	-	2,995
SMEs	958	3,209	3,303	142	7,612
Retail					
- housing	2,604	10,895	4,911	526	18,936
- consumer, credit cards and other	1,836	4,856	4,790	750	12,232
Restructuring					
- corporate	2	127	1,627	10,178	11,934
- SMEs	47	123	2,997	515	3,682
- retail housing	53	371	10,686	341	11,451
- retail other	28	65	7,524	475	8,092
Recoveries					
- corporate	-	-	2,053	158	2,211
- SMEs	-	-	4,714	470	5,184
- retail housing	-	-	11,686	2,600	14,286
- retail other	-	-	9,344	1,276	10,620
	12,005	38,739	78,516	17,759	147,019

During the six months ended 30 June 2025 the total non-contractual write-offs recorded by the Group amounted to €109 thousand (30 June 2024: €25,103 thousand). The contractual amount outstanding on financial assets that were written off during the six months ended 30 June 2025 and that are still subject to enforcement activity is €1,897 thousand (31 December 2024: €187,288 thousand).

Sensitivity analysis
The Group has performed sensitivity analysis relating to the loan portfolio in Cyprus, which represents more than 99% of the total loan portfolio of the Group with reference date 30 June 2025 and 31 December 2024.

The Group has applied sensitivity analysis to the below parameters and the impact on the ECL, for both individually and collectively assessed ECL calculations, is presented in the table below:

	Increase/(decrease) on ECL for loans and advances to customers at amortised cost	
	30 June 2025	31 December 2024
	€000	€000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	**2,518**	1,560
Decrease the adverse weight by 5% and increase the favourable weight by 5%	**(2,471)**	(1,677)
Increase the expected recovery period by 1 year	**2,152**	1,965
Decrease the expected recovery period by 1 year	**(1,606)**	(2,047)
Increase the collateral realisation haircut by 5%	**5,128**	4,429
Decrease the collateral realisation haircut by 5%	**(3,879)**	(3,771)
Increase in the PDs of stages 1 and 2 by 20%*	**35,978**	18,232
Decrease in the PDs of stages 1 and 2 by 20%*	**(13,950)**	(8,273)

30. Risk management - Credit risk (continued)

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

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

30 June 2025	Stage 1 €000	Stage 2 €000	Stage 3 €000	**Total** **€000**
Increase the adverse weight by 5% and decrease the favourable weight by 5%	823	821	874	**2,518**
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(839)	(758)	(874)	**(2,471)**
Increase the expected recovery period by 1 year	307	823	1,022	**2,152**
Decrease the expected recovery period by 1 year	(241)	(590)	(775)	**(1,606)**
Increase the collateral realisation haircut by 5%	650	1,650	2,828	**5,128**
Decrease the collateral realisation haircut by 5%	(449)	(1,078)	(2,352)	**(3,879)**
Increase in the PDs of stages 1 and 2 by 20%*	2,957	33,021	-	**35,978**
Decrease in the PDs of stages 1 and 2 by 20%*	(5,130)	(8,820)	-	**(13,950)**

31 December 2024	Stage 1 €000	Stage 2 €000	Stage 3 €000	Total €000
Increase the adverse weight by 5% and decrease the favourable weight by 5%	186	931	443	1,560
Decrease the adverse weight by 5% and increase the favourable weight by 5%	(213)	(522)	(942)	(1,677)
Increase the expected recovery period by 1 year	139	870	956	1,965
Decrease the expected recovery period by 1 year	(111)	(687)	(1,249)	(2,047)
Increase the collateral realisation haircut by 5%	265	1,579	2,585	4,429
Decrease the collateral realisation haircut by 5%	(182)	(1,067)	(2,522)	(3,771)
Increase in the PDs of stages 1 and 2 by 20%*	1,810	16,422	-	18,232
Decrease in the PDs of stages 1 and 2 by 20%*	(2,059)	(6,214)	-	(8,273)

*The impact on the ECL also includes the transfer between stages of the loans and advances to customers following the increase/decrease in the PD.

30.5 Currency concentration of loans and advances to customers

The following table presents the currency concentration of the Group's loans and advances to customers at amortised cost.

Gross loans at amortised cost	**30 June 2025** **€000**	31 December 2024 €000
Euro	**9,926,132**	9,475,479
US Dollar	**578,270**	573,140
British Pound	**102,597**	72,361
Swiss Franc	**9,957**	8,935
Other currencies	**568**	490
	10,617,524	10,130,405

30.6 Forbearance/Restructuring

Forborne/restructured loans and advances are those loans and advances that have been modified because the borrower is considered unable to meet the terms and conditions of the contract due to financial difficulties. Taking into consideration these difficulties, the Group decides to modify the terms and conditions of the contract to provide the borrower with the ability to service the debt or refinance the contract, either partially or fully. They include the facilities for which the Group has modified the repayment programme (e.g. provision of a grace period, suspension of the obligation to repay one or more instalments, reduction in the instalment amount and/or elimination of overdue instalments relating to capital or interest).

30. Risk management - Credit risk (continued)

30.6 Forbearance/Restructuring (continued)

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

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

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

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

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

Short-term restructuring solutions can include the following:
i. Suspension of capital or capital and interest: granting to the borrower a grace period in the payment of capital (i.e. during this period only interest is paid) or capital and interest, for a specific period of time.
ii. Reduced payments: decrease of the amount of repayment instalments over a defined short-term period in order to accommodate the borrower’s new cash flow position.
iii. Arrears and/or interest capitalisation: capitalisation of the arrears and of any unpaid interest to the outstanding principal balance for repayment under a rescheduled program.

Long-term restructuring solutions can include the following:
i. Interest rate reduction: permanent or temporary reduction of interest rate (fixed or variable) into a fair and sustainable rate.
ii. Extension of maturity: extension of the maturity of the loan which allows a reduction in instalment amounts by spreading the repayments over a longer period.
iii. Sale of Assets: Part of the restructuring can be the agreement with the borrower for immediate or over time sale of assets (mainly real estate) to reduce borrowing.
iv. Modification of existing terms of previous decisions: In the context of the new sustainable restructuring solution, any terms of previous decisions that are assessed not feasible to be met are revisited.
v. Consolidation/refinancing of existing facilities: In cases where the borrower maintains several separate loans with different collaterals, these can be consolidated and a new repayment schedule can be set and the new loan can be secured with all existing collaterals.
vi. Hard Core Current Account Limit: In such cases a loan with a longer repayment may be offered to replace/reduce the current account limit.
vii. Split and freeze: the customer’s debt is split into sustainable and unsustainable parts. The sustainable part is restructured to a sustainable repayment program. The unsustainable part is ‘frozen’ for the restructured duration of the sustainable part. At the maturity of the restructuring, the frozen part is either forgiven pro rata (based on the actual repayment of the sustainable part) or restructured.
viii. Rescheduling of payments: the existing contractual repayment schedule is adjusted to a new sustainable repayment program based on a realistic, current and forecasted assessment of the cash flow generation of the borrower.
ix. Liquidation Collateral: An agreement between BOC PCL and a borrower for the voluntary sale of mortgaged assets, for partial or full repayment of the debt.
x. Currency Conversion: This solution is provided to match the credit facility currency and the borrower's income currency.
xi. Additional Financing: This solution can be granted, simultaneously with the restructuring of the existing credit facilities of the borrower, to cover any financing gap.
xii. Partial or total write off: This solution corresponds to the Group forfeiting the right to legally recover part or the whole of the amount of debt outstanding by the borrower.

30. Risk management - Credit risk (continued)

30.6 Forbearance/Restructuring (continued)

xiii. Debt/equity swaps: debt restructuring that allows partial or full repayment of the debt in exchange of obtaining an equivalent amount of equity in the company by the Group, with the remaining debt right sized to the cash flows of the borrower to allow repayment. This solution is used only in exceptional cases and only where all other efforts for restructuring are exhausted and after ensuring compliance with the banking law.

xiv. Debt/asset swaps: agreement between the Group and the borrower to voluntarily transfer the mortgaged asset or other immovable property to the Group, to partially or fully repay the debt. Any residual debt may be restructured with an appropriate repayment schedule in line with the borrower's reassessed repayment ability.

The loans 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 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 below table presents the movement of the Group's forborne loans and advances to customers measured at amortised cost.

	30 June 2025	31 December 2024
	€000	€000
1 January	**366,839**	455,740
New loans and advances classified as forborne in the period/year	**18,021**	148,348
Loans no longer classified as forborne and repayments	**(31,459)**	(249,742)
Write off	**(2,551)**	(11,983)
Interest accrued and other adjustments	**11,104**	24,476
Derecognition of held for sale portfolio (Project River)	**(15,221)**	-
30 June/31 December	**346,733**	366,839

The forborne loans classification is discontinued when all EBA criteria for the discontinuation of the classification as forborne exposure are met. The criteria are set out in the EBA Final draft Implementing Technical Standards (ITS) on supervisory reporting and non-performing exposures.

The below tables present the Group's forborne loans and advances to customers by staging, economic activity and business line classification, as well as the ECL allowance and tangible collateral held for such forborne loans.

	30 June 2025	31 December 2024
	€000	€000
Stage 1	**-**	-
Stage 2	**245,854**	253,862
Stage 3	**74,224**	86,639
POCI	**26,655**	26,338
	346,733	366,839

30. Risk management - Credit risk (continued)

30.6 Forbearance/Restructuring (continued)

Fair value of collateral

	30 June 2025 €000	31 December 2024 €000
Stage 1	**-**	-
Stage 2	**228,318**	234,794
Stage 3	**67,744**	75,515
POCI	**25,715**	24,965
	321,777	335,274

The fair value of collateral presented above has been computed to the extent that the collateral mitigates credit risk.

Credit risk concentration

By economic activity	**30 June 2025 €000**	31 December 2024 €000
Trade	**11,076**	10,155
Manufacturing	**2,810**	3,325
Hotels and catering	**5,905**	6,058
Construction	**78,647**	132,011
Real estate	**34,845**	26,614
Private individuals	**101,754**	116,063
Professional and other services	**75,019**	36,621
Other sectors	**36,677**	35,992
	346,733	366,839

By business line	**30 June 2025 €000**	31 December 2024 €000
Corporate	**221,827**	224,271
IBU & International corporate		
- IBU	**230**	944
- International corporate	**595**	653
SMEs	**19,413**	19,046
Retail		
- housing	**41,247**	47,506
- consumer, credit cards and other	**6,828**	8,411
Restructuring		
- corporate	**11,871**	12,555
- SMEs	**6,041**	7,726
- retail housing	**15,187**	18,818
- retail other	**3,699**	4,764
Recoveries		
- corporate	**940**	966
- SMEs	**2,332**	2,511
- retail housing	**12,085**	13,960
- retail other	**4,438**	4,708
	346,733	366,839

30. Risk management - Credit risk (continued)

30.6 Forbearance/Restructuring (continued)

30 June 2025 **By business line**	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	**Total** **€000**
Corporate	-	194,928	17,907	8,992	**221,827**
IBU & International corporate					
- IBU	-	229	1	-	**230**
- International corporate	-	595	-	-	**595**
SMEs	-	13,907	5,506	-	**19,413**
Retail					
- housing	-	28,546	10,594	2,107	**41,247**
- consumer, credit cards and other	-	4,711	2,074	43	**6,828**
Restructuring					
- corporate	-	-	1,284	10,587	**11,871**
- SMEs	-	1,474	3,756	811	**6,041**
- retail housing	-	1,401	12,420	1,366	**15,187**
- retail other	-	63	3,220	416	**3,699**
Recoveries					
- corporate	-	-	904	36	**940**
- SMEs	-	-	2,119	213	**2,332**
- retail housing	-	-	10,475	1,610	**12,085**
- retail other	-	-	3,964	474	**4,438**
	-	**245,854**	**74,224**	**26,655**	**346,733**

31 December 2024 **By business line**	Stage 1 €000	Stage 2 €000	Stage 3 €000	POCI €000	Total €000
Corporate	-	189,064	25,745	9,462	224,271
IBU & International corporate					
- IBU	-	943	1	-	944
- International corporate	-	653	-	-	653
SMEs	-	13,519	5,527	-	19,046
Retail					
- housing	-	34,818	10,508	2,180	47,506
- consumer, credit cards and other	-	5,942	2,413	56	8,411
Restructuring					
- corporate	-	1,431	1,006	10,118	12,555
- SMEs	-	2,507	4,350	869	7,726
- retail housing	-	4,444	13,458	916	18,818
- retail other	-	541	3,825	398	4,764
Recoveries					
- corporate	-	-	934	32	966
- SMEs	-	-	2,280	231	2,511
- retail housing	-	-	12,356	1,604	13,960
- retail other	-	-	4,236	472	4,708
	-	253,862	86,639	26,338	366,839

30. Risk management - Credit risk (continued)

30.6 Forbearance/Restructuring (continued)

ECL allowance

	30 June 2025	31 December 2024
	€000	€000
Stage 1	**-**	-
Stage 2	**9,614**	9,525
Stage 3	**32,700**	36,503
POCI	**12,895**	12,462
	55,209	58,490

31. Risk management - Market risk

Market risk is the risk of loss from adverse changes in market prices namely from changes in interest rates, credit spreads, foreign currency exchange rates, property and security prices. Market and Liquidity Risk department is responsible for monitoring the risk on financial instruments resulting from such changes with the objective to minimise the impact on earnings and capital. The department also monitors property price risk, liquidity risk and credit risk from counterparties and countries. It is also responsible for monitoring compliance with the various market risk policies and procedures.

Interest rate risk

Interest rate risk refers to the current or prospective risk to Group's capital and earnings arising from adverse movements in interest rates that affect the Group's banking book positions.

Interest rate fluctuations affect the economic value of the Group’s assets, liabilities and off-balance sheet items, through corresponding changes in the cash flow amounts and discount rates and therefore their present value. Changes in interest rates also affect the earnings by increasing or decreasing the net interest income of other interest rate-sensitive items. As such, interest rate risk is measured primarily by reference to the impact on net interest income and impact on economic value.

The Group’s balance sheet composition is characterized by floating rate assets in its majority and fixed or non-rate sensitive liabilities, resulting in an increased volatility on net interest income, with a negative impact when interest rates decrease and a positive impact when interest rates increase. In addition, this balance sheet composition results in relatively low volatility of the Economic Value. This is due to the floating rate nature of assets which are longer term in terms of maturity such as loans and advances and the short term nature of the sizable central bank balances. On the liability side, term deposits, although fixed rate in nature, have short contractual maturities (mainly up to one year). In addition, the economic value impact from fixed rate assets is mitigated by the impact of core NMDs which behave as fixed rate liabilities.

Interest rate risk is managed through internal and regulatory limits on the change in net interest income and economic value of equity under various adverse interest rate shock scenarios. Internal limits on net interest income are set as a percentage of the annualised net interest income while regulatory limits on net interest income and economic value of equity are set as a percentage of the Group Tier 1 regulatory capital.

Treasury Division is responsible for the management of the interest rate risk arising from the banking book and asset and liability positions, effected through the hedging strategy. This involves the set of techniques and the financial instruments used to manage the risk of adverse changes in interest rates, affecting the net interest income and the economic value of the Group and aims to ensure financial stability and robust risk management. The Group uses derivatives and currently applies fair value hedge accounting. The Group applies macro fair value hedging to NMDs and micro fair value hedging to fixed rate debt securities measured at FVOCI, debt securities in issue and subordinated liabilities. For fair value hedges the Group uses interest rate swaps to manage the fair value movements of fixed rate financial instruments due to changes in the benchmark rate. Also, the Group uses reverse repurchase agreements.

The Group assesses and measures hedge effectiveness of a hedging relationship based on the change in the fair value of the derivative instrument relative to the change in the fair value of the hedged item attributable to the hedged risk.

31. Risk management - Market risk (continued)

Market and Liquidity Risk department is responsible to measure, monitor and control the interest rate risk on the banking book (IRRBB) based on the established Risk Appetit Framework (RAF) of the Group. One of the risk metrics that Market and Liquidity Risk department uses for monitoring and controlling the IRRBB is the Net Interest Income Sensitivity, which measures changes to net interest income under varying interest rate scenarios over a one-year horizon and assuming a constant balance sheet over this period. Its main purpose is to measure the vulnerability of the profitability to changing interest rate conditions. In addition, another risk metric employed by the Group for this purpose is the Economic Value of Equity Sensitivity. This represents the change in the net present value of all cash flows in the balance sheet under a set of interest rate stress scenarios and is calculated on the entire balance sheet under a run-off assumption, i.e. no replenishment of matured transactions.

The Group does not maintain a trading book.

Sensitivity analysis
The table below sets out the impact on the Group's net interest income, over a one-year period, from reasonably possible changes in the interest rates of the Euro and the US Dollar, being the main currencies, using the assumptions of the prevailing market risk policy as at 30 June 2025 and 31 December 2024 respectively.

		Impact on Net Interest Income €000	
Currency	**Interest Rate Scenario**	**30 June 2025 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)**	31 December 2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)
All	Parallel up	**98,736**	102,061
All	Parallel down	**(74,690)**	(84,200)
All	Steepening	**(34,106)**	(51,175)
All	Flattening	**62,946**	79,770
All	Short up	**89,083**	106,190
All	Short down	**(67,339)**	(88,788)
Euro	Parallel up	**96,154**	98,728
Euro	Parallel down	**(73,041)**	(82,267)
Euro	Steepening	**(33,134)**	(51,731)
Euro	Flattening	**60,832**	79,588
Euro	Short up	**86,114**	104,647
Euro	Short down	**(65,438)**	(88,085)
US Dollar	Parallel up	**2,582**	3,333
US Dollar	Parallel down	**(1,649)**	(1,932)
US Dollar	Steepening	**(972)**	556
US Dollar	Flattening	**2,113**	182
US Dollar	Short up	**2,969**	1,543
US Dollar	Short down	**(1,901)**	(703)

The above sensitivities incorporate assumptions on the pass-through rate of time deposits of 40% for the upside scenario and 50% for the downside scenario for Euro denominated deposits for the six months ended 30 June 2025 (31 December 2024: 40% for the upside scenario and 50% for the downside scenario for Euro denominated deposits). The above sensitivities are computed under the assumption of a constant balance sheet and that all market rates move upwards or downwards in parallel.

31. Risk management - Market risk (continued)

The table below sets out the impact on the Group's equity, from reasonably possible changes in the interest rates under various interest rate scenarios for the Euro and the US Dollar in line with the EBA guidelines.

Currency	Interest Rate Scenario	Impact on Equity €000	
		30 June 2025 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)	31 December 2024 (+135 bps/-100 bps for Euro and +160 bps/-100 bps for US Dollar)
All	Parallel up	**(120,417)**	(16,380)
All	Parallel down	**39,747**	613
All	Steepening	**33,191**	41,074
All	Flattening	**(109,046)**	(113,840)
All	Short up	**(136,228)**	(112,972)
All	Short down	**51,502**	40,990
Euro	Parallel up	**(121,908)**	(15,355)
Euro	Parallel down	**84,913**	953
Euro	Steepening	**60,609**	78,258
Euro	Flattening	**(100,561)**	(107,390)
Euro	Short up	**(130,228)**	(106,983)
Euro	Short down	**99,069**	78,078
US Dollar	Parallel up	**2,983**	(1,025)
US Dollar	Parallel down	**(2,709)**	273
US Dollar	Steepening	**5,774**	3,890
US Dollar	Flattening	**(8,485)**	(6,450)
US Dollar	Short up	**(6,001)**	(5,990)
US Dollar	Short down	**3,935**	3,903

The aggregation of the impact on equity was performed as per the EBA guidelines by adding the negative impact and 50% of the positive impact of each scenario. The increased IRRBB hedging and the different magnitude of the shocks impact the sensitivity scenarios year-on-year.

In addition to the above fluctuations in net interest income, interest rate changes can result in fluctuations in the fair value of investments at FVPL (including investments held for trading) and in the fair value of derivative financial instruments impacting the profit and loss of the Group.

The equity of the Group is also affected by changes in market interest rates. The impact on the Group's equity arises from changes in the fair value of mainly fixed rate debt securities classified at FVOCI.

The sensitivity analysis is based on the assumption of a parallel shift of the yield curve. The table below sets out the impact on the Group's profit/loss before tax and equity as a result of reasonably possible changes in the interest rates of the major currencies.

Parallel change in interest rates	**Impact on profit/loss before tax**	**Impact on equity**
30 June 2025	**€000**	**€000**
+1.6% for US Dollar +1.35% for Euro +3% for British Pound	**(515)**	**(1,976)**
-1% for US Dollar -1% for Euro -3% for British Pound	**382**	**1,464**

31. Risk management - Market risk (continued)

Parallel change in interest rates	Impact on profit/loss before tax	Impact on equity
31 December 2024	€000	€000
+1.6% for US Dollar +1.35% for Euro +3% for British Pound	(934)	(1,982)
-1% for US Dollar -1% for Euro -3% for British Pound	692	1,468

The hedging relationships have been taken into account in the Net Interest Income (NII) and Economic Value of Equity (EVE) Sensitivity tables.

The Group is also exposed to currency risk, price risk and property price risk. For further information, please refer to Note 45 to the annual consolidated financial statements for the year ended 31 December 2024 included in the 2024 Annual Financial Report.

32. Risk management - Liquidity and funding risk

Liquidity Risk

Liquidity risk is the risk that the Group is unable to fully or promptly meet current and future payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayment and unexpectedly high payment outflows. Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

In order to limit this risk, management has in place an established Liquidity Risk Policy of managing assets, taking liquidity into consideration and monitoring cash flows and liquidity on a regular basis. The Group has developed internal control processes and contingency plans for managing liquidity risk.

Management and structure

The Board of Directors sets the Group's Liquidity Risk Appetite which defines the level of risk at which the Group should operate.

The Risk Committee reviews and recommends to the Board of Directors for approval the Group Liquidity Policy which is ultimately approved by the Board of Directors and the Risk Committee reviews at frequent intervals the liquidity position of the Group.

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

The Treasury Division is responsible for liquidity management at Group level, ensuring compliance with internal policies and regulatory liquidity requirements and providing direction as to the actions to be taken regarding liquidity needs. The Treasury Division assesses on a regular basis the adequacy of the liquid assets and takes the necessary actions to ensure adequate liquidity position.

Liquidity is also monitored by Market and Liquidity Risk department, to ensure compliance with both internal policies and limits, and with the limits set by the regulatory authorities. Market and Liquidity Risk department reports the liquidity position to ALCO at least monthly. It also provides the results of various stress tests to ALCO and the Board Risk Committee at least quarterly.

Liquidity is monitored and managed on an ongoing basis through:
(i) Risk appetite: establishes the Group's Risk Appetite Statement together with the appropriate limits for the management of all risks including liquidity risk.
(ii) Liquidity Risk Policy: sets the principles, the roles and responsibilities for managing liquidity risk as well as the liquidity and funding risk management framework, stress testing and the reporting on liquidity and funding.

32. Risk management - Liquidity and funding risk (continued)

(iii) Liquidity limits: a number of internal and regulatory limits are monitored on a regular basis. Where applicable, a traffic light system (RAG) is used for ratios, in order to raise flags and take action when the ratios deteriorate.

(iv) Early Warning Indicators: monitoring of a range of indicators for early signs of liquidity risk in the market or specific to the Group. These are designed to immediately identify the emergence of increased liquidity risk so as to maximise the time available to execute appropriate mitigating actions.

(v) Liquidity Contingency Plan: maintenance of a Liquidity Contingency Plan (LCP) which is designed to provide a framework where a liquidity stress could be effectively identified and managed. The LCP provides a communication plan and includes management actions to respond to liquidity stresses.

(vi) Recovery Plan: the Group has developed a Recovery Plan (RP), the key objectives of which are, among others, to set key Recovery and Early Warning Indicators and to set in advance a range of recovery options to enable the Group to be adequately prepared to respond to stressed conditions and restore the Group's liquidity position.

Monitoring process

Daily
The daily monitoring of the stock of highly liquid assets is important to safeguard and ensure the uninterrupted operations of the Group's activities. Market and Liquidity Risk department prepares a daily report analysing the internal liquidity buffer and comparing it to the previous day's buffer. Results are made available to members of the Risk and Treasury Divisions. In addition, Treasury Division monitors daily and intraday the customer inflows and outflows in the main currencies used by the Group.

The liquidity buffer is made up of: Banknotes, CBC balances (excluding the Minimum Reserve Requirements (MRR)), unpledged cash and nostro current accounts, as well as money market placements up to the stress horizon, available ECB credit line and market value net of haircut of unencumbered/available liquid bonds (including any eligible bonds received as collateral from reverse repurchase agreements).

The designing of the stress tests follows authoritative guidance and is based on the liquidity risk drivers which are recognised internationally by both the Prudential Regulation Authority (PRA) and EBA. In addition, it takes into account SREP recommendations, as well as the Annual Risk Identification Process of the Group. The stress test assumptions are reviewed on an annual basis and approved by the Board of Directors following review and recommendation by the Board Risk Committee. Whenever it is considered appropriate to amend the assumptions during the year, approval is requested from ALCO and the Board Risk Committee. The main items shocked in the different scenarios are: deposit outflows, wholesale funding, loan repayments, off balance sheet commitments, marketable securities, own issue covered bond, additional credit claims, interbank takings and cash collateral for derivatives and reverse repurchase agreements.

Weekly
Market and Liquidity Risk department prepares a report indicating the level of liquid assets including Credit Institutions Money-Market Placements as per LCR definitions.

Market and Liquidity Risk department also prepares the liquidity stress testing for bank specific, market wide and combined scenarios on a weekly basis. The requirement is to have sufficient liquidity buffer to enable BOC PCL to survive a twelve-month stress period, including capacity to raise funding under all scenarios.

Furthermore, a report is submitted to the regulator on a weekly basis, which includes information on deposits breakdown, cash flow information, survival period, LCR ratio, rollover of funding, funding gap (through the Maturity Ladder analysis), concentration of funding and collateral details. It concludes on the overall liquidity position of BOC PCL and describes the measures already implemented and those which will be implemented in the short-term to improve liquidity position if needed.

Monthly
Market and Liquidity Risk department prepares reports monitoring compliance with internal and regulatory liquidity requirements and submits them to the ALCO, the Executive Committee and the Board Risk Committee. It also calculates the surplus liquidity buffer following stress outflows. The fixed deposit renewal rates, the percentage of International business unit deposits over total deposits and the percentage of instant access deposits are also presented. The liquidity mismatch in the form of the Maturity Ladder report (for both contractual and behavioural flows) is presented to ALCO and the resulting mismatch between assets and liabilities is compared to previous month's mismatch.

32. Risk management - Liquidity and funding risk (continued)

Market and Liquidity Risk department also reports the Liquidity Coverage Ratio (LCR) and Additional Liquidity Monitoring Metrics (ALMM) to the CBC/ECB on a monthly basis.

Quarterly
The results of the stress testing scenarios are reported to ALCO and the Board Risk Committee quarterly as part of the quarterly Internal Liquidity Adequacy Assessment Process (ILAAP) review. Market and Liquidity Risk department also reports the Net Stable Funding Ratio (NSFR) both internally as well as externally to the CBC/ECB quarterly.

Annually
The Group prepares on an annual basis its ILAAP package. The ILAAP package provides a holistic view of the Group's liquidity adequacy under normal and stress conditions. Within ILAAP, the Group evaluates its liquidity risk in the context of established policies and processes for the identification, measurement, management and monitoring of liquidity risk as implemented by the Group.

Market and Liquidity Risk department also prepares annually an ECB/SRB liquidity report, the 'Joint liquidity template' that runs for five consecutive days. The report includes information on deposits breakdown, cash flow information, survival period, LCR ratio, rollover of funding, funding gap (through the Maturity Ladder analysis), concentration of funding and collateral details. It concludes on the overall liquidity position of BOC PCL and describes the measures implemented and to be implemented in the short-term to improve liquidity position if needed.

As part of the Group's procedures for monitoring and managing liquidity risk, there is a Group Liquidity Contingency Plan (LCP) for handling liquidity difficulties. The LCP details the steps to be taken in the event that liquidity problems arise, which escalate to a special meeting of the Crisis Management Committee for LCP (CMC-LCP). The LCP sets out the members of this committee and a series of possible actions that can be taken. The LCP is reviewed and tested at least annually.

Liquidity ratios

The Group LCR is calculated based on the Delegated Regulation (EU) 2015/61. It is designed to establish a minimum level of high quality liquid assets sufficient to meet an acute stress lasting for 30 calendar days. The minimum regulatory requirement is 100%. The Group also calculates its NSFR as per Capital Requirements Regulation II (CRR II), with the limit set at 100%. The NSFR is the ratio of available stable funding to required stable funding. NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

Funding risk

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

Main sources of funding

As at 30 June 2025, the Group's main sources of funding were its deposit base and wholesale funding. Deposits are the primary source of funding. Wholesale funding is also an important source of funding, comprising the issuance of Tier 2 of a nominal amount of €300 million, the issuances of senior preferred debt of an aggregate nominal amount of €950 million and the AT1 issuance for €220 million. As at 30 June 2025, the wholesale funding nominal amount was €1,470 million (31 December 2024: €1,470 million) as further described in Notes 22 and 24.

With respect to funding from TLTRO III operations, this was fully repaid in the year ended 31 December 2024.

Funding to subsidiaries

The funding provided by BOC PCL to its subsidiaries for liquidity purposes is repayable as per the terms of the respective agreements.

The subsidiaries may proceed with dividend distributions in the form of cash to BOC PCL, provided that they are not in breach of their regulatory capital and liquidity requirements, where applicable.

32. Risk management - Liquidity and funding risk (continued)

Collateral requirements and other disclosures

Collateral requirements
The carrying values of the Group's encumbered assets as at 30 June 2025 and 31 December 2024 are summarised below:

	30 June 2025	31 December 2024
	€000	€000
Cash and other liquid assets	**62,474**	55,434
Investments	**100,527**	39,958
Loans and advances	**3,570,218**	3,470,859
	3,733,219	3,566,251

Cash is mainly used to cover collateral required for derivatives, trade finance transactions and guarantees issued. It may also be used as part of the supplementary assets for the covered bond.

As at 30 June 2025 investments are mainly used as supplementary assets for the covered bond, and as collateral for the clearing of interest rate derivatives transactions through the central clearing house. As at 31 December 2024, investments were mainly used as supplementary assets for the covered bond.

As at 30 June 2025 and 31 December 2024, loans and advances indicated as encumbered are mainly pledged for any potential use of the funding facilities of the ECB and for the covered bond.

Loans and advances to customers include mortgage loans of a nominal amount of €1,003 million as at 30 June 2025 (31 December 2024: €1,010 million) in Cyprus, pledged as collateral for the covered bond issued by BOC PCL in 2011 under its Covered Bond Programme. As at 30 June 2025, although there is no outstanding funding from the ECB, housing loans of a nominal amount of €2,513 million (31 December 2024: €2,431 million) in Cyprus, remain in the collateral pool of the CBC part of the available credit line. It is noted that this ECB scheme which accepts housing loans as eligible collateral will be terminated towards the fourth quarter of 2025.

BOC PCL maintains a Covered Bond Programme set up under the Cyprus Covered Bonds legislation and the Covered Bonds Directive of the CBC. Under the Covered Bond Programme, BOC PCL has in issue covered bonds of €650 million secured by residential mortgages originated in Cyprus. The Covered Bonds have a maturity date of 12 December 2026 and pay an interest rate of 3-month Euribor plus 1.25% on a quarterly basis. On 9 August 2022, BOC PCL proceeded with an amendment to the terms and conditions of the covered bonds following the implementation of Directive (EU) 2019/2162 in Cyprus. The covered bonds are listed on the 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.

In addition to the encumbered assets presented above, as at 30 June 2025 cash collateral of €6 million has been placed with counterparties in relation to the reverse repurchase agreements (31 December 2024: €7 million) (Note 30).

Other disclosures
Deposits by banks include balances of €11,583 thousand as at 30 June 2025 (31 December 2024: €13,870 thousand) relating to borrowings from international financial and similar institutions for funding, aiming to facilitate access to finance and improve funding conditions for small or medium sized enterprises, active in Cyprus. The carrying value of the respective loans and advances granted to such enterprises serving this agreement amounts to €22,524 thousand as at 30 June 2025 (31 December 2024: €27,341 thousand).

33. Related party transactions

Related parties of the Group include associates and joint ventures, key management personnel, members of the Board of Directors and their connected persons. Connected persons for the purpose of this disclosure include spouses, minor/dependent children and companies in which the directors/key management personnel, hold directly or indirectly, at least 50% of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

33. Related party transactions (continued)

Aggregate amounts outstanding at year end and additional transactions

The tables below show the deposits, loans and advances and other credit balances held by the members of the Board of Directors and key management personnel and their connected persons, as at the balance sheet date.

	30 June 2025	31 December 2024
	€000	€000
Loans and advances		
- members of the Board of Directors and key management personnel	**1,230**	1,777
- connected persons	**897**	603
	2,127	2,380
Deposits		
- members of the Board of Directors and key management personnel	**3,257**	3,589
- connected persons	**4,765**	4,849
	8,022	8,438

The above table does not include period/year-end balances for members of the Board of Directors, key management personnel and their connected persons who resigned during the period/year, nor balances of customers that do not meet the definition of connected persons as at the reporting dates.

The aggregate expected credit loss allowance on the above loans and credit facilities is below €2 thousand as at 30 June 2025 (31 December 2024: below €26 thousand). All principal and interest that has fallen due on these loans or credit facilities has been paid.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms, as for comparable transactions with customers of a similar credit standing, including interest rates. A number of loans and advances have been extended to key management personnel on the same terms as those applicable to the rest of the Group's employees and to their connected persons on the same terms as those of customers of a similar credit standing.

The table below discloses interest, commission and insurance premium income, as well as other transactions and expenses with the members of the Board of Directors, key management personnel and their connected persons for the reference periods.

	Six months ended 30 June	
	2025	2024
	€000	€000
Interest income for the period	**45**	53
Interest expense for the period	**14**	16
Insurance premium income for the period	**247**	221
Insurance expenses and subscriptions for the period	**1**	3
Fees and emoluments for the period	**2,978**	2,824

Interest income and expense are disclosed for the period during which they were members of the Board of Directors or served as key management personnel. Fees and emoluments are included for the period that they serve as members of the Board of Directors or key management personnel.

In addition, following the end of the performance period in respect of the LTIP Cycle in 2022 as at the end of the year 2024 and the determination of the amounts of shares to be delivered (subject to continuing employment) and amount under the 2023 STIP to be awarded in shares disclosed in Note 49 to the consolidated financial statements for the year ended 31 December 2024, during the six months ended 30 June 2025, a total of 327 thousand shares of a nominal value of €0.10 each were issued and granted to the executive Directors and the key management personnel of the Group in the context of the share based schemes that have vested in the period (LTIP and STIP) as presented in Note 10.

33. Related party transactions (continued)

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend, amounting to €134 thousand as at 30 June 2025 (31 December 2024: €114 thousand). There were also contingent liabilities and commitments to key management personnel and their connected persons amounting to €1,258 thousand as at 30 June 2025 (31 December 2024: €1,379 thousand).

The total unsecured amount of the loans and advances and contingent liabilities and commitments to members of the Board of Directors, key management personnel and their connected persons (using forced-sale values for tangible collaterals and assigning no value to other types of collaterals) at 30 June 2025 amounted to €1,489 thousand (31 December 2024: €1,485 thousand).

During the six months ended 30 June 2025 premiums of €94 thousand (30 June 2024: €89 thousand) and nil claims (30 June 2024: nil) were paid by/to the members of the Board of Directors of the Company and their connected persons to/from the insurance subsidiaries of the Group.

During the six months ended 30 June 2025 an amount of €496 thousand (30 June 2024: €422 thousand) has been paid to connected persons of key management personnel for the cost of services capitalised within property and equipment. These services were rendered on normal business terms as for comparable services received from third parties.

During the six months ended 30 June 2025 one member of the key management personnel transacted with REMU for the purchase of a property with a carrying amount of €114 thousand. The transaction was made on normal business terms as for comparable transactions with third parties. No similar transaction took place during the six months ended 30 June 2024.

There were no other transactions during the six months ended 30 June 2025 and the six months ended 30 June 2024 with connected persons of the current members of the Board of Directors or with any members who resigned during the periods.

34. Group companies

The main subsidiary companies and branches included in the Consolidated Financial Statements of the Company, their country of incorporation, their activities and the percentage held by the Company (directly or indirectly) as at 30 June 2025 are:

Company	Country of incorporation	Activities	Percentage holding (%)
Bank of Cyprus Public Company Ltd	Cyprus	Commercial bank	100
EuroLife Ltd	Cyprus	Life insurance	100
General Insurance of Cyprus Ltd	Cyprus	Non-life insurance	100
JCC Payment Systems Ltd	Cyprus	Development of inter-banking systems, acquiring and processing of card transactions, other payment services and other activities	75
The Cyprus Investment and Securities Corporation Ltd (CISCO)	Cyprus	Investment banking, brokerage, discretionary asset management and investment advice services	100
Jinius Ltd	Cyprus	Digital Economy Platform	100
LCP Holdings and Investments Public Ltd	Cyprus	Investments in securities and participations in companies and schemes that are active in various business sectors and projects	67
Kermia Ltd	Cyprus	Property trading and development	100
Kermia Properties & Investments Ltd	Cyprus	Property trading and development	100
S.Z. Eliades Leisure Ltd	Cyprus	Land development and operation of a golf resort	70
Auction Yard Ltd	Cyprus	Auction company	100
BOC Secretarial Company Ltd	Cyprus	Secretarial services	100
Bank of Cyprus Public Company Ltd (branch of BOC PCL)	Greece	Administration of guarantees and holding of real estate properties	n/a
BOC Asset Management Romania S.A.	Romania	In run-down	100
MC Investment Assets Management LLC	Russia	Problem asset management company - In run-down	100
Fortuna Astrum Ltd	Serbia	Problem asset management company - In run-down	100

34. Group companies (continued)

In addition to the above companies, as at 30 June 2025, BOC PCL had 100% shareholding, either directly or indirectly, in the companies listed below, whose activity is the ownership and management of immovable property:

Cyprus: Tolmeco Properties Ltd, Pelika Properties Ltd, Cobhan Properties Ltd, Nalmosa Properties Ltd, Emovera Properties Ltd, Blodar Properties Ltd, Les Coraux Estates Ltd, Natakon Company Ltd, Oceania Ltd, Dominion Industries Ltd, Ledra Estate Ltd, Laiki Lefkothea Center Ltd, Labancor Ltd, Joberco Ltd, Domita Estates Ltd, Memdes Estates Ltd, Kernland Properties Ltd, Jobelis Properties Ltd, Melsolia Properties Ltd, Spacous Properties Ltd, Solomaco Properties Ltd, Unital Properties Ltd, Neraland Properties Ltd, Wingstreet Properties Ltd, Nolory Properties Ltd, Lisbo Properties Ltd, Mantinec Properties Ltd, Provezaco Properties Ltd, Hillbay Properties Ltd, Forenaco Properties Ltd, Hovita Properties Ltd, Fogland Properties Ltd, Tebasco Properties Ltd, Valecross Properties Ltd, Altco Properties Ltd, Olivero Properties Ltd, Elosa Properties Ltd, Flona Properties Ltd, Mostero Properties Ltd, Helal Properties Ltd, Pendalo Properties Ltd, Frontyard Properties Ltd, Bonsova Properties Ltd, Thermano Properties Ltd, Venicous Properties Ltd, Lorman Properties Ltd, Eracor Properties Ltd, Rulemon Properties Ltd, Balasec Properties Ltd, Diafor Properties Ltd, Kartama Properties Ltd, Paramina Properties Ltd, Nouralia Properties Ltd, Resocot Properties Ltd, Soblano Properties Ltd, Talamon Properties Ltd, Weinar Properties Ltd, Zemialand Properties Ltd, Coeval Properties Ltd, Finevo Properties Ltd, Mazima Properties Ltd, Riveland Properties Ltd, Secretsky Properties Ltd, Senadaco Properties Ltd, Tasabo Properties Ltd, Venetolio Properties Ltd, Zandexo Properties Ltd, Odolo Properties Ltd, Molemo Properties Ltd, Samilo Properties Ltd, Alezia Properties Ltd, Enelo Properties Ltd, Monata Properties Ltd, Carilo Properties Ltd, Olisto Properties Ltd, Holstone Properties Ltd, Gelimo Properties Ltd and Philiki Ltd.

Romania: Otherland Properties Dorobanti SRL.

Further, at 30 June 2025, BOC PCL had 100% shareholding in Stamoland Properties Ltd, Unoplan Properties Ltd, Petrassimo Properties Ltd and Gosman Properties Ltd.

The main activities of the above companies are the holding of shares and other investments and the provision of services.

At 30 June 2025, BOC PCL had 100% shareholding in BOC Terra AIF V.C.I.C. Plc which is a real estate alternative investment fund, currently inactive.

At 30 June 2025, BOC PCL had 100% shareholding, either directly or indirectly, in the companies listed below which are reserved to accept property:

Cyprus: Rifelo Properties Ltd, Dadela Properties Ltd, Leziga Properties Ltd, Bavara Properties Ltd, Fernia Properties Ltd, Wolfenia Properties Ltd, Ortizelo Properties Ltd, Ellagio Properties Ltd and Amirela Properties Ltd.

In addition, BOC PCL holds 100% of the following intermediate holding companies:

Cyprus: Otherland Properties Ltd, Battersee Properties Ltd, Bonayia Properties Ltd, Janoland Properties Ltd, Imoreth Properties Ltd, Inroda Properties Ltd, Zunimar Properties Ltd, Nikaba Properties Ltd, Allioma Properties Ltd and Hydrobius Ltd.

BOC PCL also holds 100% of the following companies which are inactive:

Cyprus: Laiki Bank (Nominees) Ltd, Paneuropean Ltd, Nelcon Transport Co. Ltd, Canosa Properties Ltd, Homirova Properties Ltd and Finerose Properties Ltd.

Greece: Kyprou Zois (branch of EuroLife Ltd), Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd), Kyprou Commercial SA and Kyprou Properties SA.

BOC PCL also holds indirectly 75% of Settle Cyprus Ltd, which is inactive.

All Group companies are accounted for as subsidiaries using the full consolidation method. All companies listed above have share capital consisting of ordinary shares.

34. Group companies (continued)

Acquisitions of subsidiaries

During the six months ended 30 June 2025 and the year ended 31 December 2024 there were no acquisitions of subsidiaries.

Dissolution and disposal of subsidiaries

During the six months ended 30 June 2025, the Bank incorporated Sintras Properties Limited, a 100% subsidiary, which had been set up to accept property. On 30 June 2025, the Bank disposed of 80.1% of its shareholding in the subsidiary and the remaining 19.9% shareholding has been classified as other security measured at FVPL Note 15.

There were no material disposals of subsidiaries during the six months ended 30 June 2025. Obafemi Holdings Ltd and Thryan Properties Ltd were dissolved during the six months ended 30 June 2025. Cranmer Properties Ltd, Larizemo Properties Ltd, Rosalica Properties Ltd, Astromeria Properties Ltd, Orilema Properties Ltd, Lomenia Properties Ltd, Amary Properties Ltd, Midelox Properties Ltd, Montira Properties Ltd, Linaland Properties Ltd, Barosca Properties Ltd, Jaselo Properties Ltd, Toreva Properties Ltd, Resoma Properties Ltd, Maledico Properties Ltd and Aparno Properties Ltd were disposed of during the six months ended 30 June 2025.

As at 30 June 2025, the following subsidiaries were in the process of dissolution or in the process of being struck off: Fantasio Properties Ltd, Demoro Properties Ltd, Bramwell Properties Ltd, Battersee Real Estate SRL, Birkdale Properties Ltd, Green Hills Properties SRL, Imoreth Properties SRL, Inroda Properties SRL, Zunimar Properties SRL, Allioma Properties SRL, Landanafield Properties Ltd and Nikaba Properties SRL.

35. Events after the reporting period

Ethniki Insurance Cyprus Ltd acquisition
In April 2025, the Group announced that it reached a binding agreement for the acquisition of Ethniki Insurance Cyprus Ltd. In July 2025, following the completion of all regulatory approvals, the Group acquired a 100% interest in Ethniki Insurance Cyprus Ltd for a cash consideration of €29.3 million. Ethniki Insurance Cyprus Ltd is the parent entity of Ethniki General Insurance Cyprus Ltd (together referred as Ethniki Insurance Cyprus). Ethniki Insurance Cyprus is an established market player in the life and non-life insurance sectors in Cyprus. The acquisition is aligned with the strategy of the Group to expand its insurance operations and further improve its diversified business model. The determination of the fair values of the identifiable acquired assets and liabilities assumed is ongoing and therefore complete information on the fair values is not currently available.

Limassol wildfire
In July 2025, the wildfire in the Limassol district caused significant damages primarily on residential structures. While it is still too early to determine the full financial impact, the Group's non-life insurance subsidiary, estimates the net pre-tax cost of the recent wildfire not to exceed €5 million, but the actual impact will be determined once the assessment of damages and claims is completed and barring any unforeseen additional developments.

Interim dividend against 2025 earnings
In August 2025, the Board of Directors of the Company approved the payment of an interim dividend by the Company of €0.20 per ordinary share in respect of the Group's financial performance for the six months ended 30 June 2025. The interim dividend, to be paid, amounts to an aggregate cash dividend of €87 million (calculated by reference to the number of shares in issue as at 30 June 2025 excluding treasury shares held by the Company, which have been subsequently cancelled in July). The Consolidated Financial Statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2025.

No other significant non-adjusting events have taken place since 30 June 2025.

Independent review report to Bank of Cyprus Holdings Public Limited Company

Report on the consolidated condensed interim financial statements

Our conclusion

We have reviewed Bank of Cyprus Holdings Public Limited Company's Interim Condensed Consolidated Financial Statements (the "interim financial statements") in the Interim Financial Report of Bank of Cyprus Holdings Public Limited Company for the six month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019.

The interim financial statements, comprise:

- the Interim Consolidated Balance Sheet as at 30 June 2025;
- the Interim Consolidated Income Statement and the Interim Consolidated Statement of Comprehensive Income for the period then ended;
- the Interim Consolidated Statement of Cash Flows for the period then ended;
- the Interim Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019.

As disclosed in note 3.2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019. In preparing the Interim Financial Report including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Financial Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, Part 2 (Transparency Requirements) of the Central Bank (Investment Market Conduct) Rules 2019 and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants Dublin
4 August 2025

Alternative Performance Measures Disclosures

30 June 2025

DEFINITIONS

Adjusted recurring profitability	The Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.
Advisory and other transformation costs - organic	Comprise mainly of fees of external advisors in relation to the transformation program and other strategic projects of the Group.
Allowance for expected loan credit losses	Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale, where applicable), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers (including residual fair value adjustment on initial recognition of loans and advances to customers classified as held for sale, where applicable), (iii) allowance for expected credit losses on off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
Basic earnings per share (attributable to the owners of the Company)	Basic earnings per share (attributable to the owners of the Company) is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue during the period/year, excluding treasury shares.
Carbon neutral	The reduction and balancing (through a combination of offsetting investments or emission credits) of greenhouse gas emissions from own operations.
Cost to Income ratio	Cost to income ratio is calculated as total expenses (as defined), divided by total income (as defined).
Diluted earnings per share (attributable to the owners of the Company)	Diluted earnings per share is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue during the period/year, excluding treasury shares, adjusted to take into account the potential dilutive effect for the ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plan and Short-Term Incentive Plan, where applicable.
Green Asset ratio	The proportion of a credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets.
Green Mortgage ratio	The proportion of a credit institution's assets financing EU Taxonomy-aligned mortgages (acquisition, construction or renovation of buildings) as a share of total mortgage assets.
Gross loans	Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale, where applicable) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment. The residual fair value adjustment on initial recognition relates mainly to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired at acquisition date).

Interest earning assets	Interest earning assets include: cash and balances with central banks, loans and advances to banks, reverse repurchase agreements, net loans and advances to customers (as defined), net loans and advances to customers classified as non-current assets held for sale (where applicable), deferred consideration receivable ('DPP') (where applicable), and investments (excluding equities, mutual funds and other non-interest bearing investments).
Legacy exposures	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) Non-core overseas exposures.
Leverage ratio	The leverage ratio is the ratio of tangible total equity to total assets as presented on the balance sheet. Tangible total equity comprises of equity attributable to the owners of the Company and other equity instruments minus intangible assets.
Loan credit losses (PL)	Loan credit losses comprise: (i) credit losses to cover credit risk on loans and advances to customers (including credit losses on loans and advances to customers classified as non-current assets held for sale, where applicable), (ii) net gains/(losses) on derecognition of financial assets measured at amortised cost relating to loans and advances to customers and (iii) net gains/(losses) on loans and advances to customers at FVPL, for the reporting period/year.
Loan credit losses charge (cost of risk)	Loan credit losses charge (cost of risk) (year-to-date) is calculated as the loan credit losses (as defined) (annualised based on year-to-date days) divided by the average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance of Gross loans (as defined), for the reporting period/year.
Market Shares	Both deposit and loan market shares are based on data from the CBC.
Net Interest Margin	Net interest margin is calculated as the net interest income (annualised based on year-to-date days) divided by the quarterly average interest earning assets (as defined).
Net loans and advances to customers	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (as defined, but excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
Net loans to deposits ratio	Net loans to deposits ratio is calculated as gross loans (as defined) net of allowance for expected loan credit losses (as defined), divided by customer deposits.
Net performing loan book	Net performing loan book is the total net loans and advances to customers (as defined) excluding net loans included in the legacy exposures (as defined).
Net zero emissions	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments.
New lending	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forborne or re-negotiated accounts) as well as the average year-to-date change (if positive) of the current accounts and overdraft facilities between the balance at the beginning of the period and the end of the period. Recoveries are excluded from this calculation since their overdraft movement relates mostly to accrued interest and not to new lending.

Non-interest income	Non-interest income comprises: Net fee and commission income, Net foreign exchange gains and net gains/(losses) on financial instruments (excluding net gains/(losses) on loans and advances to customers at FVPL), Net insurance result, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property, and Other income.
Non-performing exposures (NPEs)	As per the EBA standards and the ECB's Guidance to Banks on Non-Performing Loans (which was published in March 2017), NPEs are defined as those exposures that satisfy one of the following conditions: (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due. (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy. (iii) Material exposures as set by the CBC, which are more than 90 days past due. (iv) Performing forborne exposures under probation for which additional forbearance measures are extended. (v) Performing forborne exposures previously classified as NPEs that present more than 30 days past due within the probation period. From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06) and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07). The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter. For retail debtors, when a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non-performing; otherwise only the specific part of the exposure is classified as non-performing. For non-retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non-performing. Material arrears/excesses are defined as follows: - Retail exposures: Total arrears/excess amount greater than €100, - Exposures other than retail: Total arrears/excess amount greater than €500, and the amount in arrears/excess is at least 1% of the customer's total exposure. The NPEs are reported before the deduction of allowance for expected loan credit losses (as defined).
Non-recurring items	Non-recurring items as presented in the 'Consolidated Income Statement – Underlying basis' relate to 'Advisory and other transformation costs - organic', if applicable.

NPE coverage ratio	The NPE coverage ratio is calculated as the allowance for expected loan credit losses (as defined) over NPEs (as defined).
NPE ratio	NPE ratio is calculated as the NPEs (as defined) divided by Gross loans (as defined).
Operating profit	Operating profit on the underlying basis comprises profit before loan credit losses (as defined), impairments of other financial and non-financial assets, provisions for pending litigation, claims, regulatory and other matters (net of reversals), tax, (profit)/loss attributable to non-controlling interests and non-recurring items (as defined).
Operating profit return on average assets	Operating profit return on average assets is calculated as the operating profit (as defined) (annualised based on year-to-date days) divided by the quarterly average of total assets for the relevant period. Average total assets exclude total assets of discontinued operations at each quarter end, if applicable.
Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company)	Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company) is the operating profit (as defined) adjusted for loan credit losses (as defined), impairments of other financial and non-financial assets, provisions for litigation, claims, regulatory and other matters (net of reversals), tax and (profit)/loss attributable to non-controlling interests.
Profit/(loss) after tax – organic (attributable to the owners of the Company)	Profit/(loss) after tax - organic (attributable to the owners of the Company) is the profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company) (as defined), adjusted for the 'Advisory and other transformation costs – organic', if applicable.
Return on Tangible equity (ROTE)	Return on Tangible Equity (ROTE) is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets at each quarter end.
Return on Tangible equity (ROTE) excluding amounts reserved for distributions	Return on Tangible equity (ROTE) excluding amounts reserved for distributions is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets and the amounts approved/recommended for distribution in respect of earnings of the relevant year the distribution relates to.
Return on Tangible equity (ROTE) on 15% CET1 ratio	Return on Tangible equity (ROTE) on 15% CET1 ratio is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised based on year-to-date days), divided by the quarterly average of Shareholders' equity (as defined) minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible book value at each quarter end.
Shareholders' equity	Shareholders' equity comprises total equity adjusted for non-controlling interest and other equity instruments. It is represented by equity attributable to the owners of the Company (as per statutory basis).
Tangible book value per share	Tangible book value per share is calculated as Shareholders' equity (as defined) less intangible assets at each quarter end, divided by the number of ordinary shares in issue at the end of the period/year, excluding treasury shares.

Tangible equity	Tangible equity comprises of equity attributable to the owners of the Company (as per statutory basis) and other equity instruments minus intangible assets.
Time deposits pass-through	Calculated as a percentage of the cost (interest expense) of Time and Notice deposits over the average 6-month Euribor rate for the period.
Total expenses	Total expenses on the underlying basis comprise the total staff costs, special levy on deposits and other levies/contributions and other operating expenses (excluding 'Advisory and other transformation costs-organic', (on an underlying basis)).
Total income	Total income on the underlying basis comprises the total of Net interest income, Net fee and commission income, Net foreign exchange gains and net gains/(losses) on financial instruments (excluding net gains/(losses) on loans and advances to customers at FVPL), Net insurance result, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property and Other income (on an underlying basis). A reconciliation of these amounts between the statutory and the underlying basis is disclosed in the Interim Management Report under section 'Group financial results on the underlying basis'.
Underlying basis	The underlying basis is computed by adjusting the results as per the statutory basis for the reclassification of certain items as explained in the 'Reconciliation of the Interim Consolidated Income Statement for the six months ended 30 June 2025 between the statutory basis and the underlying basis' within the Interim Management Report.

Reconciliations

Reconciliation between the Interim Consolidated Income Statement under the statutory basis and the underlying basis is included in Section 'Reconciliation of Interim Consolidated Income Statement for the six months ended 30 June 2025 between the statutory basis and the underlying basis' of the Interim Management Report.

Reconciliations between the non-IFRS performance measures and the most directly comparable IFRS measures which allow for the comparability of the underlying basis to the statutory basis are disclosed below.

For the purpose of the 'Alternative Performance Measures Disclosures', reference to 'Note' relates to the respective note in the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2025.

1. (a) Reconciliation of Gross loans and advances to customers

	30 June 2025	31 December 2024
	€000	€000
Gross loans and advances to customers as per the underlying basis *(as defined above)*	**10,793,578**	10,374,056
Reconciling items:		
Residual fair value adjustment on initial recognition *(as per table 1(b) below)*	**(54,046)**	(60,679)
Loans and advances to customers classified as held for sale *(Note 18)*	**-**	(54,921)
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	**-**	778
Loans and advances to customers measured at FVPL *(Note 18)*	**(123,259)**	(131,008)
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	**1,251**	2,179
Gross loans and advances to customers at amortised cost as per the Interim Condensed Consolidated Financial Statements *(Note 18)*	**10,617,524**	10,130,405

1. (b) Analysis of loans and advances to customers at amortised cost by stage

30 June 2025	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before residual fair value adjustment on initial recognition	9,695,897	760,878	156,302	58,493	**10,671,570**
Residual fair value adjustment on initial recognition	(49,142)	(3,982)	957	(1,879)	**(54,046)**
Gross loans at amortised cost *(Note 18)*	**9,646,755**	**756,896**	**157,259**	**56,614**	**10,617,524**

Reconciliations (continued)

1. (b) Analysis of loans and advances to customers at amortised cost by stage (continued)

31 December 2024	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before residual fair value adjustment on initial recognition	9,176,411	785,674	169,189	59,810	**10,191,084**
Residual fair value adjustment on initial recognition	(49,916)	(10,594)	1,579	(1,748)	**(60,679)**
Gross loans at amortised cost *(Note 18)*	9,126,495	775,080	170,768	58,062	**10,130,405**

2. Reconciliation of Allowance for expected credit losses (ECL) on loans and advances to customers

	30 June 2025	31 December 2024
	€000	€000
Allowance for expected credit losses (ECL) on loans and advances to customers as per the underlying basis *(as defined above)*	**234,300**	254,412
Reconciling items:		
Residual fair value adjustment on initial recognition *(as per table 1(b) above)*	**(54,046)**	(60,679)
Allowance for expected credit losses on loans and advances to customers classified as held for sale *(Note 18)*	**-**	(31,778)
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	**-**	778
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	**1,251**	2,179
Provisions for financial guarantees and commitments	**(18,590)**	(17,893)
Allowance for ECL for loans and advances to customers as per the Interim Condensed Consolidated Financial Statements *(Note 18)*	**162,915**	147,019

Reconciliations (continued)

3. Reconciliation of NPEs

	30 June 2025	31 December 2024
	€000	€000
NPEs as per the underlying basis *(as defined above)*	**188,228**	255,251
Reconciling items:		
Loans and advances to customers (NPEs) classified as held for sale *(as per table 1(a) above)*	**-**	(54,921)
Residual fair value adjustment on initial recognition of loans and advances to customers (NPEs) classified as held for sale *(as per table 1(a) above)*	**-**	778
POCI (NPEs) *(Note 1 below)*	**(31,926)**	(31,919)
Residual fair value adjustment on initial recognition on loans and advances to customers (NPEs) classified as Stage 3 *(as per table 1(b) above)*	**957**	1,579
Stage 3 gross loans and advances to customers at amortised cost as per the Interim Condensed Consolidated Financial Statements *(Note 18)*	**157,259**	170,768

NPE ratio		
NPEs *(as per table above)* (€000)	**188,228**	255,251
Gross loans and advances to customers *(as per table 1(a) above)* (€000)	**10,793,578**	10,374,056
Ratio of NPEs/Gross loans (%)	**1.7%**	2.5%

NPE Coverage ratio	**30 June 2025**	31 December 2024
Allowance for expected credit losses (ECL) on loans and advances to customers *(as per table 2 above)* (€000)	**234,300**	254,412
NPEs *(as per table above)* (€000)	**188,228**	255,251
NPE Coverage ratio (%)	**124%**	100%

Note 1: Gross loans and advances to customers at amortised cost before residual fair value adjustment on initial recognition include an amount of €31,926 thousand POCI - NPEs (out of a total of €58,493 thousand POCI loans) (31 December 2024: €31,919 thousand POCI - NPEs (out of a total of €59,810 thousand POCI loans)) as disclosed in table 1(b) above.

Reconciliations (continued)

4. Reconciliation of Loan credit losses

	Six months ended 30 June	
	2025	2024
	€000	€000
Loan credit losses as per the underlying basis	**18,721**	15,503
Loan credit losses (as defined) are reconciled to the statutory basis as follows:		
Credit losses to cover credit risk on loans and advances to customers *(Note 12)*	**15,610**	17,145
Net losses/(gains) on derecognition of financial assets measured at amortised cost – loans and advances to customers	**2,171**	(1,106)
Net losses/(gains) on loans and advances to customers measured at FVPL *(Note 9)*	**940**	(536)
	18,721	15,503

5. Reconciliation of Adjusted recurring profitability to Profit after tax for the period attributable to the owners of the Company

	Six months ended 30 June	
	2025	2024
	€000	€000
Adjusted recurring profitability as per the underlying basis *(as defined above)*	**221,576**	257,290
Reconciling items:		
Payment of coupon to AT1 holders *(Note 24)*	**13,063**	13,063
Profit after tax for the period attributable to the owners of the Company as per the Interim Consolidated Income Statement	**234,639**	270,353

Key Performance Ratios Information

1. Net Interest Margin (NIM)

The components for the calculation of net interest margin are provided below:

	Six months ended 30 June	
	2025	2024
1.1 Net interest income used in the calculation of NIM	**€000**	€000
Net interest income as per the underlying basis/statutory basis	**367,455**	419,883
Net interest income used in the calculation of NIM (annualised)	**741,000**	844,380

Key Performance Ratios Information (continued)

1. Net Interest Margin (NIM) (continued)

1.2 Interest earning assets	**30 June 2025 €000**	31 March 2025 €000	31 December 2024 €000
Cash and balances with central banks	**7,401,060**	7,197,251	7,600,726
Loans and advances to banks	**1,004,664**	1,018,603	820,574
Reverse repurchase agreements	**1,014,713**	1,015,539	1,010,170
Loans and advances to customers	**10,577,868**	10,387,055	10,114,394
Loans and advances to customers held for sale	**-**	-	23,143
Prepayments, accrued income and other assets – Deferred consideration receivable ('DPP') *(Note 20)*	**-**	145,463	143,604
Investments (Note 15)			
Debt securities	**4,649,595**	4,518,668	4,212,177
Total interest earning assets	**24,647,900**	24,282,579	23,924,788
1.3 Quarterly average interest earning assets (€000)			
- as at 30 June 2025			24,285,089
- as at 30 June 2024			23,063,896

1.4 Net Interest Margin (NIM)	**Six months ended 30 June**	
	2025	2024
Net interest income (annualised) *(as per table 1.1 above)* (€000)	**741,000**	844,380
Quarterly average interest earning assets *(as per table 1.3 above)* (€000)	**24,285,089**	23,063,896
NIM (%)	**3.05%**	3.66%

2. Cost to income ratio

2.1 Reconciliation of the components of total expenses used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.1 Total Expenses as per the underlying basis	**Six months ended 30 June**	
	2025	2024
	€000	€000
Staff costs as per the underlying basis/statutory basis	**104,869**	96,135
Special levy on deposits and other levies/contributions as per the underlying basis/statutory basis	**15,519**	18,784
Other operating expenses as per the underlying basis/statutory basis	**76,391**	70,989
Total Expenses as per the underlying basis	**196,779**	185,908

Key Performance Ratios Information (continued)

2. Cost to income ratio (continued)

2.2 Reconciliation of the components of total income used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.2.1 Total Income as per the underlying basis	**Six months ended 30 June**	
	2025	2024
	€000	€000
Net interest income as per the underlying basis/statutory basis *(as per table 1.1 above)*	**367,455**	419,883
Net fee and commission income as per the underlying basis/statutory basis	**88,182**	86,215
Net foreign exchange gains, Net gains on financial instruments and Net (losses)/gains on derecognition of financial assets measured at amortised cost as per the underlying basis *(as per table 2.2.2 below)*	**17,538**	13,227
Net insurance result* *(as per the statutory basis)*	**24,421**	22,775
Net losses from revaluation and disposal of investment properties and Net gains on disposal of stock of property *(as per the statutory basis)*	**5,858**	1,327
Other income *(as per the statutory basis)*	**5,543**	5,218
Total Income as per the underlying basis	**508,997**	548,645

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

Key Performance Ratios Information (continued)

2. Cost to income ratio (continued)

2.2.2 Reconciliation of Net foreign exchange gains, Net gains on financial instruments and Net (losses)/gains on derecognition of financial assets measured at amortised cost between the statutory basis and the underlying basis	**Six months ended 30 June**	
	2025	2024
	€000	€000
Net foreign exchange gains, Net gains on financial instruments and Net (losses)/gains on derecognition of financial assets measured at amortised cost as per the underlying basis	**17,538**	13,227
Reclassifications for:		
Net (losses)/gains on loans and advances to customers measured at FVPL disclosed within 'Loan credit losses' per the underlying basis *(as per table 4 in Section 'Reconciliations' above)*	**(940)**	536
Net (losses)/gains on derecognition of financial assets measured at amortised cost - loans and advances to customers, disclosed within 'Loan credit losses' per the underlying basis *(as per table 4 in Section 'Reconciliations' above)*	**(2,171)**	1,106
Net foreign exchange gains, Net gains on financial instruments and Net (losses)/gains on derecognition of financial assets measured at amortised cost as per the statutory basis (see below)	**14,427**	14,869
Net foreign exchange gains, Net gains on financial instruments and net (losses)/gains on derecognition of financial assets measured at amortised cost (as per table above) are reconciled to the statutory basis as follows:		
Net foreign exchange gains	**14,666**	13,034
Net gains on financial instruments	**1,932**	729
Net (losses)/gains on derecognition of financial assets measured at amortised cost	**(2,171)**	1,106
	14,427	14,869

	Six months ended 30 June	
	2025	2024
Cost to income ratio		
Total expenses *(as per table 2.1 above)* (€000)	**196,779**	185,908
Total income *(as per table 2.2.1 above)* (€000)	**508,997**	548,645
Total expenses / Total income (%)	**39%**	34%

Cost to income ratio excluding special levy on deposits and other levies/contributions	**Six months ended 30 June**	
	2025	2024
Total expenses *(as per table 2.1 above)* (€000)	**196,779**	185,908
Less: Special levy on deposits and other levies/contributions (*as per table 2.1 above*) (€000)	**(15,519)**	(18,784)
Total expenses excluding special levy on deposits and other levies/contributions (€000)	**181,260**	167,124
Total income *(as per table 2.2.1 above)* (€000)	**508,997**	548,645
Total expenses excluding special levy on deposits and other levies/contributions / Total income (%)	**36%**	30%

Key Performance Ratios Information (continued)

3. Operating profit return on average assets

The components used in the determination of the operating profit return on average assets are provided below:

	30 June 2025	31 March 2025	31 December 2024
	€000	€000	€000
Total assets used in the computation of the operating profit return on average assets per the statutory basis *(Per the Interim Consolidated Balance Sheet)*	**27,103,513**	26,840,203	26,483,592
Quarterly average total assets (€000)			
- as at 30 June 2025			**26,809,103**
- as at 30 June 2024			25,678,473

	2025	2024
Total income for the six months ended 30 June *(as per table 2.2.1 above)* - annualised (€000)	**1,026,430**	1,103,319
Total expenses for the six months ended 30 June *(as per table 2.1 above)* - annualised (€000)	**(396,820)**	(373,859)
Operating profit – annualised (€000)	**629,610**	729,460
Quarterly average total assets as at 30 June *(as per table above)* (€000)	**26,809,103**	25,678,473
Operating profit return on average assets (annualised) (%)	**2.3%**	2.8%

4. Cost of Risk

	Six months ended 30 June	
	2025	2024
	€000	€000
Loan credit losses *(as per table 4 in Section 'Reconciliations' above)* – annualised	**37,752**	31,176
Average gross loans (as defined) *(as per table 1(a) in Section 'Reconciliations' above)*	**10,583,817**	10,193,690
Cost of Risk (CoR) %	**0.36%**	0.31%

5. Basic earnings per share attributable to the owners of the Company

The components used in the determination of the 'Basic earnings per share attributable to the owners of the Company (€ cent)' are provided below:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the six months ended 30 June (€000)	**234,639**	270,353
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**438,528**	445,760
Basic earnings per share attributable to the owners of the Company for the six months ended 30 June (€ cent)	**53.5**	60.6

Key Performance Ratios Information (continued)

6. Return on tangible equity (ROTE)

The components used in the determination of 'Return on tangible equity (ROTE)' are provided below:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the six months ended 30 June (€000) - annualised	**473,167**	543,677
Quarterly average tangible shareholders' equity as at 30 June *(as per table 6.2 below)* (€000)	**2,573,173**	2,291,470
ROTE (%) - annualised	**18.4%**	23.7%

6.1 Tangible shareholders' equity	**30 June 2025**	31 March 2025	31 December 2024
	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	**2,573,578**	2,700,171	2,589,874
Less: Intangible assets (as per the statutory basis)	**(46,870)**	(47,486)	(49,747)
Total tangible shareholders' equity	**2,526,708**	2,652,685	2,540,127
6.2 Quarterly average tangible shareholders' equity (€000)			
- as at 30 June 2025			**2,573,173**
- as at 30 June 2024			2,291,470

7. Return on tangible equity (ROTE) on 15% CET1 ratio

The components used in the determination of 'Return on tangible equity (ROTE) on 15% CET1 ratio', are provided below:

	2025	2024
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the six months ended 30 June (€000) - annualised	**473,167**	543,677
Quarterly average tangible shareholders' equity adjusted for excess CET1 capital on a 15% CET1 ratio as at 30 June *(as per table 7.2 below)* (€000)	**1,820,403**	1,838,202
ROTE on 15% CET1 (%) - annualised	**26.0%**	29.6%

7.1 Tangible shareholders' equity on 15% CET1 ratio	**30 June 2025**	31 March 2025	31 December 2024
	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	**2,573,578**	2,700,171	2,589,874
Less: Intangible assets (as per the statutory basis)	**(46,870)**	(47,486)	(49,747)
Less: accrual for distribution* and FY2024 distribution **	**(155,104)**	(314,385)	(241,032)
Less: excess CET1 capital* on a 15% CET1 ratio	**(579,438)**	(517,980)	(450,371)
Total tangible shareholders' equity on 15% CET1 ratio	**1,792,166**	1,820,320	1,848,724

** Amount of foreseeable charge for shareholders' distribution accrual at the top-end range of the Group's approved distribution policy deducted from CET1 ratio as applicable.*

***FY2024 distribution is adjusted to the extent not already deducted from the Equity attributable to the owners of the Company (as per the statutory basis) at each period end. As at 30 June 2025 no amount remains to be adjusted. As at 31 March 2025, the amount relating to the proposed dividend of €0,48 per share and the amount of the approved share buyback of €30 million not yet executed, is adjusted. As at 31 December 2024, the full amount of the FY2024 distribution of €241 million is adjusted.*

Key Performance Ratios Information (continued)

7. Return on tangible equity (ROTE) on 15% CET1 ratio (continued)

7.2 Quarterly average tangible shareholders' equity on 15% CET1 ratio (€000)	
- as at 30 June 2025	**1,820,403**
- as at 30 June 2024	1,838,202

8. Tangible book value per share

	30 June 2025	30 June 2024
	€000	€000
Tangible shareholder's equity *(as per table 6.1 above)* (€000)	**2,526,708**	2,341,697
Number of shares in issue at the end of the period, excluding treasury shares (thousand)	**435,544**	444,560
Tangible book value per share (€)	**5.80**	5.27

9. Leverage ratio

	30 June 2025	31 March 2025	31 December 2024
Tangible total equity (including Other equity instruments) *(as per table 9.1 below)* (€000)	**2,746,708**	2,872,685	2,760,127
Total assets as per the statutory basis (€000)	**27,103,513**	26,840,203	26,483,592
Leverage ratio	**10.1%**	10.7%	10.4%

9.1 Tangible total equity	**30 June 2025**	31 March 2025	31 December 2024
	€000	€000	€000
Equity attributable to the owners of the Company per the statutory basis	**2,573,578**	2,700,171	2,589,874
Other equity instruments per the statutory basis	**220,000**	220,000	220,000
Less: Intangible assets per the statutory basis	**(46,870)**	(47,486)	(49,747)
Tangible total equity	**2,746,708**	2,872,685	2,760,127