HELLENIC BANK

Hellenic Bank Group

Annual Financial Report

For the year ended 31 December 2023

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INCORPORATION, ACTIVITIES AND BRANCH NETWORK

Hellenic Bank Public Company Limited (the "Bank") was incorporated in Cyprus and is a public company in accordance with the provisions of the Companies Law (Cap. 113), the Cyprus Stock Exchange Laws and Regulations and the Income Tax Laws. The Bank's registered office is located at 200, Corner of Limassol and Athalassa Avenues, 2025 Strovolos, P.O. Box 24747, 1394 Nicosia. The Bank is the holding company of Hellenic Bank Group (the "Group").

The principal activity of the Group during 2023 and up to the date of this report continued to be the provision of a wide range of banking and financial services, which include financial, investment and insurance services, custodian and factoring services and management and disposal of properties, predominantly acquired in debt satisfaction.

The Bank provides banking and financial services through its branch network and digital channels. As at 31 December 2023 the Bank's branch network included 53 branches and 156 ATMs in Cyprus.

GROUP'S STRUCTURE

The Financial Statements for the year ended 31 December 2023 comprise the Financial Statements of Hellenic Bank Public Company Limited and its subsidiary companies, which together are referred to as the Group. All group companies and details of the Bank's acquisitions and disposals of subsidiaries made during the year 2023 are presented in Note 24 of the Financial Statements.

On 30 March 2023, the Bank announced the completion of Project Starlight that also included the disposal of APS Debt Servicing Cyprus Ltd ("APS Ltd") (refer to Note 28 of the Financial Statements) a wholly owned subsidiary of the Group. The results of APS Ltd have been consolidated in the group results for the year ended 31 December 2023 until the day of its disposal.

ALTERNATIVE PERFORMANCE INDICATORS ('API')

Throughout this Report, references are made to non-IFRS measures, namely Alternative Performance Indicators ('APIs'). Management believes that, in addition to IFRS related measures, these indicators provide relevant information to the users in assessing the financial performance and position of the Group on a consistent basis. Where APIs and the reported results calculated and presented in the Financial Statements are provided on a different basis, a reconciliation of the figures is provided in 'Reconciliations' section of the Annual Financial Report.

FINANCIAL RESULTS[1, 2]

The Group's profit for the year ended 31 December 2023 amounted to €365,4 million (Bank: profit €365,7 million), (31 December 2022: Group €21,8 million, Bank €27,8 million).

Profit attributable to the shareholders of the parent company for the year ended 31 December 2023 amounted to €365,4 million compared to €21,8 million for the year ended 31 December 2022, whereas Return on Tangible Equity (ROTE) amounted to 28,7% for the year ended 31 December 2023 compared to 2,0% for the year ended 31 December 2022.

1. The Group's Annual Financial Report and the Group's Financial Results presentation for the year ended 31 December 2023 are available on the Group's website www.hellenicbank.com (Investor Relations). The Annual Financial Report is also available at the Bank's registered office.
2. On 1 January 2023, the Group adopted IFRS 17 "Insurance contracts" which replaced IFRS 4 "Insurance contracts". Comparative information for 2022 presented throughout this Report is on a restated basis unless otherwise stated. Further information on IFRS 17 is provided in Note 3 of the Financial Statements.

Income Statement Analysis

Net interest income

The Group's net interest income for the year ended 31 December 2023 was €536,3 million (Bank's €536,1 million), up by 78% (Bank: up by 78%) compared to €300,9 million (Bank: €300,8 million) for the year ended 31 December 2022. The increase in NII was mainly driven by the increase in interest income from placements with Central Banks, other banks and debt securities, following the ongoing increases in the ECB key interest rates, partially offset by higher expense on loan capital. The NII benefit from the TLTROs borrowing of c.€17,4 million recognised in the year ended 31 December 2022 ceased to exist as from November 2022, following the change in the TLTRO terms introduced by the ECB.

Interest income from the loan portfolio is higher mainly due to the increase of lending base rates, partially offset by the forgone interest income on the loan portfolio following the completion of Project Starlight in March 2023. Also, interest income for the year ended 31 December 2023 reflects the full impact of the acquisition of part of the performing loan portfolio from RCB Bank during 2022.

The interest expense on the loan capital totaling to €39,2 million (Bank and Group) in the year ended 31 December 2023 (31 December 2022: €7,7 million) is higher compared to 2022 and specifically relates to the interest expense from the issuance of MREL eligible instruments and interest expense on CCS 1 and CCS 2 securities.

The Group's and the Bank's net interest margin (NIM) for the year ended 31 December 2023 amounted to 2,75% compared to 1,60% for the year ended 31 December 2022, positively impacted by the increase in NII due to the increasing interest rate environment, as explained above, despite the increase in the average interest-bearing assets. The increase in the average interest-bearing assets during the year ended 31 December 2023 was driven mainly by the increase in the cash and balances with Central Banks, mostly as a result of the proceeds received from the completion of Project Starlight, the issuance of Tier 2 Subordinated Notes and the level of customer deposits during the fourth quarter of 2022, as well as the increase in debt securities.

Adjusting for the TLTRO borrowing of €2,3 billion, removing the TLTRO from the average interest-bearing assets, NIM for the year ended 31 December 2023 increases to 3,12%, while for 2022 the adjusted NIM, removing also the respective benefit recognised during FY2022 in NII increases to 1,72%.

Non-interest income

The Group's total non-interest income for the year ended 31 December 2023 amounted to €128,0 million (Bank's €123,7 million) and recorded an increase of 26% (Bank increase 19%) compared to €101,5 million (Bank's €104,1 million) for the year ended 31 December 2022. The increase was mainly driven by higher net gains on disposal and revaluation of foreign currencies and financial instruments and other income, while the increase in net fee and commission income was partially offset by the decrease in net income from insurance operations.

Net gains on disposal and revaluation of foreign currencies and financial instruments

The Group's net gains on disposal and revaluation of foreign currencies and financial instruments for the year ended 31 December 2023 amounted to €14,6 million (comprising net gains on foreign currencies of €7,3 million and net gains on disposal and revaluation of financial instruments of €7,3 million) (Bank: €10,6 million) compared to €0,5 million (Bank: €6,1 million) for the year ended 31 December 2022. This increase was mainly due to net revaluation gains incurred in the year ended 31 December 2023 (€8,1 million) as opposed to net revaluation losses on financial instruments incurred in the year ended 31 December 2022 (€6,7 million) driven by the favourable market conditions during 2023. The Group net revaluation gains were partially offset by the net losses on disposal of financial instruments in the year ended 31 December 2023, mainly relating to the disposal of Credit Suisse bonds of €0,9 million, held by the insurance companies of the Group, incurred in the first quarter of 2023.

Net fee and commission income
Net fee and commission income for the year ended 31 December 2023 was €72,8 million (Bank: €78,0 million) and recorded an increase of 6% (Bank: increase by 6%), compared to €68,7 million (Bank: €73,4 million) for the year ended 31 December 2022. The increase was mainly due to higher banking fees and commissions, as a result of higher credit related fees and other banking commissions.

Net income from insurance operations
Net income from insurance operations amounted to €14,3 million for the year ended 31 December 2023, down by 23% compared to €18,6 million in the year ended 31 December 2022. The decrease in the net insurance service result during 2023, was mainly due to the increase in net expenses from reinsurance contracts, held primarily due to lower profit commissions from reinsurers and lower recoverable incurred claims, partially offset by higher insurance service revenue. The net income from insurance operations was also negatively affected by the increase in insurance finance expenses incurred during the year ended 31 December 2023, as a result of the changes in interest rates and yield curves, despite the higher return of the underlying assets.

Other income
Other income for the year ended 31 December 2023 amounted to €26,2 million (Bank: €35,1 million) increased by 92% (Bank: increase 43%) compared to €13,6 million in the year ended 31 December 2022 (Bank: €24,5 million) mainly due to the favourable outcome of a disputed amount of c.€3,0 million from KEDIPES as well as an amount of c.€8,5 million relating to the recovery of VAT on common expenses relating to prior years, following the recent approval obtained by the Tax Department on the method used by the Bank, both included in sundry income.

Total net income of the Group for the year ended 31 December 2023 amounted to €664,3 million (Bank: €659,8 million), up by 65% compared to €402,4 million (Bank: €402,8 million) in the year ended 31 December 2022, driven mainly by the increase in net interest income, net gains on disposal and revaluation of foreign currencies and financial instruments and other income.

Expenses
The Group's total expenses for the year ended 31 December 2023 amounted to €259,1 million (Bank: €257,7 million) down by 24% compared to €342,5 million (Bank: €348,1 million) (Bank decrease of 26%) for the year ended 31 December 2022, mainly driven by the restructuring costs recognised during 2022. Additionally, during the year ended 31 December 2023, total expenses have decreased further mainly due to lower staff costs, partially offset by higher administrative and other expenses.

Staff costs
The Group's staff costs for the year ended 31 December 2023 amounted to €119,3 million down by 16% compared to €141,7 million for the year ended 31 December 2022 and accounted for 46% the Group's total expenses (2022: 52%, excluding restructuring costs amounting to €70,9 million). The Bank's staff costs for the year ended 31 December 2023 amounted to €118,2 million and compared to €140,3 million for the year ended 31 December 2022, recorded a decrease of 16% and accounted for 46% of the Bank's total expenses, (2022: 50%, excluding restructuring costs amounting to €66,4 million). The main driver for the reduction in Staff costs was the decrease in the number of staff employed by the Group during 2023, as a result of the Voluntary Early Exit Scheme (VEES) which took place in the fourth quarter of 2022. Also, during the year ended 31 December 2022 a payment was made in relation to the re-instatement of ex-Cooperative Credit Institutions' (ex-CCI) employees' salaries to 2013 levels, effective from 1 January 2019. This was partially offset by the higher COLA and salary increments applicable for each employee as per the expired Collective Agreement paid by the Group during the year 2023. The analysis of staff costs is disclosed in Note 12 of the Financial Statements.

Restructuring costs
On 29 November 2022, the Bank announced the successful completion of a Voluntary Early Exit Scheme (the “Scheme”), in line with the Bank’s strategy to reduce its operating costs and achieve sustainable profitability. The Scheme was offered to employees of the Bank and its subsidiaries (the “Group”) to voluntary exit from the Group in consideration for an ex-gratia amount. The total number of employees of the Group that were approved to participate in the Scheme were 446 (c.16% of the Group’s employees) of which 394 employees had their employment terminated during the fourth quarter of 2022 while the remaining terminated their employment contract during the first quarter 2023. The annual payroll cost of these employees was around €30 million, with the respective saving commencing from 2023, notwithstanding any salary increases for the remaining staff. Total cost of the scheme was €70,9 million for the Group and €66,4 million for the Bank.

Administrative and other expenses
The Group’s total administrative and other expenses for the year ended 31 December 2023 amounted to €117,4 million, increased by 11% compared to €105,9 million for the year ended 31 December 2022. The Bank’s total administrative and other expenses for the year ended 31 December 2023 amounted to €117,3 million compared to €117,5 million for the year ended 31 December 2022.

The YoY increase of the Group’s total administrative and other expenses was primarily driven by the Debt Servicer’s administration fees, specifically the management and success fees of APS Debt Servicing Cyprus Ltd (“APS Ltd”) that were eliminated on consolidation for the year ended 31 December 2022 when the entity was a subsidiary. On 1 December 2023 APS Debt Servicing Cyprus Ltd was absorbed by Themis Portfolio Management Limited (“Themis Ltd”) and Themis Ltd replaced APS Ltd as the Bank’s debt servicer.

The total administrative and other expenses were also affected by the increase in the Special Levy on Credit Institutions and Deposit Guarantee Scheme (DGS) contribution. The Bank is subject to the contribution to Deposit Guarantee Fund (DGF) on a semi-annual basis from 2020 and until 3 July 2024. The total contribution for the year ended 31 December 2023 was set at €8,0 million (31 December 2022: €5,8 million). The DGS contribution was affected by the revised methodology for calculating contributions to the Deposit Guarantee Fund (DGF), as publicly available on the CBC’s website as well as by the increase in covered deposits on the corresponding reference dates.

Analysis of administrative and other expenses and total fees relating to the Group's statutory auditors is disclosed in Note 13 of the Financial Statements.

The Group’s cost to income ratio for the year ended 31 December 2023 was 39% compared to 85% for the year ended 31 December 2022. The Bank’s cost to income ratio for the year ended 31 December 2023 was 39% in comparison to 86% for 31 December 2022.

The Group’s cost to income ratio, adjusted for the Special Levy, DGS Contribution, Transformation costs and Restructuring costs is decreased to 33% and 59% for the year ended 31 December 2023 and for the year ended 31 December 2022 respectively. The YoY decreases were driven mainly by the increase in total net income.

Impairment losses on financial instruments and non financial assets

Impairment losses on financial instruments
The Group charge for impairment losses on financial instruments amounted to €7,2 million for the year ended 31 December 2023 (Bank: €7,2 million) compared to €18,2 million for the year ended 31 December 2022 (Bank: €18,2 million).

The impairment losses on the loan portfolio remained relatively stable for the year ended 31 December 2023 compared to impairment losses for the year ended 31 December 2022. The most significant impact during the FY2023 was the update of the LGD models to reflect the Bank's expectation on how NPLs will be resolved going forward primarily relating to retail secured loans as well as 12-month ECL booked on new lending. This impairment charge was partially offset by releases from the update of the IFRS 9 PD model and resolutions executed above book value. The update of IFRS 9 PD model reflected the latest macroeconomic projections and the EURIBOR/Bank's base rate projections, as well as the latest available data on both individually and collectively assessed loan portfolios.

Additionally, as at the third quarter of 2023, the probability weights for each macroeconomic scenario (Baseline, Optimistic and Pessimistic scenario) used for IFRS 9 purposes were rebalanced back to the pre-conflict levels (from 50%-20%-30% to 50%-25%-25% for Baseline, Optimistic and Pessimistic scenario respectively) and remained unchanged during the last quarter of 2023. Since the financial year 2022, uncertainties are gradually reducing following the start of the Russian-Ukraine conflict, the high inflation rates are gradually returning back to lower levels, key economic sectors are stabilising and labour market is performing well, as unemployment is continuously dropping approaching levels of almost full employment.

Impairment losses on other financial assets incurred during the year ended 31 December 2023, related mainly to the APS indemnification asset and claims receivable from KEDIPES, as well as impairment losses on other receivables. These were mainly driven by the normal activity of the perimeter, as well as from the negative impact from the update of the impairment model parameters, the impact of dispute resolution with KEDIPES and data quality corrections.

The Group's and the Bank's cost of risk for the year ended 31 December 2023 and for the year ended 31 December 2022 amounted to 0,14% and -0,01% respectively. Adjusting for the cash flows re-estimation of the APS indemnification asset, the adjusted cost of risk for FY2023 and 2022 amounted to 0,24% and 0,20% respectively.

Impairment losses on non-financial assets
The Group's impairment losses on non-financial assets for the year ended 31 December 2023 amounted to €9,2 million and increased by 35% compared to €6,8 million in the year ended 31 December 2022. Impairment losses on non-financial assets include mainly an amount of €8,1 million (FY2022: €6,8 million) impairment losses of stock of property resulting from the reassessment of the net realisable value (NRV) of the REOs portfolio, in accordance with the Group's policies.

Impairment losses on non-financial assets for the year ended 31 December 2023 also include impairment losses of property, plant and equipment (PPE) of €1,1 million (Bank: €0,7 million) (2022: Nil) (net surplus in the revaluation reserve of €9,8 million (Bank: €8,4 million)) following the revaluation of land and buildings during the year ended 31 December 2023 carried out by qualified valuers by applying valuation methodologies recommended by the internationally accepted valuation standards.

Further analysis is disclosed in Note 15 of the Financial Statements.

Negative goodwill
In the year ended 31 December 2022, a negative goodwill of €4,8 million was recognised in the Income Statement of the Group and the Bank as a result of the acquisition of part of RCB Bank's banking operations (refer to section Loan Portfolio Quality), representing the difference between the fair value of the consideration payable and the net fair value of the identifiable assets acquired and the liabilities assumed.

Taxation
The Group's taxation for the year ended 31 December 2023 amounted to a tax charge of €47,4 million (31 December 2022: €10,2 million), which includes a current tax charge of €47,7 million on taxable profits (31 December 2022: €10,1 million) and a deferred tax credit of €0,3 million (31 December 2022: €0,1 million deferred tax charge).

The Bank's taxation for the year ended 31 December 2023 amounted to a tax charge of €46,1 million (31 December 2022: €8,6 million), which includes a current tax charge of €45,1 million on taxable profits (31 December 2022: €8,2 million) and a deferred tax charge of €1,0 million (31 December 2022: €0,4 million deferred tax charge).

Statement of Financial Position Analysis

As at 31 December 2023, the Group's total assets amounted to €20,1 billion (Bank: €20,0 billion) and remained at similar levels compared to €20,0 billion as at 31 December 2022 (Bank: €19,9 billion).

The increase in investments in debt securities and placements with other banks was partially offset by the decrease in assets and disposal group held for sale, following the completion of Project Starlight and the decrease in balances with Central banks. The decrease in balances with Central Banks was the result of the reduction in customer deposits, partially offset by the proceeds received from the completion of Project Starlight and the issuance of Tier 2 Subordinated Notes. These available funds were mainly utilised to increase the Group's investments in debt securities and placements with other banks.

Funding

Deposits
The Group's and the Bank's customer deposits amounted to €15,3 billion as at 31 December 2023 (31 December 2022: €15,9 billion) and decreased by 4% since 31 December 2022. Deposits comprised of €14,3 billion deposits in Euro (31 December 2022: €14,7 billion) and €1,0 billion deposits in foreign currencies (31 December 2022: €1,2 billion), mostly in US Dollars. The Group has a primarily retail customer deposit base and c.70% of total customer deposits are protected under the deposit guarantee scheme.

The Bank's deposits market share was 29,4% as at 31 December 2023, compared to 30,7% as at 31 December 2022. Deposits' market share as at 31 December 2023 consists of 37,3% Households deposits (31 December 2022: 38,4%) and 19,8% Non-financial corporations deposits (31 December 2022: 21,1%).

The net loans to deposits ratio was 39,4% as at 31 December 2023, compared to 39,1% as at 31 December 2022. Pro forma for HFS portfolio the net loans to deposits ratio is reduced to 39,3% and 37,9% as at 31 December 2023 and 31 December 2022, respectively.

Funding by Central banks
Funding by Central banks amounted to €2,3 billion as at 31 December 2023 and remained at the same level compared to 31 December 2022.

In June 2021, given the favourable borrowing terms and despite the comfortable liquidity position, the Bank participated in the 8th series of the TLTROs III by borrowing an amount of €2,3 billion. The borrowing is for a 3 year duration (26 June 2024) and the Bank has the option to repay (partially or fully) on a quarterly basis starting from June 2022 onwards. It is noted that the European Central Bank (ECB) has decided to amend the favourable borrowing terms of the TLTRO as from 23 November 2022 by setting the borrowing rate equal to the average applicable ECB Deposit Facility Rate from that date onward.

Loan capital
Loan capital amounted to €442 million, including accrued interest, as at 31 December 2023 compared to €232 million as at 31 December 2022. The increase in loan capital since the year end 2022 relates to the issuance of Tier 2 Subordinated Notes of €200 million in March 2023. This issue constitutes the Bank's inaugural Tier 2 transaction under the EMTN Programme.

The Notes were issued at par with a fixed coupon of 10,25% per annum. The maturity date of the Notes is 14 June 2033 and are callable at par for a 3-month period commencing on 14 March 2028. The Notes were admitted to trading on the Luxemburg Stock Exchange's Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange.

Additional information on Loan capital is disclosed in Note 36 of the Financial Statements.

Liquidity
As at 31 December 2023, the Group was in compliance with all regulatory liquidity requirements.

The Group's Liquidity Coverage ratio (LCR) was 542% as at 31 December 2023, compared to 444% as at 31 December 2022, which is above the minimum regulatory limit of 100%. The liquidity surplus in LCR as at 31 December 2023 amounted to €7,4 billion, compared to €6,8 billion as at 31 December 2022.

The Group's NSFR was 217% as at 31 December 2023, compared to 184% as at 31 December 2022. This is considerably higher than the minimum regulatory requirement of 100%. The NSFR liquidity surplus for 31 December 2023 reached €8,1 billion compared to €7,8 billion as at 31 December 2022.

Additional information on liquidity requirements will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website www.hellenicbank.com/en/group/pillar-3-disclosures.

Loans
The Group's gross loans amounted to €6.166 million as at 31 December 2023 compared to €6.963 million as at 31 December 2022, reduced by 11% since the year ended 31 December 2022 mainly as a result of the completion of Project Starlight.

Pro forma for HFS portfolio, gross loans amounted to €6.162 million as at 31 December 2023 compared to gross loans of €6.223 million as at 31 December 2022 and remained stable, as repayments continue to offset new lending.

As at 31 December 2023, the Group's net loans and advances to customers amounted to €6.024 million compared to net loans and advances to customers of €6.033 million as at 31 December 2022, remaining at similar levels since year end.

Additionally, as at 31 December 2023, net loans and advances to customers of €3 million were classified as held for sale in accordance with IFRS 5, compared to €192 million as at 31 December 2022. The significant decrease in net loans and advances to customers classified as held for sale is mainly due to the completion of Project Starlight.

The Bank's loan market share as at 31 December 2023 was 25,8% (31 December 2022: 27,7%) and consists of 32,9% Household loans (31 December 2022: 34,7%) and 21,8% Non-financial corporations loans (31 December 2022: 24,6%).

During 2023, total new lending amounted to €1.204 million, of which €219 million related to total green new lending representing 18% of the total new lending of the Bank, recording an increase of 2% compared to new lending of €1.179 million for 2022. New lending in 2023 comprised of €463 million of retail loans (of which €343 million were housing loans), €358 million of corporate loans, €165 million of commercial loans and €218 million of shipping and international credit loans. The Bank continued providing lending to creditworthy businesses and households while at the same time focusing on managing early arrears and avoiding new NPLs.

Loan Portfolio Quality

As part of its ongoing NPE deleveraging efforts, the Bank completed the sale of a non-performing loan portfolio with gross carrying amount €0,7 billion in the first quarter of 2023 as part of the Project Starlight. Furthermore, a NPE portfolio with gross carrying amount of €4 million has been classified as a disposal group held for sale in the fourth quarter of 2023. References to pro forma figures and APIs disclosed throughout this report as at 31 December 2023 and 31 December 2022 refer to the NPE portfolio classified as a disposal group held for sale, which was excluded. Where figures are provided on a pro forma basis, this is stated and referred to as “Pro forma for held for sale” or “Pro forma for HFS”. Where figures and APIs disclosed are provided on a different basis, this is stated.

Project Starlight
On 30 March 2023, the Bank announced the completion of Project Starlight, the agreement for which was announced on 11 April 2022.

Project Starlight refers to the sale of a non-performing exposures (“NPE”) portfolio and the sale of APS Debt Servicing Cyprus Ltd (the “APS Debt Servicer”). This was a package transaction involving (a) the securitisation of c. €1,4 billion NPEs (the “Starlight Portfolio”) at 31 December 2022 and (b) the sale of the Bank’s servicing platform, APS Debt Servicer, to Themis Portfolio Management Ltd (an indirect subsidiary of Oxalis Holding S.A.R.L. (“Oxalis”) which is an entity managed and advised by Pacific Investment Management Company LLC (“PIMCO”)), and (c) a long term exclusive servicing agreement for the management of the residual NPE portfolio of the Bank and any additional future defaults that might arise (the “Transaction”).

Project Starlight has significantly de-risked the Bank’s statement of financial position by reducing its NPE ratio to 2,6% as at 31 December 2023 from 13,5% as at 31 December 2022, excluding the NPEs covered by the APS agreement. This allows the Bank to normalize its cost of risk as well as to benefit from the interest income stemming from the 66,7% retention of the Senior Note.

The completion of Project Starlight had a positive capital impact of c.70 bps on the Group’s CET1 ratio, reflecting the portfolio deconsolidation, the Bank’s investments in the Senior Note and the Mezzanine Note based on the risk-weighted amount as at 30 March 2023, and the gain relating to the sale of APS Debt Servicer (€20,7 million).

Out of the total consideration of €37 million for the sale of APS Debt Servicer, €4,5 million have been received from APS Debt Servicer in the form of dividends, before the completion date. On completion, a cash consideration of €27,5 million was received and recognised. The remaining €5,0 million, comprising deferred consideration linked with the achievement of certain targets has not been recognised, as it is not expected that the set targets will be achieved.

Through the servicing agreement for the management of the Bank’s residual NPE portfolio as well as any future NPE formation, the Bank expects to achieve further NPE deleveraging from its partnership with PIMCO given the latter’s long-standing experience and track record in the NPE sector in Europe.

Non-performing exposures reduction
The Group’s non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) amounted to €464 million as at 31 December 2023, compared to €1.335 million as at 31 December 2022, decreasing 65% since year end (NPEs excluding NPEs covered by the APS agreement amounted to €0,2 billion as at 31 December 2023 and €1,0 billion 31 December 2022).

The reduction of NPEs during FY2023 was mainly driven by the completion of Project Starlight as well as non-contractual write offs executed in the third quarter of 2023 of c.€50 million.

Pro forma for HFS portfolio, NPEs are reduced to €460 million as at 31 December 2023 and €610 million as at 31 December 2022, (NPEs excluding NPEs covered by the APS agreement amounted to €0,2 billion as at 31 December 2023 and 31 December 2022).

Terminated loans included in NPEs amounted to €281 million as at 31 December 2023 (31 December 2022: €1.003 million). Gross loans with forbearance measures amounted to €404 million as at 31 December 2023 (31 December 2022: €859 million). Pro forma for HFS portfolio, terminated loans included in NPEs amounted to €276 million as at 31 December 2023 (31 December 2022: €341 million) and gross loans with forbearance measures amounted to €400 million as at 31 December 2023 (31 December 2022: €584 million).

The Group's NPE ratio as at 31 December 2023 was 7,5% compared to 19,2% as at 31 December 2022. The ratio excluding the NPEs covered by the APS agreement as at 31 December 2023 was 2,6% compared to 13,5% as at 31 December 2022. Pro forma for HFS portfolio, the NPE ratio was reduced to 7,5% as at 31 December 2023 (31 December 2022: 9,8%), while the NPE ratio excluding the NPEs covered by the APS agreement was 2,5% as at 31 December 2023 (31 December 2022: 3,6%).

The net NPEs to total assets ratio as at 31 December 2023 was 1,6% (31 December 2022: 3,0%), while the net NPEs to total assets ratio excluding the NPEs covered by the APS agreement as at 31 December 2023 was at 0,5% (31 December 2022: 1,4%). Pro forma for HFS portfolio, the net NPEs to total assets ratio was 1,6% as at 31 December 2023 (31 December 2022: 2,1%), while the net NPEs to total assets ratio excluding the NPEs covered by the APS agreement was 0,5% as at 31 December 2023 and 31 December 2022.

Total accumulated impairment losses
The Group's and the Bank's total accumulated impairment losses amounted to €139 million as at 31 December 2023 (31 December 2022: €738 million) and represented 2,2% of the total gross loans (31 December 2022: 10,6%). Total accumulated impairment losses over gross loans excluding the loans covered by the APS agreement was 1,8% as at 31 December 2023 (31 December 2022: 12,1%).

Pro forma for HFS portfolio total accumulated impairment losses over gross loans, the ratio was 2,2% as at 31 December 2023 (31 December 2022: 3,0%), while excluding the loans covered by the APS agreement the ratio was 1,8% as at 31 December 2023 (31 December 2022: 2,7%). The reduction in 2023 is mainly due to the completion of Project Starlight.

The Group's NPEs provision coverage was 30% as at 31 December 2023 (31 December 2022: 55%), while excluding the NPEs covered by the APS agreement, the ratio is adjusted to 40% as at 31 December 2023 (31 December 2022: 70%).

Pro forma for HFS portfolio the NPEs provision coverage ratio was 30% as at 31 December 2023 (31 December 2022: 31%), while excluding the NPEs covered by the APS agreement the ratio was 41% as at 31 December 2023 (31 December 2022: 51%). The decrease in NPEs provision coverage ratio during the year ended 31 December 2023 was mainly due to non-contractual write offs executed in third quarter of 2023 of c.€50 million.

Taking into account tangible collaterals the net NPEs collateral coverage ratio was 126% as at 31 December 2023 (31 December 2022: 157%), while excluding the NPEs covered by the APS agreement and the corresponding tangible collateral and provisions of the NPEs covered by the APS agreement, the ratio is adjusted to 139% as at 31 December 2023 (31 December 2022: 211%). Pro forma for HFS portfolio the ratio remained at 126% as at 31 December 2023 (31 December 2022: 120%), while excluding the NPEs covered by the APS agreement the ratio remained at 139% as at 31 December 2023 (31 December 2022: 152%).

Investment assets
The Group's investment assets comprise cash and balances with Central Banks, placements with other banks, investments in debt securities and investments in equity securities and collective investment units. The Bank's investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities and investments in equity securities. The Group's carrying value of investment assets amounted to €13.622 million as at 31 December 2023 (31 December 2022: €13.281 million), increased by 3% compared to 31 December 2022 and represented 68% of the Group's total assets (31 December 2022: 67%). The Banks carrying value of investment assets amounted to €13.517 million as at 31 December 2023 (31 December 2022: €13.188 million), increased by 2% compared to 31 December 2022 and represented 68% of the Group's total assets (31 December 2022: 66%).

The Group's cash and balances with Central Banks and placements with other banks amounted to €8.505 million (Bank: € 8.497 million) as at 31 December 2023 (31 December 2022: €8.749 million) (Bank: €8.740 million). Most foreign currency placements were with P-1 rated banks. Cash and balances with Central Banks and placements with other banks decreased by 3% compared to 31 December 2022.

The Group's investments in debt securities amounted to €4.985 million as at 31 December 2023 (31 December 2022: €4.424 million), up by 13% and represented 25% of total assets (31 December 2022: 22%). The Bank's investments in debt securities amounted to €4.984 million as at 31 December 2023 (31 December 2022: €4.417 million), up by 13% and represented 25% of total assets (31 December 2022: 22%). The net increase in both the Group and the Bank was mainly due to acquisitions of debt securities partially offset by maturities and disposals of debt securities during 2023. The Group's and the Bank's investments in debt securities comprised mainly high-grade investments in financial institutions senior unsecured bonds, covered bonds, RMBS (Residential Mortgage-Backed Security), CLOs (Collateralised Loan Obligations), sovereign bonds including CGB (Cyprus Government Bonds), supranational bonds and High Yield Corporate bonds through discretionary Asset Manager mandates.

As at 31 December 2023, investments in financial institutions and securitisations represented 47% and 20% of the Group's and the Bank's investments in debt securities respectively (31 December 2022: 46% and 17% respectively).

The CGBs held by the Group as at 31 December 2023 amounted to €571 million (Bank: €570 million) and decreased by 28% compared to €790 million (Bank: €790 million) as at 31 December 2022, mainly due to maturities and disposals. Out of the total CGB held by the Group and the Bank as at 31 December 2023, €66 million will mature within a period of less than 1 year, €246 million will mature within 1 and 5 years and the remaining €259 million will mature within 5 and 10 years.

SHARE CAPITAL

At 31 December 2023, 412.805.230 fully paid ordinary shares were in issue, with a nominal value of €0,50 each (31 December 2022: 412.805.230 fully paid shares with a nominal value €0,50 each).

Details on share capital of the Bank are disclosed in Note 37 of the Financial Statements.

There are no restrictions on the transfer of the Bank's ordinary shares, other than the provisions of the Business of Credit Institutions Law of Republic of Cyprus which require the approval of the Central Bank of Cyprus (CBC) prior to acquiring shares of the Bank above certain thresholds and the requirements of the EU Market Abuse Regulation.

The Bank's issued ordinary shares do not carry special control rights.

CAPITAL MANAGEMENT

The objective of the Bank's capital and leverage policy is to maintain sufficient capital and leverage levels and ratios by complying with the legal and regulatory framework requirements as well as any internal capital buffers set while safeguarding the best interests of shareholders and supporting the Group's business strategy.

Throughout this Report, the capital and leverage ratios, as well as MREL ratio, as at 31 December 2023, include interim reviewed profits for the six-month period ended 30 June 2023 following permission granted by the Supervisory Authorities, in accordance with the ECB Decision (EU) 2015/656 on the conditions under which credit institutions are permitted to include interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR. These ratios are referred to as "regulatory ratios" and have been calculated in accordance with the legal framework in relation to the CRR capital requirements. The ratios which include audited profits for the second half of 2023, for which the Bank has not yet obtained the abovementioned permission, are referred to as "pro forma ratios".

As at 31 December 2023, the Group's regulatory Total Capital ratio amounted to 25,00% (Bank: 24,91%), the Tier 1 ratio amounted to 21,65% (Bank: 21,56%) and the Common Equity Tier 1 ratio (CET 1) amounted to 19,48% (Bank: 19,39%).

Including audited profits for the second half of 2023, the Group's pro forma Total Capital ratio amounted to 28,37% (Bank: 28,25%), the Tier 1 ratio amounted to 25,01% (Bank: 24,91%) and the CET 1 ratio amounted to 22,84% (Bank: 22,74%).

The Group's risk weighted assets as at 31 December 2023 amounted to €5.968 million (Bank: €5.978 million).

The Group's capital ratios remain above the minimum SREP requirements.

The Group's regulatory Leverage ratio as at 31 December 2023 amounted to 6,21% (Bank: 6,19%). Including audited profits for the second half of 2023, the Group's pro forma Leverage ratio increases further to 7,17% (Bank: 7,15%).

Additional information on the capital management of the Group is disclosed in Note 49 of the Financial Statements and in the "Additional risk and capital information for the year ended 31 December 2023" section 2 "Capital management".

ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 17, which replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure for insurance contracts, became effective on 1 January 2023, and as required by the Standards, the Group has restated comparative information retrospectively from 1 January 2022. The new standard introduces new profit emergence patterns and requires insurance liabilities to be measured at a current fulfilment value aiming to a more uniform measurement and presentation approach for all insurance contracts.

On transition on 1 January 2022, the Group's total equity increased by €11,6 million, being an amount of €12,0 million positive impact from the Life-Insurance subsidiary and €0,4 million negative impact from the Non-Life insurance subsidiary. For the year ended 31 December 2022, the impact on the Group's Total Equity as at 31 December 2022 as reported under IFRS 4 has increased by €9,2 million as restated under IFRS 17, being an amount of €8,6 million positive impact from the Life-Insurance subsidiary and €0,6 million positive impact from the Non-Life insurance subsidiary.

Details on the Group's accounting policies and financial results are disclosed in Note 3 and Note 30 of the Financial Statements respectively.

DIVIDEND

Any recommendation for dividend is subject to regulatory approval. The Bank is currently not proceeding with the declaration of dividend for year 2023 due to regulatory restriction.

STRATEGIC TARGETS AND OUTLOOK

In delivering its strategy, the Bank is committed to remain a strong bank that meets the expectations of its shareholders, employees, clients and the society.

The overarching narrative for Cyprus remains positive, despite the effect of the Russian/Ukraine conflict and the crisis in Middle East. During the first nine months of 2023 GDP growth increased by 2,5% compared to 2022 and unemployment declined to 6,2% (from 6,7% during the first nine months of 2022). Inflation rate in 2023 abated to lower levels closing at 3,9% (from 8,1% during 2022). We expect that, in 2024, the economy will grow by 2,75% compared to 2023 and unemployment will drop further to 5,75%. Although the Bank maintained the credit quality of the portfolio, as the geopolitical uncertainties remain high, especially after the commence of the recent Middle East crisis that started during October 2023, these could negatively impact lending in specific sectors. The ability of certain borrowers to repay their obligations may be adversely affected and, consequently, the amount of expected credit risk losses may increase.

The Bank is closely monitoring the affected loan portfolio and applies an effective, efficient and comprehensive arrears management of incremental credit risk of the exposures, with the use of early warning indicators and behavioural scoring models, in order to mitigate the risk of potential new defaults. With a sizable part of the loan portfolio already assessed through lifetime provisioning, a portion of performing loans covered by the Asset Protection Scheme and a sale of a non-performing exposures portfolio, the Bank is able to normalize its cost of risk going forward. The Bank aims to remain in a robust position and will continue focusing on strengthening and improving its market position by supporting the real economy.

The Bank’s strategy, as approved by the Board of Directors in December 2023, comprises of five pillars: Growth, ESG, Asset Quality, Cost Optimisation and Capital & Funding Optimisation. The Bank intends to continue to carry out its role in supporting the economy, while safeguarding its shareholders’ value through prudent policies and in line with the Bank’s target risk profile. In 2023, the Bank granted €1,2 billion of new lending to viable households and businesses.

At the same time, the Bank is executing a Transformation Plan with the aim to enhance customer experience, increase revenues, whereas at the same time drive efficiency. The Bank’s transformation strategy embraces advancements in technology and data analytics and aims for digital enhancements and process streamlining, with emphasis on improving the customer service.

The Bank is able to effectively tackle its NPEs in an accelerated way and with higher recoveries. Moreover, the Bank accelerated the de-risking of its non-performing exposures through the sale of an NPE portfolio in the first quarter of 2023, following the completion of Project Starlight.

The Bank has sufficient liquidity, allowing the exploitation of opportunities in various sectors of the domestic market, with a long-term strategy to selectively expand into other jurisdictions. The Bank aims to continue its pivotal role in the support of the real economy, financing creditworthy Cypriot businesses and households with a comprehensive range of quality banking services and within its risk appetite. The focus of new loans will continue to be to companies that increase the competitiveness and productivity of the country, such as in the sectors of retail trade, manufacturing, health, education, energy and renewables, transportation and storage, information and communication and hospitality. At the same time, loans to individuals are geared toward mortgages. The Bank stands ready to support the needs of all its clients, households and businesses.

The Bank monitors closely the developments in the Cypriot, European and Global economic environment and assesses the situation as it is evolving, whilst continuing the implementation of its strategy. The operating environment remains challenging; however the Bank aims to remain vigilant of developments and to turn these challenges into opportunities.

Below we indicate the revised Medium-Term financial targets, following the Bank's updated Strategic Plan. The Strategic Plan and the MTT relate to the Group on a standalone basis and do not take into account the potential impact from any developments regarding the Bank's shareholding:

	FY2022	FY2023	Medium-Term Targets[3] (revised)	Medium-Term Targets[3] (previously)
Asset Quality				
NPE Ratio[4]	13,5%[5]	2,5%[5]	c.3%	c.3%
Cost of Risk[6]	0,2%	0,2%	c.50 bps	c.50 bps
Profitability				
Cost to income ratio[7]	60%[8]	34%	c.45%	<50%
ROTE	2,0% / 8,6%[8]	28,7% / 27,1%[9]	c.13%	>10%
Capital & Funding				
CET 1 ratio (transitional basis)	18,1%[10]	22,8%[11]	>14,0%	>14,0%
New lending	1.179 million	1.204 million	>1,2 billion per annum	>1,2 billion per annum

Updated Strategic Plan 2024-2028

The Bank's vision is to be customers' primary bank in Cyprus for the experience offered and to be the safest, most reliable partner, always supporting customer's aspirations. The aim is to build a sustainable bank, through achieving sustainable growth and low NPLs and a commitment to net-zero emissions.

The Medium-Term financial targets for Asset Quality and Capital & Lending have been reconfirmed, whilst the targets for the Cost to income ratio and for ROTE have been amended to c.45% and c.13%, respectively (compared to previous MTT of <50% and >10%).

RISK MANAGEMENT

The Group is exposed to a variety of risks, the most important of which are described and analysed in Note 48 of the Financial Statements and in the Additional Risk and Capital management information for the year ended 31 December 2023 section of the Annual Financial Report.

The management and monitoring of risks is centralised under a uniform management, which covers the entire range of the Group's operations.

AGREEMENTS WITH MEMBERS OF THE BOARD OF DIRECTORS OR THE STAFF OF THE BANK

Details on agreements with members of the Board of Directors are described in the 2023 Remuneration Policy Report.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code (the "Code") published by the Cyprus Stock Exchange (fifth revised edition – January 2019) has been fully adopted by the Bank's Board of Directors.

3. The Medium -Term Targets (MTT) cover a period of 3-5 years.
4. Excluding the NPEs covered by the APS agreement.
5. Pro forma for portfolios classified as HFS.
6. Adjusted for the cash flows re-estimations of the APS indemnification asset.
7. Adjusted for the Deposit Guarantee Scheme contribution and the Special Levy.
8. Adjusted for the Restructuring costs.
9. Excluding the gain on derecognition of disposal group classified as held for sale.
10. Including audited profits for the year ended 31 December 2022.
11. Pro forma CET 1 ratio. Including interim reviewed profits for the six-month period ended 30 June 2023, following permission granted by the Supervisory Authorities as per the regulatory reporting submission, as well as audited profits for the second half of 2023 for which the Bank has not yet obtained permission from Supervisory Authorities.

The Board of Directors recognises the importance of implementing sound Corporate Governance based on the Code in combination with the mandate and practices followed by the various Committees of the Board of Directors in order to achieve the target of maximising the shareholders' investment.

The Corporate Governance Code is publicly available on the Cyprus Stock Exchange (CSE) website www.cse.com.cy.

Information on Members of the Board of Directors retiring and being eligible for re-election, as well as on the composition and operation of the Bank's Board of Directors and its committees are set out in section B of the Report on Corporate Governance.

Any amendments to the Articles of Association of the Bank are only valid if approved by a Special Resolution at a General Meeting of the Shareholders.

The restrictions in relation to the shares of the Bank are set out in Note 37 of the Financial Statements.

The Board of Directors may issue share capital if there is sufficient authorised capital which has not been issued and as long as the new shares to be issued are offered first to the existing shareholders, pro-rata to their percentage holding in the Bank's share capital. In the event that a share capital increase requires an increase in the authorised share capital or if the new shares will not be offered to existing shareholders, the prior approval of the shareholders at a General Meeting must be obtained. The Board of Directors may also propose to a General Meeting of the Shareholders a share buyback scheme.

GOING CONCERN

The Management of the Bank, after performing an assessment on the Group's ability to continue as a going concern, concluded that there are no material uncertainties which could cast significant doubt over the Bank's ability to continue as a going concern for at least the next 12 months from the date of approval of the Financial Statements for the year ended 31 December 2023.

Details on the going concern assessment are set out in Note 2 of the Financial Statements.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARE CAPITAL

According to the Cyprus Securities and Stock Exchange Regulations and pursuant to the requirements of the Directive DI190/2007/04 para. 4 of the Cyprus Securities and Exchange Commission, the following shareholders owned five (5%) percent or more of the nominal value of the Bank's issued share capital as at 31 December 2023:

Eurobank S.A.	29,20%
Demetra Holdings PLC[1]	21,33%
Poppy S.A.R.L.	17,30%
Wargaming Group Limited[2]	7,20%

On 31 December 2023 shareholders holding more than 5% of the share capital, had in their possession CCS1 amounting to €770,1 thousand (31 December 2022: €23,4 thousand) and CCS2 amounting to €37,9 million (31 December 2022: €8,0 million).

MANAGEMENT REPORT (continued)

Pursuant to the requirements of the Directive DI190/2007/04 of the Cyprus Securities and Exchange Commission, the Bank is required to disclose the shareholders who held at least five (5%) percent of the nominal value of the issued share capital, five (5) days prior to the date of approval of the Financial Statements by the Board.

Eurobank S.A.	29,20%
Demetra Holdings PLC[1]	21,33%
Poppy S.A.R.L.	17,30%
Wargaming Group Limited[2]	7,20%

Note 1: It is noted that Logicom Services Ltd, which has a direct holding of 3,33% in the Bank, also has a 29,62% holding in Demetra Holdings Plc whose holding in the Bank is specified in the above table.

Note 2: Wargaming Group Limited includes direct holding in the Bank of the Provident Fund for the Executive Directors of Wargaming and the Provident Fund for the Senior Management Personnel Wargaming.

Five (5) days prior to the date of approval of the Financial Statements by the Board, Shareholders holding more than 5% of the share capital, had in their possession CCS1 amounting to €770,1 thousand and CCS2 amounting to €37,9 million.

Eurobank share purchase agreements
In August 2023, Eurobank S.A. ("Eurobank"), a subsidiary of “Eurobank Ergasias Services and Holdings S.A.” (Eurobank Holdings), announced the conclusion of three successive share purchase agreements with Poppy S.A.R.L., Senvest Management, Senvest Management LLC, as well as Wargaming Group Limited ("WGL") and the provident funds for the senior management personnel and the executive directors of WGL ("Provident Funds") under which agreements, Eurobank has agreed to acquire in the Bank holding of 17,3%, 1,6%, 6,8% and 0,4% respectively.

The completion of the acquisitions is subject to the approvals of the Central Bank of Cyprus/European Central Bank and the Superintendent of Insurance of Cyprus. Until then, Poppy S.a.r.l., Senvest Management LLC, WGL and the Provident Funds will continue to have the full legal and beneficial ownership of the shares together with all rights attached thereto.

Upon completion of the transaction which increases Eurobank’s stake in the Bank to a percentage equal to or more than 30% and in compliance with the provisions of the Cyprus Takeover Bids Law 41(I)/2007 (as amended), Eurobank is obliged to make a mandatory public offer to all shareholders of the Bank for all shares of the Bank held by them. Eurobank’s stake in the Bank currently is at 29,2% and therefore after the completion of the above transactions and before submission of the public offer, its total holding in the Bank will be at 55,3%.

Commission for the Protection of Competition
The Commission for the Protection of Competition (hereinafter the "Commission"), having considered and evaluated the results of the full merger investigation of the relevant findings report of the service, at a meeting of the Commission held on 2 February 2024, it approved, by majority vote, the merger transaction for the acquisition of the Bank's share capital by Eurobank, issuing a relevant notice. Previously, the Commission, at its meeting held on 30 October 2023, examined the notification of a concentration concerning the acquisition of the Bank's share capital by Eurobank and taking into account the written report of the service of the Commission, it found that the above notified concentration falls within the provisions of the Undertakings Law of 2014, Law no. 83(I)/2014 (the "Law"), and raised doubts in respect to its compatibility with the functioning of competition in the market. On the basis of all the evidence before it at this stage, the Commission had concluded that there was a need for a full investigation of the concentration in question. The service of the Commission, in the context of the full investigation of the concentration under consideration, obtained additional information from the parties to the concentration as well as from relevant bodies and companies and on 16 January 2024 submitted a report on its findings to the Commission in accordance with Article 27 of the Law. On 3 April 2024 Demetra Holdings Plc filed an Appeal with the Administrative Court, challenging the decision of the Commission. The Appeal was set for directions on 21 May 2024 and was served to the Bank on 5 April 2024.

ENVIROMENTAL, SOCIAL AND GOVERNANCE (ESG)

As the world is moving towards a more sustainable future, the banking sector plays a pivotal role during this transition. Shareholders, regulators, governments, and other key stakeholders recognise the urgency to act and exert pressure on financial institutions to mobilise. From strategy setting to regulatory compliance and disclosures, ESG priorities are stipulated in response to the stakeholders and market expectations.

In that context, the Bank established a dedicated ESG department, within the Strategy and Transformation Division. The department is responsible for the Bank’s strategic direction on ESG issues, as well as the development and implementation of the Bank’s sustainability and ESG goals as part of its business model. With this set up and in the context of its evolution and transformation, the Bank invests further in sustainable development and is consistently designing its actions to improve its environmental and social impact, while ensuring robust corporate governance.

ESG Strategy
Transitioning to a sustainable low-carbon economy, entails both risks and opportunities. In this respect, the Bank is adopting a strategic approach towards sustainability and ESG. In December 2023, the Board of Directors approved a revised ESG Strategy, demonstrating the Bank’s ongoing commitment to sustainability. The main drivers formulating the ESG Strategy are the European and local strategies, the competitive environment, the evolving regulatory framework, and the sustainability materiality assessment. As a result, four pillars emerged, on which the Bank's ESG Strategy is based:

- Net-zero Bank
- Workforce of the future
- Resilience and performance
- Sustainable ecosystem

The underlying targets of the ESG strategic pillars, are aligned with international and European sustainability targets and frameworks, such as the UN Sustainable Development Goals (SDGs), the Paris Agreement and the EU Green Deal. Each strategic pillar is mapped to the relevant SDGs.

For the implementation of the ESG Strategy, the Bank sets clear and forward-looking targets with focus on the following primary goals:

- Become a Net-zero Bank by 2050
- Diversity & inclusion, Employee wellbeing and ESG awareness
- Enhance Risk Management frameworks and disclosures and improve ESG performance
- Support customers and investors in their green transition and sustainability goals
- Positive impact on community and environment

All ESG strategic pillars, have specific measurable short, medium and longer term quantitative and qualitative KPIs and targets, which are monitored on a frequent basis, to ensure the achievement of the relevant strategic goals in accordance with the approved ESG Strategy. Under each KPI of the ESG Strategy, there are assigned owners responsible for their implementation ensuring accountability on all areas and for all parties involved, with a defined monitoring process in place.

ESG strategy highlights for the year 2023

Pillar 1: Net-Zero Bank by 2050

- The Bank calculates scope 1, 2 GHG emissions and scope 3 (non-financed) GHG emissions on an annual basis and is in the process of 2023 calculation
- Total energy consumption reduced by 9% yoy (31 December 2023: 37.412 Giga Joules vs 31 December 2022: 41.254 Giga Joules)
- Installation of photovoltaics in 2 buildings is in progress with expected capacity of 240.000 KWh
- Energy efficient measures such as thermal insulation and thermal glazing for certain buildings
- Training of staff for awareness/culture creation on energy efficiency matters
- Sourcing of electricity from third party vendors that produce green energy: 26% of the Bank's consumption is through such vendors out of which 15% is certified to be sourced through renewable energy.
- Provision of reusable water bottles to all staff in March 2023, with the aim of reducing single use plastic cups contributing to the reduction of our environmental footprint
- Implementation of PMD recycling at all Bank's premises

Pillar 2: Workforce of the Future

- ESG e-learning to all staff in Q1 2023 as part of the Bank's 2023 training program
- ESG training to BoD in May 2023
- ESG awareness through ESG Hub newsletters circulated to all staff
- ESG and climate and environmental risk training hours in the year ended 31 December 2023: 2.540 (includes e-learning to all staff) vs 31 December 2022: 458
- As part of the Bank's Transformation Plan, a Culture Assessment Survey was launched in May 2023 with a completion rate of c. 70%. The scope of the Survey was to collect feedback on the current culture health of the Bank in an effort to define the changes that need to be made for creating the desired work environment.

Pillar 3: Resilience and Performance

- The Bank obtained its first ESG rating in April 2023 with an overall score of 45/100. The Bank aims to improve its ESG rating by 2025. The areas of improvement have been identified and the relevant improvements are considered to increase the overall Bank's score
- Enhanced ESG disclosures through the year ended 31 December 2022 Pillar 3 report and 2022 ESG Impact report
- Implementation of the CE Risks Action Plan is in progress
- The Bank is engaged in an industry-level initiative for the ESG assessment of the customers through an ESG questionnaire that will also help customers improve their sustainability journey

- The Bank's Sustainable lending policy has been approved in June 2023

Pillar 4: Sustainable Ecosystem

- Contribution of staff members in Bank's volunteering initiatives: Some of the volunteering initiatives undertaken during the period are two blood donations by Hellenic Bank staff members, a tree planting event in the village of Tochni and a beach clean-up (Oroklini beach)

- As part of its financial inclusion efforts, the Bank offers an extension of the limit for free SEPA money transfers to €5.000, reduced fees on transactions made in Branches for customers over 65 and special arrangements for recipients of minimum guaranteed income. Also, customers with disabilities can make withdrawals and deposits at branches without any fees

- The Bank offers green retail products with favourable pricing for electric/hybrid cars and for energy efficient homes

- New green product with favourable pricing launched in May 2023 for energy efficiency upgrades for both businesses and individuals

- Green project financing through the growGREEN initiative by offering credible consultation related to our services, for a greener more sustainable future

- The Bank's issued a Sustainable Financing Framework, obtaining a Second Party Opinion by Moody's with an overall score of SQS2 (Sustainability Quality Score - Very good) which is published at the Bank's website

- The Bank issued its Human Rights Statement in January 2024 showcasing the Bank's commitment to respect and promote human rights. The Human Rights Statement has been approved by the Management Board in January 2024 and is published at the Bank's website

- Financing the green transition of customers with total green new lending for the year ended 31 December 2023 of €219 million with the main categories being green buildings, green cars and renewable energy

ESG risks and opportunities
The Bank's holistic approach to sustainability and ESG is combining financial performance with environmental and social responsibility as well as sound governance practices. The relevant ESG principles are taken into consideration when evaluating business risks and opportunities as this will add value to the Bank's stakeholders.

Within the Bank's efforts to support its customers in their green transition, the Bank is offering green retail products with favourable pricing for electric/hybrid cars and energy efficient homes. Also, the majority of credit/debit cards issued are made of biodegradable, environmentally friendly material. For Corporates and SMEs, the Bank provides green project financing through the growGREEN initiative by offering credible consultation and guidance. The Bank is seeking to provide more green products and services to cover its customers' needs, both individuals and businesses. In this context, the Bank has launched two new green products for energy efficiency upgrades, one for individuals and one for businesses.

In relation to the investor's side and given the market focus on sustainable investments, the Bank has developed a Sustainable Financing Framework for the issuance of sustainable bonds. Funding obtained from such bond issuance will be used for sustainable financing, contributing positively to environment and society. The framework is developed in accordance with the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles and Sustainability-Bond Guidelines (SBG) and it covers the four main components: use of proceeds, project evaluation and selection, management of proceeds and reporting. The Sustainable Financing Framework obtained a Second Party Opinion by Moody's with an overall score of SQS2 (Sustainability Quality Score - Very good) which is published at the Bank's website.

As part of the management of ESG risks and in line with regulatory expectations (ECB's Guide on Climate-related and environmental risks), the Bank developed, in 2021, a climate-related and environmental Risks Action Plan (the "CE risks Action Plan"). The CE risks Action Plan is a road map for the integration of climate and environmental risks within business strategy and governance, risk management frameworks and disclosures.

Governance and ESG reporting
The Bank ensures an effective oversight of ESG risks with an adequate governance structure and allocation of the ESG roles and responsibilities across its three lines of defence and other affected units.

ESG is one of the initiatives of the Transformation Plan, with the objective of implementing the CE risks Action Plan, as well as capturing growth opportunities and developing internal sustainability culture and awareness. Hence, the initiative's progress is closely monitored through the Transformation Plan governance.

The overall responsibility of the development and implementation of the ESG Strategy lies with the Board Nominations/Internal Governance Committee. The Committee also reviews the Annual ESG Impact Report and recommends it for approval by the Board of Directors. The Bank's non-financial disclosures are aligned with the requirements of the Non-Financial Reporting Directive (NFRD) and are prepared using the Global Reporting Initiative (GRI) standards. The Bank's non-financial disclosures are issued annually, through the ESG Impact Report, within six months after the end of the reporting period.

The 2022 ESG Impact Report was published in June 2023 and outlines the Bank's ESG strategy, initiatives, targets and actions. It is available on the Bank's website Sustainability Annual Reports (ESG Impact Reports). Also, the 2023 ESG Impact Report will be published in June 2024 which will outline the Bank's ESG strategy, initiatives, targets and actions and will be available on the Bank's website Sustainability Annual Reports (ESG Impact Reports).

In the context of its robust governance practices, the Bank proceeded with the enhancement of its policy framework to accommodate the relevant ESG developments including, among others, the development of an ESG Policy and a Sustainable Lending Policy.

The Bank's ESG policy, is setting all relevant principles and applicable requirements to ensure the adoption of environmentally sustainable and socially responsible practices across the Bank's operations, including implementing appropriate governance and culture. The Bank's ESG Policy sets out the framework for the effective management and monitoring of ESG associated risks, including the relevant governance arrangements and control mechanisms embedded in the overall operating model, in line with ECB's "Guide on Climate-related and environmental risks".

The Bank's Sustainable Lending policy is an integral part of its credit assessment process. The main purpose of the Sustainable Lending Policy is to establish and maintain a prudent and disciplined framework for the assessment of Sustainable Lending and classification of credit facilities into a combination of Green and Social Lending. Sustainable Lending provides an effective tool for channelling credit to activities with positive environmental impact and thereby contribute to the achievement of Environmental and Social objectives, in line with the Bank's ESG Strategy. The policy is derived based on the International Capital Market Association (ICMA) Green Loan Principles and Social Loan Principles.

The Bank issued its Human Rights Statement to state the Bank's commitment to respect and promote human rights. The Human Rights Statement has been approved by the Management Board in January 2024 and is published on the Bank's website. The Bank based its principles in relation to human rights on the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Furthermore, the Bank took into account the "Protect, Respect and Remedy" framework of the UN Guiding Principles on Business and Human Rights (UNGP) which defines the responsibilities of States and business enterprises for protecting and respecting human rights.

From 2024 onwards, the new Corporate Sustainability Reporting Directive ('CSRD') comes into force encompassing a broader spectrum of companies including the Group. It mandates the disclosure of sustainability policies and relevant performance metrics by entities. The objective of the CSRD is to ensure that investors and other stakeholders have access to essential information, enabling the assessment of investment risks associated with climate change and various sustainability matters. Simultaneously, it seeks to foster a culture of transparency concerning the influence of companies on both the society and the environment.

The CSRD requires to report sustainability information under the reporting framework of the European Sustainability Reporting Standards ('ESRS'). On 31 July 2023, the European Commission (EC) adopted the first set of the ESRS by delegated regulation. ESRS aim to create a binding, unified reporting framework for the EU to ensure compliance with CSRD reporting requirements. The CSRD forms a key part of the EU Sustainable Finance framework which enables the EU Green Deal and addresses EU policy objectives, including alignment with the Paris Agreement. The EU has adopted the final standards on 31 July 2023. The new standards will become effective for the first companies to adopt from 1 January 2024. Sustainability information mandatorily to be reported in the management report, at the same time as the Bank's financial statements and audited with limited assurance.

EMPLOYEE MATTERS

The Bank, acknowledging the benefits of harmonization of employment terms amongst its employees and with the aim of maintaining healthy industrial relations and attain industrial peace, continued its efforts for the renewal of the Collective Agreement, aligned with the Bank's Strategic Plan. The efforts were intensified at the end of the year and the Ministry of Labour & Social Insurance offered to mediate to aid in the resolution of the matter.

The Bank is aiming to reach an agreement, in good faith, through honest and constructive dialogue for the overall benefit of its employees, aiming to achieve the Bank's medium-term targets and to implement a successful transformation plan that will lead to a modern and financially healthy organization.

With regards to our people development, during 2023, emphasis was given to the enhancement of knowledge and skills in a wide range of subjects and particularly on risk & compliance, insurance, selling behavior, change mindset related, training programs for developing the required skillset for newly appointed employees in managerial/supervisory roles, as well as programs related to Digital & Technology, and other specialized programs, including ESG.

In 2023, the "HB EmPOWERment Talks" initiative was launched, where speakers from various industries and background shared their knowledge and experience with staff in 9 virtual presentations of 1 hour each, aiming at further developing personal and professional soft skills. Overall, training programs were conducted both: (i) in the form of webinars, due to the significant efficiencies gained from the said training method, and (ii) where deemed more beneficial to ensure the maximum return on investment, training programs were conducted with physical presence. E-learning continued to be utilized for the provision of courses in regulatory and compliance areas, including in the areas of "Anti-money Laundering", "Conflict of Interest", "ESG", "Data Protection", "Market Abuse", "Risk Management", as well as in "Information and Physical Security" subjects; specifically, 7 e-learning programs were conducted in 2023. Additionally, workshops on 'Change Management, Resilience and Adjustment' were implemented, targeted to employees who are highly involved in the initiatives of the Transformation Plan.

The Bank continued its voluntary work by implementing various initiatives, among others, such as the beach clean-up in the area of Oroklini, the “All kids with school supplies” campaign and blood donations. In addition to the above, the #HBVolunteersChallenge campaign, which is organized on an annual basis by the Bank’s Human Resources Department (“Human Resources”) with the support of all Divisions/Units, within the framework of the Pancyprian Volunteering Week, was implemented. This is now embedded in the Bank’s culture as an annual activity and its success rests on all employees and their generous contribution and involvement. Also, staff members participated in various sports events such as Corporate 5km Runs, Charity Beach Volley Tournament, Cypriot Bank-wide Shooting (Sporting) Tournament and at the 1st Nicosia Corporate Football Cup.

During 2023, the annual Performance Appraisal process was implemented through the upgraded/revised Performance Appraisal System, aiming to strengthen the value obtained through performance evaluation, as well as to keep up to date with global trends and best practices. Training sessions for the Performance Appraisal System were conducted for all new appraisers. The annual Performance Appraisal process for the 2023 Performance Appraisal cycle will be initiated in January 2024.

Furthermore, the Bank aimed to further simplify, automate, and introduce agile HR processes and various HR procedures have been enhanced to the benefit of the employees.

In order to ensure the smooth operation within the various divisions, as well as a more efficient and linear organizational structure, various divisional reorganizations also took place. The main organizational changes were implemented at Risk Management Unit, Compliance Unit, Banking, as well as at Technology & Operations.

Another main component in achieving the Bank’s strategic goals is the successful implementation of the annual resource plan through the identification and selection of the most suitable candidates for the positions, especially in specific divisions/departments such as Technology & Digital, Data Analytics and Control Functions.

Moreover, in an effort to make the onboarding experience as smooth as possible as well as to ensure employee retention, growth and development, HR has also launched both group and one-to-one meetings with new joiners.

The Bank through its practices, policies and procedures respects human rights, supports inclusion, and creates conditions in the workplace, that encourage and value diversity.

Specifically, the Key Function Holders' Diversity Policy has been introduced setting the principles and identifying specific diversity targets for persons holding Key Function Holder positions. The objective of the Policy is to ensure that Diversity, Equity, and Inclusion (DE&I) is taken into consideration in recruiting, selection and succession planning of the Key Function Holders’ positions. The Bank aims to promote DE&I and, to ensure equal opportunities in the workplace. In this respect, specific targets relating to DE&I have been included in the ESG strategy, and necessary actions are currently taken to this direction.

Furthermore, part of Transformation Plan is the evolution of the Bank’s culture, by enhancing and creating a motivating and inspiring work environment for all employees. In this context, Human Resources is considered as an enabler for various initiatives. Additionally, during the year the Bank initiated the ‘Culture, Leadership and Change’ Project; a leader-led project aiming at improving the Bank’s culture, the way the employees work and at creating a motivating and inspiring work environment for all. As a first step, the Bank launched a Culture Assessment survey, in order to identify the Bank’s culture how this can be enhanced to support the employees, the customers, and the business.

Moreover, a number of focus groups were also conducted with a representative sample of employees across the Bank to deep dive into some developmental areas identified through the survey.

MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

The Bank, within the framework of the Bank Recovery and Resolution Directive (BRRD), is subject to the minimum requirement for own funds and eligible liabilities (MREL).

On 27 June 2019, Directive 2019/879/EU (BRRD II) came into effect and it was then transposed into National Law. Certain provisions on MREL have been introduced in Regulation (EU) 2019/876 (CRR II), which also came into force on 27 June 2019, as part of the reform package and took immediate effect.

In January 2024, the Bank received notification from the Single Resolution Board (SRB) of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Group. Accordingly, the MREL target was set at 25,17% of total risk exposure amount (TREA), plus combined buffer requirement (CBR) while the MREL target of leverage ratio exposure (LRE) was set at 5,91%, both to be met by 31 December 2025. No MREL subordination requirement has been communicated to the Bank.

Furthermore, the Bank must continue to meet MREL requirements equal to 16,57% of TREA and 5,91% of LRE that were set as intermediate targets in the previous resolution planning cycle for 1 January 2022. The own funds used by the Bank to meet the combined buffer requirement (CBR) will not be eligible to meet its MREL requirements expressed in terms of risk weighted assets.

Taking into consideration the applicable CBR requirement of 4,03% as at 31 December 2023, the intermediate binding target for MREL requirements resulted to 20,6% and the final target to 29,2%, of TREA to be met by 31 December 2025. These are expected to increase further following the increase of the Countercyclical Capital buffer (CCyB) rate for the risk weighted exposures in the Republic of Cyprus to 1% with effect as from 2 June 2024. Additionally, these will increase further following the increase of the Other Systematically Important Institutions (O-SII) buffer rate to 1,25% effective from 1 January 2024 and to 1,50% effective from 1 January 2025, taking the MREL requirements for the final target to 30,17%. This final binding MREL requirement is based on the final decision of the SRB received from CBC in January 2024 and the CBR requirement calculated at c.5,00% as at 31 December 2025. For further information regarding the components of the CBR requirement refer to Note 2 in the "Additional Risk and Capital management information for the year ended 31 December 2023" of the Annual Financial Report.

The Group's regulatory MREL ratio as at 31 December 2023, was 27,3% of TREA and 7,8% of LRE. Including audited profits for the second half of 2023, the Group's pro forma MREL ratio as at 31 December 2023 was 30,7% of TREA and 8,8% of LRE, well above the final binding MREL requirement of 31 December 2025. Details on MREL are set out in the "Additional Risk and Capital management information for the year ended 31 December 2023" section of the Annual Financial Report.

COMPLIANCE WITH THE REQUIREMENTS OF EUROPEAN SECURITIES MARKET AUTHORITY (ESMA)

The Bank complied with the ESMA requirement for the preparation of its Financial Statements in the format of European Electronic Format (ESEF). Financial Statements in the ESEF format are available on the Bank's website www.hellenicbank.com (Investor Relations).

PREPARATION OF PERIODIC REPORTS

The Group has in place an effective system of internal controls, the adequacy of which is evaluated at least annually by the Board of Directors and in more frequent intervals by the Board's Audit Committee, in respect of financial and operational systems as well as for compliance with any risk management regulations that may arise. The adequacy of the system of internal controls secures the validity of financial data and compliance with relevant legislation and aims to ensure the management of risks while providing reasonable assurance that no loss will incur.

The Group's internal control and risk management systems incorporate effective procedures aiming at the identification and prevention of errors, omissions or fraud that could result in material misstatements during the preparation of the Financial Statements and of the relevant disclosures which are included in the periodic reporting provided by the Group based on Part II of the Transparency Requirements Law (Securities admitted to trading on a Regulated Market) Law of 2007 as amended.

SYSTEM OF INTERNAL CONTROL

The Board of Directors has ensured that the Bank maintained an effective System of Internal Control in 2023. The adequacy and effectiveness of the System of Internal Control are reviewed by the Board at least annually. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks that threaten the attainment of the Group's objectives.

In order to maintain an effective System of Internal Control, relevant procedures have been designed for safeguarding the Group's assets, for maintaining proper accounting records and for ensuring the accuracy, completeness and validity of the information provided to the Group's stakeholders. These procedures can only provide reasonable but not absolute assurance against material misstatement, errors, losses, fraud or breaches of laws and regulations.

The Audit Committee meets before the announcement of the quarterly financial results, to monitor the integrity, accuracy and reliability of the Group's quarterly and annual financial reporting process and Financial Statements as well as any formal announcements relating to the Group's financial performance and other disclosures, to assess the adequacy of the provisions on financial and non-financial assets and on material litigation against the Bank in line with accounting policies and standards and to monitor the establishment of accounting policies and practices, paying particular attention to (i) changes to material accounting policies and practices, (ii) decisions requiring a significant element of judgement and (iii) unusual transactions and how these are disclosed. It then proceeds with the relevant suggestions to the Board of Directors through a detailed memo.

EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period.

BOARD OF DIRECTORS

The Members of the Board of Directors as at 31 December 2023 were the following:

Christos Themistocleous	Non-Executive Acting Chairman and Vice Chairman
John Gregory Iossifidis	Non-Executive Member of the Board
Marco Comastri	Non-Executive Member of the Board
Stephen John Albutt	Non-Executive Member of the Board
Demetrios Efstathiou	Non-Executive Member of the Board
Kristofer Richard Kraus	Non-Executive Member of the Board
Marios Maratheftis	Non-Executive Member of the Board
Andreas Persianis	Non-Executive Member of the Board
Miranda Xafa	Non-Executive Member of the Board
Christodoulos Hadjistavris	Non-Executive Member of the Board
Antonis Rouvas	Executive Member of the Board

During 2023 and until the date of this Report the changes in the Board of Directors of the Bank were as follows:

Mrs Marianna Pantelidou Neophytou resigned from the position of Non-Executive Member of the Board of Directors of the Bank with effect from 26 January 2023. Mr Christodoulos Hadjistavris was appointed as Non-Executive Member of the Board of Directors of the Bank, with effect from 26 January 2023, following consent by the European Central Bank / Central Bank of Cyprus.

Mr Petros Christodoulou was elected as Independent Non-Executive Member of the Board of Directors of the Bank at the Annual General Meeting of the Shareholders held on 28 June 2023. On the same day, at the end of the Annual General Meeting, Dr Evripides A. Polykarpou resigned from the position of Independent Non-Executive Chairman and Member of the Board of Directors of the Bank. Later that day, Mr Christos Themistocleous was elected as Vice Chairman of the Board of Directors of the Bank, who would also serve as Acting Chairman of the Board of Directors until the relevant consent of the European Central Bank / Central Bank of Cyprus is obtained for Mr P. Christodoulou.

After receiving notice from Mr Oliver Gatzke, Executive Member of the Board / Chief Executive Officer of the Bank, that he has decided to terminate his employment contract with the Bank with effect from 22 July 2024, the expiry date of the contract, in accordance with the provisions of Mr Gatzke's employment contract, the Bank has decided to place him on Garden Leave with full pay, effective as from 1 August 2023, until further notice. On 1 August 2023, Mr Antonis Rouvas was appointed Interim Chief Executive Officer of the Bank. Mr O. Gatzke resigned from the position of Executive Member of the Board of Directors of the Bank with effect from 13 August 2023.

Mr Petros Christodoulou was appointed as Independent Non-Executive Chairman of the Board of Directors of the Bank on 8 January 2024, following the relevant consent of the European Central Bank / Central Bank of Cyprus.

The Internal Governance of Credit Institutions Directives of 2021 to (No. 2) of 2023 of the Central Bank of Cyprus (the "Internal Governance Directive") provide that, subject to the occurrence of a "change in the ownership structure" of a credit institution, the appointed members of the management body of a credit institution are subject to re-election at the institution's annual general meeting, every three years from the date of their appointment.

Paragraph 15(5) of the Internal Governance Directive provides that, in the event of a change in the ownership structure of a credit institution, non-executive members are subject to re-election at a general meeting before three years have elapsed since the date of their appointment. A "change in the ownership structure" for the purposes of this paragraph of the Internal Governance Directive is defined as the acquisition of a qualifying holding (at least 10%) in the share capital of the credit institution and any further increase of such qualifying holding such that the holding percentage in the share capital of the credit institution reaches or exceeds 20%, 30% or 50% of the share capital, based on the provisions of section 17(1) of the Business of Credit Institutions Law of 1997 (Law 66(I)/1997).

Regulation 108 of the Bank's Articles of Association, in summary, provides that the appointed Directors are subject to re-election at the Annual General Meeting, every 3 years from the date of their appointment.

Furthermore, Regulation 113 of the Bank's Articles of Association provides that "any director [appointed at any time and from time to time by the directors, either to fill a casual vacancy or as an addition to the existing directors,] shall hold office, only until the next following annual general meeting, and shall then be eligible for re-election".

In accordance with the provisions of the Internal Governance Directive and the Bank's Articles of Association, the following Directors will retire and are eligible (provided they offer themselves) for re-election at the next Annual General Meeting of the Shareholders:
(a) Stephen John Albutt
(b) Demetrios Efstathiou
(c) Kristofer Richard Kraus
(d) Marco Comastri

In the event that "a change in the ownership structure" (as defined in the Internal Governance Directive) of the Bank occurs prior to the Annual General Meeting, the Bank will have to comply with the provisions of the Internal Governance Directive with respect to the retirement and re-election of the Directors.

MANAGEMENT REPORT (continued)

Reference to Directors' emoluments, fees and compensation is provided in Note 43 of the Financial Statements and in the Remuneration Policy Report for the year 2023, of the Annual Financial report.

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

According to the Cyprus Securities and Stock Exchange Regulations and in accordance with the requirements of the Directive DI190/2007/04 para. 4 of the Cyprus Securities and Exchange Commission, the Bank is required to disclose the percentage shareholdings in the Bank's share capital owned by Members of the Board of Directors, their spouses, or/and relatives by blood up to first degree and companies in which they control directly and indirectly at least 20% of the voting rights at 31 December 2023 and the respective percentages as at 29 March 2024.

	31 December 2023			29 March 2024		
	Direct participation	Indirect participation	Total	Direct participation	Indirect participation	Total
Petros Christodoulou*	N/A	N/A	N/A	-	-	-
Marco Comastri	-	-	-	-	-	-
Christodoulos Hadjistavris	-	-	-	-	-	-
Stephen John Albutt	-	-	-	-	-	-
Demetrios Efstathiou	-	-	-	-	-	-
Kristofer Richard Kraus	-	-	-	-	-	-
Marios Maratheftis	-	-	-	-	-	-
Christos Themistocleous	-	0,00002%	0,00002%	-	0,00002%	0,00002%
John Gregory Iossifidis	-	-	-	-	-	-
Andreas Persianis	0,00250%	-	0,00250%	0,00250%	-	0,00250%
Miranda Xafa	-	-	-	-	-	-
Antonis Rouvas	-	-	-	-	-	-

*Mr Petros Christodoulou was appointed on 8 January 2024.

The Members of the Board of Directors as at 31 December 2023 and as at 29 March 2024 did not hold any stake in the Bank's issued loan capital (31 December 2022: nil).

INDEPENDENT AUDITORS

The independent auditors Ernst & Young Cyprus Ltd have expressed their willingness to continue in office as the Bank's auditors.

A resolution authorizing the Board of Directors to appoint and fix their remuneration will be proposed at the next AGM.

On behalf of the Board of Directors,

Petros Christodoulou
Chairman of the Board of Directors

Nicosia, 8 April 2024

Statement by the Group's Interim Chief Executive Officer Mr. Antonis Rouvas

Commenting on the Group's financial results for the year ended 31 December 2023, Mr. Antonis Rouvas, the Group's Interim Chief Executive Officer, stated:

In 2023, Hellenic Bank proved its resilience, delivering solid results despite challenges and uncertainty rising mainly from the geopolitical and economic environment.

We managed to deliver an enviable set of financial results with a profit for the year of €365 million mainly due to higher interest income arising primarily from Central Bank placements and debt securities, as well as lower total expenses following the 2022 Voluntary Early Exit Scheme (VEES). This confirms the progress made on several fronts, inclusive of our transformation towards a client centric and technology driven bank.

The resilience of our business model was also acknowledged by international rating agencies, with both Moody's and Fitch upgrading the Bank's long-term deposit ratings to Baa3 and BBB-, respectively, placing it at investment grade for the first time since the 2013 crisis. Moreover, the decision of one of the largest financial organizations in Greece to invest in Hellenic Bank, constitutes a vote of confidence in our business model and franchise and as a result in our country's economy.

New lending during 2023 reached €1,2 billion, up 2% YoY, marking another record year for Hellenic Bank. Financing sectors such as health, education, energy, ICT, shipping, hospitality and transportation remain a high priority to us, contributing to the competitiveness and productivity of the economy. Net interest income reached €536 million, up 78% YoY, while non-interest income for 2023 amounted to €128 million, up by 26% YoY. With a pro forma total Capital Ratio of 28,4%, well above the regulatory requirements, and ample liquidity (Liquidity Coverage Ratio of 542%), we are well positioned and fully committed to continue supporting our retail and business customers in the future.

At the same time, we remain watchful of potential risks that could adversely affect the Bank's performance, due to the challenging economic and operational environment and elevated geopolitical risks.

Further reduction of our NPE's ratio remains a top priority for us. Although non-performing loans were mostly shifted outside the banking sector, the level of problem loans in Cyprus remains one of the highest in Europe, limiting the sovereign credit ratings of the country. We welcome the 'Mortgage to Rent' scheme which is a favourable arrangement safeguarding housing for vulnerable households and we reiterate our commitment to supporting our vulnerable customers.

Other highlights of 2023 include:

- *Project Starlight was completed as planned. The transaction has significantly de-risked the Bank's balance sheet by around €0,7 billion, with the NPE ratio, excluding the NPEs covered by the Asset Protection Scheme, reduced to a low 2,5% in December 2023.*
- *MREL Tier 2 Subordinated Notes of €200 million were issued at 10,25% in March 2023.*

In 2023, our transformation journey, to address structural challenges and unleash hidden potential remained on track. Decisive steps were taken towards digitalization, further enhancing our digital channels offering a lending product online, as well as streamlining the network of branches, processes, and cost management.

Reaffirming our commitment that corporate responsibility, sustainability, and green growth are fundamental pillars of the overall operation of Hellenic Bank, the revised ESG Strategy became integral part of the Bank's Strategic Plan, incorporating specific objectives at all levels of our operations. Our goal is to further enhance the profile of our loan book through healthy growth with a strong focus on ESG (Environmental, Social and Governance).

I sincerely want to thank our Board of Directors and our shareholders for the continuous support and assure them that the Hellenic Bank team remains fully committed to achieving its goals and strategic objectives. Also, I am very thankful and proud of my colleagues who remain focused and committed towards supporting our customers, executing our demanding transformation plan, and continuing to create value for all stakeholders.

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Independent Auditor's Report

To the Members of Hellenic Bank Public Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Hellenic Bank Public Company Limited (the "Bank") and its subsidiaries (together with the Bank the "Group") and separate financial statements of the Bank, which are presented in pages 36 to 236 and comprise the consolidated statement of financial position of the Group and the statement of financial position of the Bank as at 31 December 2023, and the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows of the Group and income statement, statements of comprehensive income, changes in equity and cash flows of the Bank for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information about the Group and the Bank.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We remained independent of the Group and the Bank throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	**How our audit addressed the Key Audit Matter**

Expected credit losses on loans and advances to customers
 	
As at 31 December 2023, gross loans and advances to customers amounted to €6.161.832 thousand and the related expected credit losses (ECL) amounted to €137.711 thousand.
 	
Refer to Note 21 of the consolidated and separate financial statements for the relevant disclosures.
 	
The relevant accounting policy is presented in Note 3.12.5 of the consolidated and separate financial statements.
 	
Management exercises significant judgement, using subjective assumptions when determining the amount of the ECL for loans and advances to customers.
 	
Management exercises significant level of judgment and estimates for the below areas:
 	
• The allocation of loans and advances to customers to Stages 1, 2 or 3 using criteria in accordance with IFRS 9;
• The inputs, assumptions and probability weightings assigned to multiple economic scenarios;
• Management overlays used in the ECL calculation to address the uncertainty over the impact of the Russia/Ukraine conflict; and
	We have performed, among others, the following audit procedures:
	
	• Updated our understanding and performed walkthroughs of the processes relevant to the calculation of ECL to identify key systems, applications and controls within the processes.
	• Tested the operating effectiveness of controls across the processes relevant to the calculation of ECL.
	• Inspected the key technical papers such as the ECL policy and involved our financial risk specialists to read the methodology of the Bank used for the calculation of impairment and assess whether it is in accordance with IFRS 9.
	• With the assistance of our financial risk specialists, we performed the following:
	  ○ Assessed whether the coding of the Bank's ECL tool, in relation to the Probability of Default (PDs), is in line with the Bank's methodology; and
	  ○ Tested the Loss Given Default (LGD) calculation by independently reconstructing the model used in accordance with the Bank's methodology.
	• With the assistance of our internal economists, we assessed the main macroeconomic parameters used in the Bank's ECL calculation.
	• Selected a sample of collateral valuations and engaged property valuation specialists to assess whether the value recognized by the Bank is reasonable.

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• The identification of loans and advances to customers which are individually assessed and the measurement of their ECL; Refer to Note 4.1 to the consolidated and separate financial statements for the significant judgments and estimates used in the calculation of ECL. We consider this to be a key audit matter due to the fact that a significant level of judgment is exercised by management in estimating the expected credit losses on loans and advances to customers. Furthermore, we consider this to be a key audit matter, as loans and advances to customers are a significant part of the Company's and Group's total assets (30% of Total Assets of the Group and the Bank).	• Analysed and evaluated the criteria used to allocate loans and advances to customers to Stage 1, 2 or 3 in accordance with IFRS 9. Specifically, we have selected a sample of loans and advances to customers in Stage 1, 2 or 3 to verify that they were allocated to the appropriate stage. • Assessed whether the main assumptions used for the calculation of ECL, such as the probability weightings assigned to multiple economic scenarios, are reasonable. • Selected a sample of loans and advances to customers, which were collectively assessed, and tested that the inputs used in the ECL calculation, such as liquidation haircuts and liquidation date, are in accordance with the Bank's policy. • Assessed whether any management overlays/underlays used in the ECL calculation to address uncertainty over the impact of the Russia/Ukraine conflict are reasonable. • Performed analytical procedures on the ECL recognised, including ratio analysis on staging, to assess the reasonableness of the ECL recognised by the Bank. • Read the minutes of the Risk Management Committee meetings, where the inputs, assumptions and ECL adequacy were discussed and approved. • Tested a sample of the individually assessed loan files performed by the Bank and assessed the measurement of the provisions, including the main assumptions and inputs used, such as collateral value, liquidation date and estimated cash flows. • Selected a sample of loans and advances to customers and assessed whether they have been correctly allocated to either the collectively assessed loans or the individually assessed loans. • Assessed the adequacy of disclosures against the relevant accounting standards.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Financial Report but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease its operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on Other Legal and Regulatory Requirements

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

1. Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Bank and the Group on 23 June 2021 by the Annual General Meeting of the shareholders. Our appointment will be renewed annually by shareholder resolution. The total period of uninterrupted engagement appointment is three (3) years.

2. Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Bank, which we issued on 29 March 2024 in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

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

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In light of the knowledge and understanding of the Bank and the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the Corporate Governance Report in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the Corporate Governance Report includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Bank and the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Corporate Governance Report in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

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Other Matter

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

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

Savvas Pentaris
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

8 April 2024
Nicosia

Financial Statements

For the year ended 31 December 2023

HELLENIC BANK GROUP
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 €'000	Restated 2022 €'000
Turnover	3.5	**817.591**	451.459
Continuing Operations			
Interest income calculated using the effective interest method	5	**660.005**	330.924
Other interest income	5	**20.282**	10.525
Interest expense calculated using the effective interest method	6	**(131.261)**	(36.244)
Other interest expense	6	**(12.738)**	(4.336)
Net interest income		**536.288**	300.869
Fee and commission income	7	**82.114**	77.221
Fee and commission expense	8	**(9.272)**	(8.506)
Net fee and commission income		**72.842**	68.715
Net gains on disposal and revaluation of foreign currencies and financial instruments	9	**14.646**	530
Net income from insurance operations	10	**14.334**	18.615
Other income	11	**26.210**	13.644
Total net income		**664.320**	402.373
Staff costs	12	**(119.312)**	(141.732)
Restructuring costs	14	**-**	(70.860)
Depreciation and amortisation	25 26	**(22.326)**	(24.007)
Administrative and other expenses	13	**(117.450)**	(105.922)
Total expenses		**(259.088)**	(342.521)
		405.232	59.852
Net gains/(losses) on derecognition of financial assets measured at amortised cost		**4.830**	(236)
Impairment losses on financial instruments	15	**(7.235)**	(18.166)
Impairment losses on non financial assets	15	**(9.203)**	(6.796)
		393.624	34.654
Negative goodwill	40	**-**	4.782
Profit before taxation		**393.624**	39.436
Taxation	16	**(47.362)**	(10.167)
Profit for the year from continuing operations		**346.262**	29.269
Discontinued Operations			
Profit/(loss) for the year from discontinued operations	17	**19.179**	(7.458)
Profit for the year		**365.441**	21.811
Profit/(loss) attributable to:			
Shareholders of the parent company from continuing operations		**346.263**	29.268
Shareholders of the parent company from discontinued operations		**19.179**	(7.458)
Non-controlling interests		**(1)**	1
Profit for the year		**365.441**	21.811
Earnings per share (€cent)			
Basic earnings per share (€cent)	18	**88,53**	5,28
Diluted earnings per share (€cent)	18	**84,45**	5,04
Earnings per share (€cent) for continuing operations			
Basic earnings per share (€cent) from continuing operations	18	**83,88**	7,09
Diluted earnings per share (€cent) from continuing operations	18	**80,01**	6,76

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 €'000	Restated 2022 €'000
Profit for the year		**365.441**	21.811
Other comprehensive income			
Items that will not be reclassified in the income statement			
Surplus on revaluation of land and buildings	39	**9.843**	-
Deferred taxation on property revaluation	39	**(1.095)**	1.590
Net revaluation gain of investments in equity securities at fair value through other comprehensive income	39	**2.674**	2.304
		11.422	3.894
Items that are or may be reclassified subsequently in the income statement			
Gain on disposal of equity	39	**102**	60
Net revaluation loss of investments in debt securities measured at fair value through other comprehensive income	39	**(120)**	(8.484)
Transfer to the income statement on disposal of investments in debt securities at fair value through other comprehensive income	39	**412**	-
		394	(8.424)
Other comprehensive income/(expenses)		**11.816**	(4.530)
Total comprehensive income for the year		**377.257**	17.281
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		**377.258**	17.280
Non-controlling interests		**(1)**	1
		377.257	17.281

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note	**2023** €'000	Restated 2022 €'000	Restated 1 January 2022 €'000
Assets				
Cash and balances with Central Banks	19,42	**8.222.845**	8.468.074	7.346.224
Placements with other banks	20,42	**281.868**	281.339	414.094
Loans and advances to customers	21	**6.024.121**	6.033.270	5.732.107
Debt securities	22	**4.985.044**	4.423.949	4.463.491
Equity securities and collective investment units	23	**132.458**	107.167	94.485
Property, plant and equipment	25	**170.056**	167.177	180.366
Stock of property	27	**100.351**	130.535	169.414
Intangible assets	26	**45.483**	43.652	46.624
Tax receivable		**4.648**	4.948	2.871
Assets and disposal group held for sale	17, 28	**3.296**	209.866	253.906
Other assets	29	**68.240**	71.141	85.563
Reinsurance contract assets	30	**23.515**	23.688	24.113
Total assets		**20.061.925**	19.964.806	18.813.258
Liabilities				
Deposits by banks	31	**96.799**	108.027	122.464
Funding by Central Banks	32	**2.355.508**	2.278.377	2.293.931
Customer deposits and other customer accounts	33	**15.314.788**	15.928.247	14.941.933
Tax payable		**13.896**	5.296	2.568
Deferred tax liability	34	**11.329**	10.571	11.545
Liabilities and disposal group held for sale	17, 28	**-**	1.631	2.885
Other liabilities	35	**233.908**	198.615	127.438
Insurance contract liabilities	30	**87.529**	71.968	63.070
Loan capital	36	**441.815**	232.347	129.666
Total liabilities		**18.555.572**	18.835.079	17.695.500
Equity				
Share capital	37	**206.403**	206.403	206.403
Reserves	37, 38, 39	**1.299.938**	923.311	911.341
Equity attributable to shareholders of the parent company		**1.506.341**	1.129.714	1.117.744
Non-controlling interests		**12**	13	14
Total equity		**1.506.353**	1.129.727	1.117.758
Total liabilities and equity		**20.061.925**	19.964.806	18.813.258

The Consolidated Financial Statements have been approved by the Board of Directors on 8 April 2024.

Petros Christodoulou Chairman of the Board of Director	Antonis K. Rouvas Interim Chief Executive Officer	Christos Themistocleous Chairman of the Audit Committee of the Board	Maria Keleshi Interim Chief Financial Officer

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to shareholders of the parent company							
	Share capital (Note 37) €'000	Reduction of share capital reserve (Note 37) €'000	Share premium reserve (Note 37) €'000	Retained earnings (Note 38) €'000	Revaluation reserves (Note 39) €'000	Total attributable to shareholders of the parent company €'000	Non-controlling interests (Note 24) €'000	Total equity €'000
Restated balance 1 January 2023 (Refer to Note 3.26)	206.403	260.269	553.414	57.480	52.148	**1.129.714**	13	**1.129.727**
Total comprehensive income for the year net of taxation								
Profit/(loss) for the year	-	-	-	365.442	-	**365.442**	(1)	**365.441**
Other comprehensive income for the year end	-	-	-	-	11.816	**11.816**	-	**11.816**
Transfer to retained earnings due to disposal of immovable property	-	-	-	412	(412)	**-**	-	**-**
Transfer of excess depreciation on revaluation surplus	-	-	-	520	(520)	**-**	-	**-**
	-	-	-	366.374	10.884	**377.258**	(1)	**377.257**
Transactions with shareholders								
Contributions and distributions								
Defence on deemed dividend distribution	-	-	-	(631)	-	**(631)**	-	**(631)**
	-	-	-	(631)	-	**(631)**	-	**(631)**
Balance 31 December 2023	206.403	260.269	553.414	423.223	63.032	**1.506.341**	12	**1.506.353**

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to shareholders of the parent company							
	Share capital (Note 37) €'000	Reduction of share capital reserve (Note 37) €'000	Share premium reserve (Note 37) €'000	Retained earnings (Note 38) €'000	Revaluation reserves (Note 39) €'000	Total attributable to shareholders of the parent company €'000	Non-controlling interests (Note 24) €'000	Total equity €'000
Balance 1 January 2022	206.403	260.269	553.414	28.432	57.636	**1.106.154**	14	**1.106.168**
IFRS 17 Retained Earnings Impact	-	-	-	13.302	-	**13.302**	-	**13.302**
IFRS 17 Retained Earnings Deferred Tax Impact	-	-	-	(1.712)	-	**(1.712)**	-	**(1.712)**
Restated balance 1 January 2022	206.403	260.269	553.414	40.022	57.636	**1.117.744**	14	**1.117.758**
Total comprehensive income for the year net of taxation								
Profit/(loss) for the year (Refer to Note 3.26)	-	-	-	21.812	-	**21.812**	(1)	**21.811**
Other comprehensive expenses for the year end	-	-	-	-	(4.530)	**(4.530)**	-	**(4.530)**
Transfer of excess depreciation on revaluation surplus	-	-	-	116	(116)	**-**	-	**-**
Transfer to retained earnings due to disposal of immovable property	-	-	-	842	(842)	**-**	-	**-**
	-	-	-	22.770	(5.488)	**17.282**	(1)	**17.281**
Transactions with shareholders								
Contributions and distributions								
Defence on deemed dividend distribution	-	-	-	(5.312)	-	**(5.312)**	-	**(5.312)**
	-	-	-	(5.312)	-	**(5.312)**	-	**(5.312)**
Balance 31 December 2022 (restated)	206.403	260.269	553.414	57.480	52.148	**1.129.714**	13	**1.129.727**

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 €'000	Restated 2022 €'000
Cash flow from operating activities			
Profit for the year from continuing operations		**346.262**	29.269
Profit/(loss) for the year from discontinued operations		**19.179**	(7.458)
Profit for the year		**365.441**	21.811
Net (gains)/losses on derecognition of financial assets measured at amortised cost		**(4.830)**	236
Impairment losses on financial instruments	15	**7.235**	18.166
Impairment losses on non financial assets	15	**9.203**	6.796
Depreciation of property, plant and equipment and amortisation of intangible assets	17, 25, 26	**23.257**	24.752
Net (gains)/losses on disposal and write offs of property, plant and equipment and intangible assets		**(442)**	649
Net (gains)/losses on disposal and revaluation of investments in debt securities, equity securities and collective investment units		**(7.538)**	11.482
(Gain)/loss on derecognition of lease liability		**(56)**	25
Provision/(release) of provision for pending litigations or complaints and/or claims	13	**187**	(473)
Interest income from other financial assets	5	**(412)**	(114)
Net (gains)/losses from revaluation of investment properties	11	**(931)**	390
Interest income from indemnification assets	5	**(43)**	(186)
Net gain from the disposal of stock of property	11	**(4.980)**	(6.650)
Interest expense on lease liability	6	**465**	380
Interest income from debt securities	5	**(108.271)**	(61.445)
Dividend income	11	**(3.045)**	(2.401)
Interest expense on loan capital	6	**39.177**	7.703
Negative goodwill	40	**-**	(4.782)
Negative interest on funding by Central Banks	5	**-**	(19.643)
Interest expense on funding by Central Banks		**77.131**	4.089
Gain on derecognition of disposal group classified as held for sale		**(20.729)**	-
Taxation	16, 17	**47.493**	10.472
Net cash generated from operating activities before working capital changes		**418.312**	11.257
Decrease in loans and advances to customers		**12.058**	61.519
(Increase)/decrease in loans and advances to customers held for sale		**(266)**	23.195
Increase in other assets and disposal group assets		**(5.055)**	(1.337)
(Decrease)/increase in customer deposits and other customer accounts		**(617.662)**	964.572
(Decrease)/increase in other liabilities and liabilities held for sale		**(7.585)**	62.085
Decrease in placements with other banks		**1.633**	111.620
Increase in obligatory reserves with Central Banks		**(5.422)**	(3.926)
Decrease in deposits by banks		**(11.228)**	(14.437)
Net proceeds on disposal of loans and advances		**873**	-
Proceeds on derecognition of disposal group held for sale		**27.502**	-
Net proceeds received from the completion of Project Starlight		**118.381**	-
Net proceeds received from disposal of loans and advances		**-**	8.125
Net proceeds from the disposal of stock of property		**29.348**	43.597
Net proceeds from the disposal of stock of property held for sale		**-**	3.992
Decrease in reinsurance contract assets		**173**	425
Increase in insurance contract liabilities		**15.561**	8.898
Net cash (used in)/from operating activities before taxation		**(23.377)**	1.279.585
Tax paid		**(21.961)**	(9.577)
Net cash (used in)/from operating activities		**(45.338)**	1.270.008
Cash flow from investing activities			
Payments for the acquisition of part of RCB Bank banking operations	40	**-**	(318.087)
Dividend received		**3.045**	2.233
Interest received from debt securities		**88.509**	83.440
Additions of investments in debt securities		**(1.583.608)**	(1.112.176)
Additions of investments in equity securities and collective investment units		**(21.832)**	(30.854)
Proceeds on disposal/maturity/redemption of investments in debt securities		**1.151.219**	1.131.053
Proceeds on disposal of investments in equity securities and collective investment units		**7.153**	14.695
Additions of property, plant and equipment	25	**(4.223)**	(3.122)
Additions of intangible assets	26	**(13.534)**	(7.810)
Proceeds on disposal of property, plant and equipment		**91**	100
Net cash used in investing activities		**(373.180)**	(240.528)
Cash flow from financing activities			
Net proceeds from the issue of loan capital		**197.448**	98.250
Payments of lease liability	35	**(2.304)**	(2.562)
Payment on defence on deemed dividend distribution		**(5.216)**	(8.056)
Interest paid on loan capital	6	**(27.157)**	(3.272)
Net cash from financing activities		**162.771**	84.360
Net (decrease)/increase in cash and cash equivalents		**(255.747)**	1.113.840
Effect of exchange rate fluctuations on cash and cash equivalents		**13.251**	(36.540)
Cash and cash equivalents at the beginning of the year	42	**8.536.943**	7.459.643
Cash and cash equivalents at the end of the year	42	**8.294.447**	8.536.943

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK PUBLIC COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023 €'000**	2022 €'000
Turnover	3.5	**813.034**	453.590
Continuing Operations			
Interest income calculated using the effective interest method	5	**659.818**	330.833
Other interest income	5	**20.282**	10.525
Interest expense calculated using the effective interest method	6	**(131.254)**	(36.238)
Other interest expense	6	**(12.738)**	(4.336)
Net interest income		**536.108**	300.784
Fee and commission income	7	**87.243**	81.602
Fee and commission expense	8	**(9.260)**	(8.168)
Net fee and commission income		**77.983**	73.434
Net gains on disposal and revaluation of foreign currencies and financial instruments	9	**10.631**	6.106
Other income	11	**35.060**	24.524
Total net income		**659.782**	404.848
Staff costs	12	**(118.190)**	(140.257)
Restructuring costs	14	**-**	(66.423)
Depreciation and amortisation	25, 26	**(22.233)**	(23.865)
Administrative and other expenses	13	**(117.299)**	(117.535)
Total expenses		**(257.722)**	(348.080)
		402.060	56.768
Net gains/(losses) on derecognition of financial assets measured at amortised cost		**4.830**	(236)
Impairment losses on financial instruments	15	**(7.235)**	(18.170)
Impairment losses on non financial assets	15	**(9.463)**	(6.796)
		390.192	31.566
Negative goodwill	40	**-**	4.782
Profit before taxation		**390.192**	36.348
Taxation	16	**(46.128)**	(8.578)
Profit for the year from continuing operations		**344.064**	27.770
Discontinued Operations			
Profit for the year from discontinued operations	17	**21.614**	-
Profit for the year		**365.678**	27.770
Earnings per share (€cent)			
Basic earnings per share (€cent)	18	**88,58**	6,73
Diluted earnings per share (€cent)	18	**84,50**	6,42

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** €'000	2022 €'000
Profit for the year		**365.678**	27.770
Other comprehensive income			
Items that will not be reclassified in the income statement			
Surplus on revaluation of land and buildings	39	**8.441**	-
Deferred taxation on property revaluation	39	**(1.009)**	1.811
Net revaluation gain of investments in equity securities at fair value through other comprehensive income	39	**2.674**	2.304
		10.106	4.115
Items that are or may be reclassified subsequently in the income statement			
Gain on disposal of equity	39	**102**	60
Net revaluation loss of investments in debt securities at fair value through other comprehensive income	39	**(120)**	(8.072)
		(18)	(8.012)
Other comprehensive income/(expenses) for the year net of taxation		**10.088**	(3.897)
Total comprehensive income for the year		**375.766**	23.873

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note	**2023 €'000**	2022 €'000
Assets			
Cash and balances with Central Banks	19,42	**8.222.845**	8.468.074
Placements with other banks	20,42	**273.898**	272.126
Loans and advances to customers	21	**6.024.121**	6.033.270
Debt securities	22	**4.984.161**	4.417.175
Equity securities	23	**36.316**	30.610
Investments in subsidiary companies	24	**89.811**	98.881
Property, plant and equipment	25	**161.750**	154.736
Stock of property	27	**57.671**	75.796
Intangible assets	26	**29.017**	26.986
Tax receivable		**4.859**	4.952
Assets and disposal group held for sale	17, 28	**3.296**	217.000
Other assets	29	**69.229**	78.100
Total assets		**19.956.974**	19.877.706
Liabilities			
Deposits by banks	31	**96.799**	108.027
Funding by Central Banks	32	**2.355.508**	2.278.377
Customer deposits and other customer accounts	33	**15.314.788**	15.928.247
Amounts due to subsidiary companies	24	**12.186**	14.295
Tax payable		**13.261**	4.547
Deferred tax liability	34	**10.836**	8.852
Liabilities and disposal group held for sale	17, 28	**-**	792
Other liabilities	35	**232.171**	197.747
Loan capital	36	**441.815**	232.347
Total liabilities		**18.477.364**	18.773.231
Equity			
Share capital	37	**206.403**	206.403
Reserves	37, 38, 39	**1.273.207**	898.072
Total equity		**1.479.610**	1.104.475
Total liabilities and equity		**19.956.974**	19.877.706

The Financial Statements have been approved by the Board of Directors on 8 April 2024.

Petros Christodoulou Chairman of the Board of Director	Antonis K. Rouvas Interim Chief Executive Officer	Christos Themistocleous Chairman of the Audit Committee of the Board	Maria Keleshi Interim Chief Financial Officer

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital (Note 37) €'000	Reduction of share capital reserve (Note 37) €'000	Share premium reserve (Note 37) €'000	Retained earnings (Note 38) €'000	Revaluation reserves (Note 39) €'000	Total equity €'000
Balance 1 January 2023	206.403	260.269	553.281	34.253	50.269	**1.104.475**
Total comprehensive income for the year net of taxation						
Profit for the year	-	-	-	365.678	-	**365.678**
Other comprehensive income	-	-	-	-	10.088	**10.088**
Transfer of excess depreciation on revaluation surplus	-	-	-	412	(412)	**-**
Transfer to retained earnings due to disposal of immovable property	-	-	-	520	(520)	**-**
	-	-	-	366.610	9.156	**375.766**
Transactions with shareholders						
Contributions and distributions						
Defence on deemed dividend distribution	-	-	-	(631)	-	**(631)**
	-	-	-	(631)	-	**(631)**
Balance 31 December 2023	206.403	260.269	553.281	400.232	59.425	**1.479.610**

The notes on pages 48 to 236 form an integral part of the Financial Statements.

HELLENIC BANK PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital (Note 37) €'000	Reduction of share capital reserve (Note 37) €'000	Share premium reserve (Note 37) €'000	Retained earnings (Note 38) €'000	Revaluation reserves (Note 39) €'000	Total equity €'000
Balance 1 January 2022	206.403	260.269	553.281	10.704	55.257	**1.085.914**
Total comprehensive income for the year net of taxation						
Profit for the year	-	-	-	27.770	-	**27.770**
Other comprehensive expenses	-	-	-	-	(3.897)	**(3.897)**
Transfer of excess depreciation on revaluation surplus	-	-	-	116	(116)	**-**
Transfer to retained earnings due to disposal of immovable property	-	-	-	975	(975)	**-**
	-	-	-	28.861	(4.988)	**23.873**
Transactions with shareholders						
Contributions and distributions						
Defence on deemed dividend distribution	-	-	-	(5.312)	-	**(5.312)**
	-	-	-	(5.312)	-	**(5.312)**
Balance 31 December 2022	206.403	260.269	553.281	34.253	50.269	**1.104.475**

The notes on pages 48 to 236 form an integral part of the Financial Statements.

	Note	2023 €'000	2022 €'000
Cash flow from operating activities			
Profit for the year		**365.678**	27.770
Net (gains)/losses on derecognition of financial assets measured at amortised cost		**(4.830)**	236
Impairment losses on financial instruments	15	**7.235**	18.170
Impairment losses on non financial assets	15	**9.463**	6.796
Depreciation of property, plant and equipment and amortisation of intangible assets	25, 26	**22.233**	23.865
Net (gains)/losses on disposal and write-offs of property, plant and equipment and intangible assets		**(415)**	646
Net (gains)/losses on disposal and revaluation of investments in debt and equity securities		**(3.502)**	5.978
Interest expense on lease liability	6	**463**	379
Net (gains)/losses from revaluation of investment properties	11	**(688)**	350
Interest income from indemnification assets	5	**(43)**	(186)
(Gain)/loss on derecognition of lease liability		**(56)**	11
Provision/(release) of provision for pending litigations or complaints and/or claims	13	**187**	(297)
Interest income from other financial assets	5	**(412)**	(114)
Negative interest on funding by Central Banks	5	**-**	(19.643)
Interest expense on funding by Central Banks		**77.131**	4.089
Interest income from debt securities	5	**(108.220)**	(61.403)
Dividend income	11	**(13.072)**	(12.884)
Net gain from the disposal of stock of property	11	**(3.454)**	(5.580)
Interest expense on loan capital	6	**39.177**	7.703
Negative goodwill	40	**-**	(4.782)
Gain on derecognition of disposal group classified as held for sale		**(21.614)**	-
Gain from the disposal of subsidiary companies	11	**(628)**	(899)
Taxation	16	**46.128**	8.578
Cash generated/(used in) from operating activities before working capital changes		**410.761**	(1.217)
Decrease in loans and advances to customers		**12.058**	61.519
(Increase)/decrease in loans and advances to customers (classified as assets held for sale)		**(266)**	23.195
Increase in other assets		**(4.460)**	(2.023)
(Decrease)/increase in customer deposits and other customer accounts		**(613.459)**	964.572
(Decrease)/increase in other liabilities and liabilities held for sale		**(8.339)**	56.209
Decrease in placements with other banks		**1.632**	111.618
Increase in obligatory reserves with Central Banks		**(5.310)**	(2.958)
Decrease in deposits by banks		**(11.228)**	(14.437)
(Increase)/decrease in amounts due from subsidiary companies		**(2.109)**	198
Net proceeds on disposal of Project Starlight		**145.883**	-
Net proceeds from the disposal of loans and advances		**873**	-
Prepayment received from disposal of loans and advances		**-**	8.125
Net proceeds from the disposal of stock of property		**18.219**	28.865
Net proceeds from the disposal of stock of property held for sale		**-**	3.992
Net cash (used in)/from operating activities before taxation		**(55.745)**	1.237.658
Tax paid		**(19.320)**	(8.216)
Net cash (used in)/from operating activities		**(75.065)**	1.229.442
Cash flow from investing activities			
Payments for the acquisition of part of RCB Bank banking operations		**-**	(318.087)
Net increase in investment in subsidiary companies	24	**(224)**	(1.524)
Net proceeds on disposal of investment in subsidiary companies		**6.835**	14.731
Dividend received		**17.572**	12.716
Interest received from debt securities		**88.493**	83.408
Additions of investments in debt securities		**(1.567.923)**	(1.085.997)
Proceeds on disposal/maturity/redemption of investments in debt securities		**1.129.932**	1.111.764
Proceeds on disposal of investments in equity securities		**134**	162
Additions of property, plant and equipment	25	**(4.116)**	(2.794)
Additions of intangible assets	26	**(13.032)**	(7.055)
Proceeds on disposal of investment properties		**-**	526
Proceeds on disposal of property, plant and equipment		**91**	100
Net cash used in investing activities		**(342.238)**	(192.050)
Cash flow from financing activities			
Payments of lease liability	35	**(2.276)**	(2.518)
Net proceeds from the issue of loan capital		**197.447**	98.250
Payment on defence on deemed dividend distribution		**(5.216)**	(8.056)
Interest paid on loan capital	6	**(27.157)**	(3.272)
Net cash from financing activities		**162.798**	84.404
Net (decrease)/increase in cash and cash equivalents		**(254.505)**	1.121.796
Foreign exchange difference		**13.251**	(36.540)
Cash and cash equivalents at the beginning of the year		**8.527.730**	7.442.474
Cash and cash equivalents at the end of the year	42	**8.286.476**	8.527.730

The notes on pages 48 to 236 form an integral part of the Financial Statements.

1. INCORPORATION AND PRINCIPAL ACTIVITY

Hellenic Bank Public Company Limited (the "Bank") was incorporated and is domiciled in Cyprus and is a public company in accordance with the provisions of the Cyprus Companies Law (Cap. 113), the Cyprus Stock Exchange Laws and Regulations and the Income Tax Laws. The Bank's registered office is located at 200, Corner of Limassol and Athalassa Avenues, 2025 Strovolos, P.O. Box 24747, 1394 Nicosia. The Bank is the holding company of Hellenic Bank Group (the "Group").

The principal activity of the Group continued to be the provision of a wide range of banking and financial services, which include financial, investment and insurance services, custodian and factoring services and management and disposal of properties, predominantly acquired in debt satisfaction.

The Financial Statements for the year ended 31 December 2023 comprise the financial statements of Hellenic Bank Public Company Limited and its subsidiary companies, which together are referred to as the Group.

The Financial Statements have been prepared in both the English and the Greek language. In case of a difference or inconsistency between the two, the English version prevails.

2. GOING CONCERN

Management applied the going concern principle for the preparation of the Consolidated Financial Statements as at for the year ended 31 December 2023. For assessing the appropriateness of the application of this principle, Management considered the Strategic Plan approved by the Board on 14 December 2023 which presented the Bank's business objectives and strategies for achieving those objectives as well as the Medium-Term financial targets of the Bank. Management also considered a wide range of information relating to current and future economic developments based on which adverse scenarios were formulated and the impact on profitability, cash flows, capital and liquidity requirements was assessed.

The main macroeconomic developments that could cause uncertainties regarding the application of this principle relate to the impact that the ongoing Russia-Ukraine conflict and the unfolding events in Middle East have on the global economy. Management closely monitors the developments and the impact they may have on the Group's operations and financial performance.

Based on the above and taking into account:

- the capital and liquidity position of the Bank as presented in the "Additional Risk and Capital management information for the year ended 31 December 2023".
- the successful completion of the 2023 ECB Stress Test which affirmed the Bank's adequate capital position, both under Base as well as under Stress conditions;
- the completion of the Project Starlight on 30 March 2023 (refer to Note 28) which led to an improvement of the NPE ratio;
- the comprehensive Transformation Plan in effect which aims at cost reduction, restructuring and rightsizing of the Bank whereas at the same time drive efficiency, enhance customer experience and increase revenues;
- the Bank's MREL issuance plan and the actual issuance of €100 million Senior Preferred Notes at 9% in July 2022 and of €200 million Tier 2 Subordinated Notes at 10,25% in March 2023, under the €1.500.000.000 Euro Medium Term Note Programme (EMTN);

2. GOING CONCERN (continued)

The Group concluded that there are no material uncertainties which could cast significant doubt over the Group's ability to continue as a going concern for at least the next 12 months from the date of approval of the Consolidated Financial Statements for the year ended 31 December 2023.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Statements and the Bank's separate Financial Statements (throughout the document collectively refered to as "Financial Statements") and have been applied consistently by all companies of the Group.

3.1. Basis of preparation

The Financial Statements are presented in Euro (€), which is the functional and presentation currency of the Bank and its subsidiaries. All figures have been rounded to the nearest thousand, except where otherwise indicated.

Basis of consolidation
The Financial Statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2023. The financial information of the subsidiaries are prepared as of the same reporting date as that of the Bank. When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

(a) Going concern principle
The Financial Statements have been prepared on a going concern basis.

(b) Statement of compliance
The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

(c) Basis of measurement
The Financial Statements have been prepared on the historical cost basis, except from derivative financial instruments, financial assets at fair value through profit or loss (FVPL), investments at fair value through other comprehensive income (FVOCI), properties held for own use and investment properties which are measured at fair value, stock of property which is measured at the lower of cost and net realisable value and insurance and reinsurance contract assets and liabilities which are measured based on their fulfilment cash flows and the, Contractual Service Margin, if any. 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.

3.2. Adoption of new and revised International Financial Reporting Standards (IFRSs) and interpretations

As from 1 January 2023, the Group adopted all the changes to International Financial Reporting Standards (IFRSs) as adopted by the EU which are relevant to its operations.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IFRS 17: Insurance Contracts

The Group has adopted IFRS 17 as issued by the International Accounting Standards Board (IASB) on 1 January 2023 which resulted in changes in accounting policies for recognition, measurement, presentation and disclosure of all types of insurance contracts. The Group did not early adopt any of the IFRS 17 requirements in the previous periods. Refer to 'IFRS 17 Transitional approach and impact' section for the impact on the Group's Consolidated Financial Statements (Refer to Notes 3.26.13-3.26.15). The new accounting policies and estimates and judgements that arose from the application of the Standard are disclosed in Notes 3.26 and 4.10 respectively.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. These amendments do not have a material effect on the Financial Statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments have had an immaterial impact on the Bank's disclosures of accounting policies and estimates and judgements, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. These amendments did not have any effect on the Financial Statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023. The amendments do not have any impact on the Financial Statements.

3.2.1. Standards, Amendments and Interpretation issued but not yet effective

The following Standards, Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB") but are not yet effective for annual periods beginning on 1 January 2023. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards, Amendments and Interpretations early.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely, pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. As the Group does not currently have any associates or joint ventures, it does not expect to have any impact from adopting these amendments on the Financial Statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The Group is currently evaluating the impact of adopting these amendments on the Financial Statements.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. The Group is currently evaluating the expected impact of adopting these amendments on the Financial Statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose as at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. The Group does not expect to have a material impact from the adoption of these amendments on the Financial Statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity’s objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU. The Group expects these amendments to have no impact on the Financial Statements.

3.3. Foreign currency

(a) Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the translation of a financial liability designated as the hedging instrument in a hedge of the net investment in a foreign operation or in a qualifying cash flows hedge, which are recognised directly in equity.

(b) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Group’s presentation currency (Euro) at exchange rates at the statement of financial position date. The income and expenses of foreign operations are translated into Euro using the average exchange rates for the year. Exchange differences arising on translation of foreign operations are recognised directly in the translation reserve within equity. When a foreign operation is disposed of, the cumulative amount of the exchange differences recognised in equity and relating to that foreign operation is reclassified to the income statement when the gain or loss on disposal is recognised.

The Group also hedges the foreign currency risk that derives from the translation to Euro of the net position of its foreign subsidiaries by maintaining an open foreign exchange position. All exchange differences resulting from the translation of the open foreign exchange position are recognised in the translation reserve. There was no movement in the translation reserve since the termination of the foreign operations.

3.4. Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, which is the Management Board of the Bank under the leadership of the Chief Executive Officer. The chief operating decision-maker is the person or group that is responsible for allocating resources to and assessing the performance of the operating segments of the Group. The Group's operations are mainly concentrated in Cyprus.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

For management purposes, the Group is organised into two operating segments in Cyprus based on the provision of services, as follows:

- Banking and financial services segment - principally providing banking and financial services, including financing and investment services, custodian and factoring services as well as management and disposal of properties. Banking and financial services segment also includes the share of results of associate company;
- Insurance services segment - principally providing life and general insurance services.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before taxation which is measured in the same manner as in the Financial Statements.

Transfer prices between segments are on an arm's length basis in a manner similar to transactions with third parties. Balances and transactions between segments are eliminated on consolidation. Segmental information is presented in Note 45.

3.5. Turnover

Turnover comprises of interest income, fee and commission income, net gains or losses on disposal and revaluation of foreign currencies and financial instruments and other income. Group turnover also includes net insurance income.

3.6. Interest income and expense

Net interest income comprises of interest income and interest expense calculated using the effective interest method (EIR) and other methods. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Interest income on financial assets at amortised cost and on financial assets at fair value through other comprehensive income (FVOCI) is calculated by applying the EIR on the gross carrying amount of the asset, unless the asset is credit impaired. For financial assets that are credit-impaired, interest income is calculated by applying EIR to the amortised cost (i.e. gross carrying amount less credit loss allowance). For purchased or originated credit impaired (POCI) financial assets, interest income is recognised by applying a credit adjusted EIR (CAEIR) (based on an initial expectation of further credit losses) on the amortised cost of the financial asset.

Interest expense on financial liabilities held at amortised cost is calculated using the effective interest method (EIR) which allocates interest over the expected life of the financial liabilities.

Interest income from financial assets at amortised cost and financial assets at FVOCI is presented within "Interest income calculated using the effective interest method" in the income statement, which also includes negative interest on certain financial liabilities at amortised cost. Interest expense on financial liabilities held at amortised cost is presented within "Interest expense calculated using the effective interest method" which also includes negative interest on certain financial assets held at amortised cost. Interest income and expense on derivative financial instruments are included in "Other interest income" and "Other interest expense" respectively in the income statement.

Further details on interest income and interest expense are disclosed in Note 5 and Note 6 respectively.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.7. Fee and commission income and expense

The Group earns fee and commission income from a diverse range of services it provides to its clients performed either at a point in time or over a certain period of time.

The Group applies a five-step revenue recognition model to recognise commissions and fee income, under which the performance obligations as well as the timing of their satisfaction are identified and income is recognised when control of goods and services is transferred, i.e. the contractual performance obligation to the client has been satisfied. The amount of income is measured on the basis of the contractually agreed transaction price and is allocated to the performance obligations defined in the contract.

Fee and commission expense is recognised in the income statement on an accruals basis, as the related services are performed.

Further details on fee and commission income and expense are disclosed in Note 7 and Note 8 respectively.

3.8. Leases

The Group leases land and building for its branches. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to the branches or office premises.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term and recorded to the income statement within "Depreciation and amortisation". In addition, right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group presents right-of-use assets in Note 25 "Property, plant and equipment" in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The incremental borrowing rate reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The lease liability is measured at amortised cost using the effective interest method with interest charged to the income statement within "Interest expense". It is remeasured when there is a change in future lease payments arising from the change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset and any remaining difference is recorded in the income statement within "Other income". The Group presents lease liabilities in "Other liabilities" in the statement of financial position.

For leases that at commencement date have a lease term of 12 months or less and leases for which the underlying asset is of low value, the Group applies either the short-term exemption or the low value asset exemption and such assets are not presented on the Group's balance sheet. Instead, payments are recognised on a straight line basis over the lease term in Note 13 "Administrative and other expenses". Such exemptions were applied for lease contracts of vehicles and equipment.

In addition, where practicable/feasible, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options are exercisable by the Group companies and not the lessor. As a result, the Group applied judgement to determine whether it is reasonably certain that an extension option or termination option will be exercised which in effect impacts the determination of the lease term and hence, the determination of the discount rate and the amounts that the lease liability and right-of-use assets are recognised.

Group as lessor
When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3.8.1. Determination of the lease term
The Group determines the lease term as the non-cancellable term of the lease. Where practicable/feasible, the Group seeks to include extension options in new leases to provide operational flexibility. As the extension options are exercisable by the Group companies, the Group applies judgement to determine whether it is reasonably certain that an extension option or termination option will be exercised which in effect impacts the determination of the lease term and the amounts that the lease liability and right of use assets are recognised.

3.8.2. Estimating the incremental borrowing rate
In determining the carrying amount of the right of use asset and lease liabilities, the Group is required to estimate the incremental borrowing rate since the interest rate implicit in the lease is not readily determined. The incremental borrowing rate therefore reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

3.9. Employee retirement benefits
The Group participates in different defined contribution retirement plans.

The terms of employment of the majority of Group employees are in accordance with the provisions of the Collective Agreement (CA) between the Cyprus Bankers Employers' Association and the Cyprus Union of Bank Employees and/or between Hellenic Bank and the Cyprus Union of Bank Employees. Under these terms of employment, a defined contributions Provident Fund scheme for employees was set up.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The rules and regulations of the Provident Fund scheme is governed by the Cyprus legislation. The employer's contribution to the Provident Fund for the Hellenic Bank legacy employees is set at 9%. The employer's contribution to the Provident Fund for the majority of the ex-CCB transferred employees who have chosen to become members of the said Fund is set at 7% and different terms also apply for those ex-CCB transferred employees who have chosen to remain members of the different Provident Fund schemes which were in operation before the transfer. The different percentage and terms of Provident Fund schemes for the ex-CCB transferred employees which derived from CA, is attributed to the fact that Hellenic Bank is required, under TUPE, to observe the terms of any CA until the date of the termination, or expiry of the CA, or until the entry into force, or application of another CA, in each case for a minimum of one year.

For staff emanating from ex-RCB Bank, the employer's contribution to the Provident Fund for the said employees remained at 7,5%.

The Bank also offers to employees whose employment contracts are not in accordance with the terms of employment of the CA, the option to become members of multi-employer defined contribution Provident Fund schemes of their choice to which the employer's contribution is set at 9%.

Group obligations towards the employees' retirement benefits are limited to payment of the contributions to each Provident Fund. Employer's contributions due for payment are recognised as staff costs (refer to Note 12).

Prepaid contributions are recognised as an asset to the extent that cash will be refunded or future payments will be reduced.

3.10. Income tax

Income tax comprises of current tax and deferred tax. It is recognised in the income statement unless it relates to items recognised directly in equity or in the statement of comprehensive income.

Current tax

Current tax represents the amount of current income tax payable on the taxable profit of a tax period, using tax rates prevailing as at the date of the statement of financial position as well as any adjustments to tax payable in respect of previous years' results. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and adjusts the tax position accordingly. Additional disclosures are provided in Note 16.

Deferred tax

Deferred tax is recognised for deductible temporary differences and unused tax losses carried forward only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the unused tax losses can be utilised. Temporary differences arise from differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax base. The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that/it is uncertain whether there will be sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at tax rates expected to be applicable in the period during which the asset will be utilised or the liability will be settled taking into consideration the tax rates and legislation enacted or substantially enacted at the reporting date. Detailed disclosures on the deferred tax asset and deferred tax liability are provided in Note 34.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Current and deferred tax assets and liabilities are offset if they relate to taxes imposed by the same tax authority provided it allows such settlements, and provided the intention of the Group is to either settle the net amount or realise the asset and settle the obligation simultaneously.

3.11. Special Levy

According to the "Special Levy on Credit Institutions Law of 2011 to 2017", special levy is imposed on credit institutions on a quarterly basis, at the rate of 0,0375% on qualifying deposits held by each credit institution on 31 December of the previous year for the quarter ending on 31 March, on 31 March of the same year for the quarter ending on 30 June, on 30 June of the same year for the quarter ending on 30 September and on 30 September of the same year for the quarter ending on 31 December. Based on an amendment to the Law effective as from 6 October 2017, an amount corresponding to the annual contribution of each credit institution to the Resolution Fund or to the Single Resolution Fund as the case may be, is deducted from the balance of special levy payable, up to the maximum amount of special levy for the same year.

Special levy is recognised in the income statement in "Administrative and other expenses".

3.12. Financial instruments

3.12.1. Recognition and initial measurement

The Group initially recognises loans and advances to customers, customers deposits and loan capital issued on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes party to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value plus, for an item measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price. Financial instruments without significant financing component are initially measured at the transaction price.

3.12.2. Classification and Measurement of financial assets and liabilities

The classification of financial assets is determined on the basis of the Bank's business model within which the financial assets are managed and the contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

Financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows (the "hold to collect" business model) and their contractual terms meet the SPPI criterion will be classified at amortised cost. Those debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling the asset (the 'hold to collect and sell' business model) and their contractual terms meet the SPPI criterion will be classified at FVOCI. Financial assets with contractual terms that do not meet the SPPI criterion are classified as FVTPL.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Business Model Assessment

The Group assessed the business model criteria at a portfolio level because this best reflects the way in which the business is managed, and information is provided to management. Information that is considered in determining the applicable business model includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice,

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's management,

- the risks that affect the performance of the business model and, in particular the way in which those risks are managed,

- the frequency, volume and timing of sales in prior periods, the reason for such sales and expectations about future sales activity, which should be considered as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are generated.

Assessment whether contractual cash flows are solely payments of principal and interest
The contractual cash flow characteristics of financial assets are assessed, at product level, with reference to whether the cash flows represent SPPI. "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms that could change the contractual cash flows so that it would not meet the condition for SPPI, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Measurement categories of financial assets and liabilities

Financial Assets at amortised cost
Financial assets are classified and subsequently measured at amortised cost, unless designated under the fair value option, if the financial asset is held in a "Hold to Collect" business model and the contractual cash flows are SPPI.

At initial recognition, the financial asset is measured at fair value including any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortised cost is also reduced with any expected credit loss. In the income statement, the amortisation is included in "Interest income calculated using the effective interest method", the foreign exchange gains and losses are included in "Net gains on disposal and revaluation of foreign currencies and financial instruments" and impairment losses are included in "Impairment losses on financial instruments". Any gain or loss on derecognition is recognised in the income statement in "Net gains on derecognition of financial assets measured at amortised cost".

The classification relates to cash and balances with Central Bank, placements with other banks, loans and advances to customers that pass the SPPI test, debt securities held under the "Hold to collect" business model and indemnification assets.

Financial Assets at Fair Value through Profit or Loss (FVTPL)
A financial asset that has been originated, acquired or incurred principally for the purpose of trading or that is not managed within a "hold to collect" or a "hold to collect and sell" business model is measured at FVTPL.

Additionally, instruments for which the contractual cash flows do not meet the SPPI assessment must be measured at FVTPL even if they are managed within a business model whose objective is "hold to collect" or "hold to collect and sell".

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

At initial recognition, the Bank may also choose to irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. All financial assets at FVTPL were mandatorily classified as such.

Upon subsequent measurement of FVTPL a gain or loss on financial asset is recognised in the income statement in "Net gains on disposal and revaluation of foreign currencies and financial instruments".

Included in this classification are equity securities and derivatives held for trading.

Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI)
Debt Instruments are classified and measured at fair value through other comprehensive income (FVOCI), unless designated under the fair value option, if the financial asset is held in a "Hold to Collect and Sell" business model and the contractual cash flows are SPPI.

Upon subsequent measurement of FVOCI a gain or loss on debt instruments is recognised in other comprehensive income, except for interest revenue, foreign exchange gains and losses and impairment gains or losses, which are recognised in the income statement in "Interest income calculated using the effective interest method", "Net gains on disposal and revaluation of foreign currencies and financial instruments" and "Impairment losses on financial instruments" respectively. When the debt instrument is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement in "Net gains on disposal and revaluation of foreign currencies and financial instruments".

Included in this classification are debt securities held under the "Hold to collect and sell" business model.

Equity instruments at Fair Value through Other Comprehensive Income (FVOCI)
An equity instrument is any instrument that meets the definition of equity when it meets the definition of Equity under IAS 32 Financial Instruments: Presentation. Equity instruments are measured at FVTPL, unless they are not held for trading purposes. For such instruments the Group has made an irrevocable election on initial recognition to measure them at FVOCI. The measurement of such instruments is determined on an instruments-by instrument basis. For equity securities at FVOCI, other net gains and losses are recognised in OCI and are never reclassified to the income statement. No impairment loss is recognised in the income statement.

Financial Liabilities
Financial liabilities include deposits by banks, funding by Central Banks, customer deposits and other customer accounts and are classified as measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the income statement in “Interest Expense calculated using the effective interest method”. Any gain or loss on derecognition is also recognised in the income statement in “Net gains on disposal and revaluation of foreign currencies and financial instruments”.

For financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk may be presented in other comprehensive income. All financial liabilities are classified at amortised cost.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Loan capital
On issuance of bonds an assessment is made to determine whether the instruments issued should be classified as financial liabilities or as compound financial instruments that contain both liability and equity elements, as these are accounted for separately, as financial liabilities and equity respectively. In addition, an assessment is made whether the instrument is a hybrid instrument containing a derivative and a financial liability host contract.

Bonds issued that represent contracts that will or may be settled in the entity's own equity instruments and they are non-derivative contracts that consist of an obligation for the entity to deliver a variable number of its own equity instruments are classified as financial liabilities. Furthermore, a single obligation to deliver a variable number of an entity's own equity instruments is a non-derivative obligation that meets the definition of a financial liability and cannot be subdivided into components for the purpose of evaluating whether the instrument contains a component that meets the definition of equity.

Bonds issued that are classified as financial liabilities under loan capital are initially measured at the fair value of the consideration received minus transaction costs that are directly attributable to the issue of the loan capital. Subsequently these are measured at amortised cost using the effective interest method, in order to amortise the difference between the cost and the redemption value, over the period to the earliest date that the Bank has the right to redeem the loan capital.

Based on this assessment, the loan capital issued contains an embedded derivative, represented by the mandatory conversion feature. This assessment does not apply for Notes issued under the EMTN program.

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in financial liability or a non-financial host are separated from the host and accounted for as separate derivatives if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative (as defined above); and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Bank considers that the value of this embedded derivative, both at inception and as at the reporting date, is nil as it considers that the probability of conversion is remote.

Derivatives
Derivatives are recognised initially and are subsequently measured at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument is assessed for classification in its entirety.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.12.3. Reclassification of financial assets and liabilities

Financial assets subsequent to their initial recognition are not reclassified to other measurement category (as mentioned above), unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A change in the business model is made only in exceptional circumstances.

3.12.4. Derecognition of financial assets and financial liabilities

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derecognition and contract modification

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, change in interest rates, payment holidays, payment forgiveness or exchange of debt instruments.

A forborne exposure may be derecognised and the renegotiated loan recognised as a new loan at fair value when the new terms are substantially different to the original terms. The renegotiation date is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the "new" financial asset recognised is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences between the carrying amount of the original terms and the fair value at initial recognition of the "new" loan are recognised as a gain or loss in "Net gains on derecognition of financial assets measured at amortised cost" in the income statement.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the income statement in line "Impairment losses on financial instruments". The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit impaired financial assets) and is compared to the gross carrying amount of the original loan.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.12.5. Impairment of financial assets
The "Expected Credit Loss (ECL)" approach applies to all financial assets that are measured at amortised cost or FVOCI, and to off balance sheet lending commitments such as loan commitments and financial guarantees. Under the ECL model provisions are recognised upon initial recognition of the financial asset reflecting the expectation of potential credit losses at the time of initial recognition. The Group recognises a loss allowance for such losses at each reporting date in “Impairment losses on financial instruments” in the income statement.

Measurement of ECL
The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes and considering reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group calculates ECL as the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). Refer to the sections below for details on each of these components.

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

A loss allowance is recognised either at an amount equal to 12-month ECL or lifetime ECL. At initial recognition, an impairment allowance is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Facilities/customers are classified in three stages, according to the increases in credit risk level, considering certain criteria:

- Stage 1: Financial Instruments are classified as stage 1 when the credit risk has not increased significantly since initial recognition. The Group recognises a credit loss allowance at an amount equal to 12 month expected credit losses.

- Stage 2: Financial Instruments are classified as stage 2 when the credit risk has increased significantly since initial recognition but not to the point that the asset is credit impaired. The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses.

- Stage 3: Financial Instruments are classified as stage 3 when the credit quality of a financial asset deteriorates to the point that the asset is credit impaired. The Bank aligned Stage 3 classification with the NPE classification consistent with the definition used for internal credit risk management purposes. The Group recognises a credit loss allowance at an amount equal to lifetime expected credit losses.

Financial assets that are credit impaired upon initial recognition are categorized within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The accounting treatment for these purchased or originated credit impaired (POCI) assets is discussed further below.

For facilities/customers that meet the criteria to be individually assessed for provisions the Bank reviews and validates the Stage classification using a combination of backward looking, current and forward-looking indicators.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Loans and advances acquired as part of a business combination are initially recognised at fair value. The fair values on initial recognition form the gross amount of the loans irrespective of the principal amount of these loans and what constituted the gross carrying amount of these loans in the accounting records of the Seller. In cases where the acquired loans were credit impaired, the Bank includes the initial expected credit losses in the estimated cash flows when calculating the credit adjusted effective interest rate. Accordingly, the effective interest rate of a POCI would be the discount rate that equates the present value of the expected cash flows with the purchase price of the loan.

Probability of default (PD)
PD represents the likelihood of a borrower defaulting on their financial obligation in a specified time period, assuming it has not closed or defaulted since the reporting date. Projection of PDs is based on macroeconomic scenarios and are differentiated based on segment (e.g. Retail, SME and Corporate), and status (e.g. dpd, restructured). For the externally rated exposures (e.g. Treasury and International lending), the historical default rates published by Moody's per rating are utilized. For the non-externally rated facilities, i.e. local loan book, the PD is estimated based on the Bank's historical default rates.

Exposure at default (EAD)
EAD represents the amount expected to be owed if a default event was to occur. The EAD is determined by calculating the expected cash flows which vary depending on the product type. By analyzing the behavior of the product types, the behavioral maturity of these products is estimated. The utilization of the off-balance sheet amount of revolving facilities is also considered in determining the Credit Conversion Factor (CCF).

Loss given default (LGD)
LGD represents an estimate of the loss arising on default. It is calculated as the expected loss at default divided by EAD. LGD is based on factors that impact the likelihood and value of any subsequent loss, in which case it takes into account property prices, liquidation haircuts due to forced sale or market conditions, liquidation periods and other factors.

Definition of default
IFRS 9 does not define default but requires the definition to be consistent with the definition of default used for internal credit risk management purposes. The Group considers a financial instrument defaulted, and hence stage 3 for ECL calculations, when the borrower is unlikely to pay its credit obligations to the Group in full, and the borrower is more than 90 days past due on any material credit obligation to the Group. The Bank aligned Stage 3 classification with the European Banking Authority's (EBA) criteria for NPE classification.

Purchased or Originated Credit Impaired Financial assets (POCI)
Financial assets are considered purchased or originated credit impaired (POCI) if upon initial recognition they are purchased or originated at a deep discount which indicates evidence of impairment. Since the asset is originated credit impaired, the Bank only recognises the cumulative changes in lifetime ECL since initial recognition as a loss allowance in profit or loss until the POCI is derecognised.

Significant increase in credit risk
An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the increase in the risk of default occurring over the remaining life of the financial instrument. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the historical experience of each exposure, expert credit assessment and forward looking information. The assessment of significant increase in credit risk is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The criteria for determining whether the exposure has experienced significant deterioration in credit risk since origination are in line with Stage 2 criteria and are as follows:

- Days in Arrears: Exposures with more than 30 days in arrears,
- Forbearance flag: A performing account with an active forbearance flag in line with the European Banking Authority (EBA) definition,
- Accounts managed by recovery units (for early arrears before default),
- A pooling effect is applied at a customer level which classifies as Stage 2 accounts not meeting the above criteria but fall under the same customer whose other accounts exhibit credit triggers such as those above,
- Behavioural Scoring: Retail and SME exposures with low behavioural score resulting from models developed by the Bank for predicting defaults/delinquencies.
- PD comparisons: Exposures originated post IFRS9 implementation in 2018 who have experienced a 200% relative increase in the current lifetime PD relative to the origination PD.

Interest income recognition
Interest income is calculated on the gross carrying amount of the financial assets in Stages 1 and 2 by applying the effective interest rate (EIR). For financial assets at Stage 3, interest income is calculated by applying EIR to the credit adjusted amortised cost (i.e. gross carrying amount less credit loss allowance). For POCI financial assets, interest income is recognised by applying a credit adjusted EIR (CAEIR) (based on an initial expectation of further credit losses) on the amortised cost of the financial asset.

Write-offs
The Group reduces, either partially or in full, the carrying amount of a financial asset when there is no reasonable expectation of recovery. Write-offs are recognised in "Impairment losses on financial instruments" in the income statement.

3.13. Impairment of non financial assets
The carrying amounts of the Group’s non financial assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The loss from impairment of goodwill is non-reversible. The loss from impairment of other non financial assets is reversible only to the extent that the carrying value does not exceed net carrying value that the non financial asset would have if the impairment loss was not recognised.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14. Financial guarantees and loan commitments

In a business combination, acquired off balance sheet exposures that were not previously recognised in the acquiree's financial statements, but have a fair value on acquisition date, are recognised on the acquirer's financial statements and are initially measured at fair value at the date of acquisition. Off balance sheet exposures acquired by the Bank as part of the Acquisition consist of financial guarantee contracts and loan commitments.

Financial guarantees contracts issued by the Bank are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. From the issuer's perspective, financial guarantee contracts fall in the scope of IFRS 9.

Loan commitments represent unused portions of authorisations to extend credit under pre-specified terms and conditions in the form of loans, guarantees or letters of credit.

Subsequent to initial recognition, issued financial guarantee contracts and commitments to provide loans at below-market rate are measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less the cumulative amount of income recognised in accordance with IFRS 15 (where applicable). Other loan commitments are subsequently measured at the amount of the loss determined in accordance with IFRS 9.

Liabilities arising from financial guarantees and loan commitments are included within provisions/other liabilities.

3.15. Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows include cash and available for use balances with Central Banks, placements with other banks, funding by Central Banks and repurchase agreements, with original maturities of less than three months.

3.16. Indemnification Asset

An indemnification asset arises when the seller in a business combination is contractually obliged to indemnify the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. In other words, the seller guarantees that the acquirer's losses will not exceed a specified amount.

The indemnification asset is recognised as an asset of the Group (as the acquirer in a business combination) at the same time and on the same basis as the indemnified item. Thus, an indemnification asset is recognised by the Group at the acquisition date if and only if it relates to an indemnified asset or liability that is recognised at the acquisition date.

The indemnification asset is initially recognised at fair value. Subsequent to initial recognition, the indemnification asset is measured at amortised cost using the effective interest method. It is also subject to impairment requirements (refer to Note 3.12). The Group derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The Bank has recognised the following indemnification assets:

a) Indemnification asset – Asset Protection Scheme (APS)

The terms of the agreement relating to the acquisition of part of ex CCB's assets and liabilities, include an asset protection scheme (APS) provided by ex CCB, which has been recognised as an indemnification asset. Ex CCB's obligations under the APS are guaranteed by the Republic of Cyprus ("RoC") pursuant to a guarantee agreement entered into prior to the completion of the acquisition between the Bank and the RoC. The APS is a single contract providing credit protection to the Bank in respect of parts of the acquired loan portfolio ("covered assets") against future losses. There is no change in the recognition and measurement of the covered assets as a result of the APS, which are measured at amortised cost subsequent to the acquisition. Impairment on covered assets is assessed and recognised in accordance with the Group's accounting policy for financial assets recognised at amortised cost. There is no change in how gains and losses on the covered assets are recognised in the income statement or in other comprehensive income.

b) Indemnification asset – certain off-balance items acquired

Under the BTA, the Bank identified and recognised an indemnification asset in relation to the certain off balance sheet exposures acquired. Specifically, pursuant to the BTA, ex CCB shall on demand indemnify the Bank against all losses in respect of certain off balance sheet exposures.

Indemnification assets are presented in Other assets in Note 29.

3.17. Property, plant and equipment

Owner-occupied property is property held by the Group for use in the supply of services or for administrative purposes. The classification of property is assessed on a regular basis to account for any major changes in use. Owner occupied land and buildings are initially recognised at cost and are subsequently measured at fair value less accumulated depreciation and impairment losses. Fair value is determined from market-based valuations undertaken by professionally qualified valuers periodically between three to five years. Plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all expenditure that is directly attributable to the acquisition of the asset.

Depreciation for property, plant and equipment is recognised in the income statement on a straight line basis over the estimated useful lives of the assets. Land is not depreciated.

The depreciation rates used are as follows:

Buildings	2%
Leasehold improvements	20%
Plant and equipment	10% to 25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Gains and losses on disposal of property, plant and equipment, that are determined as the difference between the net disposal proceeds and the carrying amount of the asset, are included in the income statement when the item is derecognised.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

When the use of a property changes, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in the Statement of Comprehensive Income and presented in the revaluation reserve. Any loss is recognised in income statement.

3.18. Property revaluation reserve

Any surplus arising on the revaluation of land and buildings is credited to the property revaluation reserve that is included in equity. If, after a revaluation, the depreciation charge is increased, then an amount equal to the increase (net of deferred taxation), is transferred annually from the property revaluation reserve to retained earnings. Upon disposal of revalued property, any relevant accumulated revaluation surplus which remains in the property revaluation reserve is also transferred to retained earnings.

3.19. Investment properties

Investment properties, comprise properties which are not occupied by the Bank and are held for rental yields and/or capital appreciation.

Investment properties are initially measured at cost, including transaction costs, and subsequently at fair value with any change therein recognised in "Net gains from revaluation of investment properties" in the income statement. Fair value is determined from market based valuations undertaken by professionally qualified valuers annually. Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property, plant and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings. Transfers to or from the investment properties are made only when there is a change in use.

3.20. Stock of property

Assets are classified as stock of property held for sale if their carrying amount will be recovered principally through a sale transaction rather than through own use. This category mainly includes properties acquired in satisfaction of debt.

The Group, in its normal course of business, repossesses properties through debt to asset swaps and/or through the foreclosure process. These properties are held either directly or by entities set up and controlled by the Bank (Special Purpose Vehicle(s) SPV) for liquidation optimisation purposes. The SPVs are mainly a single property owner. The initial measurement of the acquired property is based on the carrying amount of the debt settled.

Stock of property is initially measured at cost and subsequently is measured at the lower of cost and net realisable value (NRV). Any write down to NRV is recognised as an impairment charge in the period in which the write down occurs. Any reversal is recognised in the income statement in the period in which the reversal occurs.

Gain or loss from disposal of stock of property, is the difference between the net consideration amount and the carrying value of the asset and is recognised in "Net gains from disposal of stock of properties" in the income statement when the asset is disposed.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.21. Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell, except for those assets and liabilities that are not in the scope of the measurement requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' such as deferred taxes, financial instruments, investment properties measured at fair value, insurance contracts and assets and liabilities arising from employee benefits. Those assets and liabilities should continue to be measured in accordance with the Group's relevant accounting policies for the specific assets and liabilities despite their classification as held for sale.

Impairment losses on initial classification and gains or losses from subsequent measurement are recognised in the income statement. A gain is only recognised to the extent that it is not in excess of the cumulative impairment loss that has been recognised. An asset classified as held for sale, or included within a disposal group that is classified as held for sale, is not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately on the face of the balance sheet.

A disposal group qualifies as discontinued operation if an entity or a component of an entity has been disposed of or is classified as held for sale and:

a) Represents a separate major line of business or geographical area of operations;

b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Intercompany transactions between continuing and discontinued operations are eliminated in the income statement in accordance with IFRS 10. Upon classification of a Group entity as a discontinued operation, the Group represents prior periods in the income statement.

3.22. Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entities at the date of acquisition. When the excess is negative (negative goodwill) is recognised immediately in the income statement.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill is assessed for impairment at least on an annual basis.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Computer software
Computer software is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software estimated at five years.

Other Intangible Assets
In accordance with IFRS 3, the acquirer shall recognise, separately from goodwill, the identifiable intangible assets acquired in a business combination at their acquisition date fair values. An intangible asset is recognised only if it is probable that the expected future economic benefits attributable to the asset will flow to the Bank and its cost can be measured reliably. Subsequently, amortisation is charged to profit or loss over the assets' estimated economic lives using methods that best reflect the pattern of economic benefits and is included in depreciation and amortisation.

Core deposits
As per the agreement for the acquisition of part of ex-CCB's banking operations in 2018, the Bank on-boarded some short-term deposits (e.g. current accounts) with credit balances over medium-to-long periods that carry lower interest rates compared to other medium-to-long term accounts. In such cases, an intangible asset was recognised since the Bank benefits from such lower interest expense, compared to the interest expense that would accrue to the bank should the borrowers have deposited the core amount in a term deposit.

Customer relationships (Purchased credit cards and overdrafts)
An additional intangible was recognised from the on-boarding of loans with revolving nature such as overdrafts and credit card accounts. Customers on-boarded by the Bank are expected to continue utilize their overdraft and credit card accounts in the future, creating an additional benefit to the Bank.

The estimated useful economic lives of the above mentioned intangible assets are as follows:

Core deposits	10 years
Purchased credit cards and overdrafts	5 years

Derecognition and impairment of Intangible assets
Intangible assets are derecognised from the statement of financial position at the time of disposal or when no economic benefits are expected from it.

Intangible assets are assessed for impairment when events relating to changes to circumstances indicate that the carrying value may not be recoverable. If the carrying amount exceeds the recoverable amount then the intangible assets are written down to their recoverable amount. Impairment charge is recognised in "Impairment losses on non financial assets" in the Income Statement.

3.23. Share capital
The difference between the issue price of share capital and its nominal value is recognised in the share premium reserve.

Expenses incurred from increase of authorised capital and issue of share capital are directly recognised in equity in the same year.

Any differences emerging from a reduction of the nominal value of share capital is transferred from share capital to a reduction of share capital reserve.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.24. Provisions for pending litigations or complaints and/or claims or cases subject to arbitration proceedings

Provisions for pending litigations or complaints and/or claims or cases subject to arbitration proceedings are recognised when:
(a) the Group has a present obligation (legal or constructive) as a result of a past event,
(b) an outflow of resources embodying economic benefits to settle the obligation is probable and
(c) a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the facts and circumstances of any litigation or arbitration proceedings. When a separate liability is measured, the most likely outcome may be considered the best estimate of the liability.

Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

Where the effect of the time value of money is material, the amount of the provision is the present value of the estimated future expenditures expected to be required to settle the obligation.

Where an outflow of resources embodying economic benefits to settle the obligation is possible, a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.25. Provisions to cover credit risk resulting from commitments and guarantees

The Group enters into various contingent liabilities. These include acceptances and endorsements, guarantees, undrawn formal standby facilities, undisbursed loans amounts and other commitments. Although these liabilities are not recognised in the statement of financial position, they expose the Group to credit risk. To cover the credit risk a provision is calculated and recognised in other liabilities in the statement of financial position with a corresponding charge in the income statement under "Impairment losses on financial instruments".

3.26. Insurance contracts

3.26.1. Definition and classification of insurance and reinsurance contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Group only issues insurance contracts.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis at the contract issue date. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Group holds reinsurance contracts that transfer significant insurance risk or are deemed to transfer significant insurance risk since they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The savings (unit-linked) contracts issued by the Group are classified as direct participating contracts. Such contracts allow policyholders to participate in investment returns with the Group, in addition to compensation for losses from insured risk. These contracts are substantially investment service-related contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

Where the Group's reinsurance contracts held covered multiple risks, no separation of the insurance components is made as a result of cashflow inter-dependencies between the different reinsured risks.

3.26.2. Aggregation level

For insurance contracts issued, the Group identifies portfolios of contracts. A portfolio comprises contracts subject to similar risks and managed together.

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. The Group determined that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together.

Reinsurance contracts held are grouped into portfolios taking into consideration the nature of the risk and the type of reinsurance cover.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Group segregates contracts based on when they were issued. An annual cohort contains all contracts that were issued within a 12-month period. Each annual cohort is then further disaggregated into three groups of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

The composition of groups established at initial recognition is not subsequently reassessed.

3.26.3. Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date;
- When the Group determines that a group of contracts becomes onerous.

Concerning onerous contracts such contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

The Group recognises a group of reinsurance contracts held:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract;
- In all other cases, from the beginning of the coverage period of the first contract in the group.

If the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

The Group adds new contracts to the group in the reporting period in which they meet the recognition criteria.

3.26.4. Contract Boundaries

Insurance contracts

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the Group has discretion over the amount or timing.

A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio;
  - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Reinsurance contracts

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the cedant that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance contract services from the reinsurer.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract. This includes cash flows from insurance contracts that are expected to be issued by the Group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The Group's reinsurance contracts providing coverage on a loss occurring basis cover claims incurred during the accident year from underlying insurance contracts. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year will be included in the measurement of the reinsurance contracts held.

The Group holds proportional reinsurance contracts which have an unlimited duration providing coverage on a risk attaching basis which allow both the reinsurer and the Group to terminate the contract, for new business ceded, by providing a three months' notice.

The Group assessed the contract boundary for its insurance and reinsurance contracts, based on the above requirements.

3.26.5. Insurance acquisition cashflows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group and to renewal groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. A systematic and rational method is also used to allocate insurance acquisition cash flows directly attributable to a portfolio but not to groups of contracts to such groups in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised when the insurance acquisition cash flows are included in the measurement of the group of contracts.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used.

3.26.6. Measurement of Insurance contracts issued

The liability for remaining coverage ("LRC") represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period).

The liability for incurred claims ("LIC") includes the Group's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and includes the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract, including repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.26.7. Initial measurement of contracts measured under the GMM or VFA

Under the general measurement model ("GMM") and the variable fee approach ("VFA") the Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts. The Group applies the GMM approach to its life insurance contracts (except its group life contracts and other life contracts with coverage period of one year or less) as well as to reinsurance contracts with coverage period over one year, while the VFA approach is applied to life insurance contracts in the unit-linked portfolio.

Fulfilment Cashflows ("FCF")

FCF comprise unbiased and probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows, plus a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort, that reflect the timing and uncertainty of those future cash flows.

The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group updates its estimates at the end of each reporting period using all newly available, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

Risk Adjustment ("RA")

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment also reflects the degree of diversification benefit the Group includes when determining the compensation it requires for bearing that risk; and both favourable and unfavourable outcomes, in a way that reflects the Group's degree of risk aversion.

The Group uses the value at risk method in estimating the risk adjustment.

Time value of money and Financial risks

The Group adjusts (i.e. discounts) the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Contractual Service Margin (“CSM”)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Group will recognise as it provides insurance contract services over the coverage period.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, the CSM is measured as the equal and opposite amount of the net inflow, which results in no gain no loss, arising on initial recognition.

In the case of net outflow, then the group is onerous. In this case, the net outflow is recognised immediately as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The Group determines, at initial recognition, the group’s coverage units and allocates the group’s CSM based on the coverage units provided in the period.

3.26.8. Subsequent measurement of contracts measured under the GMM and VFA

Changes in fulfilment cash flows

At the end of each reporting period, the Group updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments would always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service is included in the LRC by adjusting the CSM.

Adjustments to the CSM - Insurance contracts without direct participation features

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group in the reporting period
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
    - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
    - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service.

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

Adjustments to the CSM - Insurance contracts with direct participation features, measured using the variable fee approach (“VFA”)

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group’s share of the fair value of the underlying items which relate to future services.

Hence, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group’s share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
    - a decrease in the amount of the Group’s share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
    - an increase in the amount of the Group’s share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Onerous Contracts

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between ‘loss component’ and ‘LRC excluding the loss component’.

The Group determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total outflows included in the LRC, excluding any investment component amount.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk are allocated first only to the loss component, until it is exhausted. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service create the group's CSM.

3.26.9. Measurement of contracts under the PAA

The premium allocation approach (PAA) is an optional simplified measurement model in IFRS 17 that is available to insurance contracts that meet the eligibility criteria. On initial recognition the Group applies the PAA:

- When the coverage period of each insurance contract in the group is one year or less.
- For groups of insurance contracts including contracts with a coverage period extending beyond one year the Group reasonably expects that such simplification would produce a measurement of the LRC for the group that would not differ materially from the one that would be produced applying the requirements of the general measurement model.

The Group applies the PAA approach to substantially all its non-life insurance contracts, to group life insurance contracts as well as to individual life contracts and reinsurance contracts with coverage period of one year or less.

At initial recognition, for a group of contracts that is not onerous, the Group measures the carrying amount of the LRC as:

- the premiums, if any, received in cash;
- minus any insurance acquisition cash flows at that date considering that the Group did not elect to recognise such payments as an expense when incurred and
- plus or minus any amount arising from the de-recognition at that date of any asset for insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

The carrying amount of the LRC at the end of each subsequent reporting period for a group of contracts that is not onerous, represents the carrying amount at the start of the reporting period:

- Plus premiums received in the period;
- Minus insurance acquisition cash flows paid in the period;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period;
- Minus the amount recognised as insurance revenue for the services provided in the period.

The LRC is not discounted to reflect the time value of money and the effect of financial risk since at initial recognition of each group of contracts, the expected time between providing each part of the services and the related premium due date is no more than a year.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Applying the PAA, the insurance revenue for the period consists of the amount of expected premium receipts including premium experience adjustments allocated to the period. The allocation is done on the basis of the passage of time unless the expected pattern of release from risk differs significantly from the passage of time, in which case it will be recognised on the expected timing of incurred claims and benefits.

Under the PAA, no contracts are assumed as onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period facts and circumstances lead the Group to believe that a group of insurance contracts under PAA has become onerous, the Group would test it for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group establishes a loss component and increases the LRC for the corresponding amount and recognises the loss in profit or loss.

Under IFRS 17, the LIC for groups of insurance contracts measured under the PAA is estimated based on the general measurement model.

3.26.10. Measurement of reinsurance contracts held

The same accounting policies are applied as for insurance contracts issued to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

3.26.11. Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in:
    - the contract being outside the scope of IFRS 17;
    - a different insurance contract due to separating components from the host contract;
    - a substantially different contract boundary;
    - the contract being included in a different group of contracts.

On derecognition of a contract from within a group of contracts:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.26.12. Transition application

The Group Insurance subsidiaries adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable.

The full retrospective approach was applied to:

- Non-life groups of insurance contracts and reinsurance contracts
- Life groups of insurance and reinsurance contracts (measured under the PAA) with short-term coverage period not extending beyond one year

The fair value approach was applied to:

- Life groups of insurance and reinsurance contracts (not measured under the PAA) containing contracts with long-term coverage period extending beyond one year

Full retrospective approach

For the full retrospective approach, the insurance subsidiaries identified, recognized and measured each group of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always applied, any previously reported balances that would not have existed if IFRS 17 had always been applied have been derecognised and the resulting net difference was recognised in equity on 1 January 2022. It was concluded that reasonable and supportable information that was necessary to apply the full retrospective approach was available.

Fair value approach

For the fair value approach, the groups of insurance and reinsurance contracts on transition date, 1 January 2022, were measured at fair value, any existing balances that would not exist had IFRS 17 applied have been derecognised and the resulting net difference was recognised in equity. For these groups of insurance and reinsurance contracts, in the absence of complete set of data, it was impracticable to apply the full retrospective approach.

The Group considered that the full retrospective approach was impracticable for certain groups of life insurance and reinsurance contracts. Specifically, the effects of retrospective application were not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or was unavailable because of system migrations, data retention requirements or other reasons.

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. In determining fair value, the Group applied the requirements of IFRS 13 "Fair Value Measurement", except for the demand deposit floor requirement, as is prescribed by IFRS 17. Specifically, the fair value of the insurance contracts was measured as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a cost of capital technique.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Differences in the Group's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at 1 January 2022. In particular, in measuring fair value the Group included a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Group considered certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows, among other factors that a market participant would consider.

When applying the fair value transition approach the Group aggregated contracts issued more than one year apart as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

The discount rate when applying the fair value approach was determined at the transition date.

3.26.13. Transitional impact

On transition on 1 January 2022, the Group's total equity increased by €11,6 million, being an amount of €12,0 million positive impact from the Life-Insurance subsidiary and €0,4 million negative impact from the Non-Life insurance subsidiary. For the year ended 31 December 2022, the impact on the Group's Total Equity as at 31 December 2022 as reported under IFRS 4 has increased by €9,2 million as restated under IFRS 17, being an amount of €8,6 million positive impact from the Life-Insurance subsidiary and €0,6 million positive impact from the Non-Life insurance subsidiary. The impact is analysed as follows:

	The Group	
	As at 1 January 2022	As at 31 December 2022
IFRS 17 Transition impact (€ million)		
IFRS 4 Total Equity	1.106	1.120
IFRS 4 Equity attributable to shareholders of the parent company	1.106	1.120
Contractual service margin (CSM)	(6)	(11)
Removal of IFRS 4 assets and liabilities and recording of IFRS 17 fulfilment cash flows and risk adjustment	20	21
Tax effect	(2)	(1)
Total impact of IFRS 17 restatements	12	9
IFRS 17 Equity attributable to shareholders of the parent company	1.118	1.129
IFRS 17 Total Equity	1.118	1.129

Transition drivers

IFRS 4 assets and liabilities were derecognised on transition and replaced with IFRS 17 insurance assets and liabilities. Insurance contracts are measured as the total of the fulfilment cash flows and the contractual service margin (CSM).

The Contractual Service Margin (CSM) is a component of the overall carrying amount of the group of insurance contracts representing the unearned profit that the Insurance subsidiaries have deferred and will recognise over the coverage period of the insurance contract services.

Deferred tax asset/liability was recognised on the temporary differences between the IFRS 17 assets and liabilities carrying amounts and their corresponding tax bases.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.26.14. Transition impact on the Consolidated Income Statement

The Consolidated Income Statement for the year ended 31 December 2022 as restated for IFRS 17 and as reported under IFRS 4 is presented below:

€ million	As initially reported	IFRS 17 adjustments	As restated
Turnover	**465,7**	**(14,2)**	**451,5**
Continuing Operations			
Interest income	341,4	0,1	341,4
Interest expense	(40,6)	-	(40,6)
Net interest income	**300,8**	**0,1**	**300,8**
Fee and commission income	82,6	(5,4)	77,2
Fee and commission expense	(10,9)	2,4	(8,5)
Net fee and commission income	**71,7**	**(3,0)**	**68,7**
Net gains on disposal and revaluation of foreign currencies and financial instruments	2,7	(2,2)	0,5
Net income from insurance operations	25,5	(6,9)	18,6
Other income	13,4	0,2	13,6
Total net income	**414,1**	**(11,8)**	**402,4**
Staff costs	(147,2)	5,5	(141,7)
Restructuring costs	(70,9)	-	(70,9)
Depreciation and amortisation	(24,7)	0,7	(24,0)
Administrative and other expenses	(108,4)	2,5	(105,9)
Total expenses	**(351,2)**	**8,7**	**(342,5)**
Profit/(loss) before net gains from derecognition of financial assets measured at amortised cost and impairment losses	**62,9**	**(3,1)**	**59,9**
Net losses on derecognition of financial assets measured at amortised cost	(0,2)	-	(0,2)
(Impairment losses)/reversal of impairment losses on financial instruments	(18,5)	0,3	(18,2)
Impairment losses on non financial assets	(6,8)	-	(6,8)
Profit/(loss) before negative goodwill	**37,4**	**(2,7)**	**34,7**
Negative goodwill	4,8	-	4,8
Profit/(loss) before taxation	**42,2**	**(2,7)**	**39,4**
Taxation	(10,5)	0,4	(10,2)
Profit/(loss) for the year from continuing operations	**31,6**	**(2,4)**	**29,3**
Discontinued Operations			
Loss for the year from discontinued operations	(7,5)	-	(7,5)
Profit/(loss) for the year	**24,1**	**(2,4)**	**21,8**
Profit/(loss) attributable to:			
Shareholders of the parent company from continuing operations	31,6	(2,4)	29,3
Shareholders of the parent company from discontinued operations	(7,5)	-	(7,5)
Non-controlling interests	-	-	-
Profit/(loss) for the year	**24,1**	**(2,4)**	**21,8**

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.26.15. Transition impact on the Consolidated Balance Sheet as at 31 December 2022

The adjustments to the Group's balance sheet as at 31 December 2022 arising on the adoption of IFRS 17 are presented below:

€ million	As initially reported	IFRS 17 adjustments	As restated
Assets			
Cash and balances with Central Banks	8.468	-	8.468
Placements with other banks	281	-	281
Loans and advances to customers	6.033	-	6.033
Debt securities	4.424	-	4.424
Equity securities and collective investment units	107	-	107
Property, plant and equipment	167	-	167
Stock of property	131	-	131
Intangible assets	44	-	44
Tax receivable	4	1	5
Assets and disposal group held for sale	210	-	210
Other assets	89	(19)	70
Reinsurance contract assets	30	(6)	24
Total assets	**19.988**	**(24)**	**19.964**
Liabilities			
Deposits by banks	108	-	108
Funding by Central Banks	2.278	-	2.278
Customer deposits and other customer accounts	15.928	-	15.928
Tax payable	5	1	6
Deferred tax liability	9	1	10
Liabilities and disposal group held for sale	2	-	2
Other liabilities	198	1	199
Insurance contract liabilities	108	(36)	72
Loan capital	232	-	232
Total liabilities	**18.868**	**(33)**	**18.835**
Equity			
Share capital	206	-	206
Reserves	914	9	923
Equity attributable to shareholders of the parent company	**1.120**	**9**	**1.129**
Total equity	**1.120**	**9**	**1.129**
Total liabilities and equity	**19.988**	**(24)**	**19.964**

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.27. Comparatives

3.27.1. Restatement of comparative information

The comparative information included in the Financial Statements and the relevant notes were restated as a result of the retrospective application of IFRS 17 "Insurance contracts", on 1 January 2022, as follows: Notes 5, 6, 7, 8, 9, 10, 11, 12,13, 15, 34, 35, 45 and 48.

3.27.2. Reclassifications of comparative information

In addition to the above restatement, where considered necessary, the comparative information included in the Financial Statements and the relevant notes was reclassified to conform with the presentation of the current period. Specifically, "Reinsurance contract assets" and "Insurance contract liabilities" have been presented separately on the face of the Consolidated Statement of Financial Position rather than part of "Other assets" and "Other liabilities" respectively. The above reclassification did not have any impact on the Group's equity or profit/(loss) after tax. These reclassifications have affected the Consolidated Statement of Financial Position and Notes 29, 30 and 35.

In Note 13, comparative figures on "fees of statutory auditors" have been re-presented to better present the breakdown analysis, in accordance with the nature of each engagement performed by the statutory auditors.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Financial Statements requires Management to make use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Therefore, they involve risks and uncertainties as they relate to events and depend on circumstances that will occur in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are assessed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The significant estimates and judgments that are deemed significant to the Group’s results and financial position are set out below:

4.1. Measurement of expected credit loss (ECL)

The measurement of the expected credit loss for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires management’s judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The assumptions used are based, to the extent possible, on data and evidence. Whenever sufficient data is not available, the impairment calculation incorporates assumptions based on management judgement.

The Group evaluates individually loans, including loans of economic groups, that are individually significant based on certain thresholds set by the Bank. It collectively assesses loans that are not individually significant and loans which were individually assessed as Stage 1.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Individually assessed loans (Stages 2 and 3)
The amount of impairment loss on the value of loans and advances to customers which are examined on an individual basis, is measured for a) financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive); b) financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows. In cases where the interest rate of the loan is variable, the original effective interest rate is measured with reference to the initial margin corresponding to the current base rate of the interest rate and the value of the current base rate at the reporting date. The estimated future cash flows are based on assumptions about a number of factors and therefore the actual losses may be different. To determine the amount of impairment loss on the value of loans and advances to customers, judgment is involved regarding the amount and timing of estimated future cash flows. The estimated future cash flows include any expected cash flows from the borrower's operations, any other sources of funds and the expected proceeds from the liquidation of collateral, where applicable. The timing of these cash flows is estimated on a case by case basis.

Collectively assessed loans (Stages 1 to 3)
For the calculation of impairment loss on a collective basis, loans and advances are grouped based on similar credit risk characteristics and appropriate models are applied that take into account the recent historical loss experience of each group with similar credit risk characteristics adjusted for current conditions using appropriate probabilities of default and loss given default. The grouping requires a number of judgements by management and considers factors such as the customer type, industry, product, days in arrears and restructuring status.

To measure ECL, the Group uses: (a) Exposure at default (EAD), (b) Probability of default (PD), (c) Loss given default (LGD). These calculations include estimates and the use of judgment to supplement, assess and adjust accordingly the historical information and past experience events which determine the parameters and the measurement of ECL as at the reporting date. The main assumptions used to estimate loss given default relate to property collateral such as the time needed for collateral liquidation and the liquidation discount at the point of sale. In addition, management is required to exercise judgement in determining staging criteria for significant increase in credit risk as well as establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

With respect to model related changes, a release was exhibited from the update of PD and EAD related parameters driven by the following:

- Update of PD models applying latest macroeconomic projections. The latest applicable macroeconomic projections are presented below.

- Update of EAD related parameters (i.e. introduction of probability of full redemption parameter in 2023 and update of CCF parameter for revolving facilities) and;

- Changes to scenario weights. The probability weights for the macroeconomic scenarios (Baseline, Optimistic and Pessimistic scenario) used for IFRS 9 purposes have reverted back to the pre Russian-Ukraine conflict levels (from 50%-20%-30% to 50%-25%-25% for Baseline, Optimistic and Pessimistic scenario respectively) in 2023 as uncertainties are gradually reducing following the start of the Russian-Ukraine conflict, the high inflation rates are gradually returning back to lower levels, key economic sectors are stabilising and labour market is performing well as unemployment is continuously dropping (approaching levels of almost full employment).

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

- The overall assessment incorporates for the first time an adjustment in the short-term forecast of the macroeconomic variables taking into account the expected effect of Climate and Environmental (CE) events. Thus, the PD estimations incorporate a CE adjustment in the short-term. Based on the CE risk analysis, inflation was adjusted slightly upwards for 2025 and property prices slightly downwards. This adjustment was based on the potential effect of an adverse climate event in the economy in the next few years.

The releases were offset by the update of the LGD models to reflect Bank's expectation how NPLs will be resolved going forward primarily relating to retail secured loans.

The impact on ECL from model related changes during for year ended 31 December 2023 amounts at €8,6 million charge and for the year ended 31 December 2022 amounts at €7,3 million release.

Forward looking information
In line with IFRS 9 impairment requirements, forward-looking information, including current conditions and projections of macroeconomic and other factors, are incorporated in a range of unbiased future economic scenarios for ECL purposes. Determination of the forward-looking information, to be used in the ECL estimate, requires judgement and estimates about the future economic outlook. The ECL estimate incorporates the expected impact of all reasonable and supportable forward-looking information, taking into consideration the macroeconomic factors. The Bank incorporated three forward-looking macroeconomic scenarios in its ECL calculations process: a baseline scenario, an optimistic scenario and a pessimistic scenario. Probability weights were attributed to each scenario.

Macroeconomic input and weights per scenario are determined by the Economic Research Department of the Bank through modern econometric techniques and are based on expert judgment utilising on market data.

The macroeconomic variables affecting the level of ECL are real GDP growth, the rate of unemployment and forward-looking prices of residential and commercial real estates. The Bank's Economic Research Department proceeded with updating the macroeconomic projections. The revised macroeconomic projections reflect the current economic conditions which indicate that the Cyprus economy is recovering from the coronavirus pandemic but negatively impacted by the ongoing Russia/Ukraine conflict.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

The tables below show the macroeconomic variables as per the Bank's Economic Research Department, for each scenario and the respective scenario weights used in estimating the ECL:

31 December 2023

Cyprus Economy - Macroeconomic Parameters

Scenarios		**2023**	**2024**	**2025**	**Probability – weight %**
Optimistic	Real GDP (% change)	**4,00**	2,75	3,00	25%
	Unemployment (%)	**5,50**	4,75	4,50	
	Inflation (% change)	**2,75**	1,25	1,25	
	Residential Price Index (% change)	**8,50**	4,25	2,25	
	Commercial Price Index (% change)	**7,75**	3,25	2,50	
Baseline	Real GDP (% change)	**2,50**	2,75	3,00	50%
	Unemployment (%)	**6,00**	5,75	5,50	
	Inflation (% change)	**4,00**	2,75	2,10	
	Residential Price Index (% change)	**7,00**	2,50	1,70	
	Commercial Price Index (% change)	**6,00**	2,25	1,70	
Pessimistic	Real GDP (% change)	**0,50**	1,25	1,50	25%
	Unemployment (%)	**8,50**	8,25	7,00	
	Inflation (% change)	**5,50**	3,75	3,25	
	Residential Price Index (% change)	**5,00**	1,50	0,75	
	Commercial Price Index (% change)	**4,00**	1,50	0,75	

Developments in the Cyprus economy during 2023 were positive continuing in the path that started in 2022. Economic growth was positive during the first quarter, and unemployment remained stable a low level. The major negative factor affecting the economy is inflation that, although it's on a declining path, is higher than its long-term average.

The ongoing Russia-Ukraine conflict puts the Cyprus economy at risk which will create some significant challenges going forward. This is particularly relevant for household finances and sentiment due to the elevated inflation rates. In addition, and significant sectors of the economy such as the tourism, and the Services sector face uncertainties. Thus, the ability of certain borrowers to repay their obligations may be adversely affected and, consequently, the amount of expected credit risk losses may increase.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

31 December 2022

Cyprus Economy - Macroeconomic Parameters

Scenarios		**2022**	**2023**	**2024**	**Probability – weight %**
Optimistic	Real GDP (% change)	**6,00**	3,25	3,00	20%
	Unemployment (%)	**6,25**	5,75	5,50	
	Inflation (% change)	**5,50**	2,00	1,00	
	Residential Price Index (% change)	**2,50**	3,00	3,00	
	Commercial Price Index (% change)	**2,50**	2,50	3,00	
Baseline	Real GDP (% change)	**5,00**	2,00	3,00	50%
	Unemployment (%)	**7,00**	6,50	6,00	
	Inflation (% change)	**7,50**	2,50	1,50	
	Residential Price Index (% change)	**1,50**	2,00	2,00	
	Commercial Price Index (% change)	**1,50**	2,00	2,00	
Pessimistic	Real GDP (% change)	**3,50**	1,50	1,00	30%
	Unemployment (%)	**9,50**	9,00	8,50	
	Inflation (% change)	**9,00**	5,50	3,00	
	Residential Price Index (% change)	**(1,00)**	0,50	1,00	
	Commercial Price Index (% change)	**(1,50)**	0,00	1,50	

Significant increase in credit risk
Stage classification uses a combination of backward looking, current and forward-looking indicators which includes PD comparison of current lifetime PD vs PD at origination. The threshold utilized for stage 2 classification is 200% relative increase in the current lifetime PD relative to the origination PD.

In addition to the above based on management judgment, the following overlays were applied to the staging of the loan book as at 31 December 2023 to account for uncertainties following the outbreak of the Russia-Ukraine conflict:

- All collective Stage 1 exposures relating to Russia, Ukraine or Belarus nationals/residents/individuals (International Business and Retail Division) with source of income from abovementioned countries are classified as Stage 2 with lifetime expected credit losses assigned.

- Following the outbreak of the Russia/Ukraine conflict, Individually Assessed Groups (IA Groups) were reviewed to assess the (a) the need for restaging in view of the conflict (b) changes in the parameters of S2 and S3 IA Groups. Following assessment of IA Groups and where necessary the underlying assumptions under which they are assessed for provisions were adjusted.

Exposure at default (EAD)
EAD represents the expected exposure in the event of default during the life of a financial instrument taking into account the amortisation of the exposure (i.e. anticipated repayments, interest payments, accruals) as well as the behavioural maturity and credit conversion factor.

For performing exposures, the projected EAD is the amortised carrying value plus the credit conversion factor applied on the undrawn amount over the residual maturity of the exposure. The credit conversion factor and behavioural maturity for revolving facilities is derived based on empirical data from 2011 onwards.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

With regards to the credit-impaired exposures, the EAD is equal to the exposure at default as at the reporting date.

Probability of default (PD)
PD represents the likelihood of a borrower defaulting on their financial obligation in a specified time period, assuming it has not closed or defaulted since the reporting date. Projection of PDs is based on macro-economic scenarios and are differentiated based on segment (e.g. Retail, SME and Corporate), and status (e.g. dpd, restructured). For the externally rated exposures (e.g. Treasury and International lending), the historical default rates published by Moody's per rating are utilized. For the non-externally rated facilities, i.e. local loan book, the PD is estimated based on the Bank's historical default rates.

Loss given default (LGD)
LGD represents an estimate of the loss in case of default and expressed as a percentage of the EAD. Two distinct possibilities are taken into consideration for the LGD parameter: 1) the probability to proceed with collateral liquidation and 2) the probability to resolve the exposure via other means (i.e. cure, disposal/sale, settlement etc) with the associated loss assigned to each exposure.

To this end, the LGD model considers parameters such as historical loss and/or recovery rates as well as the collateral value, which is discounted to the present value, determining the amount of the expected shortfall. The average liquidation period of the collateralised non-performing collectively assessed portfolio for the year 2023 was on average 7,6 years (2022: on average 6,4 years) while for performing loans, the liquidation period assumption was on average 5 years (2022: on average 5 years).

Liquidation haircuts are also applied to the value of the collateral for the purposes of estimating expected loss. The collateral information which was incorporated both in collective and individual provisioning involves judgement and takes into account the specificities of the properties by segmenting them into various property types and sub types as well as by classifying them by district and location within each district. Different liquidation discounts are applied depending on the type and location of each collateral with the liquidation discount including cost ranging from 15% to 60% for a limited number of prime property types to 60% for non-prime properties. The resulting weighted average liquidation discount for the collectively assessed portfolio for 2023 was 28,3% including costs (2022: 27,6%).

Collateral
On the basis of the Group's policy, the amount of credit facilities granted should be based on the repayment capacity of the relevant counterparties. Furthermore, policies are applied for the hedging and mitigation of credit risk through the holding of collateral. These policies define the types of collaterals held and the methods for estimating their fair value.

The main collaterals held by the Group include mortgage interests over property, pledging of cash, government and bank guarantees, charges over business assets as well as personal and corporate guarantees.

The value of the real estate collateral involves, among others, judgements relating to the allocation of tangible security to each account and its indexation to today (based on latest available property prices if applicable). The value of the real estate collaterals is restricted up to the mortgaged amount or open market value for real estate.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Property collateral relates to immovable commercial, residential and land real estate collateral. The Bank maintains a Property Valuations Policy which provides a standardised approach for acceptable property valuations from independent professional valuers, the selection criteria and the processes to evaluate the performance of property valuers. Valuations are carried out by independent qualified valuers by applying valuation methodologies recommended by Royal Institute of Chartered Surveyors and International Valuation Standards Council. In arriving at their estimates of the fair value of properties, the valuers use their market knowledge and professional judgment and do not rely solely on historical transaction comparables, especially for asset classes where there is greater degree of uncertainty than would have existed in a more active market. The Policy outlines the frequency for revaluations, establish the criteria for monitoring collateral values and introduces the use of indexation. The open market value of property is indexed to present, using appropriate property indices (CBC and RICS). Indices are monitored, validated and back tested in order to accurately reflect the current market values of the property collaterals of the Bank.

Collaterals values are also indexed from the latest valuation date to the reporting date. The Bank is indexing the property collaterals to the reporting period using publicly available indices. With respect to collateral values applicable at the liquidation date, the Bank is applying zero forward indexation to its property price collaterals.

Other considerations
The Bank, as part of its deleveraging strategy examines various options. Accordingly, when measuring the ECL of the NPE portfolio, the scenario of selling the exposure is considered relevant in estimating the credit loss expected to occur. It therefore considers the possibility of recovery under a scenario involving the disposal of the exposure as one of the potential strategies used in the estimation of the ECL for its NPE portfolio. The assessment of the probability of a recovery through a sale depends on the facts and circumstances as of the reference date and involves management judgement.

Accumulated impairment losses of the Group's loans and advances are inherently uncertain due to their sensitivity to economic and credit conditions of the environment in which the Group operates. Conditions are affected by many factors with a high degree of interdependency and there is not one single factor to which these conditions are particularly sensitive. It is possible for the actual conditions in the next financial year to differ significantly from the assumptions made during the current period, so that the carrying amount of loans and advances to be adjusted significantly.

For the purposes of providing an indication of the change in accumulated impairment losses as a result of changes in key loan impairment assumptions, the Bank utilised the collective models on the loan and advances portfolio, to carry out a sensitivity analysis on the collectively assessed portfolio. The simulated impact on the provisions for impairment of loans and advances is presented below:

31 December 2023

Change on key assumptions	**Increase/(decrease) on accumulated impairment losses on the total loan and advances portfolio €' million**
Increase the liquidation period by 1 year	8
Decrease the liquidation period by 1 year	(8)
Increase the liquidation discount (i.e. reduce the recoverable amount from collateral) by 5%	6
Decrease the liquidation discount (i.e. increase the recoverable amount from collateral) by 5%	(6)

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

31 December 2022 (including portfolio held for sale)

Change on key assumptions	Increase/(decrease) on accumulated impairment losses on the total loan and advances portfolio €' million
Increase the liquidation period by 1 year	26
Decrease the liquidation period by 1 year	(25)
Increase the liquidation discount (i.e. reduce the recoverable amount from collateral) by 5%	18
Decrease the liquidation discount (i.e. increase the recoverable amount from collateral) by 5%	(19)

4.2. Provisions for pending litigations or complaints and/or claims or cases subject to arbitration proceedings

In order to assess whether a provision must be recognised, the Group examines whether there is a present obligation (legal or constructive) as a result of a past event, for which an outflow of resources embodying economic benefits is probable and a reliable estimate for the amount of the obligation can be made.

The amounts recognised as provisions are the best estimates of the expenditure required to settle the present obligation at the end of the reporting period. When a separate liability is measured, the most likely outcome may be considered the best estimate of the liability. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including external legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

4.3. Impairment of goodwill

The process of identifying and evaluating impairment of goodwill is inherently uncertain because it requires Management to exercise judgement in making a series of estimates to determine their recoverable amount, the results of which are sensitive to the assumptions used.

To determine the recoverable amount of goodwill Management applies its judgment to determine future cash flows, which appropriately reflect Management's view of future business prospects, and the cost of capital used to discount these future cash flows.

4.4. Fair value of investments

The best evidence of fair value of investments is a quoted price in an actively traded market. If the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employed by the Group use only observable market data and thus the reliability of the fair value measurement is relatively high.

However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant inputs that are not observable. Valuation techniques that rely on non-observable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

The Group uses models with unobservable inputs only for the valuation of non-listed investments. In these cases, a higher degree of Group’s management judgement and estimation in the determination of fair value is required, for the selection of the appropriate valuation model, determination of expected future cash flows of the instrument being valued, determination of the probability of counterparty default and other. Fair value estimates are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction, considering all available information in time. For unobservable inputs, there is limited available market information which can be used to determine the valuation of an arm’s length transaction for the instrument being valued hence are determined based on the best information available.

4.5. Business Models and SPPI

Classification of financial assets is determined based on both the business model used for managing the financial assets and whether the contractual cash flows generated by an asset constitute solely payments of principal and interest (SPPI).

The assessment of the business model requires judgement based on the facts and circumstances at the date of the assessment. The Bank has considered both quantitative and qualitative factors in its assessment such as how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank’s management as well as the frequency, volume and timing of sales in prior periods.

If a financial asset is held in either a "hold to collect" or a "hold to collect and sell" business model, then an assessment to determine whether the contractual cash flows are SPPI is required. In making this assessment the Group exercises judgement in considering whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and profit margin.

The Group has established a framework to perform the necessary assessments in accordance with Group’s policies in order to ensure appropriate classification of financial instruments, including evaluation for lending exposures and debt securities.

4.6. Indemnification Asset

a) Recognition

The Bank exercised judgement to determine that the protection against future losses provided by ex-CCB and the Republic of Cyprus (RoC) through the APS Agreement and the BTA met the definition of an indemnification asset in accordance with IFRS 3.

b) Measurement

At the end of each reporting period, the Group measures the indemnification asset that was recognised at the acquisition date on the same basis as the indemnified asset, subject to any contractual limitations on its amount and management’s assessment of the collectability of the indemnification asset. Estimates and judgements used for the measurement of the Indemnification asset are in line with the judgments and estimates management applies for the measurement of expected credit losses on loans and advances to customers.

4.7. Stock of property

Stock of property is measured at the lower of cost and Net Realisable Value (‘NRV’), where cost is based on carrying amount of the debt settled and NRV the estimated selling price less the estimated cost to sell.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

NRV is determined through valuation techniques, requiring significant judgement, which take into account all available reference points, such as expert valuation reports, current market conditions, the holding period of the asset, applying an appropriate illiquidity discount, where considered necessary, and any other relevant parameters. Estimated cost to sell is deducted from the estimated selling price and depending on the value of the underlying asset and available market information, the determination of costs to sell may require professional judgement which involves a degree of uncertainty due to the relatively low level of market activity.

4.8. Fair value of properties held for own use and investment properties

The Group's accounting policy for property held for own use, as well as for investment property requires that it is measured at fair value. In the case of property held for own use, valuations are carried out periodically so that the carrying value is not materially different from the fair value, whereas in the case of investment properties, the fair value is established at each reporting date. Valuations are carried out by qualified valuers by applying valuation methodologies recommended by the internationally accepted valuation standards.

In arriving at their estimates of the fair values of properties, the valuers used their market knowledge and professional judgement. For properties of low marketability or with a limited number of transactions in recent years, valuers did not rely solely on historical transactional comparable information, taking into consideration that there is a greater degree of uncertainty than that which exists in a more active market. Depending on the nature of the underlying asset and available market information, the determination of the fair value of property may require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. All these estimates are based on local market conditions existing at the reporting date.

4.9. Taxation

Income Taxes

The Group is subject to income tax in the countries in which it operates. Estimates are required in determining the provision for taxes at the reporting date. The Group recognises income tax liabilities for transactions and assessments whose tax treatment is uncertain. Where the final tax is different from the amounts initially recognised in the consolidated income statement, such differences will impact the income tax expense, the tax liabilities and deferred tax assets or liabilities of the period in which the final tax is agreed with the relevant tax authorities.

On loans acquired the Bank opted to recognise current tax liability on their settlement date. The method followed is considered most appropriate, considering the complexity of other methods and also the fact that it captures the actual gain realized from each loan.

Deferred tax assets are recognised to the extent that it is probable that the Group will generate future taxable profits against which the tax losses and the deductible temporary differences can be utilised. The recognition of deferred tax assets is sensitive to judgements made in relation to the probability, sufficiency and timing of future taxable profits as well as the applicability of future tax planning strategies. These judgements rely on historical available information and estimations regarding, among others, macroeconomic conditions, changes in interest rates, real estate prices and demand, the level of the nonperforming exposures and the expected results of operations based on the business model and the currently approved Strategic Plan of the Group. The parameters underlying the judgements made are subject to uncertainty and may result in changes in the measurement of deferred tax asset compared to initial estimates.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

4.10. Insurance contracts

The measurement of insurance contract liabilities involves the exercise of judgment, estimates, and assumptions, especially in relation to mortality and morbidity rates, claims, lapse and surrender rates, and costs. Actuarial calculation methods, statistical estimates, blanket estimates, and measurements based on past experience are used. The basic approaches used in the measurement of insurance contract liabilities are described in the insurance business disclosures in Note 3.26.

CSM

The Group exercises judgment to determine the coverage units for its insurance contracts on the basis of the benefits payable on death, including any investment components, and the respective probability each insurance contract.

For reinsurance contract held, the CSM amortisation reflects the level of service received and depends on the number of underlying contracts in-force.

Measurement of future cash flows

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates

Mortality and morbidity risks are inherent in most lines of business. The Group performs an investigation, at least on an annual basis, to ensure the validity of the mortality assumptions, and when deemed necessary the assumptions are adjusted accordingly. The assumptions are set based on the internal experience of the Group when there are sufficient volumes of data to support a credible investigation. When internal experience is not sufficient, the assumptions are set with reference to industry experience and commonly used tables.

- Expenses

Assessment of directly attributable cash flows
The Group applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. The Group also considers as attributable cash flows fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

Expense basis for cashflow projections
The Group performs a detailed expense investigation, at least on an annual basis, to determine the expense assumptions used in the cashflow projections. The expense basis is set in accordance with the budgeted attributable expenses and the projected volumes of business. The Group also determines an assumption for the future expense inflation.

- Lapse and surrender rates

Lapse and surrenders assumptions relate to the rate by which policyholders cancel/surrender their policies. The assumptions are set in line with recent Group experience, by adjusting for expected improvements/deteriorations where necessary. The rates vary by product and duration in force.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES (continued)

Discount rates

Long term life insurance contract liabilities are calculated by discounting expected future cash flows. The Group uses the bottom-up approach in determining the discount rates and hence uses a risk-free rate, plus an illiquidity premium. Risk free rates are determined by reference to the European Insurance and Occupational Pensions Authority (EIOPA) yields and the illiquidity premium is determined using EIOPA's volatility adjustment. For more details refer to Note 48.7.1.

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is determined to reflect the compensation that the Group requires for bearing non-financial risk and its degree of risk aversion. The risk adjustment is determined using a confidence level technique and specifically the scalar approach method with its target confidence level set at 80 percent which represents the Group's degree of risk aversion.

5. INTEREST INCOME

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Interest income calculated using the effective interest method				
Financial assets at amortised cost:				
Interest income from cash and balances with Central Banks	**268.310**	28.163	**268.310**	28.163
Negative interest on funding by Central Banks	**-**	19.643	**-**	19.643
Interest income from placements with other banks	**14.344**	6.058	**14.208**	5.941
Interest income from loans and advances to customers	**268.627**	207.066	**268.627**	207.066
Interest income from debt securities	**105.846**	57.627	**105.795**	57.619
Interest income from indemnification assets	**43**	186	**43**	186
Interest income from negative interest rates on customer deposits	**-**	8.282	**-**	8.316
Interest income from other financial assets	**412**	114	**412**	114
Financial assets at fair value:				
Interest income from debt securities at fair value through other comprehensive income	**2.423**	3.785	**2.423**	3.785
	660.005	330.924	**659.818**	330.833
Other interest income				
Interest income from other financial instruments	**20.282**	10.511	**20.282**	10.511
Other interest income	**-**	14	**-**	14
	20.282	10.525	**20.282**	10.525
	680.287	341.449	**680.100**	341.358

Interest income from loans and advances to customers includes interest on the net carrying amount of impaired loans and advances amounting to €25,5 million (31 December 2022: €23,8 million).

Other interest income relates mainly to interest on derivatives which are measured at fair value through profit and loss (FVTPL), mainly interest rate swaps and foreign currency forwards.

6. INTEREST EXPENSE

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Interest expense calculated using the effective interest method				
Interest expense on deposits by other banks	**279**	545	**274**	534
Interest expense on funding by Central Banks	**77.131**	21.935	**77.131**	21.935
Interest expense on customer deposits and other customer accounts	**14.209**	5.687	**14.209**	5.687
Interest expense on loan capital	**39.177**	7.703	**39.177**	7.703
Interest expense on lease liability	**465**	374	**463**	379
	131.261	36.244	**131.254**	36.238
Other interest expense				
Interest expense on other financial instruments	**12.738**	4.336	**12.738**	4.336
	143.999	40.580	**143.992**	40.574

7. FEE AND COMMISSION INCOME

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Banking fees and commissions	**81.823**	76.953	**86.921**	81.277
Custodian services and asset management fees	**291**	266	**322**	323
Other fees and commissions	**-**	2	**-**	2
	82.114	77.221	**87.243**	81.602

Banking fees and commissions of the Group include credit related fees and commissions amounting to €28.854 thousand (31 December 2022: €26.689 thousand) and other banking commissions amounting to €49.081 thousand (31 December 2022: €46.179 thousand).

The Bank's banking fees and commissions include commissions from insurance subsidiaries amounting to €5.098 thousand (31 December 2022: €4.324 thousand) which are eliminated on consolidation.

8. FEE AND COMMISSION EXPENSE

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Banking fees and commissions	**8.492**	7.612	**8.492**	7.612
Commissions for insurance operations	**12**	338	**-**	-
Other fees and commissions	**768**	556	**768**	556
	9.272	8.506	**9.260**	8.168

9. NET GAINS ON DISPOSAL AND REVALUATION OF FOREIGN CURRENCIES AND FINANCIAL INSTRUMENTS

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Net gains on foreign currency transactions	**7.318**	8.178	**7.318**	8.178
Net gains/(losses) on revaluation of financial instruments:				
Debt securities at FVTPL	**42**	(7)	**-**	-
Equity securities at FVTPL	**8.258**	(6.862)	**3.502**	(1.214)
Derivatives at FVTPL	**(189)**	165	**(189)**	164
Net (losses)/gains on disposal of financial instruments:				
Debt securities at FVOCI	**(754)**	(2)	**-**	-
Debt securities at FVTPL	**(24)**	(5)	**-**	-
Equity securities at FVOCI	**(6)**	61	**-**	-
Equity securities at FVPL	**1**	42	**-**	18
Revaluation of financial instruments in fair value hedges:				
Cyprus Government Bond (CGB) - Hedged item	**-**	(4.764)	**-**	(4.764)
Interest rate swap-Hedging instrument	**-**	3.724	**-**	3.724
	14.646	530	**10.631**	6.106

The gain on disposal and revaluation of foreign currencies of the Group and the Bank results from the translation of monetary assets denominated in foreign currency at the reporting date and the realised gains on foreign currency transactions that were settled during the year.

10. NET INCOME FROM INSURANCE OPERATIONS

	The Group					
						Restated
			2023			2022
	Life insurance	**Non-Life insurance**	**Total**	Life insurance	Non-Life insurance	Total
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Insurance service revenue	**12.548**	**51.295**	**63.843**	22.496	38.467	60.963
Insurance service expenses	**(4.359)**	**(28.189)**	**(32.548)**	(10.266)	(21.777)	(32.043)
Insurance service result from insurance contracts issued	**8.189**	**23.106**	**31.295**	12.230	16.690	28.920
Allocation of reinsurance premium	**(5.344)**	**(19.301)**	**(24.645)**	(10.567)	(13.801)	(24.368)
Amounts recoverable from reinsurers for incurred claims	**3.044**	**7.376**	**10.420**	9.350	3.438	12.788
Net expense from reinsurance contracts held	**(2.300)**	**(11.925)**	**(14.225)**	(1.217)	(10.363)	(11.580)
Net Insurance Service Result	**5.889**	**11.181**	**17.070**	11.013	6.327	17.340
Insurance finance (expense)/income	**(1.374)**	**(1.540)**	**(2.914)**	697	1.257	1.954
Reinsurance finance income/(expense)	**37**	**141**	**178**	(300)	(379)	(679)
Net insurance claims and benefits	**(1.337)**	**(1.399)**	**(2.736)**	397	878	1.275
	4.552	**9.782**	**14.334**	11.410	7.205	18.615

11. OTHER INCOME

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Dividend income	**3.045**	2.401	**13.072**	12.884
Gain from the disposal of subsidiary company	**-**	-	**628**	899
Net gains from the disposal of stock of property	**4.980**	6.650	**3.454**	5.579
Net gains/(losses) from revaluation of investment properties (refer to Note 29)	**931**	(390)	**688**	(350)
Sundry income	**17.254**	4.983	**17.218**	5.512
	26.210	13.644	**35.060**	24.524

Sundry income for the Group and the Bank consists mainly of other banking related income. Sundry income also, includes an amount of c.€8,5 million relating to the recovery of VAT on common expenses relating to prior years, following the recent approval obtained by the Tax Department on the method used by the Bank.

12. STAFF COSTS

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Salaries	**96.615**	114.297	**95.812**	113.148
Employer's contributions	**15.310**	18.555	**15.065**	18.316
Provident Fund contributions	**7.387**	8.880	**7.313**	8.793
	119.312	141.732	**118.190**	140.257

The Group contributes in two different defined contribution retirement plans. Details are disclosed in Note 3.9.

The Bank offers to employees whose employment contracts are not in accordance with the terms of employment of the Collective Agreement, the option to become members of multi-employer defined contribution Provident Fund schemes of their choice to which the employer's contribution is set at 9%. During 2023 an amount of €412 thousand (31 December 2022: €360 thousand) was charged to the income statement.

The Bank in January 2022, paid the annual increments as per the Collective Agreement applicable for each employee and in October 2022 reinstated the salaries of affected ex-CCI employees retrospectively from 2019. The payment of the reinstated salaries took place in December 2022.

On 31 December 2023, the number of staff employed by the Group was 2.256 (31 December 2022: 2.398) employees and by the Bank 2.147 (31 December 2022: 2.278) employees. Out of the total number of staff employed by the Group, 2.200 employees were permanent staff and 56 were temporary staff (31 December 2022: 2.349 permanent staff, 49 temporary staff). The average number of staff employed by the Group and the Bank for 2023 was 2.230 and 2.120 respectively (2022: Group 2.609, Bank 2.478).

13. ADMINISTRATIVE AND OTHER EXPENSES

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Repairs, maintenance and other related costs	**25.292**	24.879	**25.216**	24.743
Other property expenses	**5.563**	6.932	**5.334**	6.097
Consultancy and other professional services fees	**9.834**	9.721	**8.722**	8.636
Insurance expenses	**4.480**	4.884	**4.261**	4.712
Advertising, PR and promotional expenses	**4.213**	3.761	**3.832**	3.502
Communication expenses	**6.483**	6.396	**6.147**	6.266
Staff and Directors fees and other expenses	**3.452**	2.816	**3.253**	2.611
Provisions/(release of provisions) for pending litigations or complaints and/or claims (refer to Note 35)	**187**	(473)	**187**	(297)
Cash transfer and management of documents costs	**2.268**	2.309	**2.249**	2.270
Servicer's administration fees	**9.911**	-	**12.244**	15.571
Regulatory Supervisory fees	**3.307**	3.081	**3.303**	3.077
Deposit Guarantee Scheme contribution	**8.014**	5.808	**8.014**	5.808
Special Levy on Credit Institutions	**23.606**	22.951	**23.606**	22.951
Termination benefits	**-**	130	**-**	130
Transformation costs	**6.465**	6.669	**6.465**	6.669
Other administrative expenses	**4.375**	6.058	**4.466**	4.789
	117.450	105.922	**117.299**	117.535

Fees of statutory auditors
The total fees for statutory auditors (inclusive of out of pocket expenses and VAT) are analysed as follows:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Audit of annual financial statements	**1.314**	1.315	**1.018**	919
Other assurance services	**465**	332	**425**	302
Tax compliance and advisory services	**61**	136	**55**	136
Other non-audit services	**291**	153	**284**	152
	2.131	1.936	**1.782**	1.509

Other assurance services include fees relating to the review of the Group's interim condensed consolidated Financial Statements for the six-month period ended 30 June.

Deposit Guarantee Scheme contribution
The Bank is subject to the contribution to Deposit Guarantee Fund (DGF) on a semi-annual basis from 2020 and until 3 July 2024.

On March 2020, the Management Committee (MC) of the Deposit Guarantee and Resolution of Credit and other Institutions Scheme (DGS) introduced an approved new methodology on the calculation of the contributions to DGF paid by all the authorised credit institutions. The new Risk Based Methodology (RBM), which is publicly available on the CBC's website, provides for the calculation and payment of contributions on a semi-annual basis, aiming to reach the target level of the 0,8% of covered deposits of all authorised Credit Institutions in line with the relevant legislation and EU Directive, by 3 July 2024.

13. ADMINISTRATIVE AND OTHER EXPENSES (continued)

On the 21 February 2023 EBA has published its final report for revised guidelines on the method calculating DGSs contributions under the Deposit Guarantee Schemes Directive (2014/49/EU) (DGSD) (the revised Guidelines). The revised Guidelines will repeal and replace the European Banking Authority’s (EBA) previous Guidelines on the topic (EBA/GL/2015/10) (the original Guidelines), which were published in May 2015. This follows the EBA’s Consultation Paper in July 2022 on the revised Guidelines on which it proposed targeted amendments. The EBA has decided to go ahead with the amendments in the earlier consultation and to provide additional guidance on the application of a stock-based approach to calculating contributions (which takes into account past contributions of member institutions) in addition to the flow-based contribution method. It has also refined the current requirement on the forward-looking approach to raising contributions on the delineation and reporting of available financial means of DGSs. The revised guidelines shall apply from 3 July 2024.

14. RESTRUCTURING COSTS

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Restructuring costs	**-**	70.860	**-**	66.423

Restructuring costs represent the Group’s and the Bank’s Voluntary Early Exit Scheme (VEES) and other related costs.

On 29 November 2022, the Bank announced the successful completion of a Voluntary Early Exit Scheme (the “Scheme”), in line with the Bank’s strategy to reduce its operating costs and achieve sustainable profitability. The Scheme was offered to employees of the Bank and its subsidiaries to voluntary exit from the Group in consideration for an ex-gratia amount. The total number of employees of the Group that were approved to participate in the Scheme were 446 (c.16% of the Group’s employees) of which 394 employees had their employment terminated during the fourth quarter 2022 while the remaining terminated their employment contract during the first quarter 2023.

15. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS AND NON FINANCIAL ASSETS

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Impairment losses on loans and advances to customers				
12 month expected credit losses (refer to Note 48)	**18.248**	18.881	**18.248**	18.881
Lifetime expected credit losses (Stage 2) (refer to Note 48)	**4.145**	16.036	**4.145**	16.036
Lifetime expected credit losses (Stage 3) (refer to Note 48)	**(4.640)**	(29.129)	**(4.640)**	(29.129)
Impact of net modification and cash flows re- estimation	**11.233**	8.600	**11.233**	8.600
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) loan portfolio (refer to Note 48)	**(26.378)**	(5.358)	**(26.378)**	(5.358)
	2.608	9.030	**2.608**	9.030
Impairment losses on financial guarantees and loan commitments issued				
12 month expected credit losses (refer to Note 35)	**3.122**	1.816	**3.122**	1.816
Lifetime expected credit losses (Stage 2) (refer to Note 35)	**877**	616	**877**	616
Lifetime expected credit losses (Stage 3) (refer to Note 35)	**(362)**	(6.550)	**(362)**	(6.550)
Lifetime expected credit losses on the value of purchased or originated credit impaired (POCI) financial guarantees issued and loan commitments issued (refer to Note 35)	**44**	131	**44**	131
	3.681	(3.987)	**3.681**	(3.987)
Impairment losses on other financial assets				
12 month expected credit losses of other receivables	**(13)**	(68)	**(13)**	(70)
12 month expected credit losses on indemnification asset	**5**	(4)	**5**	(4)
Cash flows re-estimation of indemnification asset (refer to Note 29)	**(6.259)**	(14.585)	**(6.259)**	(14.585)
12 month expected credit losses on debt securities (refer to Note 22)	**(597)**	(72)	**(597)**	(72)
12 month expected credit losses on Balances with Central Banks and Placements with other banks (refer to Note 19 and 20)	**228**	(25)	**228**	(27)
Impairment losses on other receivables	**(6.888)**	(8.455)	**(6.888)**	(8.455)
	(13.524)	(23.209)	**(13.524)**	(23.213)
Impairment losses losses on financial instruments	**(7.235)**	(18.166)	**(7.235)**	(18.170)
Impairment losses on non financial assets				
Stock of property (refer to Note 27 and 28)	**(8.133)**	(6.796)	**(5.677)**	(5.173)
Property plant and equipment (refer to Note 25)	**(1.070)**	-	**(699)**	-
Impairment losses on the cost of investment of a subsidiary company (refer to Note 24)	**-**	-	**(3.087)**	(1.623)
	(9.203)	(6.796)	**(9.463)**	(6.796)
Total impairment losses on financial instruments and non financial assets	**(16.438)**	**(24.962)**	**(16.698)**	**(24.966)**

16. TAXATION

	The Group		The Bank	
		Restated	**2023**	2022
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Current tax	**47.489**	10.025	**44.943**	8.102
Taxes withheld at source	**210**	68	**210**	64
Deferred tax	**(337)**	74	**975**	412
	47.362	10.167	**46.128**	8.578

16. TAXATION (continued)

According to the Income Tax Law 118(I)/2002 as amended, the Bank's taxable profit and that of its subsidiaries in Cyprus, is subject to income tax at the rate of 12,5%. Tax losses of group companies in Cyprus, other than companies affected by article 13(8)(d)(i) of the Income Tax Law, can be offset against taxable profits of other group companies in Cyprus of the same year and any tax losses not utilised can be carried forward and offset against the same entity's taxable profits of the next five years. Article 13(8)(d)(i) of the Income Tax Law provides that in the case where the disposal of shares held by one company in another company member of the same group is taxed as a trading transaction then the two companies are not considered group companies for loss relief purposes.

Profits earned by subsidiary companies abroad or/and permanent establishments outside Cyprus are subject to taxation at the rates applicable in the country in which the operations are carried out.

Tax exemptions, allowances, deductions and offsets pursuant to Articles 8, 9, 10 and 13 of the Income Tax Law 118(I)/2002 are taken into consideration for the calculation of the tax liability.

Reconciliation of taxation based on taxable income and taxation based on accounting profits

The Group	**2023**	2022 Restated
	€'000	€'000
Group profit before taxation	**412.803**	39.436
Taxation based on applicable tax rates	**51.600**	4.930
Expenses non-tax deductible	**13.271**	21.865
Non-taxable income	**(17.486)**	(15.549)
Effect of tax losses for the year	**104**	(1.221)
Taxes withheld at source	**210**	68
Deferred tax	**(337)**	74
Tax charge for the year	**47.362**	10.167

The Bank	**2023**	2022
	€'000	€'000
Bank profit before taxation	**411.806**	36.348
Taxation based on applicable tax rates	**51.476**	4.544
Expenses non-tax deductible	**9.820**	20.013
Non-taxable income	**(16.353)**	(14.333)
Effect of tax losses for the year	**-**	(2.122)
Special defence contribution	**210**	64
Deferred tax	**975**	412
Tax charge for the year	**46.128**	8.578

Taxation recognised in other comprehensive income:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Deferred taxation on property revaluation	**(1.095)**	1.590	**(1.009)**	1.811

17. DISCONTINUED OPERATIONS

On 30 March 2023, the Bank announced the completion of Project Starlight, the agreement for which was announced on 11 April 2022 and also included the disposal of APS Debt Servicing Cyprus Ltd ("APS Ltd") a wholly owned subsidiary of the Group. The results of APS Ltd have been consolidated in the group results for the year ended 31 December 2023 until the day of its disposal.

Project Starlight refers to the sale of a non-performing exposures ("NPE") portfolio and the sale of APS Debt Servicing Cyprus Ltd (the "APS Debt Servicer"). This was a package transaction involving (a) the securitisation of c. €1,4 billion NPEs (the "Starlight Portfolio") at 31 December 2022 and (b) the sale of the Bank's servicing platform, APS Debt Servicer, to Themis Portfolio Management Ltd (an indirect subsidiary of Oxalis Holding S.A.R.L. ("Oxalis") which is an entity managed and advised by Pacific Investment Management Company LLC ("PIMCO")), and (c) a long term exclusive servicing agreement for the management of the residual NPE portfolio of the Bank and any additional future defaults that might arise (the "Transaction").

Out of the total consideration of €37 million for the sale of APS Debt Servicer, €4,5 million have been received from APS Debt Servicer in cash in the form of dividends, before the completion date. On completion a cash consideration of €27,5 million was received and recognised. The remaining €5,0 million, comprising deferred consideration linked with the achievement of certain targets has not been recognised, as it is not expected that the set targets will be achieved.

In accordance with IFRS 5, discontinued operations are presented separately from the results of continuing operations in the income statement up to the date of the disposal of the entity and as held for sale in the statement of financial position.

The Group results of APS Debt Servicing Cyprus Ltd for the period up to its disposal are presented below:

		The Group	
		2023	2022
	Note	**€'000**	€'000
Discontinued Operations			
Fee and commission income		**-**	218
Net fee and commission income		**-**	218
Other income		**91**	90
Total net income		**91**	308
Staff costs		**(1.324)**	(6.434)
Depreciation and amortisation		**(11)**	(59)
Administrative and other expenses		**(175)**	(968)
Loss before taxation		**(1.419)**	(7.153)
Taxation		**(131)**	(305)
Loss for the year		**(1.550)**	(7.458)
Basic earnings/(loss) per share (cent)	18	**4,65**	(1,81)
Diluted earnings/(loss) per share (cent) - restricted to basic loss per share	18	**4,43**	(1,81)

17. DISCONTINUED OPERATIONS (continued)

Group gain on derecognition of disposal group classified as held for sale:

	The Group **2023** **€'000**
Consideration received:	
Cash received	**27.502**
Disposable group held for sale derecognised:	
Assets	
Property, plant and equipment	136
Intangible assets	2.365
Deferred tax asset	711
Other assets	-
Total group assets derecognised	**3.212**
Liabilities	
Tax payable	131
Other liabilities	1.390
Total group liabilities derecognised	**1.521**
Net assets of disposal group held of sale derecognised	**1.691**
Gain on the disposal of subsidiary before the recognition of balances to former subsidiary	**25.811**
Group liabilities recognised upon derecognition of disposal group	
Customer Deposits	**(4.203)**
Other Liabilities	**(879)**
	(5.082)
Gain on derecognition of disposal group classified as held for sale	**20.729**

Group profit/(loss) for the year from discontinued operations consist of:

	2023 **€'000**	2022 €'000
Loss for the period	**(1.550)**	(7.458)
Gain on derecognition	**20.729**	-
Profit/(loss) for the year from discontinued operations	**19.179**	(7.458)

Bank gain on disposal of APS LTD as part of Project Starlight:

	The Bank **2023** **€'000**
Total consideration received	**32.002**
Cost of investment of APS Ltd	**(10.388)**
	21.614
Basic earnings per share (cent)	**5,24**
Diluted earnings per share (cent)	**4,99**

17. DISCONTINUED OPERATIONS (continued)

The earnings per share of APS Debt Servicing Cyprus Ltd for the year are presented below:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Basic and diluted earnings/(loss) per share from discontinued operations				
Profit/(loss) attributable to owners of the parent company (€ thousand) from discontinued operations	**19.179**	(7.458)	**21.614**	-
Basic earnings per share from discontinued operations				
Weighted average number of ordinary shares for Basic EPS during the year (thousand) from discontinued operations	**412.805**	412.805	**412.805**	-
Basic earnings/(loss)per share (cent €) from discontinued operations	**4,65**	(1,81)	**5,24**	-
Diluted earnings per share from discontinued operations				
Weighted average number of ordinary shares for Basic EPS during the year (thousand)	**412.805**	412.805	**412.805**	-
Effect of dilution from the potential conversion of Convertible Capital Securities 1 and 2 (thousand)	**19.949**	19.949	**19.949**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**432.754**	432.754	**432.754**	-
Diluted earnings/(loss) per share (€ cent) from discontinued operations - restricted to basic loss per share	**4,43**	(1,81)	**4,99**	-

The assets and liabilities of APS Debt Servicing Cyprus Ltd classified as held for sale as at 31 December 2022 were as follows:

	2022
	€'000
Assets	
Property, plant and equipment	137
Intangible assets	2.365
Deferred tax asset	711
Other assets	41
Disposal group assets (refer to Note 28)	**3.254**
Tax payable	181
Other liabilities	658
Disposal group liabilities (refer to Note 28)	**839**

17. DISCONTINUED OPERATIONS (continued)

The Group net cash flows incurred by APS Debt Servicing Cyprus Ltd as at 31 December 2022 were as follows:

	2022
	€'000
Cash flow from discontinued operations	
Net cash flow used in operating activities	(7.359)
Net cash flow used in investing activities	(2)
Net cash flow for the year	(7.361)

18. BASIC AND DILUTED EARNINGS PER SHARE

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
Profit attributable to owners of the parent company (€ thousand)	**365.441**	21.811	**365.678**	27.770
Basic earnings per share				
Weighted average number of ordinary shares for Basic EPS during the year (thousand)	**412.805**	412.805	**412.805**	412.805
Basic earnings per share (€ cent)	**88,53**	5,28	**88,58**	6,73
Diluted earnings per share				
Weighted average number of ordinary shares for Basic EPS during the year (thousand)	**412.805**	412.805	**412.805**	412.805
Effect of dilution from the potential conversion of Convertible Capital Securities 1 and 2 (thousand)	**19.949**	19.949	**19.949**	19.949
Weighted average number of ordinary shares adjusted for the effect of dilution	**432.754**	432.754	**432.754**	432.754
Diluted earnings per share (€ cent)	**84,45**	5,04	**84,50**	6,42

	The Group	
		2022
	2023	Restated
	€'000	€'000
Profit attributable to owners of the parent company from continuing operations	**346.263**	29.268
Basic earnings per share from continuing operations		
Weighted average number of ordinary shares for Basic EPS during the year (thousand) from continuing operations	**412.805**	412.805
Basic earnings per share (cent €) from continuing operations	**83,88**	7,09
Diluted earnings per share from continuing operations		
Weighted average number of ordinary shares for Basic EPS during the year (thousand)	**412.805**	412.805
Effect of dilution from the potential conversion of Convertible Capital Securities 1 and 2 (thousand)	**19.949**	19.949
Weighted average number of ordinary shares adjusted for the effect of dilution	**432.754**	432.754
Diluted earnings per share (€ cent) from continuing operations	**80,01**	6,76

18. BASIC AND DILUTED EARNINGS PER SHARE (continued)

Basic EPS is calculated by dividing the profit for the year attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of ordinary shares adjusted for the effect of dilution.

19. CASH AND BALANCES WITH CENTRAL BANKS

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Cash	**95.336**	92.045	**95.336**	92.045
Balances with Central Banks	**8.127.509**	8.376.029	**8.127.509**	8.376.029
	8.222.845	8.468.074	**8.222.845**	8.468.074

Cash and Balances with Central Banks of €8.222.845 thousand (31 December 2022: €8.468.074 thousand) mainly consist of a deposit with ECB of €8.127.509 thousand (31 December: €8.376.029 thousand), which represents 99% of the total balance (2022 99% of total balance). ECB is rated AAA, based on the main three rating agencies (Moody's, Fitch and S&P).

Total cash and balances with Central Banks is analysed to:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Cash and balances with Central Banks available for use	**8.068.661**	8.319.140	**8.068.661**	8.319.140
Restricted balances with Central Banks	**154.300**	149.058	**154.300**	149.058
	8.222.961	8.468.198	**8.222.961**	8.468.198
Accumulated Expected Credit Losses	**(116)**	(124)	**(116)**	(124)
Total cash and balances with Central Banks	**8.222.845**	8.468.074	**8.222.845**	8.468.074

Movement of Accumulated Expected Credit Losses:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Balance 1 January	**124**	9	**124**	9
Movement of the year (refer to Note 15)	**(8)**	115	**(8)**	115
Closing balance	**116**	124	**116**	124

Cash and balances with Central Banks are classified as Stage 1, for ECL calculation purposes.

20. PLACEMENTS WITH OTHER BANKS

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Other placements with Banks	**123.211**	107.502	**115.238**	98.286
Interbank accounts	**158.657**	173.837	**158.660**	173.840
	281.868	281.339	**273.898**	272.126

20. PLACEMENTS WITH OTHER BANKS (continued)

Group Placements with other Banks include an amount of €6.372 thousand (2022: €6.636 thousand) that relate to assets held to cover liability for unit linked funds, held by the Group's Life insurance subsidiary.

The analysis of placements with other banks based on their remaining contractual maturity is as follows:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
On demand	**225.650**	164.949	**217.930**	160.736
Within three months	**250**	52.825	**-**	47.825
Between three months and one year	**-**	1.247	**-**	1.247
Between one year and five years	**49.755**	54.272	**49.755**	54.272
Over five years	**6.213**	8.046	**6.213**	8.046
	281.868	281.339	**273.898**	272.126

At 31 December 2023, an amount of €60.632 thousand (2022: €64.241 thousand) is pledged as collateral with other banks.

Amounts held with financial institutions are mainly with A+ to A- institutions.

Total placements with other banks is analysed to:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Placement with other banks with original maturity less than 3 months	**225.902**	217.590	**217.931**	208.379
Other placements with other banks	**56.084**	64.087	**56.081**	64.081
	281.986	281.677	**274.012**	272.460
Accumulated Expected Credit Losses	**(118)**	(338)	**(114)**	(334)
Total placements with other banks	**281.868**	281.339	**273.898**	272.126

Movement of Accumulated Expected Credit Losses:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Balance 1 January	**338**	428	**334**	422
Movement of the year (refer to Note 15)	**(220)**	(90)	**(220)**	(88)
Closing balance	**118**	338	**114**	334

Placements with other banks are classified as Stage 1, for ECL calculation purposes.

21. LOANS AND ADVANCES TO CUSTOMERS

Analysis of loans and advances to customers as per industry sector they operate, as at 31 December, is as follows:

	The Group and the Bank	
	2023	2022
	€'000	€'000
Trade	**519.780**	526.219
Construction and Real Estate	**366.928**	366.795
Manufacturing	**424.843**	460.332
Tourism	**498.708**	499.839
Retail	**3.401.251**	3.433.599
Other sectors	**950.322**	936.145
	6.161.832	6.222.929
Accumulated impairment losses	**(137.711)**	(189.659)
	6.024.121	6.033.270

Analysis of loans and advances to customers based on their remaining contractual maturity as at 31 December is as follows:

	The Group and the Bank	
	2023	2022
	€'000	€'000
On demand	**701.256**	755.741
Within three months	**39.028**	36.785
Between three months and one year	**54.372**	38.369
Between one year and five years	**964.705**	936.708
Over five years	**4.402.471**	4.455.326
	6.161.832	6.222.929
Accumulated impairment losses	**(137.711)**	(189.659)
	6.024.121	6.033.270

As at 31 December 2023 and 31 December 2022 Net Loan and Advances amounting to €329 thousand and €191.662 thousand respectively were classified as Held for Sale. For more details refer to Note 28.

The value of collaterals of total loans and advances to customers is analysed as below:

	2023	2022
	€'000	€'000
Residential property	**9.560.441**	8.889.597
Commercial property	**4.894.271**	4.824.282
Land	**2.283.795**	2.284.040
Total property collaterals	**16.738.507**	15.997.919
Other collaterals	**1.834.341**	2.363.145
	18.572.848	18.361.064

22. DEBT SECURITIES

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Securities classified at fair value through other comprehensive income				
Listed	**58.723**	81.351	**58.723**	81.351
Non listed	**-**	6.595	**-**	-
Accumulated expected credit losses	**(38)**	(83)	**(38)**	(83)
	58.685	87.863	**58.685**	81.268
Securities classified at amortised cost				
Listed	**4.927.447**	4.324.958	**4.927.447**	4.324.958
Non listed	**-**	12.278	**-**	12.278
Accumulated expected credit losses	**(1.971)**	(1.329)	**(1.971)**	(1.329)
	4.925.476	4.335.907	**4.925.476**	4.335.907
Securities classified at fair value through profit and loss				
Listed	**883**	179	**-**	-
	883	179	**-**	-
	4.985.044	4.423.949	**4.984.161**	4.417.175

Listed debt securities classified at fair value through profit and loss relate to assets held to cover liabilities of unit linked funds.

The analysis of Debt securities is based on their remaining contractual maturity as at 31 December:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Within three months	**249.787**	280.005	**249.787**	280.005
Between three months and one year	**639.532**	491.345	**639.532**	491.345
Between one year and five years	**2.600.852**	2.745.809	**2.599.969**	2.739.035
Over five years	**1.494.873**	906.790	**1.494.873**	906.790
	4.985.044	4.423.949	**4.984.161**	4.417.175

Analysis of Debt securities by sector:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Concentration by sector:				
Governments	**881.407**	1.031.327	**880.524**	1.031.148
Banks	**2.322.569**	2.056.611	**2.322.569**	2.050.016
Other sectors	**1.781.068**	1.336.011	**1.781.068**	1.336.011
	4.985.044	4.423.949	**4.984.161**	4.417.175

As at 31 December 2023 the Group's exposure in Cyprus Government Bonds amounted to €571 million (31 December 2022: €790,0 million), rated at Baa2 Moody's equivalent credit rating (2022: Baa3).

The category "Other sectors" mainly consists of, 57%, €1.018 million securitisations, (31 December 2022: 57%, €762 million) 32%, €566 million Supranational organisations, (31 December 2022: 36%, €483 million) and 11%, €197 million Corporates, (31 December 2022: 7%, €91 million).

22. DEBT SECURITIES (continued)

The Group closely monitors developments in the international markets so that any measures needed are promptly taken to reduce credit risk.

Debt securities are classified as Stage 1, for ECL calculation purposes. There were no transfers of investments between Stages during the year ended 31 December 2023 and 31 December 2022.

Movement of Accumulated Expected Credit Losses:

	The Group and the Bank	
	2023	2022
	€'000	€'000
Balance 1 January	**1.412**	1.340
Movement for the year (refer to Note 15)	**597**	72
Closing Balance	**2.009**	1.412

The Group's investment portfolio mainly consists of investments in debt securities. The following tables analyse the Group's debt securities' portfolio per type and Moody's credit ratings equivalents:

	2023				2022			
Credit Rating Band (in €million)	**Total**	**Amortised cost**	**FVOCI**	**FVTPL**	Total	Amortised cost	FVOCI	FVTPL
Aaa to Aa3	**3.884**	**3.884**	**-**	**-**	3.216	3.216	-	-
A1 to A3	**219**	**219**	**-**	**-**	302	302	-	-
Baa1 to Baa3	**601**	**541**	**59**	**1**	799	718	81	-
Ba1 to Ba3	**168**	**168**	**-**	**-**	75	75	-	-
<B1	**13**	**13**	**-**	**-**	13	13	-	-
Unrated	**100**	**100**	**-**	**-**	19	12	7	-
	4.985	**4.925**	**59**	**1**	4.424	4.336	88	-

	2023				2022			
Issuer Type (in €million)	**Total**	**Amortised cost**	**FVOCI**	**FVTPL**	Total	Amortised cost	FVOCI	FVTPL
Governments	**881**	**821**	**59**	**1**	1.032	951	81	-
Supranationals	**566**	**566**	**-**	**-**	483	483	-	-
Banks	**746**	**746**	**-**	**-**	1.031	1.024	7	-
Covered Bonds	**1.577**	**1.577**	**-**	**-**	1.025	1.025	-	-
Securitisations	**1.018**	**1.018**	**-**	**-**	762	762	-	-
Corporates	**197**	**197**	**-**	**-**	91	91	-	-
	4.985	**4.925**	**59**	**1**	4.424	4.336	88	-

23. EQUITY SECURITIES AND COLLECTIVE INVESTMENT UNITS

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Equity securities at fair value through profit or loss				
Listed securities	**41.762**	25.430	**-**	-
Non listed securities	**21.916**	18.851	**21.916**	18.851
Collective investment units	**54.380**	51.127	**-**	-
	118.058	95.408	**21.916**	18.851
Equity securities classified at fair value through other comprehensive income				
Listed securities	**1.396**	1.392	**1.396**	1.392
Non listed securities	**13.004**	10.367	**13.004**	10.367
	14.400	11.759	**14.400**	11.759
	132.458	107.167	**36.316**	30.610

Listed equity securities at fair value through profit or loss relate to assets held to cover liabilities of unit linked funds, held by the Group's Life insurance subsidiary.

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Concentration by sector:				
Equity securities at fair value through profit or loss				
Other financial service activities, except insurance funds	**26.092**	17.186	**15.785**	13.028
Insurance	**6.131**	5.823	**6.131**	5.823
Collective investment units	**54.380**	51.127	**-**	-
Energy	**1.134**	2.351	**-**	-
Goverments	**8.697**	3.986	**-**	-
Consumer	**6.299**	3.071	**-**	-
Other	**15.325**	11.864	**-**	-
	118.058	95.408	**21.916**	18.851
Equity securities classified at fair value through other comprehensive income				
Other financial service activities, except insurance funds	**13.004**	10.367	**13.004**	10.367
Manufacture of bakery and farinaceous products	**1.129**	1.149	**1.129**	1.149
Manufacture of cement, lime and plaster	**6**	5	**6**	5
Hotels and similar accommodation	**256**	233	**256**	233
Other specialised wholesale	**5**	5	**5**	5
	14.400	11.759	**14.400**	11.759
	132.458	107.167	**36.316**	30.610

Equity securities classified at fair value through profit or loss
Equity securities at fair value through profit or loss include the Bank's participation in Visa Inc. through the holding of Series C and Series A Convertible Preferred Stock into Class A Common Stock which as at 31 December 2023 amounted to €15,8 million (31 December 2022: €13,0 million), the Bank’s 18,6% participation in Universal Life Insurance Public Company Limited ("Universal Life") which as at 31 December 2023 amounted to €6,1 million (31 December 2022: €5,8 million) and the Group’s participation in collective investment units.

23. EQUITY SECURITIES AND COLLECTIVE INVESTMENT UNITS (continued)

The Group's investments in collective investments units represent shares/units in exchange traded funds (ETFs), Money Market Funds (MMFs) and Mutual Funds (MFs).

Equity securities classified at fair value through other comprehensive income
The Group irrevocably made the election to classify its non-trading equity investments as equity investments at FVOCI. As at 31 December 2023 unlisted equity securities classified at fair value through other comprehensive income include the Bank’s investment in JCC Payment Systems Ltd of €12.592 thousand (31 December 2022: €10.053 thousand).

Listed equity securities classified at fair value through other comprehensive income include the Bank's investment in securities listed in the Cyprus Stock Exchange, that are measured by reference to their quoted price as at 31 December 2023 and as at 31 December 2022 respectively.

24. INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiary companies represent the cost of acquisition of shares or the cost of incorporation/investment net of any impairment of the investment, where applicable, in the following subsidiary companies:

					The Bank	
	Line of Business	Country of operation and registration	Ownership %	Number of shares	**2023 €'000**	2022 €'000
Hellenic Bank (Investments) Ltd	Inactive	Cyprus	100	3.750.000	**4.127**	4.127
Hellenic Bank Trust and Finance Corporation Ltd	Financing Services	Cyprus	100	50.000	**94**	94
Pancyprian Insurance Ltd	General Insurance	Cyprus	99,96	15.700.000	**32.423**	32.423
Hellenic Life Insurance Company Ltd	Life Insurance	Cyprus	100	1.000.000	**7.179**	7.179
Hellenic Bank Insurance Holding Ltd	Insurance services	Cyprus	100	1.000	**1**	1
HB Data Analytics Ltd	Auxiliary services	Cyprus	100	110	**15**	15
Kohira Holdings Ltd	Credit Acquisition Company	Cyprus	100	60.000.000	**-**	600
Hellenic Insurance Agency Ltd	Insurance Intermediation	Cyprus	100	50.000	**86**	86
Ezmero Holdings Ltd	SPV	Cyprus	100	190/180*	**10.312**	11.060
Krolo Holdings Ltd	SPV	Cyprus	100	220/210*	**-**	3.982
Anolia Industrial Ltd	SPV	Cyprus	100	210/200*	**3.671**	3.764
Drypto Holdings Ltd	SPV	Cyprus	100	200/190*	**13.000**	13.850
Arzetio Holdings Ltd	SPV	Cyprus	100	150/140*	**3.965**	4.244
Malpax Holding Ltd	SPV	Cyprus	100	110	**-**	1.854
Ezelco Holdings Ltd	SPV	Cyprus	100	140	**3.958**	3.958
Katlero Holdings Ltd	SPV	Cyprus	100	150/140*	**10.905**	11.599
Prunelox Holdings Ltd	SPV	Cyprus	100	120/110*	**25**	15
Shanlo Holdings Ltd	SPV	Cyprus	100	120/110*	**25**	15
Torki Holdings Ltd	SPV	Cyprus	100	120/110*	**25**	15
					89.811	98.881

*as at 31 December 2022

24. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Bank's movement of the carrying amount of the investment in subsidiaries:

	The Bank	
	2023	2022
	€'000	€'000
1 January	**98.881**	113.412
Impairment losses on the cost of investment in SPV subsidiaries (refer to Note 15)	**(3.087)**	(1.623)
Subsidiary stricken off	**-**	(600)
Disposal of subsidiaries	**(6.207)**	(13.832)
Increase of investment in subsidiaries	**224**	1.524
31 December	**89.811**	98.881

Investment banking, asset management and brokerage
On 28 November 2016 the Board of Directors of Hellenic Bank (Investments) Ltd decided to discontinue all of its business activities, which primarily related to retail brokerage services. As at 31 December 2023 the Company remains inactive.

On 30 June 2021 the Board of Directors of Hellenic Bank Trust and Finance Corporation Ltd decided the liquidation of the company. The liquidation process has commenced the liquidator has been appointed and the relevant publication of the commencement of liquidation and appointment of the liquidator of the Company was made in the Official Gazette.

During 2022 the Bank incorporated the new wholly owned subsidiary HB Data Analytics Ltd with the purpose of providing auxiliary services via a business intelligence tool developed by the Bank. The data analytics services will be offered to the Bank’s clients. Also, the Bank incorporated the new wholly owned subsidiary Kohira Holdings Ltd to act a credit acquisition company. On 10 February 2023, Kohira Holdings Ltd was renamed Themis Portfolio (S1) Management Holdings Limited.

SPVs
The Bank, as part of its non-performing exposures management, is entering into a number of debt-to-asset swap transactions. Assets acquired in satisfaction of debt are acquired either directly or indirectly through wholly owned Special Purpose Vehicles (SPVs).

During 2023, Krolo Holdings Ltd and Malpax Holdings Ltd were disposed for a net consideration of €6.332 thousand, all settled in cash. In addition, during 2023 there was an increase in the investment in some of the SPVs via the issue of new shares.

During 2022, Alira Holdings Ltd, Abverma Holdings Ltd, Chrisblo Holdings Ltd, Vevedli Limited were disposed for a net consideration of €14.892 thousand, all settled in cash. In addition, during 2022 there was an increase in the investment in some of the SPVs via the issue of new shares.

The cost of investment of the SPVs was assessed at year end for impairment based on the fair valuation of the property held by each entity and an impairment loss on the cost of investment of the SPVs of €3.087 thousand was recognised in the income statement for the year (31 December 2022: €1.623 thousand).

Where necessary, the Bank provides financial support to it's SPVs, through the issuance of additional share capital.

Where necessary, the Bank provides financial support to all its subsidiaries either through the issuance of additional share capital or the financial support letters.

24. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

During 2022 the Bank incorporated the new wholly owned subsidiary Kohira Holdings Ltd to act a credit acquisition company. On 10 February 2023, Kohira Holdings Ltd was renamed Themis Portfolio (S1) Management Holdings Limited and was disposed on 30 March 2023 as part of the Project Starlight (refer to Note 17 and 28).

There are no restrictions on the Bank's ability to access or use assets and settle liabilities of the Group.

24. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The following analysis refers to intercompany balances between the Bank and its subsidiary companies:

	Interest received	Fees and Commission paid	Net income from insurance operations	Other income	Total expenses	Other assets*	Other liabilities*	Deposits	Dividend paid
	2023	2023	2023	2023	2023	2023	2023	2023	2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Hellenic Bank (Investments) Ltd	-	-	-	-	-	-	-	4.104	-
Hellenic Bank Trust and Finance Corporation Ltd	-	-	-	-	-	-	-	809	-
Pancyprian Insurance Ltd	3	1.630	16	392	-	671	-	1.918	3.296
Hellenic Life Insurance Company Ltd	-	3.498	-	93	-	210	403	1.282	7.600
Hellenic Insurance Agency Ltd	-	-	-	-	-	-	-	188	-
Hellenic Bank Insurance Holding Ltd	-	-	-	-	-	653	-	-	-
APS Debt Servicing Cyprus Ltd*	-	-	-	(326)	2.395	-	-	-	4.500
HB Data Analytics Ltd	-	-	-	25	-	2	-	10	-
Ezmero Holdings Ltd	-	-	-	652	-	-	-	48	-
Krolo Holdings Ltd	-	-	-	(103)	-	-	-	-	-
Anolia Industrial Ltd	-	-	-	-	-	-	-	17	-
Drypto Holdings Ltd	-	-	-	-	-	-	-	78	-
Arzetio Holdings Ltd	-	-	-	-	-	-	-	28	-
Malpax Holdings Ltd	-	-	-	(78)	-	-	-	-	-
Ezelco Holdings Ltd	-	-	-	85	-	-	-	4.342	-
Katlero Holdings Ltd	-	-	-	-	-	-	-	71	-
Prunelox Holdings Ltd	-	-	-	-	-	-	-	10	-
Shanlo Holdings Ltd	-	-	-	-	-	-	-	9	-
Torki Holdings Ltd	-	-	-	-	-	-	-	9	-
	3	**5.128**	**16**	**740**	**2.395**	**1.536**	**403**	**12.923**	**15.396**

*APS Debt Servicing Cyprus Ltd was the Bank's subsidiary for the period from 1 January 2023 until the 30 March 2023 when it was disposed as part of project Starlight

24. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Restated

	Interest received	Interest paid	Fees and Commission paid	Net income from insurance operations	Other income	Total expenses	Other assets	Other liabilities	Deposits	Dividend paid
	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Hellenic Bank (Investments) Ltd	16	-	-	-	-	-	-	-	3.684	-
Hellenic Bank Trust and Finance Corporation Ltd	-	-	-	-	-	-	-	-	809	-
Pancyprian Insurance Ltd	22	9	1.316	28	30	10	222	1.358	947	3.299
Hellenic Life Insurance Company Ltd	-	4	3.062	-	103	35	6	49	914	2.600
Hellenic Insurance Agency Ltd	-	-	-	-	-	-	-	4	188	-
Hellenic Bank Insurance Holding Ltd	-	-	-	-	-	-	414	-	-	-
APS Debt Servicing Cyprus Ltd*	17	-	2	-	890	13.827	540	2.430	6.427	4.425
Kohira Holdings Ltd	-	-	-	-	-	-	-	-	600	-
HB Data Analytics Ltd	-	-	-	-	19	-	19	-	32	-
Ezmero Holdings Ltd	-	-	-	-	(410)	-	-	-	81	-
Alira Holdings Ltd	-	-	-	-	(231)	-	-	-	-	435
Krolo Holdings Ltd	-	-	-	-	(381)	-	-	-	60	-
Anolia Industrial Ltd	-	-	-	-	72	-	-	-	33	-
Abverma Holdings Ltd	-	-	-	-	(81)	-	-	-	-	-
Chrisblo Holdings Ltd	-	-	-	-	(78)	-	-	-	-	-
Drypto Holdings Ltd	-	-	-	-	941	-	-	-	166	-
Vededli Ltd	-	-	-	-	(62)	-	-	-	-	-
Arzetio Holdings Ltd	-	-	-	-	(170)	-	-	-	27	-
Malpax Holdings Ltd	-	-	-	-	-	-	-	-	116	-
Ezelco Holdings Ltd	-	-	-	-	-	-	-	-	97	-
Katlero Holdings Ltd	-	-	-	-	(1.550)	-	-	-	102	-
Prunelox Holdings Ltd	-	-	-	-	-	-	-	-	4	-
Shanlo Holdings Ltd	-	-	-	-	-	-	-	-	4	-
Torki Holdings Ltd	-	-	-	-	-	-	-	-	4	-
	55	**13**	**4.380**	**28**	**(908)**	**13.872**	**1.201**	**3.841**	**14.295**	**10.759**

25. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings 2023 €'000	Right of use asset 2023 €'000	Plant and equipment 2023 €'000	**Total 2023 €'000**
Net book value 1 January 2023	138.425	7.393	21.359	**167.177**
Additions	3.175	887	8.804	**12.866**
Contract modifications	-	713	-	**713**
Disposals/transfers	(47)	-	(4.218)	**(4.265)**
Impairment (refer to Note 15)	(1.070)	-	-	**(1.070)**
Depreciation for the year non-attributable	(110)	(21)	(122)	**(253)**
Revaluation	9.843	-	-	**9.843**
Transfer to investment properties (refer to Note 29)	(3.665)	-	-	**(3.665)**
Depreciation for the year	(1.647)	(1.922)	(7.721)	**(11.290)**
Net book value 31 December 2023	144.904	7.050	18.102	**170.056**
1 January 2023				
Cost or valuation	142.377	14.240	99.746	**256.363**
Accumulated depreciation	(3.952)	(6.847)	(78.387)	**(89.186)**
Net book value	138.425	7.393	21.359	**167.177**
31 December 2023				
Cost or valuation	145.179	14.443	104.149	**263.771**
Accumulated depreciation	(275)	(7.393)	(86.047)	**(93.715)**
Net book value	144.904	7.050	18.102	**170.056**

The Group	Land and buildings 2022 €'000	Right of use asset 2022 €'000	Plant and equipment 2022 €'000	**Total 2022 €'000**
Net book value 1 January 2022	141.970	10.168	28.228	**180.366**
Additions	107	-	3.015	**3.122**
Contract modifications	-	(575)	-	**(575)**
Disposals/transfers	6	-	(755)	**(749)**
Transfer to stock of properties held for sale (refer to Note 27)	(2.213)	-	-	**(2.213)**
Depreciation for the year non-attributable	(107)	(22)	(42)	**(171)**
Transfer from investment properties (refer to Note 29)	360	-	-	**360**
Depreciation for the year	(1.698)	(2.178)	(9.087)	**(12.963)**
Net book value 31 December 2022	138.425	7.393	21.359	**167.177**
1 January 2022				
Cost or valuation	144.145	16.572	101.944	**262.661**
Accumulated depreciation	(2.175)	(6.404)	(73.716)	**(82.295)**
Net book value	141.970	10.168	28.228	**180.366**
31 December 2022				
Cost or valuation	142.377	14.240	99.746	**256.363**
Accumulated depreciation	(3.952)	(6.847)	(78.387)	**(89.186)**
Net book value	138.425	7.393	21.359	**167.177**

25. PROPERTY, PLANT AND EQUIPMENT (continued)

The Bank	Land and buildings 2023 €'000	Right of use asset 2023 €'000	Plant and equipment 2023 €'000	**Total 2023 €'000**
Net book value 1 January 2023	126.573	7.322	20.841	**154.736**
Additions	3.165	887	8.717	**12.769**
Contract modifications	-	714	-	**714**
Disposals/transfers	(62)	-	(4.230)	**(4.292)**
Revaluation	8.441	-	-	**8.441**
Impairment (refer to Note 15)	(699)	-	-	**(699)**
Transfers from investment property (refer to Note 29)	1.313	-	-	**1.313**
Depreciation for the year	(1.640)	(1.918)	(7.674)	**(11.232)**
Net book value 31 December 2023	137.091	7.005	17.654	**161.750**
1 January 2023				
Cost or valuation	130.067	14.080	96.634	**240.781**
Accumulated depreciation	(3.494)	(6.758)	(75.793)	**(86.045)**
Net book value	126.573	7.322	20.841	**154.736**
31 December 2023				
Cost or valuation	137.225	14.284	100.945	**252.454**
Accumulated depreciation	(134)	(7.279)	(83.291)	**(90.704)**
Net book value	137.091	7.005	17.654	**161.750**

The Bank	Land and buildings 2022 €'000	Right of use asset 2022 €'000	Plant and equipment 2022 €'000	**Total 2022 €'000**
Net book value at 1 January 2022	130.100	10.206	27.776	**168.082**
Additions	-	-	2.794	**2.794**
Contract modifications	-	(710)	-	**(710)**
Disposal/transfers	5	-	(751)	**(746)**
Transfer to stock of property (refer to Note 27)	(2.213)	-	-	**(2.213)**
Transfers from investment property	360	-	-	**360**
Depreciation for the year	(1.679)	(2.174)	(8.978)	**(12.831)**
Net book value at 31 December 2022	126.573	7.322	20.841	**154.736**
1 January 2022				
Cost or valuation	131.955	16.614	98.930	**247.499**
Accumulated depreciation	(1.855)	(6.408)	(71.154)	**(79.417)**
Net book value	130.100	10.206	27.776	**168.082**
31 December 2022				
Cost or valuation	130.067	14.080	96.634	**240.781**
Accumulated depreciation	(3.494)	(6.758)	(75.793)	**(86.045)**
Net book value	126.573	7.322	20.841	**154.736**

25. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings
Land and buildings were revalued at 31 December 2023, by independent qualified valuers on a market value basis for their existing use. The impact of the property revaluation as at 31 December 2023 amounted to impairment losses in the profit and loss of €1.070 thousand (Bank: €699 thousand) and a net surplus in the revaluation reserve of €9.843 thousand (Bank: €8.441 thousand).

As at 31 December 2023 the value of the revalued freehold land, not subject to depreciation, amounted to €58.014 thousand (31 December 2022: €42.594 thousand) for the Group and €56.989 thousand (31 December 2022: €41.701 thousand) for the Bank.

The fair value of land and buildings is categorised as Level 3 of the fair value hierarchy.

The cost and net book value on a historic cost basis of the freehold land and buildings as at 31 December 2023 amounted to €129.992 thousand (31 December 2022: €129.992 thousand) and €113.412 thousand (31 December 2022: €115.633 thousand) respectively for the Group, and to €125.602 thousand (31 December 2022: €125.602 thousand) and €109.861 thousand (31 December 2022: €111.251 thousand) respectively for the Bank.

Plant and equipment
As at 31 December 2023, the renovation cost for branches, which is included under plant and equipment, amounted to €378 thousand for the Group and the Bank (31 December 2022: €182 thousand).

26. INTANGIBLE ASSETS

The Group

	Computer software 2023 €'000	Goodwill 2023 €'000	Core deposits 2023 €'000	Customer relationships (Purchased credit cards and overdrafts) 2023 €'000	**Total 2023 €'000**
Net book value 1 January 2023	26.918	14.120	1.027	1.587	**43.652**
Additions	13.534	-	-	-	**13.534**
Amortisation for the year non attributable	(667)	-	-	-	**(667)**
Charge for the year	(9.772)	-	(181)	(1.083)	**(11.036)**
Net book value 31 December 2023	30.013	14.120	846	504	**45.483**
1 January 2023					
Cost	79.597	25.263	2.801	7.731	**115.392**
Accumulated amortisation and impairment	(52.679)	(11.143)	(1.774)	(6.144)	**(71.740)**
Net book value	26.918	14.120	1.027	1.587	**43.652**
31 December 2023					
Cost	87.637	25.263	2.801	7.731	**123.432**
Accumulated amortisation and impairment	(57.624)	(11.143)	(1.955)	(7.227)	**(77.949)**
Net book value	30.013	14.120	846	504	**45.483**

26. INTANGIBLE ASSETS (continued)

The Group

	Computer software 2022 €'000	Goodwill 2022 €'000	Core deposits 2022 €'000	Customer relationships (Purchased credit cards and overdrafts) 2022 €'000	**Total 2022 €'000**
Net book value 1 January 2022	28.977	14.120	1.208	2.319	**46.624**
Additions	7.810	-	-	-	**7.810**
Acquisition (refer to Note 40)	-	-	-	777	**777**
Amortisation for the year non-atributable	(515)	-	-	-	**(515)**
Amortisation for the year	(9.354)	-	(181)	(1.509)	**(11.044)**
Net book value 31 December 2022	26.918	14.120	1.027	1.587	**43.652**
1 January 2022					
Cost	71.642	25.263	2.801	6.956	**106.662**
Accumulated amortisation and impairment	(42.665)	(11.143)	(1.593)	(4.638)	**(60.039)**
Net book value	28.977	14.120	1.208	2.318	**46.623**
31 December 2022					
Cost	79.597	25.263	2.801	7.731	**115.392**
Accumulated amortisation and impairment	(52.679)	(11.143)	(1.774)	(6.144)	**(71.740)**
Net book value	26.918	14.120	1.027	1.587	**43.652**

On 31 December 2023, the Group assessed whether there is any impairment of goodwill arising on the acquisition of Pancyprian Insurance Ltd, by calculating the estimated fair value of the company, based on the future cash flows discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the investments. As a result of this assessment, no impairment of goodwill arose. Five years of forecasted profits before tax were included in the discounted cash flow model considering an increase in revenues driven from the acquired portfolio resulted from the Acquisition as assumed by Management. A long term growth rate into perpetuity has been used to calculate the terminal value. The key assumptions described above may change as economic and market conditions change and actual results differ from management expectations. The Group estimated that reasonably possible changes in the input parameters of the assumptions used would not cause the amount of goodwill to decline below the carrying amount.

Goodwill includes the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entities at the date of acquisition of Pancyprian Insurance Ltd (PIL).

26. INTANGIBLE ASSETS (continued)

The Bank

	Computer software 2023 €'000	Core deposits 2023 €'000	Customer relationships (Purchased credit cards and overdrafts) 2023 €'000	**Total 2023 €'000**
Net book value 1 January 2023	24.372	1.027	1.587	**26.986**
Additions	13.032	-	-	**13.032**
Amortisation for the year	(9.737)	(181)	(1.083)	**(11.001)**
Net book value 31 December 2023	27.667	846	504	**29.017**
1 January 2023				
Cost	75.876	2.801	7.731	**86.408**
Accumulated amortisation and impairment	(51.504)	(1.774)	(6.144)	**(59.422)**
Net book value	24.372	1.027	1.587	**26.986**
31 December 2023				
Cost	83.419	2.801	7.731	**93.951**
Accumulated amortisation and impairment	(55.752)	(1.955)	(7.227)	**(64.934)**
Net book value	27.667	846	504	**29.017**

The Bank

	Computer software 2022 €'000	Core deposits 2022 €'000	Customer relationships (Purchased credit cards and overdrafts) 2022 €'000	**Total 2022 €'000**
Net book value 1 January 2022	26.661	1.208	2.319	**30.188**
Additions	7.055	-	-	**7.055**
Acquisition (refer to Note 40)	-	-	777	**777**
Amortisation for the year	(9.344)	(181)	(1.509)	**(11.034)**
Net book value 31 December 2022	24.372	1.027	1.587	**26.986**
1 January 2022				
Cost	68.678	2.801	6.956	**78.435**
Accumulated amortisation and impairment	(42.017)	(1.593)	(4.637)	**(48.247)**
Net book value	26.661	1.208	2.319	**30.188**
31 December 2022				
Cost	75.876	2.801	7.731	**86.408**
Accumulated amortisation and impairment	(51.504)	(1.774)	(6.144)	**(59.422)**
Net book value	24.372	1.027	1.587	**26.986**

26. INTANGIBLE ASSETS (continued)

Core deposits
For the year ended 31 December 2023 and 31 December 2022, the Bank assessed that there was no indication for impairment on core deposits intangible and core deposits intangible assets remaining expected life is 5 years.

Customer relationships (Purchased credit cards and overdrafts)
For the year ended 31 December 2023 and 31 December 2022, the Bank assessed that there was no indication for impairment on customer relationships intangible and the customer relationships intangible assets remaining expected life is 3,5 year.

27. STOCK OF PROPERTY

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
1 January	**130.535**	169.414	**75.796**	100.442
Additions	**2.212**	2.629	**2.212**	2.628
Disposals	**(24.263)**	(36.939)	**(14.660)**	(24.328)
Transfer from own-use property (refer to Note 25)	**-**	2.213	**-**	2.213
Impairment losses (refer to Note 15)	**(8.133)**	(6.782)	**(5.677)**	(5.159)
31 December	**100.351**	130.535	**57.671**	75.796

Stock of property includes houses, flats, offices and other commercial properties, industrial buildings and land (fields and plots). These properties were either acquired in satisfaction of debt or were previously used by the Group, which now intends to sell.

The Bank, as part of its non performing exposures management, is entering into a number of debt to asset swap transactions or repossess assets through the foreclosure process. Repossessed assets are acquired either directly or indirectly through wholly owned Special Purpose Vehicles (SPVs) which are formed with the purpose of holding and managing these immovable properties. Until title deeds are issued in the name of the Bank/SPVs, the ownership is ensured via filing of the acquisition agreement in the Land Registry. As at 31 December 2023, stock of property owned by the Bank indirectly through SPVs amounted to €41.766 thousand (31 December 2022: €53.353 thousand).

As at 31 December 2023, the Group's stock of property comprised stock of property acquired in satisfaction of debt amounting to €98.544 thousand (31 December 2022: €128.609 thousand) and owner occupied properties which are no longer in use and the Group intends to sell amounting to €1.806 thousand (31 December 2022: €1.925 thousand).

As at 31 December 2023, the Bank's stock of property comprised stock of property acquired in satisfaction of debt amounting to €56.778 thousand (31 December 2022: €56.659 thousand) and owner occupied properties which are no longer in use and the Bank intends to sell amounting to €893 thousand (31 December 2022: €1.012 thousand).

27. STOCK OF PROPERTY (continued)

The table below shows the result on the disposal of stock of property in the year, excluding stock of property held for sale and stock of property held by subsidiaries disposed of:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Net proceeds	**23.211**	28.864	**18.219**	28.864
Carrying value of stock of property disposed of	**(18.935)**	(24.328)	**(14.660)**	(24.328)
Net gains on disposal of stock of property	**4.276**	4.536	**3.559**	4.536

28. ASSETS / LIABILITIES AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As part of its ongoing NPE deleveraging efforts, the Bank completed on 30 March 2023 the disposal of a non-performing portfolio with gross carrying amount €0,7 billion (project Starlight). The said transaction also included the disposal of APS Cyprus, (refer to Note 17) a small portfolio of REOs amounting to c. €15,0 million which have been repossessed from the cut off date (31 December 2020) until the reporting date of the Financial Statements, and financial guarantees and loan commitments associated with the loan portfolio in the perimeter amounting to €792 thousand.

Furthermore, an NPE portfolio with gross carrying amount of €4,2 million has been classified as assets held for sale in 2023. On 17 January 2024 a Sales & Purchases agreement was signed between the two parties, with an agreed 10% deposit paid by the buyer. Completion of the transaction is expected in the second quarter of 2024.

During 2022 loans and advances of net book value €15.146 thousand were disposed following the completion of another portfolio sale transactions.

Loans and advances to customers held for sale were measured at amortised cost and were stated net of impairment provisions in the statement of financial position.

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Assets held for sale				
Gross loans	**4.218**	740.289	**4.218**	740.289
Accumulated impairment losses	**(922)**	(548.627)	**(922)**	(548.627)
Loans and advances to customers (refer to Note 48)	**3.296**	191.662	**3.296**	191.662
Stock of property	**-**	14.950	**-**	14.950
	3.296	206.612	**3.296**	206.612
Investment in subsidiary company held for sale	**-**	-	**-**	10.388
Disposal group assets (refer to Note 17)	**-**	3.254	**-**	-
	3.296	209.866	**3.296**	217.000
Liabilities held for sale				
Financial guarantees and loan commitments issued	**-**	(792)	**-**	(792)
Disposal group liabilities (refer to Note 17)	**-**	(839)	**-**	-
	-	(1.631)	**-**	(792)

28. ASSETS / LIABILITIES AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The movement analysis of loans and advances to customers classified as held for sale is presented as follows:

	Gross loans €'000	Accumulated impairment losses €'000	**Total €'000**
1 January 2023	740.289	(548.627)	**191.662**
Disposal	(740.289)	548.627	**(191.662)**
Classified as held for sale during the year (refer to Note 48)	4.218	(922)	**3.296**
31 December 2023	4.218	(922)	**3.296**

	Gross loans €'000	Accumulated impairment losses €'000	**Total €'000**
1 January 2022	776.119	(535.231)	**240.888**
Disposal	(49.049)	33.903	**(15.146)**
Net movement during the year	13.219	(47.299)	**(34.080)**
31 December 2022	740.289	(548.627)	**191.662**

Loans and advances to customers held for sale as per industry are analysed by sector below:

	The Group and the Bank	
	2023 €'000	2022 €'000
Trade	**-**	125.890
Construction and Real Estate	**-**	213.156
Manufacturing	**-**	44.844
Tourism	**4.218**	41.216
Retail	**-**	239.563
Other sectors	**-**	75.620
	4.218	740.289
Accumulated impairment losses	**(922)**	(548.627)
	3.296	191.662

The value of collaterals of loans and advances to customers held for sale is analysed as below:

	2023 €'000	2022 €'000
Residential property	**-**	292.963
Commercial property	**11.973**	240.807
Land	**303**	104.829
Total property collaterals	**12.276**	638.599
Other collaterals	**-**	2.832
	12.276	641.431

28. ASSETS / LIABILITIES AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

Movement on the value of stock of property held for sale:

	The Group and the Bank	
	2023	2022
	€'000	€'000
1 January	**14.950**	9.611
Additions	**302**	8.302
Disposals	**(15.252)**	(2.949)
Impairment losses	**-**	(14)
31 December	**-**	14.950

The table below shows the result on the disposal of stock of property held for sale disposed of:

	The Group and the Bank	
	2023	2022
	€'000	€'000
Net proceeds	**15.147**	3.992
Carrying value of stock of property disposed of	**(15.252)**	(2.949)
Net (losses)/gains on disposal of stock of property held for sale	**(105)**	1.043

Project Starlight
At completion, the Bank received cash consideration adjusted for the loan repayments received on the Portfolio since the reference date of 31 December 2020 and participated with a 66,7% position in the Senior debt and 5% in the Mezzanine and the Junior debt issued to finance the transaction (refer to Note 22).

29. OTHER ASSETS

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Derivatives (refer to Note 46)	**16**	177	**16**	177
Prepaid expenses	**10.484**	7.434	**10.536**	8.278
Indemnification assets (refer to Note 35)	**-**	10.930	**-**	10.930
Investment properties	**10.123**	5.527	**11.103**	11.728
Debtors and other receivables	**47.617**	47.073	**47.574**	46.987
	68.240	71.141	**69.229**	78.100

29. OTHER ASSETS (continued)

Indemnification Assets
Indemnification assets were recognised as a result of the ex-CCB acquisition. The movement of the carrying amount of the indemnification assets is analysed below:

	The Group and the Bank	
	2023	2022
	€'000	€'000
1 January	**10.936**	17.948
Claims reclassified to Debtors and other receivables	**(7.353)**	6.387
Fees paid	**1.000**	1.000
Unwinding of discount	**43**	186
Cash flows re-estimation (refer to Note 15)	**(6.259)**	(14.585)
	(1.633)	10.936
Accumulated Expected Credit Losses	**(1)**	(6)
31 December (refer to Note 35)	**(1.634)**	10.930
Estimated undiscounted amount	**3.414**	12.621

a) Indemnification asset – APS
Assets covered under the scheme

The APS Agreement signed between the Bank and ex-CCB concerned €2.300 million of the acquired loan portfolio (fair value) and offers protection against future losses. Under the APS Agreement there are, two pools:

1. APS Pool 1 (APS1): Assets having at the inception of the APS Agreement a fair value of €1.385 million, covered for a 12-year period from the Completion Date with an option to extend by a fixed 2 year period; and

2. APS Pool 2 (APS2): Assets having at the inception of the APS Agreement a fair value of €915 million, covered for a 10-year from the Completion Date with an option to extend by a fixed 2-year period.

The gross value of APS Assets in APS2 (€985 million) is within the prescribed ceiling, as determined in the APS Agreement. These ceilings require the gross exposure of assets under Pool 2 to not exceed:

i. €1.100 million by the third anniversary of the Completion

ii. €750 million by the fourth anniversary of the Completion

iii. €500 million by the fifth anniversary of the Completion

In line with the provisions of the APS Agreement, up to 31 December 2023, assets with reference value €186,3 million have been withdrawn.

As at 31 December 2023, the Indemnification Liability with respect to the APS amounted to €2.017 thousand (31 December 2022: indemnification asset €10.103 thousand) and is measured at amortised cost, reflecting the net present value of the estimated future cash flows arising from claims to be made by the Bank in the event of APS losses and the fees payable to the RoC, both discounted at the original effective interest rate.

As of 31 December 2023, the fees payable by the Bank to KEDIPES until the maturity of the Scheme were higher than the net present value of the estimated future cash flows arising from claims which turned the APS Indemnification asset into liability.

29. OTHER ASSETS (continued)

Up to 31 December 2023, and in accordance with the terms of the APS agreement, the Bank has submitted a number of claims, including clawbacks, covering the period up to 30 September 2023 in relation to APS Net Losses, the cumulative net amount of which is €100,1 million and has been deducted from the indemnification asset. In November, the discussions around the Disputes Resolution Framework have been concluded and an Addendum has been singed on 30 November 2023, ratified by the Ministry of Finance. Following the singing of the Addendum, KEDIPES settled the amount of €13,7 million (claims for the period up to June 2023) (€78,2 million previously settled for the period 03 September 2018 up to 30 June 2021). As at 31 December 2023, the remaining recoverable outstanding claims amounts to €8,2 million.

The estimated undiscounted amount of the APS indemnification asset as at 31 December 2023 amounted to €3.007 thousand (31 December 2022: €11.748 thousand).

b) Indemnification asset – certain off-balance items acquired

As at 31 December 2023, the indemnification asset relating to the off-balance sheet exposures amounted to €383 thousand (31 December 2022: €827 thousand). The estimated undiscounted amount of the indemnified off balance sheet assets as at 31 December 2023 amounted to €407 thousand (31 December 2022: €873 thousand).

Investment properties
Investment properties comprise of properties which are no longer or cannot be occupied by the Bank and are held for rental yields. In 2019, pursuant to the BTA (Business Transfer Agreement) entered into between the Bank, ex-CCB and the RoC, the Bank acquired some properties from ex-CCB where, by virtue of the law, it became lessor for parts of these properties and hence also form part of investment properties.

Movement on the value of investment properties for the Group:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
1 January	**5.527**	6.277	**11.728**	12.964
Transfer from/(to) property, plant and equipment (refer to Note 25)	**3.665**	(360)	**(1.313)**	(360)
Disposals	**-**	-	**-**	(526)
Net gains from revaluation of investment properties (refer to Note 11)	**931**	(390)	**688**	(350)
31 December	**10.123**	5.527	**11.103**	11.728

The transfer from property, plant and equipment during the year ended 31 December 2023 relates to properties leased out to companies that are no longer within the consolidated Group. During the period ended 31 December 2023, an amount of €567 thousand was recognised as rental income in the income statement in "Other income" (31 December 2022: €296 thousand).

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES

	The Group		
		Restated	Restated 1 January
	2023	2022	2022
	€'000	€'000	€'000
Reinsurance contract assets	**23.515**	23.688	24.113
Insurance contract liabilities	**(87.529)**	(71.968)	(63.070)
	(64.014)	(48.280)	(38.957)

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: PAA

Insurance contracts issued (LRC and LIC)
At 31 December 2023

		Non life				Life				Total
	Pre-recognition liabilities	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities as at 1 January	85	3.779	-	23.994	1.589	246	-	13.976	385	44.054
Net insurance contract (assets)/liabilities as at 1 January	**85**	**3.779**	**-**	**23.994**	**1.589**	**246**	**-**	**13.976**	**385**	**44.054**
Other contracts	-	(40.108)	-	-	-	(18.278)	-	-	-	(58.386)
Insurance revenue	**-**	**(40.108)**	**-**	**-**	**-**	**(18.278)**	**-**	**-**	**-**	**(58.386)**
Incurred claims and other expenses	-	1	-	17.739	474	-	-	7.648	179	26.041
Acquisition expenses	-	6.195	279	-	-	2.194	-	-	-	8.668
Changes to liabilities for incurred claims	-	-	-	109	(527)	-	-	(440)	(202)	(1.060)
Insurance service expenses	**-**	**6.196**	**279**	**17.848**	**(53)**	**2.194**	**-**	**7.208**	**(23)**	**33.649**
Insurance service result	**-**	**(33.912)**	**279**	**17.848**	**(53)**	**(16.084)**	**-**	**7.208**	**(23)**	**(24.737)**
Insurance finance expenses	-	-	-	467	30	-	-	67	10	574
Total changes in statement of Profit or loss and OCI	**-**	**(33.912)**	**279**	**18.315**	**(23)**	**(16.084)**	**-**	**7.275**	**(13)**	**(24.163)**
Premiums received	59	40.527	-	-	-	17.884	-	-	-	**58.470**
Claims and other Insurance service expenses paid	-	-	-	(18.857)	-	-	-	(12.578)	-	(31.435)
Insurance acquisition cash flows	(4)	(5.713)	-	(113)	-	(2.021)	-	-	-	(7.851)
Other movements	(43)	43	-	-	-	-	-	-	-	-
Total cash flows	**12**	**34.857**	**-**	**(18.970)**	**-**	**15.863**	**-**	**(12.578)**	**-**	**19.184**
Net insurance contract (assets)/liabilities as at 31 December	**97**	**4.724**	**279**	**23.339**	**1.566**	**25**	**-**	**8.673**	**372**	**39.075**
Insurance contract liabilities as at 31 December	97	4.724	279	23.339	1.566	25	-	8.673	372	39.075
Net insurance contract (assets)/liabilities as at 31 December	**97**	**4.724**	**279**	**23.339**	**1.566**	**25**	**-**	**8.673**	**372**	**39.075**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: PAA

Insurance contracts issued (LRC and LIC)
At 31 December 2022

	Non life					Life				Total
	Pre-recognition liabilities	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities as at 1 January	231	4.368	-	24.903	1.685	39	-	15.946	452	47.624
Net insurance contract (assets)/liabilities as at 1 January	**231**	**4.368**	**-**	**24.903**	**1.685**	**39**	**-**	**15.946**	**452**	**47.624**
Other contracts	-	(37.864)	-	-	-	(18.251)	-	-	-	(56.115)
Insurance revenue	**-**	**(37.864)**	**-**	**-**	**-**	**(18.251)**	**-**	**-**	**-**	**(56.115)**
Incurred claims and other expenses	-	-	-	13.199	495	-	-	9.727	188	23.609
Acquisition expenses	-	6.328	-	-	-	2.175	-	-	-	8.503
Changes to liabilities for incurred claims	-	-	-	3.058	(515)	-	-	353	(247)	2.649
Insurance service expenses	**-**	**6.328**	**-**	**16.257**	**(20)**	**2.175**	**-**	**10.080**	**(59)**	**34.761**
Insurance service result	**-**	**(31.536)**	**-**	**16.257**	**(20)**	**(16.076)**	**-**	**10.080**	**(59)**	**(21.354)**
Insurance finance expenses	-	-	-	(1.144)	(76)	-	-	(60)	(8)	(1.288)
Total changes in statement of Profit or loss and OCI	**-**	**(31.536)**	**-**	**15.113**	**(96)**	**(16.076)**	**-**	**10.020**	**(67)**	**(22.642)**
Premiums received	60	37.172	-	-	-	18.303	-	-	-	**55.535**
Claims and other Insurance service expenses paid	-	-	-	(16.022)	-	-	-	(11.990)	-	(28.012)
Insurance acquisition cash flows	(7)	(6.425)	-	-	-	(2.194)	-	-	-	(8.626)
Other movements	(200)	200	-	-	-	174	-	-	-	174
Total cash flows	**(147)**	**30.947**	**-**	**(16.022)**	**-**	**16.283**	**-**	**(11.990)**	**-**	**19.071**
Net insurance contract (assets)/liabilities as at 31 December	**85**	**3.779**	**-**	**23.994**	**1.589**	**246**	**-**	**13.976**	**385**	**44.054**
Insurance contract liabilities as at 31 December	85	3.779	-	23.994	1.589	246	-	13.976	385	44.054
Net insurance contract (assets)/liabilities as at 31 December	**85**	**3.779**	**-**	**23.994**	**1.589**	**246**	**-**	**13.976**	**385**	**44.054**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: PAA

Reinsurance contracts held
At 31 December 2023

	Non life					Life				Total
	Pre-recognition liabilities	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of present value of future cashflows	Loss component	Excluding loss recovery component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Reinsurance contract assets as at 1 January	31	1.555	-	2.894	191	(78)	-	513	11	5.117
Net reinsurance contract assets/(liabilities) as at 1 January	**31**	**1.555**	**-**	**2.894**	**191**	**(78)**	**-**	**513**	**11**	**5.117**
Allocation of reinsurance premiums	-	(6.846)	-	-	-	-	-	-	-	(6.846)
Net expenses from reinsurance contracts	-	-	-	-	-	(311)	-	260	-	(51)
Amounts recoverable from reinsurers	-	-	-	1.070	36	-	-	-	-	1.106
Net income or expense from reinsurance contracts held	**-**	**(6.846)**	**-**	**1.070**	**36**	**(311)**	**-**	**260**	**-**	**(5.791)**
Reinsurance finance income	**-**	**-**	**-**	**(7)**	**5**	**-**	**-**	**-**	**-**	**(2)**
Total changes in statement of Profit or loss and OCI	**-**	**(6.846)**	**-**	**1.063**	**41**	**(311)**	**-**	**260**	**-**	**(5.793)**
Premiums and similar expenses paid	212	6.179	-	-	-	451	-	-	-	**6.842**
Amounts received	(49)	(312)	-	(529)	-	-	-	(692)	-	(1.582)
Total cash flows	**163**	**5.867**	**-**	**(529)**	**-**	**451**	**-**	**(692)**	**-**	**5.260**
Other movements	(67)	67	-	-	-	-	-	-	-	-
Net reinsurance contract (assets)/liabilities as at 31 December	**127**	**643**	**-**	**3.428**	**232**	**(62)**	**-**	**81**	**11**	**4.460**
Reinsurance contract assets as at 31 December	127	643	-	3.428	232	(62)	-	81	11	4.460
Net reinsurance contract (assets)/liabilities as at 31 December	**127**	**643**	**-**	**3.428**	**232**	**(62)**	**-**	**81**	**11**	**4.460**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: PAA

Reinsurance contracts held
At 31 December 2022

	Non life					Life				Total
	Pre-recognition liabilities	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	Excluding loss recovery component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Reinsurance contract assets as at 1 January	(36)	2.069	-	3.189	210	(75)	-	413	11	5.781
Net reinsurance contract assets/(liabilities) as at 1 January	**(36)**	**2.069**	**-**	**3.189**	**210**	**(75)**	**-**	**413**	**11**	**5.781**
Allocation of reinsurance premiums	-	(6.791)	-	-	-	(340)	-	-	-	(7.131)
Amounts recoverable from reiusureres	-	-	-	892	(6)	-	-	245	-	1.131
Net income or expense from reinsurance contracts held	**-**	**(6.791)**	**-**	**892**	**(6)**	**(340)**	**-**	**245**	**-**	**(6.000)**
Reinsurance finance income	**-**	**-**	**-**	**(219)**	**(13)**	**-**	**-**	**-**	**-**	**(232)**
Total changes in statement of Profit or loss and OCI	**-**	**(6.791)**	**-**	**673**	**(19)**	**(340)**	**-**	**245**	**-**	**(6.232)**
Premiums and similar expenses paid	89	6.592	-	-	-	337	-	-	-	**7.018**
Amounts received	(22)	(315)	-	(968)	-	-	-	(145)	-	(1.450)
Total cash flows	**67**	**6.277**	**-**	**(968)**	**-**	**337**	**-**	**(145)**	**-**	**5.568**
Net reinsurance contract (assets)/liabilities as at 31 December	**31**	**1.555**	**-**	**2.894**	**191**	**(78)**	**-**	**513**	**11**	**5.117**
Reinsurance contract assets as at 31 December	31	1.555	-	2.894	191	(78)	-	513	11	5.117
Net reinsurance contract (assets)/liabilities as at 31 December	**31**	**1.555**	**-**	**2.894**	**191**	**(78)**	**-**	**513**	**11**	**5.117**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Life Insurance contracts issued (LRC and LIC)

At 31 December 2023	Non life				Life			Total
	Pre-recognition liabilities	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities as at 1 January	-	(25)	-	586	-	-	-	561
Insurance contract assets as at 1 January	-	-	-	-	(4.167)	41	868	(3.258)
Net insurance contract (assets)/liabilities as at 1 January	**-**	**(25)**	**-**	**586**	**(4.167)**	**41**	**868**	**(2.697)**
Contracts under fair value approach	-	-	-	-	(2.404)	-	-	(2.404)
Other contracts	-	679	-	-	(1.249)	(11)	-	(581)
Insurance revenue	**-**	**679**	**-**	**-**	**(3.653)**	**(11)**	**-**	**(2.985)**
Incurred claims and other expenses	-	-	-	299	-	-	1.823	2.122
Acquisition expenses	-	-	-	-	146	-	-	146
Amortisation of insurance acquisition cash flows	-	(58)	-	-	-	-	-	(58)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	134	-	134
Changes to liabilities for incurred claims	-	-	-	-	-	-	249	249
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	349	-	-	-	349
Insurance service expenses	**-**	**(58)**	**-**	**648**	**146**	**134**	**2.072**	**2.942**
Insurance service result	**-**	**621**	**-**	**648**	**(3.507)**	**123**	**2.072**	**(43)**
Insurance finance expenses	-	(14)	-	(2)	(356)	-	-	(372)
Total changes in statement of Profit or loss and OCI	**-**	**607**	**-**	**646**	**(3.863)**	**123**	**2.072**	**(415)**
Premiums received	4	(743)	-	-	5.210	-	-	4.471
Claims and other expenses paid	-	-	-	(604)	-	-	(1.084)	(1.688)
Insurance acquisition cash flows	-	77	-	-	(710)	-	-	(633)
Total cash flows	**4**	**(666)**	**-**	**(604)**	**4.500**	**-**	**(1.084)**	**2.150**
Net insurance contract (assets)/liabilities as at 31 December	**4**	**(84)**	**-**	**628**	**(3.530)**	**164**	**1.856**	**(962)**
Insurance contract liabilities as at 31 December	4	(84)	-	628	-	-	-	548
Insurance contract assets as at 31 December	-	-	-	-	(3.530)	164	1.856	(1.510)
Net insurance contract (assets)/liabilities as at 31 December	**4**	**(84)**	**-**	**628**	**(3.530)**	**164**	**1.856**	**(962)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Life Insurance contracts issued (LRC and LIC)
At 31 December 2022

	Non life				Life			Total
	Pre-recognition liabilities	Liabilities for remaining coverage		Liabilities for incurred claims	Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		Excluding loss component	Loss component		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities as at 1 January	-	119	-	589	-	-	1.071	1.779
Insurance contract assets as at 1 January	-	-	-	-	(6.249)	-	-	(6.249)
Net insurance contract (assets)/liabilities as at 1 January	**-**	**119**	**-**	**589**	**(6.249)**	**-**	**1.071**	**(4.470)**
Contracts under fair value approach	-	-	-	-	(2.540)	-	-	(2.540)
Other contracts	-	(525)	-	-	(456)	-	-	(981)
Insurance revenue	**-**	**(525)**	**-**	**-**	**(2.996)**	**-**	**-**	**(3.521)**
Incurred claims and other expenses	-	-	-	202	-	-	1.067	1.269
Acquisition expenses	-	26	-	-	-	-	-	26
Amortisation of insurance acquisition cash flows	-	-	-	-	45	-	-	45
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	41	-	41
Changes to liabilities for incurred claims	-	-	-	180	-	-	(473)	(293)
Insurance service expenses	**-**	**26**	**-**	**382**	**45**	**41**	**594**	**1.088**
Insurance service result	**-**	**(499)**	**-**	**382**	**(2.951)**	**41**	**594**	**(2.433)**
Insurance finance expenses	-	(15)	-	(21)	790	-	-	754
Total changes in statement of Profit or loss and OCI	**-**	**(514)**	**-**	**361**	**(2.161)**	**41**	**594**	**(1.679)**
Premiums received	-	455	-	-	4.912	-	-	5.367
Claims and other expenses paid	-	-	-	(364)	-	-	(798)	(1.162)
Insurance acquisition cash flows	-	(86)	-	-	(669)	-	-	(755)
Total cash flows	**-**	**369**	**-**	**(364)**	**4.243**	**-**	**(798)**	**3.450**
Net insurance contract (assets)/liabilities as at 31 December	**-**	**(25)**	**-**	**586**	**(4.167)**	**41**	**867**	**(2.698)**
Insurance contract liabilities as at 31 December	-	(25)	-	586	-	-	-	561
Insurance contract assets as at 31 December	-	-	-	-	(4.167)	41	868	(3.258)
Net insurance contract (assets)/liabilities as at 31 December	**-**	**(25)**	**-**	**586**	**(4.167)**	**41**	**868**	**(2.697)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Reinsurance contracts held
At 31 December 2023

	Non life				Life			Total
	Pre-recognition assets	Liabilities for remaining coverage		Liabilities for incurred claims	Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		Excluding loss component	Loss recovery component		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Reinsurance contract assets as at 1 January	195	801	-	2.964	(1.013)	33	15.841	18.821
Net reinsurance contract assets/(liabilities) as at 1 January	**195**	**801**	**-**	**2.964**	**(1.013)**	**33**	**15.841**	**18.821**
Allocation of reinsurance premiums	221	(7.854)	-	-	-	-	-	(7.633)
Net expenses from reinsurance contracts	-	-	-	-	(9.801)	77	6.496	(3.228)
Amounts recoverable from reinusrers	-	-	-	2.530	-	-	-	2.530
Finance income from reinsurance contracts held recognised in profit or loss	-	-	-	-	35	-	12	47
Net income or expense from reinsurance contracts held	**221**	**(7.854)**	**-**	**2.530**	**(9.766)**	**77**	**6.508**	**(8.284)**
Reinsurance finance income	**-**	**88**	**-**	**38**	**35**	**-**	**12**	**173**
Total changes in statement of Profit or loss and OCI	**221**	**(7.766)**	**-**	**2.568**	**(9.731)**	**77**	**6.520**	**(8.111)**
Premiums and similar expenses paid	382	11.715	-	-	9.693	-	-	21.790
Amounts received	(149)	(2.720)	-	(2.965)	-	-	(9.912)	(15.746)
Total cash flows	**233**	**8.995**	**-**	**(2.965)**	**9.693**	**-**	**(9.912)**	**6.044**
Other movements	(196)	196	-	-	-	-	-	-
Net reinsurance contract (assets)/liabilities as at 31 December	**453**	**2.226**	**-**	**2.567**	**(1.051)**	**110**	**12.449**	**16.754**
Reinsurance contract assets as at 31 December	453	2.226	-	2.567	(1.051)	110	12.449	16.754
Net reinsurance contract (assets)/liabilities as at 31 December	**453**	**2.226**	**-**	**2.567**	**(1.051)**	**110**	**12.449**	**16.754**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Reinsurance contracts held
At 31 December 2022

	Non life				Life			Total
	Pre-recognition assets	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss recovery component	Liabilities for incurred claims	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Reinsurance contract assets as at 1 January	-	954	-	2.550	(409)	-	17.112	20.207
Net reinsurance contract assets/(liabilities) as at 1 January	**-**	**954**	**-**	**2.550**	**(409)**	**-**	**17.112**	**20.207**
Allocation of reinsurance premiums	-	(7.009)	-	-	(10.227)	-	-	(17.236)
Amounts recoverable from reinusrers	-	-	-	2.550	-	33	9.072	11.655
Net income or expense from reinsurance contracts held	**-**	**(7.009)**	**-**	**2.550**	**(10.227)**	**33**	**9.072**	**(5.581)**
Reinsurance finance income	**-**	**(61)**	**-**	**(84)**	**(258)**	**-**	**(42)**	**(445)**
Total changes in statement of Profit or loss and OCI	**-**	**(7.070)**	**-**	**2.466**	**(10.485)**	**33**	**9.030**	**(6.026)**
Premiums and similar expenses paid	289	9.048	-	-	9.881	-	-	19.218
Amounts received	(94)	(2.131)	-	(2.052)	-	-	(10.301)	(14.578)
Total cash flows	**195**	**6.917**	**-**	**(2.052)**	**9.881**	**-**	**(10.301)**	**4.640**
Other movements	-	-	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 31 December	**195**	**801**	**-**	**2.964**	**(1.013)**	**33**	**15.841**	**18.821**
Reinsurance contract assets as at 31 December	195	801	-	2.964	(1.013)	33	15.841	18.821
Net reinsurance contract assets/(liabilities) as at 31 December	**195**	**801**	**-**	**2.964**	**(1.013)**	**33**	**15.841**	**18.821**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Insurance contracts issued
At 31 December 2023

	Non life				Life			Total
	Pre-recognition liabilities €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	€'000
Insurance contract liabilities as at 1 January	-	170	61	330	-	-	-	561
Insurance contract assets as at 1 January	-	-	-	-	(10.113)	730	6.124	(3.259)
Net insurance contract (assets)/liabilities as at 1 January	**-**	**170**	**61**	**330**	**(10.113)**	**730**	**6.124**	**(2.698)**
Contractual service margin recognised for services provided	-	-	-	(224)	-	-	(1.053)	(1.277)
Risk adjustment recognised for the risk expired	-	-	(20)	-	-	(118)	-	(138)
Experience adjustments	-	(14)	5	-	(523)	-	-	(532)
Changes that relate to current services	**-**	**(14)**	**(15)**	**(224)**	**(523)**	**(118)**	**(1.053)**	**(1.947)**
Contracts initially recognised in the period	-	(167)	20	147	(2.341)	283	2.103	45
Changes in estimates that adjust the contractual service margin	-	(52)	1	52	(364)	(195)	559	1
Changes in estimates that do not adjust the contractual service margin	-	-	-	-	94	(5)	-	89
Changes that relate to future services	**-**	**(219)**	**21**	**199**	**(2.611)**	**83**	**2.662**	**135**
Adjustments to liabilities for incurred claims	-	75	(27)	-	249	-	-	297
Changes that relate to past services		**75**	**(27)**		**249**	**-**	**-**	**297**
Insurance service result	**-**	**(158)**	**(21)**	**(25)**	**(2.885)**	**(35)**	**1.609**	**(1.515)**
Insurance finance expenses	-	9	1	3	(452)	64	(32)	(407)
Total changes in statement of Profit or loss and OCI	**-**	**(149)**	**(20)**	**(22)**	**(3.337)**	**29**	**1.577**	**(1.922)**
Premiums received	-	346	-	-	4.993	-	-	5.339
Claims and other expenses paid (including investment components and premium refunds)	-	(499)	-	-	(628)	-	-	(1.127)
Insurance acquisitions cash flows	-	(33)	-	-	(379)	-	-	(412)
Total cash flows	**-**	**(186)**	**-**	**-**	**3.986**	**-**	**-**	**3.800**
Net insurance contract (assets)/liabilities as at 31 December	**-**	**(165)**	**41**	**308**	**(9.464)**	**759**	**7.701**	**(820)**
Insurance contract liabilities as at 31 December	-	(165)	41	308	(9.464)	759	7.701	(820)
Net insurance contract (assets)/liabilities as at 31 December	**-**	**(165)**	**41**	**308**	**(9.464)**	**759**	**7.701**	**(820)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Insurance contracts issued
At 31 December 2022

	Non life				Life			Total
	Pre-recognition assets €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	€'000
Insurance contract liabilities as at 1 January	-	468	51	189	-	-	-	708
Insurance contract assets as at 1 January	-	-	-	-	(10.104)	837	4.088	(5.179)
Net insurance contract (assets)/liabilities as at 1 January	**-**	**468**	**51**	**189**	**(10.104)**	**837**	**4.088**	**(4.471)**
Contractual service margin recognised for services provided	-	-	-	(324)	-	-	(781)	(1.105)
Risk adjustment recognised for the risk expired	-	-	(28)	-	-	(114)	-	(142)
Experience adjustments	-	46	10	-	(996)	-	-	(940)
Changes that relate to current services	**-**	**46**	**(18)**	**(324)**	**(996)**	**(114)**	**(781)**	**(2.187)**
Contracts initially recognised in the period	-	(418)	42	376	(3.313)	244	3.155	86
Changes in estimates that adjust the contractual service margin	-	(92)	1	91	357	(57)	(300)	-
Changes in estimates that do not adjust the contractual service margin	-	-	-	-	(10)	(28)	-	(38)
Changes that relate to future services	**-**	**(510)**	**43**	**467**	**(2.966)**	**159**	**2.855**	**48**
Adjustments to liabilities for incurred claims	-	191	(11)	-	(473)	-	-	(293)
Changes that relate to past services		**191**	**(11)**		**(473)**			
Insurance service result	**-**	**(273)**	**14**	**143**	**(4.435)**	**45**	**2.074**	**(2.432)**
Insurance finance expenses	-	(30)	(4)	(2)	981	(152)	(38)	755
Total changes in statement of Profit or loss and OCI	**-**	**(303)**	**10**	**141**	**(3.454)**	**(107)**	**2.036**	**(1.677)**
Premiums received	-	455	-	-	4.912	-	-	5.367
Claims and other expenses paid (including investment components and premium refunds)	-	(364)	-	-	(798)	-	-	(1.162)
Insurance acquisitions cash flows	-	(86)	-	-	(669)	-	-	(755)
Total cash flows	**-**	**5**	**-**	**-**	**3.445**	**-**	**-**	**3.450**
Net insruance contract (assets)/liabilities as at 31 December	**-**	**170**	**61**	**330**	**(10.113)**	**730**	**6.124**	**(2.698)**
Insurance contract liabilities as at 31 December	-	170	61	330	(10.113)	730	6.124	(2.698)
Net insurance contract (assets)/liabilities as at 31 December	**-**	**170**	**61**	**330**	**(10.113)**	**730**	**6.124**	**(2.698)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Reinsurance contracts issued
At 31 December 2023

	Non life				Life			Total
	Pre-recognition assets €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	€'000
Reinsurance contract assets as at 1 January	196	2.383	262	1.121	(15.603)	(777)	1.519	(10.899)
Net reinsurance contract (assets)/liabilities as at 1 January	**196**	**2.383**	**262**	**1.121**	**(15.603)**	**(777)**	**1.519**	**(10.899)**
Contractual service margin recognised for services provided	-	-	-	(4.737)	-	-	(956)	(5.693)
Risk adjustment recognised for the risk expired	-	-	(276)	-	-	758	-	482
Experience adjustments	-	1.257	39	-	3.244	(146)	-	4.394
Changes that relate to current services	**-**	**1.257**	**(237)**	**(4.737)**	**3.244**	**612**	**(956)**	**(817)**
Contracts initially recognised in the period	-	(3.858)	332	3.450	(145)	(889)	1.034	(76)
Changes in estimates that adjust the contractual service margin	-	56	2	(52)	(410)	81	330	7
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	-	(1.784)	-	1.784	(77)	-	-	(77)
Changes that relate to future services	**-**	**(5.586)**	**334**	**5.182**	**(632)**	**(808)**	**1.364**	**(146)**
Changes in amounts recoverable arising from changes in liability for incurred claims	-	(1.355)	(60)	-	223	162	-	(1.030)
Changes that relate to past services		**(1.355)**	**(60)**		**223**	**162**		**(1.030)**
Reinsurance service result	**-**	**(5.684)**	**37**	**445**	**2.835**	**(34)**	**408**	**(1.993)**
Reinsurance finance income/(expenses)	-	48	8	64	(38)	(6)	(3)	73
Total changes in statement of Profit or loss and OCI	**-**	**(5.636)**	**45**	**509**	**2.797**	**(40)**	**405**	**(1.920)**
Premiums and similar expenses paid	-	11.715	-	-	(9.693)	-	-	2.022
Amounts received	-	(5.685)	-	-	9.912	-	-	4.227
Total cash flows	**-**	**6.030**	**-**	**-**	**219**	**-**	**-**	**6.249**
Other movements	(196)	196	-	-	-	-	-	-
Net reinsurance contract (assets)/liabilities as at 31 December	**-**	**2.973**	**307**	**1.630**	**(12.587)**	**(817)**	**1.924**	**(6.570)**
Reinsurance contract liabilities as at 31 December	-	2.973	307	1.630	(12.587)	(817)	1.924	(6.570)
Net reinsurance contract (assets)/liabilities as at 31 December	**-**	**2.973**	**307**	**1.630**	**(12.587)**	**(817)**	**1.924**	**(6.570)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: GMM

Reinsurance contracts issued
At 31 December 2022

	Non life				Life			Total
	Pre-recognition assets €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	€'000
Reinsurance contract assets as at 1 January	-	2.057	227	1.221	-	-	-	3.505
Reinsurance contract liabilities as at 1 January	-	-	-	-	(16.345)	(801)	443	(16.703)
Net reinsurance contract (assets)/liabilities as at 1 January	**-**	**2.057**	**227**	**1.221**	**(16.345)**	**(801)**	**443**	**(13.198)**
Contractual service margin recognised for services provided	-	-	-	(4.374)	-	-	(448)	(4.822)
Risk adjustment recognised for the risk expired	-	-	(459)	-	-	719	-	260
Experience adjustments	-	1.144	77	-	1.040	(158)	-	2.103
Changes that relate to current services	**-**	**1.144**	**(382)**	**(4.374)**	**1.040**	**561**	**(448)**	**(2.459)**
Contracts initially recognised in the period	-	(4.493)	455	4.038	(690)	(815)	1.505	-
Changes in estimates that adjust the contractual service margin	-	(268)	4	265	-	-	-	1
Changes in the contractual service margin due to recognition of a loss-recovery component from onerous underlying contracts	-	-	-	-	(70)	-	-	(70)
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	-	-	-	-	36	-	-	36
Changes in RA that adjust the CSM	-	-	-	-	-	44	(44)	-
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	-	-	-	-	(61)	(13)	73	(1)
Changes that relate to future services	**-**	**(4.761)**	**459**	**4.303**	**(785)**	**(784)**	**1.534**	**(34)**
Changes in amounts recoverable arising from changes in liability for incurred claims	-	(819)	(28)	-	(212)	215	-	(844)
Changes that relate to past services		**(819)**	**(28)**		**(212)**	**215**		
Reinsurance service result	**-**	**(4.436)**	**49**	**(71)**	**43**	**(8)**	**1.086**	**(3.337)**
Reinsurance finance income/(expenses)	-	(103)	(14)	(29)	279	32	(10)	155
Total changes in statement of Profit or loss and OCI	**-**	**(4.539)**	**35**	**(100)**	**322**	**24**	**1.076**	**(3.182)**
Premiums and similar expenses paid	289	9.048	-	-	(9.881)	-	-	(544)
Amounts received	(93)	(4.183)	-	-	10.301	-	-	6.025
Total cash flows	**196**	**4.865**	**-**	**-**	**420**	**-**	**-**	**5.481**
Net reinsurance contract assets/(liabilities) as at 31 December	**196**	**2.383**	**262**	**1.121**	**(15.603)**	**(777)**	**1.519**	**(10.899)**
Reinsurance contract assets/(liabilities) as at 31 December	196	2.383	262	1.121	(15.603)	(777)	1.519	(10.899)
Net reinsurance contract assets/(liabilities) as at 31 December	**196**	**2.383**	**262**	**1.121**	**(15.603)**	**(777)**	**1.519**	**(10.899)**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: VFA

Life Insurance contracts issued (LRC and LIC)

At 31 December 2023	Life			Total
	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component		
	€'000	€'000	€'000	€'000
Life Insurance contract liabilities as at 1 January	30.233	-	636	30.869
Net life insurance contract (assets)/liabilities as at 1 January	**30.233**	**-**	**636**	**30.869**
Contracts under fair value approach	(791)	-	-	(791)
Other contracts	776	(1)	-	775
Insurance revenue	**(15)**	**(1)**	**-**	**(16)**
Incurred claims and other expenses	-	-	637	637
Amortisation of insurance acquisition cash flows	153	-	-	153
Losses on onerous contracts and reversals of those losses	-	15	-	15
Changes to liabilities for incurred claims	-	-	(1)	(1)
Insurance service expenses	**153**	**15**	**636**	**804**
Investment components and premium refunds	(2.321)		2.321	-
Insurance service result	**(2.183)**	**14**	**2.957**	**788**
Insurance finance expenses	1.712	-	-	1.712
Total changes in statement of Profit or loss and OCI	**(471)**	**14**	**2.957**	**2.500**
Premiums received	17.254	-	-	17.254
Claims and other expenses paid	-	-	(2.687)	(2.687)
Insurance acquisition cash flows	(1.494)	-	-	(1.494)
Total cash flows	**15.760**	**-**	**(2.687)**	**13.073**
Net life insurance contract (assets)/liabilities as at 31 December	**45.523**	**14**	**906**	**46.443**
Life insurance contract assets as at 31 December	45.523	14	906	46.443
Net life insurance contract (assets)/liabilities as at 31 December	**45.523**	**14**	**906**	**46.443**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: VFA

Life Insurance contracts issued (LRC and LIC)

At 31 December 2022	Life			Total
	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component		
	€'000	€'000	€'000	€'000
Life Insurance contract liabilities as at 1 January	19.014	-	577	19.591
Net life insurance contract (assets)/liabilities as at 1 January	**19.014**	**-**	**577**	**19.591**
Contracts under fair value approach	(807)	-	-	(807)
Other contracts	(357)	-	-	(357)
Insurance revenue	**(1.164)**	**-**	**-**	**(1.164)**
Incurred claims and other expenses	-	-	485	485
Amortisation of insurance acquisition cash flows	23	-	-	23
Changes to liabilities for incurred claims	-	-	(74)	(74)
Insurance service expenses	**23**	**-**	**411**	**434**
Investment components and premium refunds	(1.909)		1.909	-
Insurance service result	**(3.050)**	**-**	**2.320**	**(730)**
Insurance finance expenses	(1.418)	-	-	(1.418)
Total changes in statement of Profit or loss and OCI	**(4.468)**	**-**	**2.320**	**(2.148)**
Total cash flows	**15.687**	**-**	**(2.261)**	**13.426**
Net life insurance contract (assets)/liabilities as at 31 December	**30.233**	**-**	**636**	**30.869**
Life insurance contract assets as at 31 December	30.233	-	636	30.869
Net life insurance contract (assets)/liabilities as at 31 December	**30.233**	**-**	**636**	**30.869**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: VFA

Life Insurance contracts issued

At 31 December 2023	Life			Total
	Estimates of present value of future cashflows €'000	Risk adjustment €'000	Contractual service margin €'000	€'000
Life Insurance contract liabilities as at 1 January	26.795	398	3.676	30.869
Net life insurance contract (assets)/liabilities as at 1 January	**26.795**	**398**	**3.676**	**30.869**
Contractual service margin recognised for services provided	-	-	(328)	(328)
Risk adjustment recognised for the risk expired	-	(27)	-	(27)
Experience adjustments	(371)	-	-	(371)
Changes that relate to current services	**(371)**	**(27)**	**(328)**	**(726)**
Contracts initially recognised in the period	(1.466)	220	1.383	137
Changes in estimates that adjust the contractual service margin	2.276	19	(795)	1.500
Changes in estimates that do not adjust the contractual service margin	(114)	(9)	-	(123)
Changes that relate to future services	**696**	**230**	**588**	**1.514**
Adjustments to liabilities for incurred claims	(1)	-	-	(1)
Changes that relate to past services	**(1)**			
Insurance service result	**324**	**203**	**260**	**787**
Insurance finance expenses	1.712	-	-	1.712
Total changes in statement of Profit or loss and OCI	**2.036**	**203**	**260**	**2.499**
Premiums received	17.254	-	-	17.254
Claims and other expenses paid (including investment components and premium refunds)	(2.687)	-	-	(2.687)
Insurance acquisitions cash flows	(1.494)	-	-	(1.494)
Total cash flows	**13.073**	**-**	**-**	**13.073**
Net life insurance contract (assets)/liabilities as at 31 December	**41.904**	**601**	**3.936**	**46.441**
Life insurance contract liabilities as at 31 December	41.904	601	3.936	46.441
Net life insurance contract (assets)/liabilities as at 31 December	**41.904**	**601**	**3.936**	**46.441**

30. REINSURANCE CONTRACT ASSETS / INSURANCE CONTRACT LIABILITIES (continued)

Valuation Method: VFA

Life Insurance contracts issued

At 31 December 2022	Life			Total
	Estimates of present value of future cashflows	Risk adjustment	Contractual service margin	
	€'000	€'000	€'000	€'000
Life Insurance contract liabilities as at 1 January	16.556	394	2.641	19.591
Net life insurance contract (assets)/liabilities as at 1 January	**16.556**	**394**	**2.641**	**19.591**
Contractual service margin recognised for services provided	-	-	(362)	(362)
Risk adjustment recognised for the risk expired	-	(23)	-	(23)
Experience adjustments	(271)	-	-	(271)
Changes that relate to current services	**(271)**	**(23)**	**(362)**	**(656)**
Contracts initially recognised in the period	(1.717)	128	1.589	-
Changes in estimates that adjust the contractual service margin	293	(101)	(192)	-
Changes in estimates that do not adjust the contractual service margin	-	-	-	-
Changes that relate to future services	**(1.424)**	**27**	**1.397**	**-**
Adjustments to liabilities for incurred claims	(74)	-	-	(74)
Changes that relate to past services	**(74)**			
Insurance service result	**(1.769)**	**4**	**1.035**	**(730)**
Insurance finance expenses	(1.418)	-	-	(1.418)
Total changes in statement of Profit or loss and OCI	**(3.187)**	**4**	**1.035**	**(2.148)**
Premiums received	16.670	-	-	16.670
Claims and other expenses paid (including investment components and premium refunds)	(2.261)	-	-	(2.261)
Insurance acquisitions cash flows	(983)	-	-	(983)
Total cash flows	**13.426**	**-**	**-**	**13.426**
Net life insurance contract (assets)/liabilities as at 31 December	**26.795**	**398**	**3.676**	**30.869**
Life insurance contract liabilities as at 31 December	26.795	398	3.676	30.869
Net life insurance contract (assets)/liabilities as at 31 December	**26.795**	**398**	**3.676**	**30.869**

31. DEPOSITS BY BANKS

	The Group and the Bank	
	2023	2022
	€'000	€'000
Interbank accounts	**15.710**	14.221
Cheque clearing	**31.164**	31.598
Money Market deposits	**49.925**	62.208
	96.799	108.027

The below analysis of deposits by banks is based on their remaining contractual maturity as at 31 December.

	The Group and the Bank	
	2023	2022
	€'000	€'000
On demand	**47.365**	46.465
Within three months	**20.877**	26.610
Between three months and one year	**28.557**	34.952
	96.799	108.027

On 31 December 2023, an amount of €nil (31 December 2022: €27 thousand) is pledged as collateral by banks, being common practice among financial institutions.

32. FUNDING BY CENTRAL BANKS

	The Group and the Bank	
	2023	2022
	€'000	€'000
Funding by Central Banks	**2.355.508**	2.278.377

The targeted longer-term refinancing operations (TLTRO) are Eurosystem operations that provide financing to credit institutions. By offering banks long-term funding at attractive conditions, the ECB preserves favourable borrowing conditions for banks and stimulates bank lending to the real economy.

In view of the continuous negative impacts of the pandemic on the Eurozone’s economies, the ECB decided on 10 December 2020 to perform three additional TLTRO III operations in 2021 and further ease their terms and conditions including the extension of the pandemic-related low interest rate period by 12 months (June 2021- June 2022) subject to fulfilment of certain net lending targets by 31 December 2021.

In June 2021, the Bank participated in the 8th series of the TLTRO III by borrowing an amount of €2,3 billion. The borrowing is for a 3 years duration (26 June 2024) and the Bank has the option to repay (partially or fully) on a quarterly basis starting from June 2022 onwards. The eligible loans under TLTRO are loans to euro area non-financial corporations and households (including non-profit institutions serving households) except loans to households for house purchases. Taking into account that the Bank exceeded the Net Eligible Lending (NEL) threshold of zero during the "additional special reference period" between 1 October 2020 to 31 December 2021, the applicable interest rate for the period 24 June 2021 to 23 June 2022 was 0,5% lower than the average deposit facility rate prevailing over the same period, i.e. -1.00% and for the remaining period until 24 June 2024 was the average deposit facility rate over the life of the respective TLTRO III. It is noted that the European Central Bank (ECB) decided to amend the favourable borrowing terms of the TLTRO effective from 23 November 2022 by setting the borrowing rate equal to the average applicable ECB Deposit Facility Rate from that date onward.

32. FUNDING BY CENTRAL BANKS (continued)

The benefit to the Bank for the period 24 June 2021 to 23 June 2022 was €11,6 million and for the period 24 June 2022 to 23 November 2022 was €5,8 million, based on the prevailing ECB rates and CBC confirmation received in June 2022, and was recognised over the year ended 31 December 2022.

33. CUSTOMER DEPOSITS AND OTHER CUSTOMER ACCOUNTS

	The Group and the Bank	
	2023	2022
	€'000	€'000
Demand deposits	**5.078.875**	5.645.119
Savings deposits	**5.449.721**	5.274.541
Notice deposits	**931.903**	993.819
Time deposits	**3.854.289**	4.014.768
	15.314.788	15.928.247

The below analysis of customer deposits and other customer accounts is based on their remaining contractual maturity as at 31 December:

	The Group and the Bank	
	2023	2022
	€'000	€'000
On demand	**11.460.281**	11.911.317
Within three months	**1.553.173**	1.508.248
Between three months and one year	**2.064.527**	2.472.925
Between one year and five years	**235.928**	34.128
Over five years	**879**	1.629
	15.314.788	15.928.247

34. DEFERRED TAX LIABILITY

	The Group			The Bank	
	2023	Restated 2022	Restated 1 January 2022	**2023**	2022
	€'000	€'000	€'000	**€'000**	€'000
Deferred tax asset	**(10.768)**	(11.564)	(12.223)	**(10.768)**	(11.564)
Deferred tax liability	**22.097**	22.135	23.768	**21.604**	20.416
	11.329	10.571	11.545	**10.836**	8.852

Deferred tax asset that arose as a result of:

	The Group			The Bank	
	2023	Restated 2022	Restated 1 January 2022	**2023**	2022
	€'000	€'000	€'000	**€'000**	€'000
Tax losses carried forward	**-**	-	1.292	**-**	-
Expected credit losses	**3.678**	4.343	4.754	**3.678**	4.343
Stock of property	**4.697**	4.684	4.821	**4.697**	4.684
Property revaluation	**2.393**	2.537	1.301	**2.393**	2.537
Other temporary differences - IFRS 17 impact on initial application	**-**	-	55	**-**	-
	10.768	11.564	12.223	**10.768**	11.564

Movement of Deferred tax asset:

2023 **The Group**

	Balance 1 January	Effect on income statement	Effect on revaluation reserve	Balance 31 December
	€'000	€'000	€'000	€'000
Expected credit losses	4.343	(665)	-	3.678
Stock of property	4.684	13	-	4.697
Property revaluation	2.537	-	(144)	2.393
	11.564	(652)	(144)	10.768

2022

	Balance 1 January	Effect on income statement	Effect on revaluation reserve	Balance 31 December
	€'000	€'000	€'000	€'000
Tax losses carried forward	1.292	(1.292)	-	-
Expected credit losses	4.754	(411)	-	4.343
Stock of property	4.821	(137)	-	4.684
Property revaluation	1.301	-	1.236	2.537
Other temporary differences - IFRS 17 impact on initial application	55	(55)	-	-
	12.223	(1.895)	1.236	11.564

34. DEFERRED TAX LIABILITY (continued)

Restated 1 January 2022	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Acquisition of control in subsidiary €'000	Balance 31 December €'000	IFRS 17 impact on adoption €'000	Restated balance 1 January 2022 €'000
Assets acquired in business combination	345	(345)	-	-	-	-	-
Tax losses carried forward	-	1.292	-	-	1.292	-	1.292
Exclusive right of servicing	446	-	-	(446)	-	-	-
Expected credit losses	8.818	(4.064)	-	-	4.754	-	4.754
Stock of property	-	4.821	-	-	4.821	-	4.821
Property revaluation	-	-	1.301	-	1.301	-	1.301
Other temporary differences - IFRS 17 impact on initial application	-	-	-	-	-	55	55
	9.609	1.704	1.301	(446)	12.168	55	12.223

2023		**The Bank**		
	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Balance 31 December €'000
Expected credit losses	4.343	(665)	-	3.678
Stock of property	4.684	13	-	4.697
Property revaluation	2.537	-	(144)	2.393
	11.564	(652)	(144)	10.768

2022	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Balance 31 December €'000
Tax losses carried forward	1.292	(1.292)	-	-
Expected credit losses	4.754	(411)	-	4.343
Stock of property	4.821	(137)	-	4.684
Property revaluation	1.301	-	1.236	2.537
	12.168	(1.840)	1.236	11.564

Given the legally enforceable right to offset deferred tax assets and liabilities relating to the same tax authorities, the Group recognised deferred tax asset only to the extent that this could be offset with the corresponding deferred tax liability relating to the negative goodwill on loans acquired as part of the business combination. This was due to the fact it is probable that taxable profit will be available against which a deductible temporary difference can be utilised, as there are sufficient taxable temporary differences relating to the same taxable entity, which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. As at 31 December 2023, for both the Group and the Bank, there was an amount of €4,6 million (31 December 2022: €8,3 million) relating to unrecognised deferred tax asset with no expiry date.

The applicable tax rate is 12,5%.The tax losses relate to the same jurisdiction with the deferred tax asset.

34. DEFERRED TAX LIABILITY (continued)

Deferred tax liability under assets acquired in business combination includes an amount of €542 thousand that was recognised on the temporary difference that arose between the acquisition price and the estimated fair value on acquisition date (refer to Note 40).

Deferred tax liability that arose as a result of:

	The Group			The Bank	
	2023	Restated 2022	Restated 1 January 2022	**2023**	2022
	€'000	€'000	€'000	**€'000**	€'000
Property revaluation differences and temporary difference between depreciation and capital allowances	**11.008**	7.771	7.225	**10.515**	7.369
Assets acquired in business combination	**11.030**	12.995	14.786	**11.030**	12.995
Other temporary differences - IFRS 17 impact on initial application	**-**	1.317	1.710	**-**	-
Other temporary differences	**59**	52	47	**59**	52
	22.097	22.135	23.768	**21.604**	20.416

Movement of Deferred tax liability:

2023

	The Group			
	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Balance 31 December €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	7.771	2.286	951	11.008
Assets acquired in business combination	12.995	(1.965)	-	11.030
Other temporary differences - IFRS 17 impact on initial application	1.317	(1.317)	-	-
Other temporary differences	52	7	-	59
	22.135	(989)	951	22.097

2022

	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Acquisition of deferred tax liability €'000	Balance 31 December €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	7.225	900	(354)	-	7.771
Assets acquired in business combination	14.786	(2.333)	-	542	12.995
Other temporary differences - IFRS 17 impact on initial application	1.710	(393)	-	-	1.317
Other temporary differences	47	5	-	-	52
	23.768	(1.821)	(354)	542	22.135

34. DEFERRED TAX LIABILITY (continued)

Restated 1 January 2022	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Balance 31 December €'000	IFRS 17 impact on adoption €'000	Restated balance 1 January 2022 €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	3.068	2.660	1.497	7.225	-	7.225
Assets acquired in business combination	25.882	(11.096)	-	14.786	-	14.786
Other temporary differences - IFRS 17 impact on initial application	-	-	-	-	1.710	1.710
Other temporary differences	-	47	-	47	-	47
	28.950	(8.389)	1.497	22.058	1.710	23.768

2023	Balance 1 January €'000	Effect on income statement €'000	The Bank Effect on revaluation reserve €'000	Acquisition of deferred tax liability €'000	Balance 31 December €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	7.369	2.281	865	-	10.515
Assets acquired in business combination	12.995	(1.965)	-	-	11.030
Other temporary differences	52	7	-	-	59
	20.416	323	865	-	21.604

2022	Balance 1 January €'000	Effect on income statement €'000	Effect on revaluation reserve €'000	Acquisition of deferred tax liability €'000	Balance 31 December €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	7.044	900	(575)	-	7.369
Assets acquired in business combination	14.786	(2.333)	-	542	12.995
Other temporary differences	47	5	-	-	52
	21.877	(1.428)	(575)	542	20.416

35. OTHER LIABILITIES

	The Group		The Bank	
		Restated		
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Derivatives (refer to Note 46)	**3.327**	2.709	**3.327**	2.709
Accrued expenses	**45.864**	39.932	**44.113**	33.627
Accruals for restructuring costs	**-**	8.055	**-**	8.055
Financial guarantees and loan commitments	**15.084**	18.889	**15.084**	18.889
Provisions for pending litigations or complaints and/or claims	**5.239**	5.052	**5.239**	5.052
Lease liability	**7.522**	7.817	**7.478**	7.746
Other accounts payable and other provisions	**155.238**	116.161	**155.296**	121.669
Indemnification liability (refer to Note 29)	**1.634**	-	**1.634**	-
	233.908	198.615	**232.171**	197.747

Financial guarantees and loan commitments:
The table below discloses the movement of the value of financial guarantees and loan commitments acquired and issued:

	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
1 January 2023	6.691	1.097	11.042	59	**18.889**
Transfer from Stage 1 to Stage 2	(214)	214	-	-	**-**
Transfer from Stage 1 to Stage 3	(7)	-	7	-	**-**
Transfer from Stage 2 to Stage 3	-	(20)	20	-	**-**
Transfer from Stage 3 to Stage 2	-	1.173	(1.173)	-	**-**
Transfer from Stage 2 to Stage 1	491	(491)	-	-	**-**
Transfer from Stage 3 to Stage 1	60	-	(60)	-	**-**
Release/charge for the year (refer to Note 15)	(3.122)	(877)	362	(44)	**(3.681)**
Exchange difference	(7)	-	61	-	**54**
Gain on derecognition of financial guarantees and loan commitments	(157)	(19)	(2)	-	**(178)**
31 December 2023	**3.735**	**1.077**	**10.257**	**15**	**15.084**

35. OTHER LIABILITIES (continued)

	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased Credit Impaired €'000	**Total €'000**
1 January 2022	6.817	4.074	2.663	190	**13.744**
Transfer from Stage 1 to Stage 2	(135)	135	-	-	**-**
Transfer from Stage 1 to Stage 3	(36)	-	36	-	**-**
Transfer from Stage 2 to Stage 3	-	(1.169)	1.169	-	**-**
Transfer from Stage 3 to Stage 2	-	120	(120)	-	**-**
Transfer from Stage 2 to Stage 1	1.445	(1.445)	-	-	**-**
Transfer from Stage 3 to Stage 1	85	-	(85)	-	**-**
Acquisition of RCB loans	723	-	-	-	**723**
Release/charge for the year (refer to Note 15)	(1.816)	(616)	6.550	(131)	**3.987**
Exchange difference	(10)	1	913	-	**904**
Gain on derecognition of financial guarantees and loan commitments	(382)	(3)	(84)	-	**(469)**
31 December 2022	**6.691**	**1.097**	**11.042**	**59**	**18.889**

Provisions for pending litigations or complaints and/or claims:

	The Group		The Bank	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000
1 January	**5.052**	5.525	**5.052**	5.349
Net charge/(release) for the year (refer to Note 13)	**187**	(473)	**187**	(297)
31 December	**5.239**	5.052	**5.239**	5.052

The amounts recognised as provisions are the best estimates of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the facts and circumstances of any pending litigations or complaints and/or claims. Any provision recognised does not constitute an admission of wrong doing or legal liability.

Lease liability

	The Group		The Bank	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000
1 January	**7.817**	10.549	**7.746**	10.584
Additions	**887**	-	**887**	-
Payments	**(2.304)**	(2.562)	**(2.276)**	(2.518)
Interest expense (refer to Note 6)	**465**	374	**463**	379
Contract modifications	**657**	(544)	**658**	(699)
31 December	**7.522**	7.817	**7.478**	7.746

Other accounts payable and other provisions
Other accounts payable and other provisions include among others, provisions for representations and warranties relating to the disposal of certain portfolios of the Group. Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent that doing so would be seriously prejudicial on the outcome of the case or the negotiations in relation to provisions for representations and warranties.

36. LOAN CAPITAL

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Tier 1 Capital				
Convertible Capital Securities 1	**1.597**	1.597	**1.597**	1.597
Convertible Capital Securities 2	**128.069**	128.069	**128.069**	128.069
Total Tier 1 Capital	**129.666**	129.666	**129.666**	129.666
Tier 2 Capital Subordinated Notes	**208.612**	-	**208.612**	-
Senior Preferred Notes	**103.537**	102.681	**103.537**	102.681
Closing balance	**441.815**	232.347	**441.815**	232.347

Tier 1 Capital

Tier 1 Capital consists of Convertible Capital Securities 1 (CCS1) and Convertible Capital Securities 2 (CCS2) which are perpetual securities with no maturity date. Under the terms of their issue, they bear an annual fixed interest rate of 11% and 10%, respectively, payable on a quarterly basis at the end of each Interest Payment period. Interest payment dates are set to be the 31 March, 30 June, 30 September and 31 December. CCS1 and CCS 2 are unsecured and subordinated obligations and the Bank may, at its sole discretion, redeem, following a notification of CCS holders and the Trustee, at par including accrued interest.

On 9 December 2013, in accordance with the provisions the relevant Prospectus, and at its sole discretion, the Bank announced the mandatory cancellation of the interest payment on CCS1 and CCS2 as a result of the inexistence of the required Available Distributable Items for such interest payment. On 9 April 2021, the Bank announced that, as per the audited financial results for the year ended 31 December 2020, the Bank had Available Distributable Items (amounts) as at 31 December 2020 and therefore the mandatory cancellation of the interest payment for the CCS1 and CCS2 was no longer applicable. In accordance with the terms and conditions of the Prospectus dated 30 September 2013 (Paragraph 8 of Part IV/B/III), the Bank has, at its sole discretion, decided to continue the interest payment cancellation until the Bank notifies the holders of CCS1 and CCS2 otherwise.

On 29 November 2022 the Bank announced that it has decided the commencement of coupon payments of the Contingent Capital Securities CCS 1 and CCS 2 as from the interest payment period 1 October 2022 – 31 December 2022. As a result of this decision the Bank recognised an interest expense of an amount of €13,0 million, in the income statement for the year ended 31 December 2023 (31 December 2022: €3,3 million).

As per the terms and conditions of the Prospectus dated 30 September 2013 for the relevant securities, the interest is payable on a quarterly basis at the end of each interest payment period. Holders entitled to interest will be those registered in the Registry of Holders on the Record Date, which will be 5 working days prior to the interest payment date.

Pursuant to the terms of the Prospectus dated 30 September 2013, CCS1/CCS2 holders could have exercised the right to convert the CCS1/CCS2 into ordinary shares, during the periods between 15-31 January and 15-31 July of each year ("the Conversion Period") with the first Conversion Period commencing on 15 January 2016 and the last Conversion Period commencing on 15 July 2023. During the most recent and last conversion period, the Bank did not receive any Voluntary Applications from CCS1/CCS2 holders.

36. LOAN CAPITAL (continued)

The CCS1 and CCS 2 are listed on the Cyprus Stock Exchange. For the fair value of the Loan Capital refer to Note 44.

Senior Preferred Notes

In July 2022 the Bank issued €100 million Senior Preferred Notes (the "Notes"), under its EMTN Programme. The Notes were priced at par with a fixed coupon of 9% per annum, payable annually in arrears. The fixed coupon will reset on 15 July 2024. The maturity date of the Notes is 15 July 2025, and the Notes are callable at par on 15 July 2024 (3NC2), subject to meeting certain regulatory conditions as specified in the terms and conditions of the Notes. The Notes were admitted to trading on the Euro Multilateral Trading Facility (MTF) Market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange. The Notes comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards the Bank's MREL requirements.

For the year ended 31 December 2023 an amount of €9,8 million (31 December 2022: €4,4 million) has been recognised in the Bank's income statement relating to interest expenses on the Notes.

Tier 2 Subordinated Notes

On 8 March 2023, the Bank announced that it has successfully issued a new €200 million Tier 2 Subordinated Notes (the "Notes") under its EMTN Programme. This issue constitutes the Bank's inaugural Tier 2 transaction under the EMTN Programme.

The Notes were issued at par with a fixed coupon of 10,25% per annum. The maturity date of the Notes is 14 June 2033 and are callable at par for a 3-month period commencing on 14 March 2028. The Notes were admitted to trading on the Luxemburg Stock Exchange's Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange.

For the year ended 31 December 2023 an amount of €16,3 million (31 December 2022: NIL) has been recognised in the Bank's income statement relating to interest expense on the Notes.

Full details/terms of issue of the Bonds and Securities of the Bank are included in the Prospectus and the Supplementary Prospectuses of each issue.

37. SHARE CAPITAL

	The Group and the Bank			
	2023 €'000	**Number of shares (thousand)**	2022 €'000	Number of shares (thousand)
Authorised				
1.032 million shares €0,50 each	**516.000**	**1.032.000**	516.000	1.032.000

	The Group and the Bank			
	2023 €'000	**Number of shares (thousand)**	2022 €'000	Number of shares (thousand)
Issued				
Fully paid shares				
1 January	**206.403**	**412.805**	206.403	412.805
Issued share capital	**206.403**	**412.805**	206.403	412.805

37. SHARE CAPITAL (continued)

At 31 December 2023, 412.805.230 fully paid shares were in issue, with a nominal value of €0,50 each (31 December 2022: 412.805.230 shares with a nominal value €0,50 each).

There are no restrictions on the transfer of the Bank's ordinary shares, other than the provisions of the Business of Credit Institutions Law of the Republic of Cyprus (RoC) which require the approval of the Central Bank of Cyprus (CBC) prior to acquiring shares of the Bank above certain thresholds and the requirements of the EU Market Abuse Regulation. Additionally, the Bank does not have any shares in issue which carry special control rights.

Reduction of share capital Reserve
The difference that emerged from the reduction of the nominal value of every ordinary share in 2013 (from €0,43 each to €0,01 each) was transferred from share capital to a reserve under the name "Reduction of share capital reserve" pursuant to the provisions of article 64(1)(e) of the Companies' Law (Chapter 113). There was no change in the balance of this reserve since then.

Share premium reserve
The difference between the issue price of share capital and its nominal value is recognised in the share premium reserve. As at 31 December 2023 and as at 31 December 2022 there was no movement to the share premium reserve.

38. RETAINED EARNINGS

The balance of the retained earnings of the Bank is available for distribution to shareholders.

Based on the 2021 SREP Decision, the Bank was refrained from making distributions to its shareholders. Therefore, no dividends were paid or declared during the year ended 31 December 2022.

As per the final 2022 and 2023 SREP Decisions any recommendations for dividend are subject to regulatory approval. The Bank is currently not proceeding with the declaration of dividend for year 2023 due to regulatory restriction.

Special Contribution for the Defence
According to the provisions of the Special Contribution for the Defence of the Republic Law, Companies that do not distribute 70% of their profits after tax, as these profits are defined by this Law, during the two years following the end of the year to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the shareholders (individuals and companies), at the end of the period of two years from the end of the fiscal year to which the profits refer, are Cyprus residents and in the case of individuals, Cyprus domiciled as well. In addition General Health System (GHS) contribution will be payable on such deemed dividends at the rate of 2,65% (1 March 2019 to 29 February 2020 and 1 April 2020 to 30 June 2020 at the rate of 1,70%) to the extend that the shareholders are Cyprus Tax resident Individuals.

The amount of the deemed dividend distribution is reduced by any actual dividend already distributed in respect of the year to which the profits refer.

The special contribution for defence and GHS Contribution is paid by the Bank on account of the shareholders.

39. REVALUATION RESERVES

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Property revaluation reserve				
1 January	**41.138**	40.506	**38.926**	38.206
Surplus on revaluation of land and buildings	**9.843**	-	**8.441**	-
Deferred taxation on property revaluation	**(1.095)**	1.590	**(1.009)**	1.811
Transfer to retained earnings due to excess depreciation	**(520)**	(116)	**(520)**	(116)
Transfer to retained earnigs due to disposal of immovable property	**(412)**	(842)	**(412)**	(975)
	48.954	41.138	**45.426**	38.926
Revaluation reserve of investments at fair value through Other Comprehensive income				
1 January	**11.010**	17.130	**11.343**	17.051
Net revaluation gain of investments in equity securities and collective investment units at fair value through other comprehensive income	**2.674**	2.304	**2.674**	2.304
Net revaluation loss of investments in debt securities at fair value through other comprehensive income	**(120)**	(8.484)	**(120)**	(8.072)
Transfer to the income statement on disposal of investments in debt securities at fair value through other comprehensive income	**412**	-	**-**	-
Gain on disposal of equity	**102**	60	**102**	60
	14.078	11.010	**13.999**	11.343
Total revaluation reserves	**63.032**	52.148	**59.425**	50.269

Any gains arising on the revaluation of land and buildings is credited to the property revaluation reserve that is included in equity. If, after a revaluation, the depreciation charge is increased, then an amount equal to the increase (net of deferred taxation), is transferred annually from the property revaluation reserve to retained earnings. Upon disposal of revalued property, any relevant accumulated revaluation gains which remains in the property revaluation reserve is also transferred to retained earnings. The balance of the revaluation reserves is not available for distribution to shareholders.

40. SUMMARY OF THE KEY TERMS OF THE ACQUISITION AND THE RESPECTIVE ASSETS ACQUIRED AND ASSUMED LIABILITIES

40.1. Business Transfer Agreement (BTA)

On 21 March 2022, the Bank signed a Business Transfer Agreement (“BTA”) to acquire part of RCB Bank’s banking operations (the "Transaction") to be completed in two tranches. The acquisition of Tranche A was completed on 24 March 2022 (“Completion Date A”) and the acquisition of Tranche B was completed on 16 June 2022 (“Completion Date B”). The date of acquisition is considered to be Completion Date A whereby Completion A occurred through the settlement of Consideration A as described below, the transfer of physical possession of all the Tranche A Loans and Liabilities together with all relevant documents of title, collateral and other records, as well as the economic effect of the assets and assumed liabilities.

The BTA entailed the following:

- Acquisition of Tranche A Loans and Liabilities comprising the loans and liabilities having a maximum Gross Obligors Exposure of €292.075.124.

40. SUMMARY OF THE KEY TERMS OF THE ACQUISITION AND THE RESPECTIVE ASSETS ACQUIRED AND ASSUMED LIABILITIES (continued)

- Acquisition Tranche B Loans and Liabilities comprising the loans and liabilities having a maximum Gross Obligors Exposure of €263.833.778.

- Transferring of Employees who are wholly or mainly assigned to the Business acquired by the Bank and actively involved on a day to day basis with the Business. The transferring of 14 employees to the Bank was completed on 1 April 2022.

Under the terms of the BTA, the consideration was as follows:

- Total consideration for Tranche A (‘Consideration A’) was estimated at 95% of the loan and advances to customers carrying amount as at Completion Date A

- Total consideration for Tranche B (‘Consideration B’) was estimated at 95% of the carrying amount of the loan and advances to customers selected following the due diligence as at Completion Date B. Part of the consideration for Tranche B is deferred for 25 months.

Following the completion of the Transaction, the management of the Bank assessed whether the business acquired satisfies the definition of a business combination in accordance with IFRS 3 requirements. The Bank concluded that the Transaction represents a transfer of business and hence performed a Purchase Price Allocation (PPA) assessment which is detailed in Note 40.4.

40.2. Purchase price

The following table summarises the acquisition date fair value of each major class of the agreed purchase price:

	Acquisition date fair value €'000
Cash	318.087
Contingent consideration	1.237
	319.324

The cash payments relating to Tranche A and B were made on different dates during the year ended 31 December 2022. Part of the consideration for Tranche B is deferred for 25 months and will be adjusted with the cumulative ECL of any Tranche A and/or Tranche B loans that are classified as Stage 3 up to and including the 31 December 2023. This consideration adjustment reflects the performance in terms of credit risk therefore this deferred price was considered a contingent consideration and was measured at fair value on the acquisition date as the difference between the present value of the deferred consideration adjustment and the present value of the deferred consideration fair value on the date of acquisition. For the estimation of contingent consideration, the cost of equity of the Bank was used as the discount rate.

40.3. Acquisition related costs

The Group incurred €2,3 million on consultancy and other professional services in respect to the acquisition of assets and liabilities of RCB. These costs were included in "administrative expenses".

40. SUMMARY OF THE KEY TERMS OF THE ACQUISITION AND THE RESPECTIVE ASSETS ACQUIRED AND ASSUMED LIABILITIES (continued)

40.4. Identifiable assets acquired and liabilities assumed

In accordance with IFRS 3, all identifiable assets and liabilities acquired have to be measured at their acquisition-date fair value. These fair values also represent the amounts upon initial consolidation. The difference between the purchase price and the balance of assets and liabilities acquired and measured at fair value is recognised as negative goodwill in the income statement, and directly increases the equity of the Bank.

Following the Completion of the Acquisition, the Bank, with the assistance of independent advisers, performed a purchase price allocation assessment in accordance with IFRS 3. The following overview shows the PPA as at the time of Acquisition. For the allocation of the acquisition cost, the Group applied the rules of IFRS 3, adjusting the assets and assumed liabilities of the acquired business at their fair values.

	24 March 2022 €'000
Assets	
Loans and advances to customers	346.337
Intangible assets (refer to Note 26)	777
Total assets on boarded	**347.114**
Customer deposits and other customer accounts	21.742
Deferred tax liability	542
Other liabilities	724
Total liabilities on boarded	**23.008**
Net assets	**324.106**
Purchase price	(319.324)
Negative goodwill	**4.782**

Assets and liabilities on boarded as at acquisition date

Loans and Advances to customers and customer deposits and other accounts comprise of Tranche A and Tranche B loans and deposits with outstanding amounts of c. €361 million and c. €22 million respectively. Other liabilities represent off balance sheet exposures whereas as intangible assets represent customer relations acquired in relation to loan portfolios.

40. SUMMARY OF THE KEY TERMS OF THE ACQUISITION AND THE RESPECTIVE ASSETS ACQUIRED AND ASSUMED LIABILITIES (continued)

40.5. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation Techniques
Loans and advances to customers	The fair value of the loans and advances to customers was estimated using the Income Approach in accordance with IFRS 13. More specifically, the present value of expected cash flows was estimated using PDs and LGDs taking into account the profile of the portfolio. The expected cash flows have been discounted with a required rate of return comprising of cost of capital, funding cost and servicing cost.
Intangible assets	The fair value has been estimated by applying the income approach, and more specifically the multi-period excess earning methods, whereby cash flows (equal to the future economic benefit) are discounted to PV using the cost of equity of the average market participant.
Customer deposits & other customer accounts	Term deposits: The Fair Value of Term Deposits has been estimated using the income approach where the future cash outflows that a market participant would expect to incur were discounted using a market participant discount rate reflecting the participant's risk adjusted return. The outcome of the valuation carried out was then compared to the contractual balance of the deposits. Since the difference between the results of the valuation technique and the contractual balance was insignificant, the contractual balance of the deposits was used. Current accounts: Given the on-demand feature of current accounts these were assumed to be payable immediately and thus no fair value calculation was performed.
Off Balance Sheet Exposures	The fair value of the off-balance sheet exposures was estimated using the Income Approach in accordance with IFRS 13. More specifically, a collective assessment approach was adopted estimating the present value of cash flows based on homogeneous pools of loans (in terms of credit risk characteristics). Expected cash flows of these loans have been discounted with a required rate of return comprised of cost of capital, cost of borrowing and servicing cost of the average market participant (as per IFRS13 Fair Value Measurement).

41. CONTINGENT LIABILITIES AND COMMITMENTS

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Contingent liabilities				
Acceptances and endorsements	**289**	66	**289**	66
Guarantees	**287.382**	251.486	**287.403**	251.508
	287.671	251.552	**287.692**	251.574
Commitments				
Undrawn formal standby facilities	**750.924**	746.002	**751.003**	746.081
Undisbursed loan amounts	**451.847**	388.784	**451.847**	388.784
Other commitments	**2.904**	2.249	**2.904**	2.249
	1.205.675	1.137.035	**1.205.754**	1.137.114
	1.493.346	1.388.587	**1.493.446**	1.388.688

Contingent liabilities and commitments as at 31 December 2022 included an amount of €7.421 thousand that related to the assets held for sale.

41. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Capital Commitments
At 31 December 2023, the Group's and the Bank's commitments for capital expenditure, not recognised in the consolidated statement of financial position, amounted to €3.139 thousand for the Group and €3.114 thousand for the Bank (Group 2022: €1.869 thousand and the Bank 2022: €1.641thousand).

Contingent liabilities for pending litigations or complaints and/or claims
The Group is engaged in various legal proceedings and regulatory matters arising out of its normal business operations, where an obligation may be created for which an outflow of resources is possible. The existence of these obligations will be confirmed only by the occurrence, or non occurrence, of one or more uncertain future events not wholly within the control of the Group.

Hence the effect of the outcome of these matters cannot be predicted with certainty but may impact the Group's financial results. The Group is of the opinion that there are adequate defences in place for a successful outcome, in the course of the relevant proceedings. It is not practicable to provide an aggregate estimate of potential liability for such legal proceedings.

Consumer Protection Service
On 12 October 2017, the Consumer Protection Service (the "CPS") of the Ministry of Energy Commerce and Industry has issued, following a complaint from certain borrowers, a decision in relation to certain terms of the Bank's housing loan agreements regarding two housing loans granted in 2007 and in 2008. The CPS took the view that these agreements contain certain unfair/non transparent terms and has invited the Bank to inform the CPS of any actions it intends to take in relation to its findings. Although the Bank does not share the views of the CPS and/or disputes the interpretation given by the CPS to the agreements, it has nevertheless discussed in good faith with the CPS and provided a list of certain actions that addressed certain of the CPS's concerns. Notwithstanding the above, in August 2020 the CPS filed an application to the competent court seeking a court order ordering the Bank to immediately stop using certain terms which had been considered unfair by the CPS, which is still pending. Even though the Bank and the Group do not consider any financial impact for the said loans as material at the present time, the possible outcomes depend on various factors and the resulting financial impact of each such outcome cannot be quantified.

Cyprus Consumers' Association
In April 2021, the Cyprus Consumers' Association (CCA) filed a court application against the Bank, seeking, amongst other, (i) a court order ordering the Bank to stop using certain terms which have been considered unfair by the Consumer Protection Service (CPS), in the CPS decision against the Bank that was issued in October 2017 (decision relates to certain terms of the Bank's housing loan agreements for two housing loans granted in 2007 and in 2008), as well as in the CPS decision against ex-CCB that was issued in February 2018 (decision relates to certain terms of ex-CCB's loan agreements for loans granted during 2003-2010) and (ii) a court order ordering the Bank to proceed with any other corrective measures that the Court may deem appropriate, including a court order regarding the payment of reasonable / fair compensation to the affected consumers (subject to criteria to be decided by the Court). The Bank is objecting this application and even though it does not consider any financial impact for the said loans as material at the present time, the possible outcomes depend on various factors and the resulting financial impact of each such outcome cannot be quantified.

The application by CCA against the Bank includes certain terms which were deemed unfair in the first instance court judgement issued against another bank in Cyprus and certain terms which have been included in the court application filed by the Consumer Protection Service against the Bank.

41. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Competition Authority of Cyprus
The Bank was served in January 2022, with a Complaint ('Καταγγελία') submitted to the Competition Authority of Cyprus (CPC), regarding the increase of fees & charges of banking services applicable as of 3 January 2022. The Complaint was filed by SYPRODAT (Borrowers' Protection Association) against both Bank of Cyprus and the Bank, claiming -inter alia- breach of competition legislation as a result of the two Banks acting in co-ordination. The Bank's position is that no such co-ordination ever took place and the Bank is currently liaising with its external lawyers in order to refute said Complaint. On the first hearing, SYPRODAT legal representatives requested to withdraw their petition for interim measures (by which they were requesting that the challenged charges are blocked from being applied by HB/BoC). The CPC formally issued their decision accepting the withdrawal at 28 March 2022; it is noted that withdrawal of the application for interim measures does not equate to withdrawal of the complaint. The Bank received an Request For Information by the CPC at 29 April 2022; initial deadline was set for 23 May 2022. However, given the substantial bulk of the deliverables, the Bank requested postponement to 30 July 2022, which was accepted by CPC. The Bank filed the response to the RFI on 29 July 2022 and the investigation is ongoing. As at the date of the Financial Statements, the Bank is assessing with its legal advisors the validity and subsequently, the possible financial impact of such complaint. Consequently, neither the resulting financial impact of such actions nor their consequent impact on the Bank and the Group, can be determined at present. Nevertheless, based on the current status of the assessment of the complaint, which is still subject to review and the information currently available, management believes that it is unlikely that the matter will have a material impact on the Bank's and Group's financial position.

Other cases
In December 2022, two lawsuits were served to the Bank by two companies with same beneficial ownership claiming the amounts of USD 740.258.989,01 and USD 256.593.137,80, respectively. On 19 February 2024 the lawsuit of USD 256.593.137,80 was withdrawn unreservedly by the Claimants.On 06 March 2024 a Statement of Claim was submitted for the remaining lawsuit and the total claim was reduced from USD 740,258,989.01 to USD 265.983.165,13; As at the date of the Financial Statements, the Bank is assessing with its legal advisors the validity and subsequently, the possible financial impact of such claim. Consequently, neither the resulting financial impact of such actions nor their consequent impact on the Bank and the Group, can be determined at present. Nevertheless, based on the current status of the assessment of the claim, which is still subject to review, the information currently available, and the fact that at the present stage the evidence available to the claimant is unknown to the Bank, management believes that it is unlikely that the matter will have a material impact on the Bank's and Group's financial position.

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and available for use balances with Central Banks and placements with other banks, with original maturities of less than three months as follows:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Cash balances and non-obligatory balances with Central Banks	**8.068.545**	8.319.016	**8.068.545**	8.319.016
Placement with other banks with original maturity less than three months	**225.902**	217.927	**217.931**	208.714
Total cash and cash equivalents for the purposes of the statement of cash flows	**8.294.447**	8.536.943	**8.286.476**	8.527.730

42. CASH AND CASH EQUIVALENTS (continued)

Analysis of total cash and balances with Central Banks and Placements with other banks are presented below:

	The Group		The Bank	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Cash balances and non-obligatory balances with Central Banks	**8.068.545**	8.319.016	**8.068.545**	8.319.016
Restricted balances with Central Banks	**154.300**	149.058	**154.300**	149.058
Total Cash and Balances with Central Banks (refer to Note 19)	**8.222.845**	8.468.074	**8.222.845**	8.468.074
Placement with other banks with original maturity less than three months	**225.902**	217.590	**217.931**	208.379
Other placements with other banks	**55.966**	63.749	**55.967**	63.747
Total Placements with other banks (refer to Note 20)	**281.868**	281.339	**273.898**	272.126

Restricted balances from Central Banks represent mandatory reserve deposit that are not available for use in the Bank's day-to-day operations.

43. RELATED PARTY TRANSACTIONS

Members of the Board of Directors and connected persons

Connected persons include the spouse, the children, the parents and the companies in which Directors of the Bank hold, directly or indirectly, at least 20% of the voting rights at a general meeting.

	2023	2022
	€'000	€'000
Loans and advances	**17**	296
Collaterals	**16**	296
Deposits	**1.773**	1.242

The above table does not include year end balances of members of the Board of Directors and their connected persons who resigned during the year.

Additionally, as at 31 December 2023, there were contingent liabilities and commitments in respect of Members of the Board of Directors and their connected persons in the form of documentary credits, guarantees and unused limits amounting to €47 thousand which did not exceed 1% of the Bank's net assets (2022: €3 thousand).

For the year ended 31 December 2023 interest income in relation to Members of the Board of Directors and their connected persons amounted to €0,3 thousand (31 December 2022: €7 thousand), while interest expense in respect of Members of the Board of Directors and their connected persons was €0,1 thousand (31 December 2022: €0,2 thousand).

43. RELATED PARTY TRANSACTIONS (continued)

Emoluments and fees of Members of the Board of Directors

	2023 €'000	2022 €'000
Emoluments and fees of Members of the Board of Directors:		
Emoluments and benefits in executive capacity	**811**	1.084
Employer's contributions	**61**	70
Total emoluments for Executive Directors	**872**	1.154
Total fees of members of the Board	**1.328**	961
Employer's contributions – Non Executive Directors	**38**	28

The Executive member of the Board, Mr. O. Gatzke resigned from his position with effect from 13 August 2023. In accordance with the provisions of Mr. Gatzke's employment agreement, the Bank has decided to place Mr. Gatzke on garden leave with full pay for one year.

Emoluments and fees include the payments relating to the executive director and board members of the Bank that resigned during the year ended 31 December 2023.

Other transactions with Members of the Board of Directors and their connected persons
The sales of insurance policies for the year ended 31 December 2023 by the Group's Non-Life Insurance subsidiary, Pancyprian Insurance Ltd, to Members of the Board and their connected persons as defined above, amounted to €9 thousand (31 December 2022: €12 thousand), while the sales of insurance policies by the Group's Life Insurance subsidiary, Hellenic Life Insurance Company amounted to €7 thousand (31 December 2022: €nil).

For the year ended 31 December 2023 no non-interest income was earned which relates to Members of the Board of Directors and their connected persons (31 December 2022: €nil).

Key Management personnel who are not Directors and their connected persons
Key Management personnel are those persons who have the authority and the responsibility for the planning, management and control of the Banks' operations, directly or indirectly. The Group, according to the provisions of IAS 24 considers as Key Management personnel the members of the Management Board of the Bank who were not Directors.

Connected persons include spouses and minor children.

	2023 €'000	2022 €'000
Loans and advances	**87**	81
Collaterals	**28**	18
Deposits	**749**	636

As at 31 December 2023, there were contingent liabilities and commitments to Key Management personnel who were not Directors and their connected persons amounting to €59 thousand (2022: €23 thousand).

Interest income in relation to Key Management personnel and their connected persons for the year ended 31 December 2023 amounted to €3 thousand (31 December 2022: €2 thousand), while interest expense in relation to Key Management personnel and their connected persons amounted to €0,2 thousand (31 December 2022: €0,2 thousand). The interest income from negative interest rates on deposits was €nil (31 December 2022: €1 thousand).

43. RELATED PARTY TRANSACTIONS (continued)

Emoluments of Key Management personnel of the Group
The emoluments of Key Management personnel who were not Directors were:

	2023	2022
	€'000	€'000
Emoluments of Key Management personnel who were not Directors:		
Salaries and other short term benefits	**726**	520
Employer's contributions	**60**	45
Retirement benefits	**61**	45
	847	610

Other transactions with key Management personnel who are not Directors and their connected persons
The sales of insurance policies for the year ended 31 December 2023 by the Group's Non-Life Insurance subsidiary, Pancyprian Insurance Ltd, to Key Management personnel and their connected persons, as defined above, amounted to €2,8 thousand (31 December 2022: €1,8 thousand) while the sales of insurance policies by the Group's Life Insurance subsidiary, Hellenic Life Insurance Company amounted to €0,2 thousand (31 December 2022: €8,1 thousand).

Shareholders with significant influence and their connected persons
Pursuant to the provisions of IAS 24, related parties are considered, among others, the Shareholders who have significant influence to the Bank or/and hold directly or indirectly more than twenty percent (20%) of the nominal value of the issued capital of the Bank.

Connected persons include the entities controlled by Shareholders with significant influence as they are defined above.

	2023	2022
	€'000	€'000
Loans and advances	**12**	8
Deposits	**272**	6.256

On 5 April 2023 Eurobank S.A. (Eurobank) has completed the acquisition of a 13,41% holding in the Bank from Wargaming Group Limited, leading to an increase in its holding in the Bank to 29,20%, whilst Wargaming Group Ltd has decreased its holding to 7,20%.

On 31 December 2023 there were no collaterals held for provision of guarantees to Shareholders with significant influence and connected persons (2022: €398 thousand).

On 31 December 2023, there were contingent liabilities and commitments in relation to Shareholders with significant influence and connected persons in the form of documentary credits, guarantees and unused limits amounting to €457 thousand (2022: €407 thousand).

Interest income in relation to Shareholders with significant influence and connected persons for the year ended 31 December 2023 amounted to €nil (31 December 2022: €nil) while the interest income from negative interest rates on deposits was €nil (31 December 2022: €27 thousand).

Other transactions with Shareholders with significant influence and their connected persons
The sales of insurance policies by the Group's Non-Life Insurance subsidiary, Pancyprian Insurance Ltd, to Shareholders with significant influence and their connected persons as defined above, amounted to € 18 thousand (31 December 2022: €83 thousand). There are no transactions between the Group's subsidiary, Hellenic Life Insurance Company and the Shareholders.

43. RELATED PARTY TRANSACTIONS (continued)

For the year ended 31 December 2023 there was no non-interest income (31 December 2022: €35 thousand) related to Shareholders with significant influence and their connected persons.

As at 31 December 2023, Shareholders with significant influence and their connected persons had in their possession CCS 1 amounting to €770,1 thousand and CCS2 amounting to €25,9 million (31 December 2022: €23,4 thousand and €8,0 million respectively). Also, as at 31 December 2023, Shareholders with significant influence and their connected persons had in their possession Senior Preferred Notes ("SP") of value €34,0 million. During the year 2023, interest of an amount €63,3 thousand (31 December 2022: €0,1 thousand), €2,2 million (31 December 2022: €202 thousand) and €2,3 million was paid on these holdings for CCS1, CCS2 and SP respectively. Also an amount of €0,9 thousand was paid as interest on the holding of Tier 2 Notes that are no longer held.

All transactions with Members of the Board of Directors, Key Management personnel, Shareholders with significant influence and their connected persons are at an arm's length basis. Regarding the Key Management personnel, facilities have been granted based on current terms as those applicable to the rest of the Group's personnel.

Transactions and balances with the Bank's subsidiaries
The balances and transactions between the Bank and its subsidiaries are disclosed in Note 24.

44. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures the fair value of an instrument using the quoted price in an active market, when available, for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the main factors that market participants would take into account in pricing a transaction.

Fair value of financial instruments

The tables below present, at Group and Bank level, the carrying amount and fair value of financial instruments on the basis of the three-level hierarchy by reference to the source of data used to derive the fair values. The fair value hierarchy categorises the inputs used in valuation techniques into the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Data other than quoted prices included within level 1 that is observable for the asset or liability, either directly or indirectly.
- Level 3: Import data for the asset or liability that is not based on observable market data (non observable import data).

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

44. FAIR VALUE MEASUREMENT (continued)

Group

31 December 2023	Carrying amount €'000	Fair value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets measured at fair value:					
Debt securities measured at fair value through other comprehensive income	58.685	58.685	58.685	-	-
Debt securities measured at fair value through profit or loss	883	883	883	-	-
Equity securities and collective investments measured at fair value through profit or loss	118.058	118.058	96.142	-	21.916
Equity securities measured at fair value through other comprehensive income	14.400	14.400	1.396	-	13.004
Derivatives	16	16	-	16	-
	192.042	**192.042**	**157.106**	**16**	**34.920**
Financial Assets not measured at fair value:					
Cash and balances with Central Banks	8.222.845	8.222.845	-	8.222.845	-
Placements with other banks	281.868	281.868	-	281.868	-
Loans and advances to customers	6.024.121	5.748.513	-	-	5.748.513
Debt securities measured at amortised cost	4.925.475	4.860.176	3.502.015	1.260.432	97.729
Financial assets held for sale	3.296	3.296	-	-	3.296
Other financial assets	8.180	8.180	-	-	8.180
	19.465.785	**19.124.878**	**3.502.015**	**9.765.145**	**5.857.718**
Financial liabilities measured at fair value:					
Derivatives	3.327	3.327	-	3.327	-
Financial liabilities not measured at fair value:					
Deposits by banks	96.799	96.799	-	96.799	-
Funding by Central Banks	2.355.508	2.355.508	-	2.355.508	-
Customer deposits and other customer accounts	15.314.788	15.314.788	-	-	15.314.788
Indemnification liability	1.634	3.845	-	-	3.845
Loan capital	441.815	436.826	320.880	115.946	-
	18.210.544	**18.207.766**	**320.880**	**2.568.253**	**15.318.633**

44. FAIR VALUE MEASUREMENT (continued)

Group

31 December 2022	Carrying amount €'000	Fair value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets measured at fair value:					
Debt securities measured at fair value through other comprehensive income	87.863	87.863	81.268	6.595	-
Debt securities measured at fair value through profit or loss	179	179	179	-	-
Equity securities and collective investments measured at fair value through profit or loss	95.408	95.408	76.557	-	18.851
Equity securities measured at fair value through other comprehensive income	11.759	11.759	1.392	-	10.367
Derivatives	177	177	-	177	-
	195.386	**195.386**	**159.396**	**6.772**	**29.218**
Financial Assets not measured at fair value:					
Cash and balances with Central Banks	8.468.074	8.468.074	-	8.468.074	-
Placements with other banks	281.339	281.339	-	281.339	-
Loans and advances to customers	6.033.270	5.888.962	-	-	5.888.962
Debt securities measured at amortised cost	4.335.907	4.122.162	2.618.159	1.491.925	12.078
Financial assets held for sale	191.661	191.661	-	-	191.661
Other financial assets	27.230	23.508	-	-	23.508
	19.337.481	**18.975.706**	**2.618.159**	**10.241.338**	**6.116.209**
Financial liabilities measured at fair value:					
Derivatives	2.709	2.709	-	2.709	-
Financial liabilities not measured at fair value:					
Deposits by banks	108.027	108.027	-	108.027	-
Funding by Central Banks	2.278.377	2.278.377	-	2.278.377	-
Customer deposits and other customer accounts	15.928.247	15.928.247	-	-	15.928.247
Financial guarantees and loan commitments issued	792	792	-	-	792
Loan capital	232.347	186.539	101.626	84.913	-
	18.547.790	**18.501.982**	**101.626**	**2.471.317**	**15.929.039**

44. FAIR VALUE MEASUREMENT (continued)

Bank

31 December 2023	Carrying amount €'000	Fair value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets measured at fair value:					
Debt securities measured at fair value through other comprehensive income	58.685	58.685	58.685	-	-
Equity securities measured at fair value throught income statement	21.916	21.916	-	-	21.916
Equity and other securities at fair value throught other comphrehensive income	14.400	14.400	1.396	-	13.004
Derivatives	16	16	-	16	-
	95.017	**95.017**	**60.081**	**16**	**34.920**
Financial Assets not measured at fair value:					
Cash and balances with Central Banks	8.222.845	8.222.845	-	8.222.845	-
Placements with other banks	273.898	273.898	-	273.898	-
Loans and advances to customers	6.024.121	5.748.513	-	-	5.748.513
Debt Securities measured at amortised cost	4.925.475	4.860.176	3.502.015	1.260.432	97.729
Financial assets held for sale	3.296	3.296	-	-	3.296
Other financial assets	8.180	8.180	-	-	8.180
	19.457.815	**19.116.908**	**3.502.015**	**9.757.175**	**5.857.718**
Finacial liabilities measured at fair value:					
Derivatives	3.327	3.327	-	3.327	-
Financial liabilities not measured at fair value:					
Deposits by banks	96.799	96.799	-	96.799	-
Funding by Central Banks	2.355.508	2.355.508	-	2.355.508	-
Customer deposits and other customer accounts	15.314.788	15.314.788	-	-	15.314.788
Indemnifiaction liability	1.634	3.845	-	-	3.845
Loan capital	441.815	436.826	320.880	115.946	-
	18.210.544	**18.207.766**	**320.880**	**2.568.253**	**15.318.633**

44. FAIR VALUE MEASUREMENT (continued)

Bank

31 December 2022	Carrying amount €'000	Fair value €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets measured at fair value:					
Debt securities measured at fair value through other comprehensive income	81.268	81.268	81.268	-	-
Equity securities measured at fair value through profit or loss	18.851	18.851	-	-	18.851
Equity securities measured at fair value through other comprehensive income	11.759	11.759	1.392	-	10.367
Derivatives	177	177	-	177	-
	112.055	**112.055**	**82.660**	**177**	**29.218**
Financial Assets not measured at fair value:					
Cash and balances with Central Banks	8.468.074	8.468.074	-	8.468.074	-
Placements with other banks	272.126	272.126	-	272.126	-
Loans and advances to customers	6.033.270	5.888.962	-	-	5.888.962
Debt Securities measured at amortised cost	4.335.907	4.122.161	2.618.159	1.491.925	12.077
Financial assets held for sale	191.661	191.661	-	-	191.661
Other financial assets	27.230	23.508	-	-	23.508
	19.328.268	**18.966.492**	**2.618.159**	**10.232.125**	**6.116.208**
Financial liabilities measured at fair value:					
Derivatives	2.709	2.709	-	-	2.709
Financial liabilities not measured at fair value:					
Deposits by banks	108.027	108.027	-	108.027	-
Funding by Central Banks	2.278.377	2.278.377	-	2.278.377	-
Customer deposits and other customer accounts	15.928.247	15.928.247	-	-	15.928.247
Financial liabilities held for sale	792	792	-	-	792
Loan capital	232.347	186.539	101.626	84.913	-
	18.547.790	**18.501.982**	**101.626**	**2.471.317**	**15.929.039**

44. FAIR VALUE MEASUREMENT (continued)

The tables below present the movement of the fair value of securities categorised at level 3 hierarchy:

	Equity securities at fair value through other comprehensive income	Equity securities and other collective investments at fair value through profit or loss	**Total**
	€'000	€'000	**€'000**
1 January 2023	10.367	18.851	**29.218**
Gains on revaluation	2.637	3.065	**5.702**
31 December 2023	13.004	21.916	**34.920**

	Equity securities at fair value through other comprehensive income	Equity securities and other collective investments at fair value through profit or loss	Total
	€'000	€'000	€'000
1 January 2022	7.889	19.197	27.086
Gains/(losses) on revaluation	2.478	(346)	2.132
31 December 2022	10.367	18.851	29.218

During the year ended 31 December 2023 and the year ended 31 December 2022 there were no transfers between Level 1 and Level 2.

Fair Value of financial instruments measured at fair value on the statement of financial position

Debt securities at fair value through profit and loss and fair value through other comprehensive income
For the measurement of the fair value of investments in debt securities categorised as Level 1, the Group uses quoted prices from active markets. For the fair value of the investments in debt securities categorised as Level 2 hierarchy, the Group utilises the respective curve for each currency (swap curve or government curve) at each valuation date while also adding the applicable spread if any to fairly value these level 2 debt securities. Alternatively, if available, other indicative quotes from the Bank's counterparties are utilized to fairly price these Level 2 instruments.

Equity securities and collective investment units at fair value through profit or loss and fair value through other comprehensive income
Equity securities and collective investment units consists of both quoted securities/units in active markets, which are classified as Level 1, and unquoted securities. For the latter, valuation techniques or pricing models are formulated on a case by case basis and incorporate both observable and non-observable data and as such are classified as Level 3. For Level 3 instruments, the Group uses discounted cash flows models. The valuation requires management to use unobservable inputs, including forecast cash flows, discount rates and illiquidity haircuts, where applicable.

44. FAIR VALUE MEASUREMENT (continued)

A change in the significant unobservable inputs by 15% used in the valuation techniques adopted for VISA Inc. shares, Universal Life shares and JCC shares would result in a change in the value of the equity securities by €2,4 million (31 December 2022: €2,0 million), €0,9 million (31 December 2022: €0,9 million) and €1,9 million (31 December 2022: €1,5 million) respectively.

Derivatives at fair value through profit or loss
Derivative financial instruments are valued using a valuation technique with observable market data. The valuation techniques most frequently used include forward pricing and swap models, using present value calculations. The models use various inputs including foreign exchange spot and forward rates and interest rate curves. Derivative instruments are generally classified as Level 2 on the basis that model inputs that are significant to their measurement are observable. Furthermore, it is essential to note that the vast majority of the Bank’s derivative positions are performed with counterparties that the Bank has ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements, exchanging cash collateral on a daily basis.

Other financial assets
Other financial assets include assets held to cover liabilities of unit linked funds which are measured at fair value through profit or loss. Equity securities for which quoted prices in active markets are available are classified as Level 1. Government bonds for which no active market exists are classified as Level 2.

Fair Value of financial instruments not measured at fair value but for which fair value is disclosed

Loans and advances to customers
The fair value of loans and advances to customers is based on the present value of expected future risk adjusted cash flows.

The level of subjectivity and degree of management judgment required is significant in these discounted cash flow models given that management is required to exercise judgment in the selection and application of parameters and assumptions where some or all of the parameter inputs are less observable. Future cash flows have been based on the future expected loss rate per loan category, taking into account expectations in the credit quality of the borrowers. The discount rate includes components that capture: the funding cost, liquidity risk premium, cost of capital, regulatory MREL requirements and adjustments for operational costs which are dependent on the definition of the principal market specified by the Bank for fair value purposes. For the Bank’s loan book, the principal market is defined as the Republic of Cyprus as it mainly includes local lending in euro to Retail, SME and Corporate clients and thus the average market participant is assumed to be a) Banks operating in Cyprus of similar size and capital structure for the performing portfolio and b) credit acquiring companies for the default portfolio.

The Bank updates its risk parameter models applied in the calculation of the fair value as part of the regular model update cycle. The model update takes into account the latest macroeconomic projections and the available data and information (refer to Note 4). The fair value parameters are in full alignment with the Bank’s provisioning assumptions.

Debt securities classified at amortised cost
For the calculation of the fair value of investments in debt securities categorised as Level 1 the Group uses quoted prices from active markets. For the fair value of the investments in debt securities categorised under Level 2 hierarchy, the Group utilises the respective curve for each currency (swap curve or government curve) at each valuation date while also adding the applicable spread if any to fairly value these Level 2 debt securities. Alternatively, if available, other indicative quotes from the Bank’s counterparties are utilized to fairly price these Level 2 instruments. For its investments classified as Level 3, the Bank utilizes indicative quotes from counterparties maintaining a stake in these positions, or calculates fair values based on proxy parameters in accordance with the risk characteristics of each instrument.

44. FAIR VALUE MEASUREMENT (continued)

Financial assets and liabilities held for sale
The carrying value of financial assets and liabilities classified as held for sale is a close approximation of their fair value and they are categorised as Level 3.

Indemnification asset/liability
Indemnification asset/liability are included in other financial assets/liabilities the fair value of which is determined based on the Income Approach.

Indemnification asset – APS
The fair value is estimated as the sum of:

a) The Present Value of claims to be made by the Bank in the event of APS Losses. The claims and timing of these claims reflect the measurement of the estimated future cash flows arising from claims to be made by the Bank in the event of APS losses. All calculations are made on an asset by asset basis, minus

b) The Present Value of fees payable by the Bank to KEDIPES.

The present value of the APS indemnification asset has been discounted at the equivalent prevailing market interest rate of sovereign exposures with similar maturity.

Indemnification asset – certain off-balance items acquired
The fair value is estimated on the recovery as a result of the estimated losses arising from the off-balance sheet exposures as described under the BTA agreement.

The recovery as a result of the estimated losses of the above elements have been discounted at the equivalent prevailing market interest rates of sovereign exposures with similar maturity.

Other key inputs involved in the fair value measurement of the indemnification assets relating to APS and off-balance sheet exposures include the estimates and parameters involved in the measurement of ECL of the underlying loans and off-balance sheet exposures. The sensitivity of these is presented in Note 4.

Loan Capital:
The fair value of CCS1 and CCS2 is based on the average transaction price that these instruments traded at during the period. CCS1 and CCS2 has been classified as Level 2. The Senior Preferred Notes and the Tier 2 Subortinated Notes are both listed on the Luxemburg Stock Exchange (active market) and as such are classified as Level 1.

Other financial instruments:
For the remaining financial assets and financial liabilities not described above or not separately disclosed in the above tables the fair value approximates to their carrying amounts.

Fair Value of non financial assets measured at fair value

The fair value of properties held for own use and investment properties is based on valuations by independent qualified valuers and categorised as Level 3 (refer to Note 4.8). As at 31 December 2023 the carrying amount of properties held for own use were €144.904 thousand (31 December 2022: €138.425 thousand). As at 31 December 2023 the carrying amount of investment properties were €10.123 thousand (31 December 2022: €5.527 thousand). Significant fluctuations in the estimated values per square meter for properties valued with the comparable approach or significant fluctuations in the estimated rental yields for properties valued with the income capitalisation approach could significantly impact the fair value of the properties.

45. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into two operating segments based on the provision of services, as follows:

- Banking and financial services segment - principally providing banking and financial services, including financing and investment services, as well as custodian and factoring services.
- Insurance services segment - principally providing life and general insurance services in Cyprus.

The Group is currently operating in Cyprus.

There was no turnover deriving from transactions with a single external customer that amounted to 10% or more of Group revenue.

The table below presents income, expenses, impairment losses on financial instruments and non financial assets, profit/(loss) for the year from continuing operations, discontinued operations and taxation and information on assets, liabilities and capital expenditure regarding the Group's operating segments.

45. SEGMENTAL ANALYSIS (continued)

	Banking & Financial services		**Insurance Services**		**Intersegment transactions/balances**		**Total**	
				Restated		Restated		Restated
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Continuing Operations								
Turnover	**814.262**	448.182	**14.568**	9.323	**(11.239)**	(6.046)	**817.591**	451.459
Of which: Third parties	***809.131***	*443.782*	***3.280***	*3.240*	**-**	-	***812.411***	*447.022*
Of which: Inter-segment	***5.131***	*4.400*	***11.288***	*6.083*	***(11.239)***	*(6.046)*	***5.180***	*4.437*
Net interest income	**536.108**	300.757	**172**	99	**8**	13	**536.288**	300.869
Net fees and commission income/(expenses)	**77.982**	73.431	**(40)**	(349)	**(5.100)**	(4.367)	**72.842**	68.715
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments	**10.631**	6.036	**4.015**	(5.506)	**-**	-	**14.646**	530
Net income from insurance operations	**-**	-	**9.154**	14.178	**5.180**	4.437	**14.334**	18.615
Other income/(expenses)	**36.288**	14.092	**1.210**	5.577	**(11.288)**	(6.025)	**26.210**	13.644
Total net income	**661.009**	394.316	**14.511**	13.999	**(11.200)**	(5.942)	**664.320**	402.373
Staff costs	**(118.190)**	(140.260)	**(1.122)**	(1.472)	**-**	-	**(119.312)**	(141.732)
Restructuring costs	**-**	(66.423)	**-**	(4.437)	**-**	-	**-**	(70.860)
Depreciation and amortisation	**(22.233)**	(23.867)	**(104)**	(185)	**11**	45	**(22.326)**	(24.007)
Administrative and other expenses	**(115.492)**	(104.765)	**(2.004)**	(1.221)	**46**	64	**(117.450)**	(105.922)
Total expenses	**(255.915)**	(335.315)	**(3.230)**	(7.315)	**57**	109	**(259.088)**	(342.521)
	405.094	59.001	**11.281**	6.684	**(11.143)**	(5.833)	**405.232**	59.852
Net gains/(losses) on derecognition of financial assets measured at amortised cost	**4.830**	(236)	**-**	-	**-**	-	**4.830**	(236)
Impairment losses on financial instruments	**(7.235)**	(18.163)	**-**	(14)	**-**	11	**(7.235)**	(18.166)
Impairment losses on non financial assets	**(9.203)**	(6.796)	**-**	-	**-**	-	**(9.203)**	(6.796)
	393.486	33.806	**11.281**	6.670	**(11.143)**	(5.822)	**393.624**	34.654
Negative goodwill	**-**	4.782	**-**	-	**-**	-	**-**	4.782
Profit/(loss) before taxation	**393.486**	38.588	**11.281**	6.670	**(11.143)**	(5.822)	**393.624**	39.436
Taxation	**(46.128)**	(8.595)	**(1.234)**	(1.572)	**-**	-	**(47.362)**	(10.167)
Profit/(loss) for the year from continuing operations	**347.358**	29.993	**10.047**	5.098	**(11.143)**	(5.822)	**346.262**	29.269
Discontinued operations								
Loss for the year from discontinued operations	**19.179**	(7.458)	**-**	-	**-**	-	**19.179**	(7.458)
Profit/(loss) for the year	**366.537**	22.535	**10.047**	5.098	**(11.143)**	(5.822)	**365.441**	21.811

45. SEGMENTAL ANALYSIS (continued)

Total assets	**19.925.528**	19.841.810	**145.096**	106.953	**(8.699)**	16.043	**20.061.925**	19.964.806
Total liabilities	**18.468.168**	18.760.529	**91.816**	78.768	**(4.412)**	(4.218)	**18.555.572**	18.835.079
Capital expenditure on land and building, property, plant & equipment and computer software	**24.900**	9.810	**613**	965	**-**	-	**25.513**	10.775

46. DERIVATIVES

The Group uses the following derivative instruments:

- Foreign currency forwards: represent agreements for the purchase or sale of foreign currencies settled at a future date.

- Foreign currency swaps: represent agreements for the exchange of cash flows of different currencies.

	The Group and the Bank		
		Fair value	
At 31 December 2023	Nominal value	Other assets	Other liabilities
	€'000	€'000	€'000
Foreign currency swaps	341.048	16	3.327
	341.048	16	3.327

	The Group and the Bank		
		Fair value	
At 31 December 2022	Nominal value	Other assets	Other liabilities
	€'000	€'000	€'000
Foreign currency forwards	1.528	138	-
Foreign currency swaps	558.770	39	2.709
	560.298	177	2.709

Credit risk for derivatives arises from the possibility of the counterparty's failure to meet the terms of any contract. In the case of derivatives, credit losses are a significantly smaller amount compared to the derivatives' notional amount. In order to manage credit risk, the Group sets limits based on the creditworthiness of the involved counterparties and uses credit mitigation techniques such as netting and collateralisation.

The Group has chosen the ISDA Master Agreement for documenting its derivatives activity. It provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults. In most cases the parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, the collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions.

As at 31 December 2023, all of the Group's derivative exposures are covered by ISDA netting arrangements.

The amount of cash collateral maintained by the Bank and the Group with respect to its derivative transactions under the CSAs in place at 31 December 2023 amounted to €4.580 thousand (31 December 2022: €3.080 thousand).

47. CATEGORISATION OF FINANCIAL INSTRUMENTS

The Group

31 December 2023	Carrying amount €'000	Securities classified at fair value through profit or loss €'000	Securities at amortised cost €'000	Securities classified at fair value through other comprehensive income €'000	Financial instruments at amortised cost €'000
Assets					
Cash and balances with Central Banks	8.222.845	-	-	-	8.222.845
Placements with other banks	281.868	-	-	-	281.868
Loans and advances to customers	6.024.121	-	-	-	6.024.121
Debt securities	4.985.044	883	4.925.476	58.685	-
Equity securities and collective investment units	132.458	118.058	-	14.400	-
Assets held for sale	3.296	-	-	-	3.296
Derivatives	16	16	-	-	-
Other financial assets	8.180	-	-	-	8.180
	19.657.828	118.957	4.925.476	73.085	14.540.310
Liabilities					
Deposits by banks	96.799	-	-	-	96.799
Funding by Central Banks	2.355.508	-	-	-	2.355.508
Customer deposits and other customer accounts	15.314.788	-	-	-	15.314.788
Other financial liabilities	1.634	-	-	-	1.634
Derivatives	3.327	3.327	-	-	-
Loan capital	441.815	-	-	-	441.815
	18.213.871	3.327	-	-	18.210.544

47. CATEGORISATION OF FINANCIAL INSTRUMENTS (continued)

The Group

	Carrying amount €'000	Securities classified at fair value through profit or loss €'000	Securities at amortised cost €'000	Securities classified at fair value through other comprehensive income €'000	Financial instruments at amortised cost €'000
31 December 2022					
Assets					
Cash and balances with Central Banks	8.468.074	-	-	-	8.468.074
Placements with other banks	281.339	-	-	-	281.339
Loans and advances to customers	6.033.270	-	-	-	6.033.270
Debt securities	4.423.949	179	4.335.907	87.863	-
Equity securities and collective investment units	107.167	95.408	-	11.759	-
Assets held for sale	191.661	-	-	-	191.661
Derivatives	177	177	-	-	-
Other financial assets	27.230	-	-	-	27.230
	19.532.867	95.764	4.335.907	99.622	15.001.574
Liabilities					
Deposits by banks	108.027	-	-	-	108.027
Funding by Central Banks	2.278.377	-	-	-	2.278.377
Customer deposits and other customer accounts	15.928.247	-	-	-	15.928.247
Financial liabilities held for sale	792	-	-	-	792
Derivatives	2.709	2.709	-	-	-
Loan capital	232.347	-	-	-	232.347
	18.550.499	2.709	-	-	18.547.790

47. CATEGORISATION OF FINANCIAL INSTRUMENTS (continued)

The Bank

31 December 2023	Carrying amount €'000	Securities classified at fair value through profit or loss €'000	Securities at amortised cost €'000	Securities classified at fair value through other comprehensive income €'000	Financial instruments at amortised cost €'000
Assets					
Cash and balances with Central Banks	8.222.845	-	-	-	8.222.845
Placements with other banks	273.898	-	-	-	273.898
Loans and advances to customers	6.024.121	-	-	-	6.024.121
Debt securities	4.984.161	-	4.925.476	58.685	-
Equity securities	36.316	21.916	-	14.400	-
Assets held for sale	3.296	-	-	-	3.296
Derivatives	16	16	-	-	-
Other financial assets	8.180	-	-	-	8.180
	19.552.833	21.932	4.925.476	73.085	14.532.340
Liabilities					
Deposits by banks	96.799	-	-	-	96.799
Funding by Central Banks	2.355.508	-	-	-	2.355.508
Customer deposits and other customer accounts	15.314.788	-	-	-	15.314.788
Other financial liabilities	1.634	-	-	-	1.634
Derivatives	3.327	3.327	-	-	-
Loan capital	441.815	-	-	-	441.815
	18.213.871	3.327	-	-	18.210.544

47. CATEGORISATION OF FINANCIAL INSTRUMENTS (continued)

The Bank

	Carrying amount €'000	Securities classified at fair value through profit or loss €'000	Securities at amortised cost €'000	Securities classified at fair value through other comprehensive income €'000	Financial instruments at amortised cost €'000
31 December 2022					
Assets					
Cash and balances with Central Banks	8.468.074	-	-	-	8.468.074
Placements with other banks	272.126	-	-	-	272.126
Loans and advances to customers	6.033.270	-	-	-	6.033.270
Debt securities	4.417.175	-	4.335.907	81.268	-
Equity securities	30.610	18.851	-	11.759	-
Assets held for sale	191.661	-	-	-	191.661
Derivatives	177	177	-	-	-
Other financial assets	27.230	-	-	-	27.230
	19.440.323	19.028	4.335.907	93.027	14.992.361
Liabilities					
Deposits by banks	108.027	-	-	-	108.027
Funding by Central Banks	2.278.377	-	-	-	2.278.377
Customer deposits and other customer accounts	15.928.247	-	-	-	15.928.247
Financial liabilities held for sale	792	-	-	-	792
Derivatives	2.709	2.709	-	-	-
Loan capital	232.347	-	-	-	232.347
	18.550.499	2.709	-	-	18.547.790

48. RISK MANAGEMENT

Introduction and overview

The Group has exposure to the following risks from its operations and from the use of financial instruments:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks

The Group is also exposed to insurance risk which arises from its insurance operations.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk Management Unit (RMU)

The management and monitoring of all Group risks is centralised under a single unit, Risk Management, to which the following specialised risk management departments report:

- Enterprise Risk Management and Governance (ERMG)
- Credit Risk Management (CRM)
- Investment, Market and Liquidity Risk Management (IMLRM)
- Risk Strategy and Analytics (RSA)
- Operational Risk Management (ORM)
- Insurance Risk Management (IRM)

RMU consists of the above departments and is functionally independent from other units with executive authority and reports to the Board of Directors (BoD), through the Board Risk Management Committee (BRMC).

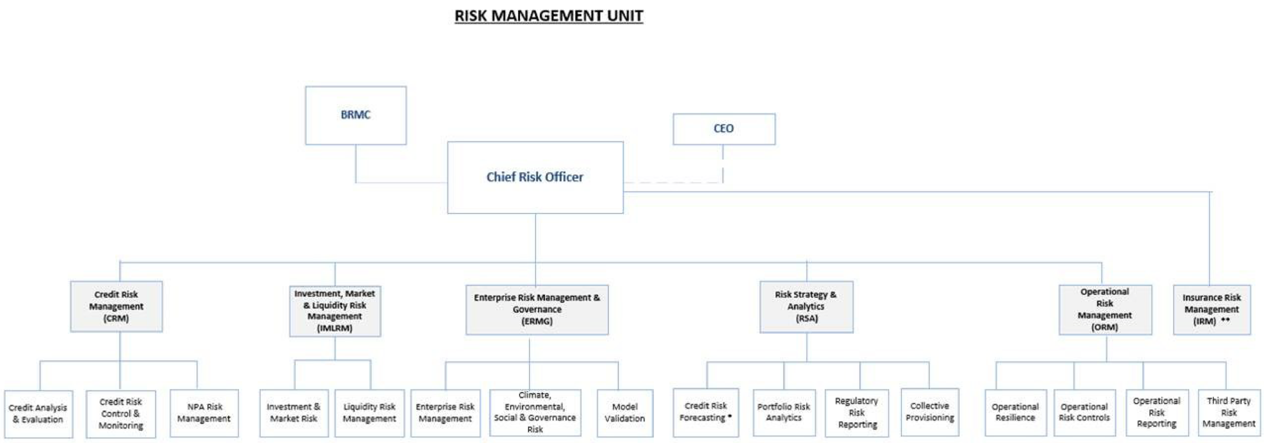
The departments cover all risk areas across the Group's operations and are intensively working to ensure that the Bank fully conforms to the provisions of the Accord of Basel III, the Directives of the regulatory authorities and international best practices.

The Risk Management Unit is organized in such a way as to cater for the needs of the Bank, in this dynamic landscape, cognisant of the intricacies of the Bank's business model and those of the external market and regulatory environment. The current structure aims to enhance the organisation of RMU and to reinforce the role of the second line of defence throughout the risk management cycle, with a special focus on the Bank's material risks.

48. RISK MANAGEMENT (continued)

Risk Management Unit (RMU) (continued)

Risk Management Unit Structure



* including Climate & Environmental credit risk measurement
** Provide services to the Bank's Insurance subsidiaries and functionally report to the respective Insurance subsidiaries' Board Committees

48.1 Enterprise Risk Management and Governance

The Enterprise Risk Management & Governance department serves as a horizontal function, that supports the holistic management of risks by bringing together all of RMU's practices under one integrated structure and to facilitate the development and review of the Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS). The department also co-ordinates and drives cross-departmental and departmental projects (such as the Recovery Plan, ICAAP and other risk-based propositions) which enhance the management, monitoring of risks establishing a strong Risk Governance. Further to this the department ensures that a consistent approach is applied in Climate-related and Environmental (CE) Risks Identification and Assessment methodology and Materiality Assessments.

During the year, the 2023/2024 RAS and RAF were developed and approved by the Board of Directors in October 2023 with effective date November 2023. The RAS and RAF were developed by the RMU in line with international standards and best practices. The RAF is part of the broader Enterprise Risk Management Framework (ERMF) and prescribes the process for risk appetite setting, feeding from the formulation of Material Risk Assessment following the updating of the Bank's Risk Taxonomy (broad risk register covering the whole spectrum of risk types and emerging risks).

The Bank's RAS considers the resilience of risk limits and risk capacity under stress and makes the intrinsic link to the Bank's stress testing in the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Internal Capital Adequacy Assessment Process (ICAAP). The outcomes of the stress tests are thereby incorporated into the capital metrics of the Risk Appetite, in the Strategic Plan, the Capital Plan and the Liquidity Contingency Plan (LCP) of the Bank. The RAS encompasses both Quantitative and Qualitative limits across an array of the risk types facing the Bank and delineates responsibilities for its implementation, monitoring and governance (which also entails a Breach and Early Warning escalation process) in line with the Three Lines of Defence model embedded within the ERMF. During this year's RAS Cycle, a number of enhancements were applied including the setting of RAS Qualitative and Quantitative limits for ESG risks.

48. RISK MANAGEMENT (continued)

48.1 Enterprise Risk Management and Governance (continued)

Within the department Model Validation activities are also incorporated where during the year, the unit conducted validation activities and prepared relevant reports with validation results assessing:

- the quantitative and qualitative adequacy of the models,
- the monitoring of performance and identification of limitations,
- the accurate development of the model based on its specified design and purpose,
- the application and use of the models by the relevant Units of the Bank.

Contingency Risk Management

The Bank continues to closely monitor the latest developments in Ukraine and Russia as well as the new crisis in Israel and provides regular updates to the Executive Committees and Board Committees on contingency risk management actions and risk mitigation. The Bank is also taking all necessary and appropriate measures to manage all related risks and to comply with the applicable sanctions imposed. The monitoring of customers has also intensified, while transactions are strictly monitored and vetted accordingly. The Bank expects limited impact from its direct exposure, while any indirect impact will depend on the longevity and severity of crisis and its impact on the Cypriot economy, which remains uncertain at this stage. The Bank will continue to monitor the situation, taking all necessary measures to mitigate the impact on its operations and financial performance.

Following the updated publications of sanctions lists by the European Union in 2023, the United States and the United Kingdom authorities, the Bank remains in full adherence to sanctions issued by the EU and the US as well as UK, applying a zero-tolerance policy through rigorous and strict controls and measures.

48.2 Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer and/or other counterparty to a financial instrument fail to meet their contractual obligations. This risk principally arises from lending, trade finance activities and treasury operations. The management of credit risk is one of the most important areas in the Bank's operations and is essential for its long-term soundness. The Credit Risk management department (CRM) involves detecting, evaluating, measuring and observing/controlling credit risk, based on the strategic objectives of the Bank.

CRM is responsible for the holistic credit risk management of the Corporate, Commercial, Retail and International sectors, as well as for specialized lending such as Ship Finance and Factoring. The department has 3 sub-units: a. Credit Analysis & Evaluation; b. Credit Risk Control and Monitoring; and c. NPA Risk

- CRM responsibilities focus on credit risk portfolio management in order to maximize Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable risk appetite thresholds. In particular, CRM is inter-alia engaged in the following areas:
- Provides independent Credit Assessment, and specifically:
    - provides independent 2nd line of defence advice and recommendations to the Approving Authorities for all credit applications, according to the terms of reference of each Committee;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

  - ensures that risk opinions and recommendations are adequately recorded/acknowledged at the Approving Authorities' approval level;

  - liaises with the Credit Risk Control and Monitoring sub-unit for the review and update of credit policies.

- Leads the establishment and review of credit risk policies related to the performing and non-performing portfolio and ensures that these are in line with internal and external regulatory requirements;

- Defines credit risk methodology, reviews assumptions and validates Individual Impairment assessment of clients/group preliminarily performed by all business/front-line units;

- Monitors areas identified, measured, assessed and monitored through Key Risk Indicators and controlled until they are reduced within tolerance limits;

- Monitors the effectiveness of the Arrears Management Strategy by measuring and controlling risks (KRIs) as well as reducing / eliminating the risks identified;

- Provides independent 2nd line of defense advice and recommendations to the respective Approving Authority for all restructuring applications which fall within the limits of Arrears and Property Management Committee;

- Supports the formulation and delivery of the de-risking and deleveraging activities of the Bank relating to NPA risk Management.

Risk Strategy and Analytics (RSA)

Risk Strategy and Analytics is supporting Risk Management in credit risk modelling matters. It focuses on the analytically related elements of Risk Management with a focus on credit risk such as collective provisioning, rating and scoring models and regulatory and internal reporting.

Risk Strategy & Analytics, is a critical risk department, structured into the following four pillars and respective sub-units:

a. Credit Risk Forecasting,

b. Collective Provisioning

c. Portfolio Risk Analytics, and

d. Regulatory Risk Reporting.

Risk Strategy & Analytics assesses the strategy's robustness, coherence and compatibility with the bank's current business model and environment to identify relevant risks and their impact on Bank's risk profile and to ensure alignment with the Risk Appetite metrics which RSA sets and monitors. The department also participates in specialized projects of strategic significance to the Bank along with the involvement in stress testing exercises, Early Warning and Forecasting.

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

RSA also maintains ownership of ECL, Collective provisioning process, specifically with respect to probabilities of default (PDs), Loss Given Default (LGDs) and Exposure at Default (EAD) models and parameters. Furthermore, RSA through the Portfolio Risk Analytics sub-unit is responsible for the preparation of the credit risk reporting and other credit related reporting as this is requested by the Committees under RSA responsibilities. Further to this, the Regulatory Risk Reporting sub-unit is involved in CRR responsibilities such as COREP submissions, CRR Compliance, Basel IV implementation, completion of FINREP credit risk related templates and other credit risk standalone regulatory reports submissions.

48.2.1 Exposure to credit risk

48.2.1.1 Loans per staging

Movement of gross loans between stages according to the increase in credit risk level as at 31 December is analysed in the table below. Net movement mainly includes new lending, capitalised interest, repayments and write offs made during the period.

	The Group and the Bank - 2023				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total** **€'000**
1 January	4.949.898	571.388	380.560	321.083	**6.222.929**
Transfer from Stage 1 to Stage 2	(88.410)	88.410	-	-	**-**
Transfer from Stage 1 to Stage 3	(14.045)	-	14.045	-	**-**
Transfer from Stage 2 to Stage 3	-	(16.529)	16.529	-	**-**
Transfer from Stage 3 to Stage 2	-	38.659	(38.659)	-	**-**
Transfer from Stage 2 to Stage 1	248.029	(248.029)	-	-	**-**
Transfer from Stage 3 to Stage 1	13.238	-	(13.238)	-	**-**
Net movement during the year	98.446	(29.498)	(86.451)	(32.340)	**(49.843)**
Exchange difference	(8.322)	8	1.277	1	**(7.036)**
Transfer to assets held for sale (refer to Note 28)	-	-	(4.218)	-	**(4.218)**
31 December	5.198.834	404.409	269.845	288.744	**6.161.832**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

	The Group and the Bank - 2022				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
1 January	4.296.047	918.971	394.175	343.033	**5.952.226**
Transfer from Stage 1 to Stage 2	(115.411)	115.411	-	-	**-**
Transfer from Stage 1 to Stage 3	(29.824)	-	29.824	-	**-**
Transfer from Stage 2 to Stage 3	-	(54.249)	54.249	-	**-**
Transfer from Stage 3 to Stage 2	-	33.415	(33.415)	-	**-**
Transfer from Stage 2 to Stage 1	337.647	(337.647)	-	-	**-**
Transfer from Stage 3 to Stage 1	12.359	-	(12.359)	-	**-**
Net movement during the year	87.277	(104.803)	(55.075)	(21.946)	**(94.547)**
Acquisition of RCB loans	346.337	-	-	-	**346.337**
Exchange difference	15.466	290	3.161	(4)	**18.913**
31 December	4.949.898	571.388	380.560	321.083	**6.222.929**

The table below discloses the accumulated impairment losses on the value of loans and advances:

	The Group and the Bank - 2023				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
1 January	24.543	26.958	144.809	(6.651)	**189.659**
Transfer from Stage 1 to Stage 2	(828)	828	-	-	**-**
Transfer from Stage 1 to Stage 3	(183)	-	183	-	**-**
Transfer from Stage 2 to Stage 3	-	(1.268)	1.268	-	**-**
Transfer from Stage 3 to Stage 2	-	7.927	(7.927)	-	**-**
Transfer from Stage 2 to Stage 1	9.798	(9.798)	-	-	**-**
Transfer from Stage 3 to Stage 1	2.679	-	(2.679)	-	**-**
Write offs net of recoveries of loan impairment losses	(299)	(77)	(47.376)	(16.402)	**(64.154)**
Contractual interest on impaired loans	249	932	17.988	15.688	**34.857**
Unwinding of discount	(194)	(713)	(9.246)	(15.306)	**(25.459)**
Decrease due to derecognition	(293)	(47)	(178)	(3.626)	**(4.144)**
Charge/(reversal) for the year	(18.248)	(4.145)	4.640	26.378	**8.625**
Exchange difference	(38)	-	(712)	(1)	**(751)**
Transfer to assets held for sale (refer to Note 28)	-	-	(922)	-	**(922)**
31 December	17.186	20.597	99.848	80	**137.711**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

	The Group and the Bank - 2022				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
1 January	33.204	51.526	142.843	(7.454)	**220.119**
Transfer from Stage 1 to Stage 2	(1.771)	1.771	-	-	**-**
Transfer from Stage 1 to Stage 3	(641)	-	641	-	**-**
Transfer from Stage 2 to Stage 3	-	(6.505)	6.505	-	**-**
Transfer from Stage 3 to Stage 2	-	7.349	(7.349)	-	**-**
Transfer from Stage 2 to Stage 1	10.515	(10.515)	-	-	**-**
Transfer from Stage 3 to Stage 1	2.343	-	(2.343)	-	**-**
Write offs net of recoveries of loan impairment losses	(239)	(100)	(33.151)	(3.688)	**(37.178)**
Contractual interest on impaired loans	294	703	19.188	13.568	**33.753**
Unwinding of discount	(227)	(567)	(9.612)	(13.439)	**(23.845)**
Decrease due to derecognition	(101)	(705)	(921)	(401)	**(2.128)**
Charge/(reversal) for the year	(18.881)	(15.948)	27.195	4.763	**(2.871)**
Exchange difference	47	(51)	1.813	-	**1.809**
31 December	24.543	26.958	144.809	(6.651)	**189.659**

Unwinding of discount amounting to €25,5 million (2022: €23,8 million) relates to interest income on impaired loans and advances to customers and is recognised in the income statement.

The contractual amount outstanding that was written off which relates to non contractual write offs as at 2023 amounted to €50,9 million (2022: €16,3 million).

The value of collaterals of loans and advances to customers classified as Stage 3 and purchased or originated credit impaired is analysed as below:

	2023 €'000	2022 €'000
Residential property	**872.411**	931.631
Commercial property	**337.668**	349.750
Land	**206.782**	262.449
Total property collaterals	**1.416.861**	1.543.830
Other collaterals	**61.692**	67.550
	1.478.553	1.611.380

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

Forborne Exposures
Consistent with the European Banking Authority's (EBA) technical standards the Group and the Bank consider forbone exposures to be (i) exposures which involve changes in their terms and/or conditions and (ii) the forbearance measures consist of concessions towards a debtor which aim to address existing or anticipated difficulties on the part of the borrower to service debt in accordance with the current repayment schedule. Changes in the terms and conditions of a contract that do not occur because the customer is not able to meet the terms and conditions of the contract due to financial difficulties do not constitute forbearance measures."

Loans and advances with forbearance measures are analysed, by industry sector, below:

	Gross Loans		Carrying amount	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Trade	**40.164**	59.379	**31.483**	43.774
Construction and Real Estate	**34.895**	33.246	**29.125**	26.384
Manufacturing	**3.781**	11.650	**3.599**	9.826
Tourism	**55.365**	144.910	**52.486**	137.035
Retail	**236.932**	282.604	**205.244**	246.318
Other sectors	**28.945**	52.247	**23.347**	43.276
	400.082	584.036	**345.284**	506.613

The value of collaterals of loans and advances to customers with forbearance measures is analysed below:

	2023	2022
	€'000	€'000
Residential property	**470.272**	477.801
Commercial property	**331.063**	599.073
Land	**130.874**	171.298
Total property collaterals	**932.209**	1.248.172
Other collaterals	**23.659**	41.822
	955.868	1.289.994

48.2.1.2 Loans by risk categories

Risk categories
The loans and advances, are presented in risk categories based on the credit risk assessment system of the Group. The risk categories are as follows:

Grade 1 (Low Risk):
An immediate ability to repay the credit facility is assumed.

Grade 2 (Medium Risk):
The probability of indirect recovery of the credit facility is assumed.

Grade 3 (High Risk):
The debtor presents a higher risk compared to Grade 1 and 2 on the existence of direct and indirect recovery of the credit facility.

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

Past due loans and advances
Represent loans and advances for which the contractual interest or principal repayments are past due.

Based on the above categories, loans and advances to customers are presented below:

	The Group and the Bank - 2023				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
Grade 1 (low risk)	5.005.977	265.319	2.706	36.998	**5.311.000**
Grade 2 (medium risk)	185.298	125.586	130.009	172.234	**613.127**
Grade 3 (high risk)	7.559	13.504	137.130	79.512	**237.705**
Gross amount	5.198.834	404.409	269.845	288.744	**6.161.832**
Accumulated Impairment losses	(17.186)	(20.597)	(99.848)	(80)	**(137.711)**
Carrying amount	5.181.648	383.812	169.997	288.664	**6.024.121**
Past due exposures					
0+ up to 30 days	87.414	16.528	5.862	10.576	**120.380**
30+ up to 60 days	1.157	17.139	7.351	5.556	**31.203**
60+ up to 90 days	135	5.738	7.062	2.252	**15.187**
90 days+	1	1.900	197.797	149.015	**348.713**
Gross amount	88.707	41.305	218.072	167.399	**515.483**
Accumulated Impairment losses	(1.694)	(3.218)	(86.083)	(30.310)	**(121.305)**
Carrying amount	87.013	38.087	131.989	137.089	**394.178**
Forborne exposures					
Carrying amount	452	117.095	61.382	166.355	**345.284**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

The Group and the Bank - 2022

	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
Grade 1 (low risk)	4.795.772	403.794	5.542	41.914	**5.247.022**
Grade 2 (medium risk)	150.733	161.665	173.927	179.195	**665.520**
Grade 3 (high risk)	3.393	5.929	201.091	99.974	**310.387**
Gross amount	4.949.898	571.388	380.560	321.083	**6.222.929**
Accumulated Impairment losses	(24.543)	(26.958)	(144.809)	6.651	**(189.659)**
Carrying amount	4.925.355	544.430	235.751	327.734	**6.033.270**
Past due exposures					
0+ up to 30 days	104.723	26.736	12.319	12.736	**156.514**
30+ up to 60 days	1.513	20.176	11.608	5.996	**39.293**
60+ up to 90 days	243	8.249	6.397	2.850	**17.739**
90 days+	11	2.865	266.838	182.396	**452.110**
Gross amount	106.490	58.026	297.162	203.978	**665.656**
Accumulated Impairment losses	(3.618)	(4.758)	(117.043)	(25.844)	**(151.263)**
Carrying amount	102.872	53.268	180.119	178.134	**514.393**
Forborne exposures					
Carrying amount	2.490	225.807	91.725	186.591	**506.613**

Based on the above categories, loans and advances to customers held for sale are presented below:

2023

	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
Grade 1 (low risk)	-	-	-	-	**-**
Grade 2 (medium risk)	-	-	-	-	**-**
Grade 3 (high risk)	-	-	4.218	-	**4.218**
Gross amount	-	-	4.218	-	**4.218**
Accumulated Impairment losses	-	-	(922)	-	**(922)**
Carrying amount	-	-	3.296	-	**3.296**
Past due exposures					
0+ up to 30 days	-	-	-	-	**-**
30+ up to 60 days	-	-	-	-	**-**
60+ up to 90 days	-	-	-	-	**-**
90 days+	-	-	4.218	-	**4.218**
Gross amount	-	-	4.218	-	**4.218**
Accumulated Impairment losses	-	-	(922)	-	**(922)**
Carrying amount	-	-	3.296	-	**3.296**
Forborne exposures					
Carrying amount	-	-	3.141	-	**3.141**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

	2022				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
Grade 1 (low risk)	-	3.719	5.386	41	**9.146**
Grade 2 (medium risk)	-	9.363	200.393	7.501	**217.257**
Grade 3 (high risk)	-	84	512.966	836	**513.886**
Gross amount	-	13.166	718.745	8.378	**740.289**
Accumulated Impairment losses	-	(4.825)	(541.287)	(2.515)	**(548.627)**
Carrying amount	-	8.341	177.458	5.863	**191.662**
Past due exposures					
0+ up to 30 days	-	1.024	1.185	-	**2.209**
30+ up to 60 days	-	328	1.249	222	**1.799**
60+ up to 90 days	-	16	421	11	**448**
90 days+	-	100	682.212	4.273	**686.585**
Gross amount	-	1.468	685.067	4.506	**691.041**
Accumulated Impairment losses	-	(564)	(521.211)	(1.240)	**(523.015)**
Carrying amount	-	904	163.856	3.266	**168.026**
Forborne exposures					
Carrying amount	-	1.970	78.704	4.915	**85.589**

Movement of carrying amount of loans and advances classified as Stage 3 and purchased or originated credit impaired (POCI):

	The Group and the Bank - 2023		
	Stage 3 €'000	Purchased or originated credit impaired €'000	**Total €'000**
1 January	235.751	327.734	**563.485**
Transfer from Stage 1 to Stage 3	13.862	-	**13.862**
Transfer from Stage 2 to Stage 3	15.261	-	**15.261**
Transfer from Stage 3 to Stage 2	(30.732)	-	**(30.732)**
Transfer from Stage 3 to Stage 1	(10.559)	-	**(10.559)**
Net movement during the year	(52.279)	(39.072)	**(91.351)**
Exchange difference	1.989	2	**1.991**
Transfer to assets held for sale	(3.296)	-	**(3.296)**
31 December	169.997	288.664	**458.661**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

	The Group and the Bank - 2022		
	Stage 3	Purchased or originated credit impaired	**Total**
	€'000	€'000	**€'000**
1 January	251.332	350.487	**601.819**
Transfer from Stage 1 to Stage 3	29.183	-	**29.183**
Transfer from Stage 2 to Stage 3	47.744	-	**47.744**
Transfer from Stage 3 to Stage 2	(26.066)	-	**(26.066)**
Transfer from Stage 3 to Stage 1	(10.016)	-	**(10.016)**
Net movement during the year	(57.774)	(22.749)	**(80.523)**
Exchange difference	1.348	(4)	**1.344**
31 December	235.751	327.734	**563.485**

48.2.1.3 Concentration of credit risk

The Group monitors concentration of credit risk by sector and by geographic location.

The concentration by geographic location for loans and advances to customers is measured based on the geographical location of the customer. The concentration by geographic location for investments and placements with other banks is based on the geographical location of the risk country of the issuer of the security and counterparty, respectively.

The analysis of concentration of credit risk by sector of the Group is shown below:

	Loans and advances to customers		**Loans and advances held for sale**		**Placements with other banks**	
	2023	2022	**2023**	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Carrying amount	**6.024.121**	6.033.270	**3.296**	191.662	**281.868**	281.339
Businesses	**2.760.581**	2.789.330	**4.218**	500.726	**-**	-
Individuals	**3.401.251**	3.433.599	**-**	239.563	**-**	-
Governments	**-**	-	**-**	-	**-**	-
Banks	**-**	-	**-**	-	**281.986**	281.677
Other sectors	**-**	-	**-**	-	**-**	-
	6.161.832	6.222.929	**4.218**	740.289	**281.986**	281.677
Accumulated impairment losses	**(137.711)**	(189.659)	**(922)**	(548.627)	**(118)**	(338)
	6.024.121	6.033.270	**3.296**	191.662	**281.868**	281.339

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

Businesses in the above table include trade, construction and real estate, manufacturing, tourism and other companies as disclosed in Note 21.

The table below presents the geographical concentration of Loans and advances to customers, Loans and advances held for sale and Placements with other banks by country of risk based on the country of residency for individuals and the country of registration for companies:

	Loans and advances to customers		Loans and advances held for sale		Placements with other banks	
	2023	2022	**2023**	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Carrying amount	**6.024.121**	6.033.270	**3.296**	191.662	**281.868**	281.339
Eurozone	**5.787.729**	5.969.918	**4.218**	727.417	**81.499**	73.737
Other European countries	**86.833**	71.787	**-**	11.385	**53.631**	62.377
America	**149.346**	150.644	**-**	30	**143.464**	142.480
Oceania	**32.438**	-	**-**	-	**-**	-
Asia	**295**	4.069	**-**	1	**3.021**	2.418
Middle East	**2.250**	2.017	**-**	28	**189**	245
Africa	**102.941**	24.494	**-**	1.428	**182**	420
	6.161.832	6.222.929	**4.218**	740.289	**281.986**	281.677
Accumulated expected credit losses	**(137.711)**	(189.659)	**(922)**	(548.627)	**(118)**	(338)
	6.024.121	6.033.270	**3.296**	191.662	**281.868**	281.339

48.2.1.4 Group's exposure in countries with high credit risk

The Group closely monitors developments in the international markets so that any measures needed to reduce credit risk are promptly taken.

The monitoring of exposures in countries of high risk is centralised through systems that fully and on an ongoing basis cover all material exposures to these countries such as interbank placements, debt securities, other investments etc. Also, maximum acceptable levels are specified taking into account the countries' credit ratings, political, economic and other factors.

For the classification of a country as "High Risk" country, the Non-Investment Grade status of the country which as per the CRR is the worst, out of the best two ratings from Moody's, Fitch and S&P as well as it's Credit Rating Outlook or the rating of the dependent territory are primarily considered.

Category "Other countries" includes less material exposures in a number of countries.

The analysis of concentration of credit risk in countries with high credit risk at the reporting date is shown below:

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2023	Jordan €'000	Lebanon €'000	Liberia €'000	Marshall Islands €'000	Egypt €'000	Iran €'000	Belarus €'000	South Africa €'000	Russia €'000	Ukraine €'000	Other countries €'000	**Total €'000**
Financial assets at fair value through profit or loss												
Government Bonds												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Bank Bonds												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Derivatives												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Collective Investment Units												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Financial assets at amortised cost												
Government bonds												
Carrying value (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Banks bonds												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Other bonds												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Placements with other Banks												
Carrying amount (amortised cost)	39	-	-	-	-	-	-	182	5	-	-	**226**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	39	-	-	-	-	-	-	182	5	-	-	**226**
Loans and advances to customers												
Carrying amount (amortised cost)	-	191	102.069	32.305	34	289	359	586	1.942	171	21	**137.967**
Accumulated Expected Credit Losses	-	(1)	(202)	(52)	(4)	(516)	(1)	(37)	(309)	(3)	(36)	**(1.161)**
Fair value	-	172	100.529	32.170	34	256	334	530	1.840	154	21	**136.040**
Assets held for sale												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2023	Jordan €'000	Lebanon €'000	Liberia €'000	Marshall Islands €'000	Egypt €'000	Iran €'000	Belarus €'000	South Africa €'000	Russia €'000	Ukraine €'000	Other countries €'000	**Total €'000**
Financial assets at fair value through other comprehensive income												
Government bonds												
Nominal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated amount in fair value reserve	-	-	-	-	-	-	-	-	-	-	-	**-**
Banks bonds												
Nominal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated amount in fair value reserve	-	-	-	-	-	-	-	-	-	-	-	**-**
Other bonds												
Principal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated amount in fair value reserve	-	-	-	-	-	-	-	-	-	-	-	**-**
Total book value	**39**	**191**	**102.069**	**32.305**	**34**	**289**	**359**	**768**	**1.947**	**171**	**21**	**138.193**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Greece €'000	Lebanon €'000	Zimbabwe €'000	Serbia €'000	Egypt €'000	Iran €'000	Belarus €'000	South Africa €'000	Russia €'000	Ukraine €'000	Other countries €'000	**Total €'000**
Financial assets at fair value through profit or loss												
Government Bonds												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Bank Bonds												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Derivatives												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Collective Investment Units												
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Financial assets at amortised cost												
Government bonds												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Bank bonds												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Other bonds												
Carrying amount (amortised cost)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Fair value	-	-	-	-	-	-	-	-	-	-	-	**-**
Placements with other Banks												
Carrying amount (amortised cost)	781	-	-	-	-	-	-	420	11.242	-	137	**12.580**
Accumulated Expected Credit Losses	(1)	-	-	-	-	-	-	(1)	(26)	-	-	**(28)**
Fair value	781	-	-	-	-	-	-	420	11.242	-	137	**12.580**
Loan and advances to customers												
Carrying amount (amortised cost)	193.535	293	-	6	57	363	271	627	3.531	219	23.737	**222.639**
Accumulated Expected Credit Losses	(877)	(9)	-	(26)	(3)	(708)	(1)	(13)	(572)	(11)	(77)	**(2.297)**
Fair value	191.311	273	-	6	57	301	255	580	3.334	212	22.367	**218.696**
Assets held for sale												
Carrying amount (amortised cost)	4	-	-	1	-	-	-	314	2.064	8	2	**2.393**
Accumulated Expected Credit Losses	(47)	-	-	(54)	-	-	-	(1.113)	(5.187)	(444)	(13)	**(6.858)**
Fair value	3	-	-	2	-	-	-	380	2.263	12	2	**2.662**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Greece €'000	Lebanon €'000	Zimbabwe €'000	Serbia €'000	Egypt €'000	Iran €'000	Belarus €'000	South Africa €'000	Russia €'000	Ukraine €'000	Other countries €'000	**Total €'000**
Financial assets at fair value through other comprehensive income												
Government bonds												
Nominal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated amount of the fair value reserve	-	-	-	-	-	-	-	-	-	-	-	**-**
Bank Bonds												
Nominal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Other bonds												
Principal amount	-	-	-	-	-	-	-	-	-	-	-	**-**
Carrying amount (fair value)	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated Expected Credit Losses	-	-	-	-	-	-	-	-	-	-	-	**-**
Accumulated amount in fair value reserve	-	-	-	-	-	-	-	-	-	-	-	**-**
Total book value	**194.320**	**293**	**-**	**7**	**57**	**363**	**271**	**1.361**	**16.837**	**227**	**23.876**	**237.612**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

48.2.1.5 Loans and advances at amortised cost by product

The tables below present a breakdown of loans and advances at amortised cost and their corresponding accumulated impairment losses with stage allocation by asset classification.

The coverage ratio represents the accumulated impairment losses divided by gross amount of loans and advances.

At 31 December 2023	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross amount of loans and advances							
Loans and advances	5.198.834	363.104	16.528	24.777	404.409	269.845	288.744
General Governments*	3.864	-	-	-	-	-	-
Other financial Corporations	129.286	5.540	13	11	5.564	2.906	102
Non-financial corporations	2.174.387	243.574	4.762	3.266	251.602	55.076	48.727
of which: Small and Medium-sized enterprises	*1.546.003*	*243.570*	*4.762*	*3.266*	*251.598*	*47.384*	*48.727*
of which: Commercial real estate	*1.223.881*	*214.576*	*2.022*	*1.561*	*218.159*	*39.472*	*34.842*
By sector							
1. Construction	105.706	25.510	80	623	26.213	7.154	14.414
2. Wholesale and retail trade repair of motor vehicles and motorcycles	418.294	48.845	444	1.163	50.452	26.244	8.121
3. Real estate activities	175.553	16.269	2.406	-	18.675	3.495	5.298
4. Accommodation and food service activities	410.418	114.257	158	101	114.516	7.013	7.712
5. Manufacturing	390.623	14.319	459	901	15.679	2.818	7.082
6. Other	673.793	24.374	1.215	478	26.067	8.352	6.100
Households	2.891.297	113.990	11.753	21.500	147.243	211.863	239.915
of which: Residential mortgage loans	*2.278.177*	*89.001*	*7.150*	*17.274*	*113.425*	*148.623*	*185.737*
of which: Credit for consumption	*271.558*	*12.312*	*3.371*	*2.099*	*17.782*	*29.584*	*24.703*

*General governments include central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity ,social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2023	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Accumulated impairment losses							
Loans and advances	17.186	17.379	748	2.470	20.597	99.848	80
General Governments*	22	-	-	-	-	-	-
Other financial Corporations	1.272	270	1	-	271	561	44
Non-financial corporations	10.029	15.052	193	391	15.636	22.224	(1.018)
of which: Small and Medium-sized enterprises	*7.206*	*15.052*	*193*	*391*	*15.636*	*18.248*	*(1.018)*
of which: Commercial real estate	*5.700*	*13.580*	*74*	*122*	*13.776*	*14.560*	*(1.771)*
By sector							
1. Construction	598	1.024	6	57	1.087	3.704	2.569
2. Wholesale and retail trade repair of motor vehicles and motorcycles	2.244	4.315	28	224	4.567	11.427	(563)
3. Real estate activities	518	398	79	-	477	1.173	74
4. Accommodation and food service activities	1.331	7.845	5	11	7.861	1.199	1.120
5. Manufacturing	2.051	445	19	69	533	1.190	(1.225)
6. Other	3.287	1.025	56	30	1.111	3.531	(2.993)
Households	5.863	2.057	554	2.079	4.690	77.063	1.054
of which: Residential mortgage loans	*3.241*	*1.286*	*276*	*1.318*	*2.880*	*44.385*	*4.430*
of which: Credit for consumption	*1.170*	*397*	*210*	*264*	*871*	*13.960*	*(35)*

*General governments include central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity ,social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2023	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Carrying amount of loans and advances							
Loans and advances	5.181.648	345.725	15.780	22.307	383.812	169.997	288.664
General Governments*	3.842	-	-	-	-	-	-
Other financial Corporations	128.014	5.270	12	11	5.293	2.345	58
Non-financial corporations	2.164.358	228.522	4.569	2.875	235.966	32.852	49.745
of which: Small and Medium-sized enterprises	*1.538.797*	*228.518*	*4.569*	*2.875*	*235.962*	*29.136*	*49.745*
of which: Commercial real estate	*1.218.181*	*200.996*	*1.948*	*1.439*	*204.383*	*24.912*	*36.613*
By sector							
1. Construction	105.108	24.486	74	566	25.126	3.450	11.845
2. Wholesale and retail trade repair of motor vehicles and motorcycles	416.050	44.530	416	939	45.885	14.817	8.684
3. Real estate activities	175.035	15.871	2.327	-	18.198	2.322	5.224
4. Accommodation and food service activities	409.087	106.412	153	90	106.655	5.814	6.592
5. Manufacturing	388.572	13.874	440	832	15.146	1.628	8.307
6. Other	670.506	23.349	1.159	448	24.956	4.821	9.093
Households	2.885.434	111.933	11.199	19.421	142.553	134.800	238.861
of which: Residential mortgage loans	*2.274.936*	*87.715*	*6.874*	*15.956*	*110.545*	*104.238*	*181.307*
of which: Credit for consumption	*270.388*	*11.915*	*3.161*	*1.835*	*16.911*	*15.624*	*24.738*

*General governments include central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity ,social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2023	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
Coverage ratio							
Loans and advances	0,3%	4,8%	4,5%	10,0%	5,1%	37,0%	0,0%
General Governments*	0,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other financial Corporations	1,0%	4,9%	10,3%	4,0%	4,9%	19,3%	43,5%
Non-financial corporations	0,5%	6,2%	4,0%	12,0%	6,2%	40,4%	(2,1)%
of which: Small and Medium-sized enterprises	*0,5%*	*6,2%*	*4,0%*	*12,0%*	*6,2%*	*38,5%*	*(2,1)%*
of which: Commercial real estate	*0,5%*	*6,3%*	*3,7%*	*7,8%*	*6,3%*	*36,9%*	*(5,1)%*
By sector							
1. Construction	0,6%	4,0%	7,2%	9,1%	4,1%	51,8%	17,8%
2. Wholesale and retail trade repair of motor vehicles and motorcycles	0,5%	8,8%	6,2%	19,3%	9,1%	43,5%	(6,9)%
3. Real estate activities	0,3%	2,4%	3,3%	0,8%	2,6%	33,6%	1,4%
4. Accommodation and food service activities	0,3%	6,9%	3,0%	10,6%	6,9%	17,1%	14,5%
5. Manufacturing	0,5%	3,1%	4,2%	7,6%	3,4%	42,2%	(17,3)%
6. Other	0,5%	4,2%	4,6%	6,2%	4,3%	42,3%	(49,1)%
Households	0,2%	1,8%	4,7%	9,7%	3,2%	36,4%	0,4%
of which: Residential mortgage loans	*0,1%*	*1,4%*	*3,9%*	*7,6%*	*2,5%*	*29,9%*	*2,4%*
of which: Credit for consumption	*0,4%*	*3,2%*	*6,2%*	*12,6%*	*4,9%*	*47,2%*	*(0,1)%*

*General governments include central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity ,social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross amount of loans and advances							
Loans and advances	4.949.898	513.362	26.736	31.290	571.388	380.560	321.083
General Governments*	3.700	-	-	-	-	-	-
Other financial Corporations	111.850	3.643	1.110	5	4.758	1.494	95
Non-financial corporations	2.033.217	365.635	4.930	6.014	376.579	104.857	48.435
of which: Small and Medium-sized enterprises	*1.437.639*	*344.232*	*4.930*	*6.014*	*355.176*	*96.791*	*48.434*
of which: Commercial real estate	*1.302.092*	*325.493*	*2.105*	*5.087*	*332.685*	*77.853*	*29.828*
By sector							
1. Construction	100.685	15.419	172	41	15.632	27.963	7.575
2. Wholesale and retail trade repair of motor vehicles and motorcycles	373.568	80.140	385	4.013	84.538	39.610	8.503
3. Real estate activities	174.497	11.468	1.816	517	13.801	6.742	5.821
4. Accommodation and food service activities	328.551	194.531	166	657	195.354	12.859	8.401
5. Manufacturing	414.042	22.395	426	64	22.885	4.326	8.727
6. Other	641.874	41.682	1.965	722	44.369	13.357	9.408
Households	2.801.131	144.084	20.696	25.271	190.051	274.209	272.553
of which: Residential mortgage loans	*2.165.196*	*106.705*	*12.479*	*19.329*	*138.513*	*183.521*	*205.358*
of which: Credit for consumption	*272.973*	*15.669*	*5.657*	*2.852*	*24.178*	*36.222*	*27.750*

*General governments include central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity ,social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements;

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Accumulated impairment losses							
Loans and advances	24.543	22.202	1.490	3.266	26.958	144.809	(6.651)
General Governments*	18	-	-	-	-	-	-
Other financial Corporations	2.317	104	9	1	114	432	30
Non-financial corporations	13.164	18.310	201	450	18.961	45.593	(3.176)
of which: Small and Medium-sized enterprises	*8.644*	*17.206*	*202*	*451*	*17.859*	*41.297*	*(3.176)*
of which: Commercial real estate	*7.678*	*16.472*	*31*	*386*	*16.889*	*29.457*	*(5.091)*
By sector							
1. Construction	696	342	3	6	351	14.428	(84)
2. Wholesale and retail trade repair of motor vehicles and motorcycles	2.299	4.160	15	160	4.335	18.935	285
3. Real estate activities	447	112	117	104	333	1.887	36
4. Accommodation and food service activities	1.624	10.976	2	68	11.046	1.675	568
5. Manufacturing	3.214	973	10	17	1.000	2.345	(1.329)
6. Other	4.884	1.747	54	95	1.896	6.323	(2.652)
Households	9.044	3.788	1.280	2.815	7.883	98.784	(3.505)
of which: Residential mortgage loans	*4.563*	*2.310*	*545*	*1.585*	*4.440*	*47.709*	*(1.745)*
of which: Credit for consumption	*1.721*	*603*	*497*	*439*	*1.539*	*15.917*	*(813)*

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48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Carrying amount of loans and advances							
Loans and advances	4.925.355	491.160	25.246	28.024	544.430	235.751	327.734
General Governments*	3.682	-	-	-	-	-	-
Other financial Corporations	109.533	3.539	1.101	4	4.644	1.062	65
Non-financial corporations	2.020.053	347.325	4.729	5.564	357.618	59.264	51.611
of which: Small and Medium-sized enterprises	*1.428.995*	*327.026*	*4.728*	*5.563*	*337.317*	*55.494*	*51.610*
of which: Commercial real estate	*1.294.414*	*309.021*	*2.074*	*4.701*	*315.796*	*48.396*	*34.919*
By sector							
1. Construction	99.989	15.077	169	35	15.281	13.535	7.659
2. Wholesale and retail trade repair of motor vehicles and motorcycles	371.269	75.980	370	3.853	80.203	20.675	8.218
3. Real estate activities	174.050	11.356	1.699	413	13.468	4.855	5.785
4. Accommodation and food service activities	326.927	183.555	164	589	184.308	11.184	7.833
5. Manufacturing	410.828	21.422	416	47	21.885	1.981	10.056
6. Other	636.990	39.935	1.911	627	42.473	7.034	12.060
Households	2.792.087	140.296	19.416	22.456	182.168	175.425	276.058
of which: Residential mortgage loans	*2.160.633*	*104.395*	*11.934*	*17.744*	*134.073*	*135.812*	*207.103*
of which: Credit for consumption	*271.252*	*15.066*	*5.160*	*2.413*	*22.639*	*20.305*	*28.563*

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48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

At 31 December 2022	Stage 1	Stage 2			Total Stage 2	Stage 3	Purchased or originated credit impaired
		Not past due	<=30 days past due	>30 days past due			
Coverage ratio							
Loans and advances	0,5%	4,3%	5,6%	10,4%	4,7%	38,1%	(2,1)%
General Governments*	0,5%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other financial Corporations	2,1%	2,9%	0,8%	21,4%	2,4%	28,9%	31,9%
Non-financial corporations	0,6%	5,0%	4,1%	7,5%	5,0%	43,5%	(6,6)%
of which: Small and Medium-sized enterprises	*0,6%*	*5,0%*	*4,1%*	*7,5%*	*5,0%*	*42,7%*	*(6,6)%*
of which: Commercial real estate	*0,6%*	*5,1%*	*1,5%*	*7,6%*	*5,1%*	*37,8%*	*(17,1)%*
By sector							
1. Construction	0,7%	2,2%	1,8%	13,8%	2,2%	51,6%	(1,1)%
2. Wholesale and retail trade repair of motor vehicles and motorcycles	0,6%	5,2%	4,0%	4,0%	5,1%	47,8%	3,3%
3. Real estate activities	0,3%	1,0%	6,4%	20,1%	2,4%	28,0%	0,6%
4. Accommodation and food service activities	0,5%	5,6%	1,3%	10,3%	5,7%	13,0%	6,8%
5. Manufacturing	0,8%	4,3%	2,4%	25,9%	4,4%	54,2%	(15,2)%
6. Other	0,8%	4,2%	2,7%	13,4%	4,3%	47,3%	(28,2)%
Households	0,3%	2,6%	6,2%	11,1%	4,1%	36,0%	(1,3)%
of which: Residential mortgage loans	*0,2%*	*2,2%*	*4,4%*	*8,2%*	*3,2%*	*26,0%*	*(0,8)%*
of which: Credit for consumption	*0,6%*	*3,9%*	*8,8%*	*15,4%*	*6,4%*	*43,9%*	*(2,9)%*

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

48.2.1.6 LTV buckets (retail and Mortgage segment)

The following table shows the ranges of loan-to value (LTV) ratio for Residential mortgage loans split between stages according to the increase in credit risk level. LTV is calculated as the ratio of the gross carrying amount to the value of the total real estate collateral.

	Gross Loans	
	2023	2022
	€ 'millions	€ 'millions
Stage 1 and Stage 2		
Less than 50%	**1.552**	1.391
51%-70%	**625**	627
71%-90%	**162**	214
91%-100%	**21**	29
More than 100%	**32**	42
Unsecured	**-**	1
Total	**2.392**	2.304

	2023	2022
	€ 'millions	€ 'millions
Stage 3		
Less than 50%	**58**	68
51%-70%	**31**	39
71%-90%	**19**	24
91%-100%	**13**	8
More than 100%	**28**	45
Unsecured	**-**	1
Total	**149**	185

	2023	2022
	€ 'millions	€ 'millions
Purchased or originated credit impaired		
Less than 50%	**108**	106
51%-70%	**43**	58
71%-90%	**23**	24
91%-100%	**7**	5
More than 100%	**5**	12
Unsecured	**-**	1
Total	**186**	206
	2.727	2.695

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

48.2.1.7 Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk of loans and advances to customers and contingent liabilities and commitments:

	Loans and advances to customers				Financial guarantees and loan commitments
31 December 2023	Stage 1 and Stage 2 €'000	Stage 3 €'000	Purchased Credit Impaired €'000	**Total portfolio €'000**	**€'000**
Maximum exposure to credit risk	5.565.460	169.997	288.664	**6.024.121**	**1.493.346**
Fair value of collateral and credit enhancements held by the Group					
Cash	348.903	6.436	2.350	**357.689**	**133.414**
Letters of credit / Guarantees	313.829	10.312	26.030	**350.171**	**24.068**
Property	14.686.989	574.405	837.302	**16.098.696**	**639.811**
Other	892.728	2.308	14	**895.050**	**73.949**
Surplus collateral	(11.525.424)	(369.854)	(587.700)	**(12.482.978)**	**-**
Net collateral	4.717.025	223.607	277.996	**5.218.628**	**871.242**
Net exposure to credit risk	848.435	(53.610)	10.668	**805.493**	**622.104**

	Loans and advances to customers				Financial guarantees and loan commitments
31 December 2022	Stage 1 and Stage 2 €'000	Stage 3 €'000	Purchased Credit Impaired €'000	**Total portfolio €'000**	**€'000**
Maximum exposure to credit risk	5.469.785	235.751	327.734	**6.033.270**	**1.381.166**
Fair value of collateral and credit enhancements held by the Group					
Cash	351.759	7.252	2.842	**361.853**	**136.573**
Letters of credit / Guarantees	346.856	13.053	28.224	**388.133**	**19.384**
Property	13.877.097	691.184	846.996	**15.415.277**	**582.771**
Other	1.405.926	1.985	20	**1.407.931**	**49.271**
Surplus collateral	(11.327.538)	(421.362)	(575.633)	**(12.324.533)**	**-**
Net collateral	4.654.100	292.112	302.449	**5.248.661**	**787.999**
Net exposure to credit risk	815.685	(56.361)	25.285	**784.609**	**593.167**

48. RISK MANAGEMENT (continued)

48.2 Credit Risk (continued)

The following table shows the maximum exposure to credit risk of loans and advances to customers and contingent liabilities and commitments held for sale:

31 December 2023	**Loans and advances to customers held for sale**				**Financial guarantees and loan commitments**
	Stage 1 and Stage 2 €'000	Stage 3 €'000	Purchased Credit Impaired €'000	**Total portfolio €'000**	**€'000**
Maximum exposure to credit risk	-	3.296	-	**3.296**	**-**
Fair value of collateral and credit enhancements held by the Group					
Property	-	12.276	-	**12.276**	**-**
Surplus collateral	-	(8.102)	-	**(8.102)**	**-**
Net collateral	-	4.174	-	**4.174**	**-**
Net exposure to credit risk	-	(878)	-	**(878)**	**-**

For assets other than loans and advances to customers, the Group's maximum and net exposure to credit risk equals their carrying amount.

31 December 2022	**Loans and advances to customers held for sale**				**Financial guarantees and loan commitments**
	Stage 1 and Stage 2 €'000	Stage 3 €'000	Purchased Credit Impaired €'000	**Total portfolio €'000**	**€'000**
Maximum exposure to credit risk	8.341	177.458	5.863	**191.662**	**7.421**
Fair value of collateral and credit enhancements held by the Group					
Cash	285	1.319	-	**1.604**	**260**
Letters of credit / Guarantees	-	155	194	**349**	**-**
Property	32.458	586.052	17.685	**636.195**	**2.275**
Other	25	584	10	**619**	**-**
Surplus collateral	(21.117)	(161.227)	(9.997)	**(192.341)**	**-**
Net collateral	11.651	426.883	7.892	**446.426**	**2.535**
Net exposure to credit risk	(3.310)	(249.425)	(2.029)	**(254.764)**	**4.886**

For assets other than loans and advances to customers, the Group's maximum and net exposure to credit risk equals their carrying amount.

48. RISK MANAGEMENT (continued)

48.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and security prices.

Market risk is managed by the Investment, Market and Liquidity Risk Management (IMLRM) department, an independent second line of defence department, which is responsible to identify, assess, monitor and control the Group's exposure to investment, market and liquidity risks emanating from the statement of financial position and accordingly ensure adherence with the approved risk frameworks and policies, the regulatory limits and the internal limits set by the Risk Appetite Statement (RAS) and by the Assets and Liabilities Management Committee (ALCO).

IMLRM consists of the Investment & Market Risk sub-unit and the Liquidity Risk sub-unit.

The Group's approach towards market risk management is to concentrate these risks for all Group business units under the Treasury department. Treasury manages risks using a framework of activities and limits approved by ALCO which is responsible for the implementation of the policy of the Bank's Board of Directors regarding the risks and profitability arising from the Group's assets and liabilities. The Risk Management Unit is responsible for developing frameworks, policies and processes for managing the risks and for their daily assessment and monitoring. Frameworks and policies are reviewed at regular time intervals and are approved by ALCO, the Board Risk Management Committee and the Board of Directors itself.

All investment related risks are monitored and controlled by the Investment & Market Risk sub-unit which is responsible for reviewing and updating the general principles and guidelines for the effective management of the Bank's investments as established through the Bank's Investment Framework.

Investment & Market Risk constantly monitors the Bank's investment portfolios ensuring that they are maintained within the approved risk profile, while performing relevant reports to the Bank's ALCO, BRMC and the BoD. Additionally, the Unit reviews, updates and constantly monitors all relevant investment limits, including all country and counterparty limits as set through the Hellenic Bank Investment Framework (HBIF), while ensuring timely escalation and rectification of any limit breaches.

Through the HBIF, the Bank aims to provide the principles and guidelines for the effective management of the Bank's investments, in order to:

- Manage the risks arising from the Bank's investment decisions and practices;
- Actively promote a risk-sensitive investment culture;
- Determine appropriate methods for managing risks from investments;
- Ensure sufficient diversification and avoid excessive concentrations;
- Establish adequate limits and controls that enable effective investment risk management of the investment portfolios;
- Set and monitor counterparty and country limits;
- Ensure that all investment activities are consistent with the Bank's Risk Appetite and investment strategy.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

48.3.1 Foreign Exchange Risk
Foreign exchange risk results from the undertaking of an open position, in one or more foreign currencies, arising from the total assets and liabilities of the Group. The Investment, Market and Liquidity Risk Management Unit monitors foreign currency positions on an ongoing basis within the risk management framework and the limits set by ALCO and the regulatory authorities. Within this framework, there are nominal limits (by currency, in total, during the day, end-of-day), gain/loss limits and Value-at-Risk (VaR) limits. The regulatory limits for open positions during working hours exceed the limits for open positions during non- working hours.

The VaR methodology is an important tool for the monitoring of foreign exchange risk. With this methodology, the Group calculates the maximum potential loss that may be incurred as a result of changes in market conditions, at a confidence level of 99% and over a one-day period (using the parametric method) based on the historical data of foreign exchange rate parities over a period of one year.

The table below presents VaR figures for the Group’s foreign exchange risk:

	2023	2022
	€'000	€'000
At 31 December	**7**	8
Average for the year	**8**	8
Maximum amount for the year	**10**	10
Minimum amount for the year	**7**	7

The limitations of the VaR methodology arise from the fact that the historical data used in the calculation may not be indicative of future events.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

Analysis of assets and liabilities of the Group by currency as at 31 December 2023

	Euro €'000	US Dollar €'000	British pound €'000	Rouble €'000	Swiss Franc €'000	Other currencies €'000	**Total €'000**
Assets							
Cash and balances with Central Banks	8.218.947	2.008	1.578	8	25	279	**8.222.845**
Placements with other banks	47.844	183.561	26.245	1.260	3.902	19.056	**281.868**
Loans and advances to customers	5.779.719	229.295	3.319	3	10.602	1.183	**6.024.121**
Debt securities	4.794.570	190.474	-	-	-	-	**4.985.044**
Equity securities and collective investment units	116.703	15.755	-	-	-	-	**132.458**
Property, plant and equipment	170.056	-	-	-	-	-	**170.056**
Stock of property	100.351	-	-	-	-	-	**100.351**
Intangible assets	45.483	-	-	-	-	-	**45.483**
Tax receivable	4.648	-	-	-	-	-	**4.648**
Assets and disposal group held for sale	3.296	-	-	-	-	-	**3.296**
Other assets	68.018	216	-	-	-	6	**68.240**
Reinsurance contract assets	23.515	-	-	-	-	-	**23.515**
Total assets	19.373.150	621.309	31.142	1.271	14.529	20.524	**20.061.925**
Liabilities							
Deposits by banks	92.080	498	400	-	11	3.810	**96.799**
Funding by Central Banks	2.355.508	-	-	-	-	-	**2.355.508**
Customer deposits and other customer accounts	14.332.209	854.554	108.165	1.239	3.994	14.627	**15.314.788**
Tax payable	13.896	-	-	-	-	-	**13.896**
Deferred tax liability	11.329	-	-	-	-	-	**11.329**
Other liabilities	220.962	12.555	69	-	274	48	**233.908**
Insurance contract liabilities	87.529	-	-	-	-	-	**87.529**
Loan capital	441.815	-	-	-	-	-	**441.815**
	17.555.328	867.607	108.634	1.239	4.279	18.485	**18.555.572**
Equity							
Share capital	206.403	-	-	-	-	-	**206.403**
Reserves	1.299.938	-	-	-	-	-	**1.299.938**
Equity attributable to shareholders of the parent company	1.506.341	-	-	-	-	-	**1.506.341**
Non-controlling interests	12	-	-	-	-	-	**12**
	1.506.353	-	-	-	-	-	**1.506.353**
Total liabilities and equity	19.061.681	867.607	108.634	1.239	4.279	18.485	**20.061.925**
Total position	311.469	(246.298)	(77.492)	32	10.250	2.039	
Effect of foreign currency derivatives on position	(313.090)	248.193	77.566	-	(11.566)	(1.103)	
Net currency position	(1.621)	1.895	74	32	(1.316)	936	

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

Analysis of assets and liabilities of the Group by currency at 31 December 2022

	Euro €'000	US Dollar €'000	British pound €'000	Rouble €'000	Swiss Franc €'000	Other currencies €'000	**Total €'000**
Assets							
Cash and balances with Central Banks	8.461.017	3.177	3.173	10	18	679	**8.468.074**
Placements with other banks	69.078	152.448	28.518	11.190	4.736	15.369	**281.339**
Loans and advances to customers	5.765.315	250.138	3.478	3	12.908	1.428	**6.033.270**
Debt securities	4.223.695	200.254	-	-	-	-	**4.423.949**
Equity securities and collective investment units	94.139	13.028	-	-	-	-	**107.167**
Property, plant and equipment	167.177	-	-	-	-	-	**167.177**
Stock of property	130.535	-	-	-	-	-	**130.535**
Intangible assets	43.652	-	-	-	-	-	**43.652**
Tax receivable	4.948	-	-	-	-	-	**4.948**
Assets and disposal group held for sale	204.985	579	89	-	4.146	67	**209.866**
Other assets	70.687	431	-	-	-	23	**71.141**
Reinsurance contract assets	23.688	-	-	-	-	-	**23.688**
Total assets	19.258.916	620.055	35.258	11.203	21.808	17.566	**19.964.806**
Liabilities							
Deposits by banks	105.292	2.735	-	-	-	-	**108.027**
Funding by Central Banks	2.278.377	-	-	-	-	-	**2.278.377**
Customer deposits and other customer accounts	14.704.003	1.063.446	128.669	11.205	4.527	16.397	**15.928.247**
Tax payable	5.296	-	-	-	-	-	**5.296**
Deferred tax liability	10.571	-	-	-	-	-	**10.571**
Liabilities and disposal group held for sale	1.631	-	-	-	-	-	**1.631**
Other liabilities	192.349	5.927	167	-	85	87	**198.615**
Insurance contract liabilities	71.968	-	-	-	-	-	**71.968**
Loan capital	232.347	-	-	-	-	-	**232.347**
	17.601.834	1.072.108	128.836	11.205	4.612	16.484	**18.835.079**
Equity							
Share capital	206.403	-	-	-	-	-	**206.403**
Reserves	923.311	-	-	-	-	-	**923.311**
Equity attributable to shareholders of the parent company	1.129.714	-	-	-	-	-	**1.129.714**
Non-controlling interests	13	-	-	-	-	-	**13**
	1.129.727	-	-	-	-	-	**1.129.727**
Total liabilities and equity	18.731.561	1.072.108	128.836	11.205	4.612	16.484	**19.964.806**
Total position	527.355	(452.053)	(93.578)	(2)	17.196	1.082	
Effect of foreign currency derivatives on position	(535.689)	458.717	93.762	-	(17.161)	371	
Net currency position	(8.334)	6.664	184	(2)	35	1.453	

48.3.2 Interest rate risk

Interest rate risk is the Bank's exposure to adverse movements in interest rates and it arises mainly as a result of timing differences on the interest rate repricing of assets, liabilities and off-balance sheet items.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

Interest rate risk is managed through the monitoring of the interest rate gaps by currency, by time interval and in total (gap analysis).

Interest rate risk is assessed as one of the most material risks for the Bank, while its importance has grown significantly during the past couple of years as a result of material increases in monetary policy rates by Central Banks as a response to elevated inflation rates. More specifically, the European Central Bank (ECB) increased its Deposit Facility Rate (DFR) from -0,50% to 4,00% in the period July 2022 to September 2023, contributing significantly towards the increase in the Bank's Net Interest Income (NII) as well as towards the increase in its profitability.

As a consequence, the Bank's NII sensitivity to a negative change in interest rates has also increased and is expected to negatively impact the Bank's profitability in the near future as market rates drop and local deposit rates increase. More specifically, during 2024 and 2025 market rates are expected to drop as inflation also subsides closer to ECB's target rate. Increased geopolitical risks, however, stemming from the ongoing war between Russia and Ukraine, the Israel – Palestine conflict and the Houthi attacks on ships in the Red Sea could keep prices elevated through a supply side shock (energy crisis, food prices, freight costs), causing market rates to remain at higher levels than what international markets are projecting.

The Bank performs several scenarios analyzing the impact of changes in interest rates on the Bank's Economic Value and on its Net Interest Income, while also monitoring and controlling Credit Spread Risk in the Banking Book (CSRBB).

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

Analysis of financial assets and financial liabilities of the Group based on their repricing profile as at 31 December 2023

The repricing profile of financial assets and financial liabilities for the Group is determined by analysing the repricing frequency of financial assets and liabilities with a contractually defined maturity profile, the behavioural duration of financial assets and liabilities without a contractually defined maturity profile, and by taking into consideration various financial options (e.g. call or put options).

	Non-interest bearing €'000	Within one month €'000	Between one and three months €'000	Between three months and one year €'000	Between one and five years €'000	Over five years €'000	**Total €'000**
Financial assets							
Cash and balances with Central Banks	95.336	8.127.509	-	-	-	-	**8.222.845**
Placements with other banks	22.756	259.112	-	-	-	-	**281.868**
Loans and advances to customers	-	887.965	4.221.462	279.007	336.941	298.746	**6.024.121**
Debt securities	-	796.512	267.794	660.072	2.186.346	1.074.320	**4.985.044**
Equity securities and collective investment units	83.144	-	15.628	6.924	24.796	1.966	**132.458**
Financial assets held for sale	-	-	-	3.296	-	-	**3.296**
Derivatives	16	-	-	-	-	-	**16**
Other financial assets	8.180	-	-	-	-	-	**8.180**
Total financial assets	209.432	10.071.098	4.504.884	949.299	2.548.083	1.375.032	**19.657.828**
Financial liabilities							
Deposits by banks	-	47.004	2.475	8.830	34.671	3.819	**96.799**
Funding by Central Banks	-	2.355.508	-	-	-	-	**2.355.508**
Customer deposits and other customer accounts	-	5.540.904	2.142.278	3.134.505	2.408.994	2.088.107	**15.314.788**
Other financial liabilities	1.634	-	-	-	-	-	**1.634**
Derivatives	3.327	-	-	-	-	-	**3.327**
Loan capital	-	-	-	103.537	208.612	129.666	**441.815**
Total financial liabilities	4.961	7.943.416	2.144.753	3.246.872	2.652.277	2.221.592	**18.213.871**
Total position	204.471	2.127.682	2.360.131	(2.297.573)	(104.194)	(846.560)	**1.443.957**
Nominal value of interest rate derivatives	-	-	-	-	-	-	**-**
Net position	204.471	2.127.682	2.360.131	(2.297.573)	(104.194)	(846.560)	**1.443.957**

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

Analysis of financial assets and financial liabilities of the Group based on their contractual repricing or maturity dates at 31 December 2022

	Non-interest bearing €'000	Within one month €'000	Between one and three months €'000	Between three months and one year €'000	Between one and five years €'000	Over five years €'000	**Total €'000**
Financial assets							
Cash and balances with Central Banks	91.901	8.376.173	-	-	-	-	**8.468.074**
Placements with other banks	35.156	246.183	-	-	-	-	**281.339**
Loans and advances to customers	-	883.031	4.121.772	348.949	298.695	380.823	**6.033.270**
Debt securities	-	674.803	259.582	584.388	2.584.804	320.372	**4.423.949**
Equity securities and collective investment units	60.699	-	15.569	3.028	26.002	1.869	**107.167**
Financial assets held for sale	-	-	-	191.662	-	-	**191.662**
Derivatives	177	-	-	-	-	-	**177**
Other financial assets	27.230	-	-	-	-	-	**27.230**
Total financial assets	215.163	10.180.190	4.396.923	1.128.027	2.909.501	703.064	**19.532.868**
Financial liabilities							
Deposits by banks	-	45.717	2.496	9.558	41.137	9.119	**108.027**
Funding by Central Banks	-	2.278.377	-	-	-	-	**2.278.377**
Customer deposits and other customer accounts	-	5.977.443	2.339.627	3.438.013	2.166.773	2.006.391	**15.928.247**
Financial liabilities held for sale	-	792	-	-	-	-	**792**
Derivatives	2.709	-	-	-	-	-	**2.709**
Loan capital	-	-	-	-	102.681	129.666	**232.347**
Total financial liabilities	2.709	8.302.329	2.342.123	3.447.571	2.310.591	2.145.176	**18.550.499**
Total position	212.454	1.877.861	2.054.800	(2.319.544)	598.910	(1.442.112)	**982.369**
Nominal value of interest rate derivatives	-	-	-	-	-	-	**-**
Net position	212.454	1.877.861	2.054.800	(2.319.544)	598.910	(1.442.112)	**982.369**

In addition to monitoring interest rate gaps, interest rate risk management is carried out mainly by monitoring the sensitivity of the Group's Economic Value of Equity (EVE) and Net Interest Income (NII), under various scenarios of interest rate changes.

The Investment and Market Risk sub-unit monitors interest rate positions on a continuous basis, within the risk management framework, the policies and the limits set by RAS and ALCO. ALCO is regularly informed about the magnitude of interest rate risk and makes decisions for the management of the risk based on this information. Scenario calculations for interest rate changes consider both parallel and non-parallel shifts of the yield curve.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

The tables below present the impact on the Group's Economic Value of Equity (EVE) from a set of six interest rate shock scenarios defined by ITS 2022/631, the new EBA Guidelines on IRRBB and CSRBB (EBA/GL/2022/14)[1], the Final draft RTS on SOT (EBA/RTS/2022/10) and the Final draft RTS on Standardised Methodologies on IRRBB (EBA/RTS/2022/09), for the significant currencies, which are the EUR and the USD at year end:

EVE Sensitivity 2023
Interest rate scenarios

	Parallel Up	Parallel Down	Steepener	Flattener	Short rates down	Short rates up
Change	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Euro	(40.633)	(60.059)	60.415	(65.663)	17.799	(56.364)
US Dollar	1.222	(2.533)	148	(493)	(1.180)	305

EVE Sensitivity 2022
Interest rate scenarios

	Parallel Up	Parallel Down	Steepener	Flattener	Short rates down	Short rates up
Change	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Euro	(20.585)	(79.554)	101.229	(88.673)	40.112	(68.935)
US Dollar	2.876	(4.672)	(270)	108	(2.821)	1.614

Note 1: According to the EBA IRRBB Guidelines, the shocks for EUR are 200 bps for parallel moves, 250 bps for short rate moves and 100 bps for long rate moves. The shocks for USD are 200 bps for parallel moves, 300 bps for short rate moves and 150 bps for long rate moves. The steepener and flattener rate shocks are a combination of the short rates and the long rate moves.

Based on the above results, the largest negative sensitivity of Economic Value of Equity at the end of 2023 was under the "Flattener" scenario and amounted to €66,2 million or 5,1% of the Bank's Tier 1 Capital. The EVE sensitivity has decreased compared to the end of 2022, especially due to the increased sensitivity in core deposits due to the EUR yield curve downward shift for the longer maturities, resulting in a further flattening of the EUR yield curve, the update in the calculations and assumptions for core non-maturity deposits to align with the Guidelines on IRRBB and the related Regulatory Technical Standards (RTS) and due to the decreased sensitivity from the bonds portfolio.

The aggregation of the impact on EVE for each interest rate scenario is performed based on the EBA IRRBB guidelines according to which, positive changes per scenario and material currency are weighted by a factor of 50%.

In the calculation of EVE sensitivity, for the discounting needed to perform the calculations, the risk-free yield curve was used for each currency.

It is also noted that for the calculation of both EVE and NII sensitivity under scenarios with interest rate reductions, the EBA IRRBB Guidelines were followed for currencies with negative interest rates (a post shock floor of -1,5% was assumed) and, in addition, floors were inserted to specific products for which interest rates cannot be reduced below zero.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

It is noted that the most significant assumption which affects the calculation results for both the EVE and NII sensitivities concerns the treatment of non-maturity deposits (NMDs). These deposits (current and savings accounts) do not have a contractual maturity, and to this effect, depositors may withdraw the available balance without prior notice. However, a significant share of these deposits is stable over time and is thus defined as 'core deposits'. Core deposits are highly unlikely to reprice as a result of changes in interest rates. Therefore, core deposits are allocated in longer term time zones. The Bank has modelled NMDs through simulating deposit volumes for different categories to identify core deposits and their maturity.

The tables below present the impact on Net Interest Income (over the next 12 months) as a result of a change of ±200 basis points in interest rates for the significant currencies, which are the EUR and USD at year end:

2023	**Euro**	**US Dollar**	**Total**
Non-derivatives financial assets	**€'000**	**€'000**	**€'000**
+200 basis points	75.584	391	**37.988**
-200 basis points	(180.138)	(10.463)	**(190.601)**

2022	**Euro**	**US Dollar**	**Total**
Non-derivatives financial assets	**€'000**	**€'000**	**€'000**
+200 basis points	51.616	2.603	**54.219**
-200 basis points	(48.777)	(2.603)	**(51.380)**

Interest rate benchmark (IBOR) reform
The benchmark reform did not have a material impact on the Group's results and financial position.

The last LIBOR ceased to exist on 30 June 2023 and as a result as at 31 December 2023 the Bank did not have any loans and advances to customers linked to LIBOR.

As a result, the amounts disclosed as of 31 December 2022 in the table below, only include USD LIBOR exposures. The positions previously referencing EUR LIBOR, GBP LIBOR, CHF LIBOR, and JPY LIBOR (included in other IBOR) have either been transitioned to an alternative reference rate or relevant transition arrangements have been made by that date.

Non derivative financial assets reported at amortised cost are disclosed at their carrying amount, net of accumulated impairment losses. Non derivative financial assets reported at fair value are disclosed at their fair value on the reporting date. Derivatives are reported by using the notional contract amount.

For other benchmark interest rates such as EURIBOR that have been reformed, existing and new derivative and non-derivative financial instruments referencing those rates will not need to transition provided the reformed rates continue to meet regulators' stringent requirements under the EU Benchmarks Regulation.

48. RISK MANAGEMENT (continued)

48.3 Market Risk (continued)

31 December 2022	**USD LIBOR**
Non-derivatives financial assets	**€'000**
Loans and advances to customers	155.588
Loans and advances to customers held for sale	551
Investments	-
Total	**156.139**

48.3.3 Price Risk

Price risk is derived from the undertaking of an open position in equities, bonds or derivatives. The Group manages this risk through policies and procedures of setting and monitoring open position limits, stop loss limits on trading positions, as well as concentration limits by issuer.

The table below presents the impact on financial results and own funds (including the impact from changes in net profits) from reasonably possible changes in equity prices which are traded on stock exchanges:

	2023		2022	
	Net profits	**Own Funds**	Net profits	Own Funds
	€'000	**€'000**	€'000	€'000
+15% change in index	**3.287**	**2.160**	2.828	1.764
-15% change in index	**(3.287)**	**(2.160)**	(2.828)	(1.764)

48.4 Liquidity Risk

Liquidity risk is the risk arising from the Bank encountering difficulty to meet its immediate financial obligations.

The Group's approach in managing liquidity risk is to ensure, to the extent possible (considering that the main role of the Bank as an intermediary is to accept short term deposits and grant long term loans), that there is adequate liquidity in order to satisfy its obligations, when they arise, under "normal" circumstances as well as under stress conditions, without the Group incurring any additional costs.

The Group currently operates mainly in Cyprus. The management of the liquidity of the Group's banking units (including compliance with regulatory limits), is undertaken by the Treasury department and is locally effected depending on the conditions prevailing in the markets.

The Group places emphasis on the maintenance of stable customer deposits, as they represent its main funding source. This is effectively achieved through the maintenance of good and long-standing relationships of trust with customers and through competitive and transparent pricing strategies, also taking into consideration the liquidity position of the Bank.

Regular stress testing scenarios are performed to simulate extreme conditions and appropriate measures are taken whenever necessary.

The liquidity risk of the Bank is monitored daily by Investment, Market and Liquidity Risk Management. The Group must comply with the Liquidity Coverage Ratio (LCR) as per the provisions of the Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 (which supplements Regulation (EU) No 575/2013 (CRR) of the European Parliament and the Council with regards to the liquidity coverage requirement for Credit Institutions).

48. RISK MANAGEMENT (continued)

48.4 Liquidity Risk (continued)

For more details refer to "Additional Risk and Capital Management Information" for the year ended 31 December 2023.

Analysis of the liabilities of the Group based on their remaining contractual maturity as at 31 December 2023

	Carrying amount €'000	Gross nominal (inflows)/ outflows €'000	On demand €'000	Within three months €'000	Between three months and one year €'000	Between one and five years €'000	Over five years €'000
Total liabilities							
Deposits by banks	**96.799**	97.654	47.365	2.977	8.848	34.645	3.819
Funding by Central Banks	**2.355.508**	-	-	-	-	-	-
Customer deposits and other customer accounts	**15.314.788**	15.322.031	11.615.549	1.397.156	2.053.324	255.155	847
Derivatives	**3.327**						
- Cash inflows		(317.830)	-	(317.830)	-	-	-
- Cash outflows		321.030	-	321.030	-	-	-
Tax payable	**13.896**	13.896	13.896	-	-	-	-
Deferred tax liability	**11.329**	11.329	-	-	-	11.329	-
Other liabilities	**207.975**	207.964	167.048	3.226	37.613	77	-
Insurance contract liabilities	**87.529**	87.529	87.529	-	-	-	-
Loan capital	**441.815**	430.769	-	-	-	100.000	330.769
	18.532.966	16.174.372	11.931.387	1.406.559	2.099.785	401.206	335.435

48. RISK MANAGEMENT (continued)

48.4 Liquidity Risk (continued)

Analysis of the liabilities of the Group based on their remaining contractual maturity at 31 December 2022

	Carrying amount €'000	Gross nominal (inflows)/ outflows €'000	On demand €'000	Within three months €'000	Between three months and one year €'000	Between one and five years €'000	Over five years €'000
Total liabilities							
Deposits by banks	**108.027**	109.343	46.465	3.040	9.581	41.137	9.120
Funding by Central Banks	**2.278.377**	-	-	-	-	-	-
Customer deposits and other customer accounts	**15.928.247**	15.931.113	11.974.820	1.414.785	2.505.743	34.161	1.604
Derivatives	**2.709**						
- Cash inflows		(524.392)	-	(196.572)	(327.820)	-	-
- Cash outflows		526.828	-	196.828	330.000	-	-
Tax payable	**5.296**	5.296	5.296	-	-	-	-
Deferred tax liability	**10.571**	10.571	-	-	-	10.571	-
Liabilities and disposal group held for sale	**1.631**	1.631	1.631	-	-	-	-
Other liabilities	**169.200**	169.187	41.585	67.731	12.687	47.184	-
Insurance contract liabilities	**71.968**	71.968	71.968	-	-	-	-
Loan capital	**232.347**	229.666	-	-	-	100.000	129.666
	18.808.373	16.531.211	12.141.765	1.485.812	2.530.191	233.053	140.390

48. RISK MANAGEMENT (continued)

48.4 Liquidity Risk (continued)

The tables below present the encumbered and unencumbered assets as at the reporting date:

31 December 2023

	The Group				The Bank			
	Carrying amount of encumbered assets		Carrying amount of unencumbered assets		Carrying amount of encumbered assets		Carrying amount of unencumbered assets	
		of which European Central Bank's eligible		of which European Central Bank's eligible		of which European Central Bank's eligible		of which European Central Bank's eligible
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cash and balances with Central Banks	-	-	8.222.845	-	-	-	8.222.845	-
Placements with other banks	60.632	-	221.236	-	60.632	-	213.266	-
Loans and advances to customers	-	-	6.024.121	-	-	-	6.024.121	-
Debt securities	2.492.047	2.492.047	2.492.997	930.484	2.492.047	2.492.047	2.492.114	-
Equity securities *	-	-	132.458	-	-	-	36.316	-
Other assets	-	-	415.589	-	-	-	415.633	-
Total assets	**2.552.679**	**2.492.047**	**17.509.246**	**930.484**	**2.552.679**	**2.492.047**	**17.404.295**	**-**

* Equity securities on Group include collective investment units

31 December 2022

	The Group				The Bank			
	Carrying amount of encumbered assets		Carrying amount of unencumbered assets		Carrying amount of encumbered assets		Carrying amount of unencumbered assets	
		of which European Central Bank's eligible		of which European Central Bank's eligible		of which European Central Bank's eligible		of which European Central Bank's eligible
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cash and balances with Central Banks	-	-	8.468.074	-	-	-	8.468.074	-
Placements with other banks	64.213	-	217.126	64.213	-	-	272.126	-
Loans and advances to customers	-	-	6.033.270	-	-	-	6.033.270	-
Debt securities	2.562.002	2.466.245	1.861.947	447.153	2.562.002	2.466.245	1.855.173	447.153
Equity securities *	-	-	107.167	-	-	-	30.610	-
Other assets	-	-	651.007	-	-	-	656.451	-
Total assets	**2.626.215**	**2.466.245**	**17.338.591**	**511.366**	**2.562.002**	**2.466.245**	**17.315.704**	**447.153**

* Equity securities on Group include collective investment units

48. RISK MANAGEMENT (continued)

48.5 Operational Risk

Operational risk is defined as the risk of direct or indirect financial impact (costs/losses), business and/or reputational impacts resulting from inadequate or failed internal governance and business processes, people and systems/infrastructure or from external events. For the Bank, this definition includes legal and conduct risks, but excludes strategic and reputational risk. External events include floods, fires, earthquakes, vandalism and particularly external fraud and events related to vendors/suppliers.

The Bank has adopted the principles and provisions set out in the guidelines of the Directives of the Central Bank of Cyprus, the Single Supervisory Mechanism, Basel III framework as adopted by the EU and EBA.

The Bank within the context of its capital calculation process holds capital for its Operational Risks and complies with all regulatory requirements.

The Bank classifies operational risk as one of the significant risks it faces, as it is inherent in all activities, processes and systems and to its general behavior towards its customers. To this end, its actions focus on cultivating an appropriate culture as well as defining / implementing appropriate procedures and systems to effectively identify, evaluate and manage / mitigate operational risk, always in line with its risk appetite.

A single Operational Risk Management Framework (ORMF) has been adopted which is part of the Bank's Enterprise Risk Management Framework (ERMF). The ORMF sets out the principles, governance, structure and overall management architecture of the Bank's exposure to operational risk and it is developed based on the principles governed by the regulatory framework, best practices and direction set by the Board of Directors. The financial insurance coverage held by the Bank is considered as an effective tool of transferring operational risk and is part of this framework. The implementation of the ORMF is supported and overseen by the Operational Risk Management department (ORM) as well as the policies that fall under it.

The Board of Directors supports the development of a robust operational risk management culture where the roles of business and control functions, under a three line of defense model, are well defined and respected. The Board encourages open discussion, challenge and thorough analysis of operational risks identified, so as to ensure that they are appropriately managed within the Bank’s risk appetite.

The development and monitoring of Key Risk Indicators (KRIs) and Risk Appetite Statement (RAS) Limits as a control monitoring mechanism continues to be applied across the Bank. Concurrently, the operational risk incident management processes continue to be further enhanced.

Operational risk losses are monitored by ORM on a monthly basis for identification of trends, breaches of RAS limits and relevant escalations for their prompt management.

ORM continues to devote resources in various areas to become aware, provide support and ensure measures are taken to minimize relevant operational risks, while adhering to related regulatory reporting obligations by ECB.

Since March 2023, ORM department incorporates as well the Third-Party Risk Management and Business Continuity process with respective teams having been conformed.

48. RISK MANAGEMENT (continued)

48.6 Environmental, Social and Governance (ESG) Risks

The Bank recognizes that climate-related and environmental (CE) risks are a source of financial risks with several possible economic consequences in the Bank's business models and financial performance. The Bank considers relevant ESG principles when evaluating business risks and opportunities. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Bank has already enhanced its overall Risk Framework to include climate-related and environmental risks and it is continuously updating ESG risk quantification methodologies. A dedicated ESG department of the Bank is responsible for the development and delivery of the Bank's sustainability and ESG strategy and monitoring the Climate and Environmental Risk Action Plan following ECB guidelines. Policies, processes, controls, risk appetite statements & metrics have been developed to incorporate climate-related and environmental risks and encapsulate all relevant aspects into the overall risk management.

48.7 Insurance Risk

The Group through its Insurance Subsidiaries (Hellenic Life Insurance Company Ltd and Pancyprian Insurance Ltd), provides life and non-life insurance services and as such it is exposed to risks arising from these activities. These risks are managed by the Insurance Risk Management Unit, who is responsible for the entirety of the risk management function of the Insurance subsidiaries, under a Service Level Agreement signed between the Bank and each subsidiary.

The Manager of Insurance Risk Management Unit acts as the Chief Risk Officer (CRO) of the Bank's Insurance subsidiaries and reports to the Group Chief Risk Officer for alignment of approach (where possible) and consolidation of risk at Group level, as well as the Investments, Risk Management and Reserving Committee of each Insurance subsidiary.

The objective of the Insurance Risk Management Unit is the efficient and effective management of risks in accordance with the risk appetite of each insurance subsidiary. To achieve its mission, the Insurance Risk Management Unit designs and implements strategies, policies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual basis as well as on an aggregate level.

The roles and the responsibilities of the Insurance Risk Management Unit for each insurance subsidiary are set out in the corresponding Risk Management Charter (annually reviewed and approved by the corresponding Board of Directors).

The key risks faced by the Insurance Subsidiaries are Insurance, Market, Credit and Liquidity risk. Insurance is the core business of the insurance subsidiaries of the Group and as such a risk they are willing and well-placed to assess, accept and manage. The Insurance Subsidiaries protect themselves against all risks faced by applying strong mitigation techniques, such as appropriate reinsurance arrangements and asset diversification. They assess their risk and capital requirements using the EIOPA's Solvency II Standard Formula, Stress & Scenario Testing and other quantitative and qualitative risk management tools.

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

Market, Credit and Liquidity risks arising from the Group's insurance subsidiaries are disclosed in the relevant section for each of those risks. Insurance risk and how this is managed is described below.

Insurance risk arises from the possibility of an adverse financial result due to actual experience being different from that expected when an insurance product was designed and priced. The actual performance of insurance contracts is subject to inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities. The risk arises due to the possibility of insurance contracts being under-priced, under-reserved or subject to unexpected claims experience (including catastrophe claims). Insurance risk comprises of underwriting and reserving risks.

48.7.1 Underwriting Risk

Underwriting risk is defined as the risk that insurance premiums will not be sufficient to cover the future losses and associated expenses. It arises from the fluctuations in the frequency and severity of financial losses incurred through the underwriting process as a result of unpredictable events or from accepting risks for premiums which are insufficient to cover the ultimate claims which result from such policies. It comprises of catastrophe risk (whereby the unpredictable events refer to a single one-off large-scale event or a series of unusually large events) and non-catastrophe risk.

Both insurance subsidiaries manage and mitigate their exposure to underwriting risk via regular portfolio monitoring to ensure the risks accepted and exposures are in line with the strategy and risk appetite set by the respective Board of Directors, including regular pricing and profitability review. The Board of Directors of each insurance subsidiary has developed underwriting guidelines and applies clear delegation of underwriting and claims authorities which are binding upon all staff authorized to underwrite and settle claims. Executive and Board Committees, at the level of the Group's insurance subsidiaries, monitor adherence to these and assess the underwriting performance.

In order to limit underwriting risk, contracts may contain certain features like exclusions and maximum indemnity limit. Furthermore, the subsidiaries use whole-account treaties, facultative and catastrophe reinsurance covers and monitor market and emerging risks/trends.

Compliance is monitored and assessed through both a peer review process and periodically by the Group's Internal Audit Function, which is entirely independent of the underwriting department.

48.7.2 Reserving Risk

Reserving risk is defined as the risk that future claims, premiums and/or associated expense cash flows differ materially from those anticipated in estimating the insurance contract liabilities.

This is a key risk for both insurance subsidiaries as insurance contract liabilities represent a significant component of the subsidiaries' liabilities and are inherently uncertain.

Whilst the case reserves are generally expected to be sufficient to meet the claims amount when the claims are settled, additional reserves may be required to allow for incurred but not reported claims as well as the uncertainty about the amount and timing of the cash flows that arises from future claims settlement. Appropriate actuarial techniques are employed by the insurance subsidiaries' Actuarial Functions to determine and set these reserves.

Reserving risk is controlled through a range of processes:

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

- the Claims Divisions validate policy terms and conditions, adjust claims, and set reserves and investigate any suspicious or disputed claims as per each Insurance Subsidiary's Claims Management and Reserving risk policy;
- case reserves are set based on the experience of the Claims Officers, with input from external subject matter experts, where required;
- data reconciliation aim to ensure completeness, accuracy and appropriateness.
- regular reviews of the outstanding claims to ensure that the latest available claim specific and market information has been incorporated;
- assessment of reserves for incurred but not reported claims and expected future premiums;
- actuarial assessment of the uncertainties through a variety of techniques; and
- strong corporate governance in relation to the oversight of the reserving process.

48.7.3 Concentration Risk

Life insurance subsidiary

The Life insurance subsidiary monitors insurance risk per class of business. An analysis of the Life insurance subsidiary's insurance and reinsurance risk concentrations to each class of business is provided in the following table:

	2023			2022		
	Assets €'000	**Liabilities €'000**	**Net €'000**	Assets €'000	Liabilities €'000	Net €'000
Insurance contracts issued						
Credit life	**1.457**	**(8.165)**	**(6.708)**	3.716	(12.658)	(8.942)
Other life	**-**	**(677)**	**(677)**	-	(1.387)	(1.387)
Savings	**-**	**(46.016)**	**(46.016)**	-	(30.442)	(30.442)
Accident and sickness	**-**	**(316)**	**(316)**	-	(396)	(396)
Total insurance contracts issued	**1.457**	**(55.174)**	**(53.717)**	3.716	(44.883)	(41.167)
Reinsurance contracts held						
Credit Life	**9.343**	**-**	**9.343**	12.570	-	12.570
Other life	**1.662**	**(16)**	**1.646**	1.527	(36)	1.491
Accident and sickness	**277**	**-**	**277**	685	-	685
Total reinsurance contracts held	**11.282**	**(16)**	**11.266**	14.782	(36)	14.746

The portfolio enjoys high levels of diversification with respect to age, gender, occupation, level of life insurance cover, degree of underwriting applied at inception of the cover and geographical location within Cyprus.

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

The Life Insurance Subsidiary currently distributes its products exclusively via the Bank. As such, concentration is observed in that respect, however it is not deemed to be significant on the policyholder level, given the Bank's large customer base.

Non-Life insurance subsidiary

The Non-life insurance subsidiary issues insurance contracts directly via the its branches and head office, through a number of agents and intermediaries and the Group's branches network (bancassurance). It has therefore access to a diverse customer base comprising of both retail and commercial customers.

The table below sets out the concentration of insurance liabilities by type of contract:

	2023			2022		
	Assets €'000	**Liabilities €'000**	**Net €'000**	Assets €'000	Liabilities €'000	Net €'000
Insurance contracts issued						
Accident and Health	**-**	**(139)**	**(139)**	52	-	52
Property	**-**	**(3.792)**	**(3.792)**	-	(4.587)	(4.587)
Liability	**-**	**(6.478)**	**(6.478)**	-	(6.055)	(6.055)
Motor	**-**	**(18.211)**	**(18.211)**	-	(17.624)	(17.624)
Other	**-**	**(204)**	**(204)**	-	(260)	(260)
Combined	**-**	**(3.021)**	**(3.021)**	-	(2.365)	(2.365)
Total insurance contracts issued	**-**	**(31.845)**	**(31.845)**	52	(30.891)	(30.839)
Reinsurance contracts held						
Accident and Health	**-**	**(122)**	**(122)**	3	-	3
Property	**4.923**	**(1.510)**	**3.413**	3.873	(334)	3.539
Liability	**642**	**-**	**642**	370	-	370
Motor	**2.679**	**(42)**	**2.637**	1.867	(41)	1.826
Other	**3.749**	**(398)**	**3.351**	3.043	-	3.043
Total reinsurance contracts held	**11.993**	**(2.072)**	**9.921**	9.156	(375)	8.781

48.7.4 Sensitivity Analysis

48.7.4.1 Life Insurance Business

The table below analyses how the CSM, profit or loss and equity would have increased/(decreased) if changes in risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities on both insurance contracts issued and reinsurance contracts held and is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice.

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

Key assumption	Change in assumption	Impact on profit before tax gross of reinsurance €'000	Impact on profit before tax net of reinsurance €'000	Impact on equity gross of reinsurance €'000	Impact on equity net of reinsurance €'000
Year ended 2023					
Insurance contract liabilities					
Mortality rates	5%	(42)	(20)	(39)	(18)
Mortality rates	(5)%	42	-	42	-
Expenses	10%	(64)	(46)	(59)	(40)
Expenses	(10)%	64	43	59	37
Lapse rates	10%	(72)	(203)	(47)	(178)
Lapse rates	(10)%	87	72	78	63
Year ended 2022					
Insurance contract liabilities					
Mortality rates	5%	7	5	7	6
Mortality rates	(5)%	(7)	(12)	(6)	(10)
Expenses	10%	(26)	(21)	(23)	(18)
Expenses	(10)%	26	21	23	18
Lapse rates	10%	(55)	(14)	(53)	(12)
Lapse rates	(10)%	68	23	65	20

48.7.4.2 Accident and Sickness Business – Life Insurance subsidiary

For accident and sickness business the table below presents the impact gross and net of reinsurance, profit, and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

Key assumption	Change in assumption	Impact on profit before tax gross of reinsurance €'000	Impact on profit before tax net of reinsurance €'000	Impact on equity gross of reinsurance €'000	Impact on equity net of reinsurance €'000
Year ended 2023					
IBNR expected losses	10%	(16)	(5)	(15)	(5)
IBNR expected losses	(10)%	173	533	107	467
Year ended 2022					
IBNR expected losses	10%	(18)	(7)	(17)	(6)
IBNR expected losses	(10)%	192	496	130	434

48.7.4.3 Non-Life Business (excluding accident and sickness)

The table below analyses how profit or loss and equity would have increased/(decreased) if changes in risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both gross and net of reinsurance held and is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice.

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

Key assumption	Change in assumption	Impact on profit before tax gross of reinsurance €'000	Impact on profit before tax net of reinsurance €'000	Impact on equity gross of reinsurance €'000	Impact on equity net of reinsurance €'000
Year ended 2023					
Loss rate	10%	(555)	(534)	(489)	(458)
Loss rate	(10)%	315	294	278	258
Inflation rate	1%	(314)	(246)	(283)	(215)
Inflation rate	(1)%	314	257	282	225
Interest Rate	+100bps	512	403	462	352
Interest Rate	-100bps	(528)	(410)	(477)	(358)
Year ended 2022					
Loss rate	10%	(432)	(381)	(385)	(334)
Loss rate	(10)%	3	(38)	8	(33)
Inflation rate	1%	(279)	(204)	(237)	(179)
Inflation rate	(1)%	262	204	237	179
Interest Rate	+100bps	411	313	372	273
Interest Rate	-100bps	(450)	(344)	(407)	(301)

48.7.5 Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. In setting claims provisions, each insurance subsidiary considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

Information is presented on the gross and net claims development. The Life insurance subsidiary has not previously disclosed information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applied IFRS 17.

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

48.7.5.1 Life Insurance Subsidiary

Gross Undiscounted Liability for Incurred Claims

Accident year	Before 2019 €'000	2019 €'000	2020 €'000	2021 €'000	2022 €'000	2023 €'000	Total €'000
Estimates of undiscounted gross cumulative claims							
At end of accident year	11.905	10.777	9.824	9.122	7.483	6.853	55.964
One year later	11.786	12.235	11.393	11.749	9.640		
Two years later	11.070	12.446	11.750	11.797			
Three years later	11.008	12.692	11.668				
Four years later	10.105	12.700					
Five years later	10.055						
Claims Incurred	**10.055**	**12.700**	**11.668**	**11.797**	**9.640**	**6.853**	**62.713**
Accumulated payments 31/12/2023	**(9.470)**	**(11.757)**	**(11.211)**	**(10.919)**	**(8.433)**	**(2.642)**	**(54.432)**
Outstanding Claims in statement of financial position	**585**	**943**	**457**	**878**	**1.207**	**4.211**	**8.281**
Outstanding Claims with previous AY before 2014							**111**
Outstanding claims reserve in statement of financial position							**8.392**

Net Undiscounted Liability for Incurred Claims

Accident year	Before 2019 €'000	2019 €'000	2020 €'000	2021 €'000	2022 €'000	2023 €'000	Total €'000
Estimates of undiscounted gross cumulative claims							
At end of accident year	2.080	1.565	1.484	1.553	1.290	1.201	9.173
One year later	2.123	1.835	1.734	1.946	1.805		
Two years later	1.974	1.865	1.783	1.958			
Three years later	1.959	1.903	1.763				
Four years later	1.805	1.884					
Five years later	1.787						
Claims Incurred	**1.787**	**1.884**	**1.763**	**1.958**	**1.805**	**1.201**	**10.398**
Accumulated payments 31/12/2023	**(1.651)**	**(1.752)**	**(1.711)**	**(1.831)**	**(1.534)**	**(507)**	**(8.986)**
Outstanding Claims in statement of financial position	**136**	**132**	**51**	**127**	**271**	**694**	**1.411**
Outstanding Claims with previous AY before 2014							**24**
Outstanding claims reserve in statement of financial position							**1.436**

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

48.7.5.2 Non-life Insurance Subsidiary

<u>Gross undiscounted liability for incurred claims</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Gross Claims	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Last valuation of claims incurredFinancial year											
1	10.290	10.764	10.043	10.496	12.677	13.195	10.711	12.415	15.825	16.169	
2	10.095	10.756	10.517	11.495	14.748	13.813	11.085	13.284	15.080		
3	9.910	10.661	10.264	12.150	15.022	13.372	11.412	13.383			
4	9.600	10.165	9.729	11.800	16.633	13.596	11.658				
5	9.758	1.000	9.604	12.409	15.545	13.602					
6	9.626	9.893	10.143	12.353	15.329						
7	9.539	10.582	9.974	12.263							
8	9.876	10.228	10.446								
9	9.726	10.424									
10	10.016										
Claims Incurred	**10.016**	**10.424**	**10.446**	**12.263**	**15.329**	**13.602**	**11.658**	**13.383**	**15.080**	**16.169**	**128.370**
Accumulated payments until 31/12/2023	**(9.003)**	**(9.225)**	**(9.167)**	**(9.676)**	**(13.005)**	**(11.698)**	**(10.450)**	**(11.574)**	**(12.112)**	**(8.331)**	**(104.241)**
Outstanding claims in Statement of financial position	**1.012**	**1.199**	**1.279**	**2.587**	**2.324**	**1.905**	**1.208**	**1.809**	**2.968**	**7.854**	**24.145**
Outstanding claims compared with Previous Years before 2013											**1.179**
Outstanding claims reserve in Statement of financial position											**25.324**

48. RISK MANAGEMENT (continued)

48.7 Insurance Risk (continued)

Net undiscounted liability for incurred claims

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net Claims	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Last valuation of claims incurred											
Financial year											
1	8.395	8.448	8.316	8.917	10.693	10.925	8.944	10.062	11.718	13.554	
2	8.390	8.516	8.581	9.581	11.689	11.601	9.336	10.918	12.014		
3	8.253	8.475	8.362	9.583	12.026	11.319	9.757	11.076			
4	8.047	8.175	8.125	9.609	14.013	11.616	9.917				
5	8.201	8.149	8.096	10.209	12.531	11.871					
6	8.138	8.110	8.507	9.814	12.530						
7	8.183	8.531	8.418	9.857							
8	8.363	8.479	8.754								
9	8.289	8.469									
10	8.400										
Claims Incurred	**8.400**	**8.468**	**8.754**	**9.857**	**12.530**	**11.872**	**9.917**	**11.076**	**12.014**	**13.554**	**106.442**
Accumulated payments until 31/12/2023	**(7.714)**	**(7.736)**	**(7.826)**	**(8.460)**	**(10.449)**	**(10.113)**	**(8.875)**	**(9.630)**	**(10.087)**	**(7.343)**	**(88.233)**
Outstanding claims in Statement of financial position	**687**	**732**	**928**	**1.397**	**2.081**	**1.759**	**1.042**	**1.446**	**1.927**	**6.422**	**18.421**
Outstanding claims compared with Previous Years before 2013											**847**
Outstanding claims reserve in Statement of financial position											**19.268**

49. CAPITAL MANAGEMENT

The objective of the Bank's capital and leverage policy is to retain sufficient capital and leverage levels and ratios by complying with the legal and regulatory framework requirements as well as any internal capital buffers set while simultaneously safeguarding the best interests of shareholders and supporting the Group's business strategy.

Regulatory framework overview

In accordance with the European Council's Regulation 1024/2013, the ECB has taken on full responsibility for the supervision of important credit institutions in participating Member States, including amongst others the Group, with the assistance of the local supervisory authorities. The Central Bank of Cyprus (CBC), as part of its supervisory role, has adopted the recommendations of the Basel Committee and the European Directives on banking supervisory matters.

Effective from 1 January 2014, the Capital Requirements Directive 2013/36/EU (the "CRD IV") and the Capital Requirements Regulation (EU) No 575/2013 (the "CRR"), are in force and form the European regulatory package designed to transpose the new capital, liquidity and leverage standards of Basel III into the European Union's legal framework.

The CRR establishes the prudential requirements for capital, liquidity and leverage that credit institutions and investment firms need to abide by and is immediately binding on all European Union member states. The CRD IV governs access to deposit-taking activities and internal governance arrangements including remuneration, board composition and transparency, while it also sets out additional capital buffer requirements. Unlike the CRR, the CRD IV was transposed into national law by EU member states, and national regulators were allowed to impose additional capital buffer requirements. The CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which are largely fully effective from 1 January 2018, and some other transitional provisions with phase in until 2024.

In March 2018, the ECB published an NPE addendum which supplements the NPL Guidance by specifying the ECB's supervisory expectations when assessing a bank's levels of prudential provisions for non-performing exposures. The ECB will, in this context, assess, among other things, the length of time an exposure has been classified as non-performing (vintage) as well as the collateral held. In April 2019, Regulation (EU) 2019/630 was issued, as regards to the minimum loss coverage for non-performing exposures, with an immediate effective date, prescribing the minimum provision coverages based on vintage and collateral held, for loans that originated after 26 April 2019.

On 27 June 2019, the revised rules on capital and liquidity (Regulation (EU) 2019/876 (the "CRR II") and Directive (EU) 2019/878 (the "CRD V") came into force, with CRR II being directly applicable in each EU member state, while CRD V should have been transposed into national law by each EU member state. Accordingly, CRD V has been transposed into the Cyprus national law. The CRR II is an amending regulation, therefore the existing provisions of CRR apply, unless they are specifically amended by CRR II. It is noted that certain CRR II provisions took immediate effect while most amendments were applicable from 28 June 2021 onwards.

The CRR II amended significantly the CRR in several aspects such as the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, among others, and introduced some clarifications regarding disclosures on remuneration policies. It also includes new disclosure requirements on performing, non-performing and forborne exposures, and on collateral and financial guarantees received. The CRD V amended the CRD IV as regards to exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

49. CAPITAL MANAGEMENT (continued)

In October 2021, the European Commission adopted a review of EU banking rules and released legislative proposals for additional amendments to CRR, CRD IV and the Bank Recovery and Resolution Directive (BRRD or Directive 2014/59/EU) (the "2021 Banking Package"). The 2021 Banking Package will implement, amongst other things, some final elements for the implementation of Basel III in the EU due on 1 January 2025, with some exceptions, which have not yet been transposed into EU law. The 2021 Banking package aims to ensure stronger resilience of EU banks to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic as well as the transition to climate neutrality.

The 2021 Banking Package is subject to further amendments as part of the EU's legislative process prior to its implementation. Additionally, if there are proposed amendments to the CRD and the BRRD, these must be transposed into local law before coming into effect at the national level.

On 8 November 2022, the European Council reached its position on the proposals amending the CRD and CRR, while during February 2023 the European Parliament's ECON Committee voted to adopt the Parliament's proposed amendments to the Commission's proposal, and the 2021 Banking Package is currently in the final stage of the EU legislative process. On 27 June 2023, a provisional agreement has been reached by the EU Parliament and Council, on the amendments to the CRD and CRR. In December 2023, the preparatory bodies of the Council and Parliament have endorsed the 2021 Banking Package.

The 2021 Banking package consists of the following legislative proposals:

- a legislative act to amend the CRR II (known as "CRR III") with regard to, amongst other things, requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. This proposal reflects the EU's implementation of the Basel III reforms.

- a legislative act to amend the CRD IV (known as "CRD VI") with regard to, amongst other things, supervisory powers, sanctions, third-country branches and environmental, social and governance (ESG) risks.

With the decisions taken by the Council and European Parliament preparatory bodies, the legal texts have now been published on the Council and the Parliament's website, although there are still subject to legal revision and to the final vote in the Plenary. It is expected that these will be adopted by the European Parliament by the second quarter of 2024.

The 2021 Banking Package's implementation date is expected to enter into force on 1 January 2025, while certain reforms are expected to be subject to transitional arrangements or to be phased-in over time. The provisions included in the CRD will need to be transposed by each Member States into local law before they start applying at the national level.

The Bank is currently examining the revised framework, to ensure preparedness for the effects of these legislative amendments well before full implementation.

Supervisory Review and Evaluation Process

The final 2023 SREP Decision, dated 30 November 2023, was based on the supervisory review and evaluation process (SREP) conducted by the ECB with a reference date of 31 December 2022, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation (Regulation (EU) No 1024/2013) and national legislation transposing Articles 73, 86, 97, 104a, 104b, 105 and 113 of the CRD considering the EBA SREP Guidelines. The Decision also considered the results of the supervisory stress test conducted in 2023.

The 2023 SREP requirements are effective from 1 January 2024.

49. CAPITAL MANAGEMENT (continued)

Similarly, the 2022 SREP Decision, dated 14 June 2023, was based on the SREP conducted by the ECB with a reference date of 31 December 2021, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation considering the EBA SREP Guidelines. The Decision also considered the supervisory stress test (on climate risk) conducted in 2022. The 2022 SREP requirements were effective from 1 April 2023.

The 2022 SREP Decision has been superseded with effect from 1 January 2024 and the requirements set out in the 2022 SREP Decision ceased to apply on that date, unless otherwise stipulated within the 2023 SREP letter.

The Group is required to maintain as per 2023 SREP letter, on a consolidated basis, a Total SREP Capital ratio requirement of 11,45% (2022 SREP: 11,45%), which includes:

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of the CRR (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital) and

- an own funds Pillar II requirement of 3,45% (2022 SREP: 3,45%) required to be held in excess of the minimum own fund requirement (P2R to be held in the form of 56,25% of CET 1 capital and 75% of Tier 1 capital).

The Group is also required to maintain, on 1 January 2024, on a consolidated basis, a minimum phased-in Total Capital ratio requirement of 15,70%, while as at 31 December 2023 a minimum phased-in Total Capital ratio requirement of 15,48%, which includes the phased-in combined buffer requirement, which for both years 2024 and 2023 comprises the Capital Conservation buffer (CCoB) of 2,5%, which has to be made up with CET 1 capital, the Other Systematically Important Institutions buffer (O-SII) of 1,25%, which is applicable as of 1 January 2024 (31 December 2023: 1%) and the Countercyclical Capital buffer (CCyB) of approximately 0,50%, assuming that all the Bank's exposures are located in the Republic of Cyprus (31 December 2023: approximately 0,53%).

In accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 (as amended), the Bank has been designated as an Other Systemically Important Institution (O-SII) by the Central Bank of Cyprus (CBC) and the O-SII buffer rate was 1% as at 31 December 2023. In February 2024, the CBC revised its Policy for the designation of credit institutions that meet the definition of O-SII institutions and the methodology for the determination of the O-SII buffer requirement for each institution. Following this revision, the Bank's O-SII buffer rate, as per CBC circular received in April 2024, is set at 1,75% (from 1,50% that was communicated in October 2023) and is phased-in in two annual increases of 25 bps to 1,50% effective from 1 January 2025 and to 1,75% effective from 1 January 2026. For 2024, the Bank's phased-in O-SII buffer rate remains at 1,25%.

Additionally, in June 2023, the CBC announced its decision to raise the CCyB rate for the risk weighted exposures in the Republic of Cyprus of each licensed credit institution incorporated in the Republic, from 0,5% to 1,0%, with effect as from 2 June 2024, while in March 2024 announced that is deemed appropriate to maintain the CCyB rate unchanged at 1%. From 2 June 2024, the Total Capital ratio minimum requirement is expected to increase further by c.0.50%.

Based on the final 2023 SREP letter, the Pillar II requirement, effective from 1 January 2024 has remained unchanged at 3,45%.

In addition to the above, the ECB has provided on a consolidated basis, a non-public Pillar II capital guidance (P2G) ratio to be made up entirely of CET 1 capital. Based on the final 2023 SREP Decision, the P2G effective from 1 January 2024, has decreased compared to the previous level, which was applicable from 1 April 2023 as per final 2022 SREP Decision.

49. CAPITAL MANAGEMENT (continued)

As per the final 2022 and 2023 SREP Decisions the Bank shall obtain the ECB's approval prior to making any distribution to its shareholders.

Taking the above into consideration, on 1 January 2024, the Group's minimum phased-in Total Capital Ratio, Tier 1 and CET 1 ratios, are set at 15,70% (31 December 2023: 15,48%), 12,84% (31 December 2023: 12,62%) and 10,69% (31 December 2023: 10,47%) respectively. These capital ratios exclude P2G and are based on the CBR of c.4,25% and 4,03% calculated as at 1 January 2024 and 31 December 2023 respectively.

The Group's capital ratios remain above the minimum SREP requirements.

In the context of the NPE addendum (refer to the previous section), the Bank received a letter from the ECB in 2019, as part of normal supervisory activities, containing qualitative and quantitative elements, with a focus on the management and addressing of NPEs in line with supervisory expectations with regards to the legacy NPE stock (i.e., loans that have defaulted prior to April 2018). The supervisory expectations with regards to legacy NPE coverages are re-assessed by the Regulator and communicated to the Bank as part of the annual SREP cycle (latest coverages for end of 2023 has been included in the latest SREP letter received). Taking into account the specificities of the supervisory expectations, the Bank has estimated the prudential provision shortfalls and has subtracted them directly from own funds and risk weighted assets for the year ended 31 December 2023.

Compliance with externally imposed capital requirements

The Group and the Bank have complied with the relevant minimum capital requirements (Pillar I and Pillar II) as at 31 December 2023 and 2022.

The insurance subsidiaries of the Group have complied with the requirements of Superintendent of Insurance and minimum solvency ratios as at 31 December 2023 and 2022. As per Article 436 (g) of the CRR there is no capital shortfall to be reported for the insurance subsidiaries of the Group. The Solvency and Financial Condition Reports of Hellenic Life Insurance Company Limited and Pancyprian Insurance Limited for 2023 were published on their official website.

Additional information on regulatory capital is disclosed in Section "Additional Risk and Capital Management information for the year ended 31 December 2023" included in the Annual Financial Report and the Pillar III disclosures for the year ended 31 December 2023 which will be available on the Bank's official website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

Pillar III disclosures

The Pillar III disclosures of the Group are prepared in accordance with the disclosure requirements of Part Eight of the CRR and the respective European Banking Authority (EBA) Guidelines and technical standards, and the corresponding Commission Implementing Regulation (EU) 2021/637, which supplements the CRR.

The Pillar III disclosures provide disclosures on the Group's risk management strategies, processes, policies and objectives, as well as governance arrangements, together with transparent information on regulatory capital and internal liquidity adequacy and risk exposures, in order to allow market participants to have a comprehensive picture of the risk profile of the Group.

The Pillar III disclosures for the year ended 31 December 2023 will be published at the end of April and will be available on the Bank's official website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BANK OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE FINANCIAL STATEMENTS

In accordance with article 9(3)(c) and (7) of the 2007 Law (L190(I)/2007) on Transparency Requirements (Securities Listed for Trading on a Regulated Market) (the "Law"), we the Members of the Board of Directors and the Bank officials responsible for the drafting of the Financial Statements of Hellenic Bank Public Company Ltd (the "Bank") and its subsidiaries (together with the Bank the "Group") for the year ended 31 December 2023, confirm that to the best of our knowledge:

(a) the annual Financial Statements presented on pages 36 to 236

  (i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of article 9, paragraph (4) of the Law, and

  (ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Hellenic Bank Public Company Ltd and of the entities included in the Consolidated Financial Statements, as a whole and

(b) the Management Report presented on pages 1 to 25 provides a fair review of the developments and performance of the business as well as the financial position of Hellenic Bank Public Company Ltd and of the entities included in the Financial Statements, as a whole, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Petros Christodoulou	Non-Executive Chairman of the Board..................................
Christos Themistocleous	Non-Executive Vice Chairman …..
Marco Comastri	Non-Executive Member of the Board...
Stephen John Albutt	Non-Executive Member of the Board...
Demetrios Efstathiou	Non-Executive Member of the Board...
John Gregory Iossifidis	Non-Executive Member of the Board...
Christodoulos Hadjistavris	Non-Executive Member of the Board...
Kristofer Richard Kraus	Non-Executive Member of the Board...
Andreas Persianis	Non-Executive Member of the Board...
Marios Maratheftis	Non-Executive Member of the Board...
Miranda Xafa	Non-Executive Member of the Board...
Antonis K. Rouvas	Executive Member of the Board...

Company official responsible for the drafting of the Financial Statements

Maria Keleshi, Interim Chief Financial Officer……………………………….

Nicosia, 8 April 2024

GLOSSARY AND DEFINITIONS OF PERFORMANCE MEASURES

Name	Definition
Acquisition of ex-CCB	On 3 September 2018, pursuant to a BTA (Business Transfer Agreement) the Bank completed the acquisition of certain assets and liabilities of the ex-CCB.
Acquisition of RCB	On 21 March 2022, the Bank signed a Business Transfer Agreement to acquire part of RCB Bank's banking operations was completed in two tranches.
Adjusted cost to income ratio	Adjusted ratio after excluding Special Levy, DGS contribution, Termination benefits, Transformation costs and Restructuring costs for FY2022
Basic earnings/(loss) per share (EPS)	Profit/(loss) attributable to shareholders of the parent company divided by the weighted average number of ordinary shares outstanding during the year.
Capital adequacy ratio	Total capital divided by Risk Weighted Assets
CET 1 ratio	Common Equity Tier 1 capital divided by Risk Weighted Assets
Cost of risk ratio (CoR)	Impairment losses on loan portfolio (excluding the Impact of net modification and cash flows re-estimation) divided by gross loans at the end of the period (annualised).
Cost to income ratio (CIR)	Total expenses (as defined) divided by total net income (as defined).
Cyprus Cooperative Bank	Cooperative Asset Management Company Ltd, previously known as Cyprus Cooperative Bank Ltd (the ex-CCB)
Debt to asset	Debt to asset arrangement between the Bank and the borrower
Exposures classified as HFS (held for sale)	Exposures classified as held for sale, that met the criteria of IFRS 5 for which the Bank is expected to sell within 12 months from the classification date.
Green New Lending	As per Bank's Green Lending definition which includes loans with the following purposes: •Business Energy efficiency: loans regarding energy efficiency upgrades on business premises •Business Green Car: loans for hybrid or electric business cars •Green commercial building: loans for commercial buildings in line with local legislation on the energy performance of buildings •Green mortgage: loans for residential buildings in line with local legislation on the energy performance of buildings •Home Energy efficiency: loans for energy efficiency upgrades on residential property •Private Green Car: loans for hybrid or electric cars for individuals •Public Transport: loans regarding public transportation infrastructure •Renewable energy: loans regarding production of energy through renewable resources
Gross loans	Gross carrying amount of loans and advances to customers before deducting accumulated impairment losses
Gross loans with forbearance measures	Forborne exposures (EBA definition)
Interest-bearing assets	Consist of Cash and balances with Central Banks, placements with other banks, loans and advances to customers (including loans and advances to customers classified as held for sale), investments in debt securities (excluding any accrued interest) and indemnification assets. For calculating the average of the interest-bearing assets, the Bank uses the arithmetic average of total interest-bearing assets at each reporting date from the beginning of the year.
Investment assets	Investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities and investments in equity securities and collective investment units.
Leverage ratio (LR)	Tier 1 capital measure divided by the total exposure measure, defined in accordance with the Regulation (EU) No 575/2013, as amended by Regulation (EU) 2019/876 (Tier 1/total exposure measure).

Name	Definition
Liquidity Coverage ratio (LCR)	Liquidity Coverage ratio (LCR) is the ratio of the Bank's high quality liquid assets over the Bank's expected net liquidity outflows during the next 30 days, as these net outflows are specified under a liquidity stress scenario. The ratio is calculated as per the provisions of the Commission Delegated Regulation (EU) 2018/1620 amending Commission Delegated Regulation (EU) 2015/61 (which supplements Regulation (EU) No 575/2013, as amended by Regulation (EU) 2019/876 with regards to the liquidity coverage requirements for Credit Institutions). At times of stress, credit institutions may use their liquid assets to cover their net liquidity outflows.
Loan portfolio	Consists of loans and advances to customers and financial guarantees and loan commitments issued.
Net fee and commission income	Fee and commission income less Fee and commission expense.
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments	Consist of net gain on foreign currency transactions, gain/(loss) on disposal of financial instruments at fair value through other comprehensive income and at fair value through profit and loss, gain/(loss) on revaluation of equity securities at fair value through profit and loss and changes in the fair value of financial instruments in fair value hedges.
Net interest income (NII)	Interest income less interest expense
Net Interest Margin ratio (NIM)	Net interest income (annualised) divided by the average interest-bearing assets (as defined).
Net loans and advances	Loans and advances to customers net of accumulated impairment losses.
Net loans to deposits ratio	Net loans and advances to customers (as defined) divided by customer deposits and other customer accounts.
Net NPE ratio	NPEs less accumulated impairment losses divided by Net Loans
Net NPEs	NPEs less accumulated impairment losses
Net NPEs collateral coverage ratio	NPEs Collateral (taking into account tangible collateral, based on open market values, capped at client exposure) divided by NPEs net of accumulated impairment losses.
Net NPEs collateral coverage ratio (excl. APS-NPEs)	NPEs Collateral (excl. APS-NPEs collateral) (taking into account tangible collateral, based on open market values, capped at client exposure) divided by NPEs net of accumulated impairment losses (excl. APS-NPEs).
Net NPEs to total assets ratio	NPEs less accumulated impairment losses divided by total assets.
Net NPEs excl. APS-NPEs	NPEs (exc. APS-NPEs) less accumulated impairment losses.
Net NPEs excl. APS-NPEs to total assets ratio	NPEs (exc. APS-NPEs) less accumulated impairment losses (exc. APS-NPEs) divided by total assets.
Net Stable Funding Ratio (NSFR)	NSFR is calculated as the amount of available stable funding (the portion of capital and liabilities expected to be reliable over the one-year horizon) over the amount of required stable funding (based on the liquidity characteristics and residual maturities of the various assets held and off-balance sheet exposures).
Non- financial corporation (NFC)	A non financial corporation (NFC) is a corporation or quasi-corporation that is not engaged in financial intermediation but is active primarily in the production of market goods and non-financial services.
Non-interest income	Consists of net fee and commission income, net gains on disposal and revaluation of foreign currencies and financial instruments, net income from insurance operations and other income.
Non-performing exposures (NPEs)	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021).

GLOSSARY AND DEFINITIONS OF PERFORMANCE MEASURES (continued)

Name	Definition
NPEs excl. APS-NPEs	NPEs (as defined) excluding NPEs covered by the APS.
NPEs provision coverage ratio	Accumulated impairment losses divided by gross non-performing exposures.
NPEs provision coverage ratio (excl. APS-NPEs)	Accumulated impairment losses (excl. accumulated impairment losses of APS-NPEs) divided by gross NPEs (excl. APS-NPEs).
NPEs ratio	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021) divided by gross loans.
NPEs ratio excl. APS-NPEs	Gross non-performing exposures as per applicable EBA definition (new EBA definition was applicable as at 1 January 2021) excluding NPEs covered by the APS, divided by gross loans.
Other income	Consists of dividend income, net gain from the disposal of stock of property, net gains from revaluation of investment properties and sundry income.
Pro forma for HFS (held for sale)	References to pro forma figures and ratios refer to non performing exposures classified as held for sale.
Project Starlight	Project Starlight refers to the sale of a NPE portfolio and the disposal of APS Cyprus.
Restructuring costs	Represent Voluntary Early Exit Scheme (VEES) and other related costs.
Return on tangible equity (ROTE)	Profit attributable to shareholders of the parent company (annualised) divided by average tangible equity attributable to shareholders of the parent company.
Tangible book value per share (TBVPS)	Equity attributable to shareholders of the parent company less intangible assets divided by the number of issued shares
Tangible Equity	Equity attributable to shareholders of the parent company minus Intangible assets.
Terminated loans	The loan contract has been terminated by the Bank and such termination has been notified to the borrower and enforcement proceedings are initiated.
Tier 1 ratio	Tier 1 capital divided by Risk Weighted Assets
Total Capital ratio	Total capital divided by Risk Weighted Assets
Total expenses	Consist of staff costs, restructuring costs (as defined), depreciation and amortisation and administrative and other expenses.
Total net income	Consists of net interest income (as defined) and non-interest income (as defined).
Total non-interest income	Consist of net fee and commission income, other income and net gains on disposal and revaluation of foreign currencies and financial instruments
Transformation costs	Comprise mainly fees to external advisors in relation to: (i) the prospective disposal of assets held for sale and the acquisition of part of the performing loan portfolio from RCB Bank (ii) the Transformation of the Bank as a result of the Strategic Plan announced on 21 December 2021.

ABBREVIATIONS

ALCO	Assets and Liabilities Management Committee
API	Alternative Performance Indicators
APS	Asset Protection Scheme
APS Cyprus	APS Debt Servicing Cyprus Ltd
ATMs	Automatic Teller Machines
Bps	Basis points
BTA	Business Transfer Agreement
CBC	Central Bank of Cyprus
CBR	Combined buffer requirement
CCB	Cyprus Cooperative Bank
CCoB	Capital Conservation Buffer
CCS1	Convertible Capital Securities 1
CCS2	Convertible Capital Securities 2
CCyB	Countercyclical capital buffer
CE	Climate Related and Environmental
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1 capital
CGBs	Cyprus Government Bonds
CLOs	Collateralised loan obligations
COLA	Cost of Living Adjustment
CP&IA	Credit Policies & Individual Assessments
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive IV
CRM	Credit Risk Management
CRR	Capital Requirements Regulation
CSE	Cyprus Stock Exchange
CSM	Contractual service margin
CyCac	Credit acquiring Companies
CYSTAT	Cyprus Statistical Service
D2A	Debt to asset
DGS	Deposit Guarantee Scheme
DoLR	Department of Labour relations
EBA	European Banking Authority

ABBREVIATIONS (continued)

ECB	European Central Bank
ECL	Expected Credit Losses
EIB	European Investment Bank
EMTN Programme	Euro Medium-Term Note Programme
ERMG	Enterprise Risk Management and Governance
ESG	Environmental, Social and Governance
EU	European Union
Ex-CCI/CCB	ex-Cooperative Credit Institutions/Cooperative Central Bank
EZ	Eurozone
FY	Financial year
FY2022	Period from 1 January 2022 until 31 December 2022
GDP	Gross Domestic Product
GR	Global Reporting Initiative
GRI	Global Reporting Initiative
HICP	Harmonized Index of Consumer Prices
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic Social and Cultural Rights
ICT	Information and communications technology
ICMA	International Capital Market Association
IFRSs	International Financial Reporting Standards
KEDIPES	Cyprus Asset Management Company
KPIs	Key Performance Indicators
LGD	Loss Given Default
LRE	Leverage Ratio Exposures
MREL	Minimum requirement for own funds and eligible liabilities
MTF	Multilateral Trading Facility
MTT	Medium-Term Targets
NEL	Net Eligible Lending
NFRD	Non-Financial Reporting Directive
NII	Net interest income
NPEs	Non-Performing Exposures
NPLs	Non-Performing Loans
O-SII	Other Systemically Important Institution

ABBREVIATIONS (continued)

OFAC	Office of Foreign Assets Control
P2G	Pillar II guidance
P2R	Pillar II requirement
PD	Probability of default
PEs	Performing Exposures
P.p	Percentage points
PPA	Purchase Price Allocation
QoQ	Quarter on quarter
RCB	Russian Commercial Bank
REO	Real Estate Owned
RMBS	Residential mortgage backed security
RoC	Republic of Cyprus
RRF	Recovery and Resilience Facility
RWAs/TREA	Risk Weighted Assets/Total risk exposure amounts
SBG	Sustainability Bond Guidelines
SDG	Sustainable Development Goals
SFTs	Securities financing transactions
SMEs	Small and Medium sized enterprises
SP	Senior Preferred
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
TLTROs	Targeted longer-term refinancing operations
TREA	Total risk exposure amounts
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
US	United States
UN	United Nations
UNGP	UN Guiding Principles on Business and Human Rights
VEES	Voluntary Early Exit Scheme
YoY	Year on year

RECONCILIATIONS

The below tables present reconciliations of the APIs with the reported results calculated and presented in accordance with IFRSs in these Annual Financial Statements. For the definition of APIs, refer to "Glossary and Definitions of Performance Measures".

References to "Note" relate to the respective note in the Financial Statements for the year ended 31 December 2023.

Apart from the reconciliations below, ratios stated in the Management Report for the year ended 31 December 2023 can be calculated based on figures disclosed in the Financial Statements for the year ended 31 December 2023.

1.Reconciliation of loans and advances to customers:

1.1. Reconciliation of gross loans (excluding held for sale) (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Gross PEs		**5.702.295**	5.613.261
Gross NPEs		**459.537**	609.668
Gross loans	21	**6.161.832**	6.222.929

1.2. Reconciliation of gross loans classified as held for sale (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Gross PEs - classified as held for sale		**-**	14.572
Gross NPEs - classified as held for sale		**4.218**	725.717
Gross loans classified as held for sale	28	**4.218**	740.289

1.3. Reconciliation of total gross loans (including held for sale) (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Gross PEs - including loans and advances classified as held for sale		**5.702.295**	5.627.833
Gross NPEs - including loans and advances classified as held for sale		**463.755**	1.335.385
Total gross loans - including loans and advances classified as held for sale	21, 28	**6.166.050**	6.963.218

1.4. Reconciliation of Accumulated Impairment losses on loans and advances to customers (including held for sale) (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Accumulated impairment losses on loans and advances to customers	21	**137.711**	189.659
Accumulated impairment losses on loans and advances to customers classified as held for sale	28	**922**	548.627
Total Accumulated impairment losses on loans and advances to customers		**138.633**	738.286

RECONCILIATIONS (continued)

2. Reconciliation of gross NPEs (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Total gross loans (including held for sale) classified as Stage 3		**274.063**	1.099.305
Add: Purchased or originated credit impaired NPEs		**189.692**	236.080
Total gross NPEs-including Loans and advances to customers classified as held for sale		**463.755**	1.335.385
Gross loans held for sale classified as Stage 3	48	**4.218**	718.745
Add: Purchased or originated credit impaired NPEs - classified as held for sale		**-**	6.972
Gross NPEs - classified as held for sale		**4.218**	725.717
Gross loans classified as Stage 3 (excluding held for sale)	48	**269.845**	380.560
Add: Purchased or originated credit impaired NPEs (excluding held for sale)		**189.692**	229.108
Gross NPEs-excluding held for sale		**459.537**	609.668

3. Ratios' components reconciliations

3.1. Net Interest Margin ratio (NIM)

		The Group		The Bank	
			Restated		
	Note	**2023 €'000**	2022 €'000	**2023 €'000**	2022 €'000
Interest income	5	**680.287**	341.449	**680.100**	341.358
Interest expense	6	**143.999**	40.580	**143.992**	40.574
Net interest income		**536.288**	300.869	**536.108**	300.784
Less:					
TLTRO NII impact		**-**	17.390	**-**	17.390
Net interest income - adjusted for the TLTRO NII impact		**536.288**	283.479	**536.108**	283.394
Interest bearing assets (average)		**19.507.662**	18.800.373	**19.492.835**	18.783.130
Funding by Central Banks (TLTROs) (average)		**2.313.606**	2.282.243	**2.313.606**	2.282.243
Interest bearing assets - adjusted for funding by Central Banks (TLTROs) (average)		**17.194.056**	16.518.130	**17.179.229**	16.500.887

RECONCILIATIONS (continued)

3.2. Cost to income ratio

		The Group		The Bank	
			Restated		
		2023	2022	**2023**	2022
	Note	**€'000**	€'000	**€'000**	€'000
Total expenses		**259.088**	342.521	**257.722**	348.080
Less:					
Special Levy	13	**23.606**	22.951	**23.606**	22.951
DGS contribution	13	**8.014**	5.808	**8.014**	5.808
Adjusted expenses for DGS contribution and Special Levy		**227.468**	313.762	**226.102**	319.321
Transformation costs	13	**6.465**	6.669	**6.465**	6.669
Restructuring costs	14	**-**	(70.860)	**-**	(66.423)
Adjusted total expenses		**221.003**	377.953	**219.637**	379.075
Total net income		**664.320**	402.373	**659.782**	404.848

3.3. Cost of risk ratio (Group and Bank)

		2023	2022
	Note	**€'000**	€'000
Reversal of impairment losses on loans and advances to customers for the year	15	**2.608**	9.030
Less:			
Impact of net modification and cash flows re- estimation	15	**11.233**	8.600
(Charge)/reversal of impairment losses on loans and advances to customers for the year excluding the Impact of net modification and cash flows re-estimation		**(8.625)**	430
Add:			
Cash frows re-estimation of the APS indemnification asset	15	**(6.259)**	(14.585)
Charge of impairment losses on loans and advances to customers adjusted for the cash flows re-estimation of the APS idemnification asset for the year		**(14.884)**	(14.155)

RECONCILIATIONS (continued)

3.4. NPEs ratios (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Excluding loans and advances classified as held for sale			
Gross NPEs		**459.537**	609.668
Less: Accumulated impairment losses	21	**137.711**	189.659
Net NPEs		**321.826**	420.009
Gross NPEs - Covered by APS		**305.943**	387.764
Less: Accumulated impairment losses relating to APS - NPEs		**75.481**	75.604
Net NPEs covered by APS		**230.462**	312.160
Gross NPEs - excluding APS		**153.594**	221.904
Less: Accumulated impairment losses - excluding APS		**62.229**	114.055
Net NPEs - excluding APS		**91.365**	107.849
Including loans and advances classified as held for sale			
Gross NPEs		**463.755**	1.335.385
Less: Accumulated impairment losses		**138.633**	738.286
Net NPEs		**325.122**	597.099
Gross NPEs - covered by APS		**305.943**	396.402
Less: Accumulated impairment losses - covered by APS-NPEs		**75.481**	79.143
Net NPEs - covered by APS		**230.462**	317.259
Gross NPEs - excluding APS		**157.812**	938.983
Less: Accumulated impairment losses - excluding APS		**63.151**	659.143
Net NPEs - excluding APS		**94.661**	279.840

3.5. Net loans to deposits ratio (Group and Bank)

	Note	**2023 €'000**	2022 €'000
Loans and advances to customers	21	**6.024.121**	6.033.270
Loans and advances to customers - including loans and advances classified as held for sale	21, 28	**6.027.417**	6.224.932
Customer deposits and other customer accounts	33	**15.314.788**	15.928.247

RECONCILIATIONS (continued)

3.6. Return on tangible equity (ROTE)

	Note	**2023** **€'000**	Restated 2022 €'000
Profit attributable to shareholders of the parent company		**365.441**	21.811
Add:			
Restructuring costs		**-**	70.860
Gain on derecognition of disposal group classified as held for sale	17	**(20.729)**	-
Profit attributable to shareholders of the parent company - adjusted for the Restructuring costs/Gain on derecognition of disposal group classified as held for sale		**344.712**	92.671
Average equity attributable to the shareholders of the parent company		**1.318.028**	1.123.736
Less: Intangible assets (average)		**44.568**	45.138
Average tangible equity attributable to shareholders of the parent company		**1.273.460**	1.078.598
ROTE (%)		**28,7%**	2,0%
ROTE - adjusted for the Restructuring costs and the Gain on derecognition of disposal group classified as held for sale (%)		**27,1%**	8,6%

RECONCILIATIONS (continued)
3.7. Basic earnings per share (EPS)

	Note	2023 €'000	Restated 2022 €'000
Profit attributable to shareholders of the parent company		**365.441**	21.811
Weighted average number of ordinary shares during the year		**412.805**	412.805
EPS (€ cent)	18	**88,53**	5,28

3.8. Tangible Book Value per Share (TBVPS)

	Note	2023 €'000	Restated 2022 €'000
Equity attributable to shareholders of the parent company		**1.506.341**	1.129.714
Less: Intangible assets	26	**45.483**	43.652
Tangible Equity		**1.460.858**	1.086.062
Number of issued shares		**412.805**	412.805
TBVPS (€)		**3,54**	2,63

4. Value of collaterals on loans and advances (Group and Bank)

	2023 €'000	2022 €'000
Excluding loans and advances classified as held for sale		
Value of collaterals on loans and advances classified as Stage 3 and purchased or originated credit impaired	**1.478.553**	1.611.380
of which: NPEs collateral taking into account tangible collateral, based on open market values, capped at client exposure	**405.000**	505.000
of which: NPEs collateral covered by APS	**278.000**	341.000
of which: NPEs collateral - excluding APS	**127.000**	164.000
Including loans and advances classified as held for sale		
Value of collaterals on loans and advances classified as Stage 3 and purchased or originated credit impaired	**1.490.828**	2.218.712
of which: NPEs collateral taking into account tangible collateral, based on open market values, capped at client exposure	**409.000**	938.000
of which: NPEs collateral covered by APS	**278.000**	349.000
of which: NPEs collateral - excluding APS	**131.000**	589.000

ADDITIONAL RISK AND CAPITAL MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

This report includes additional risk and capital management disclosures.

1. Credit risk

1.1. Loans and advances

The tables below provide analysis of loans and advances as per EBA guidelines.

Analysis of loan portfolio according to the counterparty sector as at 31 December 2023

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures			of which non-performing exposures	of which exposures with forbearance measures	
				of which on non-performing exposures				of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**6.161.832**	**459.537**	**400.082**	**239.320**	**137.711**	**133.467**	**54.798**	**56.547**
General Governments	3.864	-	-	-	22	-	-	-
Other financial corporations	137.858	3.008	1.930	956	2.148	605	397	231
Non-financial corporations	2.529.792	86.340	148.090	54.019	46.871	28.921	19.494	16.221
of which: Small and Medium-sized enterprises	1.893.712	78.648	143.813	49.742	40.072	24.945	17.283	14.010
of which: Commercial real estate	1.516.354	59.117	126.601	41.912	32.265	18.831	15.851	12.795
By sector								
1. Construction	153.487	20.423			7.958			
2. Wholesale and retail trade	503.111	30.789			17.675			
3. Real estate activities	203.021	7.962			2.242			
4. Accommodation and food service activities	539.659	10.551			11.511			
5. Manufacturing	416.202	5.152			2.549			
6. Other sectors	714.312	11.463			4.936			
Households	3.490.318	370.189	250.062	184.345	88.670	103.941	34.907	40.095
of which: Residential mortgage loans	2.725.962	267.535	193.312	137.883	54.936	64.202	23.263	26.966
of which: Credit for consumption	343.627	45.942	22.426	16.202	15.966	17.234	3.295	3.870

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

1. Credit risk (continued)

1.1. Loans and advances (continued)

Analysis of loan portfolio according to the counterparty sector as at 31 December 2022

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**6.222.929**	**609.668**	**584.036**	**318.497**	**189.659**	**168.578**	**77.423**	**70.170**
General Governments	3.700	-	-	-	18	-	-	-
Other financial corporations	118.197	1.589	2.877	1.214	2.893	462	368	290
Non-financial corporations	2.563.088	138.804	280.008	84.174	74.542	49.578	36.072	26.418
of which: Small and Medium-sized enterprises	1.938.040	130.737	267.319	79.742	64.624	45.283	32.944	24.059
of which: Commercial real estate	1.742.458	96.023	246.795	60.100	48.933	29.712	24.520	15.496
By sector								
1. Construction	151.855	33.524			15.391			
2. Wholesale and retail trade	506.219	46.102			25.854			
3. Real estate activities	200.861	12.008			2.703			
4. Accommodation and food service activities	545.165	19.940			14.913			
5. Manufacturing	449.980	7.754			5.230			
6. Other sectors	709.008	19.476			10.451			
Households	3.537.944	469.275	301.151	233.109	112.206	118.538	40.983	43.462
of which: Residential mortgage loans	2.692.588	326.330	225.583	170.412	54.967	59.362	20.983	22.859
of which: Credit for consumption	361.123	56.385	26.326	19.824	18.364	18.275	2.865	3.098

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

1. Credit risk (continued)

1.1. Loans and advances (continued)

Analysis of loan portfolio* on the basis of loan origination date as at 31 December 2023

Loan origination date**	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	751.809	1.536	3.544	394.517	305	2.529	25.306	-	345	331.986	1.231	670
1 - 2 years	742.901	962	2.933	383.031	259	2.236	4.383	5	15	355.487	698	682
2 - 3 years	637.890	1.531	2.466	345.242	220	1.873	4.071	-	9	288.577	1.311	584
3 - 5 years	886.174	3.268	5.191	401.955	470	3.179	76.672	806	910	407.547	1.992	1.102
5 - 7 years	695.837	30.683	5.337	309.474	6.449	5.669	11.603	598	72	374.760	23.636	(404)
7 - 10 years	663.996	109.753	12.696	209.556	12.094	(355)	3.721	236	34	450.719	97.423	13.017
Over 10 years	1.779.361	311.804	105.522	486.017	66.543	31.740	12.102	1.363	763	1.281.242	243.898	73.019
Total	6.157.968	459.537	137.689	2.529.792	86.340	46.871	137.858	3.008	2.148	3.490.318	370.189	88.670

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured. For the acquired portfolio as a result of the Acquisition the origination date is defined as the origination date of the loan as of the Acquisition date.

1. Credit risk (continued)

1.1. Loans and advances (continued)

Analysis of loan portfolio* on the basis of loan origination date as at 31 December 2022

Loan origination date**	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	764.517	2.253	4.634	435.124	1.429	3.517	4.660	-	63	324.733	824	1.054
1 - 2 years	721.356	3.836	5.084	408.288	786	2.453	7.694	-	88	305.374	3.050	2.543
2 - 3 years	666.731	3.048	6.493	327.717	879	2.573	79.284	5	2.198	259.730	2.164	1.722
3 - 5 years	783.397	14.256	4.513	373.521	1.759	4.386	6.979	-	17	402.897	12.497	110
5 - 7 years	834.107	109.892	16.039	334.630	15.936	7.816	14.786	-	35	484.691	93.956	8.188
7 - 10 years	549.287	99.811	17.275	145.272	15.776	3.569	1.341	3	5	402.674	84.032	13.701
Over 10 years	1.899.834	376.572	135.603	538.536	102.239	50.228	3.453	1.581	487	1.357.845	272.752	84.888
Total	6.219.229	609.668	189.641	2.563.088	138.804	74.542	118.197	1.589	2.893	3.537.944	469.275	112.206

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured. For the acquired portfolio as a result of the Acquisition the origination date is defined as the origination date of the loan as of the Acquisition date.

1. Credit risk (continued)

1.2. Assets held for sale

The tables below provide analysis of loans and advances that were classified as held for sale as per EBA guidelines.

Analysis of loan portfolio held for sale according to the counterparty sector as at 31 December 2023

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures			of which non-performing exposures	of which exposures with forbearance measures	
				of which on non-performing exposures				of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**4.218**	**4.218**	**3.808**	**3.808**	**922**	**922**	**667**	**667**
General Governments	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-
Non-financial corporations	4.218	4.218	3.808	3.808	922	922	667	667
of which: Small and Medium-sized enterprises	4.218	4.218	3.808	3.808	922	922	667	667
of which: Commercial real estate	4.218	4.218	3.808	3.808	922	922	667	667
By sector								
1. Construction	-	-			-			
2. Wholesale and retail trade	-	-			-			
3. Real estate activities	-	-			-			
4. Accommodation and food service activities	4.218	4.218			922			
5. Manufacturing	-	-			-			
6. Other sectors	-	-			-			
Households	-	-	-	-	-	-	-	-
of which: Residential mortgage loans	-	-	-	-	-	-	-	-
of which: Credit for consumption	-	-	-	-	-	-	-	-

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

ADDITIONAL RISK AND CAPITAL MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

1. Credit risk (continued)

1.2. Assets held for sale (continued)

Analysis of loan portfolio held for sale according to the counterparty sector as at 31 December 2022

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures			of which non-performing exposures	of which exposures with forbearance measures	
				of which on non-performing exposures				of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**740.289**	**725.717**	**274.645**	**270.016**	**548.627**	**543.481**	**189.056**	**187.445**
General Governments	-	-	-	-	-	-	-	-
Other financial corporations	4.806	4.806	2.564	2.563	2.670	2.670	1.246	1.245
Non-financial corporations	478.022	471.956	210.560	209.330	358.859	356.712	146.593	146.166
of which: Small and Medium-sized enterprises	471.858	465.792	204.937	203.707	356.036	353.890	144.055	143.627
of which: Commercial real estate	342.485	337.383	163.341	162.157	245.409	243.633	108.173	107.768
By sector								
1. Construction	168.632	168.338			121.759			
2. Wholesale and retail trade	114.269	111.771			90.630			
3. Real estate activities	39.466	39.462			28.385			
4. Accommodation and food service activities	57.913	56.361			47.306			
5. Manufacturing	44.208	43.953			33.186			
6. Other sectors	53.534	52.071			37.593			
Households	257.461	248.955	61.521	58.123	187.098	184.099	41.217	40.034
of which: Residential mortgage loans	183.075	176.456	42.283	39.470	124.743	122.422	25.963	24.991
of which: Credit for consumption	35.892	34.689	4.259	3.779	30.630	30.260	3.064	2.937

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

ADDITIONAL RISK AND CAPITAL MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

1. Credit risk (continued)

1.2. Assets held for sale (continued)

Analysis of loan portfolio* held for sale on the basis of loan origination date as at 31 December 2023

Loan origination date**	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	-	-	-	-	-	-	-	-	-	-	-	-
1 - 2 years	-	-	-	-	-	-	-	-	-	-	-	-
2 - 3 years	-	-	-	-	-	-	-	-	-	-	-	-
3 - 5 years	-	-	-	-	-	-	-	-	-	-	-	-
5 - 7 years	-	-	-	-	-	-	-	-	-	-	-	-
7 - 10 years	-	-	-	-	-	-	-	-	-	-	-	-
Over 10 years	4.218	4.218	922	4.218	4.218	922	-	-	-	-	-	-
Total	4.218	4.218	922	4.218	4.218	922	-	-	-	-	-	-

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured. For the acquired portfolio as a result of the Acquisition the origination date is defined as the origination date of the loan as of the Acquisition date.

1. Credit risk (continued)

1.2. Assets held for sale (continued)

Analysis of loan portfolio* held for sale on the basis of loan origination date as at 31 December 2022

Loan origination date**	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	1.080	968	967	24	-	8	-	-	-	1.056	968	959
1 - 2 years	608	255	374	34	14	19	-	-	-	574	241	355
2 - 3 years	47	41	27	1	1	-	-	-	-	46	40	27
3 - 5 years	1.554	1.188	974	514	446	453	-	-	-	1.040	742	521
5 - 7 years	15.374	14.827	8.462	10.969	10.864	6.421	3	3	2	4.402	3.960	2.039
7 - 10 years	50.563	49.857	32.159	43.710	43.627	27.391	-	-	-	6.853	6.230	4.768
Over 10 years	671.063	658.581	505.664	422.770	417.004	324.567	4.803	4.803	2.668	243.490	236.774	178.429
Total	740.289	725.717	548.627	478.022	471.956	358.859	4.806	4.806	2.670	257.461	248.955	187.098

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured. For the acquired portfolio as a result of the Acquisition the origination date is defined as the origination date of the loan as of the Acquisition date.

2. Capital management

The objective of the Bank's capital and leverage policy is to retain sufficient capital and leverage levels and ratios by complying with the legal and regulatory framework requirements as well as any internal capital buffers set while simultaneously safeguarding the best interests of shareholders and supporting the Group's business strategy.

2.1. Regulatory framework overview

In accordance with the European Council's Regulation 1024/2013, the ECB has taken on full responsibility for the supervision of important credit institutions in participating Member States, including amongst others the Group, with the assistance of the local supervisory authorities. The Central Bank of Cyprus (CBC), as part of its supervisory role, has adopted the recommendations of the Basel Committee and the European Directives on banking supervisory matters.

Effective from 1 January 2014, the Capital Requirements Directive 2013/36/EU (the "CRD IV") and the Capital Requirements Regulation (EU) No 575/2013 (the "CRR"), are in force and form the European regulatory package designed to transpose the new capital, liquidity and leverage standards of Basel III into the European Union's legal framework.

The CRR establishes the prudential requirements for capital, liquidity and leverage that credit institutions and investment firms need to abide by and is immediately binding on all European Union member states. The CRD IV governs access to deposit-taking activities and internal governance arrangements including remuneration, board composition and transparency, while it also sets out additional capital buffer requirements. Unlike the CRR, the CRD IV was transposed into national law by EU member states, and national regulators were allowed to impose additional capital buffer requirements. The CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which are largely fully effective from 1 January 2018, and some other transitional provisions with phase in until 2024.

In March 2018, the ECB published an NPE addendum which supplements the NPL Guidance by specifying the ECB's supervisory expectations when assessing a bank's levels of prudential provisions for non-performing exposures. The ECB will, in this context, assess, among other things, the length of time an exposure has been classified as non-performing (vintage) as well as the collateral held. In April 2019, Regulation (EU) 2019/630 was issued, as regards to the minimum loss coverage for non-performing exposures, with an immediate effective date, prescribing the minimum provision coverages based on vintage and collateral held, for loans that originated after 26 April 2019.

On 27 June 2019, the revised rules on capital and liquidity (Regulation (EU) 2019/876 (the "CRR II") and Directive (EU) 2019/878 (the "CRD V") came into force, with CRR II being directly applicable in each EU member state, while CRD V should have been transposed into national law by each EU member state. Accordingly, CRD V has been transposed into the Cyprus national law. The CRR II is an amending regulation, therefore the existing provisions of CRR apply, unless they are specifically amended by CRR II. It is noted that certain CRR II provisions took immediate effect while most amendments were applicable from 28 June 2021 onwards.

The CRR II amended significantly the CRR in several aspects such as the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, among others, and introduced some clarifications regarding disclosures on remuneration policies. It also includes new disclosure requirements on performing, non-performing and forborne exposures, and on collateral and financial guarantees received. The CRD V amended the CRD IV as regards to exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

2. Capital management (continued)

In October 2021, the European Commission adopted a review of EU banking rules and released legislative proposals for additional amendments to CRR, CRD IV and the Bank Recovery and Resolution Directive (BRRD or Directive 2014/59/EU) (the "2021 Banking Package"). The 2021 Banking Package will implement, amongst other things, some final elements for the implementation of Basel III in the EU due on 1 January 2025, with some exceptions, which have not yet been transposed into EU law. The 2021 Banking package aims to ensure stronger resilience of EU banks to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic as well as the transition to climate neutrality.

The 2021 Banking Package is subject to further amendments as part of the EU's legislative process prior to its implementation. Additionally, if there are proposed amendments to the CRD and the BRRD, these must be transposed into local law before coming into effect at the national level.

On 8 November 2022, the European Council reached its position on the proposals amending the CRD and CRR, while during February 2023 the European Parliament's ECON Committee voted to adopt the Parliament's proposed amendments to the Commission's proposal, and the 2021 Banking Package is currently in the final stage of the EU legislative process. On 27 June 2023, a provisional agreement has been reached by the EU Parliament and Council, on the amendments to the CRD and CRR. In December 2023, the preparatory bodies of the Council and Parliament have endorsed the 2021 Banking Package.

The 2021 Banking package consists of the following legislative proposals:

- a legislative act to amend the CRR II (known as "CRR III") with regard to, amongst other things, requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. This proposal reflects the EU's implementation of the Basel III reforms.
- a legislative act to amend the CRD IV (known as "CRD VI") with regard to, amongst other things, supervisory powers, sanctions, third-country branches and environmental, social and governance (ESG) risks.

With the decisions taken by the Council and European Parliament preparatory bodies, the legal texts have now been published on the Council and the Parliament's website, although there are still subject to legal revision and to the final vote in the Plenary. It is expected that these will be adopted by the European Parliament by the second quarter of 2024.

The 2021 Banking Package's implementation date is expected to enter into force on 1 January 2025, while certain reforms are expected to be subject to transitional arrangements or to be phased-in over time. The provisions included in the CRD will need to be transposed by each Member States into local law before they start applying at the national level.

The Bank is currently examining the revised framework, to ensure preparedness for the effects of these legislative amendments well before full implementation.

2.2. Regulatory capital

The Group's regulatory capital under Pillar I is calculated in accordance with the provisions of the CRR, where applicable, and is analysed in this section of the Report.

The capital base of the Group, as at the reporting date, for regulatory purposes is divided into three main categories, namely the Common Equity Tier 1 (CET1) capital, the Additional Tier 1 (AT1) capital and the Tier 2 (T2) capital, which are described below in detail. The Group's CET1 instruments consist only of ordinary shares (refer to Note 37).

2. Capital management (continued)

I.Common Equity Tier 1 capital

Common Equity Tier 1 capital includes the Bank's share capital, share premium, retained earnings including the profit or loss for the year, accumulated other comprehensive income (i.e., revaluation reserve of investments in debt securities, revaluation reserve of investments in equity securities and property revaluation reserve) and other reserves such as reduction of share capital reserve. As per Article 26 (1) of the CRR and EBA Guidelines on prudent valuations, a part of property revaluation reserve is not allowed to be included in CET 1 capital.

Additional information on the prudential filters and deductions from CET 1 capital, as well as items not deducted from CET1 capital is disclosed in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

IFRS 9 transitional arrangements

The Group has elected to apply Regulation (EU) 2017/2395 amending Regulation (EU) No 575/2013, as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9, where a portion of the impact of expected credit losses provisions was added back to CET 1 capital allowing for a transitional period of five years until full impact by 1 January 2023. For the year 2022 the portion added back was set at 25% with 2022 being the final year of the transitional period.

In June 2020, Regulation (EU) 2020/873 came into force, as regards certain adjustments in response to the COVID-19 pandemic, which extends the IFRS 9 transitional arrangements by introducing further relief measures to CET1 capital. Specifically, the IFRS 9 transitional arrangements have been extended by 2 years (i.e. up until 31 December 2024), where post 1 January 2020 expected credit losses on Stages 1 and 2 exposures are added back in CET1 capital in a phased-out period of five years. For the year 2022 the portion added back was 75%, reducing to 50% for 2023 and to 25% for 2024, with 2024 being the final year of the transitional period. As at 31 December 2023, the Group had no such expected credit losses.

Since 2018, as per the notification to the regulator, the Group has been applying to the full extent the IFRS9 transitional arrangements for capital as set out under CRR Article 473a (including amendments through Regulation (EU) 2020/873 published in June 2020). Specifically, the Group has opted to apply both paragraphs 2 and 4 of CRR Article 473a (static and dynamic relief).

The CRR allows for a phase-in of the CET1 reduction due to the increase in credit loss allowance, as a result of the implementation of IFRS 9, over a five-year period until year end 2024. The transitional provisions are structured in such a way that there is a static component relating to increases of credit loss allowance observed as of January 2018 and as per the CRR amendment published in June 2020 a dynamic component relating to credit loss allowance increases observed between two periods. The first being a period from January 2018 to January 2020 with a phase-in period until 2022, whilst the second period covers January 2020 to the current reporting date allowing for an extended phased-in period until 2024.

Additionally, Regulation (EU) 2020/873 permits institutions to temporarily add back unrealised gains or losses on exposures to central governments, to regional governments or to local authorities and to public sector entities, excluding those financial assets that are credit-impaired, and measured at fair value through other comprehensive income, during the period from 1 January 2020 to 31 of December 2022. The Group has elected not to adopt this temporary relief for the year ended 31 December 2022.

2. Capital management (continued)

II.Additional Tier 1 capital

Additional Tier 1 capital includes hybrid instruments, composed by Convertible Capital Securities 1 (CCS1) and Convertible Capital Securities 2 (CCS2) (refer to Note 36).

III.Tier 2 capital

Tier 2 capital includes subordinated loan capital.

In March 2023, the Bank successfully priced a new €200 million Tier 2 Subordinated Notes (the "T2 Notes"), under its EMTN Programme (refer to Note 36). The Group did not hold any Tier 2 instruments during the year ended 31 December 2022.

2. Capital management (continued)

IV.Regulatory capital position

The Group and the Bank have complied with the relevant minimum capital requirements (Pillar I and Pillar II) as at 31 December 2023 and 2022. The insurance subsidiaries of the Group have complied with the requirements of Superintendent of Insurance and minimum solvency ratios as at 31 December 2023 and 2022.

Throughout this Report, the capital and leverage ratios as at 31 December 2023, include interim reviewed profits for the six-month period ended 30 June 2023 following permission granted by the Supervisory Authorities, in accordance with the ECB Decision (EU) 2015/656 on the conditions under which credit institutions are permitted to include interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR. These ratios are referred to as “regulatory ratios” and have been calculated in accordance with the legal framework in relation to the CRR capital requirements. The ratios which include audited profits for the second half of 2023, for which the Bank has not yet obtained the abovementioned permission, are referred to as “pro forma ratios”.

The position of the Group and the Bank’s regulatory capital, risk weighted assets, capital and leverage ratios, as at the reporting date, which are above the minimum regulatory requirements, is presented below:

	The Group			The Bank		
	2023 (regulatory)[1]	**2023 (pro forma)**[2]	2022[3, 4]	**2023 (regulatory)**[1]	**2023 (pro forma)**[2]	2022[3, 4]
Regulatory capital	**€'000**	**€'000**	€'000	**€'000**	**€'000**	€'000
Own funds						
Common Equity Tier 1 (CET 1)	**1.162.614**	**1.363.256**	1.037.208	**1.159.472**	**1.359.454**	1.034.411
Additional Tier 1 (AT1)	**129.666**	**129.666**	129.666	**129.666**	**129.666**	129.666
Tier 1 (T1)	**1.292.280**	**1.492.922**	1.166.874	**1.289.138**	**1.489.120**	1.164.077
Tier 2 (T2)	**200.000**	**200.000**	-	**200.000**	**200.000**	-
Total regulatory capital	**1.492.280**	**1.692.922**	1.166.874	**1.489.138**	**1.689.120**	1.164.077
Risk weighted assets						
Credit risk	**5.086.726**	**5.086.726**	4.968.279	**5.093.092**	**5.093.092**	4.986.240
Market risk	**589**	**589**	560	**589**	**589**	560
Operational risk	**877.140**	**877.140**	699.466	**880.739**	**880.739**	702.823
Total risk exposure amount for credit valuation adjustments (CVA)	**3.837**	**3.837**	5.512	**3.837**	**3.837**	5.512
Total risk weighted assets	**5.968.292**	**5.968.292**	5.673.817	**5.978.257**	**5.978.257**	5.695.135
Capital and Leverage ratios						
Total Capital ratio	**25,00%**	**28,37%**	20,57%	**24,91%**	**28,25%**	20,44%
Tier 1 ratio	**21,65%**	**25,01%**	20,57%	**21,56%**	**24,91%**	20,44%
Common Equity Tier 1 ratio	**19,48%**	**22,84%**	18,28%	**19,39%**	**22,74%**	18,16%
Leverage ratio	**6,21%**	**7,17%**	5,69%	6,19%	7,15%	5,67%

1. As per the regulatory reporting submission, for which interim reviewed profits for the six-month period ended 30 June 2023 are included, following permission granted by the Supervisory Authorities.
2. As per the regulatory reporting submission, for which interim reviewed profits for the six-month period ended 30 June 2023 are included, following permission granted by the Supervisory Authorities, as well as audited profits for the second half of 2023 for which the Bank has not yet obtained permission from Supervisory Authorities.
3. As per 2022 Annual Report and Pillar III disclosures for the year ended 31 December 2022.
4. On an IFRS 9 transitional basis.

2. Capital management (continued)

The Group's Total capital ratio[1] reached 25,00%, as a result of the increase by 443 bps compared to 31 December 2022 (on an IFRS 9 transitional basis). The increase is mainly due to the inclusion of interim reviewed profits for the six-month period ended 30 June 2023 and the issuance of Tier 2 Subordinated Notes (refer to Section 3 of this Report) during the first quarter of 2023. Including audited profits for the second half of 2023, the Group's pro forma Total capital ratio[2] increased further to 28,37%.

The Group's regulatory CET 1 ratio[1] has increased to 19,48% compared to 31 December 2022 (on an IFRS 9 transitional basis), primarily due to the increase in CET1 capital despite the increase in RWA. Including audited profits for the second half of 2023, the Group's pro forma CET 1 ratio[2] increased further to 22,84%. The increase in the Group's regulatory CET 1 ratio by 120 bps is explained below.

Specifically, the net increase in CET1 capital (effect of 239 bps increase) was mainly due to the (i) interim reviewed profits for the six-month period ended 30 June 2023 (which includes the gain from the completion of Project Starlight and dividend income receivable from the initial application of IFRS 17), (ii) net increase in accumulated other comprehensive income, mainly due to the positive revaluation of land and buildings of the Bank, as prudentially adjusted for regulatory capital purposes, (iii) the decrease in goodwill deductible from CET1 due to the derecognition of Goodwill arising on consolidation of APS Cyprus as a result of the completion of Project Starlight, partially offset by (iv) the change in prudential provision for non-performing exposures deducted from CET 1 and the full phasing-in of IFRS 9 transitional arrangements added back to CET 1 on 1 January 2023 (refer to Section above "IFRS 9 transitional arrangements").

There has been an overall increase in total RWAs compared to 31 December 2022 (effect of 119 bps decrease), primarily due to the increase in operational RWAs and the net increase in credit RWAs.

The increase in operational RWAs was mainly due to higher net interest income and non-interest income during the year. Additionally, the net increase in credit RWAs was mostly due to the (i) net increase of net funded exposures mainly due to the phasing-in of IFRS 9 transitional arrangements on 1 January 2023 and new lending, which exceeded repayments, as well as the net increase in investments in debt securities, mostly covered bonds, corporate bonds and securitisations, partially offset by (ii) the decrease in credit RWAs resulting from the completion of Project Starlight (which reflects the sale of the NPE portfolio, the sale of APS Cyprus and the Bank's investments in Senior and Mezzanine Notes) and the netting of the deferred tax asset against the deferred tax liability in line with the presentation of these items within the Financial Statements, in accordance with the conditions of CRR Article 38 (3).

Including audited profits for the second half of 2023, the Group's pro forma CET1 ratio[2] increases further by 336 bps, bringing the total increase in CET1 ratio to 456 bps.

Leverage Ratio

During the year ended 31 December 2023, the Group's regulatory Leverage ratio[1] has increased by 52 bps to 6,21% compared to 31 December 2022 (on an IFRS 9 transitional basis), which continues to be above the minimum leverage ratio requirement of 3%. Including audited profits for the second half of 2023, the Group's pro forma Leverage ratio[2] increases further to 7,17%.

The increase in Tier 1 capital was the main reason for the increase in the Group's Leverage ratio, despite the increase in "Leverage ratio total exposure measure". The increase in Tier 1 capital was the result of the main drivers for the change in CET 1 capital as explained above.

The main reasons for the increase in "Leverage ratio total exposure measure" were the phasing-in of IFRS 9 transitional arrangements on 1 January 2023, the change in the Group's total assets, as well as the increase in off balance sheet exposures (loan commitments and financial guarantees) mainly due to new lending granted during the year.

2. Capital management (continued)

The change in the Group's total assets was mainly due to the increase in investments in debt securities and placements with other banks, which was partially offset by the decrease in assets and disposal group held for sale, following the completion of Project Starlight, and the decrease in balances with Central banks. The decrease in balances with Central banks was the result of the reduction in customer deposits, partially offset by the proceeds received from the completion of Project Starlight and the issuance of Tier 2 Subordinated Notes. These available funds were mainly utilised to increase the Group's investments in debt securities and placements with other banks.

The capital and leverage ratios of the Group and the Bank on an IFRS 9 fully loaded basis as at 31 December 2022, which were above the minimum regulatory requirements, are presented below:

	The Group	The Bank
Capital Ratios (%)		
Capital Adequacy Ratio	20,37%	20,24%
Tier 1 Ratio	20,37%	20,24%
Common Equity Tier 1 (CET 1) Ratio	18,08%	17,96%
Leverage ratio	5,61%	5,59%

The Group's regulatory Total Capital ratio[1] has increased by 463 bps compared to 31 December 2022 (on an IFRS 9 fully loaded basis), while the Group's pro forma Total Capital ratio[2] has increased by 800 bps.

Similarly, the Group's regulatory CET 1 ratio[1] has increased by 140 bps compared to 31 December 2022 (on an IFRS 9 fully loaded basis), while the Group's pro forma CET 1 ratio[2] has increased by 476 bps.

V.Minimum Capital Requirements

The minimum regulatory capital requirements (phase-in) of the Group and the Bank are presented in the table set out below. In addition to the capital requirements disclosed below, the Bank notes that the ECB provided a non-public Pillar II capital guidance (P2G), on a consolidated basis, to be made up entirely of CET 1 capital.

2. Capital management (continued)

	1 January 2024[1]	2023[2]	2022[3]
	%	%	%
Pillar I			
CET 1	4,50	4,50	4,50
AT 1	1,50	1,50	1,50
Tier 1	6,00	6,00	6,00
Tier 2	2,00	2,00	2,00
Capital adequacy – Pillar I	**8,00**	**8,00**	**8,00**
Pillar II			
CET 1	1,94	1,94	1,94
AT 1	0,65	0,65	0,65
Tier 1	2,59	2,59	2,59
Tier 2	0,86	0,86	0,86
Capital adequacy – Pillar II	**3,45**	**3,45**	**3,45**
Combined buffer requirement			
Capital conservation buffer (CCoB)	2,50	2,50	2,50
Countercyclical capital buffer (CCyB)	0,50[4]	0,53	-
Other systematically important institutions buffer (O-SII)	1,25	1,00	0,875
	4,25	**4,03**	**3,375**
Minimum CET 1 requirement	**10,69**	**10,47**	**9,815**
Minimum Tier 1 requirement	**12,84**	**12,62**	**11,965**
Minimum Capital adequacy requirement	**15,70**	**15,48**	**14,825**

1.As per 2023 final SREP letter, the new capital requirements are effective from 1 January 2024.
2.As per 2022 final SREP letter, the new capital requirements were effective from 1 April 2023.
3.As per 2021 final SREP letter, the new capital requirements were effective from 1 March 2022.
4.The CcyB rate presented in the table assumes that all the Bank's exposures are located in the Republic of Cyprus. Effective from 2 June 2024, the CCyB rate for the risk weighted exposures in the Republic of Cyprus increases from 0,50% to 1%, leading to an equivalent increase in the minimum capital requirements.

Capital conservation buffer (CCoB)
The CCoB buffer was fully phased-in on 1 January 2019 at 2,50%.

Countercyclical capital buffer (CCyB)
In accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 (as amended), the CCyB rate is reassessed on a quarterly basis, adjusted if necessary and published in the macroprudential policy decisions by the CBC.

The CCyB rate for the risk weighted exposures in the Republic of Cyprus, where most of the Bank's exposures are located, was set by CBC at 0,5% as at 31 December 2023, effective from 30 November 2023, and at 0% for the year 2022. Therefore, the CCyB for the Group as at 31 December 2023 has been calculated at approximately 0,53%.

On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy and consultation with the ECB, decided to increase the CCyB rate for the risk weighted exposures in the Republic of Cyprus of each licensed credit institution incorporated in the Republic, from 0% to 0,5%. The new rate of 0,5% was applicable from 30 November 2023.

In June 2023, the CBC announced its decision to raise the CCyB rate from 0,5% to 1,0%, with effect as from 2 June 2024. In March 2024, the CBC announced that is deemed appropriate to maintain the CCyB rate at 1%, which is the rate adopted as per the latest decision of the CBC dated 2 June 2023.

2. Capital management (continued)

Therefore, based on the above the CCyB for the Group is expected to increase further and accordingly the minimum regulatory capital requirements.

Other systematically important institutions (O-SII) buffer
In accordance with the provisions of the above Law, the CBC as the designated national macroprudential authority, is also responsible for the designation of Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII buffer requirement for these institutions, on an annual basis.

In February 2024, the CBC revised its Policy for the designation of credit institutions that meet the definition of O-SII institutions and the methodology for the determination of the O-SII buffer requirement for each credit institution. Following this revision, the Bank's O-SII buffer rate, as per CBC circular received in April 2024, is set at 1,75% (from 1,50% that was communicated in October 2023) and is phased-in in two annual increases of 25 bps to 1,50% effective from 1 January 2025 and to 1,75% effective from 1 January 2026. For 2024, the Bank's phased-in O-SII buffer rate remains at 1,25%.

Historically, in 2022 the OSI buffer requirement was set at 1% and the phased-in OSII buffer rate applicable from 1 January 2022 was 0,875% and 1% from 1 January 2023. In October 2023, the OSII buffer requirement was increased to 1,50% phased-in in two equal annual increases starting from 1 January 2024.

Therefore, based on the above the O-SII buffer rate of the Group is expected to increase further and accordingly the minimum regulatory capital requirements.

Additional information on regulatory capital will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

2.3. Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Assessment Process (ILAAP), Pillar II and Supervisory Review and Evaluation Process (SREP)

ICAAP and ILAAP

Pillar II covers the assessment of the Group's risk management processes, capital and liquidity adequacy and governance framework as part of the ICAAP and ILAAP. The Bank prepares its ICAAP and ILAAP exercises on an annual basis, as well as providing updates on a quarterly basis to ensure any proactive adjustments to material changes occurring.

The ICAAP is an integral part within the holistic risk management approach of the Group, and it is integrated with the Bank's strategic processes, including the Risk Appetite Framework and the business and capital planning. The Bank assesses the adequacy of its internal capital on an annual basis through the ICAAP exercise, while it also caters for quarterly monitoring or more frequent stress tests depending on any material deviations and in line with the ICAAP Governance Framework. The ICAAP is an integral part of Pillar II of the Basel III regulatory framework (CRR). The ICAAP allows the Bank to arrive at a forward-looking assessment of its capital requirements taking into account the business strategy, risk profile and risk appetite utilising internal stress tests. The ICAAP incorporates the assessment of the Bank's risk management processes and governance framework.

2. Capital management (continued)

The ILAAP is an integral part of the Bank's liquidity risk management framework, analysing its liquidity adequacy both under a normative and an economic perspective, in line with ECB's Guide to ILAAP published in November 2018. Its purpose is to identify and measure the material risks that the Bank is exposed to with regards to liquidity risk, extending beyond those covered within the regulatory framework, e.g. LCR and NSFR. The ILAAP ensures that the Bank holds sufficient liquidity to support its current banking operations and the implementation of its Strategic Plan under stressed conditions/adverse scenarios, while also defining a suitable risk appetite by articulating the Risk Appetite Statement ("RAS") for liquidity risk.

The Bank undertakes quarterly stress testing on its capital and liquidity adequacy considering the latest actual and forecasted information. The quarterly review identifies key vulnerabilities of the Bank and assesses whether the Bank has adequate capital levels to withstand stress reinforcing the adequate and timely decision making.

The ICAAP and the ILAAP incorporate the assessment of the Bank's risk management processes and governance framework.

Both ICAAP and ILAAP exercises for 2023 were submitted to the ECB by end of March 2023 following their approval by the Board of Directors. Additionally, both ICAAP and ILAAP for 2024 were submitted to the ECB in March 2024, following their approval by the Board of Directors.

Pillar II and SREP

Pillar II is reviewed and evaluated by the Single Supervisory Mechanism (SSM) as part of its SREP, which occurs periodically and contributes to SSM's assessment of capital adequacy and additional own funds requirements. The Supervisory Review and Evaluation Process assesses the Group's internal capital adequacy and aims at enhancing the link between an institution's risk profile, risk management, risk mitigation systems and its capital planning.

The final 2023 SREP Decision, dated 30 November 2023, was based on the supervisory review and evaluation process (SREP) conducted by the ECB with a reference date of 31 December 2022, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation (Regulation (EU) No 1024/2013) and national legislation transposing Articles 73, 86, 97, 104a, 104b, 105 and 113 of the CRD considering the EBA SREP Guidelines. The Decision also considered the results of the supervisory stress test conducted in 2023.

The 2023 SREP requirements are effective from 1 January 2024.

Similarly, the 2022 SREP Decision, dated 14 June 2023, was based on the SREP conducted by the ECB with a reference date of 31 December 2021, and any other relevant information provided after that date. The SREP was conducted pursuant to Article 4(1)(f) of the SSM Regulation considering the EBA SREP Guidelines. The Decision also considered the supervisory stress test (on climate risk) conducted in 2022. The 2022 SREP requirements were effective from 1 April 2023.

The 2022 SREP Decision has been superseded with effect from 1 January 2024 and the requirements set out in the 2022 SREP Decision ceased to apply on that date, unless otherwise stipulated within the 2023 SREP letter.

The Group is required to maintain as per 2023 SREP letter, on a consolidated basis, a Total SREP Capital ratio requirement of 11,45% (2022 SREP: 11,45%), which includes:

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of the CRR (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital) and

2. Capital management (continued)

- an own funds Pillar II requirement of 3,45% (2022 SREP: 3,45%) required to be held in excess of the minimum own fund requirement (P2R to be held in the form of 56,25% of CET 1 capital and 75% of Tier 1 capital).

The Group is also required to maintain, on 1 January 2024, on a consolidated basis, a minimum phased-in Total Capital ratio requirement of 15,70%, while as at 31 December 2023 a minimum phased-in Total Capital ratio requirement of 15,48%, which includes the phased-in combined buffer requirement, which for both years 2024 and 2023 comprises the Capital Conservation buffer (CCoB) of 2,5%, which has to be made up with CET 1 capital, the Other Systematically Important Institutions buffer (O-SII) of 1,25%, which is applicable as of 1 January 2024 (31 December 2023: 1%) and the Countercyclical Capital buffer (CCyB) of approximately 0,50%, assuming that all the Bank's exposures are located in the Republic of Cyprus (31 December 2023: approximately 0,53%).

From 2 June 2024, the Total Capital ratio minimum requirement is expected to increase by c.0.50%, as a result of the increase in the CCyB, as explained above.

Based on the final 2023 SREP letter, the Pillar II requirement, effective from 1 January 2024 has remained unchanged at 3,45%.

In addition to the above, the ECB has provided on a consolidated basis, a non-public Pillar II capital guidance (P2G) ratio to be made up entirely of CET 1 capital. Based on the final 2023 SREP Decision, the P2G effective from 1 January 2024, has decreased compared to the previous level, which was applicable from 1 April 2023 as per final 2022 SREP Decision.

As per the final 2022 and 2023 SREP Decisions the Bank shall obtain the ECB's approval prior to making any distribution to its shareholders.

Taking the above into consideration, on 1 January 2024, the Group's minimum phased-in Total Capital Ratio, Tier 1 and CET 1 ratios, are set at 15,70% (31 December 2023: 15,48%), 12,84% (31 December 2023: 12,62%) and 10,69% (31 December 2023: 10,47%) respectively. These capital ratios exclude P2G and are based on the CBR of c.4,25% and 4,03% calculated as at 1 January 2024 and 31 December 2023 respectively.

The Group's capital ratios remain above the minimum SREP requirements.

In the context of the NPE addendum (refer to the previous section), the Bank received a letter from the ECB in 2019, as part of normal supervisory activities, containing qualitative and quantitative elements, with a focus on the management and addressing of NPEs in line with supervisory expectations with regards to the legacy NPE stock (i.e., loans that have defaulted prior to April 2018). The supervisory expectations with regards to legacy NPE coverages are re-assessed by the Regulator and communicated to the Bank as part of the annual SREP cycle (latest coverages for end of 2023 has been included in the latest SREP letter received). Taking into account the specificities of the supervisory expectations, the Bank has estimated the prudential provision shortfalls and has subtracted them directly from own funds and risk weighted assets for the year ended 31 December 2023.

2.4. Stress Test

2024 cyber resilience stress test

In 2024, the ECB is conducting its first-ever cyber resilience stress test. This exercise will assess how banks respond to and recover from a cyberattack, as opposed to simply looking at their ability to prevent it.

2. Capital management (continued)

Under the stress test scenario, a cyberattack successfully disrupts banks' daily business operations and banks will then test their response and recovery measures, including activating emergency procedures and contingency plans and restoring normal operations. Supervisors will then assess the extent to which banks can cope under such a scenario.

This is a predominantly qualitative exercise that will not have an impact on capital through the P2G, while the findings will be discussed by the supervisors as part of the next SREP.

2023 ECB SREP Stress Test

Every two years the EBA carries out an EU-wide stress test in cooperation with the ECB, the European Systemic Risk Board (ESRB) and the national supervisory authorities.

The Group participated in the 2023 EU-wide Stress Test conducted by the ECB, the scope of which was to assess EU banks' resilience to an adverse economic shock and inform the 2023 SREP. The stress test is a constrained bottom-up exercise that provides banks with a common methodology and templates to project in a consistent way the impact of common scenarios. The exercise was performed for banks under the direct supervision of the ECB which were not included in the EBA-led stress test sample as part of the EU-wide stress test. The methodology was consistent with the EBA exercise and applied the same scenarios and static balance sheet assumptions, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. A baseline and an adverse scenario were used to project a consolidated balance sheet and income statement across 36 months from 31 December 2022.

The Bank has been participating in the exercise from January to June 2023 and the results were published by the ECB in July 2023. It is noted that the stress test does not contain a pass or fail threshold and no threshold is set to define the failure or success of banks for the purpose of the exercise. Results are used to assess the bank's P2G capital needs in the context of the SREP, taking the Bank's specific risk profile and sensitivity towards the stress scenarios.

The Bank has been participating in the exercise from January to June 2023 and the results were published by the ECB in July 2023. It is noted that the stress test does not contain a pass or fail threshold and no threshold is set to define the failure or success of banks for the purpose of the exercise. Results are used to assess the Bank's P2G capital needs in the context of the SREP, taking the Bank's specific risk profile and sensitivity towards the stress scenarios.

2022 Climate Stress Test

The Bank participated in the 2022 Climate Risk Stress Test conducted by the ECB which included a qualitative and quantitative assessment, that run across January to May 2022, with published results published in July 2022. The exercise aimed to identify best practices and limitations banks are facing as a result of climate risk, with results indicating that banks have considerable climate risk stress-testing challenges. The results will be integrated into the SREP process on qualitative aspects with no direct quantitative impact.

It is noted that the bank has a long-term ESG project which embeds climate related risks into the Bank's strategy and will enable enhanced stressed testing capabilities that can be used for internal and external purposes.

Additional information on this Section will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website: Pillar III Disclosures (hellenicbank.com) (Investor Relations).

3. Bank Recovery and Resolution Directive (BRRD)

Minimum requirement for own funds and eligible liabilities (MREL)

The Bank, within the framework of the Bank Recovery and Resolution Directive (BRRD), is subject to the minimum requirement for own funds and eligible liabilities (MREL). The framework, which entered into effect on 1 January 2016, provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. This is achieved by requiring banks to have a funding structure with a certain proportion of liabilities that can be written off or converted into equity in the event of a bank failure (that is: "bailed in"). Such liabilities, in combination with equity, are known as MREL.

On 27 June 2019, Directive 2019/879/EU (BRRD II) came into effect and it was then transposed into National Law. Certain provisions on MREL have been introduced in CRR II, which also came into force on 27 June 2019, as part of the reform package and took immediate effect.

In January 2024, the Bank received notification from the Single Resolution Board (SRB) of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Group. Accordingly, the MREL target was set at 25,17% of total risk exposure amount (TREA), plus combined buffer requirement (CBR) while the MREL target of leverage ratio exposure (LRE) was set at 5,91%, both to be met by 31 December 2025. No MREL subordination requirement has been communicated to the Bank.

Furthermore, the Bank must continue to meet MREL requirements equal to 16,57% of TREA and 5,91% of LRE that were set as intermediate targets in the previous resolution planning cycle for 1 January 2022. The own funds used by the Bank to meet the combined buffer requirement (CBR) will not be eligible to meet its MREL requirements expressed in terms of risk weighted assets.

Taking into consideration the applicable CBR requirement of 4,03% as at 31 December 2023, the intermediate binding target for MREL requirements resulted to 20,6% and the final target to 29,2% of TREA to be met by 31 December 2025. These are expected to increase further following the increase of the CCyB rate for the risk weighted exposures in the Republic of Cyprus to 1% with effect as from 2 June 2024. Additionally, these will increase further following the increase of the O-SII buffer rate to 1,25% effective from 1 January 2024 and to 1,50% effective from 1 January 2025, taking the MREL requirements for the final target to 30,17%. This final binding MREL requirement is based on the final decision of the SRB received from CBC in January 2024 and the CBR requirement calculated at c.5,00% as at 31 December 2025. For further information regarding the components of the CBR requirement refer to Note 2 of this report.

Throughout this Report, the MREL ratio as at 31 December 2023, includes interim reviewed profits for the six-month period ended 30 June 2023 following permission granted by the Supervisory Authorities, in accordance with the ECB Decision (EU) 2015/656 on the conditions under which credit institutions are permitted to include interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR. This ratio is referred to as "regulatory ratio" and has been calculated in accordance with the legal framework in relation to the CRR capital requirements. The ratio which includes audited profits for the second half of 2023, for which the Bank has not yet obtained the abovementioned permission, is referred to as "pro forma ratio".

The Group's regulatory MREL ratio as at 31 December 2023, was 27,3% of TREA and 7,8% of LRE. Including audited profits for the second half of 2023, the Group's pro forma MREL ratio as at 31 December 2023 was 30,7% of TREA and 8,8% of LRE, well above the final binding MREL requirement of 31 December 2025.

3. Bank Recovery and Resolution Directive (BRRD) (continued)

The Bank has established a Euro Medium Term Note (EMTN) program of a €1,5 billion size to issue MREL. In July 2022 the Bank issued €100 million Senior Preferred Notes (the "SP Notes"), priced at par with a fixed coupon of 9% per annum, payable annually in arrears. The maturity date of the SP Notes is 15 July 2025 and are callable at par on 15 July 2024 (3NC2).

In March 2023 the Bank successfully priced a new €200 million Tier 2 Subordinated Notes (the "T2 Notes"), issued at par with a fixed coupon of 10,25% per annum. The T2 Notes mature on 14 June 2033 and are callable at par for a 3-month period commencing on 14 March 2028 (10,25NC5,25).

Future MREL issuances will depend on the progress of the Bank's strategic/transformation plan, its financial performance, its capital position and any MREL requirement changes by the SRB. The instrument, size, duration and timing of issuance, will be subject to market conditions, investor interest and relevant advisor feedback.

4. Liquidity risk

The CRD/CRR sets forth the guidelines for calculating liquidity measures such as the Liquidity Coverage Requirement Ratio (LCR) and the Net Stable Funding Ratio (NSFR). As at 31 December 2023, the Group was in compliance with all regulatory liquidity requirements.

The Group's LCR stood at 542% as at 31 December 2023, compared to 444% as at 31 December 2022, which is considerably higher the minimum regulatory limit of 100%. The liquidity surplus in LCR as at 31 December 2023 amounted to €7,4 billion, compared to €6,8 billion as at 31 December 2022. The LCR ratio as at 31 December 2023 adjusted with the full TLTRO repayment decreases to c.517% (refer to Note 32).

The Group's NSFR stood at 217% as at 31 December 2023, compared to 184% as at 31 December 2022. This is considerably higher than the minimum regulatory requirement of 100%. The NSFR liquidity surplus for 31 December 2023 reached €8,1 billion and it is still higher than the €7,8 billion as at 31 December 2022.

Additional information on liquidity requirements will be provided in the Pillar III disclosures for the year ended 31 December 2023, which will be available on the Bank's website www.hellenicbank.com/en/group/pillar-3-disclosures.

FORWARD LOOKING STATEMENTS DISCLAIMER

Certain statements in this document include discussions with respect to the business strategy and plans of the Group, its current goals and expectations, its projections, beliefs, possibilities relating to its future financial condition and performance are forward looking.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Therefore these risks and uncertainties could adversely affect the outcome and financial effect of what is described herein and the audience of these Financial Statements are cautioned not to place undue reliance on such forward looking statements. When relying on forward looking statements, readers should carefully consider that there are important factors that could cause actual results to differ materially from those in forward looking statements, certain of which are beyond the control of the Group, including, but not limited to, domestic and global economic and business conditions, market related risks such as interest or exchange rate risk, unexpected changes to regulation, competition, technological conditions and other. The forward looking statements contained in this document are made as at the date of this publication and the Group undertakes no obligation to update or revise any of same unless otherwise required by applicable law. Analyses and opinions contained herein may be based on assumptions and projections that, if altered, can change the analyses or opinions expressed.

HELLENIC BANK PUBLIC COMPANY LIMITED

REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE FOR THE YEAR 2023

INTRODUCTION

The Board of Directors of Hellenic Bank Public Company Limited (the “Company” or the “Bank” and together with its subsidiairies, the "Group") fully adopted the Code of Corporate Governance, which was published by the Cyprus Stock Exchange (5th revised edition – January 2019), hereinafter referred to as the “Code”. In compliance with the provisions included in the Code’s introduction, the Board of Directors of the Company (the “Board” or “BOD”) incorporates the present Report on Corporate Governance in the Company’s 2023 Annual Financial Report.

PART A

The Company states that the full implementation of the Code’s principles constitutes the Company’s policy and that it had already taken the initiative of applying many of these principles well before the establishment of the Code. The Board believes that good corporate governance, based on the Code, in conjunction with the terms of reference and the practices followed by the various Board Committees, constitutes a fundamental factor in achieving the corporate goal of maximising shareholder value. The Board acknowledges that there is an on-going process of formulating principles of corporate governance based on both international and local conditions. As such, the Board continually follows a policy of reviewing and readjusting the various aspects of corporate governance accordingly.

PART B

The Company confirms that it has complied with the provisions of the Code.

The Company applies the provisions of the Code throughout the group of companies to which it belongs i.e., and to its subsidiary companies through Board Committees of the Company or the subsidiary companies. As at the date of this Report the significant subsidiary companies, Pancyprian Insurance Ltd and Hellenic Life Insurance Company Ltd, maintain an Audit Committee and a Risk Management Committee as shown in paragraph (13) (Board Committees) below. The non-significant subsidiary companies of the Group (owned Special Purpose Vehicles used for debt to asset swaps, companies with insignificant turnover, dormant companies) apply the provisions of the Code through Committees of the Bank.

In light of the above, the following confirmations and reports are made:

Board of Directors

The Company is governed and controlled by the Board of Directors, which operates on the basis of the Code, the relevant Companies, Stock Exchange and Business of Credit Institutions Laws and the Company’s Articles of Association.

The Board of Directors sets the strategic aims of the Group and ensures that the necessary financial and human resources are in place to meet the strategic and operational objectives of the Group.

The Board of Directors has the overall responsibility for:

- Setting and overseeing the values and standards of the Group.
- Setting and overseeing the business model of the Group.
- Maintaining effective systems and controls to ensure effective operation of the Group and compliance with applicable laws and regulations.
- Setting the framework and policy for effective governance and oversight of the Group.
- Monitoring business performance against the strategic objectives, risk appetite and expected

standards.

The BoD is responsible for ensuring that Board and Committees composition and organisation are appropriate.

The Bank's Corporate Governance Framework includes a list of matters reserved for the Board. Such matters include, inter alia, setting of the Group's overall strategy and targets, approval of the annual budget, approval of capital and funding plans, decisions relating to the capital structure of the Company, decisions on important matters and material transactions, transactions with Board Members and Senior Executives or major shareholders, appointment or removal of the Chief Executive Officer, matters concerning the composition and organisation of the Board and Board Committees, governance matters, etc.

On 31st December 2023, the Board was composed of ten Non-Executive Directors and one Executive Director, being sufficiently diversified in terms of age, educational and professional background in order to reflect a sufficiently wide range of experiences and facilitate the extraction of a variety of independent opinions and critical challenges. The Board's composition as at 31st December 2023, as well as the changes in the composition and distribution of responsibilities of the Board throughout the year and up to the date of the present Report, are presented in the Management Report included in the Annual Financial Report for the year 2023.

During 2023, the Board of Directors held twenty-three meetings, seven of which were special meetings. Eight of the abovementioned Board meetings were held without the presence of the Executive Directors. In accordance with the provisions of the Internal Governance of Credit Institutions Directives of 2021 to (No. 2) of 2023 of the Central Bank of Cyprus (the "Internal Governance Directive"), one of the abovementioned meetings was held without the presence of the Chairman of the Board of Directors and without the presence of the Executive Directors, was chaired by the Vice-Chairman of the Board and its purpose was to assess the performance of the Chairman. The overall attendance record at the 2023 Board meetings, scheduled and special, was 95%.

It is ensured that all Members of the Board are duly informed in writing of forthcoming Board meetings and all necessary documentation related to the meeting is provided, so that they have sufficient time to review it.

The participation of the Board Members in other boards is such, so as, to allow them to devote the necessary time and attention to their duties as Members of the Board of the Company.

There is a clear division of responsibilities between the Chairperson of the Board of Directors and the Chief Executive Officer.

The Chairperson of the Board of Directors leads and manages the Board of Directors in a manner such as to ensure that it discharges its legal and regulatory responsibilities fully and effectively. The primary role of the Chairperson of the Board of Directors is to ensure that the Board of Directors is organised and operates properly and efficiently, to promote the required team spirit to the Board of Directors, to promote high standards of corporate governance and probity and to ensure that appropriate management information is provided to the Board to enable it to discharge its management and supervisory roles.

The Chief Executive Officer, under the delegated authority from the Board of Directors, has the responsibility for the day-to-day running of the Group, leads and directs the implementation of the Group strategy, which is determined by the Board of Directors and ensures that the Group's activities are executed in line with the performance targets set by the Board of Directors, the Laws, Regulations and Group Policies. The Chief Executive Officer of the Group is accountable to the Board of Directors.

The Board of Directors appoints an Independent Director as the Senior Independent Director. The Senior Independent Director is available to shareholders if they have concerns, which have failed to be resolved through normal communication channels. In addition, the Senior Independent Director, at least annually, chairs a meeting with the Non-Executive Directors without the Chairperson present, in order to appraise the performance of the Chairperson.

The Company Secretary and the Executive Officer ensuring compliance with the Code of Corporate Governance provide information and advisory services to the Members of the Board related to board procedures and the Code.

Based on the provisions of the Code and for the purposes of this Report, the following are the Directors in 2023 and up to the date of the Report:

(1) Independent Non-Executive Directors in 2023

- Petros Christodoulou, Chairman (elected at the Annual General Meeting of the Shareholders held on 28th June 2023 and appointed on 8th January 2024 following the relevant consent of the European Central Bank / Central Bank of Cyprus)
- Dr. Evripides A. Polykarpou, Chairman (until 28th June 2023)
- Christos Themistocleous, Vice-Chairman (appointed Vice-Chairman of the Board on 28th June 2023, served as Acting Chairman of the Board from 28th June 2023 until 8th January 2024)
- John Gregory Iossifidis, Senior Independent Director (appointed Senior Independent Director on 28th June 2023)
- Marco Comastri (Vice-Chairman until 28th June 2023)
- Stephen John Albutt (Senior Independent Director until 28th June 2023)
- Demetrios Efstathiou
- Marianna Pantelidou Neophytou[1] (Member of the Board until 26th January 2023)
- Kristofer Richard Kraus[1]
- Marios Maratheftis[1]
- Andreas Persianis
- Miranda Xafa
- Christodoulos Hadjistavris[1] (appointed Member of the Board on 26th January 2023).

A relevant "Confirmation of Independence" based on the minimum independence criteria in accordance with provision A.2.3. of the Code is signed by each of the Independent Non-Executive Directors and is submitted to the Cyprus Stock Exchange together with the present Report on Corporate Governance.

(2) Non-Independent Non-Executive Directors in 2023

- None.

(3) Executive Directors in 2023

- Oliver Gatzke, Executive Director (Member of the Board until 13th August 2023) / Chief Executive Officer (on garden leave from 1st August 2023)
- Antonis Rouvas, Executive Director / Chief Financial Officer (until 31st July 2023), Interim Chief

Executive Officer (from 1st August 2023).

At least 50% of the Board of Directors (excluding the Chairperson) consists of Independent Non-Executive Directors.

(4) Chief Executive Officer

- Oliver Gatzke, Chief Executive Officer (on garden leave from 1st August 2023)
- Antonis Rouvas, Interim Chief Executive Officer (from 1st August 2023).

Note:

[1] Under the independence criteria listed in the Directives on the Assessment of Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions of 2020 & 2022 of the Central Bank of Cyprus, which differ from those of the Corporate Governance Code, Messrs Kristofer Richard Kraus, Marios Maratheftis and Christodoulos Hadjistavris are not independent, and Mrs Marianna Pantelidou Neophytou was also not independent until the end of her tenure on 26th January 2023.

(5) Application of best possible practices of Corporate and Internal Governance in the Company

Directors' Induction and Ongoing Development

All newly appointed Board Members receive an induction and training. They receive an induction information pack, participate in an induction programme and have the opportunity to meet with senior officers of the Bank, be briefed by them and participate in introductory presentations.

In addition, the Chairperson of the Board, with the assistance of the Company Secretary, must ensure that the Members of the Board possess at all times sufficient knowledge and skills to perform their duties and that their education and development needs are addressed on a continuing basis. For this purpose, at the beginning of each year, a Board annual training schedule is prepared, which includes specialised programmes covering technical matters and matters for the development of business and personal skills. In addition, depending on the responsibilities and personal training needs of each Board Member, they are given the opportunity to participate in specialised induction programmes and seminars that relate to their responsibilities as Members of Board Committees.

Evaluation of Performance of the Board of Directors

Pursuant to the provisions of the Internal Governance Directive and best practices on Corporate Governance, the Board performs an assessment of the Board of Directors and its Committees at least on an annual basis.

In addition, in accordance with the Internal Governance Directive, the Bank must assign at least every three years the review and evaluation of the composition, efficiency and effectiveness of the Board and its Committees to an independent external consultant. Both the internal and external evaluations are submitted to the Central Bank of Cyprus.

The Bank has established policies and procedures that govern the evaluation of the performance of the Board and its Committees.

In the first quarter of 2024 the Board of Directors performed the annual evaluation of the Board and its Committees for 2023.The external Board evaluation carried out by external advisors every three years has been completed during the first quarter of 2024.

The Board's Chairperson ensures that a clear improvement plan is put in place, which includes clear actions to address the development areas and it is regularly monitored by the Board.

The results of each annual self-assessment and the progress on the implementation of the actions in the improvement plan will constitute the basis for a review in the following year.

Corporate Governance Framework

The Bank has established a Corporate Governance Framework purporting to provide a comprehensive document, which clearly sets out the Company's corporate governance arrangements.

The Corporate Governance Framework provides information on the structures, responsibilities and processes established that ensure proper and effective management and oversight of the Company's affairs.

The Company's corporate governance policies purport to ensure the independence of the Board of Directors and its ability to effectively supervise Management's orderly operation of the Company. The policies are reviewed annually and in accordance with changing regulation and emerging best practice information.

The Corporate Governance Framework is reviewed at least annually by the Board.

Approval, Revision and Review of Policies, Frameworks and Charters

During 2023 and 2024 until the date of this Report, taking into account the provisions of the Internal Governance Directive and within the framework of the continuous efforts of the Company to improve its Corporate Governance, the Board has approved or revised or reviewed, inter alia, the following Policies and/or Frameworks and/or Charters:

- Corporate Governance Framework
- Board Diversity Policy
- Group Remuneration Policy
- Recruitment, Selection and Ongoing Assessment of Key Function Holders Policy
- Succession Planning of Key Function Holders Policy
- Key Function Holders' Diversity Policy
- Disciplinary Code
- Remote Working Policy
- Code of Business Conduct and Ethics Framework
- Anti-Bribery & Corruption Policy
- General Principles for the prevention of Money Laundering, Terrorism Financing & Implementation of Economic Sanctions Policy
- Conflicts of Interest Policy
- Market Abuse Policy
- Compliance Charter and Framework
- Compliance Policy
- Regulatory Compliance Risk Assessment Policy
- Internal Audit Charter
- Data Protection Office Charter
- Personal Data Protection Policy
- Dividends Policy
- Customer Acceptance Policy
- Risk Management Charter
- Risk Appetite Framework
- Risk Appetite Statement
- Credit Risk Management Framework
- Liquidity and Funding Risk Management Framework
- Market Risks Management Framework

- Operational Risk Management Framework
- Enterprise Risk Management Framework
- Model Validation Framework
- Compliance Policy to the Pillar III Disclosure Requirements as per CRR / CRD IV
- Credit Policy - various Chapters
- Credit Monitoring Policy Manual
- Information Security & Fraud Charter
- Information Security & Fraud Policy
- IT Governance Policy
- Capital & Leverage Policy
- Funding Policy
- Stress Testing Policy & Program and Governance
- Investment Framework
- Operational Risk Policies Manual - various Chapters
- Risk & Controls Policy
- Insurance Distribution Policy
- Arrears Management Policies Manual - various Chapters

The Chairperson of the Board of Directors, the Chief Executive Officer, the Company Secretary and the Executive Officer ensuring compliance with the Corporate Governance Code confirm that compliance with the relevant laws, regulations and directives, the implementation of best practices of corporate governance within the Company and the application of an adequate and transparent framework of internal governance are amongst the priorities of the Bank.

Percentages of Major Shareholders as at 3rd April 2024

The percentages of the Shareholders holding more than 5% of the Company's issued share capital as at 3rd April 2024 were as follows:

EUROBANK S.A.	29,20%
DEMETRA HOLDINGS PLC	21,33%
POPPY S.A.R.L.	17,30%
WARGAMING GROUP LIMITED	7,20%

(6) Remuneration Policy Report

The Remuneration Policy Report was prepared by the Board of Directors following a proposal by the Remuneration Committee in accordance with Appendix 1 of the Code. It is presented after the present Board of Directors' Report on Corporate Governance. The Remuneration Policy Report will be presented to the Annual General Meeting of the Shareholders for approval.

Information on the remuneration / fees of the Members of the Board of Directors and the Executive Directors for the year 2023 is disclosed in the notes to the Financial Statements contained in this Annual Financial Report (Note 43) as well as in the Remuneration Policy Report itself.

(7) Going Concern

The Board of Directors states that the Company intends to continue to operate on a going concern basis for the next twelve months.

(8) System of Internal Control

The Board of Directors has ensured that the Bank maintained an effective System of Internal Control in 2023. The adequacy and effectiveness of the System of Internal Control are reviewed by the Board at least annually. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks that threaten the attainment of the Group's objectives.

To meet this requirement, procedures have been designed for safeguarding the Group's assets, for maintaining proper accounting records and for ensuring the accuracy, completeness and validity of the information provided to the Group's stakeholders. These procedures can only provide reasonable but not absolute assurance against material misstatement, errors, losses, fraud or breaches of laws and regulations.

In this context, all Group operational management units are suitably staffed and responsible for the introduction and operation of appropriate control systems according to their respective business and responsibilities. Within this framework, the abovementioned management units:

- Operate on the basis of a specific organisational structure and allocation of responsibilities.
- Prepare and monitor the implementation of the strategic and business plans and annual budgets.
- Follow written procedures, receive and disseminate information and advice through circulars and training programmes.
- Adopt a policy of adequate segregation of duties in order to avoid potential conflict(s) of interest wherever this is deemed necessary.
- Apply, at branch level, performance evaluation and measurement models based on specific targets.
- Are supported by appropriate software and hardware systems.
- Are subject to regular internal and external audits.

The effectiveness of the System of Internal Control is reviewed on a more regular basis by the Audit and Risk Management Committees through regular reports to the Board. In carrying out their reviews, the Audit and Risk Management Committees receive reports on internal controls, both financial and non-financial, internal audit reports, external audit reports and regulatory reports.

The Executive Management of the Group is responsible for addressing weaknesses arising out of these reviews and for ensuring that mitigating actions are implemented within an appropriate and agreed timetable.

The Internal Audit Unit reports directly to the Audit Committee and the Board of Directors. It consists of 40 persons and is headed by Mrs Niki Nicolaidou-Hadjixenophontos (B.Sc. Honours in Financial Services, M.B.A., A.C.I.B., F.C.C.A.).

The following audit assignments have been outsourced in 2023 to external audit firms:

(a) Audit of the Insurance subsidiary companies of the Group (Pancyprian Insurance Ltd and Hellenic Life Insurance Company Ltd).
(b) Internal Audit Services in the areas of:

- Security of Cloud Services (Azure Cloud IaaS/PaaS),
- Middleware Team Operations and Technology,
- Operating Systems and Databases,
- Fraud System Assessment,
- PSD2,
- SWIFT Security Assessment.

(9) Confirmation in Accordance with the Provision C.2.1. of the Code

In relation to paragraph (8) above (System of Internal Control), the Members of the Board of Directors confirm that they have reviewed the adequacy of the systems of internal control of the Company as well as the procedures for verification of correctness, accuracy and validity of information disseminated to investors.

The Board also confirms that, to its knowledge, no violation in the Stock Exchange Legislation and Regulations has occurred, except in cases already reported to the relevant authorities (where this applies).

(10) Independent Auditors – Provision C.2.2. of the Code

In 2023, Ernst & Young Cyprus Limited, Independent Auditors of the Company, offered non-audit services e.g., tax compliance and advisory services, assurance on various regulatory returns, training seminars, etc. Their objectivity and independence are ensured in the following ways:

(i) Ernst & Young Cyprus Limited and its professional team members comply with the independence requirements, for assurance engagements, outlined in the EY Global Independence Policy, which is in line with the IESBA Code of Ethics for professional accountants, the EU Audit Regulation 537/2014 and the EU Audit Directive 2006/43/EC.

(ii) Relevant procedures are also performed, as required by their Conflict of Interest Policy, and they have not identified any potential independence issues or any conflict of interest threat, which would impact on their ability to provide an independent and unbiased opinion.

(iii) In addition, Ernst & Young Cyprus Limited monitors, on an ongoing basis, the commercial banking relationship between the Independent Auditors and Hellenic Bank Group and fee dependency.

(iv) The offering of non-audit services by the Independent Auditors is monitored by the Audit Committee in a manner aiming to ensure that their objectivity and independence are not compromised.

Ernst & Young Cyprus Limited have confirmed in writing to the Company items (i) to (iii) above. The Independent Auditors do not offer internal audit services to the Company.

(11) Credit Facilities to Directors

Information as to credit facilities provided to Company Directors (and related parties) is to be found in the relevant notes to the Financial Statements (Note 43) contained within the present Annual Financial Report. It is confirmed that credit facilities to Company Directors (and related parties) or to its subsidiary or associated company Directors are granted in the normal course of the Company's business, under normal commercial and employment terms and with transparency. Furthermore, it is confirmed that all relevant cases of Bank facilities to Company Directors and its subsidiary company Directors are forwarded for approval to the Board, after the relevant proposal of the Board's Audit Committee on the "arm's length" nature of the cases. The interested Member of the Board is neither present nor participates in the procedure.

(12) Executive Officer ensuring compliance with the Code of Corporate Governance

The Company has appointed Mrs Maria Vovides-Iliescu, Assistant Company Secretary, as Executive Officer ensuring compliance with the Code of Corporate Governance.

(13) Board Committees

The following Board Committees operate within the Company:

(a) Audit Committee

Chairperson: Christos Themistocleous (Chairman until 5th July 2023 and from 30th January 2024)
John Gregory Iossifidis (Chairman from 5th July 2023 until 30th January 2024)

Members: John Gregory Iossifidis (Member until 5th July 2023 and from 30th January 2024)
Andreas Persianis

Demetrios Efstathiou (from 27th April 2023)
Christodoulos Hadjistavris (from 5th July 2023).

(b) Remuneration Committee

Chairperson: Petros Christodoulou (from 30th January 2024)
Andreas Persianis (until 30th January 2024)

Members: Demetrios Efstathiou (until 27th April 2023)
Christos Themistocleous (until 30th January 2024)
Miranda Xafa
Marco Comastri (from 19th September 2023)
Kristofer Richard Kraus (from 30th January 2024).

(c) Nominations / Internal Governance Committee

Chairperson: Petros Christodoulou (from 30th January 2024)
Christos Themistocleous (from 5th July 2023 until 30th January 2024)
Dr. Evripides A. Polykarpou (until 28th June 2023)

Members: Marianna Pantelidou Neophytou (until 26th January 2023)
Kristofer Richard Kraus (until 19th September 2023)
Marco Comastri (until 19th September 2023)
Stephen John Albutt (until 30th January 2024)
Marios Maratheftis
John Gregory Iossifidis
Christodoulos Hadjistavris (from 8th February 2023 until 19th September 2023)
Christos Themistocleous (from 30th January 2024).

(d) Risk Management Committee

Chairperson: Stephen John Albutt

Members: Demetrios Efstathiou
Marios Maratheftis
Kristofer Richard Kraus
Miranda Xafa.

(e) Transformation Committee

Chairperson: Marco Comastri

Members: Marianna Pantelidou Neophytou (until 26th January 2023)
Dr. Evripides A. Polykarpou (until 28th June 2023)
Christodoulos Hadjistavris (from 8th February 2023)
Stephen John Albutt (from 5th July 2023)
Andreas Persianis (from 30th January 2024).

The terms of reference of the above Committees (except the temporary / ad hoc Transformation Committee) are based both on the relevant provisions of the Code pertaining to them and the relevant guiding Directives of the Central Bank of Cyprus. They are published in paragraph 14 below while those of the Remuneration Committee are included in the Remuneration Policy Report. Within the framework of the provisions of the Code concerning relations with shareholders, the Chairpersons of these Committees are available to answer any questions at the Annual General Meeting, at which all shareholders are encouraged to participate. The Chairpersons and Members of the Committees periodically submit reports or proposals to the Board of Directors following meetings of the corresponding Committees, depending on the subjects being addressed.

The **Audit Committe**e meets before the announcement of the quarterly financial results, to monitor the integrity, accuracy and reliability of the Group’s quarterly and annual financial reporting process as well as any formal announcements relating to the Group’s financial performance and other disclosures, to assess the adequacy of the provisions on financial and non-financial assets and on material litigation against the

Bank in line with accounting policies and standards and to monitor the establishment of accounting policies and practices, paying particular attention to (i) changes to critical accounting policies and practices, (ii) decisions requiring a significant element of judgement and (iii) unusual transactions and how these are disclosed. It then proceeds with the relevant suggestions to the Board of Directors through a detailed memo.

The Audit Committee submits proposals to the Board regarding the appointment, compensation, terms and scope of engagement and substitution or rotation of the Statutory Auditors. The Committee monitors and ensures the independence and effectiveness of the Statutory Auditors and oversees the relationship between them and the Bank.

The Audit Committee also meets (without the presence of Members of the Executive Management, unless the Audit Committee deems their attendance necessary, but with the presence of the Control Functions that report to it) to review matters that are within its responsibility and terms of reference, especially in relation to the design, operation, adequacy and effectiveness of the Systems of Internal Control and Compliance. The Committee makes recommendations or suggestions to the Board on issues under its jurisdiction.

The Audit Committee assesses and monitors the independence, adequacy and effectiveness of the Internal Audit and Compliance Functions and also of the Data Protection Office.

It is noted that Pancyprian Insurance Ltd and Hellenic Life Insurance Company Ltd also maintain an Audit Committee.

During 2023, the Audit Committee held twenty-one meetings, two of which were held jointly with the Risk Management Committee.

The Committee’s current Chairman (until 5th July 2023 and from 30th January 2024) holds a Bachelor of Science degree in Economics (Accounting & Finance) from the London School of Economics and Political Science and he is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He retired as a partner from PwC Cyprus in 2017 following a 36-year career as an Accountant and Auditor, and he has extensive audit experience of local and international companies in the hotel, construction & development, manufacturing and retail industries. The Committee’s previous Chairman (from 5th July 2023 until 30th January 2024), now a Committee Member, holds a Bachelor’s degree in Economics (Accounting major, Economics minor) and a Master’s degree in Business Administration (Executive MBA) and has extensive experience, predominantly in the Financial Sector, in large multinational and regional financial institutions. Another Committee Member holds a Bachelor of Engineering degree in Information Systems Engineering and a Master of Business Administration (M.B.A.), and he has extensive investment banking experience in multinational companies in London. Another Member holds a Master of Business Administration (M.B.A.) majoring in Finance and Investment Banking, and he has extensive fund management experience in London and Cyprus. Another Member holds a Bachelor’s degree in Mathematical Science with Finance and Economics, he is a Chartered Accountant - Member of the Institute of Chartered Accountants in England and Wales, and he has experience in Strategy, Mergers & Acquisitions in a Cyprus financial institution and in Investment Portfolio Management.

The **Risk Management Committee** assists the Board of Directors in fulfilling its responsibilities and obligations concerning the identification, measurement, monitoring and effective management of all the Group's risks (including but not limited to credit, interest-rates, operational, market, liquidity, foreign exchange, reputation, capital, information communication technology (ICT), security & fraud, environmental, social and governance (ESG), outsourcing, data aggregation & reporting and other risks). Amongst other duties, the Committee prepares and submits proposals for approval to the Board concerning the principles, framework, policies, recovery plan and risk appetite in relation to undertaking and managing all forms of risk and the use of capital that corresponds to the business objectives of the Company, the Group and/or each subsidiary company separately. The Committee’s mission includes promoting a culture of risk awareness and appropriate risk undertaking across the Group and assisting the Board of Directors in overseeing the effective implementation of the Risk Appetite Framework and Strategy.

It is noted that Pancyprian Insurance Ltd and Hellenic Life Insurance Company Ltd also maintain a Risk

Management Committee.

The Risk Management Committee meets whenever necessary and at least every month. During 2023, the Committee held thirteen meetings.

The **Remuneration Committee** defines and recommends for approval by the Board of Directors the Remuneration Policy, including pensions and variable compensation and the Remuneration Principles of the Group, which are aligned to the Group's strategic objectives and values. The Committee meets whenever it is necessary to fix or review the remuneration of Executive and Non-Executive Members of the Board of Directors, the Company Secretary, the Chief Executive Officer, Key Function Holders including the Heads of Control Functions, and the Anti-Money Laundering Compliance Officer, and it makes relevant recommendations to the Board. After considering all relevant parameters and data, it makes relevant recommendations to the Board for making decisions, in the absence of the involved Executive Member(s) of the Board or other Officers involved. It is also engaged in reviewing and making proposals on the remuneration of the Non-Executive Members of the Board of Directors of the subsidiaries or associated companies of the Group.

The Committee's suggestions and the Group's Remuneration Policy take into consideration the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration at other levels in the Group as well as non-financial criteria e.g., compliance with applicable rules and procedures. The Committee's aim is to attract and retain good quality officers at Executive and Key Function Holder levels, in order to better serve the interests of the Group as well as those of its Shareholders and other stakeholders.

The Committee also reviews and recommends for approval by the Board of Directors the Directors' Remuneration Policy, which is voted at the Annual General Meeting of the Shareholders in accordance with the provisions of the Encouragement of the Long-Term Active Participation of the Shareholders Law of 2021, Law 111(I)/2021.

The Remuneration Committee proposes to the Board of Directors the Annual Remuneration Policy Report, as part of the Annual Financial Report of the Company, which is submitted to the Annual General Meeting of the Shareholders for approval. The Committee also reviews and approves the Disclosure of Information regarding the Annual Remuneration of the Directors, which is prepared by Human Resources for inclusion in the notes to the annual Financial Statements of the Company and the Remuneration Policy Report itself.

During 2023, the Remuneration Committee held seven meetings.

The **Nominations / Internal Governance Committee** is engaged in selecting fit and proper individuals for appointment as Board Members of the Company or its subsidiaries or associated companies of the Group or any other company in which the Company has the right to appoint Members of the Board, either for positions extraordinarily vacated or after the retirement of Board Members. The Committee then submits its suggestion(s) to the Board of Directors for reaching a relevant decision. The new Members of the Board undergo a detailed induction programme.

The Committee is also engaged in identifying, evaluating and recommending for approval by the Board of Directors candidates for the position of the CEO of the Company or any other company in which the Bank has the right to appoint and/or recommend the CEO, as well as in evaluating and recommending for approval by the Board of Directors the appointment of Key Function Holders excluding the Heads of Control Functions, following a relevant recommendation by the CEO.

The Committee also has the responsibility of implementing the Group's policies on Internal Governance as well as to oversee the Board's Evaluation and Succession Plan. The Committee has the overall responsibility for the development and implementation of the Bank's Environmental, Social and Governance (ESG) strategy. The Nominations / Internal Governance Committee meets whenever issues within its competency arise.

During 2023, the Nominations / Internal Governance Committee held fourteen meetings.

The Board of Directors decided to establish a temporary / ad hoc **Transformation Committee** of the Board as from 4th May 2020. The primary role of this Committee is to oversee the implementation of the Bank's Transformation Strategy, with special emphasis on the monitoring of the implementation of the Digital Transformation Strategy which forms part of the Bank's overall Transformation Strategy and to keep the Board of Directors informed of the progress, risks and mitigating plans of such implementation.

The Transformation Committee meets whenever necessary. During 2023, the Committee held eleven meetings.

(14) Terms of Reference of the Board of Directors' Committees (except the Remuneration Committee and the temporary / ad hoc Transformation Committee)

Terms of Reference of the Audit Committee (exact copy)

1. <u>Establishment / Mission</u>

The Board Audit Committee (the 'Committee') was established to fulfil the following mission in relation to Hellenic Bank Public Company Limited (the 'Company' or the 'Bank' or the 'Group'):

The primary mission of the Committee is to ensure compliance with the applicable legal and regulatory framework, including but not limited to the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus and European Central Bank Directives and requirements and the Cyprus Stock Exchange Code of Corporate Governance, in relation to Internal Audit and Compliance. The Committee also ensures compliance with the General Data Protection Regulation in relation to Personal Data Protection.

The Committee reviews and challenges, where necessary, Group Policies / Frameworks, practices, controls as well as actions and judgements of the Management team that contribute to the sound management and conduct of the operations and activities of the Company.

The Committee is responsible for assisting the Board of Directors (the 'Board') in the effective monitoring of the activities and operations of the Group.

The detailed duties and responsibilities of the Committee are set out in section 5.

To accomplish its mission, the Committee has under its direct monitoring and control Internal Audit, which is independent of the Executive Management and accountable to the Committee. Also, the Compliance Unit and the Data Protection Office reports quarterly to the Committee on matters related to the adequacy and effectiveness of the Compliance Framework and the Framework for Business Conduct and the Data Protection Framework respectively.

The Committee has adequate access to the Internal Control Functions, and it obtains independent professional advice whenever it deems this necessary.

2. <u>Composition and Term-in-Office of Members of the Audit Committee</u>

The Board appoints at least three and up to five non-Executive Directors as Members of the Committee. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

The Committee should have:

(a) Recent and relevant practical experience in financial markets or professional experience directly linked to financial markets activity and

(b) Knowledge of the Group's broader business environment, including information systems, technology, compliance and internal audit.

Members of the Committee must not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

Members of the Committee cannot participate in more than two (2) statutory committees, including the Committee.

The Chairperson of the Committee shall be independent and have specialist knowledge and experience in the application of accounting principles and internal control processes and will be appointed by the Board.

The Chairperson of the Board shall not be a Member of the Committee.

The term-in-office of the Members of the Committee is decided by the Board.

3. <u>Meetings of the Audit Committee</u>

The Committee holds meetings, at least quarterly, which, where appropriate, must coincide with important financial reporting dates.

For unforeseen issues the Committee may convene via teleconferencing / videoconferencing. A Committee resolution in writing signed or approved by email or any other means of transmission (e.g., Diligent) by ALL Committee Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Every effort shall be made to carry out a regular meeting at least once a year with the physical presence of all Committee Members.

The arrangement for attending regular or extraordinary meetings via teleconference / videoconference shall not be used abusively but with caution at member or committee level ensuring that, as a rule and unless there are special circumstances to justify the opposite, at least the majority of Committee Members are physically present at each regular or extraordinary meeting.

Committee Members shall not be absent from the regular and extraordinary meetings either physically or via teleconference / videoconference, for more than two (2) consecutive meetings or twenty-five percent (25%) of the annual meetings.

The next integral number of one half of the Members comprises a quorum.

The Committee invites regularly to its meetings the Head of Internal Audit, the Head of the Compliance Unit, the Manager of the Data Protection Office and any executives of the Group, whose input / opinion it considers necessary to enable it to best discharge its duties and comply with its terms of reference.

The Chairperson of the Committee shall ensure that no person other than its Members is present at a meeting, including other Board Members, unless he/she is formally invited for a specific item or items on the agenda to contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting immediately after, without any participation in the decision-making process.

Prior to the commencement of a Committee meeting, the Chairperson shall read all the items on the agenda and request that any Member, who has a potential interest and/or conflict of interest in any of the agenda items, to explain such conflict and not participate in the discussion of such agenda topic. Also, during a committee meeting, a Member must declare any potential interest and/or conflict of interest as soon as it becomes apparent. For any agenda item / other specific issue with conflicts of interest by a Committee Member, he/she is asked to leave the meeting when discussing / voting for that agenda item / specific issue and the relevant material and minutes relating to that agenda item / specific issue are restricted to be viewed by that Member.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including supporting papers where relevant, at least three (3) business days in advance of the meeting, except of the supporting papers regarding the quarterly and annual financial results, for which Company Secretariat must ensure that are distributed at least two (2) business days in advance of the meeting. Any envisaged late material submission, deemed necessary and justified, must be authorised by the Chairperson in advance.

The material submitted should include summarising cover memos or executive summaries and/or dashboards and should highlight the risks, opportunities, costs, and benefits of the various items on which the Committee is expected to make recommendations to the Board.

The Committee reports regularly to the Board. The Company Secretariat must ensure that minutes and decisions are kept for each Committee meeting, they are finalised not later than fifteen (15) business days following the meeting and are formally approved at the next scheduled meeting or by a Committee resolution.

The Company Secretariat must ensure that the approved minutes of the Board Audit Committee meetings are submitted to the Central Bank of Cyprus (in accordance with paragraphs 12 and 19 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus) within one (1) month from the date of the meeting. In case no Committee meeting is held within one (1) month, the minutes shall be approved by written procedure by all Members present at the meeting and submitted within the specified deadline to the Central Bank of Cyprus. The approved and signed minutes are subsequently circulated to all Board Members (by uploading on Diligent Board Resources).

4. <u>Operational and Decision-making Process of the Audit Committee</u>

4.1 The Committee is authorised by the Board to:

(a) Investigate any activity within its Terms of Reference,

(b) Seek any information and clarifications from any employee of the Company. All employees are required to co-operate with any request made by this Committee.

4.2 The Committee should follow the arrangements established / approved and supervised by the Board that are intended to ensure the internal operation of the Committee, for the proper flow of information, including the verification documents for the Committee's recommendations and conclusions, and the reference channels between the Committee and the Board, the Central Bank of Cyprus, and other parties.

4.3 The Committee, in exercising its supervisory responsibilities, shall have adequate access to resources and information relevant to its duties. The Committee shall follow the framework and appropriate and transparent procedures for such access, and appropriate and transparent procedures in the event that it allows the Committee Members to communicate individually and directly with senior management and/or members of staff, in exercising their supervisory responsibilities as Members of the Committee (abovementioned framework / procedures are established by the Board).

4.4 The Chairperson of the Committee is responsible for the efficient operation of the Committee and for adhering to proper governance procedures. He/She encourages and promotes open discussions with a critical spirit, ensuring that divergent views can be expressed and discussed within the decision-making process. The Chairperson of the Committee sets and prioritises the items on the agenda and ensures that Committee decisions are taken on a sound basis based on sufficient information received in a timely manner before meetings. He/She also ensures that sufficient time is provided to Committee Members for examining important issues and receiving answers to any questions or concerns they may have, without being confronted with unrealistic deadlines for decision making.

4.5 The Committee should interact with other committees in an appropriate way. Subject to subparagraph (4) of paragraph 18 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus, such interaction may take the form of multiple participation so that the Chairperson or a Member of the Committee may also be a member of another committee.

4.6 The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board.

4.7 The Committee, in exercising its duties, needs to ensure, to the extent possible and on an ongoing basis, that decision making is not dominated by one individual or by a small group of individuals in a way that it affects the interests of the Company as a whole.

5. <u>Duties and Responsibilities of the Audit Committee</u>

The duties and responsibilities of the Committee are the following:

5.1 Financial Statements

5.1.1 It monitors the integrity, accuracy and reliability of the Group's quarterly and annual financial reporting process, as well as any formal announcements relating to the Group's financial performance and other disclosures and makes relevant recommendations to the Board. It reviews the quarterly Financial Results and the annual Financial Statements of the main subsidiaries of the Group.

5.1.2 It assesses the adequacy of the provisions on financial and non-financial assets and on material litigation against the Bank in line with applicable accounting policies and standards and submits a relevant report to the Board and the Board Risk Management Committee on a quarterly basis.

5.1.3 It monitors the establishment of applicable accounting policies and practices, paying particular attention to the following:

(a) Changes to critical accounting policies and practices,
(b) Decisions requiring a significant element of judgement,
(c) Unusual transactions and how these are disclosed.

5.1.4 It monitors the effectiveness of the internal quality control and risk management systems and its Internal Audit function in relation to the Group's quarterly and annual financial reporting

5.2 Statutory Audit

5.2.1 It submits proposals to the Board regarding the appointment, compensation, terms and scope of engagement and substitution or rotation of the Statutory Auditors. It is responsible for the selection process of the Statutory Auditors and proposal for approval to a General Meeting of Shareholders of the Bank regarding their appointment, in accordance with relevant regulatory requirements, their remuneration and termination.

It reviews the scope of the Statutory Audit of the Annual Financial Statements.

5.2.2 It monitors and ensures the independence and effectiveness of the Statutory Auditors, including:

(a) Seeking from the Auditors information about the policies and procedures for maintaining independence and compliance with relevant requirements, at least on an annual basis.

(b) Seeking reassurance that the Auditors and their staff have no family, financial, employment or business relationship with the Company (other than in the normal course of business).

(c) Discussing with the Auditors the threats to independence, applicable safeguards and mitigation actions, evaluating the independence of the Auditors, and providing its memo to the Board of Directors along with its recommendation for the appointment or re-appointment of the Auditors.

(d) Reviewing with the Auditors any threats to independence and applicable safeguards, the key issues related to independence, the list of non-audit services rendered during the year and the Auditors' confirmation of independence, included in the Auditors' Additional Report to the Board Audit Committee presented at the end of the statutory audit.

(e) Taking account of the Audit Firm's Partners rotation policy.

(f) Overseeing the Auditors' compliance with the reporting requirements in relation to the Audit Report and the Auditors' Additional Report to the Board Audit Committee.

(g) Monitoring the history of new key management staff joining the Group in relation to previous employment by the incumbent Auditors.

5.2.3 It oversees the relationship between the Bank and its Statutory Auditors.

5.2.4 It evaluates the extent and effectiveness of the audits and examines ways to better co-ordinate the audit effort to ensure complete coverage, avoidance of overlapping work and the best use of available audit resources (cost effectiveness).

5.2.5 It monitors the Statutory Audit of the Annual Financial Statements, and in particular its performance, considering any findings and conclusions of the Cyprus Public Audit Oversight Board.

5.2.6 It informs the Board of the outcome of the Statutory Audit, explaining its contribution to the integrity of the Group Financial Statements and what was the role of the Committee in this procedure.

5.2.7 It evaluates and considers the statements made / matters identified in the Audit Report and the Statutory Auditors' Additional Report to the Board Audit Committee and any other audit reports.

The Committee liaises and holds meetings with the Statutory Auditors frequently to discuss matters arising from their audit findings.

5.2.8 It evaluates the comments and proposals of the Statutory Auditors regarding the management of the Group, the preparation and presentation of its Financial Statements and the monitoring of their application.

5.2.9 It is responsible for the oversight of permissible non-audit services ('NAS') to the Bank and its subsidiary or affiliated companies by their Statutory Auditors, considering into account the nature of the services offered, the threats to their independence and the safeguards applied.

5.2.10 The Committee Members must satisfy themselves that the NAS provided by the Statutory Auditors do not compromise the Auditors' independence. Factors that the Committee Members consider include:

(a) The level of fees paid for the provision of NAS as a proportion of total fees paid to the Auditors. The Committee is informed quarterly by Finance and the Auditors about the nature, extent and fees of NAS or other advisory assignments of the Auditors.

(b) Regarding the NAS provided, the aim is to maintain the balance between objectivity and the value added by the NAS at Group level.

(c) In the case where NAS are offered to a subsidiary or affiliated company of the Bank and the volume is such that it downgrades the objectivity of their audits, the Committee informs the corresponding Committee (where it exists) of the subsidiary company or its Board of Directors.

(d) Written confirmation of independence provided by the Auditors for each NAS, approved by the appropriate authority within the audit firm (typically the principal engagement partner).

5.2.11 It is responsible for confirming that the Group's NAS provided by the Statutory Auditors are permissible and ensuring the Auditors' independence by monitoring the volume, nature and fees of NAS. All requests for review of NAS provided by the Auditors are submitted to the Committee through Finance.

5.2.12 As per the Framework for Related-Party Transactions - NAS by the Statutory Auditors approved by the Board, the Board delegated to the Chief Financial Officer the approval of NAS, if certain criteria are met, including the arm's length assessment of NAS by the Auditors and the evaluation of independence and permissibility of NAS by the Auditors (instead of the latter being performed by the Committee as above).

Finance provides relevant quarterly reports to the Committee as part of the quarterly analysis of the NAS and fees by the Auditors, and the Board is informed retrospectively by the Committee.

5.2.13 Finance prepares annually a report in which the audit services and NAS are recorded by category, timing, duration and fees paid to the Statutory Auditors. The report is submitted to the Committee for review and subsequent submission to the Board, along with the relevant comments of the Committee and its recommendation for the independence of the Auditors.

5.3 Internal Audit

5.3.1 It reviews the Internal Audit Charter and recommends it for approval to the Board.

5.3.2 Internal Audit submits its annual audit plan and budget to the Committee for review and approval, including any outsourcing arrangements, ensuring appropriate coverage, prioritisation, and flexibility to adapt to variations in response to developments. Changes to the annual audit plan and/or the budget during the year must have the prior approval of the Committee.

5.3.3 It submits to the Board its recommendations on the appointment and replacement of the Head of Internal Audit.

5.3.4 It assesses, on an annual basis, the performance of the Head of Internal Audit and submits his/her annual appraisal to the Board.

5.3.5 It makes recommendations regarding the remuneration of the Head of Internal Audit and submits them to the Board via the Board Remuneration Committee.

It reviews recommendations regarding the remuneration of the Senior Staff of Internal Audit, if the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms). These recommendations may be submitted to the Board Remuneration Committee / Board, if deemed appropriate by the Committee, otherwise they are approved by the Committee itself.

5.3.6 It assesses and monitors the independence, adequacy, and effectiveness of Internal Audit and submits the assessment report to the Board.

It also submits the assessment report to the Board Nominations / Internal Governance Committee for the review of the composition, authority and independence of Internal Audit.

5.3.7 It monitors the effectiveness of the Group's internal quality control and risk management systems and its Internal Audit function, with regards to the Group's financial reporting, without compromising its independence.

5.3.8 It reviews the quarterly and annual reports submitted by the Chief Internal Auditor, which are subsequently submitted for the Board's review, as well as all other Internal Audit reports submitted by the Chief Internal Auditor. Internal Audit reports relating to the main subsidiaries of the Group are also included in the quarterly and annual reports.

5.3.9 It submits to the Board reports regarding the following:

(a) Proposals for addressing any weaknesses of the internal control systems and information systems, which have been identified based on reports of Internal Audit and the observations and comments of the Statutory Auditors and the regulatory authorities.

(b) Matters relating to the independence and smooth execution of the audit work carried out by Internal Audit.

5.3.10 (a) It confirms that the Company assigns the assessment, at least once every three years, of the adequacy and effectiveness of the internal control framework, on an individual and consolidated base, to external auditors, other than the Bank's Statutory Auditors, who have the necessary know-how to carry out the required assessment in accordance with paragraph 82 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus.

(b) It evaluates the findings of the above assessment and proposes corrective measures to the Board.

5.3.11 It ensures that Internal Audit has appropriate standing and authority within the Company and adequate resources.

5.3.12 It reviews, assesses, and approves any changes in the organisation structure of Internal Audit prepared by the Head of Internal Audit in consultation with Human Resources.

5.4 Compliance

5.4.1 It reviews the Compliance Charter & Framework and recommends it for approval to the Board.

5.4.2 It assesses and monitors the independence, adequacy, and effectiveness of the Compliance Unit and submits the assessment report to the Board.

It also submits this assessment report to the Board Nominations / Internal Governance Committee for the review of the composition, authority and independence of the Compliance Unit.

5.4.3 It submits to the Board its recommendations on the appointment and replacement of the Head of the Compliance Unit.

5.4.4 It assesses, on an annual basis, the performance of the Head of the Compliance Unit and submits his/her annual appraisal to the Board.

5.4.5 It makes recommendations regarding the remuneration of the Head of the Compliance Unit and submits them to the Board via the Board Remuneration Committee.

It reviews recommendations regarding the remuneration of the Senior Staff of the Compliance Unit, if the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms). These recommendations may be submitted to the Board Remuneration Committee / Board, if deemed appropriate by the Committee, otherwise they are approved by the Committee itself.

5.4.6 It advises the Board, drawing on the work of the Compliance Unit, on the adequacy and effectiveness of the Code of Business Conduct and Ethics.

5.4.7 It advises the Board, drawing on the work of the Compliance Unit and the Statutory Auditors, on the adequacy and effectiveness of the Compliance Framework (including the Compliance Monitoring Programme and Compliance Policies). Anti-Money Laundering Compliance is also included therein, following delegation by the Board of its direct responsibility for monitoring Anti-Money Laundering Compliance, to the Committee.

5.4.8 The Compliance Unit submits its annual Compliance action plan and monitoring programme and budget to the Committee for approval, ensuring that they are sufficiently flexible to adapt to variations in response to developments. Changes to the action plan and monitoring programme and/or the budget during the year must have the prior approval of the Committee.

5.4.9 It reviews the quarterly and annual compliance reports submitted by the Head of the Compliance Unit, which are subsequently submitted for the Board's review. It also reviews the annual reports and risk assessments of the Anti-Money Laundering Compliance Officer, which are subsequently submitted for the Board's consideration and approval of their adoption by the Bank. Issues relating to the main subsidiaries of the Group are also included in the abovementioned reports.

5.4.10 It ensures that the Compliance Unit has appropriate standing and authority within the Company and adequate resources.

5.4.11 It reviews, assesses, and approves any changes in the organisation structure of the Compliance Unit prepared by the Head of the Compliance Unit in consultation with Human Resources.

5.4.12 It reviews and submits to the Board the Head of the Compliance Unit's recommendation on the appointment and replacement of the Anti-Money Laundering Compliance Officer (AMLCO).

The Head of the Compliance Unit submits, on an annual basis, the performance appraisal of the AMLCO to the Committee for notification.

It reviews / makes recommendations regarding the remuneration of the AMLCO, if the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms), and it submits them to the Board Remuneration Committee / Board for approval.

5.5 Data Protection

5.5.1 It reviews the Data Protection Office Charter and recommends it for approval to the Board.

5.5.2 It assesses and monitors the independence, adequacy, and effectiveness of the Data Protection Office and notifies the Board accordingly.

5.5.3 It approves the appointment and replacement of the Manager of the Data Protection Office and notifies the Board accordingly.

5.5.4 It assesses, on an annual basis, the performance of the Manager of the Data Protection Office and notifies the Board accordingly.

5.5.5 It reviews / makes and approves recommendations regarding the remuneration of the Manager of the Data Protection Office, if the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms).

5.5.6 The Data Protection Office submits its annual Data Protection action plan and budget to the Committee for approval, ensuring that they are sufficiently flexible to adapt to variations in response to developments. Changes to the action plan and/or the budget during the year must have the prior approval of the Committee.

5.5.7 It reviews the quarterly and annual Data Protection Office reports submitted by the Manager of the Data Protection Office, which are subsequently submitted for the Board's review.

5.5.8 It ensures that the Data Protection Office has appropriate standing and authority within the Company and adequate resources. It supports and empowers the Manager of the Data Protection Office to ensure implementation of any General Data Protection Regulation-related remedial actions.

5.6 Miscellaneous Issues

5.6.1 It assigns to Internal Audit or to independent experts, the investigation of any matters, which fall within its mission and responsibilities, and it obtains independent professional advice whenever it deems this necessary. The Committee has an annual budget of €100.000 to use for the services of independent experts / consultants. In case the annual budget needs to be exceeded, the Committee should request the approval of the Board before any additional expenditure is incurred.

5.6.2 It requests information from Senior Management on the significant risks to which the Group is exposed; it evaluates the measures taken by Senior Management and the Board to minimise these risks and submits its recommendations for the improvement of those measures.

5.6.3 It investigates any other important data, information or facts that concern and influence the performance and operation of the Company or its compliance with the relevant legal and regulatory framework that govern it.

5.6.4 It oversees that Senior Management takes the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other weaknesses identified by external auditors, Internal Audit, the Compliance Unit, and the regulatory authorities.

5.6.5 Following a decision of the Committee, the Chairperson of the Committee convenes a joint meeting with the Members of the Board Audit Committee of a subsidiary company to discuss and study any matters concerning that company as may be deemed necessary.

5.6.6 The Committee has the responsibility for examining any significant transactions, of any nature, carried out by the Bank and/or its subsidiary companies, in which a Member of the Board, the Chief Executive Officer, a Senior Executive, the Company Secretary, the Statutory Auditors or a major shareholder of the Company (who directly or indirectly holds more than 5% of the issued share capital of the Company or its voting rights) has, directly or indirectly, any significant interest, so as to ensure that these transactions are carried out within the framework of the Company's normal commercial practices (at arm's length).

The above definition includes the Members of the Board of subsidiary companies.

5.6.7 It prepares, with the assistance of the Executive Officer responsible for ensuring compliance with the Corporate Governance Code, the Report of the Board of Directors on Corporate Governance to be included in the Group's Annual Financial Report.

5.6.8 It handles any eponymous or anonymous reports by employees / associated third parties, submitted in the context of the Group's relevant policy.

5.6.9 It assesses the adequacy and effectiveness of the appeals process, based on reports of the Appeals Committee, and of the Appeals Committee itself. It identifies any weaknesses or gaps in the loans restructuring process and it subsequently informs the executive Management and the Board on further action as it considers necessary.

5.6.10 It carries out an annual self-assessment and reports to the Board its conclusions and recommendations for improvements and changes in relation to the structure, the responsibilities, and the work of the Committee.

5.6.11 The Chairperson of the Committee is available for personal, telephone, electronic or written communication, upon request of the Company's shareholders, regarding issues concerning the work of the Committee. He/She is also available to answer any questions raised during the Annual General Meeting or any other informative meeting of the Company's shareholders.

5.6.12 Information regarding the structure and work of the Committee is also included in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

6. Duty & Responsibility of the Audit Committee's Chairperson arising from Article 58D of the Prevention and Combating of Money Laundering Law of 2007

The Chairperson of the Committee is appointed by the Board, according to the requirements of Article 58D of the Prevention and Combating of Money Laundering Law of 2007, to be responsible at Board level for the implementation of the laws, regulations and administrative provisions required to be complied with for the purposes of compliance with the Prevention and Combating of Money Laundering Law of 2007, and the Directives and/or circulars and/or regulations issued thereunder, including any relevant acts of the European Union, including the relevant arrangements and procedures of the credit institution for preventing and combating money laundering.

7. Validity and Amendments of the Terms of Reference of the Audit Committee

The Terms of Reference are reviewed regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions to reflect any new practices that may be adopted by the Group. These may include organisational restructuring, Directives of the Central Bank of Cyprus, amendments in the relevant legislation, new Directives of the Securities and Exchange Commission or new Regulations of the Cyprus Stock Exchange which are added to the Code.

8. Corporate Governance Code issued by the Cyprus Stock Exchange

Notwithstanding the above, the Committee will function strictly within the framework of the relevant provisions of the Corporate Governance Code issued by the Cyprus Stock Exchange, as determined in Chapter C of the Code.

Terms of Reference of the Risk Management Committee (exact copy)

1. Establishment / Mission

The Board Risk Management Committee ('BRMC' or the 'Committee') of Hellenic Bank Public Company Limited (the 'Company' or the 'Bank' or the 'Group') was established to fulfil the following mission:

1.1 Set a well-defined and clearly communicated strategy for risk management and information security and fraud throughout the Group and embedding of the Risk Appetite Framework ('RAF') and the Risk Appetite Statement ('RAS').

1.2 Promote and embed a culture of risk / information security and fraud awareness and appropriate risk taking across the Group and assist the Board of Directors of the Bank in implementing the strategy.

1.3 Promote risk-informed decision making across the Group.

1.4 Ensure compliance with all required laws and regulations including but not limited to the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus' and European Central Bank's Directives and requirements, and the Cyprus Stock Exchange's Code of Corporate Governance in relation to Risk Management and Information Security & Fraud.

1.5 Periodically review the Group's Enterprise Risk Management Framework and the Information Security & Fraud Framework (Policy).

1.6 Ensure that the Risk Management and Information Security & Fraud Functions fulfill their responsibilities and obligations concerning the identification, measurement, monitoring and effective management of all Group risks.

2. Composition of the Risk Management Committee

The Committee is appointed by the Board of Directors ('BoD' or 'Board') and consists of three to five Non-Executive Directors with sufficient knowledge and experience in the Risk Management sector. The majority of the Members of the Committee must be independent Non-Executive Members of the Board.

Members of the Risk Management Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board and should be an independent Non-Executive Member.

The term-in-office of the Members of the Committee is decided by the Board.

The Board can, during the term-in-office of the Committee: (a) replace any Member of the Committee, including the Chairperson and (b) fill positions in the Committee which are vacated for any reason.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

Committee Members shall have, individually and collectively, appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company, as well as the risk management and control practices.

3. Meetings / Decision-making Process of the Risk Management Committee

The Committee shall meet whenever necessary and at least twice every quarter. The arrangement for attending regular or extraordinary meetings via teleconferencing / videoconferencing shall not to be used abusively but with caution at member or committee level ensuring that, as a rule and unless there are special circumstances to justify the opposite, at least the majority of Committee Members are physically present at each regular or extraordinary meeting.

For unforeseen issues, the Committee may convene via teleconferencing / videoconferencing. A Committee resolution in writing signed or approved by email, text message, fax or any other means of transmission (e.g., Diligent) by ALL Committee Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Every effort shall be made to carry out a regular meeting at least once a year with the physical presence of all Committee Members.

Committee Members shall not be absent from the regular and extraordinary meetings either physically or via teleconferencing / videoconferencing, for more than two (2) consecutive meetings or twenty-five percent (25%) of the annual meetings.

The Committee, in exercising its supervisory responsibilities, shall have adequate access to resources and information relevant to their duties from within the Company. The Committee shall establish a framework and appropriate and transparent procedures for such access, and appropriate and transparent procedures in the event that it allows Committee Members to communicate individually and directly with senior management and/or members of staff, in exercising their supervisory responsibilities.

The Committee, in exercising its duties, shall take into account, to the extent possible and on an ongoing basis, the need to ensure that decision making is not dominated by one individual or by a small group of individuals in a way that it affects the interests of the Company as a whole.

Prior to the commencement of a Committee meeting, the Chairperson shall read all the items on the agenda and request that any Member, who has a potential interest and/or conflict of interest in any of the agenda items, to explain such conflict and not participate in the discussion of such agenda topic. Also, during a Committee meeting, a Member must declare any potential interest and/or conflict of interest as soon as it becomes apparent. For any agenda item / other specific issue with conflicts of interest by a Committee Member, he/she is asked to leave the meeting when discussing / voting for that agenda item / specific issue and the relevant material and minutes relating to that agenda item / specific issue are restricted to be viewed by that Member.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members. A decision of the Committee may be adopted by the majority of attending Committee Members. In the case of a tie, the Chairperson shall not have a second or casting vote and the item in discussion must be escalated to the Board.

The Committee Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including any supporting papers where relevant, at least three (3) business days in advance of the meeting. Any envisaged late material submission, deemed necessary and justified, must be authorised by the Chairperson in advance.

The material submitted should include summarising cover memos or executive summaries and/or dashboards and should highlight the risks, opportunities, costs and benefits of the various items on which the Committee is expected to make recommendations to the Board.

The Committee reports regularly to the Board. The Committee Secretariat must ensure that the final minutes of the Committee meetings are submitted to the Central Bank of Cyprus (and they must be in accordance with Paragraphs 12 and 19 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus) within one (1) month from the date of the meeting. In case no Committee meeting is held within one (1) month, the minutes shall be approved by written procedure by all Members present at the meeting and submitted within the specified deadline to the Central Bank of Cyprus.

The Committee Secretariat works in close cooperation with Risk Management and Information Security & Fraud Functions to coordinate: (i) the submission of support material and information to the Risk Management Committee and (ii) the communication between the Risk Management Committee and relevant stakeholders.

The Committee has the amount of €100.000 per year as a budget to use for obtaining independent professional advice whenever it deems this necessary. In case the annual budget is exceeded, the Committee should request the approval of the Board for any additional expenditure to be incurred.

The Committee may formally invite to any of its meetings, for a specific item or items on the agenda, any person who may contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting immediately after without any participation in the decision-making process.

The Committee should follow the arrangements established / approved and supervised by the Board that are intended to ensure the internal operation of the Committee, for the proper flow of information, including the verification documents for the Committee's recommendations and conclusions, and the reference channels between the Committee and the Board, the Central Bank of Cyprus and other parties.

The Committee, in exercising its supervisory responsibilities, shall have adequate access to resources and information relevant to its duties. The Committee shall follow the framework and appropriate and transparent procedures for such access, and appropriate and transparent procedures in the event that it allows the Committee Members to communicate individually and directly with senior management and/or members of staff, in exercising their supervisory responsibilities as Members of the Committee (above mentioned framework / procedures are established by the Board).

The Committee should interact with other committees in an appropriate way. Subject to subparagraph (4) of paragraph 18 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus, such interaction may take the form of multiple participation so that the Chairperson or a Member of the Committee may also be a member of another committee.

4. Chairperson of the Risk Management Committee

The Chairperson of the Committee is responsible for the efficient operation of the Committee and for adhering to proper governance procedures. He/She encourages and promotes open discussions with a critical spirit, ensuring that divergent views can be expressed and discussed within the decision-making process. The Chairperson of the Committee sets and prioritises the items on the agenda and ensures that Committee decisions are taken on a sound basis based on sufficient information received on time before meetings. He/She also ensures that sufficient time is provided to Committee Members for examining important issues and receiving answers to any questions or concerns they may have, without being confronted with unrealistic deadlines for decision making.

The Chairperson of the Committee shall ensure that no person other than its Members is present at a meeting, including other Board Members, unless he/she is formally invited for a specific item or items on the agenda to contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting immediately afterwards, without any participation in the decision-making process.

The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. The Chairperson shall also be available to answer any questions during the Annual General Meeting of the Shareholders or any meeting for the purposes of briefing the Shareholders of the Company. Information concerning the structure and work of the Committee will also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

5. Duties and Responsibilities of the Risk Management Committee

The Committee shall carry out the duties set out below:

Framework and Policies

5.1 Define and submit for periodic review, prior to Board approval:

5.1.1 The principles which should govern risk management as set out by the Enterprise Risk Management Framework ('ERMF'), the framework for undertaking all forms of risk, and the risk frameworks covering individual risks.

5.1.2 The principles which should be considered in the recruitment of employees, the selection of vendors, the development of products, services, and processes as well as in the implementation and operation of information systems and information processing facilities as set out by the Information Security & Fraud Framework (Policy) itself.

5.1.3 The appropriate allocation of capital across the various divisions of the Group that would enable the Company, Group and/or each subsidiary separately to achieve their business objectives, in accordance with the Strategic Plan of the Group, and within the constraints and guidelines laid out in the Capital Plan and in the Risk Appetite Framework and Statement.

5.1.4 The policies of the Bank with regard to the limits and pricing of undertaking Bank risks.

5.1.5 All other risk related policies cascading from ERMF and the risk frameworks.

5.2 Cultivate an internal environment of risk management, information security and fraud, appropriate risk taking and control, that will govern the business decision-making processes across the activities and Units of the Bank and its subsidiaries, and which will be consistent with the Board's communicated Business Strategy and Risk Appetite Statement.

Risk Appetite / Risk Strategy

5.3 Review and recommend approval of the Risk Appetite Statement ('RAS') and Risk Appetite Framework ('RAF') to the Board

- for regular updates, arising through the annual review process and
- ad-hoc updates, induced by material changes or events.

5.4 Advise, support and develop recommendations for the Board regarding the monitoring of the Group's overall actual and future risk strategy and risk appetite, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Group, ensuring that the Bank maintains at all times sufficient capital at both Bank and Group level.

5.5 Assist the Board in overseeing the effective implementation of the risk appetite framework and strategy and the corresponding risk limits set by senior management including:

(i) The development of mechanisms to ensure material exposures that are close to or exceed approved risk limits are managed and, where necessary, mitigated in an effective and timely manner.
(ii) The escalation of breaches (Red Zone) and Early Warnings (Amber Zone) in Risk Appetite limits and of material risk exposures in a timely manner.
(iii) Submitting proposals and recommendations for corrective actions whenever weaknesses are identified in implementing the risk appetite and the risk strategy.
(iv) Embedding attitudes around risk taking, management and control in line with the Board's communicated Strategy and Risk Appetite Statement.

5.6 Provide the Board with recommendations on necessary adjustments to the risk strategy resulting from, inter alia, changes in the business model of the Bank, market developments or recommendations made by the Risk Management Function.

5.7 Timely escalation from BRMC to the Board, where applicable, of RAS breaches (Red Zone) and Early Warnings (Amber Zone), as per the approved Risk Appetite Escalation Process as described within the Risk Appetite Framework ('RAF').

5.8 Oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks, such as market, credit, operational (including legal and IT risks) and reputational risks, and drawing on the work of the Board Audit Committee, Risk Management Function and External Auditors, assess:

(i) Their adequacy against the approved risk strategy and risk appetite.
(ii) The adequacy of the provisions.
(iii) The effectiveness of strategies and policies regarding the maintenance, on an

ongoing basis, of sufficient amounts, types and distribution of internal capital and equity to cover the risks of the Bank / Group.

5.9 Review a number of possible scenarios, including stressed scenarios, to assess how the Bank and/or Group's risk profile would react to external and internal events.

5.10 Oversee the alignment between all material financial products and services offered to clients and the business model and risk strategy of the Bank taking into consideration European Banking Authority's Guidelines on product oversight and governance arrangements for retail banking products.

5.11 Assess the risks associated with the offered financial products and services and take into account the alignment between the prices assigned to and the profits gained from those products and services.

5.12 Assess / oversee whether the prices of liabilities and assets offered to clients fully take into account the business model and risk strategy of the Bank. In case the prices do not accurately reflect the risks according to the business model and risk strategy, the Committee review and submit a corrective action plan to the Board.

5.13 Collaborate with other Board Committees whose activities may have an impact on the risk strategy (e.g., the Audit and Remuneration Committees) and regularly communicate with the Bank / Group's Control Functions, in particular the Risk Management and Information Security & Fraud Functions.

Recovery Plan

5.14 Review and recommend approval of the Recovery Plan to the Board
(i) for regular updates arising through the annual review process and
(ii) ad-hoc updates induced by material changes or events as these are defined herein.

Capital Management

5.15 Review and recommend to the Board for approval relevant regulatory submissions after review and approval at Executive level such as the Group's Internal Capital Adequacy Assessment Process ('ICAAP'), the Banks Stress Testing Process and the Bank's Recovery Plan.

5.16 Approve the methodology, assumptions and parameters used for the calculation of the provisions by the Risk Management Function.

Liquidity Management

5.17 Review and recommend to the Board for approval relevant regulatory submissions after review and approval at Executive level such as the Group's Internal Liquidity Adequacy Assessment Process ('ILAAP') and the Group's Liquidity Contingency Plan.

Environmental, Social and Governance (ESG) Risk

5.18 Monitor ESG risk through the semi-annual submission and discussion of the Bank's ESG Action Plan.

5.19 While reviewing relevant strategy / policies, assess whether ESG risk considerations are taken into account.

5.20 Ensure that ESG risk is adequately managed through the Bank's Risk Appetite Framework and through embedding ESG-related matters within the relevant risk frameworks.

Risk Data Aggregation and Reporting

5.21 Oversee the implementation of Data Governance and the BCBS 239 Principles for effective Risk Data Aggregation and Reporting.

Pillar III Disclosures

5.22 Review and recommend to the Board for approval the Group's Compliance Policy to the Pillar III Disclosure Requirements as per CRR / CRD IV, as amended by CRR II / CRD V.

5.23 Review and endorse statements in relation to risk disclosures of the Pillar III Disclosures.

Remuneration

5.24 Review, without prejudice to the tasks of the Remuneration Committee, whether incentives provided by the remuneration policies and practices take into consideration Bank's risk, capital, liquidity and the likelihood and timing of earnings.

5.25 Review the process for Identified Staff as per the requirements of the CRR / CRD IV and the Regulatory Technical Standards (RTS) set by EBA, to identify all staff members whose professional activities have or may have a material impact on the Bank's / Group's risk profile.

Control Functions

5.26 Assess and monitor the independence, adequacy and effectiveness of the Risk Management and Information Security & Fraud Functions, including carrying out the annual appraisals of the Heads of the Risk Management and Information Security & Fraud Functions, and submit the relevant reports to the Board. It also submits the assessment reports to the Board Nominations / Internal Governance Committee for the review of the composition, authority and independence of the Risk Management and Information Security & Fraud Functions. The Committee assesses as well the adequacy and effectiveness of the Information Security Framework, which, among other things, ensures the adequate protection of the confidential and proprietary information of the Group.

5.27 Submit to the Board recommendations for the appointment or removal of the Heads of the Risk Management and Information Security & Fraud Functions.

5.28 Make recommendations regarding the remuneration of the Heads of Risk Management and Information Security & Fraud and submit them to the Board via the Board Remuneration Committee.

Review recommendations regarding the remuneration of the Senior Staff of Risk Management and Information Security & Fraud, if the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms). These recommendations may be submitted to the Board Remuneration Committee / Board, if deemed appropriate by the Committee, otherwise they are approved by the Committee itself.

5.29 Advise the Board, drawing on the work of the Board Audit Committee, Risk Management Function, Information Security & Fraud Function and External Auditors, on:

(i) The adequacy and effectiveness of the risk management and information security and fraud frameworks and propose improvements where necessary.
(ii) The adequacy and robustness of information and communication systems to enable identification, measurement, assessment and reporting of risk in a timely and accurate manner and ensure the adequate protection of the Company's confidential and proprietary information.

(iii) The adequacy of provisions and effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds, adequate to cover the risks of the Company.

5.30 Review and approve the budgets of the Risk Management and Information Security & Fraud Functions, ensuring that they are sufficiently flexible to adapt to variations in response to developments.

Risk Management and Information Security & Fraud Information

5.31 Determine the nature, the amount, the format and the frequency of the information which it is to receive on the risk situation of the Company and for each type of risk and each business unit. The Committee must:

(i) Approve metrics or a process to satisfy itself that the risk reports and information it receives are accurate, comprehensive and depict an appropriate view of the Company's risk profile.
(ii) Ensure that risk parameters and risk models developed and used to quantify them are subject to periodic independent validation.

5.32 Review and make recommendations and requests considering the Group's risk profile in relation to its strategy and risk appetite and monitor material risks, key risk trends, concentrations and exposures by evaluating all appropriate information and reports including but not limited to the following:

(i) The quarterly reports submitted by the Chief Risk Officer within two (2) months from the end of each quarter and inform the Board accordingly.
(ii) The Flash Risk Report submitted eight (8) working days following each calendar month end and submit this to the Board.
(iii) The monthly RAS Reporting by 22nd of the month following each calendar month end and by the end of the month submit this to the Board.
(iv) The annual report submitted by the Head of the Risk Management Function within two (2) months from the end of each year and submit this to the Board, accompanied by the Committee's assessment of the report.
(v) The quarterly reports submitted by the Chief Information Security Officer within two (2) months from the end of each quarter and inform the Board accordingly.
(vi) The annual report submitted by the Head of the Information Security & Fraud Function within one (1) month from the end of each year and submit this to the Board, accompanied by the Committee's assessment of the report.
(vii) The relevant reports prepared by the Internal Audit Unit, Subsidiaries Boards and/or Risk Committees, other Executive Committees of the Bank and the Regulators, and oversee that corrective measures are implemented where these are necessary.

5.33 Promote the development of relevant Early Warning Indicators and other loan portfolio management tools, analytics and strategies.

Evaluation of Risks

5.34 The Committee reviews the evaluation and recommendations of the Risk Management Function related to the involvement of the Group in new markets, new companies or business ventures and submit its respective recommendations to the Board.

5.35 The Committee shall evaluate the Arrears Management Strategy and its underlying hypothesis and assumptions, as well as ensure appropriate control mechanisms to effectively monitor and manage NPE and Forborne loans, via the quarterly reports submitted by the Chief Risk Officer and the Head of GGS, NPA Management & Transactions Advisory (via Risk Management), or other such reporting as agreed by the Committee, and report to the Board accordingly.

5.36 The Risk Management Committee shall work with the Board Audit Committee to ensure that a global view is taken in the management of risk.

5.37 Provide advice on the appointment of external consultants that the Board may decide to engage for advice or support.

5.38 Assess the recommendations of internal or external auditors and follow up on the appropriate implementation of measures taken.

5.39 Have access to all relevant information and data necessary to perform their role, including information and data from relevant corporate and Control Functions (e.g., legal, finance, human resources, IT, internal audit, risk, compliance, including information on AML / CTF compliance and aggregated information on suspicious transaction reports, and ML / TF risk factors).

5.40 The Committee shall receive regular reports, ad hoc information, announcements and the opinion of the Heads of Control Functions in relation to the Company's existing risk profile, risk culture and limits as well as any significant violations that may have emerged, with detailed information and recommendations on the corrective action taken.

5.41 The Committee shall review on a periodic basis and decide on the content, form and frequency of the information to be provided regarding risk and where necessary, to ensure the necessary participation of the Control Functions and other related functions (Human Resources, Legal Services, Economic Research) within their respective fields of expertise and/or to seek advice from external advisors.

Executive Committees

5.42 The Committee will:

(i) Review and approve material changes in the Terms of Reference and the Composition of the Executive Risk Management Committee and Asset Liability Committee.

(ii) Review and recommend to the Board material changes in the Terms of Reference of the Extended Executive Loan Committee and Extended Arrears & Property Management Committee.

(iii) Review and approve changes in the Composition of the Extended Executive Loan Committee and Extended Arrears & Property Management Committee.

(iv) Review and approve material changes in the Composition of the Executive Loan Committee, Senior Loan Committee and Arrears & Property Management Committee.

6. Committee Governance

6.1 The Committee shall conduct a self-assessment and report its conclusions and recommendations for improvements and changes to the Board.

6.2 The Committee shall review its Terms of Reference regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions. Earlier update may be deemed necessary following relevant recommendations by the Regulatory Authorities and the Board.

Terms of Reference of the Nominations / Internal Governance Committee (exact copy)

1. Role of the Nominations / Internal Governance Committee

The Nominations / Internal Governance Committee is primarily responsible to prepare proposals for the Board of Directors (the "Board") regarding the selection of individuals for nomination as Members of the Board of the Company or of any other company in which Hellenic Bank Public Company Limited (the "Company") has the right to appoint any member of the board, either to fill extraordinarily vacated or vacant seats or after the retirement of a Member in accordance with the retirement policy due to age.

In addition, the Committee is responsible to prepare proposals for the Board regarding the selection of the Chief Executive Officer ("CEO") of the Company or any other company in which the Company has the right to appoint a CEO or the appointment of any Executive Member of the Board. The Committee is also responsible for the development, implementation and oversight of policies of internal governance arrangements within the Group.

The Committee also ensures that the Company complies with the requirements of the Business of Credit Institutions Laws, the relevant Central Bank of Cyprus' Directives and the Cyprus Stock Exchange's Code of Corporate Governance.

2. Composition of the Nominations / Internal Governance Committee

The Committee is appointed by the Board and consists of three to five exclusively non-Executive Directors. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

Members of the Nominations / Internal Governance Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board and should be an independent Non-Executive Member.

The term-in-office of the Members of the Committee is decided by the Board.

Committee Members should have, individually and collectively, appropriate knowledge, skills and expertise regarding the selection process and the suitability requirements of individuals for nomination as Members of the Board of the Company or of any other company in which the Company has the right to appoint any member of the Board.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

3. Meetings / Decision-making Process of the Nominations / Internal Governance Committee

The Committee shall meet whenever necessary and at least on a quarterly basis. The Committee may convene via teleconferencing / videoconferencing. A Committee resolution in writing signed or approved by email, text message, fax or any other means of transmission (e.g., Diligent) by ALL Committee Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Every effort shall be made to carry out a regular meeting at least once a year with the physical presence of all Committee Members.

The arrangement for attending regular or extraordinary meetings via teleconferencing / videoconferencing shall not be used abusively but with caution at member or committee level ensuring that, as a rule and unless there are special circumstances to justify the opposite, at least the majority of Committee Members are physically present at each regular or extraordinary meeting.

Committee Members shall not be absent from the regular and extraordinary meetings either physically or via teleconferencing / videoconferencing, for more than two (2) consecutive meetings or twenty-five percent (25%) of the annual meetings.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members.

The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensure it is distributed, including any supporting papers where relevant, at least three (3) business days in advance of the meeting. Any envisaged late material submission, deemed necessary and justified, has to be authorised by the Committee Chairperson in advance.

The material submitted should include summarising cover memos or executive summaries and/or dashboards and should highlight the risks, opportunities, costs and benefits of the various items on which the Committee is expected to make recommendations to the Board.

The Committee reports regularly to the Board. The Company Secretariat must ensure that minutes and decisions are kept for each Committee meeting, they are finalised not later than fifteen (15) business days following the meeting and are formally approved at the next scheduled meeting. The Company Secretariat ensures that the minutes are in accordance with Paragraph 12 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus. The approved and signed minutes are subsequently circulated to all Board Members (by uploading on Diligent Board Resources).

Prior to the commencement of a Committee meeting, the Chairperson shall read all the items on the agenda and request that any Member, who has a potential interest and/or conflict of interest in any of the agenda items, to explain such conflict and not participate in the discussion of such agenda topic. Also, during a Committee meeting, a Member must declare any potential interest and/or conflict of interest as soon as it becomes apparent. For any agenda item / other specific issue with conflicts of interest by a Committee Member, he/she is asked to leave the meeting when discussing / voting for that agenda item / specific issue and the relevant material and minutes relating to that agenda item / specific issue are restricted to be viewed by that Member.

The Committee, in exercising its duties, shall take into account, to the extent possible and on an ongoing basis, the need to ensure that decision making is not dominated by one individual or by a small group of individuals in a way that it affects the interests of the Company as a whole.

The Chairperson of the Committee shall ensure that no person other than its Members is present at a meeting, including other Board Members, unless he/she is formally invited for a specific item or items on the agenda to contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting immediately after without any participation in the decision-making process.

The Chairperson of the Committee is responsible for the efficient operation of the Committee and for adhering to proper governance procedures. He/She encourages and promotes open discussions with a critical spirit, ensuring that divergent views can be expressed and discussed within the decision-making process. The Chairperson of the Committee sets and prioritises the items on the agenda and ensures that Committee decisions are taken on a sound basis based on sufficient information received on time before meetings. He/She also ensures that sufficient time is provided to Committee Members for examining important issues and receiving answers to any questions or concerns they may have, without being confronted with unrealistic deadlines for decision making.

The Committee should follow the arrangements established / approved and supervised by the Board that are intended to ensure the internal operation of the Committee, for the proper flow of information, including the verification documents for the Committee's recommendations and conclusions, and the reference channels between the Committee and the Board, the Central Bank of Cyprus and other parties.

The Committee, in exercising its supervisory responsibilities, shall have adequate access to resources and information relevant to their duties. The Committee shall follow the framework and appropriate and transparent procedures for such access, and appropriate and transparent procedures in the event that it allows Committee Members to communicate individually and directly with senior management and/or members of staff, in exercising their supervisory responsibilities as Members of the Committee (abovementioned framework / procedures are established by the Board).

The Committee shall receive regular reports, ad hoc information, announcements and the opinion of the Heads of Control Functions in relation to the Company's existing risk profile, risk culture and limits as well as any significant violations that may have emerged, with detailed information and recommendations on the corrective action taken.

The Committee shall review on a periodic basis and decide on the content, form and frequency of the information to be provided regarding risk and where necessary, to ensure the necessary participation of the Control Functions and other related functions (Human Resources, Legal Services, Economic Research) within their respective fields of expertise and/or to seek advice from external advisors.

The Committee has the approval of the Board to obtain independent professional advice whenever it deems this necessary. The Committee has an annual budget of €100.000 to use for the services of independent experts / consultants. In case the annual budget needs to be exceeded, the Committee should request the approval of the Board before any additional expenditure is incurred.

4. Duties and Responsibilities of the Nominations / Internal Governance Committee

The Committee shall carry out the duties set out below:

Board Evaluation

4.1 Assess periodically and at least annually, the collective suitability (using the skills and expertise matrix found in the European Central Bank IMAS Fitness & Probity Questionnaire), structure, size, composition and performance of the Board and make recommendation regarding any changes to Board membership.

4.2 Evaluate periodically and at least annually, the skills, knowledge, experience, diversity and expertise of Members of the Board of Directors, individually and collectively, reporting accordingly to the Board.

4.3 Assign at least every three (3) years the review and evaluation of the composition, efficiency and effectiveness of the Board and its Committees to an independent external consultant to bring an objective perspective and share leading industry practices.

Board Succession Plans

4.4 Review periodically and at least annually, succession plans for the Board to ensure that on the one hand successions occur smoothly and an appropriate balance of diversity, skills and experience is maintained, and on the other hand the progressive renewal of the Board, reporting accordingly to the Board.

Policies

4.5 Define, for the approval by the Board, and periodically review policies for:

(a) Nomination, evaluation, selection, ongoing assessment and succession of Board Members, including the necessary competences, skills and academic or professional qualifications to ensure sufficient expertise and conformity with the regulatory requirements that an individual should possess in order to serve as a member of the Board of Directors; and

(b) Board diversity, including a target representation of the underrepresented gender and how to reach and maintain this target.

4.6 Review periodically and at least annually, the policy for selection, development, appointment and replacement of senior management and Heads of Control Functions and make recommendations to the Board.

4.7 Review periodically the policy for recruitment, rotation and promotion of staff, reporting accordingly to the Board.

Board and CEO Appointments

4.8 Identify, evaluate and recommend, for the approval by the Board or for election at the Shareholders' Annual General Meeting, candidates to fill vacancies in the board of directors of the Company or of any other company in which the Company has the right to appoint any member to its board of directors.

In identifying candidates, the Committee shall, with the assistance of external advisors if deemed necessary:

a) Consider candidates from a wide range of backgrounds;

b) pay due regard to the Fitness and Probity (Suitability) regulatory requirements; and

c) consider candidates on merit and against objective criteria, as defined in the Board Nomination, Evaluation, Selection, Succession and Ongoing Assessment Policy, with due regard to the benefits of diversity, taking care that appointees will have sufficient time to devote to the position.

4.9 Identify, evaluate and recommend, for the approval by the Board, candidates for the position of the CEO of the Company or of any other company in which the Bank has the right to appoint and/or recommend the Chief Executive Officer, with the assistance of external advisors if deemed necessary.

4.10 In its recommendation to the Board to appoint a candidate as Director or CEO, the Committee shall provide a full rationale of how it arrived at its decision. In addition, the relevant discussions and accompanying justification for selecting / rejecting proposed candidates will be appropriately documented in the minutes of the Committee.

4.11 Prior to the appointment of a Director, the proposed appointee shall be required by the Committee to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

4.12 The Committee is responsible for

(a) assessing whether any interests or relationships declared by Members of the Board present an actual or potential conflict of interest and

(b) approving Members of the Board's requests related to directorships with other companies or intra-Group.

Appointment of Key Function Holders

4.13 Identify, evaluate and recommend, for the approval by the Board, the appointment of Key

Function Holders (other than Heads of Control Functions), following a relevant recommendation by the CEO.

Suitability

4.14 The Committee shall continuously monitor the collective and individual suitability of Board Members and Key Function Holders, on the basis of the assessment criteria included in the Directives on the Assessment of Suitability of the Members of the Management Body and Key Function Holders of Authorised Credit Institutions of 2020 & 2022 of the Central Bank of Cyprus.

4.15 When events make reassessment necessary in order to verify the ongoing suitability of the Board collectively or of the individual member / key function holder in question, and taking into account the relevant provisions of the Internal Governance of Credit Institutions Directives of 2021 & 2023, such a re-assessment should be undertaken immediately and any conclusions / proposed action should be submitted to the Board for final decision and subsequent communication to the Central Bank of Cyprus.

4.16 If at any given time, persons who hold the post of an independent Director do not satisfy or seem not to satisfy any of the independence criteria due to developments, then the Committee must address the issue immediately and proceed with a relevant recommendation to the Board as to the issue and as to the necessary remedial measures, including removing the said Member from the Board or redefining his/her role in the Board and/or appointing a new independent Director. All necessary remedial measures should be implemented as soon as possible. The said Member should be released from any of his/her duties as an independent Member of the Board from the date the non-compliance with the independence criteria is identified.

Control Functions

4.17 Review periodically, and at least annually, in collaboration with the Audit and Risk Management Committees, the composition, authority and independence of the Control Functions, reporting accordingly to the Board.

Internal Governance Arrangements

4.18 Ensure effective internal governance arrangements are in place and evaluate the extent of compliance with the policies of internal governance as approved by the Board.

Environmental, Social and Governance

4.19 The Committee has the overall responsibility for the development and implementation of the Bank’s Environmental, Social and Governance (ESG) strategy with the aim of a positive impact on the stakeholders, the environment and the society in general. The Committee also supports the Board in overseeing and challenging actions related to it.

4.20 The Committee reviews and recommends for approval by the Board the Annual ESG Impact Report.

Committee Governance

4.21 The Committee shall review its Terms of Reference regularly, at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions.

4.22 The Committee shall conduct annually a self-assessment and report its conclusions, recommendations for improvements and changes to the Board.

Annual General Meeting

4.23 The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. He/She shall also be available to answer any questions during the Annual General Meeting or any meeting for the purposes of briefing the shareholders of the Company. Information concerning the structure and work of the Committee shall also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

Reporting to the Central Bank of Cyprus

4.24 The Annual Evaluation Reports referred to in Paragraphs 4.1 and 4.2 shall be submitted to the Central Bank of Cyprus within three (3) months of the end of every year.

Job Descriptions

4.25 The Committee shall review and approve, where this is deemed necessary, the Job Description (roles, responsibilities, main duties, powers, etc.) of the Executive Members of the Board, the Chief Executive Officer, Key Function Holders (other than Heads of Control Functions).

5. <u>Code of Corporate Governance</u>

It is understood that the Nominations / Internal Governance Committee will operate strictly within the framework of the relevant provisions of the Code of Corporate Governance, as determined in Chapter A of the Code.

(15) Part D of the Code which refers to the Relations of the Company with its Shareholders

The Board of Directors of the Company utilises the occasions of the announcements of financial results, as well as of the Annual General Meeting of the Shareholders itself for organising analytical presentations of the Financial Statements. These are usually undertaken by the Chief Financial Officer and the Company's Executive Management for the benefit of shareholders, financial analysts, members of the Stock Exchange and representatives of the media.

Regarding the Annual General Meeting, the Company takes into consideration the relevant provisions of the legislation, the Company's Articles of Association and the Code.

Mr Constantinos Pittalis, Manager Investor Relations, has been appointed as Investor Relations Officer (tel. 22500794, e-mail: ir@hellenicbank.com), responsible for the communication between shareholders and the Company. Information concerning the Group is provided to shareholders, prospective investors, analysts and brokers in a prompt and unbiased manner.

(16) Rotating Directors eligible for Re-Election

The Internal Governance Directive provides that, subject to the occurrence of a "change in the ownership structure" of a credit institution, the appointed members of the management body of a credit institution are subject to re-election at the institution's annual general meeting, every three years from the date of their appointment.

Paragraph 15(5) of the Internal Governance Directive provides that, in the event of a change in the ownership structure of a credit institution, non-executive members are subject to re-election at a general meeting before three years have elapsed since the date of their appointment. A "change in the ownership structure" for the purposes of this paragraph of the Internal Governance Directive is defined as the acquisition of a qualifying holding (at least 10%) in the share capital of the credit institution and any further increase of such qualifying holding such that the holding percentage in the share capital of the credit institution reaches or exceeds 20%, 30% or 50% of the share capital, based on the provisions of section 17(1) of the Business of Credit Institutions Law of 1997 (Law 66(I)/1997).

Regulation 108 of the Bank's Articles of Association, in summary, provides that the appointed Directors are subject to re-election at the Annual General Meeting, every 3 years from the date of their appointment.

Furthermore, Regulation 113 of the Bank's Articles of Association provides that "any director [appointed at any time and from time to time by the directors, either to fill a casual vacancy or as an addition to the existing directors,] shall hold office, only until the next following annual general meeting, and shall then be eligible for re-election".

In accordance with the provisions of the Internal Governance Directive and the Bank's Articles of Association, the following Directors will retire and are eligible (provided they offer themselves) for re-election at the Annual General Meeting of the Shareholders (their curriculum vitaes are uploaded on the Bank's website www.hellenicbank.com (The Group / Investor Relations / Corporate Governance [Board of Directors])):

(a) Stephen John Albutt
(b) Demetrios Efstathiou
(c) Kristofer Richard Kraus
(d) Marco Comastri

In the event that "a change in the ownership structure" (as defined in the Internal Governance Directive) of the Bank occurs prior to the Annual General Meeting, the Bank will have to comply with the provisions of the Internal Governance Directive with respect to the retirement and re-election of the Directors.

Nicosia, 8 April 2024

HELLENIC BANK PUBLIC COMPANY LIMITED

REMUNERATION POLICY REPORT FOR THE YEAR 2023

INTRODUCTION

The Board of Directors (the “Board”) of Hellenic Bank Public Company Limited (the “Company” or the “Bank”), in compliance with the provisions of the Code of Corporate Governance, published by the Cyprus Stock Exchange (5th revised edition - January 2019) and particularly Appendix 1 of the Code, as well as the provisions of the Encouragement of the Long-Term Active Participation of the Shareholders Law of 2021, Law 111(I)/2021, as amended (the “SRD Law”), incorporates the present Remuneration Policy Report in the Company’s 2023 Annual Financial Report. The Company’s 2023 Annual Financial Report is published in the Company’s website.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends for approval by the Board of Directors the Remuneration Policy and the Remuneration Principles of the Group, as well as the Directors’ Remuneration Policy, which is voted at the Annual General Meeting of the Shareholders in accordance with the provisions of the SRD Law. The Committee reviews the remuneration of Executive and Non-Executive Members of the Board, the Company Secretary, the Chief Executive Officer, Key Function Holders including the Heads of Control Functions, and the Anti-Money Laundering Compliance Officer, and it makes relevant recommendations to the Board. The aim of the Committee is to attract and retain good quality officers at Executive and Key Function Holder levels in order to better serve the interests of the Group as well as those of its Shareholders and other stakeholders. The Committee’s suggestions and the Group’s Remuneration Policy take into consideration the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration at other levels in the Group as well as non-financial criteria e.g., compliance with applicable rules and procedures.

Each year, the Remuneration Committee proposes to the Board of Directors the Annual Remuneration Policy Report, as part of the Annual Financial Report of the Company, which is submitted to the Annual General Meeting of the Shareholders for approval. The Committee also reviews and approves the Disclosure of Information regarding the Annual Remuneration of the Directors, which is prepared by Human Resources for inclusion in the notes to the annual Financial Statements of the Company and the Remuneration Policy Report itself.

The composition of the Remuneration Committee during 2023 and until the date of this Report is as follows:

Chairperson: Petros Christodoulou (from 30th January 2024)
Andreas Persianis (until 30th January 2024)

Members: Kristofer Richard Kraus (from 30th January 2024)
Demetrios Efstathiou (until 27th April 2023)
Christos Themistocleous (until 30th January 2024)
Miranda Xafa
Marco Comastri (from 19th September 2023).

The terms of reference of the Remuneration Committee appear below:

Terms of Reference of the Remuneration Committee (exact copy)

1. <u>Role of the Remuneration Committee</u>

The Remuneration Committee was established to ensure that Hellenic Bank Public Company Limited (the “Company”) complies with the requirements of the Business of Credit Institutions

Laws / other relevant Laws, the relevant Central Bank of Cyprus' Directives and the Cyprus Stock Exchange's Code of Corporate Governance and is responsible for the evaluation of proposals regarding remuneration matters, including those proposals which have an implication on the risk and risk management of the Group.

The primary role of the Committee is to define and recommend for approval by the Board of Directors of the Company (the "Board") the Group Remuneration Policy, including pensions and variable compensation, and the Remuneration Principles for the Group that are aligned to the Group's strategic objectives and values. Also, the Committee prepares proposals for the approval by the Board on the remuneration packages, including retirement and other benefits, of Executive and non-Executive Members of the Board, the Company Secretary, as well as of the Chief Executive Officer, Key Function Holders including the Heads of the Control Functions, and the Anti-Money Laundering Compliance Officer. Furthermore, the Committee is engaged in reviewing and making proposals on the remuneration (Directors' Fees) of the Members of the Board of Directors of any company in which the Bank has the right to appoint and/or recommend Members of the Board.

2. Composition of the Remuneration Committee

The Committee is appointed by the Board and consists of three to five exclusively non-Executive Directors who shall exercise competent and independent judgment on remuneration policies and practices. The majority of the Members of the Committee must be independent non-Executive Members of the Board.

Members of the Remuneration Committee can be members of only one other Board Committee.

The Chairperson of the Committee is appointed by the Board and should be an Independent Member.

The term-in-office of the Members of the Committee is decided by the Board.

Committee Members shall not hold any other posts or positions or conduct transactions which could be considered to be in conflict with the Terms of Reference of the Committee.

3. Meetings / Decision-making Process of the Remuneration Committee

The Committee shall meet whenever necessary and at least twice a year. The Committee may convene via teleconferencing / videoconferencing. A Committee resolution in writing signed or approved by email, text message, fax or any other means of transmission (e.g., Diligent) by ALL Committee Members shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Every effort shall be made to carry out a regular meeting at least once a year with the physical presence of all Committee Members.

The arrangement for attending regular or extraordinary meetings via teleconferencing / videoconferencing shall not to be used abusively but with caution at member or committee level ensuring that, as a rule and unless there are special circumstances to justify the opposite, at least the majority of Committee Members are physically present at each regular or extraordinary meeting.

Committee Members shall not be absent from the regular and extraordinary meetings either physically or via teleconferencing / videoconferencing, for more than two (2) consecutive meetings or twenty-five percent (25%) of the annual meetings.

The majority of Committee Members shall comprise a quorum. A majority of Committee Members shall be considered to be the next integral number of one half of the Members.

The decisions of the Committee are taken by majority voting. In the event of an equality of votes, the Chairperson of the meeting shall not have a second or casting vote and the item in discussion must be escalated to the Board of Directors.

The Company Secretariat must be closely involved in the preparation of the meeting's agenda and ensures it is distributed, including any supporting papers, where relevant, at least three (3) business days in advance of the meeting. Any envisaged late material submission, deemed necessary and justified, has to be authorised by the Committee Chairperson in advance.

The material submitted should include summarising cover memos or executive summaries and/or dashboards and should highlight the risks, opportunities, costs and benefits of the various items on which the Committee is expected to make recommendations to the Board.

The Committee reports regularly to the Board. The Company Secretariat must ensure that minutes and decisions are kept for each Committee meeting, they are finalised not later than fifteen (15) business days following the meeting and are formally approved at the next scheduled meeting. The Company Secretariat ensures that the minutes are in accordance with Paragraph 12 of the Internal Governance of Credit Institutions Directives of 2021 & 2023 of the Central Bank of Cyprus. The approved and signed minutes are subsequently circulated to all Board Members (by uploading on Diligent Board Resources).

Prior to the commencement of a Committee meeting, the Chairperson shall read all the items on the agenda and request that any Member, who has a potential interest and/or conflict of interest in any of the agenda items, to explain such conflict and not participate in the discussion of such agenda topic. Also, during a Committee meeting, a Member must declare any potential interest and/or conflict of interest as soon as it becomes apparent. For any agenda item with conflicts of interest by a Committee Member, he/she is asked to leave the meeting when discussing that agenda item and the relevant material and minutes relating to that agenda item are restricted to be viewed by that Member.

The Committee, in exercising its duties, shall take into account, to the extent possible and on an ongoing basis, the need to ensure that decision making is not dominated by one individual or by a small group of individuals in a way that it affects the interests of the Company as a whole.

The Chairperson of the Committee shall ensure that no person other than its Members is present at a meeting, including other Board Members, unless he/she is formally invited for a specific item or items on the agenda to contribute towards that specific item. Such person is present only during the discussion of the specific item and leaves the meeting room immediately after without any participation in the decision-making process.

The Chairperson of the Committee is responsible for the efficient operation of the Committee and for adhering to proper governance procedures. He/She encourages and promotes open discussions with a critical spirit, ensuring that divergent views can be expressed and discussed within the decision-making process. The Chairperson of the Committee sets and prioritises the items on the agenda and ensures that Committee decisions are taken on a sound basis based on sufficient information received on time before meetings. He/She also ensures that sufficient time is provided to Committee Members for examining important issues and receiving answers to any questions or concerns they may have, without being confronted with unrealistic deadlines for decision making.

The Committee should follow the arrangements established/approved and supervised by the Board that are intended to ensure the internal operation of the Committee, for the proper flow of information, including the verification documents for the Committee's recommendations and conclusions, and the reference channels between the Committee and the Board, the Central Bank of Cyprus and other parties.

The Committee, in exercising its supervisory responsibilities, shall have adequate access to resources and information relevant to their duties. The Committee shall follow a framework and appropriate and transparent procedures for such access, and appropriate and transparent procedures in the event that it allows Committee Members to communicate individually and directly with senior management and/or members of staff, in exercising their supervisory responsibilities as Members of the Committee (abovementioned framework/procedures are established by the Board).

The Committee has the amount of €100.000 per year as a budget to use for obtaining independent professional advice whenever it deems this necessary. In case the annual budget is exceeded, the Committee should request the approval of the Board for any additional expenditure to be incurred.

4. Duties and Responsibilities of the Remuneration Committee

Remuneration Framework

4.1 The Committee shall submit to the Board, within its terms of reference agreed upon and without the presence of the party interested in their evaluation, proposals concerning the framework and level of remuneration (including fixed pay, performance-related pay, bonuses, pension rights and any compensation payments, share options, etc.) of Executive and non-Executive Members of the Board of the Company, the Company Secretary, the Chief Executive Officer ("CEO") of the Company, Key Function Holders including the Heads of the Control Functions, the Anti-Money Laundering Compliance Officer (AMLCO), and the CEO of any company in which the Bank has the right to appoint and/or recommend the CEO. The Committee shall also submit to the Board proposals on the remuneration (Directors' Fees) of the Members of the Board of Directors of any company in which the Bank has the right to appoint and/or recommend Members of the Board.

The Committee will take into consideration factors such as the relevant responsibilities, workload, qualifications, know-how, academic background, experience, individual performance, remuneration of comparable positions in the market, especially in areas where the Group is active, remuneration in other levels of the Group and non-financial criteria e.g., compliance with applicable rules and procedures. It will also consider the need to attract and retain the most suitable Directors (Executive and non-Executive) / Senior Executives in the Company.

4.2 During the formulation of the above-mentioned proposals, the Committee should take care so that:

(a) These proposals are consistent with the relevant legal and regulatory requirements and

(b) the performance-related systems:

- should not extend any benefits before the gains expected by the Company materialise in a satisfactory degree,
- should not include non-Executive Members of the Board among the beneficiaries,
- should specify targets and evaluation criteria so that the remuneration of the Company Executives is properly aligned with the long-term interests of the shareholders, investors, other stakeholders and the public interest, the Company's business objectives and strategies with a view of delivering sustainable value and maintaining a sound capital base, always within the risk framework of the Company.

4.3 During the preparation of its proposals, the Committee shall provide the opportunity to the Chairperson and the Chief Executive Officer to express an opinion with regard to its proposals concerning the salaries of other Executive Board Members. It should also have access to professional advice, both internal and external.

Group Remuneration Policy

4.4 The Committee shall support and advise the Board regarding the design and/or update and monitoring of the implementation of the Group Remuneration Policy and practices and compliance with them.

4.5 The Committee shall assist the Board in fulfilling its duty in ensuring that the Group Remuneration Policy and practices are consistent with the risk appetite of the Company, prevent conflicts of interest and promote sound and effective risk management.

4.6 The Committee shall ensure that staff members, who are involved in the design, review and implementation of remuneration policies and practices, have relevant expertise and are capable of forming independent judgment on the suitability of these remuneration policies and practices, including their suitability for risk management. Independent external advice may also be sought.

4.7 The Committee shall assist, through relevant studies / proposals, the Board in fulfilling its duties in approving and periodically reviewing the Principles that govern the Group Remuneration Policy and the Policy itself and in overseeing the latter's implementation.

4.8 The Committee shall ensure that Control Functions are involved in the design, review and implementation of the Group Remuneration Policy.

4.9 In addition to setting the Group Remuneration Policy, the Committee shall:

a. Determine and periodically review target and measures to be applied for variable compensation, liaising with the Risk Management Committee of the Board,

b. assess the achievement of performance targets to be applied for variable compensation and the need for ex post risk adjustment, including the application of malus and clawback arrangements,

c. review and recommend to the Board the budget for annual staff salary increases, and

d. review and recommend to the Board the signing of Collective Agreements, where applicable.

4.10 The Committee shall review a number of possible scenarios to test how the Group Remuneration Policy and practices react to external and internal events, and back-test the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes.

4.11 The Committee shall be actively involved in the identification process of staff whose professional activities have a material impact on the Bank's risk profile, in line with its responsibilities for the preparation of decisions regarding remuneration. In doing so, the Remuneration Committee has delegated the preparation of the list of Identified Staff to the Risk Management Unit, with the support of Human Resources.

4.12 The Committee shall ensure that the Group Remuneration Policy and practices are subject to a central and independent review by the Internal Audit Unit at least on an annual basis.

Remuneration of Non-Executive Members of the Board

4.13 In relation to the level of remuneration of the non-Executive Members of the Board, the Committee shall take the following into consideration:

a. The available time that the Members have to prepare for attending meetings,

b. the responsibilities assumed by each Member,

c. the non-correlation of remuneration to the profitability of the Company and

d. the non-participation in any insurance or pension plan.

The proposal of the Remuneration Committee will be submitted by the Board to the Shareholders' General Meeting for approval.

Policy for the Remuneration of the Members of the Board

4.14 The Committee shall review and submit to the Board for approval the Directors' Remuneration Policy, which is voted at the Annual General Meeting of the Shareholders in accordance with the provisions of the Encouragement of the Long-Term Active Participation of the Shareholders Law of 2021, Law 111(I)/2021, as amended.

Re-adjustment of Benefits

4.15 The Committee shall submit to the Board proposals for the determination of each re-adjustment of benefits of the Members of the Board, the Chief Executive Officer and his/her direct reports, being sensitive to the terms of remuneration and conditions of employment at other levels of the Group.

External Advice

4.16 The Committee shall review the appointment of external remuneration consultants that the Board or the Remuneration Committee may decide to engage for advice or support.

4.17 The Committee shall, when using the services of a consultant to obtain information on market standards for remuneration systems, ensure that this consultant does not also give advice to the Human Resources Department or the Executive Members of the Board.

Control Functions

4.18 The Committee reviews the remuneration of the Heads of the Control Functions for submission to the Board for its approval, following the recommendations of the Committees of the Board, as per reporting lines of the Control Functions.

If deemed appropriate, the Committees of the Board, as per the reporting lines of the Control Functions, may also make recommendations to the Remuneration Committee regarding the Senior Staff of the Control Functions when the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms).

The remuneration of employees in Control Functions is predominantly fixed, to reflect the nature of their responsibilities.

In this respect, the maximum award for variable pay for members of Control Functions has been set at 50% of annual basic salary.

In addition, the remuneration of these employees is linked to the performance of their Functions and is not dependent on the performance of the units they are tasked with controlling, to avoid any conflict of interest.

4.19 The Committee reviews the remuneration of the Anti-Money Laundering Compliance Officer (AMLCO) for submission to the Board for its approval, following the recommendation of the Board Audit Committee when the circumstances warrant it (e.g., non-contractual salary increases / changes in contract terms).

Key Function Holders

4.20 Remuneration is reviewed and agreed by the Remuneration Committee for submission to the Board for its approval, following input from the Risk Management Unit (where required).

The Chief Executive Officer makes recommendations to the Remuneration Committee regarding the remuneration of Key Function Holders, other than members of the Control Functions, the Company Secretary and Executive Members of the Board.

The Committees of the Board, as per the reporting lines of the Control Functions, make recommendations to the Remuneration Committee regarding the remuneration of the Heads, and Senior Staff (if deemed appropriate) of the Control Functions as per term of reference 4.18 above.

Remuneration Reports / Statements

4.21 The Committee shall prepare, for submission to the Board, the Annual Remuneration Policy Report, which will comprise part of or be attached to the Annual Financial Report of the Company.

4.22 The Committee shall review and approve the Annual Remuneration Statement, prepared by Human Resources for inclusion in the Company's annual Financial Statements or in the notes to the annual Financial Statements, in accordance with Appendix 2 of the Code of Corporate Governance and the relevant Cyprus Central Bank's Directives / Guidelines.

4.23 The Committee shall review and approve the content of any resolutions submitted for approval at the General Meeting of the Shareholders, which will be prepared by the Company Secretariat in cooperation with the Company's Legal Advisors, in accordance with Appendix 3 of the Code of Corporate Governance, and concern possible plans for the remuneration of Executive Members of the Board in the form of shares, share warrants or share options and of any resolutions submitted for approval at the General Meeting of the shareholders, which will be prepared by the Company Secretariat in cooperation with the Company's Legal Advisors concerning possible plans for remuneration of employees of the Group in the form of shares, share warrants or share options.

Committee Governance

4.24 The Committee shall review its Terms of Reference at least annually, to ensure continuing appropriateness. The reviews must be documented and include, where necessary, recommendations to the Board on revisions.

4.25 The Committee shall conduct annually a self-assessment and report its conclusions, recommendations for improvement and changes to the Board.

Annual General Meeting

4.26 The Chairperson of the Committee shall be available for personal, telephone, electronic or written communication, which shareholders of the Company may request, regarding issues concerning the work of the Committee. He/She will also be available to answer any questions during the Annual General Meeting or any meeting for the purposes of briefing shareholders of the Company. Information concerning the structure and work of the Committee will also be given in the Annual Corporate Governance Report of the Board of Directors of Hellenic Bank Public Company Limited.

5. Code of Corporate Governance

It is understood that the Remuneration Committee will act strictly within the framework of the relevant provisions of the Code of Corporate Governance, as determined in Chapter B of the Code.

DIRECTORS' REMUNERATION POLICY

The Remuneration Policy for the Directors of the Company remains the same as it was when approved in the Annual General Meeting of the Shareholders held on 28th June 2023, as shown below. A relevant proposal will be submitted by the Board of Directors to the Annual General Meeting of the Shareholders for approval.

The remuneration of the Members of the Board of Directors for the year 2023 was fixed as follows:

(i) Chairperson: €210.000
(ii) Vice-Chairperson: €75.000
(iii) Senior Independent Director: €75.000
(iv) Board Members: €60.000.

Furthermore, the remuneration of the Members of the following Committees of the Board of Directors for the year 2023 was fixed as follows:

(i) Chairperson of the Audit Committee: €50.000
(ii) Chairperson of the Risk Management Committee: €50.000
(iii) Chairperson of the Remuneration Committee: €25.000
(iv) Chairperson of the Nominations / Internal Governance Committee: €25.000
(v) Chairperson of the Transformation Committee: €45.000
(vi) Member of the Audit Committee: €30.000
(vii) Member of the Risk Management Committee: €30.000
(viii) Member of the Remuneration Committee: €15.000
(ix) Member of the Nominations / Internal Governance Committee: €15.000
(x) Member of the Transformation Committee: €20.000.

Pursuant to Regulation 88 of the Company's Articles of Association, the Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or in connection with the business of the Company.

This Directors' Remuneration Policy recognises:

a) The significant increase in the responsibilities undertaken and the workload of the Board, as well as of its Committees, arising due to increased regulatory requirements,
b) the time commitment the Members of the Board are required to devote to the Company for Board matters and Board Committee matters,
c) the substantial risks based on the conditions prevailing in the financial environment that the Group is operating in, and
d) the desire to attract and retain Board Members with high qualifications, know-how, experience, academic background, and performance.

The Directors' Remuneration Policy, voted at the Annual General Meeting of the Shareholders held on 28th September 2022, can be found in the Company's website at www.hellenicbank.com (The Group / Investor Relations / Corporate Governance (scroll to the end) / Directors Remuneration Policy). There was no deviation from this Policy during 2023.

REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR / CHIEF EXECUTIVE OFFICER

Mr Oliver Gatzke was appointed as an Executive Member of the Board of Directors of Hellenic Bank and as Chief Executive Officer of the Group on 23rd July 2021.

On 27th July 2023, Mr O. Gatzke, in accordance with the terms of his employment contract, gave to the Company notice that he intends to terminate his employment contract on its expiry date, that is on 22nd July 2024.

The Company has decided to place Mr O. Gatzke on Garden Leave (as defined in his employment contract) with full pay, effective as from 1st August 2023, until further notice.

Mr O. Gatzke is rewarded with a remuneration package based on a contract of employment, the terms of which take into account the relevant provisions of the Code of Corporate Governance published by the Cyprus Stock Exchange, the Central Bank of Cyprus' Internal Governance Directive, the European Banking Authority's Guidelines on Sound Remuneration Policies and the Group's Remuneration Policy. The remuneration package includes a non-variable annual salary and has an option for variable remuneration.

The non-variable annual salary is paid monthly and is inclusive of any directors' or any other fees payable to him by reason of his directorship or holding of any other office in the Company or any Group company, and takes into consideration his knowledge, extensive experience in senior managerial positions, academic background, expertise and leadership skills. In addition, it takes into consideration the services he offers, the time devoted to the Group, the scope of his responsibilities, the benefits and remuneration of officers in corresponding positions in other comparable organisations and the market at the time when his employment contract was entered into.

In addition to the salary, the remuneration package also includes fringe benefits such as private medical insurance cover or participation in a medical plan (including dental care) for the Chief Executive Officer and his family, life and permanent disability insurance and accident cover for him during the employment as per the Company's policy, use of a company car and payment by the Company of all expenses in connection with such use, and use of a mobile phone, tablet, personal computer and other electronic devices.

An annual housing and travelling allowance is payable monthly at the same time as the payment of his salary. A reasonable cost for services, for example tax advice in relation to his personal tax affairs and filing of tax returns may be paid by the Company, if required.

Subject to Shareholders' approval at a General Meeting of a variable remuneration scheme and, also, approval from regulatory authorities, the Company may offer the Chief Executive Officer a variable remuneration package.

The Chief Executive Officer's employment contract has a three-year duration and can be renewed for a further period of up to three years if the Company, at its sole discretion, gives Mr O. Gatzke six months' notice before its expiry. The employment contract will, in such a case, be renewed, on such terms as will be agreed between the two parties.

The Chief Executive Officer may, at any time after 24 months from the commencement date (i.e., 23rd July 2023), terminate his employment contract by giving not less than six months' notice to the Company (see above).

The Company reserves the right, in its sole and absolute discretion, to terminate his employment with immediate effect at any time by making a pay-out of all the Company's obligations under the employment contract which the Company would have had to pay to the Chief Executive Officer until its expiry. Any pay-out will be paid less tax, national insurance contributions and any other contributions or deductions as required by law.

The Company may, in its sole and absolute discretion, elect to pay the sum described above in a series of equal instalments and such instalments to be paid during the relevant notice period.

The Chief Executive Officer's employment contract also gives to the Company the right to terminate the employment with immediate effect, by notice in writing, without payment in lieu of notice or compensation (other than in respect of any statutory minimum notice to which the employee may be entitled, pursuant to the Termination of Employment Law, Law No. 24/1967, if any) for cause.

The Company is under no obligation to vest in or assign to the Chief Executive Officer any powers or duties or to provide any work for him to do and, at any time after he or the Company has given notice to terminate the employment, or if he purports to terminate the employment in breach of contract or at such times as the Company is investigating a potential breach of the termination-related provisions in the employment contract, the Board may, in its absolute discretion, by written notice, place him on Garden Leave (as defined in the contract) for all or part of the remainder of the employment.

REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR / CHIEF FINANCIAL OFFICER

Mr Antonis Rouvas was appointed as an Executive Member of the Board of Directors of Hellenic Bank and as Chief Financial Officer of the Group on 20th September 2021.

On 1st August 2023, Mr A. Rouvas was appointed Interim Chief Executive Officer of the Bank. For the duration of this appointment, Mr Rouvas, in addition to the remuneration he was receiving as Chief Financial Officer, is also paid a monthly role allowance. His duties as Chief Financial Officer have been temporarily undertaken by the Bank's Chief Accountant.

Mr A. Rouvas is rewarded with a remuneration package based on a contract of employment, the terms of which take into account the relevant provisions of the Code of Corporate Governance published by the Cyprus Stock Exchange, the Central Bank of Cyprus' Internal Governance Directive, the European Banking Authority's Guidelines on Sound Remuneration Policies and the Group's Remuneration Policy. The remuneration package provides for a fixed remuneration and does not include a variable remuneration element.

The Chief Financial Officer's annual salary is paid monthly and is inclusive of any directors' or any other fees payable to him by reason of his directorship or holding of any other office in the Company or any Group company and takes into consideration his knowledge, extensive experience in senior Finance-related positions, academic background, expertise and management skills. In addition, it takes into consideration the services he offers, the time devoted to the Group and the scope of his responsibilities, the benefits and remuneration of officers in corresponding positions in other comparable organisations and the market at the time when his employment contract was entered into.

In addition to the salary, the remuneration package also includes fringe benefits such as participation in a medical plan for the Chief Financial Officer and his family, life and permanent disability insurance and accident cover for him during the employment as per the Company's policy, use of a company car and payment by the Company of all expenses in connection with such use, and use of a mobile phone, tablet, personal computer and other electronic devices.

Furthermore, a contribution is made on behalf of the Company towards the Employees Investment Retirement Plan, currently at 9% of the employee's gross monthly salary.

The Chief Financial Officer's employment contract has a five-year duration and can be renewed for a further period of up to three years if the Company, at its sole discretion, gives Mr A. Rouvas six months' notice before its expiry.

The Chief Financial Officer may, at any time after 24 months from the commencement date (i.e., 20th September 2023), terminate the contract of employment by giving not less than six months' notice to the Company.

The Company reserves the right, in its absolute discretion, to terminate his employment with immediate effect for any reason prior to the expiry date of the contract, in which case he will be entitled to receive, on the date of such termination, an amount equal to (net of tax, national insurance contributions and any other contributions or deductions as required by law):

(i) The full salary he would have been entitled to for the period between the date of termination and the expiry date and

(ii) the contributions the Company would have been obliged to make to the Employees Investment Retirement Plan for the period between the date of termination and the expiry date.

The above amounts may be paid in equal instalments during the period of notice but, in any event, not later than three months after the date of giving of such notice of termination.

The Company is entitled to terminate the employment with immediate effect, by notice in writing, without payment in lieu of notice or compensation (other than in respect of any statutory minimum notice to which the employee may be entitled, pursuant to the Termination of Employment Law, Law No. 24/1967, if any) for cause.

The Company is under no obligation to vest in or assign to the Chief Financial Officer any powers or duties or to provide any work for him to do and, at any time after he or the Company has given notice to terminate the employment, or if he purports to terminate the employment in breach of contract or at such times as the Company is investigating a potential breach of the termination-related provisions in the employment contract, the Board may, in its absolute discretion, by written notice, place him on Garden Leave (as defined in the contract) for all or part of the remainder of the employment.

The changes in the cumulative retirement benefits of the Executive Directors for the year are disclosed in Note 43 to the Financial Statements contained in this Annual Financial Report.

GROUP REMUNERATION POLICY

Per the Remuneration Policy for the Executive and Non-Executive Members of the Board in the Group Remuneration Policy, for the determination of the variable remuneration of the Executive Members of the Board of Directors, the Board, on the basis of the recommendations of the Remuneration Committee (which follows the proposal of the Nominations / Internal Governance Committee), considers:

(a) The Bank's consolidated results, including profitability, capital base and liquidity among other parameters, the financial conditions of the market in which these results were achieved and the risks assumed;

(b) the performance of the Executive and/or the Unit(s) under his/her responsibility and/or the consolidated performance of the Bank, bearing in mind both financial and non-financial criteria; and

(c) the long-term interests of the Group.

There is currently no variable remuneration plan in force for the Executive Members of the Board.

The Group Remuneration Policy is compliant with the 5th edition of the Corporate Governance Code published by the Cyprus Stock Exchange (5th revised edition - January 2019), the European Banking Authority Guidelines on Sound Remuneration Policies (EBA/GL/2021/04) and the Internal Governance of Credit Institutions Directives of 2021 to (No. 2) of 2023 of the Central Bank of Cyprus.

The Group Remuneration Policy is reviewed annually by the Board of Directors (last review / approval on 14th March 2024) further to recommendation by the Remuneration Committee, in order to ensure compliance with the regulatory framework, as well as to ensure that it is in line with the Group's prevailing strategic targets and to prevent the introduction of incentives that lead to excessive risk assumption or conflicts of interest. The Policy is also evaluated in order to determine whether it corresponds to the prevailing conditions of the market and the Group and whether these justify the Policy's review. The Policy is also reviewed by the Board Risk Management Committee, to ensure that it is consistent with and promotes sound and effective risk management. The review is coordinated by Human Resources and is conducted with the participation of the Risk Management Unit, the Compliance Unit and other Head Office

Units. The Group Remuneration Policy is audited annually by the Internal Audit Unit.

Related to the Remuneration Policy for the Executive and Non-Executive Members of the Board and Senior Managers for 2023 is the disclosure of information in the notes to the Financial Statements included in this Annual Financial Report (Note 43) as well as the analytical Disclosure of Information regarding the Remuneration of the Directors for the year 2023 shown below.

Comparative Information on the Annual Change of Directors' and Employees' Remuneration and the Company's Performance (as required by the SRD Law) is also given below.

The Board of Directors submits this Remuneration Policy Report (as adapted in accordance with the SRD Law) to the Annual General Meeting of the Shareholders and unanimously recommends its approval.

Nicosia, 8 April 2024

DISCLOSURE OF INFORMATION REGARDING THE REMUNERATION OF DIRECTORS FOR THE YEAR 2023

	Remuneration for services	Remuneration for participation in the Board of Directors	Remuneration for participation in the Committees of the Board of Directors	**Total remuneration for services**	Remuneration and benefits from companies of the same Group of companies	Remuneration in the form of profit and/or bonus distribution	Assessment of the value of the benefits that are considered to form remuneration	**Total remuneration and benefits**	Annual increase in the total retirement benefits
	€	€	€	€	€	€	€	€	€
Executive Directors									
Oliver Gatzke [1]	440.417	-	-	**440.417**	-	-	8.442	**448.859**	-
Antonis Rouvas [2]	350.000	-	-	**350.000**	-	-	11.640	**361.640**	-
	790.417	-	-	**790.417**	-	-	20.082	**810.499**	-
Non-Executive Directors [3]									
Dr. Evripides A. Polykarpou	-	102.986	22.069	**125.055**	32.028	-	-	**157.083**	-
Marco Comastri	-	67.376	60.000	**127.376**	-	-	-	**127.376**	-
Stephen John Albutt	-	67.377	74.781	**142.158**	-	-	-	**142.158**	-
Marianna Pantelidou Neophytou	-	4.274	2.493	**6.767**	-	-	-	**6.767**	-
Demetrios Efstathiou	-	60.000	55.178	**115.178**	-	-	-	**115.178**	-
Kristofer Richard Kraus [4]	-	-	-	**-**	-	-	-	**-**	-
Marios Maratheftis	-	60.000	45.000	**105.000**	-	-	-	**105.000**	-
Christos Themistocleous	-	136.233	51.815	**188.048**	-	-	-	**188.048**	-
John Gregory Iossifidis	-	67.623	54.781	**122.404**	-	-	-	**122.404**	-
Andreas Persianis	-	60.000	55.000	**115.000**	-	-	-	**115.000**	-
Miranda Xafa	-	60.000	45.000	**105.000**	-	-	-	**105.000**	-
Christodoulos Hadjistavris	-	55.829	41.938	**97.767**	46.600	-	-	**144.367**	-
	-	741.698	508.055	**1.249.753**	78.628	-	-	**1.328.381**	-
Total	**790.417**	**741.698**	**508.055**	**2.040.170**	**78.628**	**-**	**20.082**	**2.138.880**	**-**

Notes

1. After receiving notice from Mr Oliver Gatzke that he has decided to terminate his employment contract with the Bank with effect from 22.07.2024, the expiry date of the contract, in accordance with the provisions of Mr Gatzke's employment contract, the Company has decided to place him on Garden Leave with full pay, effective as from 01.08.2023, until further notice.
   Mr Gatzke's Remuneration for services for the period 01.01.2023-31.07.2023 (when he was acting as the Chief Executive Officer of the Bank) was €440.417 and for the period 01.08.2023-31.12.2023 (while he was on Garden Leave) was €314.583 (total for 2023 €755.000).
   The Assessment of the value of the benefits received that are considered to form remuneration for the period 01.01.2023-31.07.2023 was €8.442 and for the period 01.08.2023-31.12.2023 was €4.325 (total for 2023 €12.767).
2. On 01.08.2023, Mr Antonis Rouvas was appointed Interim Chief Executive Officer of the Bank and, for the duration of this appointment, he is paid a monthly role allowance of €10.000.
3. The Remuneration for participation in the Bank's Board of Directors and its Committees of the Non-Executive Directors relates to the period for which they were Members of the Board of Directors.
4. Mr Kristofer Richard Kraus has waived his right to receive remuneration due to his company policy.

COMPARATIVE INFORMATION ON THE ANNUAL CHANGE OF DIRECTORS' AND EMPLOYEES' REMUNERATION AND THE COMPANY'S PERFORMANCE

	Note	Percentage change 2023 - 2022	Percentage change 2022 - 2021	Percentage change 2021 - 2020
Directors' Remuneration – Executive Directors				
Oliver Gatzke	1	-42%	129%	n/a
Antonis Rouvas	2	16%	263%	n/a
Lars Kramer	3	n/a	n/a	-67%
Directors' Remuneration - Non-Executive Directors				
Dr. Evripides A. Polykarpou	4	-29%	2%	1%
Marco Comastri	5	21%	0%	8%
Stephen John Albutt	6	35%	0%	0%
Marianna Pantelidou Neophytou	7	-91%	0%	-4%
Demetrios Efstathiou	8	48%	-15%	15%
Kristofer Richard Kraus	9	n/a	n/a	n/a
Marios Maratheftis	10	40%	0%	0%
Christos Themistocleous	11	91%	11%	20%
John Gregory Iossifidis	12	63%	98%	n/a
Andreas Persianis	13	44%	107%	n/a
Miranda Xafa	14	62%	n/a	n/a
Christodoulos Hadjistavris	15	n/a	n/a	n/a
Andrew Charles Wynn	16	n/a	n/a	-58%
Michael Spanos	17	n/a	n/a	57%
Average Remuneration on a full-time equivalent basis of Employees				
Employees of the Company	18	6%	9%	6%
Company Performance				
Profit before derecognition and impairment losses	19	226%	47%	-30%
Cost to Income Ratio (adjusted)	20	-27 p.p.	-6 p.p.	+6 p.p.

Notes

1. Appointed as Executive Director on 23.07.2021 and resigned on 13.08.2023. Appointed as Chief Executive Officer on 23.07.2021 and placed on Garden Leave on 01.08.2023.
2. Appointed as Executive Director / Chief Financial Officer on 20.09.2021. Appointed as Interim Chief Executive Officer on 01.08.2023, with payment of a monthly role allowance for the duration of this appointment.
3. Appointed as Executive Director on 10.07.2017 and resigned on 09.02.2021. Appointed as Chief Financial Officer on 03.04.2017 and resigned on 08.05.2021.
4. Elected as Non-Executive Director on 28.05.2014. Served as Senior Independent Director from 27.01.2015 to 28.08.2019. Served as Chairman from 28.08.2019 to 28.06.2023. Resigned on 28.06.2023.
5. Elected as Non-Executive Director on 28.08.2019. Served as Vice-Chairman from 16.06.2020 to 28.06.2023.
6. Appointed as Non-Executive Director on 21.09.2016. Served as Senior Independent Director from 28.08.2019 to 28.06.2023.
7. Appointed as Non-Executive Director on 24.12.2013 and resigned on 26.01.2023.
8. Appointed as Non-Executive Director on 29.05.2017.
9. Appointed as Non-Executive Director on 19.06.2019. He has waived his right to receive remuneration due to his company policy.
10. Elected as Non-Executive Director on 28.08.2019.
11. Served as Non-Executive Director from 06.03.2020 to 23.06.2021 and as Interim Director from 01.07.2021 to 10.02.2022. Appointed as Non-Executive Director on 10.02.2022. Elected as Vice-Chairman on 28.06.2023. Served as Acting Chairman from 28.06.2023 to 08.01.2024.
12. Appointed as Non-Executive Director on 18.06.2021. Appointed as Senior Independent Director on 28.06.2023.
13. Appointed as Non-Executive Director on 30.06.2021.
14. Appointed as Non-Executive Director on 14.02.2022.
15. Appointed as Non-Executive Director on 26.01.2023.
16. Appointed as Non-Executive Director on 19.02.2016, served as Vice-Chairman from 28.08.2019 to 16.06.2020 and resigned on 18.06.2021.
17. Appointed as Non-Executive Director on 03.09.2020 and resigned on 23.06.2021.

18. Calculated as Staff Costs [Salaries] (excluding Executive Directors' Remuneration for services) divided by the Average Number of Staff employed by the Company (excluding Executive Directors, adjusted for the 2022 Voluntary Early Exit Scheme (VEES) leavers in November and December 2022 / January and February 2023), as per the Annual Financial Reports of the respective years.

    The 2022 Staff Costs [Salaries] also exclude the one-off payments made in relation to the re-instatement of the ex-Cooperative Credit Institutions employees' salaries to 2013 levels, effective from 1 January 2019, for the years 2019-2021, as well as the one-off accumulated unutilised annual leave payments made to the 2022 VEES leavers in November and December 2022.

    The 2023 Staff Costs [Salaries] also exclude the one-off accumulated unutilised annual leave payments made to the 2022 VEES leavers in January and February 2023.
19. The Profit before net gains on derecognition of financial assets measured at amortised cost and impairment losses of the Company (i.e., Total Net Income less Total Expenses) of the Company is as per the Annual Financial Reports of the respective years.

20. Defined as Total Expenses divided by Total Net Income of the Company as per the Annual Financial Reports of the respective years.

    The Total Expenses were adjusted to exclude the Special Levy on Credit Institutions, the Deposit Guarantee Scheme contribution, the Termination Benefits and the Transformation Costs for the respective years.