The Cyprus Development Bank

PILLAR 3 DISCLOSURES
AS AT 31 DECEMBER 2023

13 May 2024

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1. INTRODUCTION

Table 1 - Key Metrics as at 31 December 2023

Available Capital	**€'000**	**Leverage Ratio**	**€'000**
Common equity tier 1 ('CET1') capital	45.204	Total Leverage ratio exposure	575.701
Additional tier 1 ('AT1') capital	5.000	Leverage ratio %	8,72%
Tier 2 Capital	6.250	Minimum Leverage ratio	3%
Total regulatory capital	56.454		
Risk-weighted assets ('RWAs')		**Liquidity Coverage Ratio ('LCR')**	
Total RWAs	219.877	Total high-quality liquid assets	334.934
Capital Ratios %		Total net cash outflow	94.429
CET1	20,56%	LCR ratio %	355%
Total Tier 1	22,83%	Minimum LCR ratio	100%
Total available capital	25,68%		
Overall capital requirement ratio	16,50%		

1.1 Corporate Information

The Cyprus Development Bank Public Company Limited (the "Company" or the "Group") was incorporated in the Republic of Cyprus in 1963. The Company's business name is "cdbbank" and is the parent company of the Cyprus Development Bank Group.

The principal activities of the Group comprise commercial and retail banking, brokerage, and corporate finance. Further details on the Company's subsidiaries appear in notes 21 of the Annual Financial Report 2023. All subsidiaries are subject to full consolidation for both accounting and regulatory purposes, and all figures disclosed in the present report are on a Group basis.

The Company's shares are not listed for trading on an exchange.

1.2 Pillar 3 Regulatory Framework

The Company is supervised on a consolidated basis by the Central Bank of Cyprus, which sets capital requirements for the Group as a whole. The Group's regulated subsidiary, Global Capital Securities and Financial Services Ltd, is in addition subject to individual capital requirements set by the Cyprus Securities and Exchange Commission.

At a consolidated group level, capital, liquidity and leverage for prudential regulatory reporting purposes are prepared in accordance with Part 8 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions (Capital Requirements Regulation – CRR) and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions (Capital Requirements Directive - CRD) as amended.

The regulatory framework is structured around three 'pillars'. The Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel Committee's framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy.

Articles 431 to 455 of the CRR specify the Pillar 3 framework requirements (refer to Appendix II – Specific References to CRR Articles). The regulation is supplemented by the EBA implementing technical standards and corresponding Commission Implementing Regulation, which specify the tables to be disclosed (refer to Appendix I - EBA templates disclosed and mapping to Pillar 3 report).

Pillar 3 main requirement is all material risks to be disclosed to provide a comprehensive view of a bank's risk profile.

1.3 Basis for Disclosures

The Chief Risk Officer has attested in writing that, to the best of her knowledge, the present document has been prepared in accordance with the said regulation and standards, and Internal Audit has carried out an independent review of its accuracy and completeness prior to its approval by the Management Body.

Unless otherwise stated all figures in the present report are expressed in thousands of Euros and relate to 31st December 2023. A summary of key ratios and figures reflected throughout the Pillar 3 disclosures at 31st December 2023 appear in Table 1 above.

The present document is published on an annual basis on the Company's website http://www.cdb.com.cy. Pillar 3 requirements may be met by inclusion in other disclosure media. Where this approach is adopted, references are provided to the relevant pages of the Annual Financial Report 2023, which is also published on the Company's website. The reader is referred in particular to note 38 of the Annual Financial Report 2023, which provides additional information on risk management, as well as note 44 on the Operating Environment.

1.4 Comparatives

Comparatives presented in the report are restated, where considered necessary, to conform with changes in the presentation of the current year. Where such restatement takes place, this is indicated in the respective table.

2. MANAGEMENT BODY APPOINTMENTS

2.1 Recruitment

Evaluation of candidates for appointment to the Management Body ('MB') is carried out by the Nomination and Remuneration Committee ('NRC') of the MB by reference to the suitability requirements as reflected in the Group's relevant policy, and the standards and collective needs of the MB in terms of skills and competencies. More specifically, factors considered by the NRC include:

- Reputation, honesty and integrity
- Knowledge, skills and experience
- Independence of mind
- sound business judgement
- complementarity with the skillset of existing MB members

The NRC is also responsible for making recommendations to the MB for re-election of incumbent directors. When doing so the NRC pays due regard to the said directors' performance evaluation, including the directors' attendance record, participation in MB activities and overall contribution to the functioning of the MB and its sub-committees.

The MB consisted of eight non-executive Directors and two executive Directors as at 31st December 2023, as shown on page 3 of the Annual Financial Report 2023. The current composition of the MB is disclosed on the Company's website under https://www.cdb.com.cy/leadership.

Biographies of the directors and additional information on the Board of Directors and governance arrangements can be found at the Corporate Governance Report included in the Annual Financial Report for 2023.

2.2 Diversity

The Company considers diversity as requisite to maintaining a competitive advantage and effectively pursuing its business strategy. Consequently, when nominating new members of the MB, the Board aims to achieve the right balance in terms of age, gender, educational background, and professional background diversity against its objectives. Membership of the MB as at 31st December 2023 included two female directors, representing 20% of the total.

2.3 Other Directorships Held

In evaluating candidates for appointment to the MB as well as performance of existing members, the NRC considers among others whether they can devote sufficient time to the affairs of the Group. This in turn requires assessment of whether or not the number of other directorships held may present an obstacle.

The following table provides the number of directorships held by members of the MB in entities other than the Group as at 31st December 2023. The table below includes Directorships in organizations which do not pursue predominantly commercial objectives, while Directorships in companies belonging to the same group are treated as a single directorship.

Table 2 - Number of Directorships Held

Name of Director	Position within the Company	Directorships Executive	Directorships Non-Executive
Christodoulos Patsalides	Chairman - Non Executive	-	1
Avgoustinos Papathomas	Non-Executive Director	1	2
Christodoulos Plastiras	Non-Executive Director	1	3
Loucas Marangos	Executive Director	-	2
Stella Avraam	Executive Director	-	-
Stalo Koumidou	Non-Executive Director	-	2
Andreas Hadjikyrou	Non-Executive Director	1	-
Konstantinos Mitropoulos	Non-Executive Director	-	3
Dimitrios Sioufas	Non-Executive Director	-	1
Demetris Sparsis	Non-Executive Director	-	1

The NRC having taken into account the nature, scale, and complexity of the activities of the Group considers that the Directorships disclosed above do not compromise the effective functioning of the MB.

Biographies of the Directors and additional information on the Board of Directors and governance arrangements can be found on the Corporate Governance Report included in the Annual Financial Report for 2023.

3. RISK MANAGEMENT

The Group, as a financial organization, is exposed to risks, the most important of which are credit, market, operational, liquidity and business risk.

The Group implements internal mechanisms for continuous and systematic monitoring of the above risks in order to avoid excessive concentration of such risks.

The Group establishes risk management policies to identify and analyze the risks faced by the Group, to set appropriate risk limits and control procedures, and to continuously monitor such risks as well as the Group's adherence to limits and controls. Risk management policies are reviewed regularly to reflect changes in market conditions, products and services rendered.

Section 3.1 provides a high-level description of key risks facing the Group and respective mitigating controls. The list should not be considered as a complete statement of all potential risks.

3.1 Key risks

Level 1 Risk Category	Level 2 Risk Category	Control Framework
Credit Risk Risk of third parties not to repay their obligations to the Bank and not being compliant with their contractual obligations	**Counterparty Risk** The risk associated with the other party to a financial contract not meeting its obligations.	• The Bank operates in accordance with the various policies and various limits approved by the BoD in order to achieve effective mitigation of credit risk. • These policies and limits also define the Bank's risk appetite towards credit risk. • The Property Valuation Policy takes into consideration regulatory requirements and best practices and sets specific rules for monitoring the collateral values. Control procedures have been set for monitoring compliance with the policy. • While assessing collateral for the calculation of expected credit losses appropriate collateral liquidation assumptions are applied.
	Concentration Risk Risk arising from exposures to each counterparty including central counterparties and groups of connected counterparties, in the same economic sector, geographic region	
	Residual Credit Risk The risk that recognised credit risk mitigation techniques used by the Bank prove less effective than expected.	

Level 1 Risk Category	Level 2 Risk Category	Control Framework
Market Risk The risk the value of on and off-balance sheet positions of the Bank to be adversely affected by movements in market rates or prices resulting in a loss to earnings and capital.	**Price Risk** The risk of a decline in the value of a security or an investment portfolio.	• The Board of Directors has approved limits relating to market risk including limits on open currency positions, adherence of which is the responsibility mainly of the Treasury.
	Interest Rate Risk Risk from mismatch between positions, which are subject to interest rate adjustment within a specified period.	
	Foreign exchange Risk Risk of loss arising from the fluctuation of exchange rates.	
Liquidity Risk The risk the Bank not to be able to meet fully or promptly its cash flow obligations. This risk includes the possibility that the Bank may have to raise funding at higher cost.	**Funding Risk** Risk arising from concentrations in the Bank's funding structure	• The Board of Directors has approved limits relating to liquidity risk and a Contingency Funding Plan. • The liquidity position of the Bank is monitored on a daily basis. • ALCO places importance on maintenance of healthy liquidity ratios, diversification of the deposit base, and striking an appropriate balance between cost of funding and weighted average maturity of deposits.
	Liquidity Management Risk The risk the Bank to be unable to cover a payment or settlement obligation at the expected time due to inadequate liquid funds.	
	Off-balance sheet liquidity Risk The risk of payments that may be required to service off balance sheet assets or commitments.	
	Assets Risk The risk of assets behaving differently than expected.	

Business Risk	**Profitability**
	Risk of not achieving planned profitability
		• The Bank strives to manage Business Risk through:
		  ○ a detailed budgeting process,
		  ○ monitoring of developments in the competitive, regulatory, macroeconomic, and political environment,
		  ○ regular review and evaluation of business performance against budgets.
		• The Bank's ICAAP stress test includes

	Solvency Risk the Bank not being able to absorb losses or reduced profitability, through adequate capital to an extent that may default over its liabilities.	

Level 1 Risk Category	Level 2 Risk Category	Control Framework
	Implementation of business plan Risk of developing a business plan which cannot be implemented.	stress assumptions that are both based on a market wide stress as well as idiosyncratic stress events that consider the specific nature of the Bank's business strategy and practice. The Bank through the stress testing confirms also the adequacy of internal capital as well as its ability to meet regulatory capital.
Operational Risk The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk and compliance risk but excludes business and reputational risk.	**Internal Fraud Risk** The risk of intentionally malicious act involving at least one internal party committed against the Bank or against customers/ third parties.	• The Bank has set a list of key risk indicators that are being monitored on at least a quarterly basis. • A formal process is in place for reporting of all operational losses or "near miss" events. The Operational Risk Policy sets the governance around reporting of operational events.
	External Fraud The risk of intentionally malicious act by an external party (third party/vendor, agent/broker/intermediary) committed against the Bank or against its customers.	
	ICT & Security Risk The risk of breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology (IT) within a reasonable time and with reasonable costs when the environment or business requirements change (i.e. agility).	• The Bank's Information Security Unit recommends to the BoD the Bank's Information Security Policy and publishes relevant sub-policies and guidelines. • ISU also monitors current and future cyber security threats and recommends additional actions to appropriately respond or prepare the Bank against such threats. • The Bank's IT Strategy has been approved, which provides for the replacement of legacy systems used by the Bank.
	Model Risk The risk of loss the Bank may incur, as a consequence of decisions that could be principally based on the output of internal models.	• The Bank performs periodic independent model validation exercises on a risk based approach.

Level 1 Risk Category	Level 2 Risk Category	Control Framework
	Transaction, Processing & Execution The risk of processing/execution failure relating to clients and third parties	• Application of 4-eye principle in the various processes. • Continuous automation of tasks on a risk-based approach. • The Bank has in place a Succession Planning Policy to mitigate the key person risk.
	Legal risk The risk of litigation against the Bank, adverse judgments or other legal proceedings disrupting or adversely affecting the operations or condition of the Bank	• The Bank has in place procedures for the involvement of the Legal Department to ensure that good legal practices are followed.
	Regulatory Compliance Risk (incl. money laundering and terrorism financing) The risk of incurring sanctions, material financial losses and or tangible losses or be excluded from the international markets (loss of banking license) as a result of the Bank's failure to comply with laws and regulations set by regulatory bodies	• The Bank has a dedicated Compliance Function which monitors compliance with the regulatory and legislative framework and has in place specific processes.
	Health & Safety Risk The risk of harm to the health of employees or Bank's affiliates due to Bank's actions or in-actions	• The Bank follows the law regarding health and safety. • A dedicated Health and Safety officer and a Health and Safety Committee has been appointed with floor representatives at each separate workplace to ensure that good Health and Safety practices are being followed.

3.2 Risk Management Framework

The Management Body ("MB") has ultimate responsibility for the risk appetite of the Group and the monitoring of risks on a regular basis. The MB has appointed a sub-committee, the Risk Committee ("RC"), with the following main responsibilities:

- Formulate the Group's policy in respect of measuring and monitoring risks;
- Review periodically internal risk management framework for monitoring risk strategy implementation;
- Systematically assess key indicators relating to credit risk, market risk, liquidity risk, and operational risk;
- Ensure that the Group has sufficient capital and reserves to support the risks undertaken.

The RC meets regularly, at least on a quarterly basis. In 2023, the RC met 10 times and three times jointly with the Audit Committee. The RC receives formal and informal communication from the Bank's Risk Management Unit and, where appropriate, has access to external expert advice, particularly in relation to strategic transactions and issues.

The Group also operates an Asset and Liability Management Committee ("ALCO"), at an executive level, whose main responsibility is the determination and control of the mix and structure of the Group's assets and liabilities by reference to the risks and in relation to their performance. At its monthly meeting, ALCO reviews risk-related reports on the Group's liquidity position and exposure to market risks.

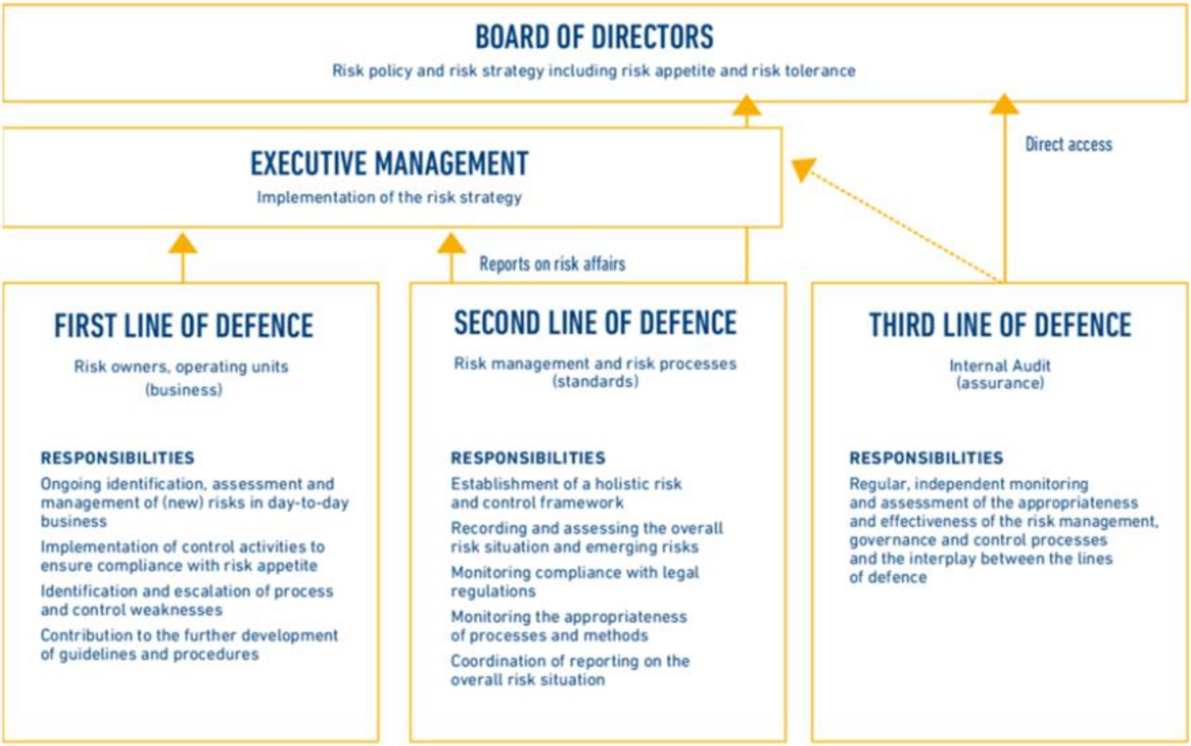
Other Board Committees that have been established by the Company and conform to the relevant principles of the Central Bank of Cyprus Directive on Internal Governance of Credit Institutions are the Audit Committee and the Nomination and Remuneration Committee.

In addition, the Group has an established Risk Management Unit ("RMU") which is responsible for assessing and monitoring all risks of the Group. The RMU is also responsible for the Internal Capital Adequacy Assessment Process ("ICAAP") and for the Internal Liquidity Adequacy Assessment Process ("ILAAP").

The results and views of the RMU are discussed with Management and the RC to form a final position on the adequacy of the Group's capital.

The RMU reports directly to the RC. The RMU is administratively independent of all operational departments / units of the Group.

The Bank's risk management framework is presented below:



Risk Appetite is defined by the Management Body, risks are generated by business and support functions and ownership of risks remains with the first line of defence, which is responsible for implementing mitigation actions to address identified deficiencies. Control functions of the second line of defence, provide independent risk assessments and oversight on the adherence to the risk appetite, while establishing the risk and control framework in which business lines and support functions should operate within. Internal Audit Function provides independent assurance on the integrity and effectiveness of the risk management framework.

3.3 Information Flow on Risk to the Management Body

The information flow on risks to the MB is achieved, inter alia, through:

- The reports prepared by the Risk Management Unit (including the quarterly and the annual reports);
- The ICAAP and the ILAAP reports, as well as the Recovery Plan prepared by the Risk Management Unit;
- The reports prepared by the Internal Auditor (including the annual report);
- The reports prepared by the Compliance Officer (including the annual report);
- The Money Laundering Compliance Officer’s Annual Report;
- The Money Laundering Compliance Officer’s Report on the risks of money laundering and terrorist financing that the Bank is exposed to and the measures taken for their management and mitigation.

3.4 Declaration on Adequacy of Risk Management Arrangements

The MB is ultimately responsible for the risk management framework of the Group. The MB is required to make an annual declaration on the adequacy of the Group’s risk management arrangements and to provide assurances that the risk management systems in place are adequate in relation to the Group's strategy and risk profile. Accordingly, the MB declares as follows:

The MB is responsible for reviewing the effectiveness of the Group's risk management arrangements and systems of financial and internal control. These are designed to manage and mitigate the risks of not achieving business objectives, and to offer adequate assurance against fraud, material misstatement, and loss.

The MB considers that the Group has in place adequate systems and controls relative to the Group's risk profile and business strategy and an appropriate array of assurance mechanisms, adequately resourced and skilled, to mitigate the risk of material loss.

3.5 Risk Appetite

Risk appetite is the amount and type of risk the Group is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Risk bearing capacity on the other hand is defined as the ability to absorb losses without jeopardizing the viability and sustainability of the Group.

Risk appetite is expressed in both quantitative and qualitative terms and covers all material risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, credit, market, operational, liquidity, conduct, reputational and compliance risk. The Risk Appetite Statement is the formal articulation of the Group's willingness to assume certain risks and avoid or minimise other risks in the pursuit of its strategic objectives.

The Group mainly expresses its risk appetite through its policies, procedures, internal controls, mitigation techniques and via appropriate limits for all the material risks inherent in the Group's activities. Consequently, an important objective for the Group is to continuously upgrade its policies, procedures, internal controls and mitigation techniques in order to better manage risks in the future.

In terms of operational issues, the Group has a low appetite for risk. The Group makes resources available to control operational risks to acceptable levels. The Group recognises that it is not possible to eliminate all of the risks inherent in its activities as the cost becomes excessively high when compared to the corresponding benefit. Acceptance of some risk is often necessary in order to successfully operate in the competitive local banking environment.

Specific attention is given to those risks that are not quantifiable, such as reputational risk, and therefore their effective management relies on qualitative criteria. The Group has a zero tolerance for any risks which may damage its reputation and to any act of bribery, corruption or fraud.

The Group's medium term strategic objectives remain focused on strengthening its balance sheet, improving the quality and efficiency of its assets, further strengthening its capital position, and increasing its operating profitability through the prudent growth of its loan portfolio which will increase both interest and fee income, as well as the diversification of income streams from fee generating activities. At the same time the maintenance of strong capital and liquidity ratios remain top priorities for the Group.

4. OWN FUNDS AND LEVERAGE

4.1 Regulatory Capital

The Group's approach to capital management aims at supporting business objectives while ensuring compliance with regulatory requirements. Additional information on capital management appears in note 38.5 to the Annual Financial Report 2023.

Table 3 - *Group's Capital adequacy ratios*

Group's capital adequacy ratios:	31 Dec'2023	31 Dec'2022
Common Equity Tier 1 ratio	20,56%	16,04%
Tier 1 ratio	22,83%	18,12%
Total Capital Adequacy Ratio	25,68%	20,72%

The capital adequacy framework was incorporated through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) which came gradually into effect from 1 January 2014. The CRR is directly applicable in all EU member states, while member states are required to transpose the CRD into national law.

On 27 June 2019, the revised rules on capital and liquidity (CRR II and CRD V) came into force, with CRR II being directly applicable in each member state, while CRD V shall be transposed into national law by each member state. The CRR II is an amending regulation, therefore the existing provisions of CRR apply, unless they are amended by CRR II.

The CRR II amended significantly the CRR in a number of 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. The majority of CRR II provisions were applicable from 28 June 2021.

CRD V was transposed and implemented in Cyprus law in early May 2021. Main changes relate to exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

In June 2020 in response to the COVID 19 pandemic, regulation (EU) 2020/873 came into force which provided for certain amendments, bringing forward some of the capital relieving measures that were due to come into force at a later stage and introducing modifications as part of the wider efforts of competent authorities to provide the support necessary to the institutions.

In December 2023 the preparatory bodies of the European Council and the European Parliament have endorsed amendments to the CRR and the CRD. Although still subject to legal revision and final approval, these are expected to enter into force on 1 January 2025 subject to some transitional arrangements.

The Group's regulatory capital comprises of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 items.

Table 4 - *Template EU CC1 - Composition of regulatory own funds*[1]

		(a)	(a)	(b)
		31 December 2023 €000	**31 December 2022 €000**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	24.703	24.703	**(a) + (b)**
2	Retained earnings	(2.527)	(2.716)	**(e)**
3	Accumulated other comprehensive income (and other reserves)	16.551	16.282	**(c) + (d)**
EU-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	135	118	**(g)**[2]
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	6.957	-	**(f)**
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	45.819	38.387	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(3)	(5)	
8	Intangible assets (net of related tax liability) (negative amount)	(593)	(671)	**(h)**
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	

[1] Table was adjusted to include relevant categories and comparatives were restated accordingly.
[2] Minority interest recognised in the consolidated CET1 includes an adjustment of €105K in 2023 (2022: €81K), a surplus CET1 of the subsidiary attributable to the minority shareholders.

		(a)	(a)	(b)
		31 December 2023 €000	31 December 2022 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	
EU-20c	of which: securitisation positions (negative amount)	-	-	

		(a)	(a)	(b)
		31 December 2023 €000	**31 December 2022 €000**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
EU-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
EU-25a	Losses for the current financial year (negative amount)	-	(39)	**(f)**
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments	(19)	851	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(615)	137	
29	**Common Equity Tier 1 (CET1) capital**	45.204	38.524	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	5.000	5.000	
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	

		(a)	(a)	**(b)**
		31 December 2023 €000	**31 December 2022 €000**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	5.000	5.000	**(i)**
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of	-	-	

		(a)	(a)	**(b)**
		31 December 2023 €000	**31 December 2022 €000**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	eligible short positions) (negative amount)			
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	-	
44	**Additional Tier 1 (AT1) capital**	5.000	5.000	
45	**Tier 1 capital (T1 = CET1 + AT1)**	50.204	43.524	
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	6.250	6.250	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	6.250	6.250	**(j)[3]**

[3] The amount excludes €11K of perpetual interest which does not qualify as Tier 2 capital.

		(a)	(a)	(b)
		31 December 2023 €000	31 December 2022 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
56b	Other regulatory adjustments to T2 capital	-	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	-	
58	**Tier 2 (T2) capital**	6.250	6.250	
59	**Total capital (TC = T1 + T2)**	56.454	49.774	
60	**Total risk exposure amount**	219.877	240.207	
	Capital ratios and requirements including buffers			
61	Common Equity Tier 1	20,56%	16,04%	
62	Tier 1	22,83%	18,12%	
63	Total capital	25,68%	20,72%	

		(a)	(a)	(b)
		31 December 2023 €000	**31 December 2022 €000**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
64	Institution CET1 overall capital requirements	10,59%	9,93%	
65	of which: capital conservation buffer requirement	2,50%	2,50%	
66	of which: countercyclical capital buffer requirement	0,50%	0%	
67	of which: systemic risk buffer requirement	0%	0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0%	0%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	3,09%	2,93%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	8,96%	6,11%	
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	-	

		(a)	(a)	(b)
		31 December 2023 €000	31 December 2022 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2.357	2.698	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	
		-	-	
		-	-	
		-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1.131	1.295	

Group's Common Equity Tier 1 capital:

- Includes ordinary share capital, share premium, retained earnings (including the profit/loss for the year), reserves, non-redeemable capital account, and minority interests.
- The Bank deducts from its CET1 capital its intangible assets (software and goodwill) and deferred tax assets that rely on future profitability and do not arise from temporary differences (if applicable).
- According to regulation (EU) 2017/2395 of the European Parliament and Council of 12 December 2017 issued amending Regulation (EU) 575/2013 regarding transitional arrangements for mitigating the impact of the introduction of IFRS9, a portion of the increased expected credit loss provisions is added back to CET1 capital allowing for a transitional period of five years until full impact on 2023. However, in June 2020, with the amending regulation this arrangement was extended by 2 years to introduce further transitional arrangements allowing Bank's opting to use these to fully add back any increase in ECL recognized in 2020 and 2021 for non-credit impaired financial assets phasing this in starting from 2022 until 2024.

AT1 capital relates to a perpetual subordinated note.

In December 2021, the Bank issued €6,25 million unsecured and subordinated Bonds of 10-year duration, which qualifies as Tier 2 (T2) capital. The Bonds were listed in the Emerging Companies Bond Market ("ECBM") of the Cyprus Stock Exchange ("CSE") on 29 September 2022.

Information on share capital, appears in note 33 of the Annual Financial Report 2023, while for the perpetual subordinated note and the subordinated Tier 2 bonds in note 32. In addition, the main features of the capital instruments are summarized in the table below.

Table 5- *Description of main features of CET1, AT1 and T2 Capital instruments*

	CET1	AT1	T2
Issuer	The Cyprus Development Bank Public Company Limited	The Cyprus Development Bank Public Company Limited	The Cyprus Development Bank Public Company Limited
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier)	n/a	n/a	CY0240010211
Governing law(s) of the instrument	Cyprus Law	Cyprus Law	Cyprus Law
Regulatory treatment			
Transitional CRR rules	CET1	AT1	T2
Post-trasitional CRR rules	CET1	AT1	T2
Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
Instrument type	Share Capital	Unsecured Subordinated Note	Unsecured Subordinated Note
Amount recognized in regulatory capital	EUR 8,7 mln	EUR 5,0 mln	EUR 6,25 mln
Nominal amount of instrument	43.275.979 Ordinary Shares	5,000,000	6.250.000
Issue price	€0,20	€1,00	€1.000,00
Redemption price	n/a	€1,00	€1.000,00
Accounting classification	Shareholders equity	Loan capital	Loan capital
Date of conversion of existing shares and issuance of new shares	24-Sep-19	n/a	n/a
Original date of issuance	n/a	03-Aug-17	23-Dec-21
Perpetual or dated	Perpetual	Perpetual	Dated
Original maturity date	No maturity	No maturity	23-Dec-31
Issuer call subject to prior supervisory approval	n/a	Yes	Yes
Optional call date, contingent call dates and redemption amount	n/a	5th anniversary	5th anniversary
Subsequent call dates, if applicable	n/a	each interest payment date	each interest payment date
Coupons / dividends			
Fixed or floating dividend/coupon	Floating	Fixed	Fixed
Coupon rate and any related index	n/a	13,75% p.a. payable semi-annually	7,125% p.a. payable semi-annually
Existence of a dividend stopper	Yes	Yes	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	Fully or partially discretionary	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	Fully or partially discretionary	Mandatory
Existence of step up or other incentive to redeem	n/a	No	No
Non-cumulative or cumulative	n/a	Non-cumulative	n/a
Convertible or non-convertible	n/a	Non-convertible	Non-convertible
Write-down features	No	Yes, partial temporary write-down	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	Claims from Tier 2 instruments	Debts or claims from subordinated debt instruments, except Tier 2 instruments and

	CET1	AT1	T2
			Additional Tier 1 instruments
Non-compliant transitional features	No	No	No

The following table provides a reconciliation of own funds between the consolidated balance sheet, as presented in the Consolidated Financial Statements of the Group, and the financial position of the Group prepared for regulatory purposes.

Table 6: ***Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements***[4 5]

31 December 2023 €000		a	b
		Consolidated statement of financial position	**Reference**
Assets			
1	Cash and balances with central banks	300.407	
2	Balances with other banks	2.356	
3	Investments in debt securities	45.356	
4	Loans and advances	190.484	
5	Investments in equities	346	
6	Investments in associates	744	
7	Stock of property	8.579	
8	Receivables and other assets	1.922	
9	Premises and equipment	6.746	
10	Intangible assets	593	**(h)**
11	Tax receivable	279	
12	**Total assets**	557.812	
Liabilities			
1	Bank borrowings	1.921	
2	Client deposits	489.423	
3	Deferred taxation	314	
4	Accruals and other liabilities	8.968	
5a	Perpetual Unsecured Subordinated Note	5.000	**(i)**
5b	Subordinated Tier 2 Bonds	6.261	**(j)**
5	Loan capital[6]	11.261	
6	**Total liabilities**	511.887	

[4] The Bank has the same accounting and regulatory scope of consolidation.
[5] Table was adjusted to include relevant categories and comparatives were restated accordingly.
[6] At 31 December 2023, the Group's loan capital (including accrued interest) amounted to €11,3 million (31 December 2022: €11,3 million) and relates to an Unsecured Perpetual Subordinated Note of €5 million (31 December 2022: €5 million) which qualifies for classification as Additional Tier 1 Capital, and Subordinated Tier 2 Bonds of €6,3 million (31 December 2022: €6,3 million) which qualifies for classification as Tier 2 Capital.

31 December 2023 €000		a Consolidated statement of financial position	b Reference
Equity			
1	Share capital	8.655	**(a)**
2	Share premium	16.048	**(b)**
3	Capital reduction reserve	14.653	**(c)**
4a(i)	Restated revenue reserve balance as at 1 January 2023 (excl. transfers between reserves)	(2.527)	**(e)**
4a(ii)	Profit for the year	6.957	**(f)**
4a	Revenue Reserves	4.430	
4b	Revaluation Reserve	1.898	**(d)**
4	Reserves	6.328	
5	Equity attributable to owners of the parent company	45.684	
6	Non-controlling interests	241	**(g)**
7	Total equity	45.925	
8	**Total liabilities and equity**	557.812	

31 December 2022 €000		a Consolidated statement of financial position	b Reference
Assets			
1	Cash and balances with central banks	220.364	
2	Balances with other banks	2.250	
3	Investments in debt securities	90.229	
4	Loans and advances	216.229	
5	Investments in equities	142	
6	Investments in associates	670	
7	Stock of property	8.633	
8	Receivables and other assets	1.941	
9	Premises and equipment	6.386	
10	Intangible assets	671	**(h)**
11	Tax receivable	-	
12	**Total assets**	547.515	
Liabilities			
1	Bank borrowings	2.328	
2	Client deposits	486.841	
3	Deferred taxation	301	
4	Accruals and other liabilities	8.355	
5a	Perpetual Unsecured Subordinated Note	5.000	**(i)**
5b	Subordinated Tier 2 Bonds	6.261	**(j)**
5	Loan capital	11.261	
6	**Total liabilities**	509.086	

31 December 2022 €000		a Consolidated statement of financial position	b Reference
Equity			
1	Share capital	8.655	**(a)**
2	Share premium	16.048	**(b)**
3	Capital reduction reserve	14.653	**(c)**
4a(i)	Restated revenue reserve balance as at 1 January 2022 (excl. transfers between reserves)	(2.716)	**(e)**
4a(ii)	Profit for the year	(39)	**(f)**
4a	Revenue Reserves	(2.755)	
4b	Revaluation Reserve	1.629	**(d)**
4	Reserves	(1.126)	
5	Equity attributable to owners of the parent company	38.230	
6	Non-controlling interests	199	**(g)**
7	Total equity	38.429	
8	**Total liabilities and equity**	547.515	

The Group has elected to apply the transitional provisions of EU Regulation 2017/2395 for gradual phase in over a five-year period of the impact on regulatory capital caused by additional impairments arising from the implementation of IFRS 9 on 1 January 2018. The amount to be added back to regulatory own funds each year decreases based on weighing factors specified in the said EU Regulation. IFRS 9 transitional arrangements were extended in June 2020 in response to COVID 19 and introducing further relief measures to CET1, allowing to fully add back to CET1 any increase in ECL recognised in 2020 and 2021 for non-credit impaired financial assets and phasing this in starting from 2022.

Table 7 discloses the components of regulatory capital as at 31st December 2023 during the transitional and fully phased-in period. It also provides the calculation of regulatory own funds of the Group and the reconciliation of own funds between the consolidated balance sheet. The Group's capital ratios have increased as at the end of year due to the inclusion of the year's audited profits and the decrease of risk weighted assets driven mainly by repayment of exposures.

Table 7 – Transitional and Fully Phased in Components of Own Funds

31 December 2023 €000	**Transitional Definition**	**Fully Phased in Definition**
Common Equity Tier 1 capital: Instruments and Reserves		
Capital instruments and the related share premium accounts	24.703	24.703
Retained earnings	4.431	4.431
Accumulated other comprehensive income (and other reserves)	16.551	16.551
Minority interest (amount allowed in consolidated CET1)	135	135
Independently reviewed interim profits net of any foreseeable charge or dividend	-	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**45.819**	**45.819**
Common Equity Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability) (negative amount)	(593)	(593)

31 December 2023 €000	**Transitional Definition**	**Fully Phased in Definition**
IFRS 9 Transitional arrangements	-	-
Additional valuation adjustment (AVA)	(3)	(3)
Insufficient coverage for non-performing exposures	(19)	(19)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(615)**	**(615)**
Common Equity Tier 1 (CET1) capital	**45.204**	**45.204**
Additional Tier 1 (AT1) capital: instruments		
Additional Tier 1 (AT1) capital before regulatory adjustments	5.000	5.000
Additional Tier 1 (AT1) capital: regulatory adjustments		
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
Additional Tier 1 (AT1) capital	**5.000**	**5.000**
Tier 1 capital (T1 = CET1 + AT1)	**50.204**	**50.204**
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	6.250	6.250
Credit risk adjustments	-	-
Tier 2 (T2) capital before regulatory adjustments	-	-
Tier 2 (T2) capital: regulatory adjustments		
Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR	-	-
Of which: possible filter for unrealised gains	-	-
Total regulatory adjustments to Tier 2 (T2)	-	-
Tier 2 (T2) capital	**6.250**	**6.250**
Total capital (TC = T1 + T2)	**56.454**	**56.454**
Total risk weighted assets	**219.877**	**219.877**
Capital ratios		
Common Equity Tier 1 (as a % of risk exposure amount)	**20,56%**	**20,56%**
Tier 1 (as a % of risk exposure amount)	**22,83%**	**22,83%**
Total capital (as a % of risk exposures amount)	**25,68%**	**25,68%**

31 December 2022 Common Equity Tier 1 capital: Instruments and Reserves €000	**Transitional Definition**	**Fully Phased in Definition**
Common Equity Tier 1 capital: Instruments and Reserves		
Capital instruments and the related share premium accounts	24.703	24.703
Retained earnings	(2.755)	(2.755)
Accumulated other comprehensive income (and other reserves)	16.282	16.282
Minority interest (amount allowed in consolidated CET1)	118	118
Independently reviewed interim profits net of any foreseeable charge or dividend	-	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**38.348**	**38.348**
Common Equity Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability) (negative amount)	(671)	(671)
IFRS 9 Transitional arrangements	851	-
Additional valuation adjustment (AVA)	(5)	(5)

31 December 2022 Common Equity Tier 1 capital: Instruments and Reserves €000	Transitional Definition	Fully Phased in Definition
Insufficient coverage for non-performing exposures	(0)	(0)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**176**	**(676)**
Common Equity Tier 1 (CET1) capital	**38.524**	**37.673**
Additional Tier 1 (AT1) capital: instruments		
Additional Tier 1 (AT1) capital before regulatory adjustments	5.000	5.000
Additional Tier 1 (AT1) capital: regulatory adjustments		
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
Additional Tier 1 (AT1) capital	**5.000**	**5.000**
Tier 1 capital (T1 = CET1 + AT1)	**43.524**	**42.673**
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	6.250	6.250
Credit risk adjustments	-	-
Tier 2 (T2) capital before regulatory adjustments	-	-
Tier 2 (T2) capital: regulatory adjustments		
Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR	-	-
Of which: possible filter for unrealised gains	-	-
Total regulatory adjustments to Tier 2 (T2)	-	-
Tier 2 (T2) capital	**6.250**	**6.250**
Total capital (TC = T1 + T2)	**49.774**	**48.923**
Total risk weighted assets	**240.207**	**239.258**
Capital ratios		
Common Equity Tier 1 (as a % of risk exposure amount)	**16,04%**	**15,75%**
Tier 1 (as a % of risk exposure amount)	**18,12%**	**17,84%**
Total capital (as a % of risk exposures amount)	**20,72%**	**20,45%**

4.2 Countercyclical Capital Buffer

In accordance with Article 130(1) of the CRD IV Directive, institutions are required to maintain an institution-specific countercyclical capital buffer. In relation to this buffer, the European Commission's Delegated Regulation (EU) 2015/1555 further requires institutions to disclose the key elements of the calculation of their countercyclical capital buffer, in order to ensure transparency and comparability across institutions in the EU.

To this end, the table below provides information on the geographical distribution of credit exposures relevant for the calculation of the Group's countercyclical capital buffer as at 31 December 2023. Exposures to foreign countries for which the relevant exposure value did not exceed €1m are included under the "Other" category, grouped based on the level of the countercyclical buffer rate.

Table 8 - Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
€000	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
Breakdown by country:													
31 December 2023													
Cyprus	216.782	-	-	-	-	216.782	14.574	-	-	14.574	182.176	99,35%	0,50%
United Kingdom	1.094	-	-	-	-	1.094	31	-	-	31	383	0,21%	1,00%
Other	767	-	-	-	-	767	64	-	-	64	803	0,44%	
Total	218.643	-	-	-	-	218.643	14.669	-	-	14.669	183.362	100,00%	
31 December 2022													
Cyprus	242.226	-	-	-	-	242.226	16.724	-	-	16.724	209.056	99,16%	0,00%
United Kingdom	1.913	-	-	-	-	1.913	64	-	-	64	800	0,38%	1,00%
Other	922	-	-	-	-	922	77	-	-	77	963	0,46%	0,00%
Total	245.061	-	-	-	-	245.061	16.866	-	-	16.866	210.819	100%	

The majority of the relevant exposures of the Group arise in Cyprus. On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the countercyclical buffer rate from 0,00% to 0,50% of the total risk exposure amount in Cyprus of each licensed credit institution incorporated in Cyprus. The referred increase took effect from 30 November 2023.

The CBC, based on its relevant macroprudential policy and acting proactively in order to fulfil its mandate of safeguarding financial stability, has decided on 2 June 2023 to further increase the countercyclical buffer rate from 0.5% to 1% of the total risk exposure amount in the Republic. The referred increase is effective as from 2 June 2024.

The following table presents the amount of institution-specific countercyclical capital buffer of the Group, as at 31 December 2023 and 31 December 2022.

Table 9 - Amount of institution-specific countercyclical capital buffer

Amount of institution-specific countercyclical capital buffer	**31 Dec' 2023**	**31 Dec' 2022**
Total Risk Exposure Amount, in €000	219.877	240.207
Institution specific countercyclical buffer rate %	0,50%	0,00%
Institution specific countercyclical buffer requirement in €'000	1.099	-

4.3 Pillar 1 Capital Requirements

The Group follows the Standardized Approach ("STA") for the calculation of Credit Risk and Market Risk Pillar 1 capital requirements and the Basic Indicator Approach ("BIA") for Operational Risk. The Pillar 1 capital required to be maintained by the Group as at 31 December 2023 was as follows:

Table 10 - Template EU OV1 – Overview of total risk exposure amounts and own fund requirements[7]

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2023	**31 Sept' 2023**	**31 Dec' 2023**
1	Credit risk (excluding CCR)	188.567	204.523	15.085
2	Of which the standardised approach	188.567	204.523	15.085
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	-	-	-

[7] Table was adjusted to include relevant categories and comparatives were restated accordingly.

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2023	**31 Sept' 2023**	**31 Dec' 2023**
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR	-	-	-
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250%	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	31.310	24.395	2.505
EU 23a	Of which basic indicator approach	31.310	24.395	2.505
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**219.877**	**228.918**	**17.590**

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2022	**31 Sept' 2022**	**31 Dec' 2022**
1	Credit risk (excluding CCR)	215.812	217.620	17.265
2	Of which the standardised approach	215.812	217.620	17.265
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR	-	-	-
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250%	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	24.395	25.352	1.952
EU 23a	Of which basic indicator approach	24.395	25.352	1.952
EU 23b	Of which standardised approach	-	-	-

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2022	**31 Sept' 2022**	**31 Dec' 2022**
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**240.207**	**242.972**	**19.217**

4.4 Pillar 2 and ICAAP

The Group has adopted the "Pillar 1 Plus" approach for its internal capital adequacy assessment process (ICAAP). In accordance with this approach, the Group quantifies the capital requirements, over and above the Pillar 1 minimum requirement. The allocation of capital for Pillar 2 purposes takes into consideration the risks that have been assessed internally as "material", through the risk assessment as well as the stress tests performed. All risks falling outside the Group's risk appetite are considered to be threats to the Group and are covered with additional capital or additional controls.

The Central Bank of Cyprus (CBC) sets and monitors capital requirements for the Bank. The prescribed minimum capital adequacy ratios expressed as ratios of eligible capital to risk-weighted assets. Over and above the minimum Total Capital ratio of 8,0%, the Bank must maintain the required by the Law combined buffer, amounted to 2,5%. Furthermore, the CBC has discretion to impose additional capital requirements under Pillar 2 based on the conclusions of the Supervisory Review and Evaluation Process (SREP). Accordingly, the CBC communicated to the Bank on 8.2.2023 a Pillar 2 requirement of 5,50%.

The CBC with its letter dated 10 December 2020, communicated its final decision to amend its Decision No.2/2017 regarding the composition of the Pillar 2 additional own funds requirement not to be covered full by CET1 but it can be made up in the form of 56,25% of CET1 capital and 75% of Tier 1 as a minimum.

4.5 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 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.

On 27 June 2019, as part of the reform package for strengthening the resilience and resolvability of

European banks, the BRRD II came into effect. BRRD II was transposed and implemented in Cyprus law in early May 2021. In addition, certain provisions on MREL have been introduced in CRR II which also came into force on 27 June 2019 as part of the reform package and took immediate effect.

In June 2023, the Bank has received a formal notification from CBC, in its capacity as the National Resolution Authority, of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Bank. According to the decision the minimum MREL requirement for the Bank was set at 15,70% of risk weighted assets (RWAs) and 4,25% of leverage ratio exposure (LRE) and this had to be met by 31 December 2025. Furthermore, the Bank has an interim requirement of 14,50% of RWAs and 4,25% of LRE from 1 January 2022.

In April 2024, the Bank has received a formal notification from CBC, that during the resolution planning cycle for 2023, the Resolution Authority, having regard to the fact that the Bank already complies with the final target as at 31 December 2022, a transitional period extended to 31 December 2025 is no longer justified or appropriate and should be shortened. In this regard, the Resolution Authority decided to set 31 December 2024 as the date by which the Bank should comply with MREL. The final MREL target was updated to 16,00% of RWAs and 4,25% of LRE.

The own funds used by the Bank to meet the Combined Buffer Requirement (CBR) are not eligible to meet its MREL requirements expressed in terms of risk-weighted assets. The Bank's funding and capital plans are in line with the MREL requirement.

4.6 Leverage Ratio

The Basel III framework introduced a simple, transparent, non-risk-based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

The Leverage Ratio is defined as the capital measure (i.e. the Group's Tier 1 capital) divided by the exposure measure as this is defined in the European Commission's Regulation (EU) 2015/62 of 10th October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regards to the Leverage Ratio. Regulation (EU) 2019/876 which is applicable from June 2021 includes the introduction of a minimum leverage ratio of 3%.

The Group calculates its Leverage Ratio at the end of each quarter. At the end of 2023 the Leverage ratio was 8,72%. During 2023 the Leverage Ratio ranged between 7,36% and 8,72%.

The table below provides a reconciliation of accounting assets and leverage ratio exposures.

Table 11 - EU LR1 Summary reconciliation of accounting assets and leverage ratio exposures

		31 December 2023 €000	31 December 2022 €000
1	Total assets as per published financial statements	557.812	547.516
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		

		31 December 2023 €000	31 December 2022 €000
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))		
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustment for derivative financial instruments		
9	Adjustment for securities financing transactions (SFTs)		
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	18.450	18.213
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	(564)	(1.550)
13	**Total exposure measure**	**575.698**	**564.179**

The table below provides a breakdown of total leverage ratio exposures by exposure type.

Table 12- Template EU LR2 - LRCom: Leverage ratio common disclosure[8]

		31 December 2023 €000	31 December 2022 €000
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	557.844	547.516
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(596)	(1.550)
7	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**557.248**	**545.966**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)		

[8] Comparatives of row 1 and 5 were restated to reflect change in the presentation of the current year.

		31 December 2023 €000	31 December 2022 €000
13	**Total derivative exposures**	**-**	**-**
Securities financing transaction exposures			
18	**Total securities financing transaction exposures**	**-**	**-**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	58.010	50.936
20	(Adjustments for conversion to credit equivalent amounts)	(39.163)	(32.641)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	(397)	(82)
22	**Other off-balance sheet exposures**	**18.450**	**18.213**
Capital and total exposures			
23	**Tier 1 capital**	**50.204**	**43.524**
24	**Total exposure measure**	**575.698**	**564.179**
Leverage ratio			
25	**Leverage ratio (transitional definition)**	**8,72%**	**7,71%**

The following table provides a breakdown of total on-balance sheet exposures (excluding derivatives, securities financing transactions, and exempted exposures) by asset class.

Table 13 - Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	31 December 2023 €000	31 December 2022 €000
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**557.248**	**547.750**
Trading book exposures		
Banking book exposures, of which:	557.248	547.750
Covered bonds		
Exposures treated as sovereigns	*340.254*	*305.114*
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns		
Institutions	*6.685*	*6.334*
Secured by mortgages of immovable properties	*35.423*	*37.265*
Retail exposures	*19.433*	*16.914*
Corporate	*93.792*	*106.919*
Exposures in default	*24.051*	*35.545*
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	*37.610*	*39.659*

4.7 Comparison of institutions' own funds and capital and leverage ratios with the application of transitional arrangements for IFRS9 or analogous ECLs

The Bank has opted to apply for the EU 2017/2395 transitional arrangements with respect to the introduction of IFRS 9. In this respect, the impact of expected credit losses from the first application of IFRS 9 on Common Equity Tier 1 is allowed over a transitional period of 5 years starting on 2018.

More specifically, the amount added back to regulatory capital over the transitional period decreases based on a weighting factor of 95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022. The impact of IFRS 9 was supposed to be fully absorbed after the five-year transitional period. However the amendments in response to the COVID-19 pandemic (CRR-"quick fix"), extended the IFRS9 transitional arrangements by two years and introduced further relief measures to CET1.

In further detail, IFRS 9 transitional arrangements have been extended by two years until 31 December 2024. Post 1 January 2020 expected credit losses on Stages 1 and 2 exposures are added back in CET1 in a phased-out period of five years. For the years 2020 and 2021 the portion added back is 100%, reducing to 75% for 2022, to 50% for 2023 and 25% for 2024. The Bank also adjusts the calculation of risk weighted assets accordingly so that it does not receive inappropriate capital relief.

During 2023 the transitional arrangements had no impact on the Bank's capital calculations compared to €852K impact on the 2022 end of year.

The following table provides a comparison of own funds and capital and leverage with the application of transitional arrangements for IFRS 9 or analogous ECLs.

Table 14 - Comparison of own funds and capital and leverage with the application of transitional arrangements for IFRS9

		31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
	Available capital (€000)					
1	Common Equity Tier 1 (CET1) capital	45.204	37.935	37.902	37.664	38.524
2	CET1 capital as if IFRS 9 or analogous ECLSs transitional arrangements had not been applied	45.204	37.935	37.902	37.664	37.672
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	45.204	37.935	37.902	37.664	38.524
3	Tier 1 capital	50.204	42.935	42.902	42.664	43.524
4	Tier 1 capital as if IFRS 9 or analogous ECLSs transitional arrangements had not been applied	50.204	42.935	42.902	42.664	42.672
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	50.204	42.935	42.902	42.664	43.524
5	Total capital	56.454	49.185	49.152	48.914	49.774
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not	56.454	49.185	49.152	48.914	48.922

		31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
	been applied					
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	56.454	49.185	49.152	48.914	49.774
	Risk-weighted assets (€000)					
7	Total risk-weighted assets	219.877	228.918	234.586	238.825	240.207
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	219.877	228.918	234.586	238.825	239.258
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	20,56%	16,57%	16,16%	15,77%	16,04%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20,56%	16,57%	16,16%	15,77%	15,75%
10 a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	20,56%	16,57%	16,16%	15,77%	16,04%
11	Tier 1 (as a percentage of risk exposure amount)	22,83%	18,76%	18,29%	17,86%	18,12%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	22,83%	18,76%	18,29%	17,86%	17,84%
12 a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	22,83%	18,76%	18,29%	17,86%	18,12%
13	Total capital (as a	25,68%	21,49%	20,95%	20,48%	20,72%

		31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
	percentage of risk exposure amount)					
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	25,68%	21,49%	20,95%	20,48%	20,45%
14 a	Total Capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	25,68%	21,49%	20,95%	20,48%	20,72%
	Leverage ratio					
15	Leverage ratio total exposure measure (€000)	575.701	570.004	581.113	576.345	564.179
16	Leverage ratio	8,72%	7,53%	7,36%	7,40%	7,71%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,72%	7,53%	7,36%	7,40%	7,55%
17 a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	8,72%	7,53%	7,36%	7,40%	7,71%

5. CREDIT RISK

5.1 Definition of Credit Risk
In the ordinary course of business the Group is exposed to Credit risk. Credit risk emanates in the most part from the potential inability of clients to repay their loans and other credit facilities and the non–compliance with their contractual obligations. Credit risk is monitored through various control mechanisms in order to prevent undue risk concentration.

5.2 Credit Risk Management Procedures
The Group establishes the credit policies and sets limits on credit exposures to clients and ensures that these policies and limits, as well as the related credit sanctioning procedures and controls, complied with in the conduct of the Group’s operations. Credit risk from connected clients’ accounts is monitored on an aggregated basis.

5.3 Measurement of Credit Risk and Adoption of Credit Limits
The creditworthiness of corporate clients is assessed using a credit rating system which takes into account the clients’ financial position and various qualitative criteria, such as the quality of

management and the market in which the client operates.

The Group sets limits for the composition of the portfolio of loans and advances and monitors compliance with them. The Credit risk exposure of the Group is diversified across the various sectors of the economy. The terms of loans and advances may be renegotiated due to deterioration in the client's financial position. The Group implements a restructuring policy in order to maximise collection opportunities and minimize the risk of default. The revised terms usually include extending maturity, changing timing of interest and principal payments and amendment on terms and covenants.

Internal Audit undertakes audits of the Group's portfolio of loans and advances and of the Group's credit processes.

The Group assesses the Credit risk relating to investments in liquid funds, mainly debt securities and placements with banks, and recommendations for counterparty and country limits are submitted to the Assets and Liabilities Committee (ALCO) and Risk Committee for approval as appropriate.

The Group also determines credit limits for countries, banking institutions, and settlement limits with counterparties in accordance with the credit ratings assigned to countries and counterparties by international external rating agencies. Changes in the credit ratings of countries and counterparties are monitored on a regular basis.

5.4 Standardised Approach for Credit Risk

The minimum capital requirements for Credit risk are calculated on an exposure level as defined by the Regulation. The following table shows the risk-weighted exposure amounts and the corresponding minimum capital requirements as at 31st December 2023, based on the Standardized Approach.

Table 15 - Template EU CR4 -standardised approach - Credit risk exposure and CRM effects[9]

31 Dec' 2023	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density
		a	b	c	d	e	f
1	Central governments or central banks	340.255	-	341.752	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	
4	Multilateral development banks	-	-	-	-	-	
5	International	-	-	-	-	-	

[9]Table was adjusted to include relevant categories and comparatives were restated accordingly.

31 Dec' 2023	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density
		a	b	c	d	e	f
	organisations						
6	Institutions	6.685	281	6.685	132	5.206	76%
7	Corporates	93.792	27.794	93.239	6.792	83.973	84%
8	Retail	19.433	27.369	17.771	4.553	13.650	61%
9	Secured by mortgages on immovable property	35.423	1.842	35.423	743	12.922	36%
10	Exposures in default	24.051	2	22.544	1	26.056	116%
11	Exposures associated with particularly high risk	18.180	326	18.150	-	27.224	150%
12	Covered bonds	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investment undertakings	346	-	346	-	581	168%
15	Equity	744	-	744	-	1.860	250%
16	Other items	18.339	-	18.339	-	17.096	93%
17	**TOTAL**	557.248	57.614	554.993	12.221	188.567	33%

31 Dec' 2022	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density
		a	b	c	d	e	f
1	Central governments or central banks	305.114	-	306.296	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	
3	Public sector	-	-	-	-	-	

31 Dec' 2022	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density
		a	b	c	d	e	f
	entities						
4	Multilateral development banks	-	-	-	-	-	
5	International organisations	-	-	-	-	-	
6	Institutions	6.334	294	6.132	148	4.993	79%
7	Corporates	106.919	28.222	106.246	8.330	96.811	84%
8	Retail	16.914	21.186	15.394	3.534	11.715	62%
9	Secured by mortgages on immovable property	37.265	781	37.265	294	13.675	36%
10	Exposures in default	35.545	56	34.353	-	38.769	113%
11	Exposures associated with particularly high risk	20.898	318	20.885	-	31.327	150%
12	Covered bonds	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investment undertakings	142	-	142	-	216	152%
15	Equity	670	-	670	-	1.676	250%
16	Other items	17.948	-	17.948	-	16.630	93%
17	**TOTAL**	547.749	50.857	545.332	12.306	215.812	39%

5.5 Credit risk mitigation

The Group implements various policies and methods in order to achieve effective mitigation of credit risk. The most important methods are listed below:

- Setting of limits for credit committees;
- Credit ratings for clients linked to rejection criteria;
- Setting of procedures relating to taking collaterals;
- Issuing circulars and guidelines concerning the granting of credit;
- Determining targeted borrower types and sectors of the economy for financing.

Table 16 - Template EU CR3 – CRM techniques overview: Disclosure of credit risk mitigation techniques[10]

31 December 2023 €000		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	**Loans and advances**	330.134	162.310	160.813	1.497	-
2	**Debt securities**	45.356	-	-	-	
3	**Total**	**375.490**	**162.310**	**160.813**	**1.497**	**-**
4	**Of which non-performing exposures**	3.740	20.310	18.813	1.497	-
EU-5	**Of which defaulted**	3.740	20.310			

31 December 2022 €000		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	**Loans and advances**	270.979	166.927	165.745	1.182	**-**
2	**Debt securities**	90.229	-	-	-	
3	**Total**	**361.208**	**166.927**	**165.745**	**1.182**	**-**
4	**Of which non-performing exposures**	6.244	28.450	27.268	1.182	**-**
EU-5	**Of which defaulted**	6.244	28.450			

The Group employs the EBA credit quality step mapping to map long-term and short-term credit assessments to credit quality steps.

The main collateral types for the commercial and corporate sectors are mortgages on commercial real estate. For the retail sector, in addition to mortgages on commercial real estate are mortgages on residential real estate. Government and bank guarantees from eligible guarantors are also obtained. In addition, pledged deposits are treated as eligible funded credit protection.

Real estate values are monitored at least annually during the credit reviews carried out and through the Central Bank's relevant indices. In cases where the Group considers that values assigned to real estate collaterals are out-of-date or subject to significant changes in market conditions, new valuations are obtained from qualified external valuers.

The table below presents all types of collateral (other than real estate collateral treated as a separate asset class) applied in the risk-weighted assets calculations and meet all the minimum requirements of the CRR Articles 192 to 217 for credit risk mitigation under the Standardised Approach for Credit Risk.

[10] Table was adjusted to include relevant categories and comparatives were restated accordingly.

Table 17 - Exposures covered by Credit Protection

31 December 2023 Exposure class €000	**Funded Credit Protection**	**Unfunded Credit Protection**
Central governments and central banks	-	-
Multilateral Development Banks	-	-
Institutions	100	-
Corporate	1.020	-
Retail	5.775	-
Secured by mortgages on immovable property	-	-
Exposures in default	10	1.497
Items associated with particular high risk	31	-
Equity	-	-
Other Items	-	-
Total	**6.936**	**1.497**

31 December 2022 Exposure class €000	**Funded Credit Protection**	**Unfunded Credit Protection**
Central governments and central banks	-	-
Multilateral Development Banks	-	-
Institutions	614	-
Corporate	1.910	-
Retail	11.920	-
Secured by mortgages on immovable property	-	-
Exposures in default	10	1.182
Items associated with particular high risk	13	-
Equity	-	-
Other Items	-	-
Total	**14.467**	**1.182**

5.6 Past due and credit impaired exposures

Past due loans and advances are those with delayed payments or in excess of authorised credit limits. Loans that are 90 days past due are considered defaulted, provided that certain materiality thresholds have been breached, in accordance with Article 178 of the CRR and are assessed for impairment either individually or collectively. An impairment allowance is raised against these loans and advances if the expected cash flows discounted at the effective interest rate are less than the carrying value.

Days past due counter refers to the number of consecutive days that the arrears of clients/exposures exceed the materiality thresholds. The counter is set to zero when the arrears or excesses drop below the materiality threshold.

The Group considers loans and advances to customers that meet the NPE definition as per EBA standards to be in default and hence Stage 3 (credit-impaired). Therefore, such loans have ECL calculated on a lifetime basis and are considered to be in default for credit risk management purposes.

Under the 'three-stage' model introduced by IFRS 9, financial assets with no significant increase in credit risk since initial recognition, for which 12-month ECL are recognised, are classified as 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk but are not credit impaired are allocated to 'stage 2', while financial assets that are considered to be credit impaired are classified in 'stage 3'. For financial assets allocated to stage 2 and stage 3, lifetime losses are recognised.

POCI financial assets include assets purchased at a deep discount or originated as credit impaired. POCI financial assets remain a separate category until derecognition and are classified as stage 2 or stage 3. The ECL for POCI financial assets will always be measured at an amount equal to lifetime ECL.

Loans and advances are written off to the extent that their recovery is no longer feasible. Doubtful accounts are monitored continuously and provisions for doubtful accounts are released only when events and factors make the collection of doubtful amounts feasible.

For more details on the impairment policies of the Group refer to note 3 and 4 of the Annual Financial Report 2023.

The table below provides an overview on the credit quality of forborne exposures.

Table 18 - EU CQ1: Credit quality of forborne exposures

31 December 2023 €000	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	50.354	19.165	19.165	18.041	(1.519)	(6.018)	54.172	12.000
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	457	-	-	-	-	-	457	-
Non-financial corporations	46.212	10.276	10.276	9.152	(1.461)	(3.943)	43.361	5.262
Households	3.685	8.889	8.889	8.889	(58)	(2.076)	10.353	6.738
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-
Total	50.354	19.165	19.165	18.041	(1.519)	(6.018)	54.172	12.000

31 December 2022 €000	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	**48.444**	**31.464**	**31.464**	**27.587**	**(1.978)**	**(10.011)**	**57.316**	**19.414**
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	487	-	-	-	-	-	487	-
Non-financial corporations	46.340	21.134	21.134	17.257	(1.891)	(8.749)	46.635	10.558
Households	1.617	10.330	10.330	10.330	(86)	(1.262)	10.194	8.857
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-
Total	**48.444**	**31.464**	**31.464**	**27.587**	**(1.978)**	**(10.011)**	**57.316**	**19.414**

The table below provides an overview of non-performing exposures by past due days.

Table 19 - EU CQ3: Credit quality of performing and non-performing exposures by past due days[11]

31 December 2023 €000	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	**301.969**	**301.969**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**168.813**	**166.578**	**2.235**	**41.221**	**3.862**	**8.804**	**1.584**	**2.361**	**3.218**	**5.507**	**15.884**	**41.221**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1.961	1.961	0	-	-	-	-	-	-	-	-	-
Non-financial corporations	140.206	138.101	2.105	26.735	3.781	82	1.484	1.640	936	4.334	14.478	26.735
Of which SMEs	79.502	79.325	177	24.954	3.412	82	72	1.640	936	4.334	14.477	24.954
Households	26.645	26.516	130	14.486	81	8.721	101	721	2.282	1.173	1.407	14.486
Accumulated impairment	*2.379*			*17.170*	*1.508*	*2.054*	*888*	*1.120*	*1.893*	*2.005*	*7.702*	*16.923*
Collateral received	*141.999*			*20.310*								
Debt securities	**45.397**	**45.397**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	40.682	40.682	-	-	-	-	-	-	-	-	-	-
Credit institutions	4.714	4.714	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**57.991**			**20**								**20**
Central banks	-			-								-
General governments	-			-								-
Credit institutions	74			-								-
Other financial corporations	595			-								-
Non-financial corporations	54984			20								20
Households	2338			-								-
Total	**574.170**	**513.944**	**2.235**	**41.241**	**3.862**	**8.804**	**1.584**	**2.361**	**3.218**	**5.507**	**15.884**	**41.241**

[11] Comparatives have been restated mainly to include cash balances.

31 December 2022 €000	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	**221.688**	**221.688**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**184.459**	**184.444**	**15**	**65.322**	**16.234**	**647**	**1.510**	**3.230**	**6.046**	**14.340**	**23.314**	**65.322**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	2.416	2.415	0	0	-	0	-	-	-	-	-	0
Non-financial corporations	160.744	160.738	6	46.095	7.663	647	910	1.834	3.306	12.245	19.488	46.095
Of which SMEs	88.037	88.031	6	44.354	5.923	647	910	1.834	3.306	12.245	19.488	44.354
Households	21.300	21.291	9	19.228	8.571	0	600	1.396	2.740	2.095	3.826	19.227
Accumulated impairment	*2.924*			*30.629*	*2.381*	*121*	*150*	*1.738*	*3.752*	*7.871*	*14.616*	*30.513*
Collateral received	*138.477*			*28.450*								
Debt securities	**90.340**	**90.340**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	85.760	85.760	-	-	-	-	-	-	-	-	-	-
Credit institutions	4.580	4.580	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**50.881**			**56**								**56**
Central banks	-			-								-
General governments	-			-								-
Credit institutions	90			-								-
Other financial corporations	477			-								-
Non-financial corporations	46.486			50								50
Households	3.829			6								6
Total	**547.368**	**496.472**	**15**	**65.322**	**16.234**	**647**	**1.510**	**3.230**	**6.046**	**14.340**	**23.314**	**65.322**

The table below provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class:

Table 20 – Template EU CR1: Performing and non-performing exposures and related provisions[12]

31 December 2023 €000	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	**301.969**	**301.969**	**-**	**-**	**-**	**-**	**(9)**	**(9)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**168.813**	**107.935**	**51.705**	**41.221**	**-**	**40.797**	**(2.379)**	**(838)**	**(1.538)**	**(17.170)**	**-**	**(16.923)**	**(56.576)**	**141.999**	**20.310**
Central banks															
General governments															
Credit institutions															
Other financial corporations	1.961	1.504	457	-		-	(15)	(15)	-	-	-	-	-	1.676	-
Non-financial corporations	140.206	84.172	47.646	26.735		26.340	(2.268)	(790)	(1.478)	(11.158)		(10.911)	(56.499)	115.558	12.217
Of which SMEs	79.502	51.919	19.196	24.954		24.560	(620)	(397)	(222)	(10.009)		(9.761)	(55.861)	73.214	11.586
Households	26.645	22.259	3.602	14.486		14.457	(97)	(34)	(60)	(6.013)		(6.013)	(77)	24.765	8.093
Debt securities	**45.397**	**45.397**					**(41)**	**(41)**							
Central banks															
General governments	40.682	40.682					(31)	(31)							
Credit institutions	4.714	4.714					(10)	(10)							
Other financial corporations															
Non-financial corporations															
Off-balance-sheet exposures	**57.991**	**57.575**	**159**	**20**		**20**	**(449)**	**(448)**	**(1)**					**10.325**	**-**
Central banks															
General governments															
Credit institutions	74	74	-	-		-	-	-							
Other financial corporations	595	595	-	-		-	(2)	(2)						477	
Non-financial corporations	54.984	54.569	159	20		20	(441)	(440)	(1)					9.041	
Households	2.338	2.338	-	-		-	(6)	(6)						807	
Total	**574.170**	**512.877**	**51.865**	**41.241**	**-**	**40.817**	**(2.879)**	**(1.337)**	**(1.539)**	**(17.170)**	**-**	**(16.923)**	**(56.576)**	**152.324**	**20.310**

[12] Comparatives have been restated mainly to include cash balances.

31 December 2022 €000	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	**221.688**	**221.688**	**-**	**-**	**-**	**-**	**(10)**	**(10)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**184.459**	**124.572**	**53.195**	**65.322**	**-**	**62.169**	**(2.924)**	**(931)**	**(1.990)**	**(30.629)**	**-**	**(30.513)**	**(52.854)**	**138.477**	**28.450**
Central banks															
General governments															
Credit institutions															
Other financial corporations	2.416	1.331	1.084	0		0	(12)	(2)	(10)	-	-	-	-	1.734	-
Non-financial corporations	160.744	104.248	50.717	46.095		42.985	(2.797)	(904)	(1.893)	(22.544)		(22.433)	(52.377)	118.281	17.982
Of which SMEs	88.037	62.912	19.345	44.354		41.244	(656)	(444)	(212)	(21.600)		(21.488)	(51.739)	76.347	17.269
Households	21.300	18.993	1.394	19.228		19.184	(115)	(25)	(87)	(8.085)		(8.080)	(477)	18.462	10.468
Debt securities	**90.340**	**90.340**					**(111)**	**(111)**							
Central banks															
General governments	85.760	85.760					(72)	(72)							
Credit institutions	4.580	4.580					(39)	(39)							
Other financial corporations															
Non-financial corporations															
Off-balance-sheet exposures	**50.881**	**46.523**	**4.113**	**56**		**56**	**(84)**	**(84)**	**-**						
Central banks															
General governments															
Credit institutions	90	90	-	-		-	-	-							
Other financial corporations	477	474	3	-		-	(2)	(2)							
Non-financial corporations	46.486	42.137	4.103	50		50	(80)	(80)							
Households	3.829	3.822	7	6		6	(2)	(2)							
Total	**547.368**	**483.123**	**57.308**	**65.378**	**-**	**62.225**	**(3.130)**	**(1.137)**	**(1.990)**	**(30.629)**	**-**	**(30.513)**	**(52.854)**	**138.477**	**28.450**

The table below provides an overview of foreclosed assets obtained from non-performing exposures.

Table 21- Template EU CQ7 - Collateral obtained by taking possession and execution processes

31 December 2023 €000	**Collateral obtained by taking possession**	
	Value at initial recognition	**Accumulated negative changes**
Property, plant and equipment (PP&E)	-	-
Other than PP&E	9.159	(802)
Residential immovable property	1.534	(79)
Commercial Immovable property	6.293	(469)
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	1.332	(254)
Total	**9.159**	**(802)**

31 December 2022 €000	**Collateral obtained by taking possession**	
	Value at initial recognition	**Accumulated negative changes**
Property, plant and equipment (PP&E)		
Other than PP&E	9.382	(932)
Residential immovable property	588	(59)
Commercial Immovable property	7.668	(715)
Movable property (auto, shipping, etc.)		
Equity and debt instruments		
Other	1.126	(158)
Total	**9.382**	**(932)**

The table below analyses original exposure values net of value adjustments and provisions, by residual maturity.

Table 22 - EU CR1-A: Maturity of exposures[13]

	31 December 2023 €000	**a**	**b**	**c**	**d**	**e**	**f**
		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	34.165	412	17.574	131.798	6.536	190.484
2	Debt securities	-	19.907	25.449	-	-	45.356
3	***Total***	**34.165**	**20.319**	**43.022**	**131.798**	**6.536**	**235.840**

[13] Table was adjusted to include relevant categories and comparatives were restated accordingly.

31 December 2022 €000		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	46.877	6.958	19.035	135.474	7.885	216.229
2	Debt securities	-	44.582	40.365	5.282	-	90.229
3	***Total***	**46.877**	**51.540**	**59.400**	**140.756**	**7.885**	**306.457**

6. COUNTERPARTY CREDIT RISK

Counterparty credit risk (CCR) arises from the possibility that a counterparty will fail to perform on an obligation arising from transactions such as derivatives and securities financing transactions. Exposure was limited as at 31 December 2023.

7. MARKET RISK

7.1 Definition of market risk

Market risk is the risk of loss, which emanates from adverse changes in the current prices of listed investments, bonds and other securities or in the assessed fair value of unlisted investments and from adverse fluctuations in interest rates and foreign exchange rates.

Market risk may be analyzed into price risk, interest rate risk, and currency risk.

Price risk is the risk associated with changes in the market prices of various financial instruments (equities, debt securities, commodities, and derivatives) held by the Group.

Interest rate risk arises as a result of changes in the rates of interest and repricing timing mismatches on assets and liabilities.

Currency risk arises from adverse movements in foreign exchange rates when there is a net currency position (asset or liability) in one or more currencies.

7.2 Market Risk Management

The Bank has in place limits for monitoring and limiting market risk.

i. Price Risk

Equity Investments
The risk of loss from changes in the price of equity securities arises when there is an unfavorable change in the prices of equity securities held by the Group as investments.

Investments in equities are outside the Group's risk appetite. The current portfolio of equity investments comprises mainly of holdings in one Alternative Investment Fund and an investment company listed in the Cyprus Stock Exchange.

Equity investments held by the Group are classified at fair value through other comprehensive income (FVOCI). Fair value gains and losses on these equity instruments are recognised in OCI and are not subsequently reclassified to the income statement. The dividends received are recorded in the income statement.

The value of equity investments held as at 31 December 2023 is analyzed in note 19 and note 22 of the Annual Financial Report 2023 while sensitivity to equity price risk in note 38.2.

Debt Securities

Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Bank. Debt security prices change as the credit risk of the issuer changes and/or as the interest rate changes for fixed rate securities. The Bank invests a significant part of its liquid assets in debt securities. The current portfolio of debt securities is classified at amortised cost or fair value through other comprehensive income (FVOCI). The Bank's policy relating to valuation of debt securities, is stated in note 3 - Significant Accounting Policies of the Annual Financial Report.

The value of debt securities held at 31 December 2023 is analysed in note 20 of the Annual Financial Report 2023 while the impact on the equity of the Bank and the Group from a change in the price of the debt securities held is presented in note 38.2 of the Annual Financial Report 2023.

ii. Interest rate risk

The Group closely monitors on a continuous basis, fluctuations in interest rates and the relationship of assets and liabilities, which are subject to interest rates fluctuations, and takes measures to contain in acceptable levels the effects of these changes on the Group's profitability and economic value.

Interest rate risk is measured using interest rate sensitivity gap analysis. The annual impact of any change in interest rates on profit and economic value is calculated by multiplying the net asset or liability position repricing in each time band with the assumed change in interest rates.

The interest rate sensitivity gap analysis indicating the effect on the Group's profit of changes in interest rates as at 31 December 2023 was as follows:

Table 23 - Interest rate sensitivity gap analysis

31 December 2023 **€000**	**≤ 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Non-interest bearing**	**Total**
Net position	351.165	115	(50.325)	15.444	(6.339)	(310.060)	-
1% reduction in interest rates - effect on profit	(3.512)	(1)	503	(154)	63	-	(3.101)
1% increase in interest rates - effect on profit	3.512	1	(503)	154	(63)	-	3.101

31 December 2022 **€000**	**≤ 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Non-interest bearing**	**Total**
Net position	295.590	35.047	(19.008)	43.867	(6.250)	(349.246)	-
1% reduction in interest rates - effect on profit	(2.956)	(350)	190	(439)	63	-	(3.492)
1% increase in interest rates - effect on profit	2.956	350	(190)	439	(63)	-	3.492

Additional information on interest rate risk appears in noted 38.2 of the Annual Financial Report 2023.

iii. Currency risk

Net currency positions are monitored on a continuous basis and the Group takes measures so that this risk is contained within acceptable boundaries. The foreign exchange position limits prescribed by the Central Bank of Cyprus are adhered to.

Currency risk resulting from the net foreign exchange positions of the Group at 31 December 2023 are set out below. The sensitivity analysis assumes reasonable possible changes in exchange rates of major currencies against the Euro, based on past rate fluctuations.

Table 24 - Foreign exchange risk sensitivity gap analysis

31 December 2023	Net open position €000	Change in exchange rates %	Effect on profits €000
US Dollar	602	+10	60
British pound	38	+10	4
Russian Rouble	191	+30	57
Other currencies	21	+10	2

31 December 2023	Net open position €000	Change in exchange rates %	Effect on profits €000
US Dollar	602	-10	(60)
British pound	38	-10	(4)
Russian Rouble	191	-30	(57)
Other currencies	21	-10	(2)

31 December 2022	Net open position €000	Increase in exchange rates %	Effect on profits €000
US Dollar	518	+10	52
British pound	30	+10	3
Russian Rouble	188	+30	56
Other currencies	37	+10	4

31 December 2022	Net open position €000	Increase in exchange rates %	Effect on profits €000
US Dollar	518	-10	(52)
British pound	30	-10	(3)
Russian Rouble	188	-30	(56)
Other currencies	37	-10	(4)

7.3 Capital Requirement for Market Risk

The Group has adopted the Standardized Approach for the calculation of capital requirements with respect to market risk. The Group does not maintain a trading book for holding positions in traded debt instruments or equities nor does it hold any positions in commodities. Hence, capital requirements, if any, arise only in respect of currency risk.

The capital requirement for market risk as at 31 December 2023 was nil due to net open foreign exchange positions lying below the minimum prescribed by regulations.

8. OPERATIONAL RISK

8.1 Definition of Operational Risk

Operational risk is the risk of loss arising from a variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from other external events. It is inherent in every business organization and covers a wide range of issues.

8.2 Operational Risk Management

The Group establishes policies and procedures for managing operational risk and ensures that these are adhered to in the conduct of the Group's operations. Operational risk is managed through appropriate processes and controls including:

- Segregation of duties, independent authorization of transactions, reconciliations, and review of exception reports;
- Write up and implementation of policies and procedures aimed at compliance with regulatory and other legal requirements;
- Development of business continuity plans and disaster recovery plans;
- Personnel training;
- Risk transfer through insurance cover.

Internal Audit carries out independent periodic reviews of the effectiveness, adequacy and relevance of the Group's internal controls.

8.3 Capital requirements for operational risk

The Group applies the Basic Indicator Approach as the basis for estimating the amount of capital required under the Regulation. The capital requirement for operational risk as at 31 December 2023 amounted to €2,5 million and €2 million as at 31 December 2022. The increase in the operational risk capital requirement is driven mainly by higher net interest Income.

Table 25 - EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		2021	2022	2023		
1	Banking activities subject to basic indicator approach (BIA)	12.030	13.096	24.970	2.505	31.310
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

9. LIQUIDITY RISK

9.1 Definition of liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due, and risk that the Group will be unable to meet its liquidity obligations without a substantial rise in appropriate costs. Liquidity risk also includes the risk that the Group will be unable to finance increases in assets as its funding requirements rise.

9.2 Liquidity risk management

Liquidity risk is managed by the Treasury Department and ALCO on a continuous basis by closely monitoring the relationship between cash flow obligations and liquid assets and timely action is being taken to secure financial resources to meet the Group’s cash flow funding requirements.

The MB (following recommendation by the ALCO and the RC) approves the risk framework, policies and limits concerning liquidity. Summary reports are also submitted to the MB, ALCO and RC on a regular basis in respect of the liquidity position of the Group.

Liquidity by currency is monitored on a daily basis by the Treasury Department to ensure that the Company and Group are within the limits set by the Central Bank’s Directive on Prudential Liquidity and internally defined limits. The Group is required to monitor its liquidity by adhering to a minimum Liquidity Coverage Ratio (LCR) of 100% according to articles 412 and 460 of EU Regulation 575/2013 and minimum Net Stable Funding Ratio (NSFR) of 100% according to article 428b.

9.3 Liquidity Coverage Ratio

The LCR is designed to promote short-term resilience of a Bank’s liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for 30 days. The table overleaf analyzes the components of LCR and the resulting average LCR ratio at each quarter-end during 2023.

Table 26 - EU LIQ1 - Quantitative information of LCR

Scope of consolidation: Consolidated		Total unweighted value				Total weighted value			
Quarter ending on		**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**
Number of data points used in the calculation of		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					325.838	314.301	309.780	322.925
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	278.936	277.917	274.818	284.530	13.951	14.613	13.194	13.175
3	Stable deposits	112.784	112.839	104.002	104.186	5.639	5.642	5.200	5.209
4	Less stable deposits	77.172	82.001	74.293	74.154	8.312	8.971	7.995	7.966
5	Unsecured wholesale funding	228.617	213.106	207.885	200.895	90.447	84.246	82.258	79.148
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1.338	1.022	1.542	1.708	335	256	385	427
7	Non-operational deposits (all counterparties)	227.279	212.084	206.343	199.186	90.112	83.991	81.872	78.721
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	2.291	1.942	1.671	1.205	157	115	102	71
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2.291	1.942	1.671	1.205	157	115	102	71
14	Other contractual funding obligations	7.662	9.670	6.368	7.384	6.577	8.548	5.232	6.088
15	Other contingent funding obligations	59.197	57.715	53.575	57.369	9.164	7.328	7.122	6.040
16	**TOTAL CASH OUTFLOWS**					120.139	114.851	107.907	104.522
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	4.349	4.515	4.003	3.886	3.764	3.172	3.041	2.965
19	Other cash inflows	41.940	42.011	42.302	37.627	8.687	8.952	8.708	9.262
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	46.289	46.526	46.305	41.513	12.451	11.871	11.750	12.227
EU-20a	**Fully exempt inflows**	-	-	-	-	-	-	-	-
EU-20b	**Inflows Subject to 90% Cap**	-	-	-	-	-	-	-	-
EU-20c	**Inflows Subject to 75% Cap**	46.289	46.526	46.305	41.513	12.451	11.871	11.750	12.228
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					325.838	314.301	309.780	322.925
22	**TOTAL NET CASH OUTFLOWS**					107.845	102.980	96.158	92.294
23	**LIQUIDITY COVERAGE RATIO (%)**					**302,23%**	**305,35%**	**322,16%**	**349,85%**

Scope of consolidation: Consolidated		Total unweighted value				Total weighted value			
Quarter ending on		Mar-22	Jun-22	Sep-22	Dec-22	Mar-22	Jun-22	Sep-22	Dec-22
Number of data points used in the calculation		3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					259.815	263.332	258.233	259.586
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	248.723	258.237	274.684	274.534	12.271	12.533	13.758	13.665
3	Stable deposits	97.971	98.673	102.214	108.398	4.898	4.934	5.111	5.420
4	Less stable deposits	66.425	68.936	79.559	76.385	7.373	7.599	8.648	8.246
5	Unsecured wholesale funding	202.079	206.544	195.183	200.693	79.671	81.464	76.851	79.284
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	667	825	1.750	873	167	206	438	218
7	Non-operational deposits (all counterparties)	201.412	205.719	193.433	199.819	79.504	81.258	76.413	79.066
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	1.868	2.222	2.604	2.425	145	147	170	135
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	1.868	2.222	2.604	2.425	145	147	170	135
14	Other contractual funding obligations	6.520	6.340	6.895	6.349	5.462	5.257	5.802	5.248
15	Other contingent funding obligations	59.909	61.711	57.136	58.350	5.819	7.357	6.013	8.409
16	**TOTAL CASH OUTFLOWS**					103.223	106.758	102.595	106.741
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	4.892	5.548	6.653	4.158	4.423	4.840	5.281	3.416
19	Other cash inflows	44.683	46.544	45.248	43.733	9.381	9.464	9.975	9.065
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	49.574	52.091	51.901	47.891	13.804	14.511	15.255	12.481
EU-20a	**Fully exempt inflows**	-	-	-	-	-	-	-	-
EU-20b	**Inflows Subject to 90% Cap**	-	-	-	-	-	-	-	-
EU-20c	**Inflows Subject to 75% Cap**	49.574	52.091	51.901	47.891	13.804	14.511	15.255	12.481
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					270.490	283.416	282.967	291.250
22	**TOTAL NET CASH OUTFLOWS**					89.563	92.247	87.339	94.260
23	**LIQUIDITY COVERAGE RATIO (%)**					**302%**	**307%**	**324%**	**309%**

10. KEY METRICS

The table below presents the key regulatory ratios as at the end of each quarter. For all periods presented below, except end of year, capital ratios and leverage ratio disclosed do not include unaudited profits in accordance with the regulatory reporting submissions.

Table 27 – EU KM1

		12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	45.204	37.935	37.902	37.664	38.524
2	Tier 1 capital	50.204	42.935	42.902	42.664	43.524
3	Total capital	56.454	49.185	49.152	48.914	49.774
	Risk-weighted exposure amounts					
4	Total risk exposure amount	219.877	228.918	234.586	238.825	240.207
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	20,56%	16,57%	16,16%	15,77%	16,04%
6	Tier 1 ratio (%)	22,83%	18,76%	18,29%	17,86%	18,12%
7	Total capital ratio (%)	25,68%	21,49%	20,95%	20,48%	20,72%
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5,50%	5,50%	5,50%	5,50%	5,20%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3,09%	3,09%	3,09%	3,09%	2,93%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4,13%	4,13%	4,13%	4,13%	3,90%
EU 7d	Total SREP own funds requirements (%)	13,50%	13,50%	13,50%	13,50%	13,20%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,50%	0,00%	0,00%	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%

		12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
11	Combined buffer requirement (%)	3,00%	2,50%	2,50%	2,50%	2,50%
EU 11a	Overall capital requirements (%)	16,50%	16,00%	16,00%	16,00%	15,70%
12	CET1 available after meeting the total SREP own funds requirements (%)	8,96%	5,48%	5,07%	5,84%	6,11%
	Leverage ratio					
13	Total exposure measure	575.701	570.004	581.113	576.345	564.179
14	Leverage ratio (%)	8,72%	7,53%	7,36%	7,40%	7,71%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
EU 14c	Total SREP leverage ratio requirements (%)	3%	3%	3%	3%	3%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
	Liquidity Coverage Ratio[14]					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	334.934	311.734	318.398	315.685	301.467
EU 16a	Cash outflows - Total weighted value	103.855	108.360	117.052	113.875	111.039
EU 16b	Cash inflows - Total weighted value	9.426	11.887	12.873	10.826	11.817
16	Total net cash outflows (adjusted value)	94.429	96.472	104.179	103.049	99.222
17	Liquidity coverage ratio (%)	355%	323%	306%	306%	304%
	Net Stable Funding Ratio					
18	Total available stable funding	425.979	412.219	417.492	426.575	417.254
19	Total required stable funding	169.213	185.914	185.999	189.859	193.815
20	NSFR ratio (%)	252%	222%	224%	225%	215%

[14] Comparative figures have been restated to present the data as at the year end.

11. ASSET ENCUMBRANCE

Asset encumbrance refers to pledging of an asset or entering into any form of transaction to secure, collateralize or credit enhance a transaction from which the said asset cannot be freely withdrawn.

11.1 Encumbered and unencumbered assets by asset type

Table 28 - Template EU AE1 - Encumbered and unencumbered assets[15]

31 December 2023 €000		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	**Assets of the reporting institution**	1.003	-			556.809	345.763		
030	Equity instruments	-	-	-	-	346	-	346	-
040	Debt securities	-	-	-	-	45.356	45.356	44.535	44.535
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	40.651	40.651	39.687	39.687
080	of which: issued by financial corporations	-	-	-	-	4.705	4.705	4.849	4.849
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	1.003	-	-	-	511.107	300.407	-	-

[15] Table was adjusted to include relevant categories and comparatives were restated accordingly.

31 December 2022 €000		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	**Assets of the reporting institution**	1.000	-			546.515	310.593		
030	Equity instruments	-	-	-	-	142	-	142	-
040	Debt securities	-	-	-	-	90.229	90.229	87.284	87.284
050	of which: covered bonds	-	-	-	-	-	-	0	0
060	of which: securitisations	-	-	-	-	-	-	0	0
070	of which: issued by general governments	-	-	-	-	85.688	85.688	82.964	82.964
080	of which: issued by financial corporations	-	-	-	-	4.541	4.541	4.320	4.320
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	1.000	-	-	-	456.144	220.364	-	-

An asset is classified as encumbered if it has been pledged as collateral against an existing liability and as a result is no longer available to the Group for further collateral or liquidity requirements.

11.2 Collateral received by product type

Table 29 - Collateral received by product type

31 December 2023 **31 December 2022** **€000**	**Fair value of encumbered collateral received or own debt securities issued**	**Fair value of collateral received or own debt securities issued available for encumbrance**
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Total collateral received by reporting institution		

11.3 Encumbered assets/collateral received and associated liabilities

Table 30 - Encumbered assets/collateral received and associated liabilities

31 December 2023 **€000**	**Carrying amount of selected financial liabilities**
Matching liabilities, contingent liabilities or securities lent	-
Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	1.003

31 December 2022 **€000**	**Carrying amount of selected financial liabilities**
Matching liabilities, contingent liabilities or securities lent	-
Assets, collateral received and owndebt securities issued other than covered bonds and securitisations encumbered	1.000

12. REMUNERATION DISCLOSURES

This section discloses information relating to the Group’s remuneration policies and procedures and Human Resource matters, as well as information about the composition and the mandate of the Nomination and Remuneration Committee (“NRC”) of the MB.

12.1 Nomination and Remuneration Committee

Within the authority delegated by the MB, the NRC is responsible for the following matters:

Nomination matters

- Ensure that the Board is comprised of members who are best able to discharge the duties and responsibilities of Directors;
- Support and advise the Board in relation to:

- Board recruitment (including regularly reviewing, reporting on and taking into account, when making further appointments, the composition and effectiveness of the Board);
  - Directors' development;
  - Chairperson development (under the overall responsibility and supervision of the SID);
  - The ongoing evaluation of the structure, size, composition and performance of the Board, its committees and individual Directors, and
  - Succession planning for Directors and senior management;
- Ensure that the Group is equipped with the human capital necessary for the achievement of its strategic goals, whose reward will be based on personal performance and Group results;

Remuneration Matters

- Propose adequate remuneration considered necessary to attract and retain high value adding professionals. Therefore, remuneration has to be satisfactory vis-a-vis peer companies;
- Set the overarching principles and parameters of compensation and benefits policies across the Group and exercise oversight for such issues;
- Consider the remuneration arrangements of the executive Directors of the Group, other identified staff and the employee Remuneration Policy bearing in mind the European Banking Authority Guidelines on remuneration policies and practices and the CBC Governance Directive.

Human Resources Matters

- Ensure that the Group is equipped with the human capital necessary for the achievement of its strategic goals, whose reward will be based on personal performance and Group results;

The members of the NRC as at 31 December 2023 were Messrs K.Mitropoulos – Chairman, A. Hadjikyrou, C. Patsalides, and A. Papathomas all of whom were non-executive directors. During 2023, the NRC held eight meetings.

The Group's Remuneration Policy is according to the signed collective agreement with the Bank Employees Trade Union (ETYK) and aims to be in line with its business strategy and objectives. The Remuneration Policy is consistent with the effective management of risk and does not provide for variable remuneration for the performance of any member of staff and thus it does not encourage excessive risk undertaking by staff members. In addition, the Remuneration Policy does not provide for the granting of any other type of incentive to staff members (such as the entitlement to shares, options or bonuses).

12.2 Staff who have a material impact on the Group's risk profile

The following groups of individuals represent staff that have a material impact on the Group's risk profile:

- Management Body;
- Senior management and other code staff whose actions could have a material impact on the Group's risk profile.

12.3 Analysis of Remuneration

The Management Body comprised 10 directors as at 31 December 2023, being made up of 2 executive and 8 non-executives. Aggregate remuneration of non-executive directors for the year amounted to €254K. Non-executive directors receive a fixed remuneration package approved by the NRC each year.

Remuneration of Members of the Management Body[16] and Other Identified Staff[17] for the year are presented below. Other Senior Management include remuneration of the members of the Executive Committee, the heads of the Control Functions and the Executive Directors of the subsidiary.

Table 31 – EU REM 1 - Remuneration awarded for the financial Year

	31 December 2023		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	**Fixed remuneration - €000**	Number of identified staff	8	2	9	3
2		Total fixed remuneration	254	308	948	276
3		Of which: cash-based	254	308	948	276
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	**Variable remuneration - €000**	Number of identified staff				
10		Total variable remuneration				
11		Of which: cash-based				
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		254	308	948	276

[16] Management Body in its Management Function includes Executive Directors (from the date of their appointment and/or up to the date of their resignation).

[17] Other Identified Staff includes staff whose actions could have a material impact on the Group's risk profile. Other identified staff does not form part of other senior management.

			a	b	c	d
	31 December 2022		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration - €000	Number of identified staff	8	2	10	3
2		Total fixed remuneration	222	346	1.222	332
3		Of which: cash-based	222	346	1.222	332
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration - €000	Number of identified staff				
10		Total variable remuneration				
11		Of which: cash-based				
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		222	346	1222	332

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) by business area was as follows:

***Table 32 - EU REM 5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)*[18]**

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			**Business areas**						**-**
31 December 2023 €000	**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset mgmt**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
Total number of identified staff										**22**
Of which: members of the MB	8	2	10							
Of which: other senior management				1	3	1	1	3	0	
Of which: other identified staff				1	1	0	1	0	0	
Total remuneration of identified staff	254	308	562	204	446	123	223	228	0	
Of which: variable remuneration	-	-	-	-	-	-	-	-	-	
Of which: fixed remuneration	254	308	562	204	446	123	223	228	0	
31 December 2022 €000										
Total number of identified staff										**23**
Of which: members of the MB	8	2	10							
Of which: other senior management				1	4	1	1	3	0	
Of which: other identified staff				1	1	0	1	0	0	
Total remuneration of identified staff	222	346	568	231	682	123	265	254	0	
Of which: variable remuneration	-	-	-	-	-	-	-	-	-	
Of which: fixed remuneration	222	346	568	231	682	123	265	254	0	

The total number of full-time employees of the Group as at 31 December 2023 was 142 (2022:138).

[18] Fixed remuneration includes salaries and contributions to government.

APPENDIX I - EBA templates disclosed and mapping to Pillar 3 report

Templates	Compliance Reference	Section
EU KM1	Overview of risk weighted exposure amounts	Section 10
EU OV1	Overview of total risk exposure amounts and own fund requirements	Section 4.4
EU OVC	ICAAP information	Section 4.5
EU OVA	Institution risk management approach	Section 3
EU CC1	Composition of regulatory own funds	Section 4.1
EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Section 4.1
EU LIQ1	Quantitative information of LCR	Section 9.3
EU LR1	LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	Section 4.7
EU LR2	LRCom: Leverage ratio common disclosure	Section 4.7
EU LR3	LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Section 4.7
EU CRA	General qualitative information about credit risk	Section 5
EU MRA	Qualitative disclosure requirements related to market risk	Section 7
EU ORA	Qualitative information on operational risk	Section 8
EU REMA	Remuneration policy	Section 12
EU REM1	Remuneration awarded for the financial year	Section 12.3
EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Not applicable
EU REM3	Deferred remuneration	Not applicable
EU REM4	Remuneration of 1 million EUR or more per year	Not applicable
EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 12.3
EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts	Section 8.3
EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Section 4.2
EU CCyB2	Amount of institution specific countercyclical capital buffer	Section 4.2
EU CR1-A	Maturity of exposures	Section 5.6
EU CQ1	Credit quality of forborne exposures	Section 5.6
EU CQ3	Credit quality of performing and non-performing exposures by past due days	Section 5.6
EU CR4	Credit risk exposure and CRM effects	Section 5.4
EU CR3	CRM techniques overview: Disclosure of credit risk mitigation techniques	Section 5.5
EU CR1	Performing and non-performing exposures and related provisions	Section 5.6
EU CQ7	Collateral obtained by taking possession and execution processes	Section 5.6
EU AE1	Encumbered and unencumbered assets	Section 11.1

APPENDIX II - Specific References to CRR Articles

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
Scope of disclosure requirements		
431 (1)	Requirement to publish Pillar III disclosures	Section 1.2
Non-material, proprietary or confidential information		
432	Non-material, proprietary or confidential information – EBA Guidelines on materiality, proprietary, confidentiality and on disclosure frequency	Section 1.3
Frequency of disclosure		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements and more frequently if necessary.	Section 1.3
Means of disclosure		
434 (1)	To include disclosures in one appropriate medium, or provide clear cross-references to other media.	All applicable disclosures are contained within the Report
434 (2)	Equivalent disclosures made under other requirements (i.e., accounting) can be used to satisfy Pillar III if appropriate.	Section 1.3
Disclosure of risk management objectives and policies		
435 1(a)	the strategies and processes to manage those categories of risks	Section 3
435 1(e)	a declaration approved by the management body on the adequacy of the risk management arrangements of the relevant institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	Section 3.3
435 1(f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include:	Section 3.3
435 2(a)	the number of directorships held by members of the management body;	Section 2.3
435 2(b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	Section 2.1
435 2(c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;	Section 2.2
Own funds		
437 1(a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	Section 4.2

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
437 1(b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	
437 1(c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	
437 1(d)	(d) a separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79	
437 1(e)	(e) a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	
437 1(f)	(f) a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation.	
Disclosure of own funds		
437(a)	Disclosure of own fund requirements	Section 4.2
Disclosure of own funds requirements and risk-weighted exposure amounts		
438	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds.	Section 4.2
Exposure to Counterparty Credit Risk (CCR)		
439	Exposure to counterparty credit risk	Section 5
440 (1)(a)	Geographical distributions of credit exposures	Section 4.3
440 (1)(b)	Amount of the institution specific countercyclical buffer	Section 4.3
440 (2)	EBA issue the Regulatory Technical Standards on Countercyclical Capital Buffer	Section 4.3
Credit risk adjustments		
442 (a)	Definitions for accounting purposes of ‘past due’ and ‘impaired’.	Section 5.6
442 (b)	Approaches for calculating credit risk adjustments	
442 (c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received	
442 (d)	An ageing analysis of accounting past due exposures	
442 (e)	Distribution of exposures by geographical area and industry	

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
442 (f)	Any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off	
442 (g)	The breakdown of loans and debt securities by residual maturity	
Unencumbered assets		
443	Disclosures on unencumbered assets	Section 11
Use of ECAIs		
444 (a)	Names of the nominated ECAIs used in the calculation of Standardised Approach RWAs, and reasons for any changes	Section 5.5
Market Risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those points.	Section 7
Operational Risk		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered	Section 8
Key Metrix		
447	Disclosure of Key Metrics	Section 10
Remuneration Disclosures		
450	Disclosure of information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institution	Section 12
Leverage		
451 (1)	Leverage ratio	Section 4.7
451(a)	Disclosure of liquidity coverage ratio, net stable funding ratio and liquidity risk management	Section 9.3