



The Cyprus Development Bank Group

**PILLAR 3 DISCLOSURES
AS AT 31 DECEMBER 2025**

12 May 2026

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1. INTRODUCTION

Table 1 - Key Metrics as at 31 December 2025

Available Capital	€'000	Leverage Ratio	€'000
Common equity tier 1 ('CET1') capital	45.600	Total Leverage ratio exposure	610.998
Additional tier 1 ('AT1') capital	5.000	Leverage ratio %	8,28%
Tier 2 Capital	5.802	Minimum Leverage ratio	3%
Total regulatory capital	56.402		
		Liquidity Coverage Ratio ('LCR')	
Risk-weighted assets ('RWAs')		Total high-quality liquid assets	351.354
Total RWAs	207.943	Total net cash outflow	118.853
Capital Ratios %		LCR ratio %	296%
CET1	21,93%	Minimum LCR ratio	100%
Total Tier 1	24,33%		
Total available capital	27,12%		
Overall capital requirement ratio	17.00%		

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 2025. 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 2025. A summary of key ratios and figures reflected throughout the Pillar 3 disclosures at 31st December 2025 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 2025, which is also published on the Company's website. The reader is referred in particular to note 38 of the Annual Financial Report 2025, which provides additional information on risk management, as well as note 44 on the Operating Environment and note 45 Events after the reporting period.

Starting in 2025 with CRR III, Articles 434 and 434a require the EBA to centrally publish all prudential disclosures for institutions covered by these regulations on its website, available through a single electronic access point called the 'Pillar 3 Data Hub'.

From the 2025 Annual Financial Report onward, the Group will send its quantitative data (in XBRL csv format) and qualitative disclosures (including narratives and attestation in PDF format) directly to the EBA using the EUCLID 3 Regulatory Reporting Platform (ERRP). The EBA will then publish this information on its own platform exactly as received, ensuring transparency, consistency, and easy access across the financial sector.

As outlined in Article 434(1) of the CRR, the Group must submit the required electronic report to the EBA by the date it releases its financial statements or as soon as possible after. The Group will continue to post its Annual Report in PDF format on its own website. This will happen after submission to the EBA, following relevant ITS guidelines. Information submitted via the Pillar 3 Data Hub will become the main source for Pillar 3 disclosures. For the 2025 financial year, transitional rules allow institutions to continue to use current means of disclosure followed by a subsequent submission to the EBA as soon as possible.

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 2025, as shown on page 3 of the Annual Financial Report 2025. 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 2025.

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 2025 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 2025. 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 Papatomas	Non-Executive Director	1	2
Christodoulos Plastiras	Non-Executive Director	1	2
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	-	5
Dimitrios Sioufas	Non-Executive Director	-	2
Demetris Sparsis	Non-Executive Director	-	3

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.

3. RISK MANAGEMENT

The Group, as a financial organization, is exposed to risks, the most important of which are credit, operational, liquidity, market and strategic 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. Key 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.	<ul style="list-style-type: none"> 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.

Level 1 Risk Category	Level 2 Risk Category	Control Framework
	<p>Concentration Risk Risk arising from exposures to each counterparty including central counterparties and groups of connected counterparties, in the same economic sector, geographic region.</p>	<ul style="list-style-type: none"> • 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.
	<p>Residual Credit Risk The risk that recognised credit risk mitigation techniques used by the Bank prove less effective than expected.</p>	
<p>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.</p>	<p>Price Risk The risk of a decline in the value of a security or an investment portfolio.</p>	<ul style="list-style-type: none"> • 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.
	<p>Interest Rate Risk Risk from mismatch between positions, which are subject to interest rate adjustment within a specified period.</p>	
	<p>Foreign exchange Risk Risk of loss arising from the fluctuation of exchange rates.</p>	
<p>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.</p>	<p>Funding Risk Risk arising from concentrations in the Bank's funding structure.</p>	<ul style="list-style-type: none"> • 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.
	<p>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.</p>	
	<p>Off-balance sheet liquidity Risk The risk of payments that may be required to service off balance sheet assets or commitments.</p>	
	<p>Assets Risk The risk of assets behaving differently than expected.</p>	
<p>Strategic Risk The risk the Bank not to achieve its long-term goals and</p>	<p>Business Risk Risk of not achieving planned performance</p>	<ul style="list-style-type: none"> • The Bank strives to manage Business Risk through: <ul style="list-style-type: none"> ○ its budgeting and strategic planning process,

Level 1 Risk Category	Level 2 Risk Category	Control Framework
objectives.	<p>Capital Risk Risk the Bank not being able to absorb losses or reduced profitability, through adequate capital to an extent that may default over its liabilities.</p>	<ul style="list-style-type: none"> ○ 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 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 the adequacy of internal capital as well as its ability to meet regulatory capital.
<p>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.</p>	<p>Internal Fraud Risk The risk of intentionally malicious act involving at least one internal party committed against the Bank or against customers/ third parties.</p>	<ul style="list-style-type: none"> ● The Bank has set a list of key risk indicators that are being regularly monitored. ● 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. ● The Bank has established internal processes and controls including segregation of duties, four-eyes principle, authorization limits.
	<p>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.</p>	
	<p>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).</p>	

Level 1 Risk Category	Level 2 Risk Category	Control Framework
	<p>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.</p>	<ul style="list-style-type: none"> The Bank performs periodic independent model validation exercises on a risk based approach.
	<p>Transaction, Processing & Execution The risk of processing/execution failure relating to clients and third parties.</p>	<ul style="list-style-type: none"> 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.
	<p>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.</p>	<ul style="list-style-type: none"> The Bank has in place procedures for the involvement of the Legal Department to ensure that good legal practices are followed.
	<p>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.</p>	<ul style="list-style-type: none"> The Bank has a dedicated Compliance Function which monitors compliance with the regulatory and legislative framework and has in place specific policies, processes and systems.
	<p>Health & Safety Risk The risk of harm to the health of employees or Bank's affiliates due to Bank's actions or in-actions.</p>	<ul style="list-style-type: none"> 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.

Level 1 Risk Category	Level 2 Risk Category	Control Framework
<p>Reputational Risk Risk arising from negative perception on the part of customers, counterparties, shareholders, investors or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships</p>		<ul style="list-style-type: none"> • The Bank considers reputational risk within its risk management framework embedding controls to manage it in various risk policies and procedures. • The Bank has defined its risk appetite statement for reputational risk.

3.2 Risk Management Framework

The Management Body (“MB”) has the 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 2025, the RC met 8 times and two 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.

The main purpose of the Committee is to review, on behalf of the Board, the aggregate risk profile of the Group, including performance against risk appetite for all risk types and to ensure that both the risk profile and risk appetite remain appropriate. Specifically, it:

- Advises the Board on risk appetite and alignment with strategy;
- Monitors the effectiveness of the Group’s risk management and internal control systems except from financial reporting and compliance internal control systems;
- Monitors the Group’s risk appetite and risk profile against key performance/risk indicators as set out in the Group’s Risk Appetite Statement;
- Identifies the potential impact of key issues and themes that may impact the risk profile of the Group;
- Ensures that the Group’s overall risk profile and risk appetite remain appropriate given the external environment, any key issues and themes impacting the Group and the internal control

environment;

- Seeks to identify and assess future potential risks which, by virtue of their uncertainty, of low probability and unfamiliarity may not have been factored adequately into review by other Board Committees.

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.

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.

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 and liquidity position.

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, compliance risk, as well as climate and environmental risks. 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.

On 26 March 2026, the Bank signed an agreement for the sale to Bank of Cyprus of substantially all performing loans and deposits and certain other assets and liabilities of the Bank at a price near par (the "Transaction"). The Directors and Management are working towards the completion of this Transaction in accordance with the terms of the agreement. In parallel, Management has put in place a fallback scenario in the event the Transaction does not complete, ensuring that appropriate actions and resources are available to support the Group's liquidity, capital adequacy and ongoing operations.

Looking ahead, medium-term strategic objectives remain focused on strengthening its balance sheet, enhancing the quality and efficiency of its assets, maintaining a strong capital position, and improving operating profitability. These objectives continue to be pursued through the prudent growth of core banking activities, including prudent growth of the loan portfolio supporting both interest and fee income, as well as the gradual diversification of income streams from fee generating activities, while preserving robust capital and liquidity ratios.

A key priority remains the effective management of non-performing exposures. Management continues to implement targeted recovery actions and regularly reviews resolution strategies to ensure timely progress supported by close monitoring and, where necessary, introduce corrective measures.

Given the Group's balance sheet structure, a significant portion of interest-earning assets is floating-rate. In the current declining interest rate environment, Management continues to implement measures to mitigate margin pressure, including active management of deposit pricing and prudent investment in fixed-rate instruments.

The Group continues to manage its deposit base prudently, maintaining strong liquidity while closely monitoring funding costs and leveraging on market confidence in the sector.

In parallel, the Group offers asset management, investment and advisory services through its subsidiary company Global Capital Securities and Financial Services Ltd which provides also related activities to Alternative Investment Funds.

Finally, continued emphasis is placed on the upgrade of technological infrastructure and systems supporting the Group's strategy. Key initiatives include targeted enhancements to the core banking system and the introduction of peripheral systems aimed at enhancing automation and operational efficiency.

4. CLIMATE AND ENVIRONMENTAL RISKS

CDB Bank is committed to integrating C&E considerations into its Risk Management Framework. This approach considers both direct and indirect environmental impacts and aims to enhance resilience against climate-related financial and operational risks. By embedding C&E factors into key processes, CDB Bank aims to be in alignment with best practices and regulatory standards, including those of EBA, to support a sustainable, responsible banking path forward.

CDB Bank integrates environmental considerations into its Risk Management Framework, recognising the significant impact of C&E risks on financial stability, credit risk, and operational resilience. This approach to sustainable finance aligns with regulatory standards and stakeholder expectations, aiming to support resilience amid evolving environmental challenges.

CDB Bank aims to identify transition risks (regulatory and market shifts toward a low-carbon economy) and physical risks (climate-related events like extreme weather) as key within its credit and risk management framework. In the designed risk management framework environmental risk factors are assessed at loan origination and through ongoing monitoring, particularly for high-risk sectors. This integration will help the Bank adjust strategies based on evolving C&E conditions, aiming to maintain resilience in borrower creditworthiness and asset value, while monitoring impacts across the credit lifecycle.

CDB Bank has updated its ICAAP process to incorporate C&E risks and assess capital needs for climate impacts, aligning with EBA standards. This approach shall ensure resilience against climate-related shocks by aligning capital planning with environmental risk. The Bank reviews portfolio limits, risk appetite, and sector strategies to manage C&E risks in line with its strategic objectives.

CDB Bank reduces its environmental footprint through initiatives like cutting paper use, enhancing building energy efficiency, and tracking emissions (Scope 1, 2 and 3). These actions align with Best Practices and reflect the Bank's approach to sustainable operations.

CDB Bank has designed a process to incorporate sustainable finance practices, aligning with industry standards and EBA guidelines. Its environmental strategy integrates C&E risk assessment in credit decisions and portfolio management, ensuring comprehensive risk coverage. This forward-looking approach shall enable the Bank to incorporate both direct and indirect climate and environmental risks across lending activities, supporting overall sustainability and resilience goals.

By embedding environmental factors into its operations, CDB Bank aims to enhance its ability to manage climate-related risks and meet regulatory standards, to enhance resilience, support sustainable growth, and reflect CDB Bank's commitment to responsible financial practices in addressing environmental challenges.

5. OWN FUNDS AND LEVERAGE

5.1 *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 2025.

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. 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 April 2024, the European Parliament voted to adopt further amendments to the CRR and the CRD; Regulation (EU) 2024/1623 (known as CRR III) and Directive (EU) 2024/1619 (known as CRD VI) were published in the EU's official journal in June 2024, with entry into force 20 days from the date of the publication. Most provisions of CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time.

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

Table 3 - Template EU CC1 - Composition of regulatory own funds

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
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	8.417	4.486	(e)
3	Accumulated other comprehensive income (and other reserves)	16.577	16.582	(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	-	-	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
	accounts subject to phase out from CET1			
5	Minority interests (amount allowed in consolidated CET1)	292	172	(g) ¹
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	573	4.075	(f)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	50.563	50.017	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-	-	
8	Intangible assets (net of related tax liability) (negative amount)	(1.395)	(1.254)	(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	-	-	
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)	-	-	

¹ Minority interest recognised in the consolidated CET1 includes an adjustment of €65K in 2025 (2024: €102K), a surplus CET1 of the subsidiary attributable to the minority shareholders.

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
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)	-	-	
EU-20d	of which: free deliveries (negative amount)	-	-	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
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)	-	-	(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	(3.567)	-	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(4.961)	(1.254)	
29	Common Equity Tier 1 (CET1) capital	45.602	48.763	
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	-	-	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
32	of which: classified as liabilities under applicable accounting standards	-	-	
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%	-	-	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
	threshold and net of eligible short positions) (negative amount)			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	5.000	5.000	
45	Tier 1 capital (T1 = CET1 + AT1)	50.600	53.763	
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	-	-	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
	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)²
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	-	-	

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

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
	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	(448)	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58	Tier 2 (T2) capital	5.802	6.250	
59	Total capital (TC = T1 + T2)	56.402	60.013	
60	Total risk exposure amount	207.943	219.153	
Capital ratios and requirements including buffers				
61	Common Equity Tier 1	21,93%	22,25%	
62	Tier 1	24,33%	24,53%	
63	Total capital	27,12%	27,38%	
64	Institution CET1 overall capital requirements	11,09%	11,09%	
65	of which: capital conservation buffer requirement	2,50%	2,50%	
66	of which: countercyclical capital buffer requirement	1%	1%	
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%	3,09%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	13,62%	13,88%	

		(a)	(a)	(b)
		31 December 2025 €000	31 December 2024 €000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
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)	-	-	
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	2.278	2.265	
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	1.093	1.087	

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). The CBC has communicated through its 2024 SREP decision its provisioning expectations in relation to legacy NPEs. More details can be found in note 38.5 of the Annual Financial Report 2025. As of 30 June 2025, the amount relating to CBC's provisioning expectations is deducted from CET1 capital (Article 3 of the CRR). As at 31 December 2025 an amount of €3,6 million has been deducted from CET1.

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. The Group deducts from T2 capital applicable amount as per Article 70 of the CRR in respect of holdings of T2 instruments of financial sector entities in which the Group does not have a significant investment. As at 31 December 2025 an amount of €448 thousand has been deducted from T2.

Information on share capital, appears in note 33 of the Annual Financial Report 2025, 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 4- Description of main features of CET1, AT1 and T2 Capital instruments

	<u>CET1</u>	<u>AT1</u>	<u>T2</u>
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
<u>Regulatory treatment</u>			
Transitional CRR rules	CET1	AT1	T2
Post-transitional 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

	<u>CET1</u>	<u>AT1</u>	<u>T2</u>
Issuer call subject to prior supervisory approval	n/a	Yes	Yes
Optional call date, contingent call dates and redemption amount	n/a	5 th anniversary	5 th anniversary
Subsequent call dates, if applicable	n/a	each interest payment date	each interest payment date
<u>Coupons / dividends</u>			
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)	Additional Tier 1 instruments	Claims from Tier 2 instruments	Debts or claims from subordinated debt instruments, except Tier 2 instruments and Additional Tier 1 instruments
Insolvency rank	1	2	3
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 5: Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements^{3 4}

31 December 2025 €000		a	b
		Consolidated statement of financial position	Reference
Assets			
1	Cash and balances with central banks	344.694	
2	Balances with other banks	6.867	
3	Investments in debt securities	55.402	

³ The Bank has the same accounting and regulatory scope of consolidation.

⁴ Table was adjusted to include relevant categories and comparatives were restated accordingly.

31 December 2025 €000		a	b
		Consolidated statement of financial position	Reference
4	Loans and advances	174.538	
5	Investments in equities	254	
6	Investments in associates	1.262	
7	Stock of property	9.015	
8	Receivables and other assets	1.808	
9	Premises and equipment	7.158	
10	Intangible assets	1.395	(h)
11	Tax receivable		
12	Total assets	602.393	
Liabilities			
1	Bank borrowings	1.068	
2	Client deposits	530.384	
3	Deferred taxation	324	
4	Accruals and other liabilities	8.725	
5a	Perpetual Unsecured Subordinated Note	5.002	(i)
5b	Subordinated Tier 2 Bonds	6.261	(j)
5	Loan capital	11.263	
6	Total liabilities	551.764	
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 2024 (excl. transfers between reserves)	8.417	(e)
4a(ii)	Profit for the year	573	(f)
4a	Revenue Reserves	8.992	
4b	Revaluation Reserve	1.924	(d)
4	Reserves	10.916	
5	Equity attributable to owners of the parent company	50.272	
6	Non-controlling interests	357	(g)
7	Total equity	50.629	
8	Total liabilities and equity	602.393	

31 December 2024 €000		a	b
		Consolidated statement of financial position	Reference
Assets			
1	Cash and balances with central banks	373.772	
2	Balances with other banks	3.680	
3	Investments in debt securities	26.211	
4	Loans and advances	197.565	
5	Investments in equities	426	
6	Investments in associates	754	
7	Stock of property	10.368	
8	Receivables and other assets	1.614	
9	Premises and equipment	7.346	
10	Intangible assets	1.254	(h)
11	Tax receivable		
12	Total assets	622.990	
Liabilities			
1	Bank borrowings	1.494	
2	Client deposits	548.579	
3	Deferred taxation	306	
4	Accruals and other liabilities	11.228	
5a	Perpetual Unsecured Subordinated Note	5.000	(i)
5b	Subordinated Tier 2 Bonds	6.263	(j)
5	Loan capital ⁵	11.263	
6	Total liabilities	572.870	
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)	4.486	(e)
4a(ii)	Profit for the year	4.075	(f)
4a	Revenue Reserves	8.561	
4b	Revaluation Reserve	1.929	(d)
4	Reserves	10.490	
5	Equity attributable to owners of the parent company	49.846	
6	Non-controlling interests	274	(g)
7	Total equity	50.120	
8	Total liabilities and equity	622.990	

⁵ At 31 December 2025, the Group's loan capital (including accrued interest) amounted to €11,3 million (31 December 2024: €11,3 million) and relates to an Unsecured Perpetual Subordinated Note of €5 million (31 December 2024: €5 million) which qualifies for classification as Additional Tier 1 Capital, and Subordinated Tier 2 Bonds of €6,3 million (31 December 2024: €6,3 million) which qualifies for classification as Tier 2 Capital.

Table 6 discloses the components of regulatory capital as at 31st December 2025 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.

Table 6 – Transitional and Fully Phased in Components of Own Funds

31 December 2025 €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	8.417	8.417
Accumulated other comprehensive income (and other reserves)	16.577	16.577
Minority interest (amount allowed in consolidated CET1)	292	292
Independently reviewed interim profits net of any foreseeable charge or dividend	573	573
Common Equity Tier 1 (CET1) capital before regulatory adjustments	50.563	50.563
Common Equity Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability) (negative amount)	(1.395)	(1.395)
CET1 capital elements or deductions - other	(3.567)	(3.567)
Additional valuation adjustment (AVA)	-	-
Insufficient coverage for non-performing exposures	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(4.961)	(4.961)
Common Equity Tier 1 (CET1) capital	45.602	45.602
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)	50.600	50.600
Tier 2 (T2) capital: instruments and provisions		
Capital instruments and the related share premium accounts	5.802	5.802
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	(448)	(448)
Of which: possible filter for unrealised gains	-	-
Total regulatory adjustments to Tier 2 (T2)	-	-
Tier 2 (T2) capital	5.802	5.802
Total capital (TC = T1 + T2)	56.402	56.402
Total risk weighted assets	207.943	207.943
Capital ratios		
Common Equity Tier 1 (as a % of risk exposure amount)	21,93%	21,93%

31 December 2025 €000	Transitional Definition	Fully Phased in Definition
Tier 1 (as a % of risk exposure amount)	24,33%	24,33%
Total capital (as a % of risk exposures amount)	27,12%	27,12%

31 December 2024 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	8.561	8.561
Accumulated other comprehensive income (and other reserves)	16.582	16.582
Minority interest (amount allowed in consolidated CET1)	172	172
Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	50.017	50.017
Common Equity Tier 1 capital: regulatory adjustments		
Intangible assets (net of related tax liability) (negative amount)	(1.254)	(1.254)
CET1 capital elements or deductions - other	-	-
Additional valuation adjustment (AVA)	-	-
Insufficient coverage for non-performing exposures	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1.254)	(1.254)
Common Equity Tier 1 (CET1) capital	48.763	48.763
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)	53.763	53.763
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)	60.013	60.013
Total risk weighted assets	219.153	219.153
Capital ratios		
Common Equity Tier 1 (as a % of risk exposure amount)	22,25%	22,25%
Tier 1 (as a % of risk exposure amount)	24,53%	24,53%
Total capital (as a % of risk exposures amount)	27,38%	27,38%

5.2 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, Table 8 provides information on the geographical distribution of credit exposures relevant for the calculation of the Group’s countercyclical capital buffer as at 31 December 2025. 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.

The majority of the relevant exposures of the Group arise in Cyprus.

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. In January 2025, the CBC decided to increase the countercyclical buffer to 1,5% effective from January 2026.

The following table presents the amount of institution-specific countercyclical capital buffer of the Group, as at 31 December 2025 and 31 December 2024.

Table 7 - Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

Amount of institution-specific countercyclical capital buffer	31 Dec' 2025	31 Dec' 2024
Total Risk Exposure Amount, in €000	207.943	219.153
Institution specific countercyclical buffer rate %	1,0%	1,0%
Institution specific countercyclical buffer requirement in €'000	2.079	2.192

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		Value of trading book exposures for internal models	Securitisat ion Exposure value for non-trading book	Total exposure value	Own fund requirements			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 (%)
€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	Relevant credit risk exposures - Credit risk				Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book							
Breakdown by country:																
31-Dec-25																
Cyprus	191.500	-	-	-	-	191.500	12.258	-	-	12.258	153.224	89,24%	1,00%			
The Netherlands	7.226	-	-	-	-	7.226	489	-	-	489	6.107	3,56%	2,00%			
Ireland	3.032	-	-	-	-	3.032	206	-	-	206	2.571	1,50%	1,50%			
Austria	2.718	-	-	-	-	2.718	326	-	-	326	4.076	2,37%	0,00%			
France	2.333	-	-	-	-	2.333	88	-	-	88	1.098	0,64%	1,00%			
United Kingdom	2.176	-	-	-	-	2.176	91	-	-	91	1.135	0,66%	2,00%			
Other	2.715	-	-	-	-	2.715	280	-	-	280	3.497	2,03%				
Total	211.699	-	-	-	-	211.699	13.737	-	-	13.737	171.708	100,00%				
31-Dec-24																
Cyprus	220.343	-	-	-	-	220.343	13.919	-	-	13.919	173.992	99,19%	1,00%			
United Kingdom	1.037	-	-	-	-	1.037	29	-	-	29	363	0,21%	1,00%			
Other	1.015	-	-	-	-	1.015	85	-	-	85	1.057	0,60%				
Total	222.395	-	-	-	-	222.395	14.033	-	-	14.033	175.412	100,00%				

5.3 Pillar 1 Capital Requirements

The Group follows the Standardized Approach (“STA”) for the calculation of Credit Risk Pillar 1 capital requirements. Minimum own funds requirements are calculated as 8% of the RWAs. The total own funds requirement decreased in 2025 (€16,6 million) in comparison to 2024 (€17,5 million) with the main driver being the decrease in operational risk RWAs following implementation of CRR III.

Table 9 - Template EU OV1 – Overview of total risk exposure amounts and own fund requirements⁶

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2025	31 Sept' 2025	31 Dec' 2025
1	Credit risk (excluding CCR)	182.240	192.635	14.579
2	Of which the standardised approach	182.240	192.635	14.579
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	-	-	-
9	Of which other CCR	-	-	-
10	Credit valuation adjustments risk - CVA risk	-	-	-
EU 10a	Of which the standardised approach (SA)	-	-	-
EU 10b	Of which the basic approach (F-BA and R-BA)	-	-	-
EU 10c	Of which the simplified approach	-	-	-
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% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the Alternative standardised approach (A-SA)	-	-	-

⁶ 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' 2025	31 Sept' 2025	31 Dec' 2025
EU 21a	Of which the Simplified standardised approach (S-SA)	-	-	-
22	Of which the Alternative Internal Models Approach (A-IMA)	-	-	-
EU 22a	Large exposures	-	-	-
23	Reclassifications between trading and non-trading books	-	-	-
24	Operational risk	25.703	25.573	2.056
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total	207.943	218.208	16.635

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2024	30 Sept' 2024	31 Dec' 2024
1	Credit risk (excluding CCR)	181.211	185.365	14.497
2	Of which the standardised approach	181.211	185.365	14.497
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			

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 Dec' 2024	30 Sept' 2024	31 Dec' 2024
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	37.942	31.310	3.035
EU 23a	Of which basic indicator approach	37.942	31.310	3.035
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	219.153	216.675	17.532

5.4 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 3,5%. 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 27.6.2025 a Pillar 2 requirement of 5,50%, which can be made up in the form of 56,25% of CET1 capital and 75% of Tier 1 as a minimum.

As part of the Supervisory Review and Evaluation Process for 2024 (SREP) Decision No. 10/2025 dated 27 June 2025, the CBC introduced additional supervisory measures, on the legacy non-performing exposures (NPEs) and on the immovable properties acquired in the course of satisfaction or settlement of debts. More details can be found in note 38.5 of the Annual Financial Report 2025.

5.5 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 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.

5.6 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 2025 the Leverage ratio was 8,28%. During 2025 the Leverage Ratio ranged between 8,28% and 9,14%.

The table below provides a reconciliation of accounting assets and leverage ratio exposures. Total exposure measure decreased in 2025 (€611 million) from 2024 (€641 million) mainly due to the decrease in the loan portfolio and other adjustments performed with the main driver being the increase of prudential impairments for legacy NPEs and adjustments in respect of holdings of T2 instruments of financial sector entities in which the Group does not have a significant investment.

Table 10 - EU LR1 Summary reconciliation of accounting assets and leverage ratio exposures

		31 December 2025 €000	31 December 2024 €000
1	Total assets as per published financial statements	602.393	622.990
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)		
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)	15.582	19.189
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	(6.977)	(1.099)
13	Total exposure measure	610.998	641.080

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

Table 11- Template EU LR2 - LRCOM: Leverage ratio common disclosure

		31 December 2025 €000	31 December 2024 €000
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	597.256	623.145
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(1.395)	(1.254)
7	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	595.862	621.891
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin)		
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	59.710	53.800
20	(Adjustments for conversion to credit equivalent amounts)	(44.128)	(34.540)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	(446)	(71)
22	Other off-balance sheet exposures	15.136	19.189
Capital and total exposures			
23	Tier 1 capital	50.600	53.763
24	Total exposure measure	610.998	641.080
Leverage ratio			
25	Leverage ratio (transitional definition)	8,28%	8,39%

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

Table 12 - Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)⁷

	31 December 2025 €000	31 December 2024 €000
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	597.256	623.145
Trading book exposures		
Banking book exposures, of which:	597.256	623.145
Covered bonds		
Exposures treated as sovereigns	358.482	393.322
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns		
Institutions	23.977	9.106
Secured by mortgages on immovable properties and ADC exposures	128.004	46.908
Retail exposures	17.102	17.353

⁷ Comparatives were restated accordingly.

	31 December 2025 €000	31 December 2024 €000
Corporate	24.864	94.931
Exposures in default	14.370	23.697
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	30.457	37.828

6. CREDIT RISK

6.1 Definition of Credit Risk

In the ordinary course of business the Group is exposed to credit risk. Credit risk emanates 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 and to price facilities and products on a risk adjusted basis.

6.2 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.

6.3 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 the 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.

6.4 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 2025, based on the Standardized Approach.

Table 13 - Template EU CR4 -standardised approach - Credit risk exposure and CRM effects

31 Dec' 2025	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	358.482	-	358.482	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	
EU 2a	Regional government or local authorities	-	-	-	-	-	
EU 2b	Public sector entities	-	-	-	-	-	
3	Multilateral development banks	-	-	-	-	-	
EU 3a	International organisations	-	-	-	-	-	
4	Institutions	23.977	76	23.977	46	10.533	44%
5	Covered bonds	-	-	-	-	-	
6	Corporates	24.864	23.460	18.582	3.496	18.320	83%
6,1	Of which: Specialised Lending	4.643	-	36	-	28	78%
7	Subordinated debt exposures and equity	11.092	0	11.092	0	17.900	161%
EU 7a	Subordinated debt exposures	9.830	0	9.830	0	14.745	150%
EU 7b	Equity	1.262	0	1.262	0	3.155	250%
8	Retail	17.102	18.579	16.011	3.209	12.556	65%
9	Secured by mortgages on immovable property and ADC exposures	128.004	17.148	124.065	1.508	89.890	72%
9,1	Secured by mortgages on residential immovable property - non IPRE	27.773	1.160	27.603	279	8.078	29%
9,2	Secured by mortgages on residential immovable property - IPRE	10.295	2.739	9.846	723	3.936	37%
9,3	Secured by mortgages on commercial immovable property - non IPRE	23.105	10.112	22.088	120	11.663	53%
9,4	Secured by mortgages on commercial immovable property - IPRE	45.677	2.797	44.044	386	35.488	80%
9,5	Acquisition, Development and Construction (ADC)	21.154	340	20.484	0	30.726	150%
10	Exposures in default	14.370	2	14.370	1	14.418	100%

31 Dec' 2025	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
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	
EU 10b	Collective investment undertakings	253	0	253	0	367	145%
EU 10c	Other items	19.112	0	19.112	0	18.256	96%
11	Not applicable						
12	TOTAL	597.256	59.264	585.945	8.260	182.240	31%

31 Dec' 2024	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	393.323	-	394.750	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	
3	Public sector entities	-	-	-	-	-	
4	Multilateral development banks	-	-	-	-	-	
5	International organisations	-	-	-	-	-	
6	Institutions	9.107	277	9.107	134	5.799	63%
7	Corporates	94.931	25.001	88.508	6.873	77.991	82%
8	Retail	17.353	27.140	15.216	6.505	13.092	60%
9	Secured by mortgages on immovable property	46.908	1.056	46.908	227	16.613	35%
10	Exposures in default	23.697	47	22.200	10	24.131	109%
11	Exposures associated with particularly high risk	15.079	207	14.452	-	21.679	150%
12	Covered bonds	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investment undertakings	426	-	426	-	724	170%
15	Equity	754	-	754	-	1.886	250%
16	Other items	20.314	-	20.314	-	19.297	95%
17	TOTAL	621.891	53.729	612.636	13.749	181.211	29%

6.5 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;
- Calculation and assessment of clients' credit rating;
- Setting criteria and procedures relating to taking collaterals;
- Issuing circulars and guidelines concerning the granting of credit;
- Monitoring of different borrower types and sectors of the economy.

Table 14 - Template EU CR3 – CRM techniques overview: Disclosure of credit risk mitigation techniques

31 December 2025 €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	376.249	148.994	148.619	375	-
2	Debt securities	55.402	-	-	-	-
3	Total	431.650	148.994	148.619	375	-
4	Of which non-performing exposures	6.373	11.563	11.563	0	-
EU-5	Of which defaulted	6.373	11.563			

31 December 2024 €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	408.880	165.294	163.866	1.428	-
2	Debt securities	26.211	-	-	-	-
3	Total	435.091	165.294	163.866	1.428	-
4	Of which non-performing exposures	6.149	17.548	16.120	1.427	-
EU-5	Of which defaulted	6.149	17.548			

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.

6.6 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 2025.

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

Table 15 - EU CQ1: Credit quality of forbore exposures

31 December 2025 €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 forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore 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	18.237	17.830	17.830	17.830	(556)	(6.113)	23.834	9.176
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	14.938	8.062	8.062	8.062	(548)	(3.738)	13.229	1.863
<i>Households</i>	3.299	9.768	9.768	9.768	(8)	(2.375)	10.604	7.313
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-
Total	18.237	17.830	17.830	17.830	(556)	(6.113)	23.834	9.176

31 December 2024 €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 forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore 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	20.942	20.953	20.953	20.517	(311)	(5.821)	30.460	12.500
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	19.459	11.001	11.001	10.565	(305)	(3.426)	21.507	5.023
<i>Households</i>	1.483	9.952	9.952	9.952	(6)	(2.396)	8.953	7.477
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-
Total	20.942	20.953	20.953	20.517	(311)	(5.821)	30.460	12.500

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

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Table 16 - EU CQ3: Credit quality of performing and non-performing exposures by past due days

31 December 2025 €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	348.448	348.448	-	-	-	-	-	-	-	-	-	-
Loans and advances	160.083	153.993	6.091	32.092	9.561	8	1.345	8.413	1.823	1.126	9.817	32.092
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	2.266	2.266	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	9.701	9.014	687	0	-	-	-	0	-	-	-	0
<i>Non-financial corporations</i>	116.866	113.319	3.547	18.438	473	6	87	8.396	1.028	339	8.109	18.438
<i>Of which SMEs</i>	64.620	61.105	3.516	11.993	473	6	87	1.952	1.028	339	8.109	11.993
<i>Households</i>	31.250	29.393	1.857	13.653	9.088	3	1.258	16	795	787	1.708	13.653
<i>Accumulated impairment</i>	1.217			14.155	2.750	8	716	3.340	1.106	1.023	5.213	14.155
<i>Collateral received</i>	137.056			11.563								
Debt securities	55.438	55.438	-	-	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	14.645	14.645	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	26.446	26.446	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	12.240	12.240	-	-	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	2.107	2.107	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	59.685			26								26
<i>Central banks</i>	-			-								-
<i>General governments</i>	-			-								-
<i>Credit institutions</i>	76			-								-
<i>Other financial corporations</i>	474			-								-
<i>Non-financial corporations</i>	56.067			14								14
<i>Households</i>	3.068			13								13
Total	623.654	557.879	6.091	32.118	9.561	8	1.345	8.413	1.823	1.126	9.817	32.118

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31 December 2024 €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	376.617	376.617	-	-	-	-	-	-	-	-	-	-
Loans and advances	174.902	172.354	2.548	37.679	18.988	83	2.853	250	2.932	3.182	9.391	37.679
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	3.184	3.184	0	-	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	141.677	140.425	1.252	23.193	9.073	9	2.620	155	1.340	1.288	8.708	23.193
<i>Of which SMEs</i>	81.252	80.000	1.251	17.075	3.757	9	1.818	155	1.340	1.288	8.708	17.075
<i>Households</i>	30.041	28.745	1.296	14.486	9.915	73	233	95	1.592	1.894	683	14.486
<i>Accumulated impairment</i>	1.033			13.982	4.694	12	827	189	1.442	2.216	4.602	13.982
<i>Collateral received</i>	147.746			17.548								
Debt securities	26.223	26.223	-	-	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	20.398	20.398	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	5.825	5.825	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	53.754			47								47
<i>Central banks</i>	-			-								-
<i>General governments</i>	-			-								-
<i>Credit institutions</i>	75			-								-
<i>Other financial corporations</i>	581			-								-
<i>Non-financial corporations</i>	51.202			-								-
<i>Households</i>	1.896			47								47
Total	631.496	575.195	2.548	37.726	18.988	83	2.853	250	2.932	3.182	9.391	37.726

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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 17 – Template EU CR1: Performing and non-performing exposures and related provisions⁸

31 December 2025 €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	348.448	348.448	-	-	-	-	(9)	(9)	-	-	-	-	-	-	-
Loans and advances	160.083	126.491	24.743	32.092	-	31.921	(1.217)	(615)	(595)	(14.155)	-	(14.088)	(41.332)	137.431	11.563
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	2.266	2.266	-	-	-	-	(0)	(0)	-	-	-	-	-	-	-
Other financial corporations	9.701	9.015	686	0	0	0	(59)	(59)	(1)	-	-	-	-	8.213	-
Non-financial corporations	116.866	87.803	20.947	18.438	-	18.299	(1.094)	(504)	(586)	(8.544)	-	(8.478)	(40.680)	99.987	4.180
Of which SMEs	64.620	45.826	10.679	11.993	-	11.854	(376)	(258)	(114)	(5.822)	-	(5.755)	(39.371)	59.775	3.662
Households	31.250	27.407	3.110	13.653	-	13.621	(63)	(53)	(7)	(5.611)	-	(5.611)	(652)	29.230	7.383
Debt securities	55.438	55.438					(36)	(36)							
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	14.645	14.645	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Credit institutions	26.446	26.446	-	-	-	-	(24)	(24)	-	-	-	-	-	-	-
Other financial corporations	12.240	12.240	-	-	-	-	(10)	(10)	-	-	-	-	-	-	-
Non-financial corporations	2.107	2.107	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Off-balance-sheet exposures	59.685	59.345	131	26		26	(435)	(433)	(2)	(14)		(14)		9.582	10
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	76	76	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	474	474	-	-	-	-	(3)	(3)	-	-	-	-	-	322	-
Non-financial corporations	56.067	55.726	131	14	-	14	(421)	(419)	(2)	(2)	-	(2)	-	7.375	10
Households	3.068	3.068	-	13	-	13	(11)	(11)	-	(13)	-	(13)	-	1.885	-
Total	623.654	589.721	24.874	32.118	-	31.947	(1.697)	(1.093)	(597)	(14.169)		(14.103)	(41.332)	147.013	11.573

⁸ Remaining NPE exposures not presented as stage 3 relate to POCI assets.

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31 December 2024 €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	376.617	376.617	-	-	-	-	(9)	(9)	-	-	-	-	-	-	-
Loans and advances	174.902	137.350	30.955	37.679	-	34.787	(1.033)	(523)	(495)	(13.982)	-	(13.689)	(44.757)	147.746	17.548
<i>Central banks</i>															
<i>General governments</i>															
<i>Credit institutions</i>															
<i>Other financial corporations</i>	3.184	2.494	690	-		-	(9)	(9)	(0)	-	-	-	-	2.886	-
<i>Non-financial corporations</i>	141.677	107.852	28.002	23.193		20.330	(978)	(481)	(488)	(8.295)		(8.002)	(43.833)	116.631	9.060
<i>Of which SMEs</i>	81.252	58.701	16.727	17.075		14.212	(553)	(306)	(237)	(6.345)		(6.053)	(42.524)	74.179	8.551
<i>Households</i>	30.041	27.005	2.263	14.486		14.458	(45)	(33)	(7)	(5.687)		(5.687)	(924)	28.229	8.488
Debt securities	26.223	26.223					(12)	(12)							
<i>Central banks</i>															
<i>General governments</i>	20.398	20.398					(4)	(4)							
<i>Credit institutions</i>	5.825	5.825					(10)	(8)							
<i>Other financial corporations</i>															
<i>Non-financial corporations</i>															
Off-balance-sheet exposures	53.754	53.490	201	47		47	(159)	(159)	-					10.335	-
<i>Central banks</i>															
<i>General governments</i>															
<i>Credit institutions</i>	75	75	-	-		-	-	-							
<i>Other financial corporations</i>	581	581	-	-		-	(1)	(1)						472	
<i>Non-financial corporations</i>	51.202	50.939	201	-		-	(146)	(145)						9.412	
<i>Households</i>	1.896	1.896	-	47		47	(12)	(12)						451	
Total	631.496	593.681	31.156	37.726	-	34.834	(1.214)	(703)	(495)	(13.982)	-	(13.689)	(44.757)	158.081	17.548

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

Table 18- Template EU CQ7 - Collateral obtained by taking possession and execution processes

31 December 2025 €000	Collateral obtained by taking possession accumulated	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	-	-
Other than PP&E	11.587	(1.150)
<i>Residential immovable property</i>	2.759	(89)
<i>Commercial Immovable property</i>	7.124	(899)
<i>Movable property (auto, shipping, etc.)</i>	-	-
<i>Equity and debt instruments</i>	-	-
<i>Other</i>	1.704	(161)
Total	11.587	(1.150)

31 December 2024 €000	Collateral obtained by taking possession accumulated	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	-	-
Other than PP&E	11.462	(1.368)
<i>Residential immovable property</i>	2.732	(208)
<i>Commercial Immovable property</i>	7.124	(796)
<i>Movable property (auto, shipping, etc.)</i>	-	-
<i>Equity and debt instruments</i>	-	-
<i>Other</i>	1.606	(364)
Total	11.462	(1.368)

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

Table 19 - EU CR1-A: Maturity of exposures

31 December 2025 €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	25.720	219	16.318	128.724	3.556	174.538
2	Debt securities	-	5.246	45.187	4.969	-	55.402
3	Total	25.720	5.464	61.506	133.693	3.556	229.940

31 December 2024 €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	34.065	6.942	14.185	138.294	4.080	197.566
2	Debt securities	-	14.204	12.007	-	-	26.211
3	Total	34.065	21.146	26.192	138.294	4.080	223.777

7. COUNTERPARTY CREDIT RISK

Counterparty credit risk (CCR) arises from the possibility that a counterparty will fail to perform on an obligation arising from derivatives transactions and securities financing transactions. Exposure was limited as at 31 December 2025.

8. MARKET RISK

8.1 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.

8.2 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 2025 is analyzed in note 19 and note 22 of the Annual Financial Report 2025 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 part of its liquid assets in debt securities. The current portfolio of debt securities is classified at amortised cost. 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 2025 is analysed in note 20 of the Annual Financial Report 2025 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 2025.

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.

The Group monitors interest rate risk in the banking book ("IRRBB") by implementing six shock scenarios in line with regulatory requirements. The table below sets out the impact on the Group's equity and on the Group's net interest income, from possible changes in the interest rates under various interest rate scenarios for the Euro being the main currency of the Group, in line with the EBA guidelines.

Table 20 - EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity €000		Changes of the net interest income €000	
		31/12/2025	30/9/2025	31/12/2025	30/9/2025
1	Parallel up	(889)	(630)	1.448	1.242
2	Parallel down	885	1.319	(2.738)	(2.627)
3	Steeper	1.717	1.654		
4	Flattener	(278)	(70)		
5	Short rates up	(308)	(156)		
6	Short rates down	702	840		

Supervisory shock scenarios		Changes of the economic value of equity €000	Changes of the net interest income €000
		31/12/2024	31/12/2024
1	Parallel up	(704)	1.085
2	Parallel down	(2.764)	(3.618)
3	Steeper	26	
4	Flattener	(439)	
5	Short rates up	(187)	
6	Short rates down	(2.015)	

Additional information on interest rate risk appears in noted 38.2.2 of the Annual Financial Report 2025.

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 2025 are set out below.

Table 21 - Foreign exchange risk sensitivity gap analysis

31 December 2025	Net open position €000	Change in exchange rates %	Effect on profits €000	31 December 2025	Net open position €000	Change in exchange rates %	Effect on profits €000
US Dollar	608	+10	61	US Dollar	608	-10	(61)
British pound	(2)	+10	0	British pound	(2)	-10	0
Russian Rouble	214	+30	64	Russian Rouble	214	-30	(64)
Other currencies	12	+10	1	Other currencies	12	-10	(1)

31 December 2024	Net open position €000	Increase in exchange rates %	Effect on profits €000	31 December 2024	Net open position €000	Increase in exchange rates %	Effect on profits €000
US Dollar	612	+10	61	US Dollar	612	-10	(61)
British pound	30	+10	3	British pound	30	-10	(3)
Russian Rouble	210	+30	63	Russian Rouble	210	-30	(63)
Other currencies	44	+10	4	Other currencies	44	-10	(4)

8.3 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 2025 was nil due to net open foreign exchange positions lying below the minimum prescribed by regulations.

9. OPERATIONAL RISK

9.1 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.

9.2 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 by establishing internal processes and controls involving:

- Segregation of duties, independent authorization of transactions, the reconciliation and monitoring of transactions, and documentation of controls and procedures;
- 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.

9.3 Capital requirements for operational risk

CRR III introduced a new single approach in determining operational risk capital requirements which is based on the calculation of the business indicator component. The capital requirement for operational risk as at 31 December 2025 amounted to €2.1 million and €3,0 million as at 31 December 2024. The change from the Basic Indicator Approach to the New standardized Approach in calculating the operational risk capital requirements has led to an overall decrease in the RWAs and thus capital requirements for operational risk.

Table 22 - EU OR2 - Business Indicator, components and subcomponents

		a	b	c	d
	BI and its subcomponents	31/12/2025	31/12/2024	31/12/2023	Average value
1	Interest, lease and dividend component (ILDC)				13.344
EU 1	ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3))				13.344
1a	Interest and lease income	18.444	25.307	23.898	22.550
1b	Interest and lease expense	4.673	6.160	2.109	4.314
1c	Total assets/Asset component	597.756	616.243	558.153	590.717
1d	Dividend income/dividend component	96	41	21	53
2	Services component (SC)				3.719
2a	Fee and commission income	2.694	3.401	3.381	3.159
2b	Fee and commission expense	484	335	381	400
2c	Other operating income	716	567	397	560
2d	Other operating expense	450	350		400
3	Financial component (FC)				72
3a	Net profit or loss applicable to trading book (TB)	88	67	- 11	48
3b	Net profit or loss applicable to banking book (BB)	34	26	11	24
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				Accounting Approach
4	Business Indicator (BI)				17.135
5	Business indicator component (BIC)				2.056

Disclosure on the BI:	2025	a
6a	BI gross of excluded divested activities	17.135
6b	Reduction in BI due to excluded divested activities	-
EU 6c	Impact in BI of mergers/acquisitions	-

Table 23 - EU OR3 - Operational risk own funds requirements and risk-weighted exposure amounts

2025		a
1	Business Indicator Component (BIC)	2.056
EU1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	-
2	Not applicable	
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	2.056
4	Operational Risk Exposure Amounts (REA)	25.703

10. LIQUIDITY RISK

10.1 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.

10.2 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.

10.3 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 next table analyzes the components of LCR and the resulting average LCR ratio at each quarter-end during 2025.

Table 24 - EU LIQ1 - Quantitative information of LCR

Scope of consolidation: Consolidated		Total unweighted value				Total weighted value			
Quarter ending on		Mar-25	Jun-25	Sep-25	Dec-25	Mar-25	Jun-25	Sep-25	Dec-25
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)					342.500	319.233	310.412	331.080
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	317.388	319.466	324.098	315.334	16.696	17.301	15.671	15.978
3	Stable deposits	113.692	107.226	90.156	94.344	5.685	5.361	4.508	4.717
4	Less stable deposits	97.562	91.163	99.967	99.524	11.011	10.791	11.163	11.261
5	Unsecured wholesale funding	193.799	163.729	142.523	169.489	76.263	69.694	70.195	92.658
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1.577	1.088	1.141	678	394	272	285	169
7	Non-operational deposits (all counterparties)	192.221	162.641	141.382	168.811	75.869	69.423	69.910	92.488
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	689	7.997	21.752	22.556	56	592	1.824	1.667
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	689	7.997	21.752	22.556	56	592	1.824	1.667
14	Other contractual funding obligations	4.346	7.801	8.849	4.849	3.070	6.571	7.604	3.590
15	Other contingent funding obligations	57.814	55.047	37.818	45.560	5.395	5.513	3.740	8.292
16	TOTAL CASH OUTFLOWS					101.479	99.671	99.035	122.184
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	4.622	4.339	6.896	4.626	4.011	3.746	5.851	4.436
19	Other cash inflows	33.581	27.432	27.053	23.749	6.993	5.530	5.411	4.750
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	38.203	31.771	33.949	28.375	11.004	9.333	11.261	9.186
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	38.303	31.771	33.949	28.375	11.004	9.333	11.261	9.186
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					342.500	319.233	310.412	331.080
22	TOTAL NET CASH OUTFLOWS					90.475	90.338	87.774	112.998
23	LIQUIDITY COVERAGE RATIO (%)					378,71%	354,14%	355,55%	293,04%

Scope of consolidation: Consolidated		Total unweighted value				Total weighted value			
Quarter ending on		Mar-24	Jun-24	Sep-24	Dec-24	Mar-24	Jun-24	Sep-24	Dec-24
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)					346.441	333.022	365.803	364.414
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	287.431	294.844	297.189	300.944	13.246	14.760	15.623	15.833
3	Stable deposits	103.088	108.614	116.546	122.000	5.154	5.431	5.827	6.100
4	Less stable deposits	74.700	83.915	87.559	87.665	8.092	9.329	9.796	9.733
5	Unsecured wholesale funding	213.336	192.467	222.144	222.540	83.949	75.606	87.545	87.593
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	2.274	2.458	1.893	2.305	568	614	473	576
7	Non-operational deposits (all counterparties)	211.062	190.009	220.251	220.235	83.381	74.992	87.072	87.017
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	1.382	1.351	1.164	990	77	77	71	66
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	1.382	1.351	1.164	990	77	77	71	66
14	Other contractual funding obligations	7.460	6.586	6.767	6.822	6.287	5.393	5.503	5.544
15	Other contingent funding obligations	60.203	60.637	63.287	64.310	4.627	6.372	7.623	7.956
16	TOTAL CASH OUTFLOWS					108.186	102.208	116.366	116.993
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	2.984	3.124	2.704	4.084	2.331	2.185	1.988	3.054
19	Other cash inflows	36.939	40.803	39.059	34.312	8.839	8.436	8.006	7.200
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	39.923	43.927	41.763	38.396	11.170	10.683	9.994	10.254
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	39.923	43.927	41.763	38.396	11.170	10.683	9.994	10.254
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					346.441	333.022	365.803	364.414
22	TOTAL NET CASH OUTFLOWS					97.016	91.525	106.372	106.739
23	LIQUIDITY COVERAGE RATIO (%)					357,71%	363,89%	344,63%	341,29%

11. 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 25 – EU KM1

		31/12/2025	30/9/2025	30/6/2025	31/3/2025	31/12/2024
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	45.600	45.861	46.089	48.703	48.763
2	Tier 1 capital	50.600	50.861	51.089	53.703	53.763
3	Total capital	56.402	53.674	53.911	59.953	60.013
	Risk-weighted exposure amounts					
4	Total risk exposure amount	207.943	218.208	218.414	218.682	219.153
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	21,93%	21,02%	21,10%	22,27%	22,25%
6	Tier 1 ratio (%)	24,33%	23,31%	23,39%	24,56%	24,53%
7	Total capital ratio (%)	27,12%	24,60%	24,68%	27,42%	27,38%
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5,50%	5,50%	5,50%	5,50%	5,50%
EU 7e	of which: to be made up of CET1 capital (percentage points)	3,09%	3,09%	3,09%	3,09%	3,09%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	4,13%	4,13%	4,13%	4,13%	4,13%
EU 7g	Total SREP own funds requirements (%)	13,50%	13,50%	13,50%	13,50%	13,50%
	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 (%)	1,00%	1,00%	1,00%	1,00%	1,00%
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%
11	Combined buffer requirement (%)	3,50%	3,50%	3,50%	3,50%	3,50%
EU 11a	Overall capital requirements (%)	17,00%	17,00%	17,00%	17,00%	17,00%

		31/12/2025	30/9/2025	30/6/2025	31/3/2025	31/12/2024
12	CET1 available after meeting the total SREP own funds requirements (%)	13,62%	11,10%	11,18%	13,92%	13,88%
Leverage ratio						
13	Total exposure measure	610.998	575.127	573.200	587.507	641.080
14	Leverage ratio (%)	8,28%	8,84%	8,91%	9,14%	8,39%
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						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	351.354	321.699	314.698	329.782	388.551
EU 16a	Cash outflows - Total weighted value	127.817	107.562	103.715	98.483	121.678
EU 16b	Cash inflows - Total weighted value	8.964	8.670	8.588	10.564	9.996
16	Total net cash outflows (adjusted value)	118.853	98.891	95.126	87.919	111.682
17	Liquidity coverage ratio (%)	296%	325%	331%	375%	348%
Net Stable Funding Ratio						
18	Total available stable funding	427.774	424.165	421.811	455.360	471.750
19	Total required stable funding	181.028	178.582	182.689	185.069	172.917
20	NSFR ratio (%)	236%	238%	231%	246%	273%

12. 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.

12.1 Encumbered and unencumbered assets by asset type

Table 26 - Template EU AE1 - Encumbered and unencumbered assets

31 December 2025 €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	1.002	-			601.391	357.525		
030	Equity instruments	-	-	-	-	254	-	254	-
040	Debt securities	-	-	-	-	55.402	16.749	55.809	16.682
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	14.644	14.644	14.560	14.560
080	of which: issued by financial corporations	-	-	-	-	38.652	-	39.127	-
090	of which: issued by non-financial corporations	-	-	-	-	2.106	2.106	2.122	2.122
120	Other assets	1.002	-			545.736	340.776		

31 December 2024 €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	1.002	-			621.987	399.983		
030	Equity instruments	-	-	-	-	426	-	426	-
040	Debt securities	-	-	-	-	26.211	26.211	25.812	25.812
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	20.398	20.398	19.775	19.775
080	of which: issued by financial corporations	-	-	-	-	5.813	5.813	6.038	6.038
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	1.002	-	-	-	595.350	373.772	-	-

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. Balances with other banks as at 31 December 2025 include encumbered amounts of €1 million.

12.2 Collateral received by product type

Table 27 - Template EU AE2 - Collateral received and own debt securities issued

31 December 2025/ 31 December 2024 €000	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
		of which notionally eligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	
				of which EHQLA and HQLA
	010	030	040	060
Collateral received by the disclosing institution				
Loans on demand	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
of which: covered bonds	-	-	-	-
of which: securitisations	-	-	-	-
of which: issued by general governments	-	-	-	-
of which: issued by financial corporations	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
Own covered bonds and securitisation issued and not yet pledged			-	-
TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	1.002	-		

12.3 Encumbered assets/collateral received and associated liabilities

Table 28 - Template EU AE3 - Sources of encumbrance

31 December 2025/ 31 December 2024 €000	Carrying amount of selected financial liabilities
Matching liabilities, contingent liabilities or securities lent	1.002
Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	1.002

13. 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.

13.1 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;

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;

During 2025, the NRC held three meetings. Further details including composition can be found in the Corporate Governance Report included in the Annual Financial Report.

Remuneration Policy

In developing its Remuneration Policy, the Group considers the provisions that are included in the CBC Governance Directive.

The remuneration of Non-Executive Directors is determined and approved by the Board. Neither the Chairman nor any Director participates in decisions relating to their own personal remuneration.

The remuneration of Non-Executive Directors is not linked to the profitability of the Group. It is related to the responsibilities and time devoted for Board meetings and decision-making for the governance of the Group, and for their participation in the committees of the Board and any participation in the boards

of Group subsidiary companies. The remuneration of Non-Executive Directors is approved annually by the AGM.

The remuneration of Executive Directors is set out in their contracts of employment unless any of the Executive Directors is an appointed member of the senior management team, in which case the terms of employment are based on the provisions of the collective agreement in place, excluding the CEO.

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).

13.2 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.

13.3 Analysis of Remuneration

The Management Body comprised 10 directors as at 31 December 2025, being made up of 2 executive and 8 non-executives. Aggregate remuneration of non-executive directors for the year amounted to €256K. Non-executive directors receive a fixed remuneration package approved by the NRC each year.

Remuneration of Members of the Management Body⁹ and Other Identified Staff¹⁰ 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 29 – EU REM 1 - Remuneration awarded for the financial Year¹¹

		31 December 2025	MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration €000	Number of identified staff	8	2	8	3
2		Total fixed remuneration	256	363	962	288
3		Of which: cash-based	256	363	962	288
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				

⁹ Management Body in its Management Function includes Executive Directors (from the date of their appointment and/or up to the date of their resignation).

¹⁰ 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.

¹¹ Comparatives have been restated.

		31 December 2025	MB Supervisory function	MB Management function	Other senior management	Other identified staff
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			1	
10		Total variable remuneration			8	
11		Of which: cash-based			8	
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)		256	363	970	288

		31 December 2024	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	256	340	996	292
3		Of which: cash-based	256	340	996	292
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				

	31 December 2025	MB Supervisory function	MB Management function	Other senior management	Other identified staff
8	(Not applicable in the EU)				
9	Variable remuneration €000	Number of identified staff	1	1	
10		Total variable remuneration	160	250	
11		Of which: cash-based	160	250	
12		Of which: deferred		250	
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)	256	500	1.246	292

No amounts of deferred remuneration were awarded for previous performance periods, and no individuals was remunerated EUR 1 million or more per financial year (EU REM 3 and EU REM 4).

Table 30 - EU REM 2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	31 December 2025	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been			1	

	31 December 2025	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount			250	
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff				
7	Severance payments awarded during the financial year - Total amount				
8	Of which paid during the financial year				
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person				

	31 December 2024	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				

	31 December 2024	MB Supervisory function	MB Management function	Other senior management	Other identified staff
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff			1	
7	Severance payments awarded during the financial year - Total amount			250	
8	Of which paid during the financial year				
9	Of which deferred			250	
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person			250	

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 3131 - EU REM 5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)¹²¹³

	a	b	c	d	e	f	g	h	i	j	
	Management body remuneration			Business areas							-
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset mgmt	Corporate functions	Independent internal control functions	All other	Total	
31 December 2025											
€000											
Total number of identified staff										21	
Of which: members of the MB	8	2	10								
Of which: other senior management				1	2	1	1	3	0		
Of which: other identified staff				1	1	0	1	0	0		
Total remuneration of identified staff	256	363	618	222	418	112	249	258	0		
Of which: variable remuneration	0	0	0	0	8	0	0	0	0		
Of which: fixed remuneration	256	363	618	222	410	112	249	258	0		
31 December 2024											
€000											
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	-		
Of which: other identified staff				1	1	-	1	-	-		
Total remuneration of identified staff	256	500	756	214	729	112	238	245	-		
Of which: variable remuneration	-	160	160	-	250	-	-	-	-		
Of which: fixed remuneration	256	340	596	214	479	112	238	245	-		

The total number of full-time employees of the Group as at 31 December 2025 was 133 (2024:140).

¹² Fixed remuneration includes salaries and contributions to government.

¹³ Comparatives have been restated.

APPENDIX I - EBA templates disclosed and mapping to Pillar 3 report¹⁴

Templates	Name	Section
<u>EU CC1</u>	Composition of regulatory own funds	Section 5.1
<u>EU CC2</u>	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Section 5.1
<u>EU OV1</u>	Overview of risk weighted exposure amounts	Section 5.3
<u>EU OVC</u>	ICAAP information	Section 5.4
<u>EU OVA</u>	Institution risk management approach	Section 3
<u>EU OVB</u>	Disclosure on governance arrangements	Section 2 and 3.2 – 3.3
<u>EU KM1</u>	Key metrics template	Section 11
<u>EU INS1</u>	Insurance participations	Not applicable
<u>EU INS2</u>	Financial conglomerates information on own funds and capital adequacy ratio	Not applicable
<u>EU CMS1</u>	Template EU CMS1 – Comparison of modelled and standardised risk weighted exposure amounts at risk level	Not applicable
<u>EU CMS2</u>	Template EU CMS2 – Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level	Not applicable
<u>EU CCyB1</u>	Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Section 5.2
<u>EU CCyB2</u>	Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer	Section 5.2
<u>EU CCR1</u>	Analysis of CCR exposure by approach	Not applicable
<u>EU CCR3</u>	Standardised approach – CCR exposures by regulatory exposure class and risk weights	Not applicable
<u>EU CCR4</u>	IRB approach – CCR exposures by exposure class and PD scale	Not applicable
<u>EU CCR5</u>	Composition of collateral for CCR exposures	Not applicable
<u>EU CCR6</u>	Credit derivatives exposures	Not applicable
<u>EU CCR7</u>	RWEA flow statements of CCR exposures under the IMM	Not applicable
<u>EU CCR8</u>	Exposures to CCPs	Not applicable
<u>EU CRA</u>	General qualitative information about credit risk	Section 6
<u>EU CR1</u>	Performing and non-performing exposures and related provisions	Section 6.6
<u>EU CR2</u>	Template EU CR2: Changes in the stock of non-performing loans and advances	Not applicable
<u>EU CR2a</u>	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Not applicable
<u>EU CR3</u>	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Section 6.5
<u>EU CR4</u>	Standardised approach -Credit risk exposure and CRM effects	Section 6.4
<u>EU CR5</u>	Standardised approach	Not applicable
<u>EU CR6</u>	IRB approach – Credit risk exposures by exposure class and PD range	Not applicable
<u>EU CR6-A</u>	Scope of the use of IRB and SA approaches	Not applicable

¹⁴ The Group's Pillar 3 Disclosures provide a comprehensive and transparent overview of its risk profile and incorporates information over and above the minimum requirements pursuant to Article 433c of CRR.

Templates	Name	Section
<u>EU CR7</u>	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	Not applicable
<u>EU CR7-A</u>	IRB approach – Disclosure of the extent of the use of CRM techniques	Not applicable
<u>EU CR8</u>	RWEA flow statements of credit risk exposures under the IRB approach	Not applicable
<u>EU CR9</u>	IRB approach – Back-testing of PD per exposure class (fixed PD scale)	Not applicable
<u>EU CR9.1</u>	Back-testing of PD per exposure class (only for PD estimates according to Article 180(1)(f))	Not applicable
<u>EU CR10</u>	Specialised lending and equity exposures	Not applicable
<u>EU SEC1</u>	Securitisation exposures in the non-trading book	Not applicable
<u>EU SEC2</u>	Securitisation exposures in the trading book	Not applicable
<u>EU SEC3</u>	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Not applicable
<u>EU SEC4</u>	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Not applicable
<u>EU SEC5</u>	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Not applicable
<u>EU CQ1</u>	Credit quality of forborne exposures	Section 6.6
<u>EU CQ2</u>	Quality of forbearance	Not applicable
<u>EU CQ3</u>	Credit quality of performing and non-performing exposures by past due days	Section 6.6
<u>EU CQ4</u>	Quality of non-performing exposures by geography	Not applicable
<u>EU CQ5</u>	Credit quality of loans and advances by industry	Not applicable
<u>EU CQ6</u>	Collateral valuation - loans and advances	Not applicable
<u>EU CQ7</u>	Collateral obtained by taking possession and execution processes	Section 6.6
<u>EU CQ8</u>	Collateral obtained by taking possession and execution processes – vintage breakdown	Not applicable
<u>EU ORA</u>	Qualitative information on operational risk	Section 9
<u>EU OR1</u>	Template EU OR1 - Operational risk losses	Not applicable
<u>EU OR2</u>	Template EU OR2 - Business Indicator, components and subcomponents	Section 9.3
<u>EU OR3</u>	Template EU OR3 - Operational risk own funds requirements and risk exposure amounts	Section 9.3
<u>EU MRA</u>	Qualitative disclosure requirements related to market risk	Section 8
<u>EU MR1</u>	Market risk under the standardised approach	Not applicable
<u>EU MR2-A</u>	Market risk under the internal Model Approach (IMA)	Not applicable
<u>EU MR2-B</u>	RWA flow statements of market risk exposures under the IMA	Not applicable
<u>EU MR3</u>	IMA values for trading portfolios	Not applicable
<u>EU MR1 (2)</u>	Template EU MR1 - Market risk under the alternative standardised approach (ASA)	Not applicable
<u>EU MR2</u>	Template EU MR2 - Market risk under the alternative internal model approach (AIMA)	Not applicable
<u>EU MR3 (2)</u>	Template EU MR3 - Market risk under the simplified standardised approach (SSA)	Not applicable

Templates	Name	Section
<u>EU CVA1</u>	Template EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach (R-BA)	Not applicable
<u>EU CVA2</u>	Template EU CVA 2 – Credit valuation adjustment risk under the Full Basic Approach (F-BA)	Not applicable
<u>EU CVA3</u>	Template EU CVA3 – Credit valuation adjustment risk under the Standardised Approach (SA)	Not applicable
<u>EU CVA4</u>	Template EU CVA4 – RWEA flow statements of credit valuation adjustment risk under the Standardised Approach (SA)	Not applicable
<u>EU PV1</u>	Prudent valuation adjustments (PVA)	Not applicable
<u>EU LR1</u>	Summary reconciliation of accounting assets and leverage ratio exposures	Section 5.6
<u>EU LR2</u>	Leverage ratio common disclosure	Section 5.7
<u>EU LR3</u>	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Section 5.6
<u>EU CAE1</u>	Template EU CAE1 – Exposures to crypto-assets	Not applicable
<u>EU LIQ1</u>	Quantitative information of LCR	Section 10.3
<u>EU LIQ2</u>	Net Stable Funding Ratio	Not applicable
<u>EU AE1</u>	Encumbered and unencumbered assets	Section 12.1
<u>EU AE2</u>	Collateral received and own debt securities issued	Section 12.2
<u>EU AE3</u>	Sources of encumbrance	Section 12.3
<u>EU IRRBB1</u>	Template EU IRRBB1 - Interest rate risks of non-trading book activities	Section 8.2
<u>EU SB1</u>	Template EU SB1 - Aggregate exposure to shadow banking entities	Not applicable
<u>EU KM2</u>	EU KM2: key metrics - MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities	Not applicable
<u>EU TLAC1</u>	EU TLAC1 - Composition - MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities	Not applicable
<u>EU iLAC</u>	EU iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs	Not applicable
<u>EU TLAC2a</u>	EU TLAC2a: Creditor ranking - Entity that is not a resolution entity	Not applicable
<u>EU TLAC3a</u>	EU TLAC3a: creditor ranking - resolution entity	Not applicable
<u>EU REMA</u>	Remuneration policy	Section 13
<u>EU REM1</u>	Template EU REM1 - Remuneration awarded for the financial year	Section 13.3
<u>EU REM2</u>	Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 13.3
<u>EU REM3</u>	Template EU REM3 - Deferred remuneration	Section 13.3
<u>EU REM4</u>	Template EU REM4 - Remuneration of 1 million EUR or more per year	Section 13.3
<u>EU REM5</u>	Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 13.3

APPENDIX II - Specific References to CRR Articles¹⁵

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		

¹⁵ The Group's Pillar 3 Disclosures provide a comprehensive and transparent overview of its risk profile and incorporates information over and above the minimum requirements pursuant to Article 433c of CRR.

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
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 5.1
437 1(b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	
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 5.2
Disclosure of own funds requirements and risk-weighted exposure amounts		
438 (a)	a summary of the approach to assessing the adequacy of internal capital to support current and future activities	Section 3 and 5.4
438 (b)	the amount of the additional own funds requirements based on the supervisory review process to address risks other than the risk of excessive leverage and its composition	Section 5.4
438 (c)	the result of the institution's internal capital adequacy assessment process upon demand from the relevant competent authority	Section 5.4
438 (d)	the total risk exposure amount and the corresponding own funds requirements, to be broken down by the different risk categories or risk exposure classes, as applicable, and where applicable, an explanation of the effect on the calculation of the own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	Section 5.3
438 (e)	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending, and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures	Not applicable
438 (f)	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the	Not applicable

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
	institutions do not deduct from their own funds when calculating their capital requirements on an individual, sub-consolidated and consolidated basis	
438 (g)	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate	Not applicable
438 (h)	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Not applicable
Exposure to Counterparty Credit Risk (CCR)		
439	Exposure to counterparty credit risk	Section 6
Countercyclical capital buffers		
440 (a)	Geographical distributions of credit exposures	Section 5.2
440 (b)	Amount of the institution specific countercyclical buffer	Section 5.2
Credit risk adjustments		
442 (a)	Definitions for accounting purposes of 'past due' and 'impaired'.	Section 6.6
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	
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 12
Use of ECAIs		
444 (a)	Names of the nominated ECAIs used in the calculation of Standardised Approach RWAs, and reasons for any changes	Section 6.5
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 8
Operational Risk		

Article in accordance with Regulation (EU) No 575/2013	Description	Compliance Reference
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered	Section 9
Key Metrics		
447	Disclosure of Key Metrics	Section 11
Exposures to interest rate risk on positions not held in the trading book		
448	Quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of non-trading book activities	Section 8.2
Exposures to securitisation positions		
449	Exposure to securitisation positions	Not applicable
Environmental, social and governance risks (ESG risks)		
449a	Disclosure of information on ESG risks, distinguishing environmental, social and governance risks, and physical risks and transition risks for environmental risks.	Section 4
Aggregate exposure to shadow banking entities		
449b	Disclosure of information on aggregate exposure to shadow banking entities.	Not applicable
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 13
Leverage ratio		
451 (1)	Leverage ratio	Section 5.7
Liquidity requirements		
451a	Disclosure of liquidity coverage ratio, net stable funding ratio and liquidity risk management	Section 10.3
Crypto-asset exposures and related activities		
451b	Disclosure of information on crypto-assets and crypto-asset services as well as any other activities related to crypto-assets	Not applicable