

A low-angle photograph of a modern glass-clad building. Large, three-dimensional blue Greek letters spelling 'Τράπεζα Κύπρου' are mounted on the facade. To the right, a square logo with a blue and orange design is visible. In the foreground, out-of-focus olive branches are visible. The sky is a pale, overcast blue.

# Bank of Cyprus Group

Investor Update

8 June 2023



# DISCLAIMER

The financial information included in this presentation is not audited by the Group's external auditors.

This financial information is presented in Euro (€) and all amounts are rounded as indicated. A comma is used to separate thousands and a dot is used to separate decimals.

**On 1 January 2023, the Group adopted IFRS 17 'Insurance contracts which replaced IFRS 4 'Insurance contracts'. Historical data in the presentation is disclosed as previously reported, under IFRS 4, unless otherwise stated.**

**For Glossary & Definitions refer to slides 66-70.**

## ***Important Notice Regarding Additional Information Contained in the Investor Presentation***

The Investor Update Presentation includes additional financial information not presented within the Announcement, primarily relating to (i) the Company's strategic pillars (ii) overview of the financial performance and strategy of the business lines and card payment solutions business, (iii) details of the business model and strategy of life and non-life insurance companies and (iv) analysis of the business model of the Group's digital transformation and digital economy platform (namely 'Jinius'). Moreover, the Investor Update Presentation includes additional financial information not presented within the Announcement of current and expected levels for (i) growth of new lending, (ii) ratio of fixed income portfolio to total assets (iii) growth of net fee and commission income (iv) growth of insurance business (v) ratio of non-interest income to total operating expenses and (vi) REMU stock evolution. Except in relation to any non-IFRS measure, the financial information contained in the Investor Update Presentation has been prepared in accordance with the Group's significant accounting policies as described in the Group's Annual Financial Report 2022. The Investor Update Presentation should be read in conjunction with the information contained in the Announcement and neither the financial information in the Announcement nor in the Investor Update Presentation constitutes statutory financial statements prepared in accordance with International Financial Reporting Standards. For further information, please contact Investor Relations at [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com).

## **Forward Looking Statements**

This document contains certain forward-looking statements which can usually be identified by terms used such as "expect", "should be", "will be" and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group's near term, medium

term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments, information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics, such as the COVID-19 pandemic and ongoing challenges and uncertainties posed by the COVID-19 pandemic for businesses and governments around the world. The Russian invasion of Ukraine has led to heightened volatility across global markets and to the coordinated implementation of sanctions on Russia, Russian entities and nationals. The Russian invasion of Ukraine has caused significant population displacement, and as the conflict continues, the disruption will likely increase. The scale of the conflict and the extent of sanctions, as well as the uncertainty as to how the situation will develop, may have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. This creates significantly greater uncertainty about forward-looking statements. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward-looking statements. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based. Changes in our reporting frameworks and accounting standards, including the recently announced reporting changes and the implementation of IFRS 17 'Insurance Contracts', which may have a material impact on the way we prepare our financial statements and (with respect to IFRS 17) may negatively affect the profitability of Group's insurance business.

# Agenda

Topic	Speaker
Update of Cyprus macroeconomic outlook	Chris Patsalides, Special Advisor to the President of Cyprus on Economic Affairs
Strategy Update & Business Lines overview	Panicos Nicolaou, Group Chief Executive Officer
Insurance spotlight	Louis Pochanis, Director Insurance Business
Digital and Jinius spotlight	Demetris Nicolaou, Chief Digital Officer
Medium Term Financial Outlook	Eliza Livadiotou, Executive Director Finance
Q&A	

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# Strategy Update



**Panicos Nicolaou**

Chief Executive Officer

# Why Bank of Cyprus

## Strong Macro



- Open economy growing faster than the Eurozone
- Strong and continued recovery in tourism
- Fiscal discipline, sovereign rated investment grade
- Attractive business hub with low tax regime

## Market Leader



- Market leader in a consolidated market
- 42% loan market share; 37% deposit market share
- #1 Life and #2 Non-Life Insurance player in Cyprus
- # 1 in domestic card processing and payment solutions

## Diversified & Sustainable Profitability



- Holistic offering with integrated bank-insurance-payment model; digitally engaged
- One of the most highly geared banks to higher interest rates
- Strong capital light non-interest income
- Efficiency focus with low cost to income ratio

## Prudent & resilient



- Strong capital base with CET1 >15%
- Strong deposit franchise; one of most liquid banks in EU with LCR >300%
- Asset quality in line with EU peers; NPE ratio <4%
- Experienced management team delivering targets ahead of schedule

**Sustainable ROTE With Strong Capital Generation**

# Our Shareholder Focus



## Highly Profitable

- Raising our 2023 ROTE guidance to >17%
- ROTE of >13% in 2025
- ROTE of >16% on 15% CET1 ratio<sup>4</sup> in 2025



## Highly Capital Generative

- Expected to generate 200-250 bps per annum of CET1 pre distributions
- Current CET1 ratio 15.2%<sup>1</sup>, expected to increase significantly



## Committed to Shareholder distributions

- Dividend resumed after 12 years, paid out of 2022 profits
- Payout ratio building prudently and progressively towards 30-50% on adjusted recurring profitability<sup>2</sup>
- Accruing 30% payout ratio<sup>3</sup> for 2023 (equivalent to 8% yield)

1) Includes unaudited/unreviewed profits for 1Q2023 and for compliance with CRR an accrual for an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval

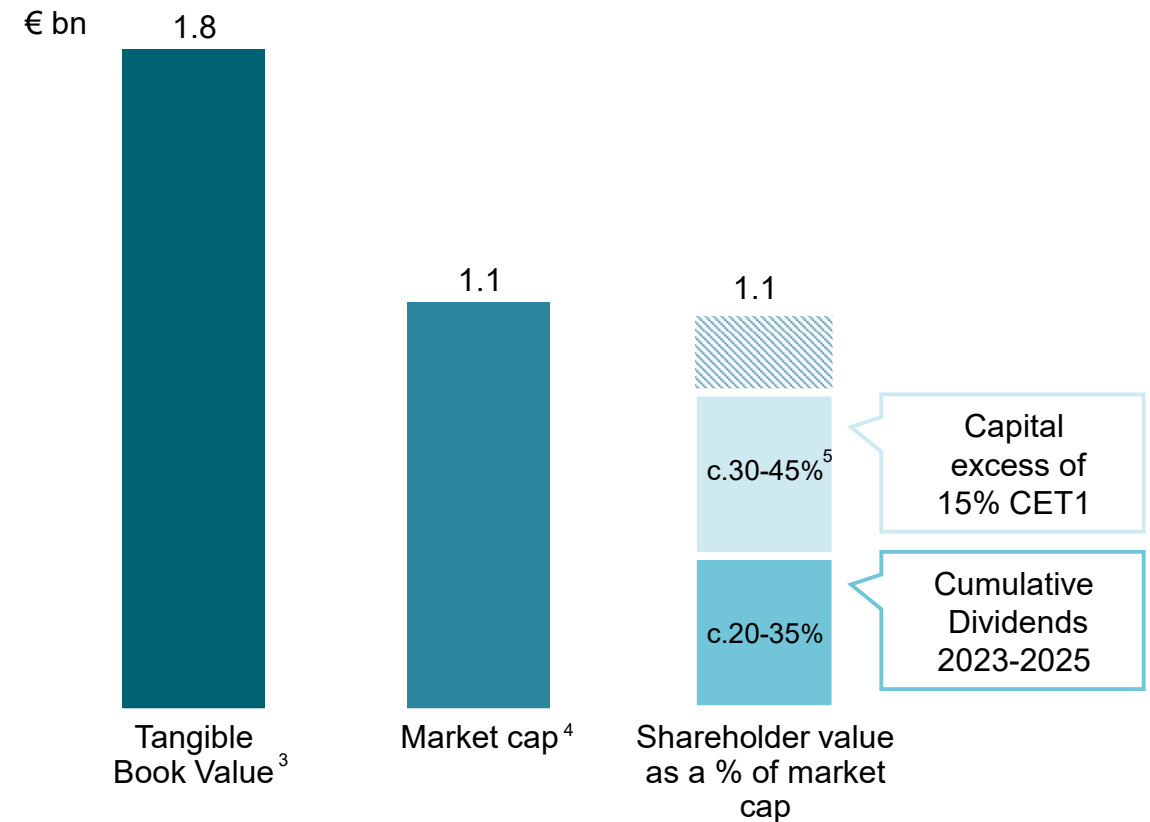
2) Profit after tax before non-recurring items (attributable to the owners of the Group) taking into account distributions under other equity instruments such as the annual AT1 coupon

3) For compliance with CRR an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability was accrued in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval

4) CET1 ratio for 2025 expected to be at c.19%

# Capacity for Creating Shareholder Value

- Targeted payout ratio of 30-50% on adjusted recurring profitability<sup>1</sup>
- Expected to distribute cumulatively c.20-35% of current market cap between 2023-2025
- Accruing 30% payout ratio<sup>2</sup> in 2023 building progressively to 30-50%
- Excess capital of c.30-45%<sup>5</sup> of market cap over CET1 ratio of 15%



1) Profit after tax before non-recurring items (attributable to the owners of the Group) taking into account distributions under other equity instruments such as the annual AT1 coupon

2) For compliance with CRR an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability was accrued in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval.

3) As at 31 March 2023

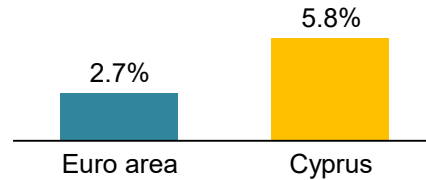
4) Market capitalisation as at 31 May 2023

5) For 2025

# Highly Attractive Market and Demographics...

**Cyprus is growing faster than EU**

GDP growth 23-24<sup>1</sup>



**+3.1 ppts**

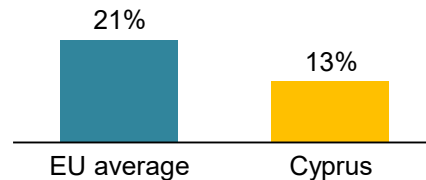
Cyprus economic growth vs EU average 2023-2024

**6.8%**

Cyprus unemployment rate March 2023

**Attractive business hub**

Tax rate



**>1,600 companies**

relocated to Cyprus in 2022

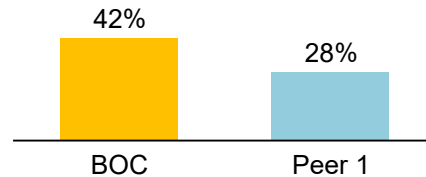
*13,000 work permits in 2022, equivalent to 3% of labour force*

**#3 country**

in Europe with highest number of university graduates per capita

**Consolidated, highly liquid, low risk banking sector**

Loan market share<sup>2</sup>



**One of the lowest Loan to Deposit ratios** in EU

**-78%**

reduction in NPEs (2018-Feb 2023)

Source: Eurostat, CBC statistics

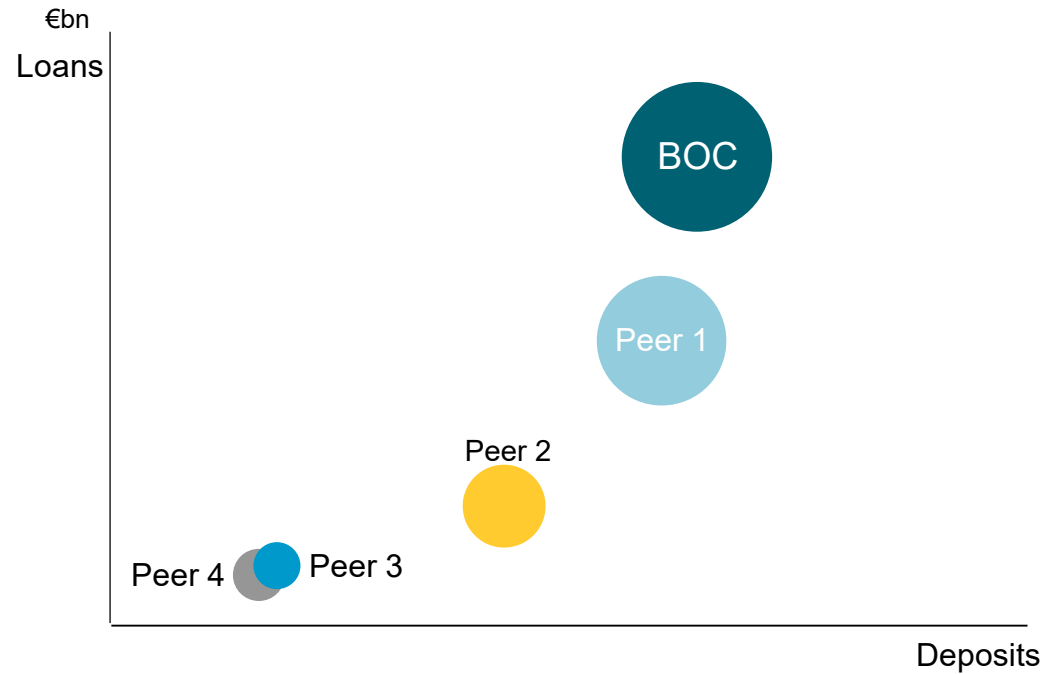
1) Cumulative growth forecasts: Cyprus:Ministry of Finance; Euro area: European Economic Forecast- Spring

2) For BOC as at 31 March 2023; Peer 1 as at 31 December 2022 as per latest available information

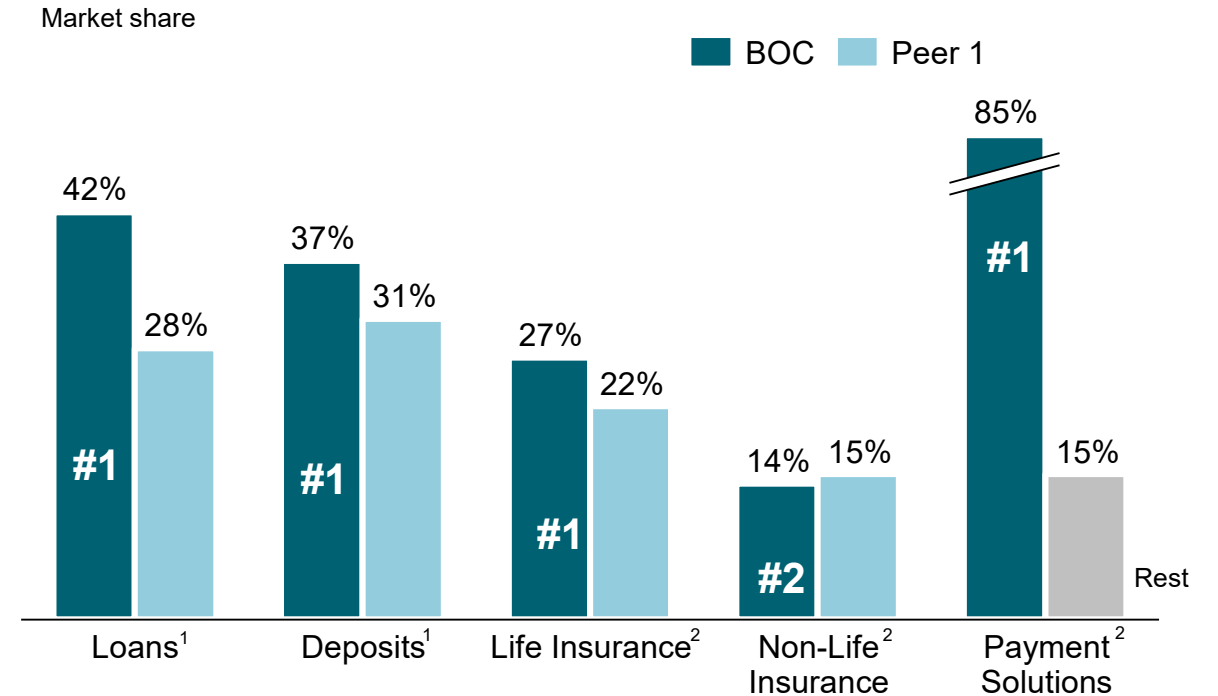


# ...Complementing the Leading Position for Banking and Financial Services in Cyprus

## A consolidated banking sector....



## ...with market leadership



1) For BOC data loan and deposit market shares as at 31 March 2023; for peer 1 loan and deposit market share as at 31 December 2022

2) Data for insurance and payment solutions as at 31 December 2022

# Our Universal Offering Creates Strong and Lasting Relationships...

## Retail & Wealth

- #1 Retail bank
- Servicing c.3/4 of the population
- €4.4 bn loans and €12.0 bn deposits
- Private Banking as well as Custody and Depositary services
- Brokerage and Asset Management

## International

- Preferred partner for international customers
- >50k customers
- Diversified lending arm



## Insurance

- Life: >70k customers
- Non-Life: >100k customers

## Corporate & SME

- >2.5k Corporates and c.5k SMEs
- €4.7 bn loans and €2.8 bn deposits

## Payment Solutions

- #1 payments provider in Cyprus
- National hub facilitator
- 75% shareholding

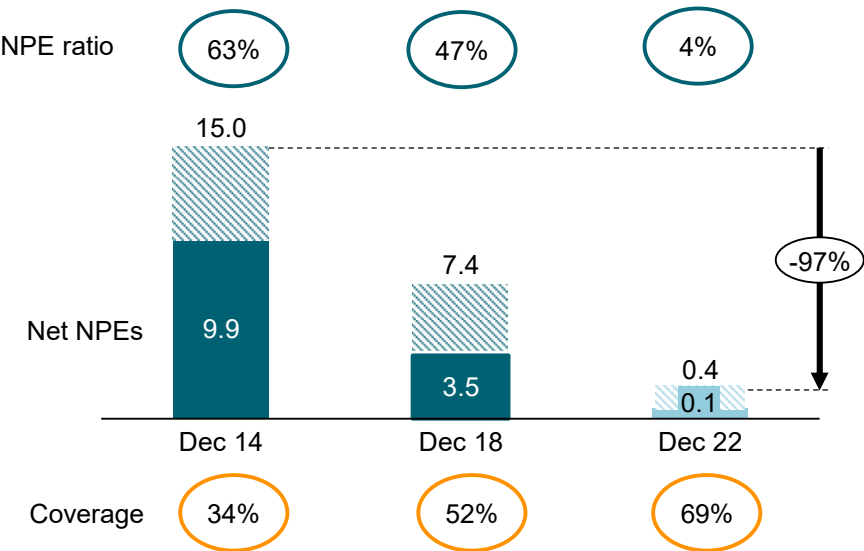
## Treasury & Markets

- Manages Liquid assets and Wholesale funding
- Manages Interest rate, liquidity & FX risks
- Treasury sales (FX derivative solutions)

...and Sets the Foundation for our Diversified and Sustainable Business Model

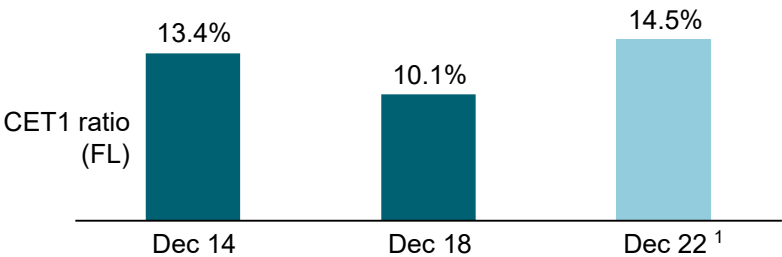
# The Bank has been Radically Transformed...

## NPE ratio reduced to 4%; no tail risk

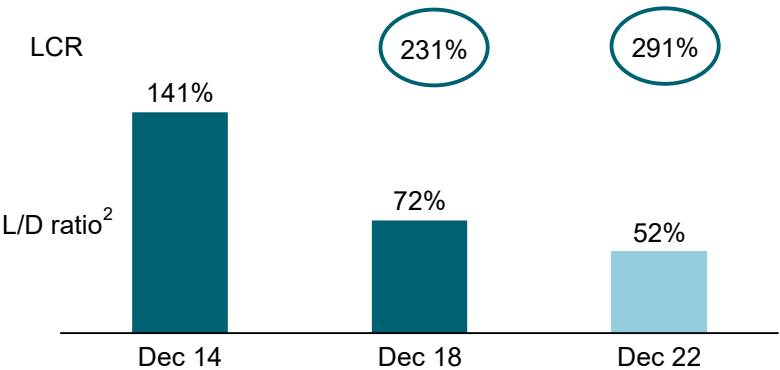


## Capital strengthened organically while restructuring

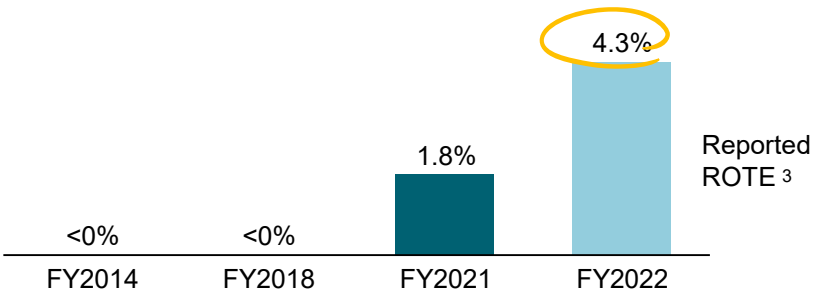
No equity issuance since 2014



## Strong liquidity position restored



## Delivering positive returns since 2021

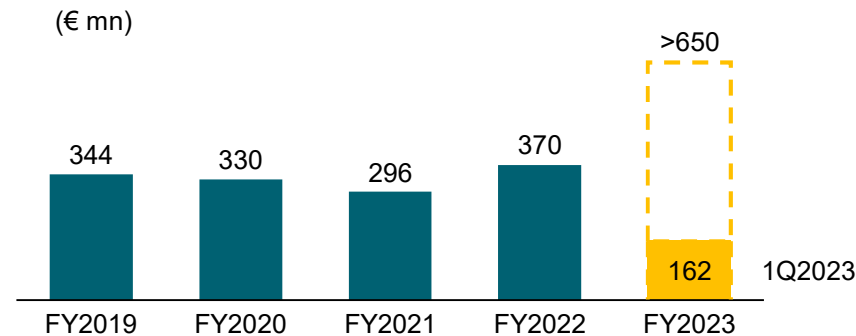


1) CET1 ratio restated for the dividend distribution out of FY2022 profits of c.20 bps  
2) Net loan to deposit ratio

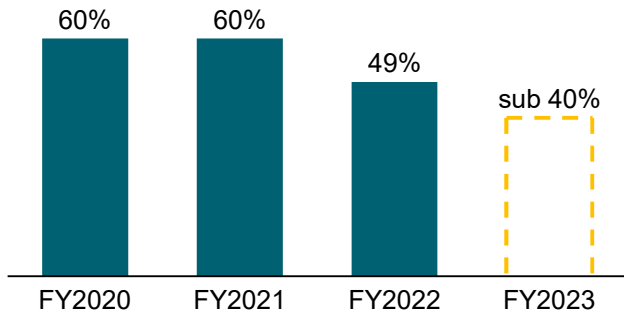
3) ROTE calculated as annualised profit after tax (attributable to owners of the Company) divided by quarterly average shareholders' equity minus intangible assets

# ... Now Well Positioned to Deliver >17% ROTE in 2023

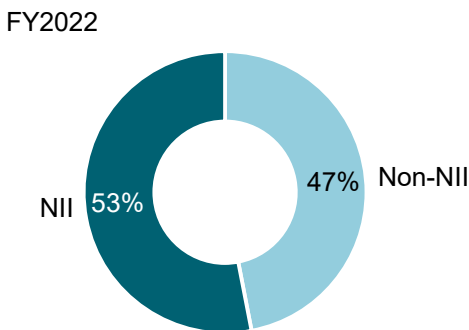
Net Interest Income to be 2x average 2019-2021 level



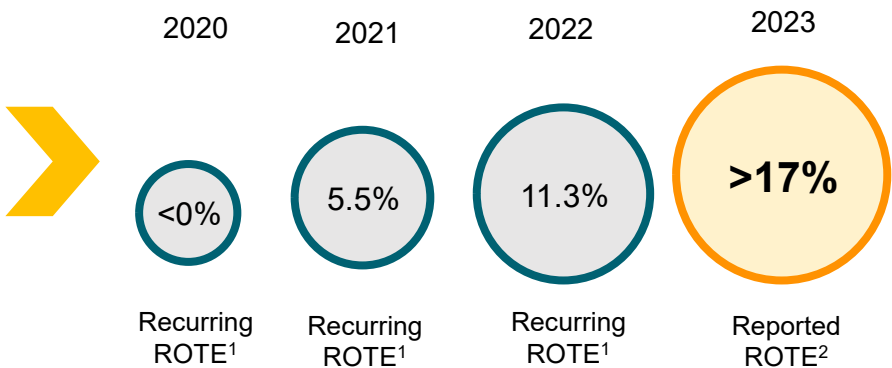
Improved Cost to Income ratio



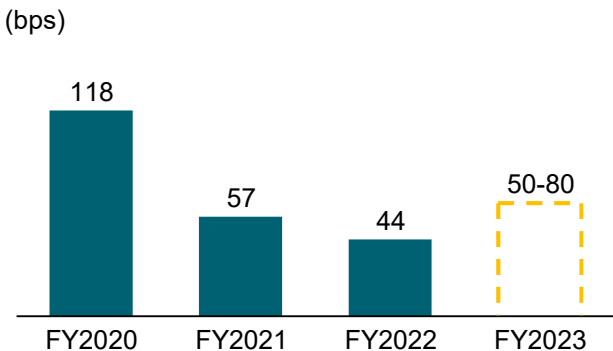
Diversified business model >45% of revenues from Non-NII



Confirming strong ROTE trajectory



Steady declining Cost of Risk



1) Recurring ROTE is calculated as annualised profit after tax before non-recurring items (attributed to the owners of the Company) divided by the quarterly average shareholders' equity minus intangible assets  
2) ROTE is calculated as annualised profit after tax (attributed to the owners of the Company) divided by the quarterly average shareholders' equity minus intangible assets

# Bank of Cyprus of Tomorrow



## Strength

**c.19%**  
CET1 ratio  
Significant surplus capital

## Shareholder distributions

**30-50%**  
Dividend payout ratio



## Profitability

**>13% ROTE**  
*(>16% based on 15% CET1 ratio)*

## Asset quality

**<3%**  
NPE ratio



# Our Vision and Strategic Pillars Going Forward



To create lifelong partnership with our customers, guiding and supporting them in a changing world



## Revenue growth in capital efficient and diversified way

- Grow high quality new lending
- Drive growth in niche areas for further market penetration
- Diversify income further, via insurance and digital
- Defend margins and prudently manage liquidity



## Lean Operating Model

- Ongoing focus on efficiency
- Invest further in digitisation
- Further centralise and automate operations enabled by digitisation



## Robust asset quality

- Maintain asset quality in an uncertain environment
- Maintain high quality new lending via strict underwriting criteria
- Normalise cost of risk and reduce other impairments



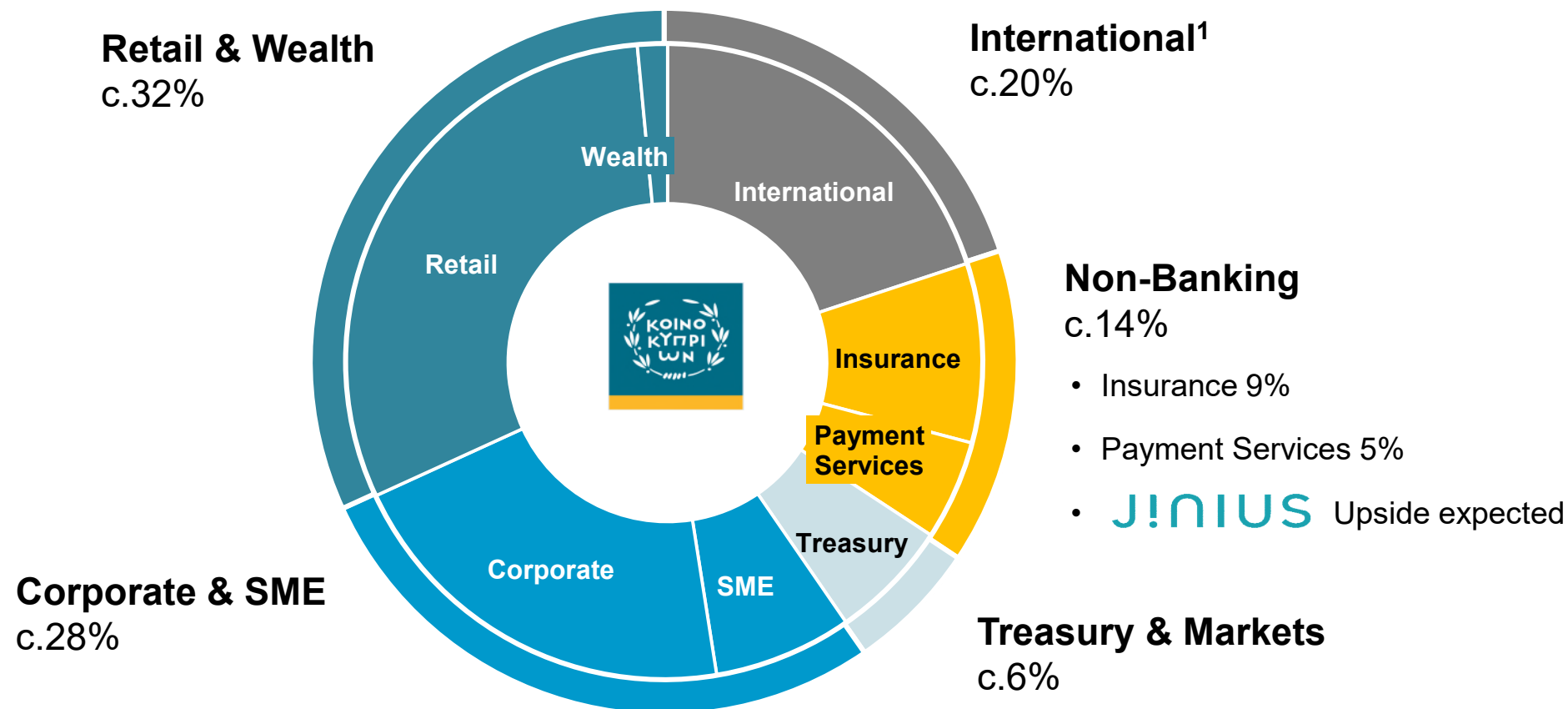
## Organisational resilience and ESG

- Lead the transition of Cyprus to a sustainable future
- Build a forward-looking organisation embracing ESG in all aspects
- Maintain leading role in social and governance pillars

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## **Business Lines overview**

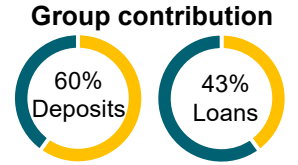
# Universal Offering to Our Customers



Uniquely positioned to serve customers across the life cycle by operating across all elements of the ecosystem

Note: % are contribution to Group Core FY2022 revenues, excluding REMU and RRD  
1) International corporate and International banking services

# Retail Banking at a Glance – Servicing c.3/4 of the Population



## Key Facts

Cyprus Market

45%

of loans are Household loans

4%

Household new lending increase (CAGR) since 2018

BOC

46%

Leading market share in Household loans

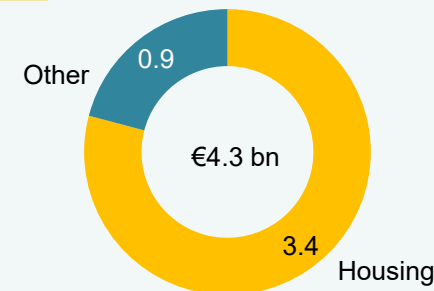
40%

Leading market share in Household deposits

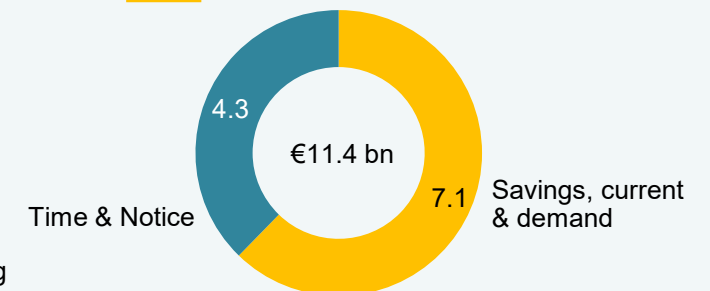
## Key Highlights

- **#1** Retail Bank in Cyprus
- **Re-defined operating model** driving profitability: migration of sales and servicing to digital channels, focusing on customer centricity (reducing the number of branches by c.50% from 2017 to 1Q2023)
- **Sticky Deposits**; average retail deposit size of **c.€27k**
- **Strong digital** capabilities across all offerings and cross selling
- Meticulous assessment of repayment ability

### Gross Loans<sup>1</sup>



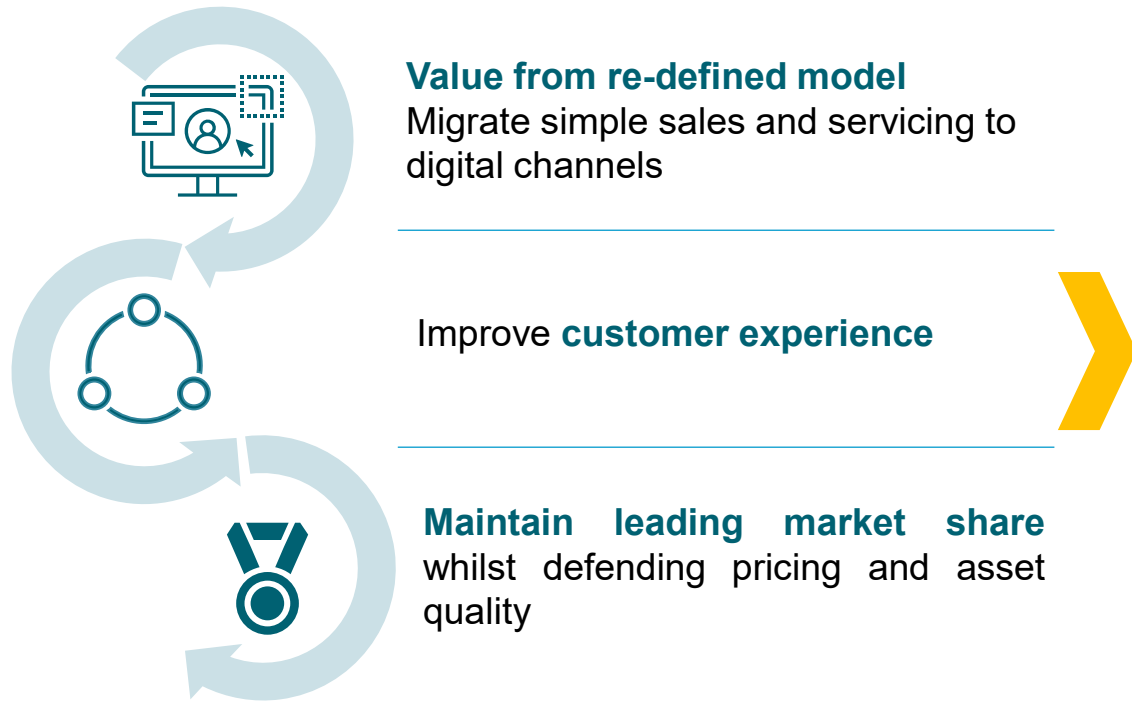
### Deposits<sup>1</sup>



# Grow Relationship Value by Offering the Best Service, Products and Solutions

## Retail Banking

### Ambition



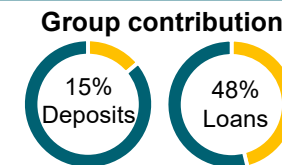
### To be achieved by....

- **Relevant products and services** for key customer segments
  - Improve lending by establishing partnerships with key retailers through Digital loans (“Quickloans”) and POS credit<sup>1</sup>
  - New Affluent Banking proposition
- **Use of right channels, through Digital and Remote sales**
  - Physical network to shift from transactional activity to high value sales; 20% further increase in selling activity expected
  - Continue reduction in admin activity & improve in-branch efficiency
- **Enhance right value propositions and brand awareness**
  - New re-defined loyalty scheme rewarding holistic relationship with the Bank
  - Creation of dedicated customer experience team
  - Analytics based campaigning to improve conversion

1) Point of sale credit



# Corporate & SME Banking at a Glance – Cyprus Bank of Choice for Businesses



## Key Facts

Cyprus Market

48%

of loans in Cyprus are corporate loans<sup>1</sup>

4%

Cyprus corporate performing loans<sup>1</sup> increase CAGR since 2018

43%

Leading market share in corporate loans<sup>1</sup>

41%

Leading market share in corporate deposits<sup>2</sup>

BOC

As at 31 March 2023

1) Lending to Non-Financial Corporations

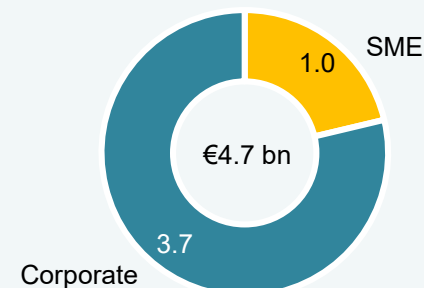
2) Deposits to Non-Financial Corporations

3) Excluding RRD

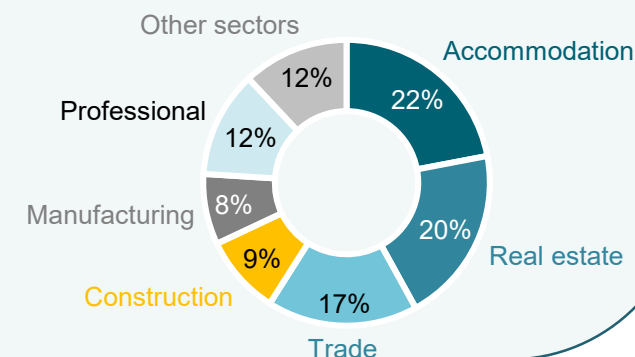
## Key Highlights

- **#1 Corporate & SME** bank in Cyprus
- **Wide network of specialised** SME & Corporate units
- Digitised customer journey, with **digital deposit ratio >90%** and **client digital engagement at 97%**
- Well diversified loan book by sector
- Meticulous assessment of repayment ability

## Gross Loans<sup>3</sup>



## By sector



# Established Partner for Businesses, Offering Holistic Suite of Products and Solutions

## Corporate & SME Banking

### Ambition



Accelerate **cross-selling** opportunities to improve customer profitability



Further digitisation for **continuous improvement in efficiency and customer experience**



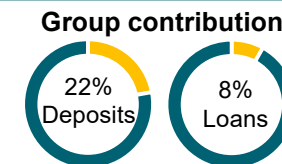
**Maintain leading market share** whilst defending pricing and asset quality



### To be achieved by....

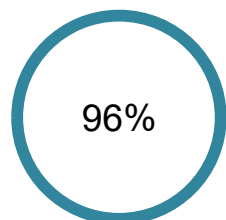
- Enhance **cross-selling** through **digital economy platform ("Jinius")** to fully digitalise collections and offer innovative digital products
- Utilise customer insights for **customised service**
- **Diversify lending**, complimented also through the RRF<sup>1</sup>, to transition financing and energy
- **New lending growth** to capture leading market share in the economy
- Automate end to end lending process

# International Banking at a Glance – the Preferred Choice

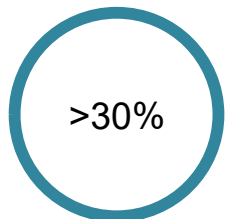


## Key Facts

BOC



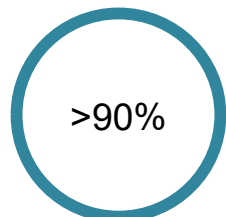
96% of International Companies opened in 2022 are registered in Cyprus/European Economic Area and 3<sup>rd</sup> equivalent countries



>30% Fees and Commissions contribution to the Group



c.€0.8 bn Diversified international loans

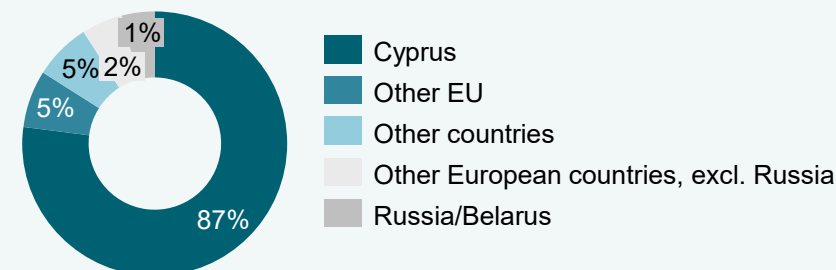


>90% of Group deposits are from EU (country of residence)

## Key Highlights

- **#1** choice for International customers in Cyprus
- **International Banking consists of:**
  - **International Banking Services:** Financial partner of companies that select Cyprus as their business hub; capital light business facilitating their day to day operations
  - Main market segments: Greece, Israel, and international technology companies relocated in Cyprus
  - **International Corporate Lending:** Building a **diversified arm** offering international lending in Greece and UK, Shipping Finance to Greece/ Cyprus market and International Syndicated participation loans
- No reliance on Russia and Belarus; c.1% of Group deposits

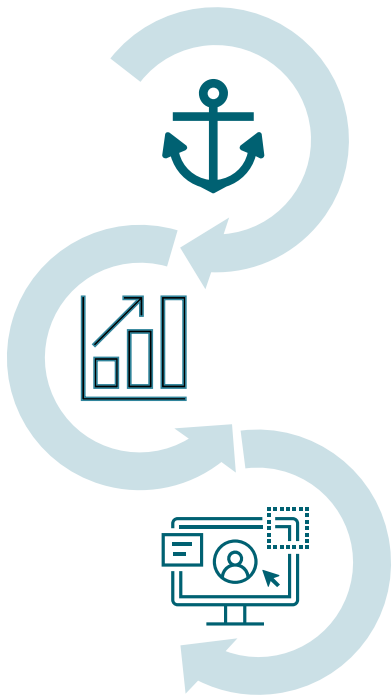
### Group Deposits by country of residence



# Continue Providing Diversified Banking Activities, capitalising on Cyprus' growing business hub

## International Banking

### Ambition



Expand **diversified** international **lending** including Shipping and Syndications participations

**Sustainable growth** of income and volume of business

Improve **efficiency with digitisation** and enhance Customer Experience

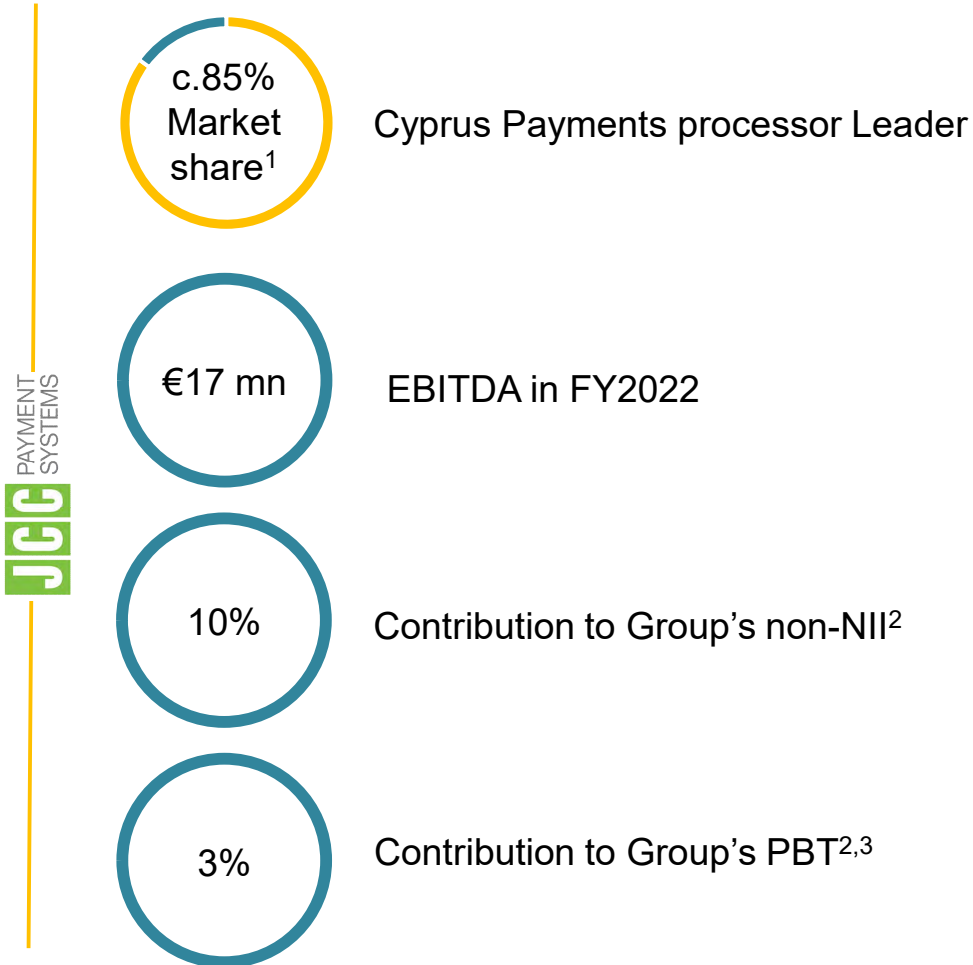


### To be achieved by....

- Expand **international lending** through specialised units
- Capitalise on **business and technology hub initiatives** in Cyprus
- Accelerate new business through specialised **GreekHub unit** to retain an increased clientele
- Continue enhancing Digital Service model providing high quality service with a personal touch
- Continue with best in class AML culture across all stakeholders and associates

# Leading Card Processing and Payment Solutions Business in Cyprus

## Key Facts

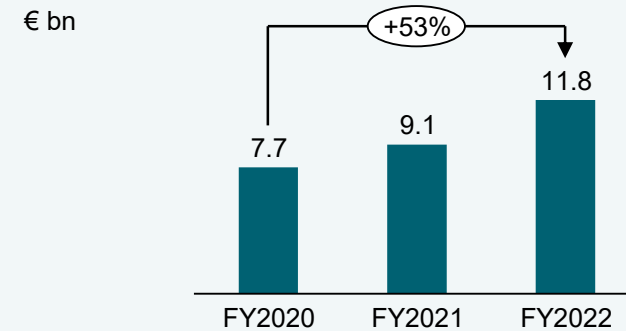


1) As at 31 December 2022 based on market statistics  
 2) For 1Q2023  
 3) Before non-recurring items

## Key Highlights

- **#1** Payments hub; 75% Shareholding
- **Leading player in the market**
- Strong presence in both physical and online card processing and acquiring space
- Comprehensive omni-channel end-to-end offering across the payments value chain
- Established network with major banks and strong institutional connectivity

### Value of transactions up 53% since 2020





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## Insurance spotlight

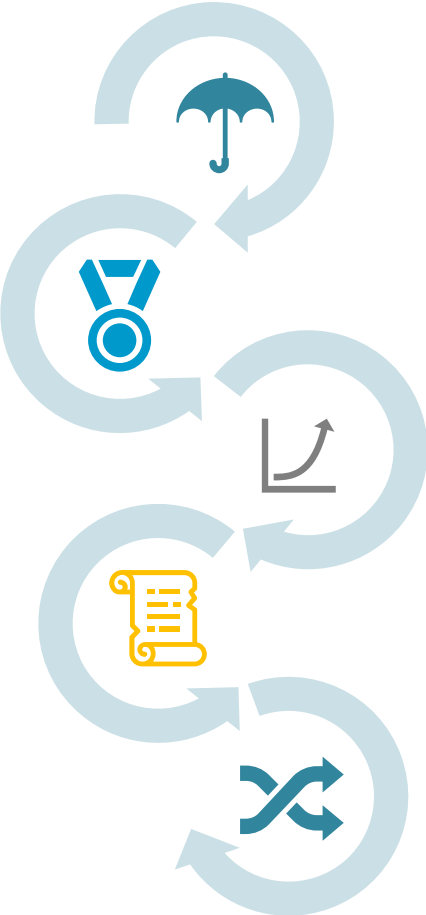


**Louis Pochanis**



Director Insurance

# Strong, Sustainable Insurance Business

## Competitive strengths



100% owner in both life and non-life insurance



Well established, market leaders

High Return on Equity & resilient profitability

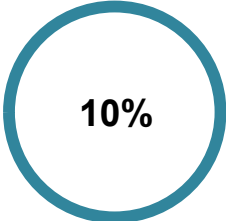
Capital light business

Synergies between Insurance and the Banking business

## Contribution to Group



% Group's Non-NII  
1Q2023



% Group's Profit Contribution  
1Q2023



Average Annual Normalised Profit-contribution to Group  
since 2019



Average Annual Ordinary Dividends  
since 2019





7% 6%

6% 4%

€20 mn €13 mn

€11 mn €7 mn

1) Profit After Tax - contribution to the Group before Voluntary Exit Plans and market impact

# eurolife Profitable Life Insurance Business – Valuable and Sustainable Contribution

## Key Facts

Cyprus Market

2%<sup>1</sup>  
of  
GDP

Life Insurance premiums vs 4.0% for Europe  
Further Market penetration potential

5.5%  
CAGR

2019-2022 Cyprus market premium growth vs  
10.8% for Eurolife  
Growing above Cyprus market

c.27%<sup>2</sup>

#1 in Market share  
Cyprus Life Insurance Leader

20%<sup>3</sup>  
ROE

Profitable in all years of operations  
>200% Solvency ratio<sup>3</sup>

>70k  
customers

Highest # of individuals customers in  
Cyprus with 72k life and 17k health

## Key Highlights

- **#1** in Life Insurance in Cyprus; established in 1989
- Attractive tax incentives for Life insurance holders in Cyprus
- Strong agency and bancassurance channels
- Solid **brand awareness** (>95%) and excellent **customer satisfaction** (9/10)
- Life Insurance policies are predominantly Unit Linked
- **>€550 mn Assets under Management** (leader at >35% market share)
- **>€10 mn** dividends to Group each year
- Continuous portfolio growth with increasing profitability

1) Source: Insurance Europe 2020

2) Total regular income for Life, Health & Occupational Pension, FY2022

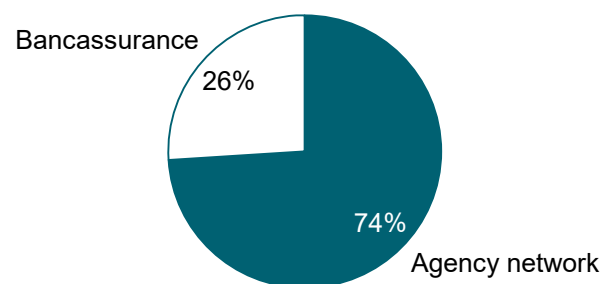
3) Based on 1Q2023 financials

# eurolife Successful Distribution Model will Drive Further Growth

## Complimentary distribution

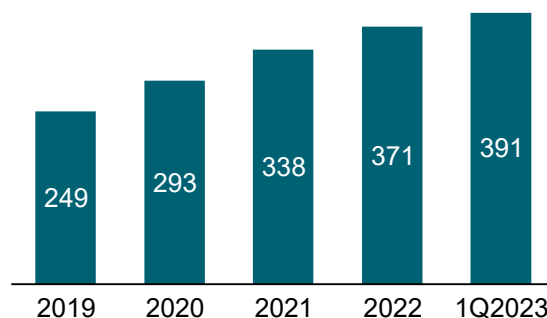
Focused more on agency network...

% of individual new business premiums, FY2022

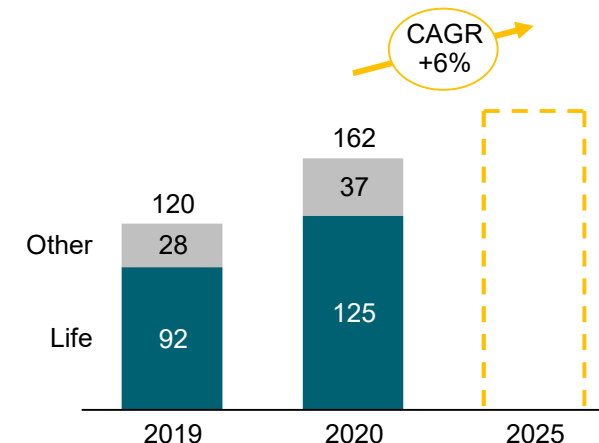


...by strengthening agency network and bancassurance model

Agency network



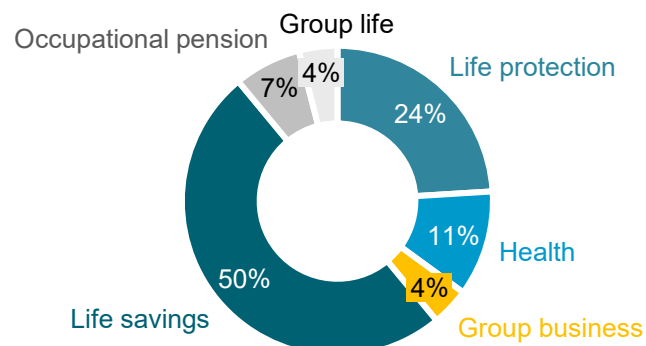
Growth expected to continue



## Product mix

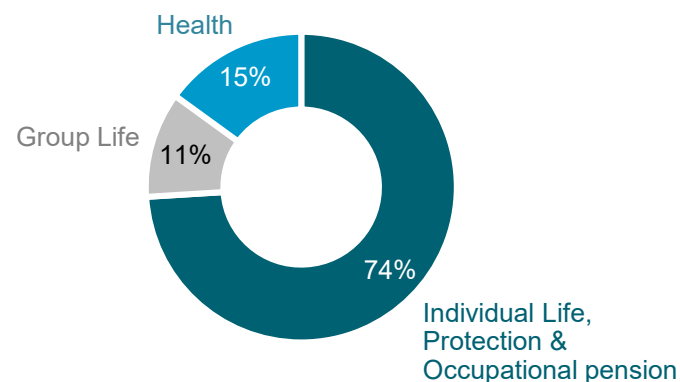
Life is the major product line...

2022 premiums by product:



...with high profit margin

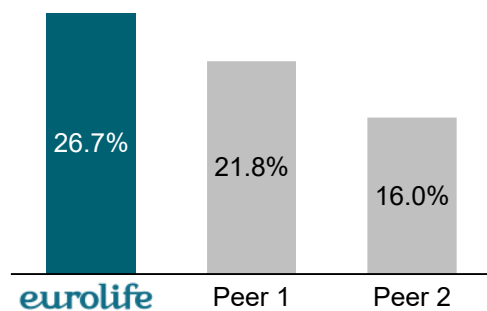
2022 operating profit by product:



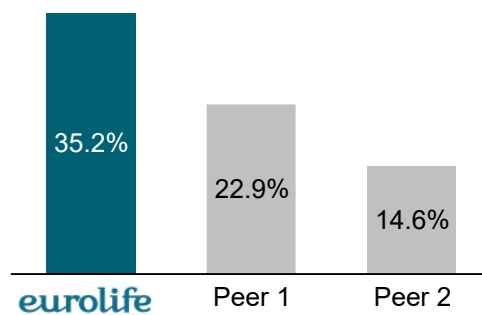
# eurolife Market Leader with Potential for Further Penetration

## Well positioned amongst peers

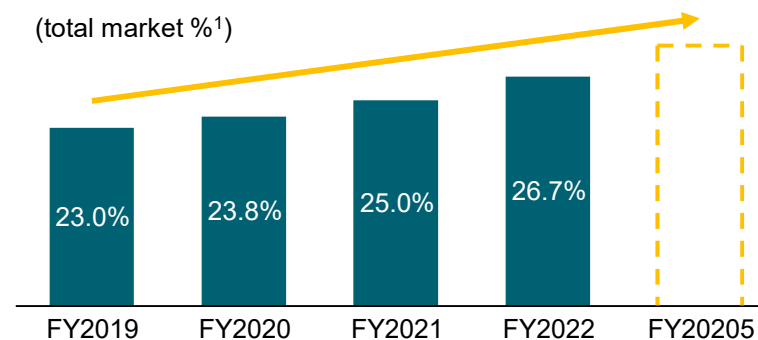
Leader in Life insurance<sup>1</sup> in a concentrated market...



...and in Unit linked Funds under management



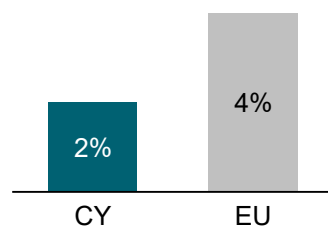
Consistently increasing market %



## With further growth prospects

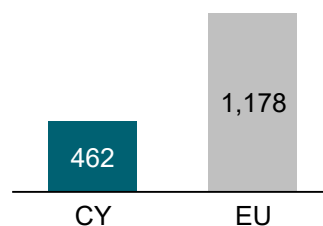
Low Penetration of Cyprus vs Europe

Penetration: Total Life premiums / GDP



Low Density of Cyprus Vs Europe

Density: Total Life premiums / Inhabitant (€)

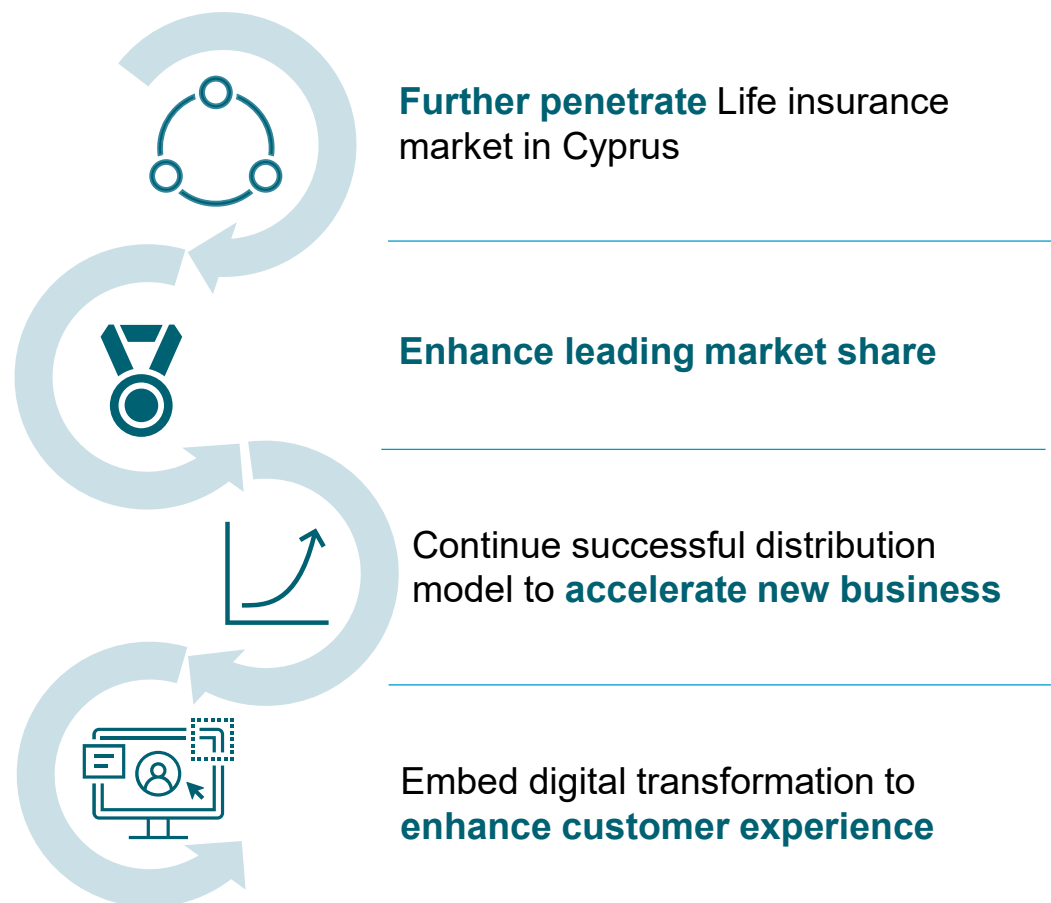


1) Total regular income for Life, Health & Occupational Pension, FY2022



# eurolife Clear and Consistent Strategy with Increased Ambition

## Ambition



## To be achieved by....

- Pursuing **new market segments**
- **Cross-sell opportunities with the Bank** in the area of Occupational Pensions and appealing products/ services to extend customer base
- **Continue strengthening the agency force**, optimising regional market coverage
- Further **leverage on bancassurance**
- Increase productivity with data analytics to enhance cross selling/upselling
- **Enhance customer service** via a holistic servicing model approach
- Further develop **digital channel for servicing** and efficient cost management

## 2025 Targets

**+6% CAGR**  
Regular Income  
(2022-2025)

# Profitable Non-Life Insurance Business – Valuable and Sustainable Contribution

## Key Facts

Cyprus Market

c.1.7%<sup>1</sup>  
of GDP

Non-Life Insurance vs 2.5% for Europe

3.7%<sup>2</sup>  
CAGR

2019-2022 Cyprus market premium vs  
5.8%<sup>2</sup> for Genikes

c.14%<sup>2</sup>

#2 in Market share  
Consistently #1 in profitability

>20%  
ROE

Highly profitable  
>180%<sup>3</sup> Solvency ratio

>100k  
customers

High # of individuals customers in Cyprus  
with 99K individuals and 9K companies

Genikes  
Insurance

## Key Highlights

- Well established since 1951
- Strong bancassurance and agency channels
- Increasing market share in a highly fragmented market
- Continuous portfolio growth (19% in last three years)
- Solid brand awareness (>90%) and excellent customer satisfaction (8.4/10)
- Consistent dividends to Group each year
- Initiated shift to digital products
- Ongoing efficiency and service quality enhancement through digitalisation and organisational structure optimisation

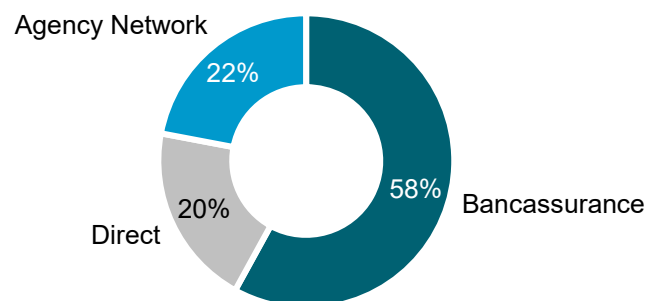
1) Source: Insurance Europe 2020  
2) Excluding A&H of life companies, FY2022  
3) Based on 1Q2023 financials

# Well Positioned with Complimentary Distribution

## Complimentary distribution

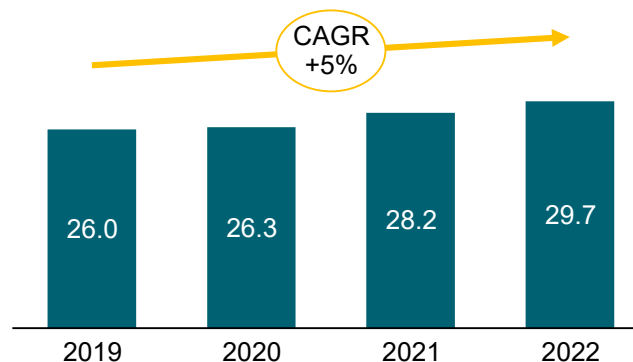
### Three distribution channels

% of premiums, FY2022



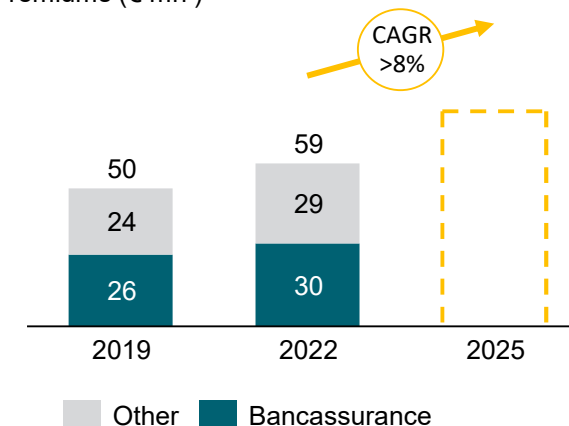
### Growth in bancassurance leveraging on Bank's leading position

Premiums through bancassurance (€ mn)



### Growth also achieved through Direct sales and the Agency network

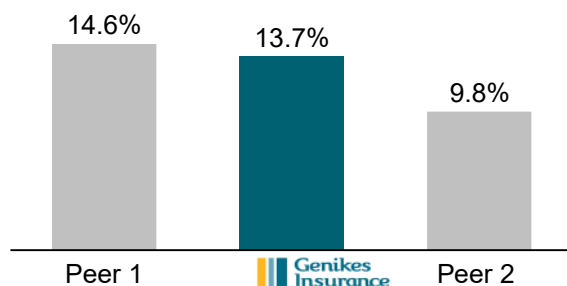
Premiums (€ mn)



## Well positioned amongst peers

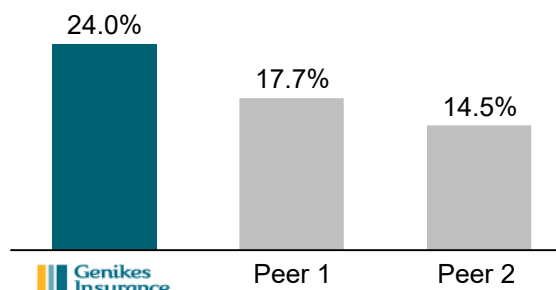
### #2 in Total market share in a fragmented market

Premiums Market shares<sup>1</sup> 2022



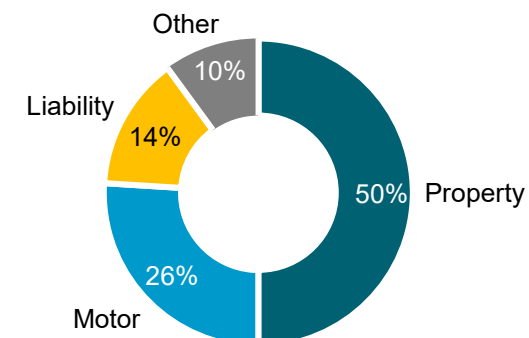
### #1 in Property market share (high margin product)

Premiums Market shares<sup>1</sup> 2022 – Property



### Business mix

% of premiums, FY2022



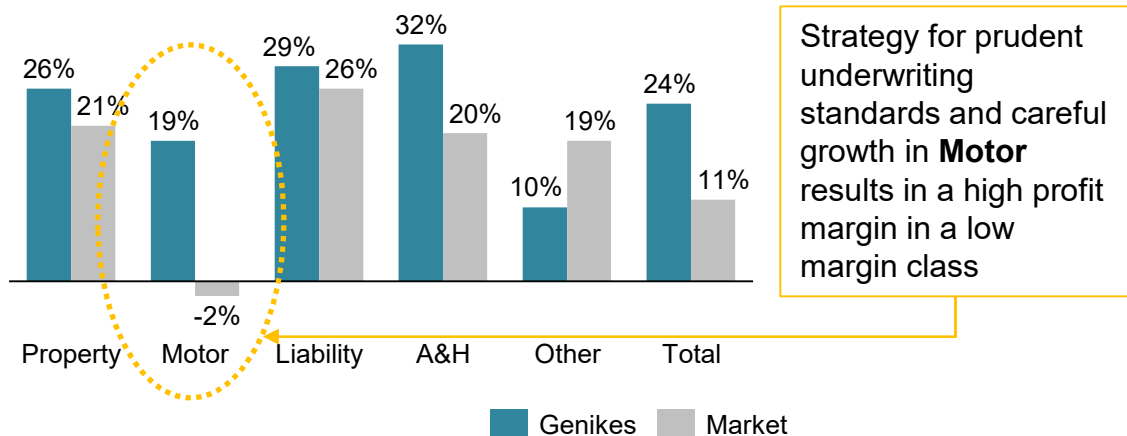
1) Excluding A&H of life companies

# Most Profitable Non-Life Company in Cyprus, with Potential to Further Penetrate the Market

## High profitability

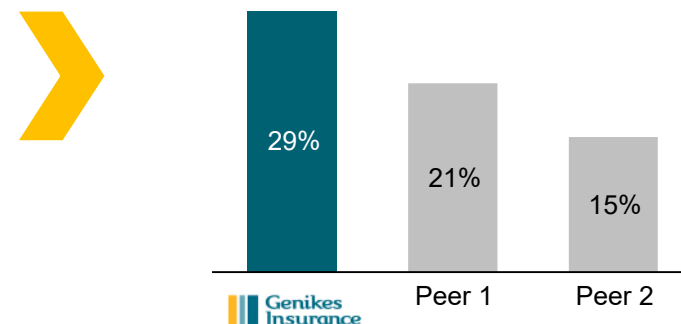
More profitable than the market in all major classes

Profit margins by class<sup>1</sup>



Highest share of market profits

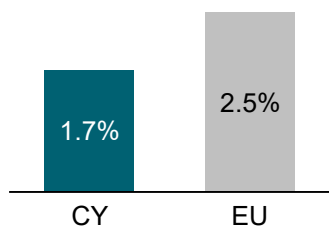
Shares in market profits (%)<sup>1</sup>



## With further growth prospects

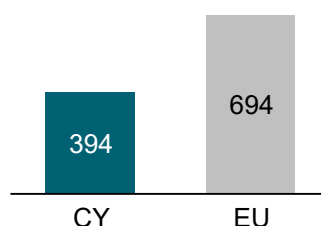
Low Penetration of Cyprus vs Europe<sup>2</sup>

Penetration: Total P&C premiums / GDP

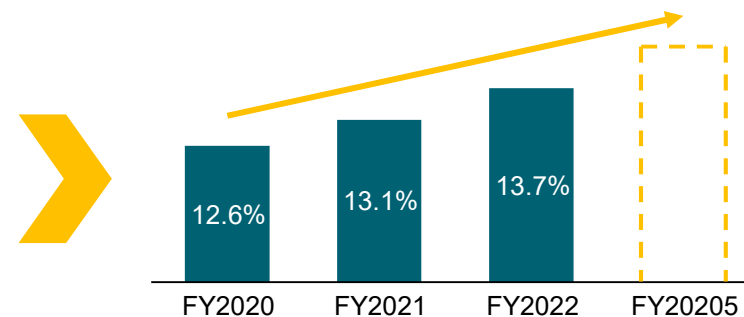


Low Density of Cyprus vs Europe<sup>2</sup>

Density: Total P&C premiums / Inhabitant (€)



Consistently increasing market share<sup>3</sup> %



1) 2021 data

2) Source: Insurance Europe 2020

3) Excluding A&H of life companies

# Clear and Consistent Strategy with Increased Ambition

## Ambition



**Further** penetrate the non-life insurance market in Cyprus

**Increase market share**

Continue successful distribution model to **accelerate new business**

**Embed digital transformation** to enhance customer experience and efficiency

## To be achieved by....

- Grow the **bancassurance potential** to leverage on Bank's strong market share
- Continue promoting and enhancing the **digital sales** offering through the Bank's mobile app
- Enhancing underwriting quality, claims management and automation
- **Optimise synergies** with life insurance
- Pursuing **profitable segments** and products
- **Simplify procedures** to enhance efficiency and service quality
- Transform into a **customer centric business**

## 2025 Targets

**>8% CAGR**  
Total Premium  
Income  
(2022-2025)

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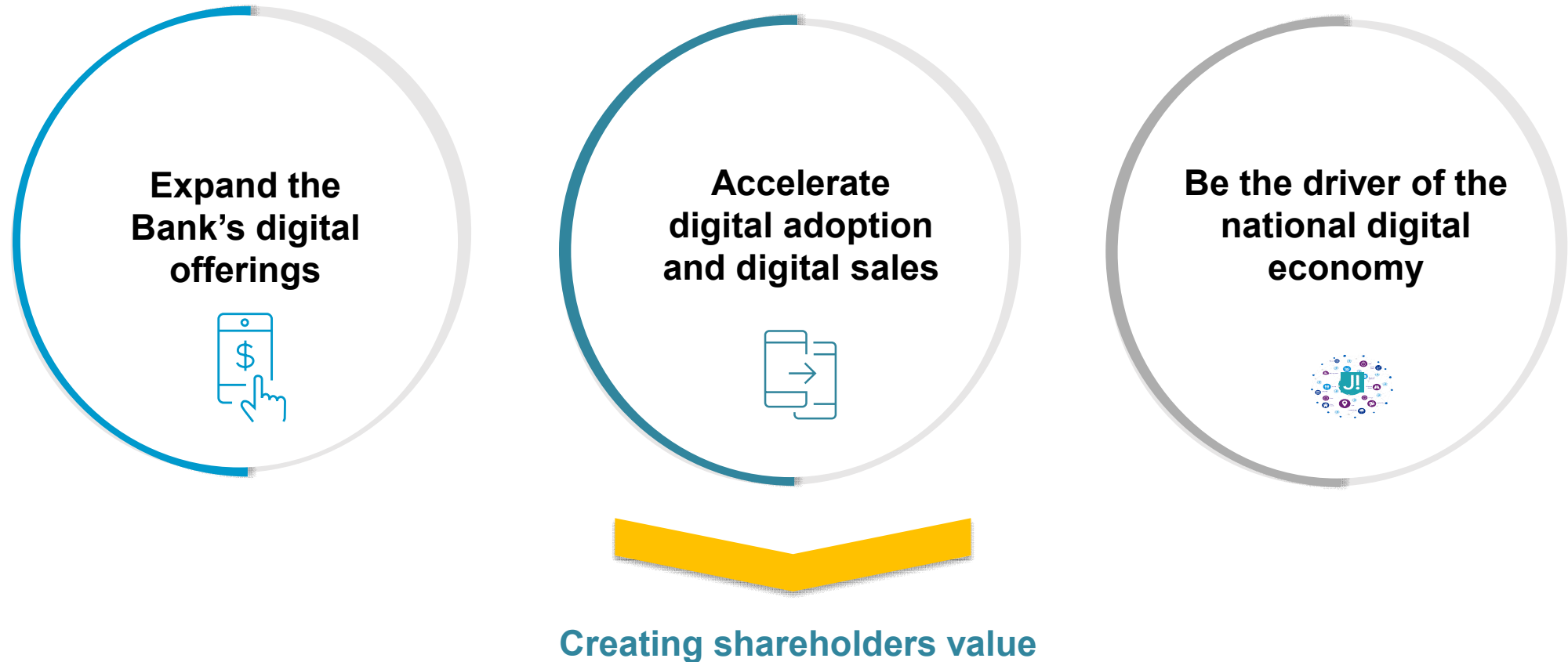
## Digital and Jinius spotlight



**Demetris Nicolaou**

Chief Digital Officer

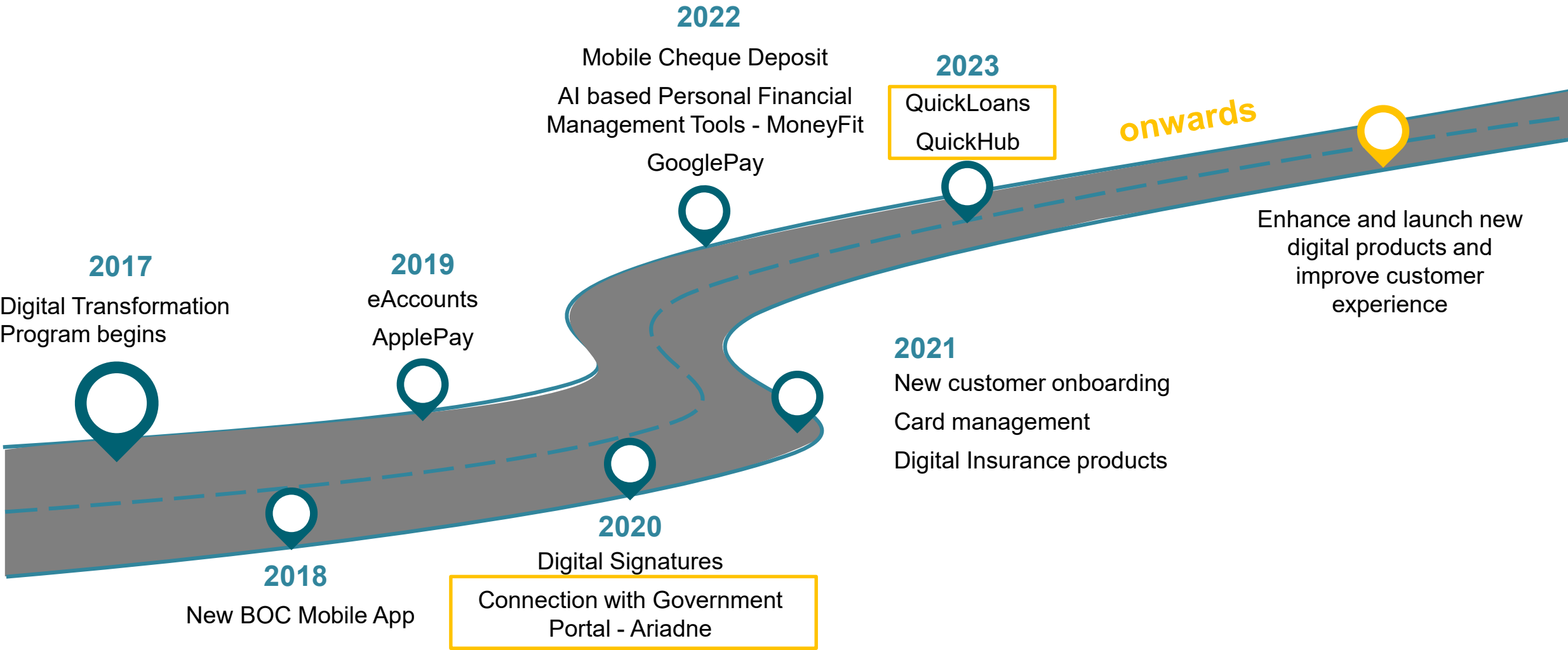
# Leverage Leading Digital Capabilities to Serve Customers and the Economy



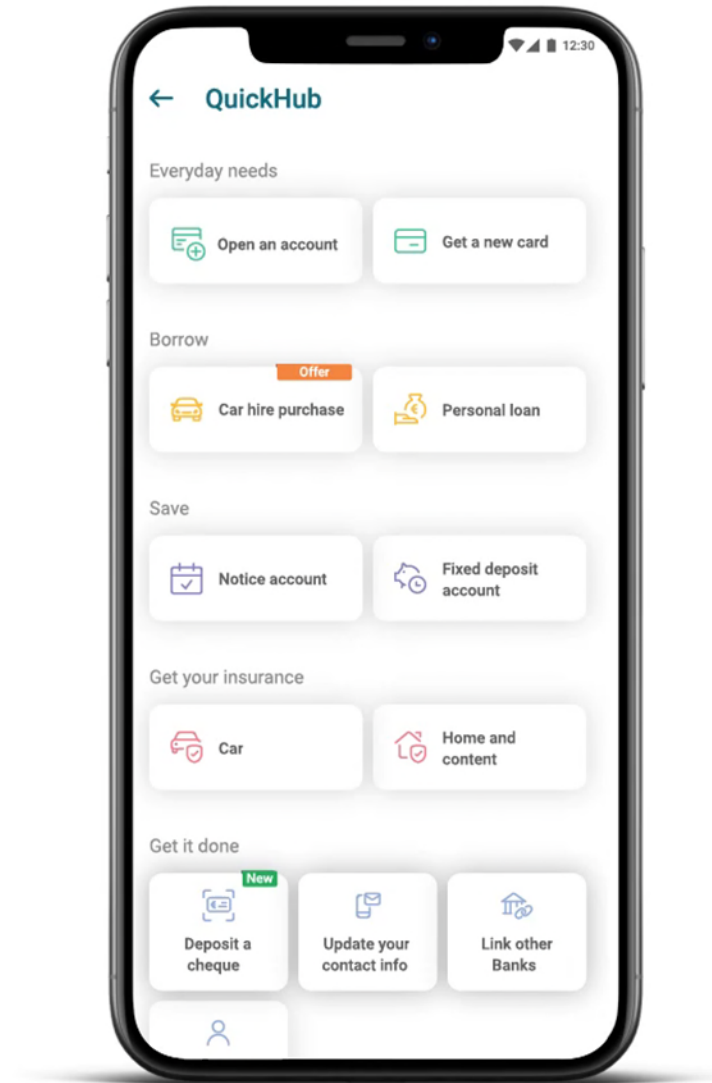
- Improved efficiency:
  - Branch rationalisation
  - Cost efficiency
  - FTE savings
- Increasing digital sales
- Opportunities to cross sell
- New revenue streams



# Our Digital Transformation Journey



# The QuickHub Era



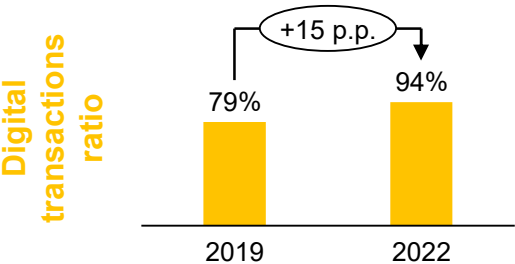
# Our Journey has Enabled a Best in Class Digital Offering and Embraced by Customers

Leading position

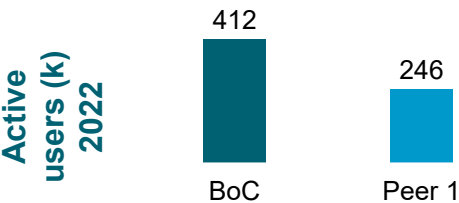


Making digital channels a “one-stop shop” for our customers

Multi-channel offering

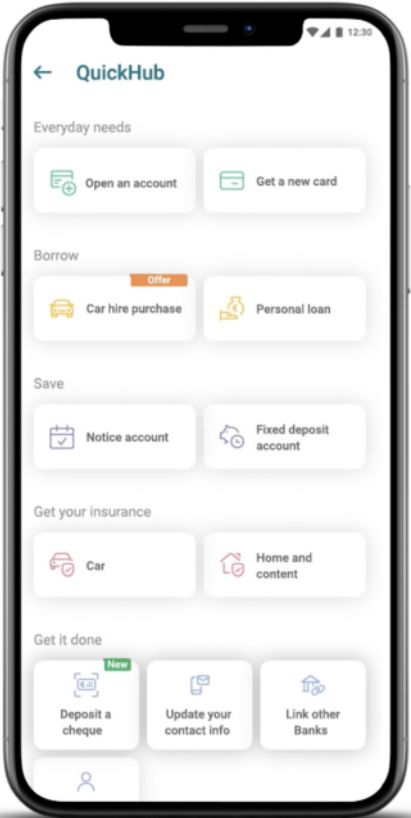


Leading digital functionality and continuing innovation

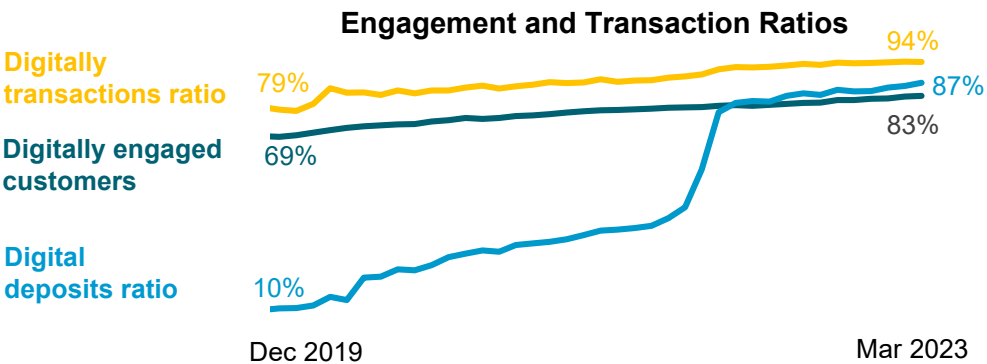


Award Wining Digital Offering

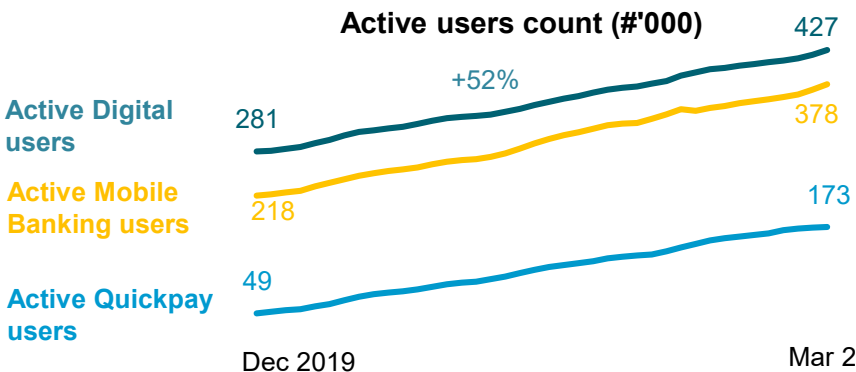
Best Digital Bank in Cyprus 2019-2022  
By Global Finance Magazine



94% digital transactions ratio



52% increase in active users



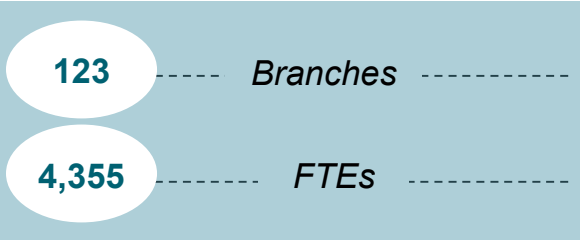
# ... Transforming the Bank and Creating Value to Shareholders

From Enabling Cost optimisation



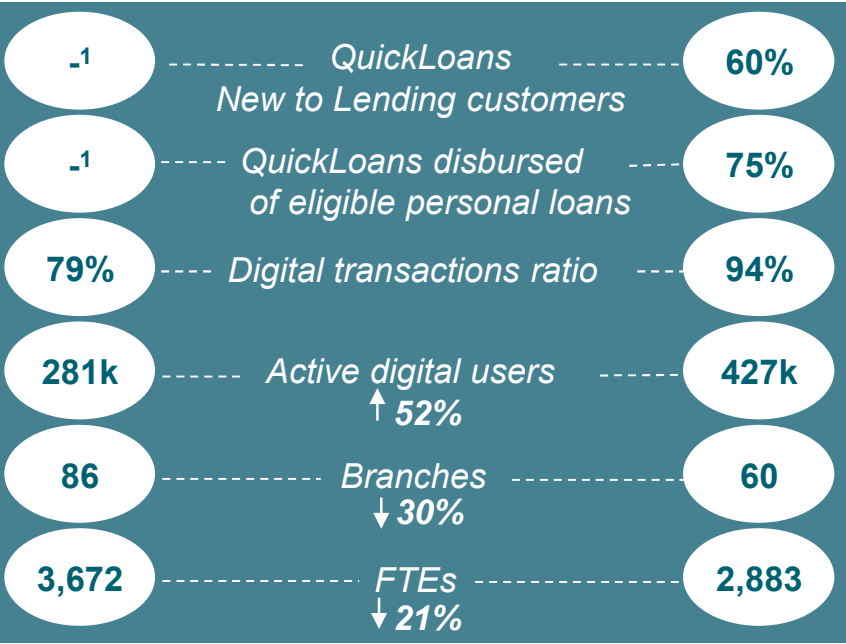
To Driving sales and revenue

## Building digital foundations



## Scaling up digital transformation

Improve customers' experience and business efficiency while enhancing service offering



## Bank committed to continue investing

Progressing to accelerating and enhancing digital offerings

- Enhance user experience and launch new digital products
- Improve traffic generation and optimise conversion
- Cross-selling banking products to individual and business digital economy platforms clients

2017

2019

1Q2023

2023+

Note 1: Launched on 12 Jan 2023



# J!NIUS

by Bank of Cyprus

# J!NIUS The Vision

*To become the **go-to platform for Businesses and Individuals**  
by facilitating transactions through **online ecosystems**  
supported by Banking products and services.*



***Orchestrator of Cyprus Digital Economy***  
***Ecosystem Driven Platform to Create Opportunities for All***



# J!NIUS The Concept

## What?



### To Connect Businesses Together

- Facilitate end to end business transactions (invoicing, tendering, remittance etc.)
- Enable businesses to optimise and digitise their operations and provide to them tools and services to enhance their performance



### To Connect Consumers with Businesses

- Facilitate end to end integrated economy services (products marketplace, bookings etc)
- Through a suite of lifestyle products and services offering convenience, personalisation, transparency and security

Bank of Cyprus



### Supported by Bank Products / Services

- Bank products and services offered digitally
- Online payments via bank's systems
- Available to existing and new customers

## Why?

### To Support the Digital Economy

- Facilitate the digitisation of national economy
- Enable efficiencies for our clients

### To Promote the Bank of Cyprus brand

- Establish stronger bonds with customers reinforcing the value of existing banking relationships
- Be there at the point of need for clients creating cross-selling opportunities

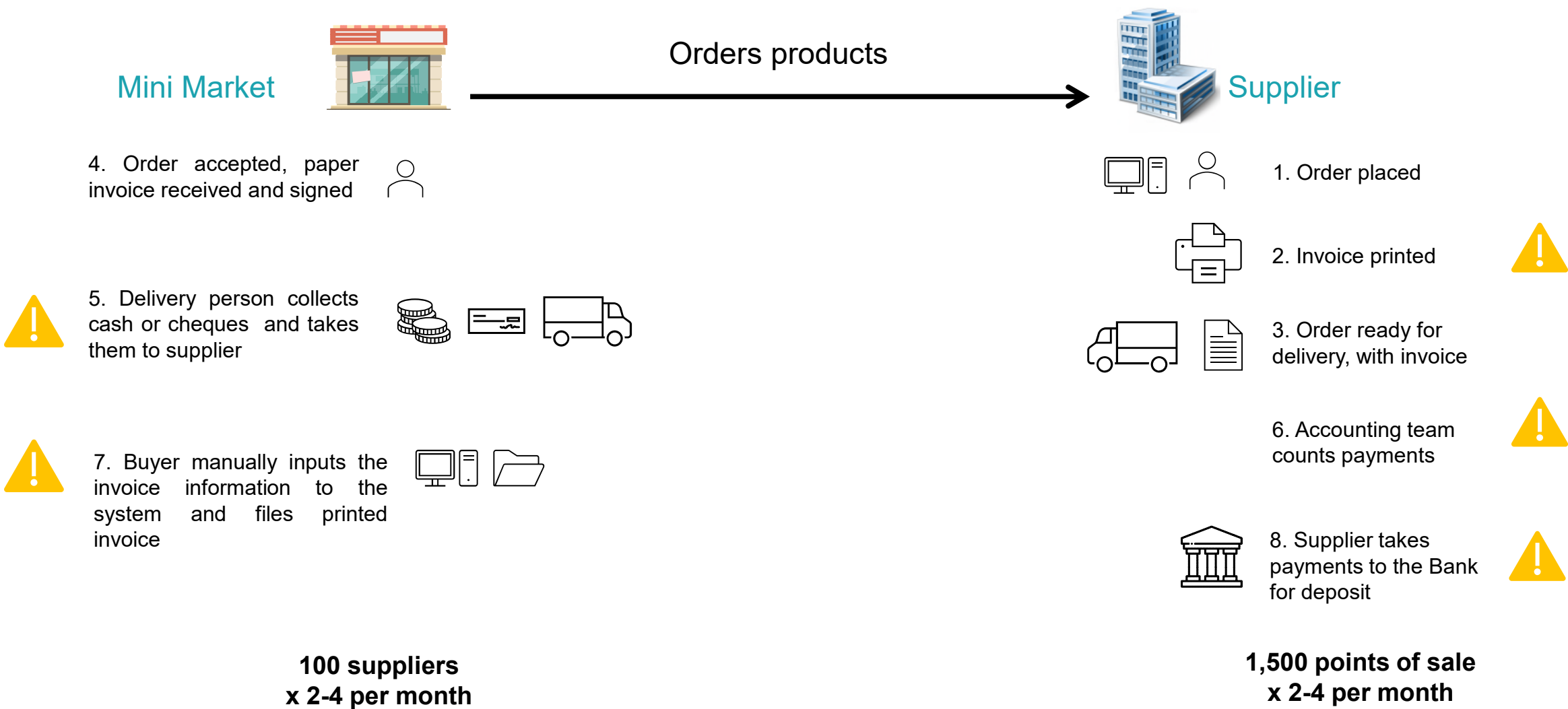
### To Diversify revenues

- Subscriptions and transaction commissions



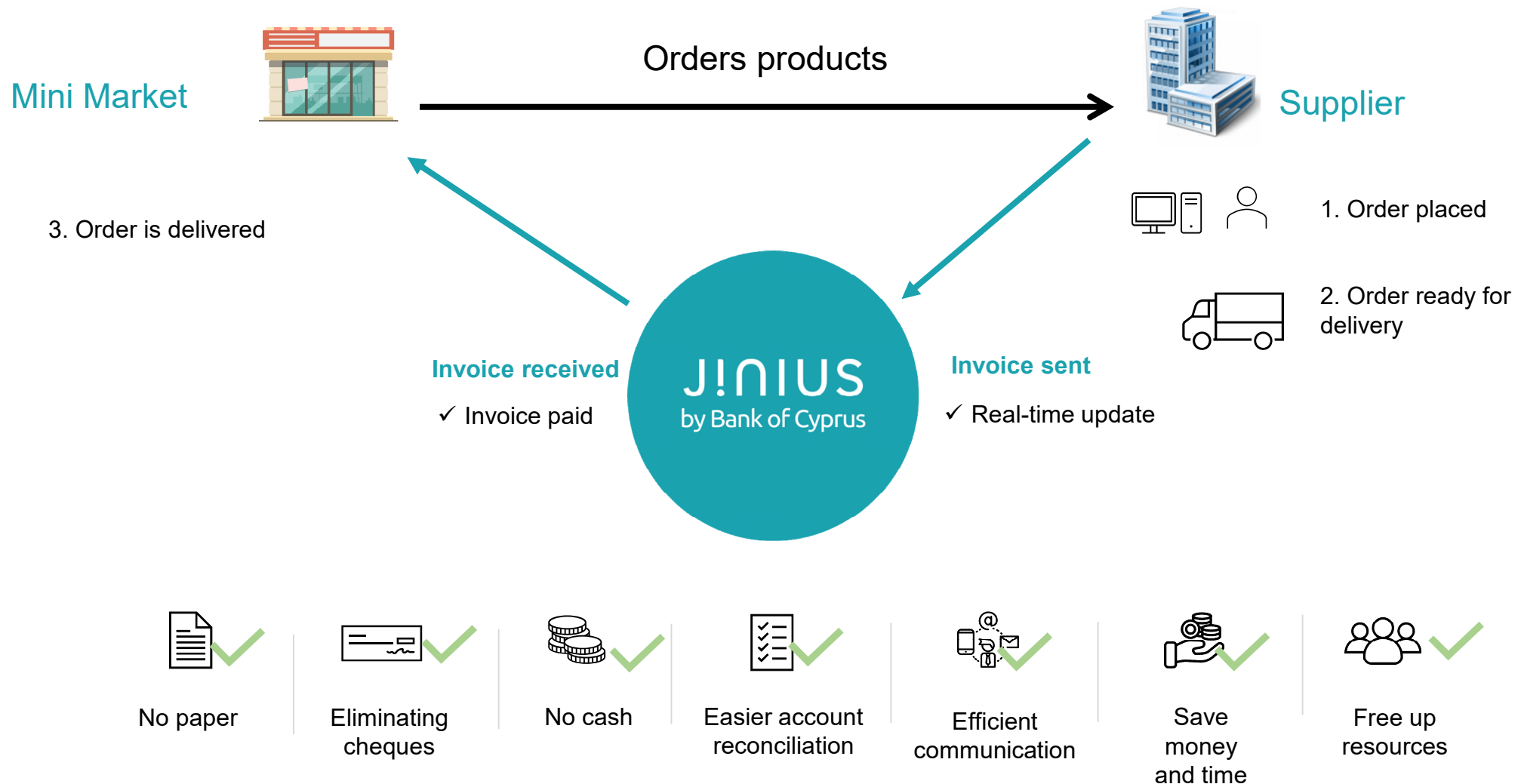
# JINIUS An Ecosystem Example: Mini-Markets & Kiosks

## Invoicing & Payments, before Jinius



# J!NIUS An Ecosystem Example: Mini-Markets & Kiosks

Invoicing & Payments, the Jinius way

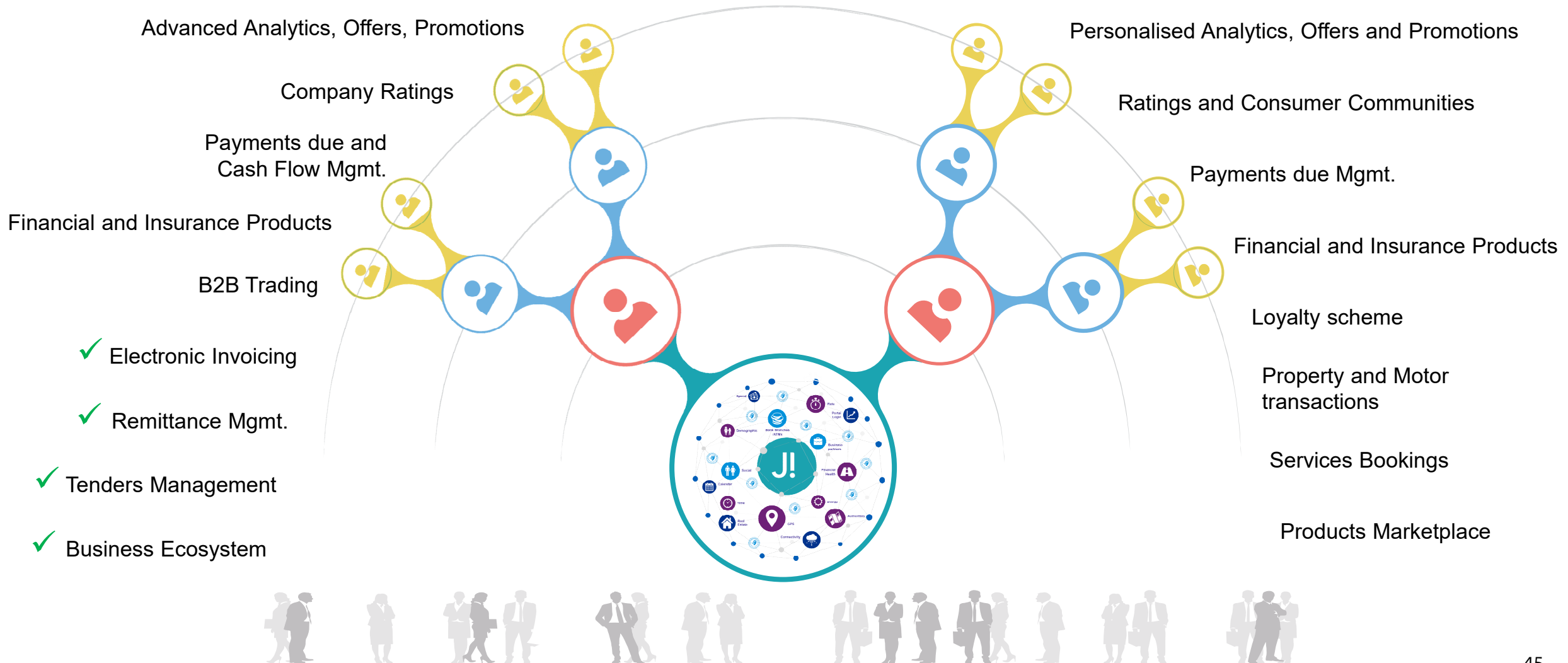


# J!NIUS Long Term Vision for B2B and B2C Services

 **For companies**  
**Business to Business Services**

**For Consumers**

**Business to Consumer Services**

A pyramid icon composed of stylized human figures. The top row has 3 figures, the middle row has 4 figures, and the bottom row has 5 figures, forming a triangular shape.

# J!NIUS Reflections of 2022, the Focus and Vision for 2023 and Beyond

**2022**

**Launching and evolving  
first services**

**Launched first B2B services**

**Approx. 1,500 businesses onboarded**

**Key technical capabilities established**



**2023 and beyond**

**What comes next**

**Continue building and evolving B2B Services**

**Continue and escalate the adoption drive**

**Launch first B2C service – Products Marketplace**

Jinius costs are included in the Bank's profitability projections; potential additional revenue upside

---

## Financial Outlook



**Eliza Livadiotou**

Executive Director Finance

# What Makes Bank of Cyprus Different

## Highly liquid balance sheet

- Sticky deposit base; one of the lowest loan to deposit ratios in Europe
- One of the most geared banks to higher rates; 2023 NII to reach 2x 2019-2021 average

## Diversified business model

- Non-NII sustainable revenue streams offsetting NII headwinds in a lower interest rate environment

## Highly profitable

- Strong recovering profitability; NII growing rapidly
- Improved efficiency on successful cost initiatives

## Solid capital position & generation

- Strong capital position after absorbing restructuring actions organically
- Strong organic capital generation going forward

## Resumption of dividend payments after 12 years

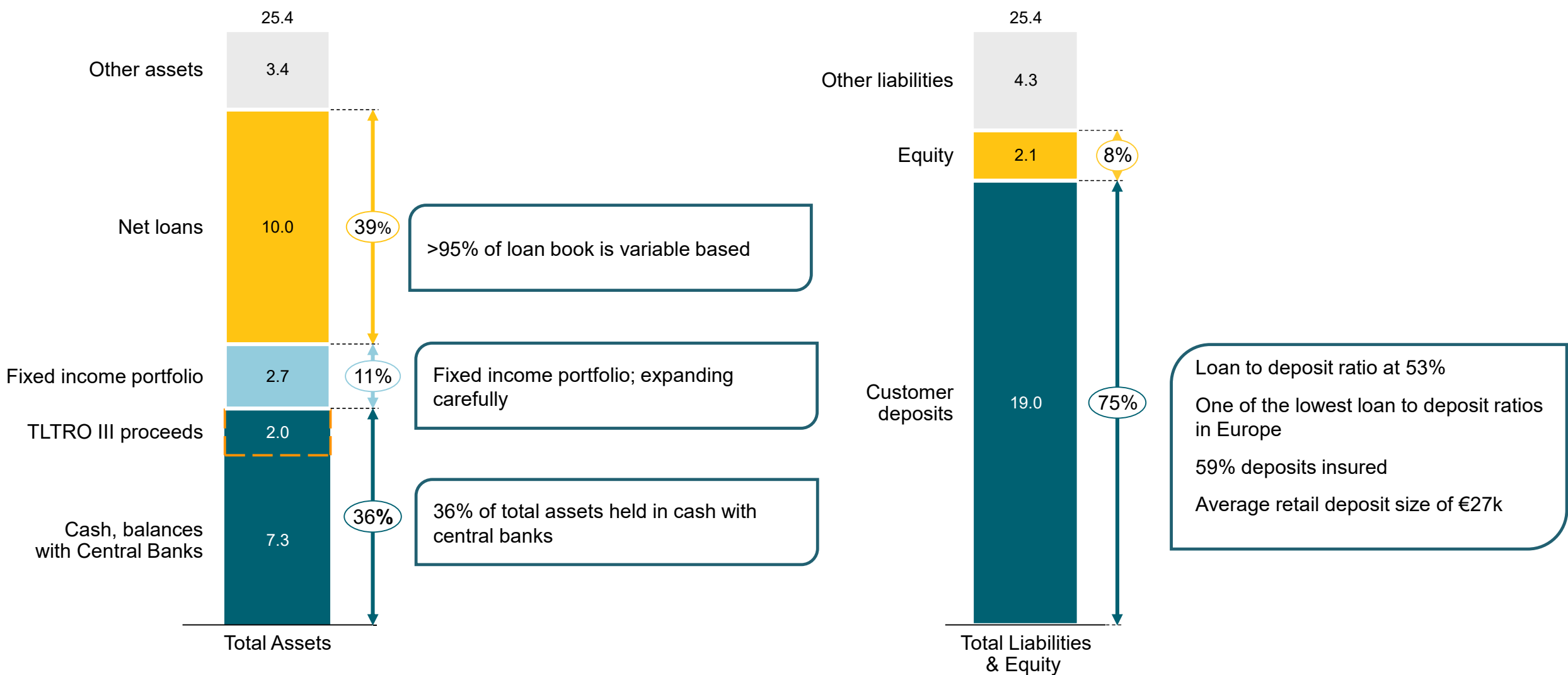
- Accruing 30% payout ratio for 2023<sup>1</sup>, equivalent to 8% yield
- Payout ratio expected to build prudently and progressively to 30-50%<sup>2</sup>
- Commitment to further shareholder distributions

1) For compliance with CRR an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability was accrued in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval

2) Of adjusted recurring profitability: Profit after tax before non-recurring items (attributable to the owners of the Company) taking into consideration the AT1 coupon

# Highly Liquid Balance Sheet

(€ bn)





# NII-Highly Geared to Rising Rates Due to Strong Liquidity and Sticky Retail Funding

## Outlook

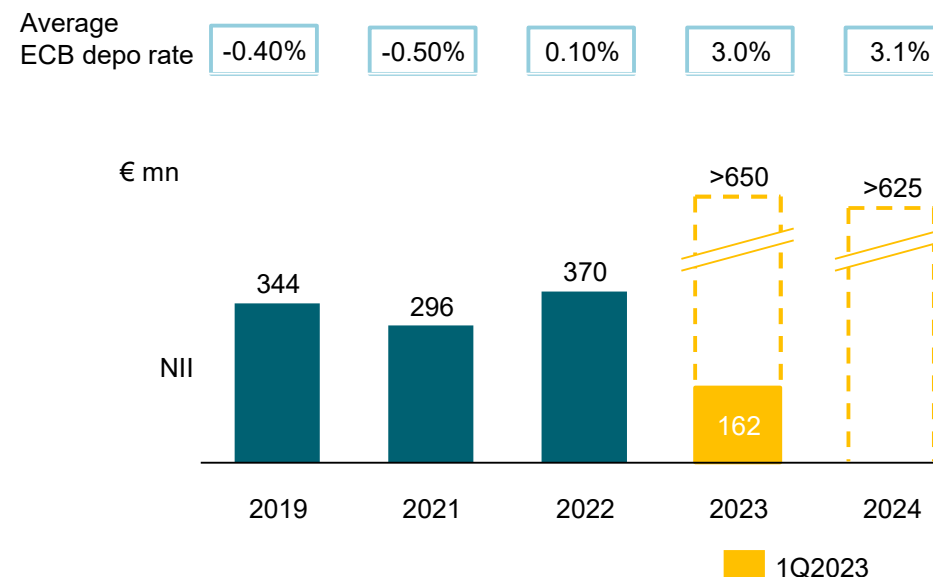
Highly sensitive P&L to interest rate movements

- 2023 NII upgraded to >€650 mn
- 2024 NII expected to exceed €625 mn
- 2025 NII expected to be lower than 2024, reflecting lower projected ECB depo rates (2.5%)

## Drivers

- Careful credit expansion, prudent interest rate and pass-through assumptions
- Highly liquid balance sheet
- Sticky deposit base; low pass-through rate experienced so far
- Careful growth in fixed income portfolio
- Factoring in increased MREL issuance cost
- Careful long-term liquidity management
- Considering actions to offset NII headwinds from potentially future lower rates

NII bottomed out; reverted to growth on the back of higher rates



NII sensitivity<sup>1</sup> to parallel shift in interest rates (annualised)

Y1	+60 bps <sup>2</sup>	-60 bps <sup>2</sup>
Total	€70 mn	-€77 mn

1) Refer to slide 68 for key simplifying assumptions

2) 75 bps shift in USD interest rates

# NII-Prudent Loan Growth, Defending Margins

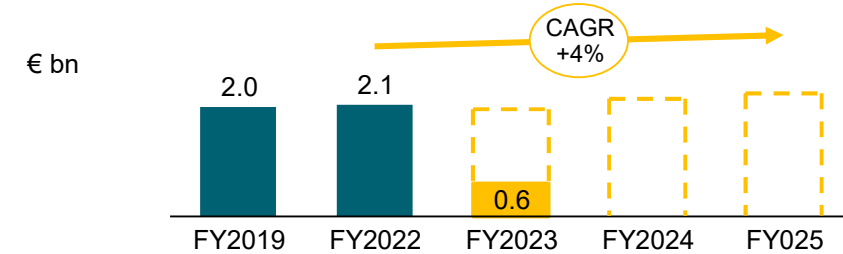
## Outlook

- New lending and performing book to grow by c.4% p.a. from 2022-2025

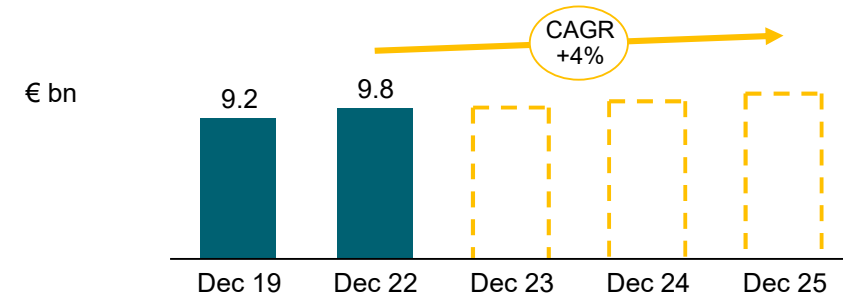
## Drivers

- Economic growth expected to continue at annual average of c.4% from 2022-2025
- Maintain leading market share whilst safeguarding pricing
- Defend interest margin via the introduction of fixed interest rate loan products
- Competitive pressure on lending rates
- International and shipping loan portfolio to grow to c.€1 bn (c.€0.7 bn as at 31 March 2023)
- Help deploy EU Recovery & Resilience Fund (2021-2026: €1.2 bn)

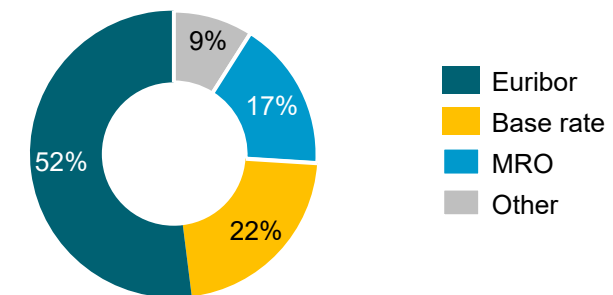
New lending and performing book to grow in line with economic growth



Performing gross loan book



95% of performing loan book is variable based



# NII-Sticky Deposit Base Resulting in Modest Deposit Pass-Through

## Outlook

### 2023-2024

- Assumptions updated to reflect resilient pass-through
- Gradual increase in Time and Notice deposit pass-through to 50% by June 2024 (previously expected by December 2023)
- Gradual change in deposit mix; Time and Notice deposits from 30% to c.45% by June 2024 and to 50% by December 2024 (previously expected by December 2023)

### 2025

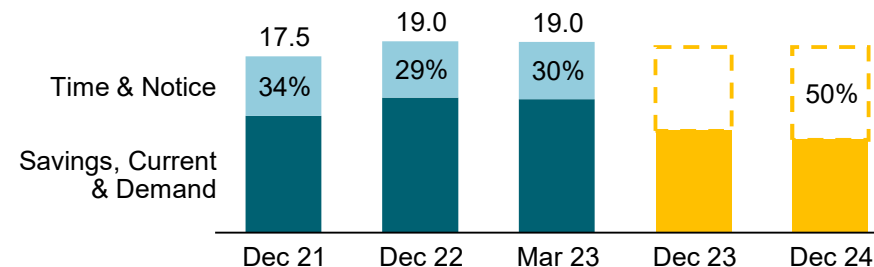
- Time and Notice deposit pass-through to remain stable at 50%
- Deposit mix: Time and Notice deposits to remain stable at c.50%
- Factoring in higher wholesale funding costs through further MREL issuances

Resilient deposit pass-through<sup>1</sup>; gradually increasing at sustained levels of 50%

Cost (bps)	4Q2022	1Q2023
Current	1	0
Time & Notice	20	31
<b>Total deposits</b>	<b>7</b>	<b>10</b>
Time & Notice pass-through	c.7%	c.10%

Deposit mix: Time and Notice deposits to remain at c.50%

€ bn



1) Calculated as a percentage of the cost of Time and Notice deposits over average 6m Euribor rate of the period

# NII-Careful, Low-Risk Expansion of Fixed Income Portfolio, Subject to Market Conditions

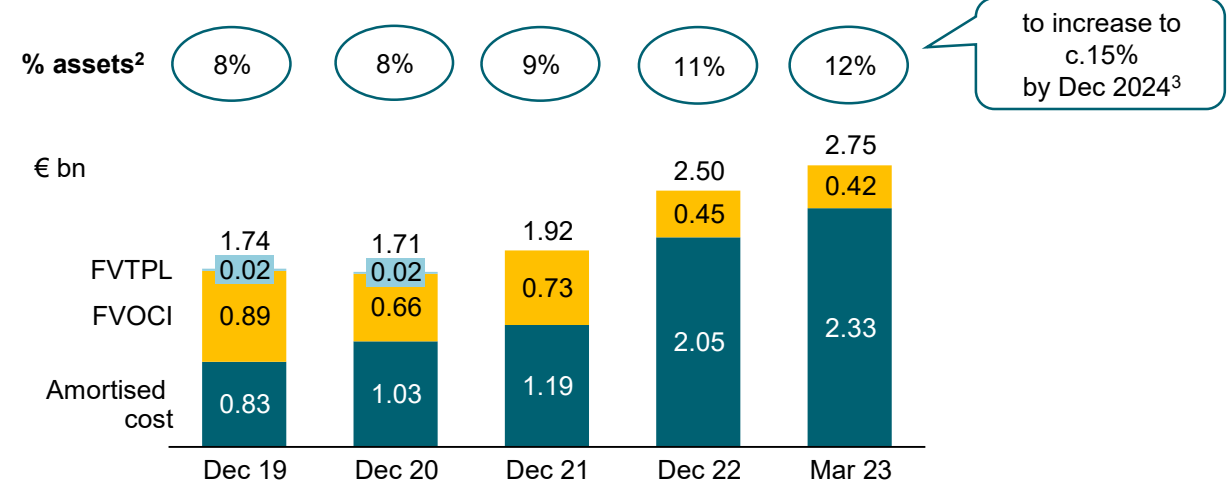
## Outlook

- Conservative growth of fixed income portfolio to reach c.15% of total assets<sup>3</sup>, broadly in line with average of EU peers<sup>1</sup>

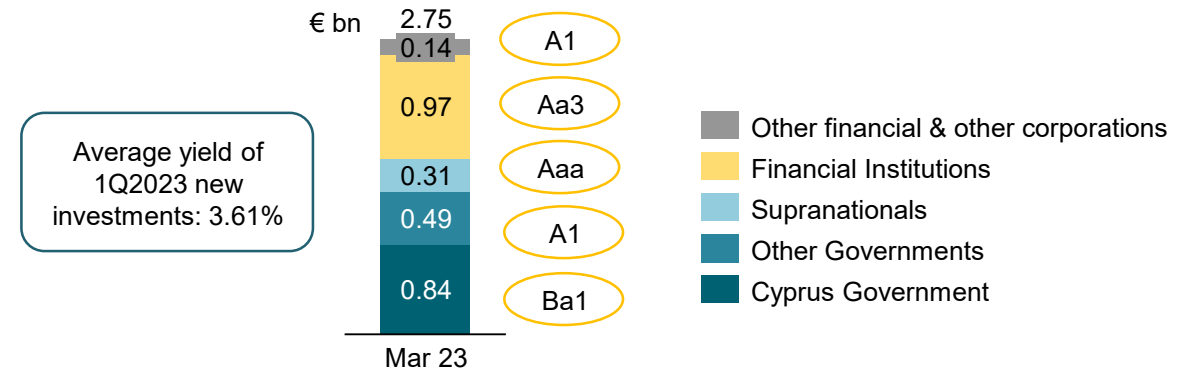
## Drivers

- Gradually deploy excess liquidity to expand fixed income portfolio
- Maintain **low-risk, diversified** fixed income portfolio with **short average** duration and high average rating;
  - 2.1 years for amortised cost portfolio
  - 0.4 years for FVOCI portfolio
- Maintain prudent interest rate risk management;
  - Majority of FVOCI hedged for interest rate risk

## Fixed Income portfolio



## Diversified, highly rated fixed income portfolio



1) Excluding Greek banks  
 2) Excluding TLTRO III proceeds  
 3) Subject to market conditions

# Non-NII - Net F&C Income Remains an Important Contributor to Group's Revenues

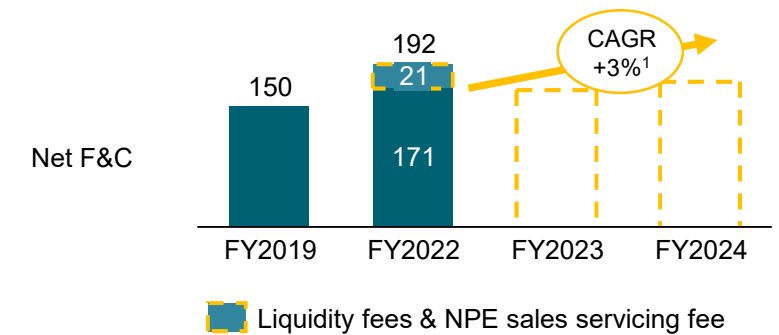
## Outlook

- Net fee and commission income expected to grow by c.3% (2022-2024), net of liquidity and NPE sales servicing fees (c.€21 mn p.a.), driven by:
  - economic growth
  - higher volume of transactions
- As a reminder, liquidity fees and NPE sale-related servicing fees terminated in December 2022 and in February 2023 respectively
- Non-NII expected to continue covering c.80% of total operating expenses

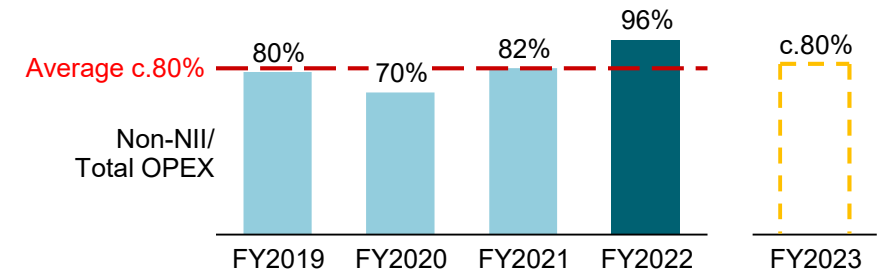
## Drivers

- Improve cross-selling to under-penetrated customers
- Enhance digital and other capital-light sales (cards, wealth, insurance)
- Grow insurance revenue; by 6% p.a. for life insurance and >8% for non-life for 2022-2025
- Potential additional revenue upside from Jinius

**Net F&C income to grow by c.3% mainly driven by economic growth**



**Non-NII expected to continue covering c.80% of total operating expenses²**



1) CAGR growth for 2022-2024 where 2022 F&C excludes liquidity fees of c.€16 mn and NPE related servicing fee of c.€5 mn

2) Excluding special levy on deposits and other levies/contributions

# Costs-Significant Improvement in Cost to Income Ratio

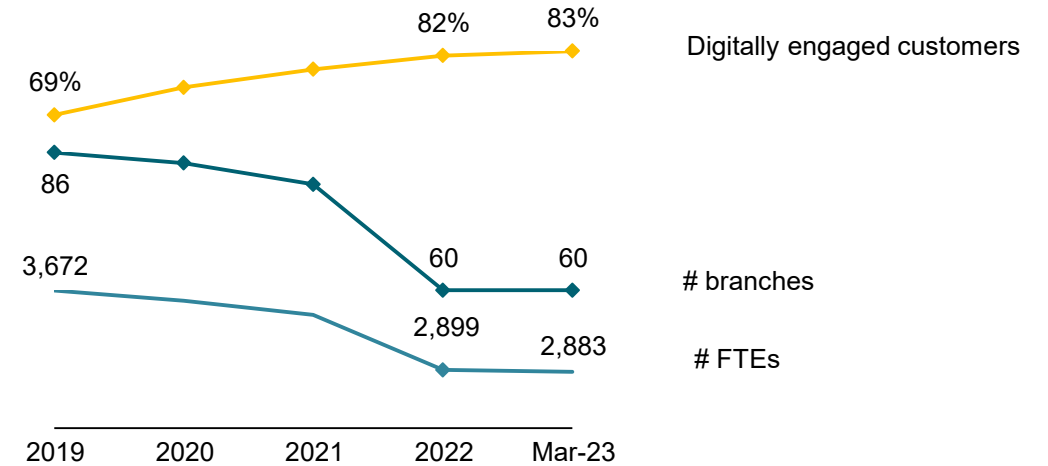
## Outlook

- 2023 cost to income ratio expected at sub 40s benefiting from higher revenues
- 2024 cost to income ratio at c.40s
- As rates normalise, C/I ratio expected to stabilise to c.mid 40s by 2025

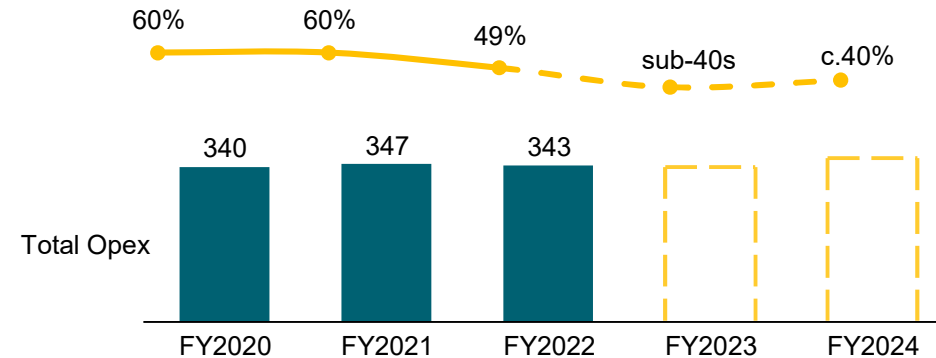
## Drivers

- Successful completion of efficiency actions in 2022
- Inflation in Cyprus expected to reduce to c.3%<sup>1</sup> in 2023
- Some upward pressure on costs due to:
  - Investment in transformation and digitisation
  - Salary increases impacted by increased cost of living adjustment (COLA)<sup>2</sup>
  - Staff reward costs (variable pay), driven both by delivery of the Group's strategy as well as individual performance

## Substantial optimisation of workforce and branches facilitated by digital transformation



## Cost to income ratio<sup>1</sup> at c.40% by 2024



1) Projections in accordance with Ministry of Finance

2) COLA represents a salary increment of 4.4% effective from 1 January 2023, representing c.50% on prior year's inflation rate

# Asset Quality-Conservative Assumptions on Cost of Risk and Asset Quality

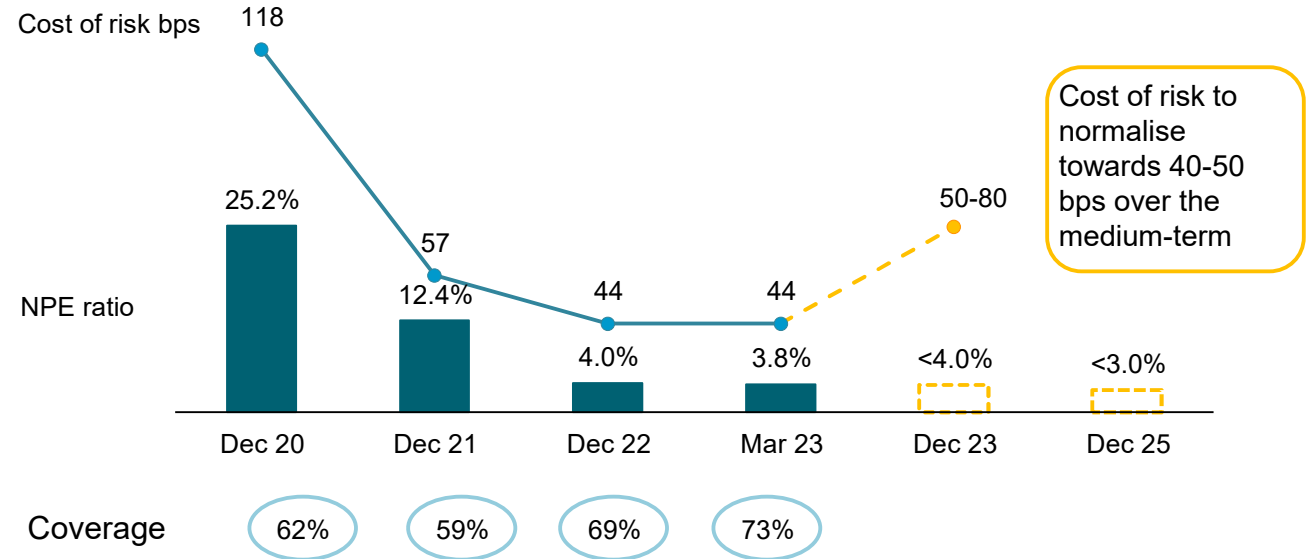
## Outlook

- 2023 NPE ratio expected to remain <4.0% and to drop to <3.0% by 2025
- Prudent Cost of Risk assumptions; maintaining wide range of 50-80 bps due to continued macroeconomic uncertainty
- Cost of risk to normalise towards 40-50 bps over the medium-term

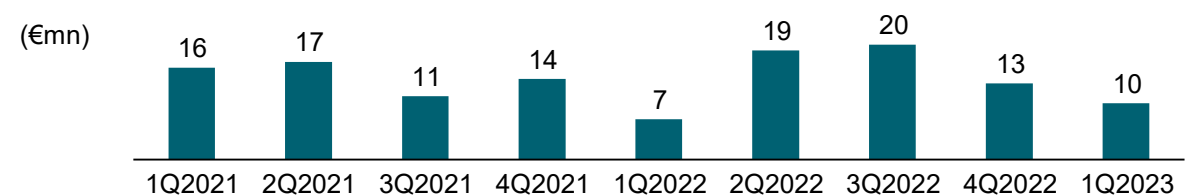
## Drivers

- Maintain limited NPE inflows via:
  - High quality loan origination; 99% of new lending since 2016 are performing
  - Prudent underwriting standards
  - Meticulous assessment of customers' repayment capabilities
  - Proactive solutions to quickly support customers in financial distress
- **No current signs of asset quality deterioration**

### Maintaining high asset quality and prudent cost of risk



### NPE inflows remain under control

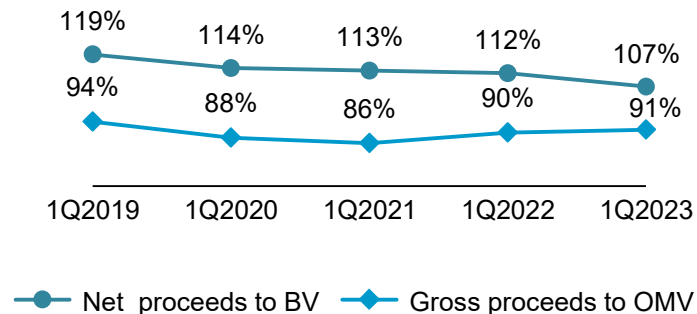


# Real Estate Management Unit (REMU)

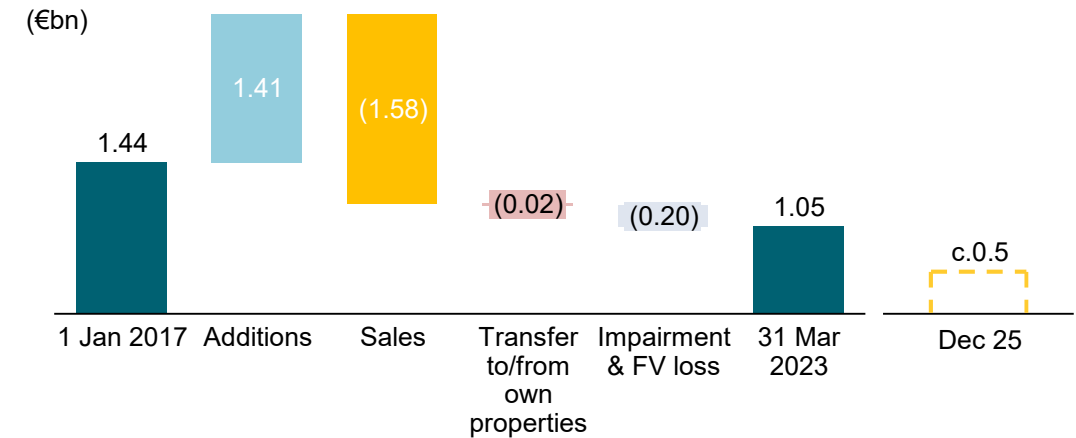
## Outlook

- REMU stock expected to halve by December 2025
- Continue to dispose REMU properties comfortably above book value and close to open market value
- Average sales of c.€200 mn p.a. since 2017
- Going forward, REMU inflows expected to reduce rapidly reflecting the significant decline in NPEs

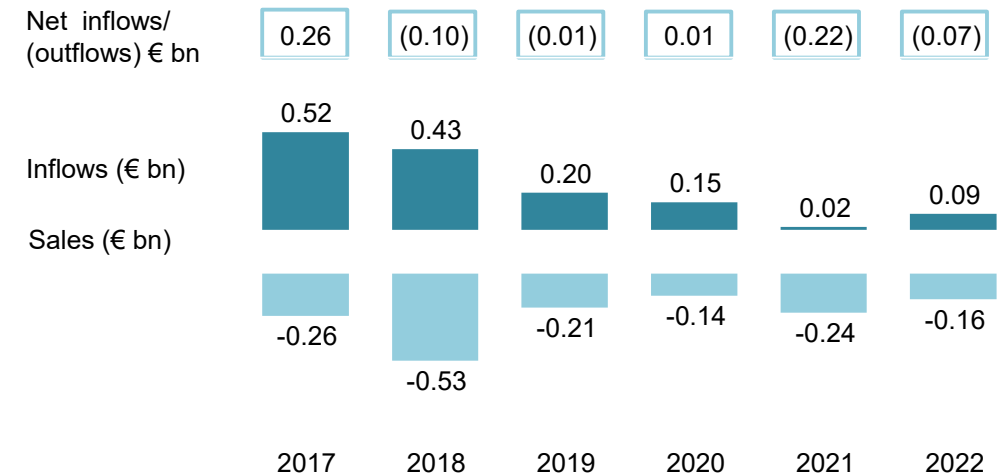
## Organic sales consistently close to OMV; comfortably above BV



## Properties sold exceed properties acquired since 2017



## Inflows substantially reduced with completion of de-risking





# Upgrading 2023-2024 Targets

	FY2023 targets (February 2023)	FY2024 targets (February 2023)		Updated FY2023 targets	Updated FY2024 targets
Net Interest Income	€520-550 mn (40-50% yoy)	Sustainable NII		>650 mn	>625 mn
Cost to Income Ratio	Mid-40s	Around similar levels to 2023		sub 40%	c.40%
ROTE <sup>1</sup>	>13%	>13%		>17%	>14% ( <i>&gt;17% based on 15% CET1 ratio</i> )
NPE Ratio	<5%	n/a		<4%	<4%
Cost of Risk	50-80 bps	To normalise towards 40-50 bps over the medium-term		50-80 bps	To normalise towards 40-50 bps over the medium-term
Dividend	Intention to commence from 2023 onwards			Building progressively to 30%-50% pay-out <sup>2</sup>	

1) ROTE calculated as annualised profit after tax (attributable to owners of the Company) divided by quarterly average shareholders' equity minus intangible assets

2) Of adjusted recurring profitability: Profit after tax before non-recurring items (attributable to the owners of the Company) taking into consideration the AT1 coupon

# Our Shareholder Focus



## Highly Profitable

- Raising our 2023 ROTE guidance to >17%
- ROTE of >13% in 2025
- ROTE of >16% on 15% CET1 ratio<sup>4</sup> in 2025



## Highly Capital Generative

- Expected to generate 200-250 bps per annum of CET1 pre distributions
- Current CET1 ratio 15.2%<sup>1</sup>, expected to increase significantly



## Committed to Shareholder distributions

- Dividend resumed after 12 years, paid out of 2022 profits
- Payout ratio building prudently and progressively towards 30-50% on adjusted recurring profitability<sup>2</sup>
- Accruing 30% payout ratio<sup>3</sup> for 2023 (equivalent to 8% yield)

1) Includes unaudited/unreviewed profits for 1Q2023 and for compliance with CRR an accrual for an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval

2) Profit after tax before non-recurring items (attributable to the owners of the Group) taking into account distributions under other equity instruments such as the annual AT1 coupon.

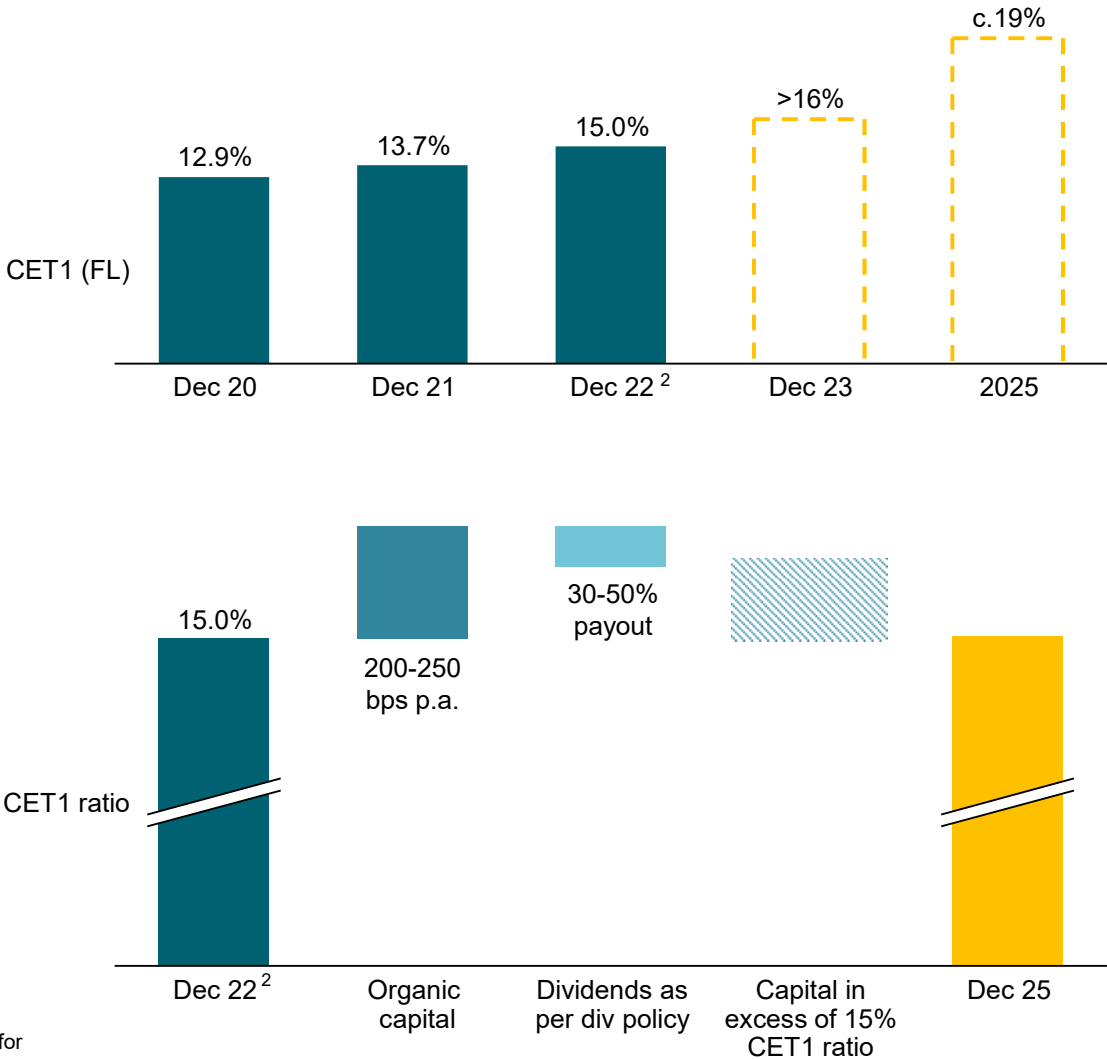
3) For compliance with CRR an estimated final dividend at a payout ratio of 30% of the Group's adjusted recurring profitability was accrued in line with the Group's approved dividend policy. Any recommendation for a dividend is subject to regulatory approval

4) CET1 ratio for 2025 expected to be at c.19%

# Strong Organic Capital Generation with Healthy Buffers

Strong capital position; building up rapidly and organically...

- CET1 >16% for 2023 and c.19% for 2025
- Beyond 2023, capital generation of 200-250 bps p.a pre distributions
- Modest RWAs growth
- CET1 comfortably above capital requirements (including P2G), paving the way for meaningful shareholder distributions; Significant buffer to offset potential external shocks
- Building progressively towards a 30-50% payout ratio on adjusted recurring profitability<sup>1</sup>



1) Profit after tax before non-recurring items (attributable to the owners of the Group) taking into account distributions under other equity instruments such as the annual AT1 coupon  
2) FL CET1 ratio as at 31 December 2022 restated for dividend distribution out of FY2022 earnings of c.20 bps and adjusted for the €50 mn dividend distributed to the Bank (IFRS 17 benefit)

# Bank of Cyprus of Tomorrow



## Strength

**c.19%**  
CET1 ratio  
Significant surplus capital

## Shareholder distributions

**30-50%**  
Dividend payout ratio



## Profitability

**>13% ROTE**  
*(>16% based on 15% CET1 ratio)*

## Asset quality

**<3%**  
NPE ratio

# Agenda

Topic	Speaker
Update of Cyprus macroeconomic outlook	Chris Patsalides, Special Advisor to the President of Cyprus on Economic Affairs
Strategy Update & Business Lines overview	Panicos Nicolaou, Group Chief Executive Officer
Insurance spotlight	Louis Pochanis, Director Insurance Business
Digital and Jinius spotlight	Demetris Nicolaou, Chief Digital Officer
Medium Term Financial Outlook	Eliza Livadiotou, Executive Director Finance
Q&A	

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# Key Information and Contact Details

## Contacts

### Investor Relations & ESG

Tel: +35722122239, Email: [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com)

Annita Pavlou Manager Investor Relations & ESG

Tel: +357 22 122740, Email: [annita.pavlou@bankofcyprus.com](mailto:annita.pavlou@bankofcyprus.com)

Elena Hadjikyriacou ([elena.hadjikyriacou@bankofcyprus.com](mailto:elena.hadjikyriacou@bankofcyprus.com))

Andri Rousou ([andri.rousou@bankofcyprus.com](mailto:andri.rousou@bankofcyprus.com))

Stephanie Olympiou ([stephanie.olympiou@bankofcyprus.com](mailto:stephanie.olympiou@bankofcyprus.com))

Dafni Georgiou ([dafni.georgiou@bankofcyprus.com](mailto:dafni.georgiou@bankofcyprus.com))

### Executive Director Finance & Legacy

Eliza Livadiotou, Tel: +35722 122128, Email: [eliza.livadiotou@bankofcyprus.com](mailto:eliza.livadiotou@bankofcyprus.com)

#### **Listing:**

LSE – BOCH, CSE – BOCH/TPKH, ISIN IE00BD5B1Y92

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# Appendix

# Beyond Banking – ESG key Highlights

## Environment



### GHG Emissions – Loan portfolio (CO2 tonnes in ths)

Business Loans	1.162
Commercial Real Estate	36
Mortgages	56
Motor Vehicles	28

**€18 mn**

loans to renewable energy projects

**12%**

reduction in paper printing

**200t**

paper recycled in 2022

**10%**

increase in the use of renewable energy  
from 2021

**8% ➤ 42% (Carbon Neutral by 2030)**

reduction in Scope 1 and Scope 2 from 2021

## Social



### BOC Oncology Center

**60%**

of the diagnosed cases in Cyprus treated at  
the Centre.

**€1.1 mn**

financial contribution by BOC in 2022

**47,567**

Patients registered and treated at the Centre

### Support CY

**170+**

network members in response of crises,  
disasters and assistance

**€880k+**

contribution to society

### Well at Work

**25+**

events on mental, physical, social and  
financial health of employees

**1,300+**

Employee participation

## Governance



**70%**

of independent non-executive directors in  
Board of Directors

**39%**

representation of women at key positions  
below the Extended ExCo level

**40%**

of women participation in the Board of  
Directors

**27% ➤ ≥ 30% (2030 Target)**

representation of women in management  
bodies (ExCo and Extended ExCo)

**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA



# Glossary & Definitions

<b>AC</b>	Amortised cost bonds
<b>Adjusted recurring profitability</b>	The Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.
<b>Advisory and other restructuring costs</b>	Comprise mainly (a) fees of external advisors in relation to: (i) disposal of operations and non-core assets, and (ii) customer loan restructuring activities, and (b) the cost of the tender offer for the Old T2 Capital Notes, where applicable.
<b>Allowance for expected loan credit losses (previously 'Accumulated provisions')</b>	Allowance for expected loan credit losses (previously 'Accumulated provisions') Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale where applicable), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers (including residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale where applicable), (iii) allowance for expected credit losses for off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
<b>AT1</b>	AT1 (Additional Tier 1) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>Book Value</b>	BV= book value = Carrying value prior to the sale of property.
<b>Carbon neutral</b>	The reduction and balancing (through a combination of offsetting investments or emission credits) of greenhouse gas emissions from own operations.
<b>CET1 capital ratio (transitional basis)</b>	CET1 capital ratio (transitional basis) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>CET1 Fully loaded (FL)</b>	The CET1 fully loaded (FL) ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>Cost to Income ratio</b>	Cost-to-income ratio comprises total operating expenses (as defined) divided by total income (as defined).
<b>Cost of Risk</b>	Loan credit losses charge (cost of risk) (year -to -date) is calculated as the annualised 'loan credit losses' (as defined) divided by average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance, for the reporting period/year.
<b>CRR DD</b>	Default Definition.
<b>Digitally engaged customers ratio</b>	This is the ratio of digitally engaged individual customers to the total number of individual customers. Digitally engaged customers are the individuals who use the digital channels of the Bank (mobile banking app, browser and ATMs) to perform banking transactions, as well as digital enablers such as a bank-issued card to perform online card purchases, based on an internally developed scorecard.
<b>Digital transactions ratio</b>	This is the ratio of the number of digital transactions performed by individuals and legal entity customers to the total number of transactions. Transactions include deposits, withdrawals, internal and external transfers. Digital channels include mobile, browser and ATMs.
<b>EBA</b>	European Banking Authority.
<b>ECB</b>	European Central Bank.
<b>FVTPL</b>	Fair value through profit or loss
<b>FVOCI</b>	Fair value through other comprehensive income bonds.

# Glossary & Definitions

<b>GBV</b>	Gross Book Value.
<b>Gross Loans</b>	<p>Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale where applicable) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment.</p> <p>Gross loans are reported before the residual fair value adjustment on initial recognition relating mainly to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €78 mn as at 31 March 2023 (compared to €86 mn as at 31 December 2022 and €149 mn as at 31 March 2022).</p> <p>Additionally, gross loans include loans and advances to customers classified and measured at fair value through profit or loss adjusted for the aggregate fair value adjustment of €208 mn as at 31 March 2023 (compared to €211 mn as at 31 December 2022 and €312 mn at 31 March 2022).</p>
<b>Gross Sales Proceeds</b>	Proceeds before selling charge and other leakages.
<b>Group</b>	The Group consists of Bank of Cyprus Holdings Public Limited Company, “BOC Holdings” or the “Company”, its subsidiary Bank of Cyprus Public Company Limited, the “Bank” and the Bank’s subsidiaries.
<b>IB, W&amp;M</b>	International Banking, Wealth and Markets.
<b>IBS</b>	Servicing exclusively international activity companies registered in Cyprus and abroad and not residents.
<b>Legacy exposures</b>	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) non-core overseas exposures.
<b>Liquid assets</b>	Cash, placements with banks, balances with central banks and bonds.
<b>Loan credit losses (PL) (previously ‘Provision charge’)</b>	Loan credit losses comprise: (i) credit losses to cover credit risk on loans and advances to customers, (ii) net gains on derecognition of financial assets measured at amortised cost and (iii) net gains on loans and advances to customers at FVPL, for the reporting period/year.
<b>Market shares</b>	Both deposit and loan market shares are based on data from the CBC. The Bank is the single largest credit provider in Cyprus with a market share of 42.4% as at 31 March 2023 compared to 40.9% as at 31 December 2022, and 41.9% as at 31 March 2022.
<b>MSCI ESG Rating</b>	The use by the Company and the Bank of any MSCI ESG Research LLC or its affiliates (‘MSCI’) data, and the use of MSCI Logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation or promotion of the Company or the Bank by MSCI. MSCI Services and data are the property of MSCI or its information providers and are provided “as-is” and without warranty. MSCI Names and logos are trademarks or service marks of MSCI.
<b>Net Proceeds</b>	Proceeds after selling charges and other leakages.
<b>Net loans and advances to customers</b>	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (as defined, but excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
<b>Performing loan book (previously non-legacy)</b>	Performing loan book is the total gross loans and advances to customers (as defined) excluding the legacy exposures (as defined).
<b>Net zero emissions</b>	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments.
<b>New lending</b>	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forbore or re-negotiated accounts) as well as the average year-to-date change (if positive) of the current accounts and overdraft facilities between the balance at the beginning of the period and the end of the period. Recoveries are excluded from this calculation since their overdraft movement relates mostly to accrued interest and not to new lending.

# Glossary & Definitions

<b>NII sensitivity</b>	<u>Key simplifying assumptions</u> An instantaneous and sustained parallel movement in EUR and USD interest rates. Static balance sheet in size and composition. Assets and liabilities whose pricing is mechanically linked to market / central bank rates assumed to reprice accordingly. 50% pass through assumption for term deposits (Fixed and Notice). This sensitivity is not a forecast of interest rate expectations, and the Bank's pricing decisions in the event of an interest rate change may differ from the assumptions underlying this sensitivity. Accordingly, in the event of an interest rate change the actual impact on Group NII may differ from that presented in this analysis.
<b>Non-interest income</b>	Non-interest income comprises Net fee and commission income, Net foreign exchange gains/(losses) and net gains/(losses) on financial instruments and (excluding net gains on loans and advances to customers at FVPL), Net insurance result, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
<b>Non-recurring items</b>	Non-recurring items as presented in the 'Unaudited Condensed Consolidated Income Statement – Underlying basis' relate to the following items, as applicable: (i) Advisory and other restructuring costs - organic, (ii) Provisions/net profit/(loss) relating to NPE sales, (iii) Restructuring and other costs relating to NPE sales, and (iv) Restructuring costs relating to the Voluntary Staff Exit Plan.
<b>NPE ratio</b>	NPEs ratio is calculated as the NPEs as per EBA (as defined) divided by gross loans (as defined).
<b>NPEs</b>	As per the European Banking Authorities (EBA) standards and European Central Bank's (ECB) Guidance to Banks on Non-Performing Loans (which was published in March 2017), non-performing exposures (NPEs) are defined as those exposures that satisfy one of the following conditions: (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due. (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy. (iii) Material exposures as set by the CBC, which are more than 90 days past due. (iv) Performing forbore exposures under probation for which additional forbearance measures are extended. (v) Performing forbore exposures previously classified as NPEs that present more than 30 days past due within the probation period.
	From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06), and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07).  The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter.  For retail debtors, when a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non performing; otherwise only the specific part of the exposure is classified as non performing. For non retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non performing.  Material arrears/excesses are defined as follows: (a) Retail exposures: Total arrears/excess amount greater than €100, (b) Exposures other than retail: Total arrears/excess amount greater than €500 and the amount in arrears/excess in relation to the customer's total exposure is at least 1%.  For further information please refer to the Annual Financial Report 2022.

# Glossary & Definitions

<b>NSFR</b>	The NSFR is calculated as the amount of “available stable funding” (ASF) relative to the amount of “required stable funding” (RSF). The regulatory limit, enforced in June 2021, has been set at 100% as per the CRR II.
<b>OMV</b>	Open Market Value.
<b>Operating profit</b>	The operating profit comprises profit before Total loan credit losses, impairments and provisions (as defined), tax, (profit)/loss attributable to non-controlling interests and non-recurring items (as defined).
<b>p.p.</b>	percentage points.
<b>Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company)</b>	This refers to the profit or loss after tax (attributable to the owners of the Company), excluding any ‘non-recurring items’ (as defined).
<b>Profit/(loss) after tax – organic (attributable to the owners of the Company)</b>	This refers to the profit or loss after tax (attributable to the owners of the Company), excluding any ‘non-recurring items’ (as defined, except for the ‘advisory and other restructuring costs – organic’).
<b>Qoq</b>	Quarter on quarter change.
<b>Restructured loans</b>	Restructuring activity within quarter as recorded at each quarter end and includes restructurings of NPEs, performing loans and re-restructurings.
<b>Return on Tangible equity (ROTE) after tax and before non-recurring items</b>	Return on Tangible Equity (ROTE) after tax and before non-recurring items is calculated as Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company) (as defined) (annualised), - (based on year to date days)), divided by the quarterly average of Shareholders’ equity minus intangible assets at each quarter end.
<b>Return on Tangible equity (ROTE)</b>	Return on Tangible Equity (ROTE) is calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised - (based on year to date days)), divided by the quarterly average of Shareholders’ equity minus intangible assets at each quarter end.
<b>RRD</b>	Restructuring and Recoveries Division.
<b>RWAs</b>	Risk Weighted Assets.
<b>Special levy on deposits and other levies/contributions</b>	Relates to the special levy on deposits of credit institutions in Cyprus, contributions to the Single Resolution Fund (SRF), contributions to the Deposit Guarantee Fund (DGF), as well as the DTC levy, where applicable.
<b>Total Capital ratio</b>	Total capital ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>Total operating expenses</b>	Total operating expenses comprise staff costs and other operating expenses. It does not include (i) special levy on deposits and other levies/contributions (ii) ‘advisory and other restructuring costs-organic’, (iii) restructuring and other costs relating to NPE sales, or (iv) restructuring costs relating to the Voluntary Staff Exit Plan. (i) Special levy on deposits and other levies/contributions amounted to €11 mn for 1Q2023 (compared to €11 mn for 4Q2022 and €10 mn for 1Q2022) (ii) ‘Advisory and other restructuring costs-organic’ amounted to €1 mn for 1Q2023 (compared to €1 mn for 4Q2022, and €1 mn for 1Q2022) (iii) Restructuring costs relating to NPE sales for 1Q2023 amounted to €0.2 mn (compared to €0.3 mn for 4Q2022, and €1 mn for 1Q2022) and (iv) Restructuring costs relating to the Voluntary Staff Exit Plan (VEP) for 1Q2023 was nil (compared to nil for 4Q2022 and €3 mn for 1Q2022).

# Glossary & Definitions

Total income	Total income comprises net interest income and non-interest income (as defined).
Total loan credit losses, impairments and provisions	Total loan credit losses, impairments and provisions comprises loan credit losses (as defined), plus impairments of other financial and non-financial assets, plus (provisions)/net reversals for litigation, claims, regulatory and other matters.
T2	Tier 2 Capital.
Underlying basis	This refers to the statutory basis after being adjusted for certain items as explained in the Basis of Presentation.
Yoy	Year on year change.