



# Bank of Cyprus Group

Preliminary Group Financial Results

*For the year ended 31 December 2021*

Bank of Cyprus Holdings



# DISCLAIMER

The financial information included in this presentation is neither reviewed nor 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.

**The presentation for the Group Financial Results for the year ended 31 December 2021 contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014.**

Pro forma for held for sale (HFS) comprise Project Helix 3 and Project Sinope; which refer to the agreements the Group reached for the sale of portfolios of NPEs with gross book value of c.€0.6 bn and €12 mn as at 31 December 2021 respectively, as well as properties with carrying value of c.€120 mn and €0.6 mn as at 31 December 2021 respectively. Numbers on a pro forma basis are based on 31 December 2021 underlying basis figures, and are adjusted for Project Helix 3 and Project Sinope and assume their completion, currently expected to occur in 1H2022, which remain subject to customary regulatory and other approvals.

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

The presentation for the Group Financial Results for the year ended 31 December 2021 (the "Presentation"), available on <https://www.bankofcyprus.com/en-GB/investor-relations-new/reports-presentations/financial-results/>, includes additional financial information not presented within the Group Financial Results Press Release (the "Press Release"), primarily relating to (i) NPE analysis (movements by segments and customer type), (ii) rescheduled loans analysis, (iii) details of historic restructuring activity including REMU activity, (iv) analysis of new lending, (v) Income statement by business line, (vi) NIM and interest income analysis and (vii) Loan portfolio analysis in accordance with the three-stages model for impairment of IFRS 9. Moreover, the Investor Presentation includes additional financial information not presented in the Results Announcement of current and expected medium term levels for (i) NPE coverage and (ii) ESG performance

metrics. Except in relation to any non-IFRS measure, the financial information contained in the Investor Presentation has been prepared in accordance with the Group's significant accounting policies as described in the Group's Annual Financial Report 2020 and updated in the Interim Financial Report 2021. The Investor Presentation should be read in conjunction with the information contained in the Press Release and neither the financial information in the Press Release nor in the Investor Presentation constitutes statutory financial statements prepared in accordance with International Financial Reporting Standards.

## **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. 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.

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## **Preliminary FY2021 Financial Results**

# 2021 Achievements and Medium Term Strategy



## Positive Net Result

- Profit after tax and before non-recurring items of €91 mn
  - Profit after tax of €30 mn
- 



## Careful Cost Management

- Total operating expenses<sup>1</sup> of €347 mn broadly flat yoy
  - C/I ratio at 60%<sup>1</sup> flat yoy
- 



## Strong Capital and Initiation of MREL issuance

- CET1 ratio of 15.8%<sup>2,3</sup> and Total Capital ratio of 20.8%<sup>2,3</sup>
  - Successful refinancing of Tier 2 at a significantly lower coupon rate
  - Inaugural issuance of €300 mn Senior Preferred notes; Interim MREL requirement as at 1 January 2022 achieved
- 



## Single Digit NPE ratio achieved a year earlier than anticipated

- NPE ratio reduced to 7.5%<sup>2</sup> (3.1%<sup>2</sup> net), following NPE sale (Helix 3) signed in November 2021
- 

## Updated Medium Term Strategic Targets

- ROTE >10% by 2025
  - NPE ratio c.5% by end-2022 and <3% by end-2025
  - Paving the way for dividend distribution<sup>4</sup> from 2023 onwards
  - Announcement of ESG targets; Carbon Neutral by 2030 and Net Zero by 2050
- 

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

2) Pro forma for HFS

3) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements

4) Subject to performance and relevant approvals

# 4Q2021 - Highlights

## Strong Recovery Continues

**€1.8 bn  
New Lending**

- 6.0%<sup>1</sup> GDP in 4Q2021 well above the eurozone average of 4.6%
- New lending of €471 mn in 4Q2021 totalling €1.8 bn for FY2021, up 33% yoy, recovering towards pre-pandemic levels

## Positive Operating Performance

**€55 mn  
Operating Profit**

- Total income of €154 mn for 4Q2021, up 11% qoq driven mainly by higher non-NII
- Profit after tax and before non-recurring items of €27 mn for 4Q2021
- Small-scale targeted Voluntary Staff Exit Plan with one-off cost of €16 mn; gross annual savings of c.3%
- Profit after tax of €10 mn for 4Q2021

## Operating Efficiency

**57%  
Cost/Income<sup>2</sup>**

- Total operating expenses<sup>2</sup> of €87 mn for 4Q2021, broadly flat qoq
- Cost to income ratio<sup>2</sup> at 57% for 4Q2021, down 7 p.p. qoq supported by higher non-NII

## Strong Capital and Liquidity

**15.8%  
CET1 ratio<sup>3,4</sup>**

- CET1 ratio of 15.8%<sup>3,4</sup> and Total Capital ratio of 20.8%<sup>3,4</sup>
- Deposits at €17.5 bn up 2% qoq; significant surplus liquidity of €6.4 bn

## Single Digit NPE ratio<sup>4</sup>

**3.1%<sup>4</sup>  
Net NPE ratio**

- NPE ratio reduced to 7.5%<sup>4</sup> (3.1%<sup>4</sup> net)
- €0.6 bn NPE sale (Helix 3) signed in November 2021
- Organic NPE reduction of c.€400 mn in FY2021
- 96% of performing loans<sup>5</sup> under expired payment deferrals with an instalment due by 8 February 2022, presented no arrears

1) Source: Cyprus Statistical service & Ministry of Finance announcement dated 15 February 2022  
2) Excluding special levy on deposits and other levies/contributions  
3) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements

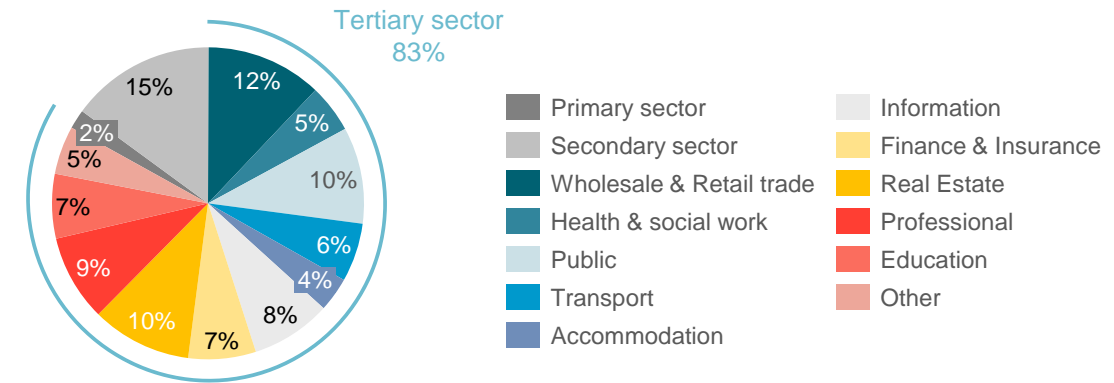
4) Pro forma for HFS  
5) As at 31 December 2021

# Significant recovery of Cyprus economy in 2021 with solid growth outlook

- **Open, small and dynamic economy which has demonstrated historically that it can quickly recover from economic crises**
- Economy recovered to pre-pandemic levels; GDP grew 6.0%<sup>1</sup> in 4Q2021 and expected to grow by c.4%<sup>1</sup> in 2022
- Largest drivers to growth are expected to remain the Trade, Tourism, Professional Services, Shipping & IT services and the Construction sector
- Tourism performance in 2021 better than initially anticipated; Tourism season extended until October 2021; Oct tourist arrivals at 90% of 2019 levels; Overall arrivals in 2H2021 at c.70% of 2019 levels; Tourism expected to fully recover by 2023-2024
- The implementation of Cyprus' Recovery and Resilience Plan (€1.2 bn) is expected to support domestic activity and employment through higher investment and to enhance growth potential via reforms (see slides 53-54)

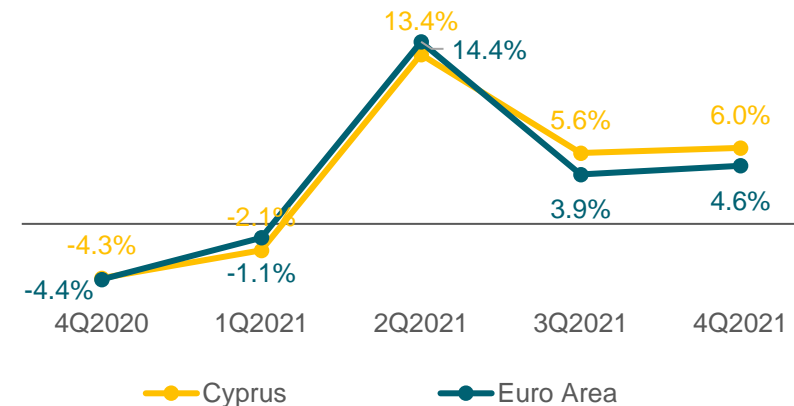
## A diversifying services-based economy

Structure of economy 2020 (current prices % of GVA)



## Strong economic recovery expected to continue in 2022

Annual Real GDP yoy % change

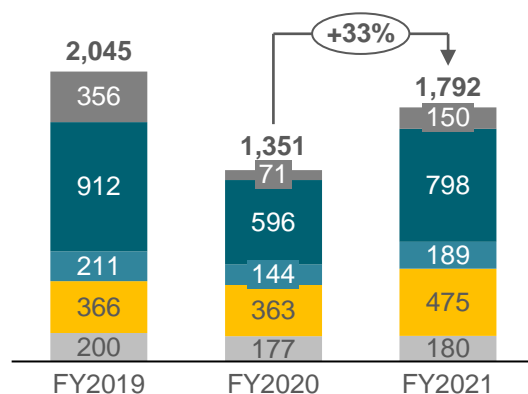


GDP expected to grow by c.4% in 2022, above EU Area projections

# New lending of €1.8 bn in FY2021, approaching 2019 levels

New lending up 33% yoy

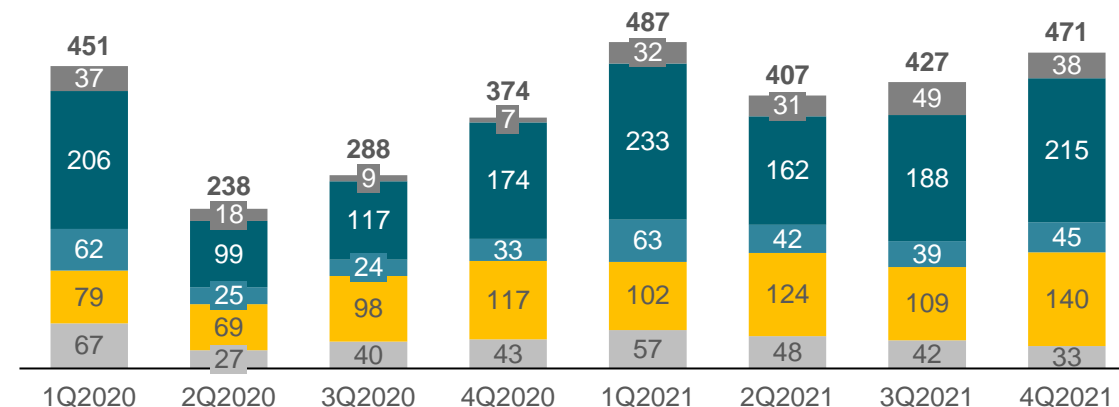
€ mn



■ Shipping & International loans<sup>1</sup> ■ Corporate ■ SME ■ Retail Housing ■ Retail other

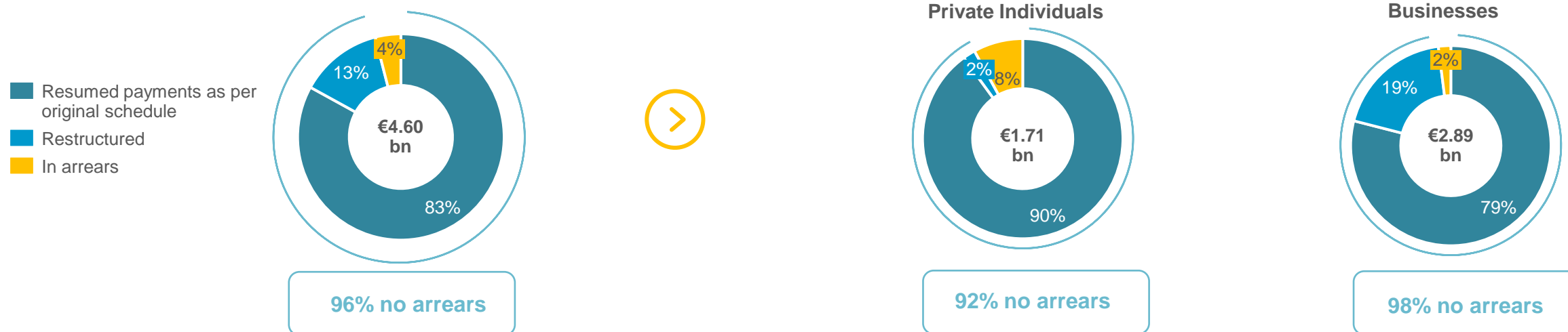


New lending remained strong in 4Q2021



- New lending for FY2021 reached c.90% of FY2019 levels
- Demand for housing loans supported by government interest rate subsidy scheme (expired on 31 Dec 2021); c.€355 mn new housing loans approved under the scheme
- Corporate new lending at €798 mn for FY2021, up 34% yoy as economic activity continues to improve
- Meticulous assessment of repayment capability and strict origination standards

# Strong performance of moratorium portfolio continues > 12 months after deferral expiry



- 96% of performing loans<sup>1</sup> under expired payment deferrals<sup>2</sup> present no arrears, of which c.€0.60 bn have been restructured; >75% of restructurings took place in 1H2021
- Just 4% (€196 mn) in arrears of which €166 mn in early arrears (<30 dpd)
- Strong track record in dealing with restructurings
- Targeted restructuring solutions to alleviate pandemic-related short-term cash flow burden, following rigorous assessment of repayment ability

- **Private Individuals:**
  - 92% of performing loans<sup>1</sup> under expired payment deferrals<sup>2</sup> present no arrears of which c.€35 mn have been restructured
  - €142 mn (8%) in arrears of which €138 mn in early arrears (<30 dpd)
- **Businesses:**
  - 98% of performing loans<sup>1</sup> under expired payment deferrals<sup>2</sup> present no arrears of which c.€564 mn have been restructured; mostly in the tourism sector
  - Just 2% (c.€54 mn) in arrears

1) As at 31 December 2021  
2) With instalment due by 8 February 2022

# Portfolio exposure to businesses most impacted by COVID-19

## Tourism: €1.15 bn

Hotels & Catering	30 Sep 2021 € bn	31 Dec 2021 € bn	% of portfolio
Food services	0.06	0.06	5%
Accommodation	1.09	1.09	95%
<b>Total</b>	<b>1.15</b>	<b>1.15</b>	
<b>Unutilised Liquidity<sup>1</sup></b>	<b>0.40</b>	<b>0.39</b>	
- of which deposits	0.32	0.31	27%

- Tourism season extended until October 2021; Overall arrivals in 2H2021 at c.70% of 2019 levels; Tourism expected to fully recover by 2023-2024
- 98% of tourism portfolio secured by property
- 94% of tourism portfolio with LTV <80%
- c.€0.88 bn performing loans<sup>2</sup> under expired payment deferrals; nearly all with zero arrears<sup>3</sup> (of which c.€300 mn have been restructured; >90% of restructurings took place in 1H2021)

## Trade: €0.94 bn

Trade	30 Sep 2021 € bn	31 Dec 2021 € bn	% of portfolio
Supermarkets, pharmacies and other essential retail businesses	0.26	0.27	29%
All other	0.67	0.67	71%
<b>Total</b>	<b>0.93</b>	<b>0.94</b>	
<b>Unutilised Liquidity<sup>1</sup></b>	<b>0.89</b>	<b>0.97</b>	
- of which deposits	0.56	0.63	67%

- c.€0.30 bn performing loans<sup>2</sup> under expired payment deferrals; 98% of performing loans<sup>2</sup> under expired payment deferrals<sup>3</sup>, presented no arrears (of which €18 mn have been restructured)

1) Unutilised overdraft amounts and deposits  
 2) As at 31 December 2021  
 3) With an instalment due by 8 February 2022

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# Profitability

# Income Statement

€ mn	FY2021	FY2020	4Q2021	3Q2021	qoq%	yoy%
Net Interest Income	296	330	73	71	2%	-10%
Non interest income	285	237	81	68	20%	20%
Total income	581	567	154	139	11%	2%
Total operating expenses <sup>1</sup>	(347)	(340)	(87)	(89)	-1%	2%
<b>Operating profit</b>	<b>198</b>	<b>194</b>	<b>55</b>	<b>41</b>	<b>33%</b>	<b>2%</b>
Total loan credit losses, impairments and provisions	(100)	(198)	(24)	(26)	-7%	-50%
<b>Profit/(loss) after tax and before non-recurring items<sup>2</sup></b>	<b>91</b>	<b>(9)</b>	<b>27</b>	<b>13</b>	<b>101%</b>	<b>-</b>
Advisory and other restructuring costs -organic	(22)	(10)	(3)	(1)	-	-
<b>Profit/(loss) after tax-organic<sup>2</sup></b>	<b>69</b>	<b>(19)</b>	<b>24</b>	<b>12</b>	<b>96%</b>	<b>-</b>
Provisions/ net (loss)/profit on NPE sales <sup>3</sup>	(7)	(120)	(1)	10	-	-93%
Restructuring and other costs <sup>3</sup>	(32)	(32)	(13)	(3)	-	1%
<b>Profit/(loss) after tax<sup>2</sup></b>	<b>30</b>	<b>(171)</b>	<b>10</b>	<b>19</b>	<b>-46%</b>	<b>-</b>
<b>Key Ratios</b>						
<b>Net Interest margin (annualised)</b>	<b>1.45%</b>	<b>1.84%</b>	<b>1.34%</b>	<b>1.34%</b>	<b>-</b>	<b>-39 bps</b>
<b>Cost to income ratio</b>	<b>66%</b>	<b>66%</b>	<b>65%</b>	<b>71%</b>	<b>-6 p.p.</b>	<b>-</b>
<b>Cost to income ratio excluding special levy on deposits and other levies/contributions<sup>1</sup></b>	<b>60%</b>	<b>60%</b>	<b>57%</b>	<b>64%</b>	<b>-7 p.p.</b>	<b>-</b>
<b>Cost of Risk (annualised)</b>	<b>0.57%</b>	<b>1.18%</b>	<b>0.35%</b>	<b>0.78%</b>	<b>-43 bps</b>	<b>-61 bps</b>
<b>EPS<sup>4</sup> before non-recurring items (€ cent)</b>	<b>20.50</b>	<b>-2.12</b>	<b>6.19</b>	<b>3.08</b>	<b>3.11</b>	<b>22.62</b>
<b>ROTE<sup>4</sup> before non-recurring items</b>	<b>5.5%</b>	<b>-0.5%</b>	<b>6.6%</b>	<b>3.3%</b>	<b>3.3 p.p.</b>	<b>6.0 p.p.</b>

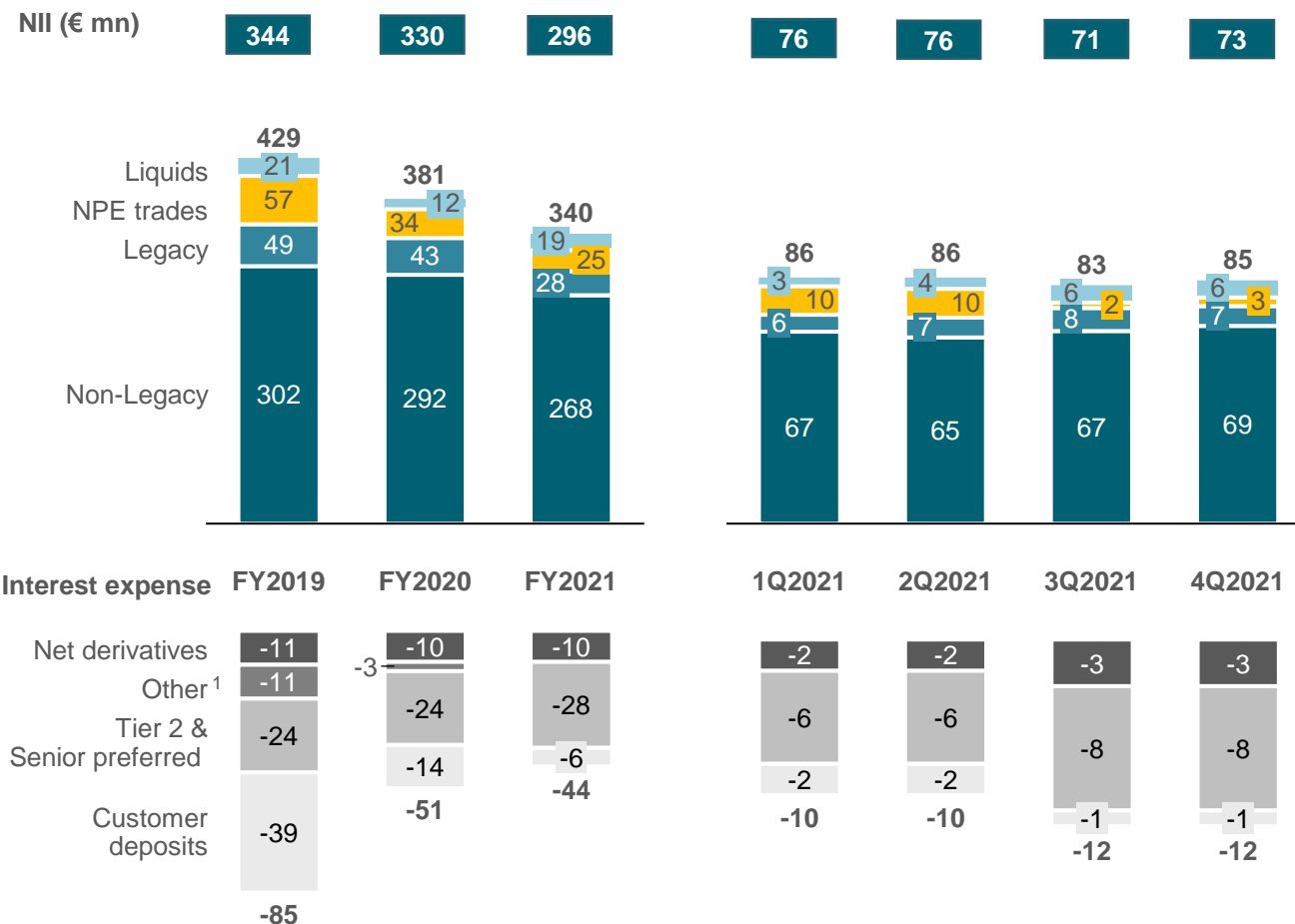
- NII for 4Q2021 increased to €73 mn mainly due to higher volume of loans and interest collections; NII for FY2021 reduced to €296 mn impacted mainly by the low interest rate environment and the completion of Helix 2
- Non interest income for 4Q2021 amounted to €81 mn, driven mainly by higher net insurance income and revaluation gains in financial instruments; Non interest income for FY2021 increased to €285 mn supported mainly by higher fees and commissions
- Total operating expenses<sup>1</sup> at €87 mn for 4Q2021 and €347 mn for FY2021, broadly flat qoq and yoy
- Provisions and impairments for 4Q2021 of €24 mn include loan credit losses of €9 mn, impairments of €23 mn mainly relating to specific, large illiquid REMU assets, and net reversal in litigations of €8 mn due to revised estimates for cases provided for
- **Profit after tax and before non-recurring items<sup>2</sup> of €27 mn for 4Q2021 and €91 mn for FY2021**
- Restructuring and other costs of €13 mn for 4Q2021, relate mainly to small-scale targeted Voluntary Staff Exit Plan cost of €16 mn; restructuring and other costs of €32 mn for FY2021, broadly flat yoy
- **Profit after tax<sup>2</sup> of €10 mn for 4Q2021 and €30 mn for FY2021**
- **ROTE<sup>4</sup> before non-recurring items of 6.6% for 4Q2021 and 5.5% for FY2021**

1) Excluding special levy on deposits and other levies/contributions (including DTC levy)  
2) Attributable to the owners of the Company

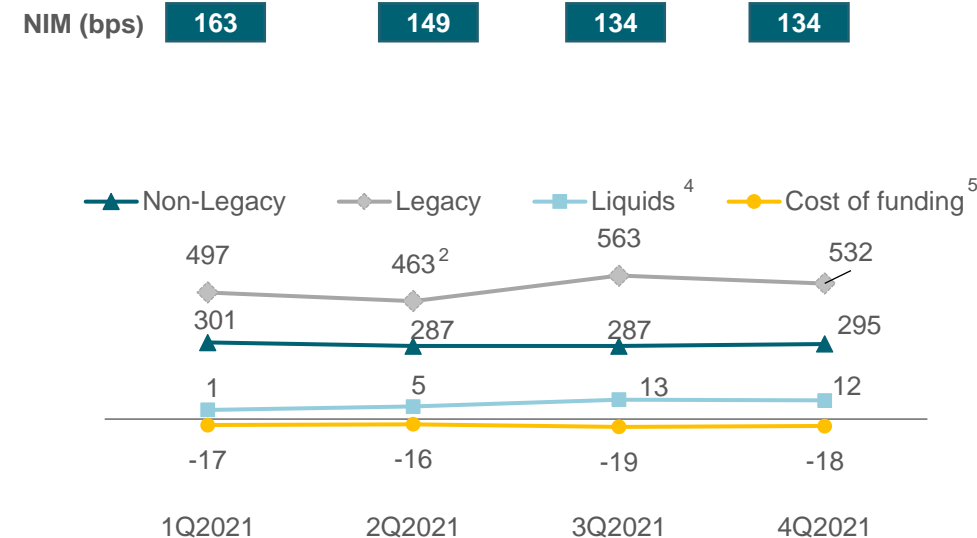
3) Please refer to section B.3.4 "Profit/(loss) after tax (attributable to the owners of the Company)" of the Preliminary FY2021 FR Press Release and Updated Medium Term Strategic Targets  
4) Calculated using Profit/(loss) after tax and before non-recurring items

# Drivers of NIM

NII of €296 mn for FY2021



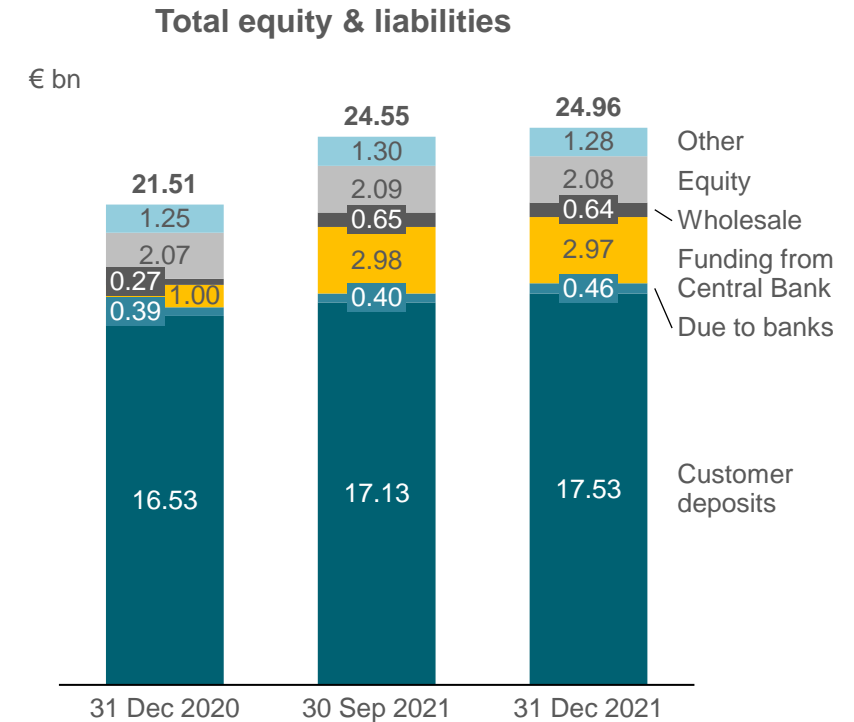
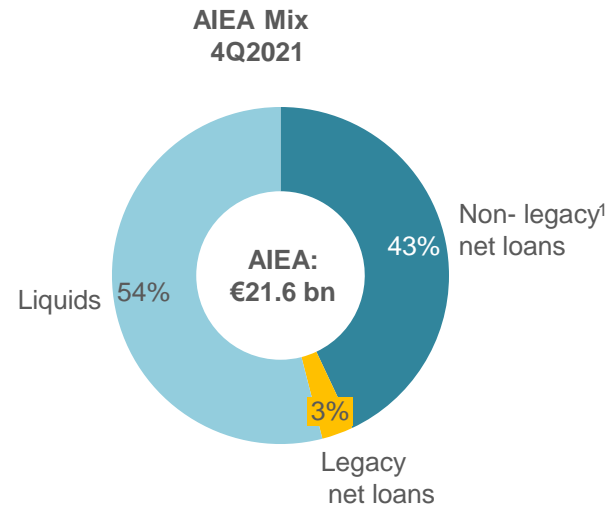
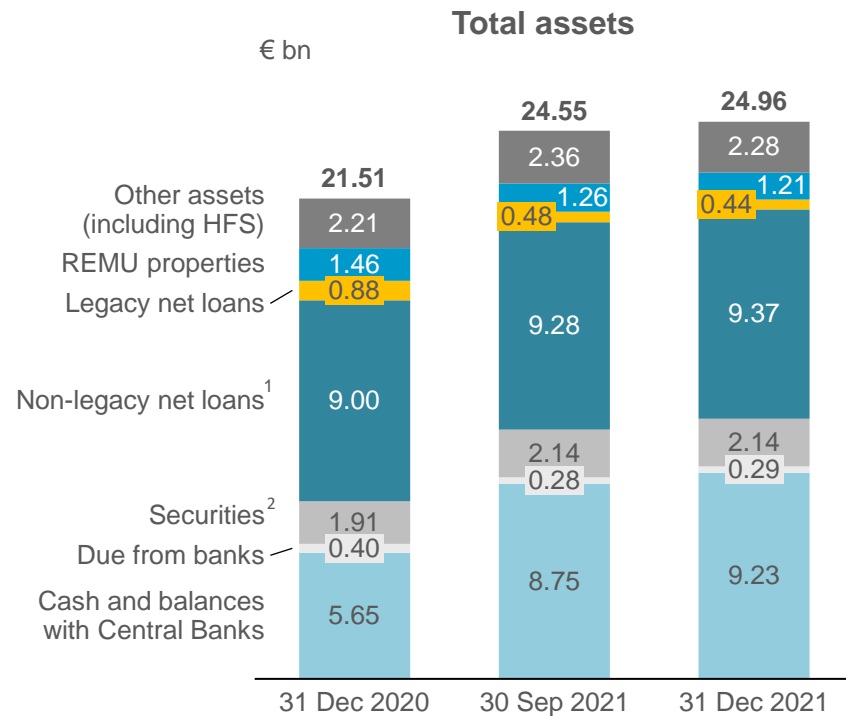
Effective yield on assets & cost of funding



- Non-Legacy book yields increased to 295 bps, up 8 bps qoq
- Effective yield of liquids at 12 bps broadly flat qoq
- Cost of funding at 18 bps, broadly flat qoq following issuance of senior preferred notes in June 2021 with coupon rate 2.5%; further MREL issuances are expected in the coming years
- TLTRO III borrowing at €3.0 bn; favourable terms not expected to be extended post June 2022
  - c.€7 mn NII benefit for the period Jun 2020-Jun 2021 was recognised
  - c.€15 mn<sup>3</sup> potential NII benefit for the period Jun 2021-Jun 2022 is recognised over the respective period in the income statement

1) Other includes funding from central banks and deposits by banks and repurchase agreements.  
 2) Adjusted for Helix 2  
 3) Based on current ECB rates and provided the Bank meets the lending thresholds; the Bank exceeded the benchmark net lending threshold in the period 1 Mar 2020-31 Mar 2021  
 4) Effective yield of liquid assets: Interest income on liquids after hedging, over average liquids (Cash and balances with central banks, placements with banks and bonds)  
 5) Effective yield of cost of funding: Interest expense of all interest bearing liabilities after hedging, over average interest bearing liabilities (customer deposits, funding from the central bank, interbank funding and wholesale funding)

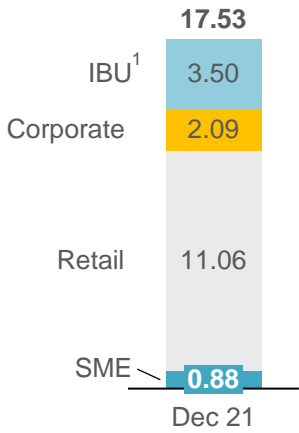
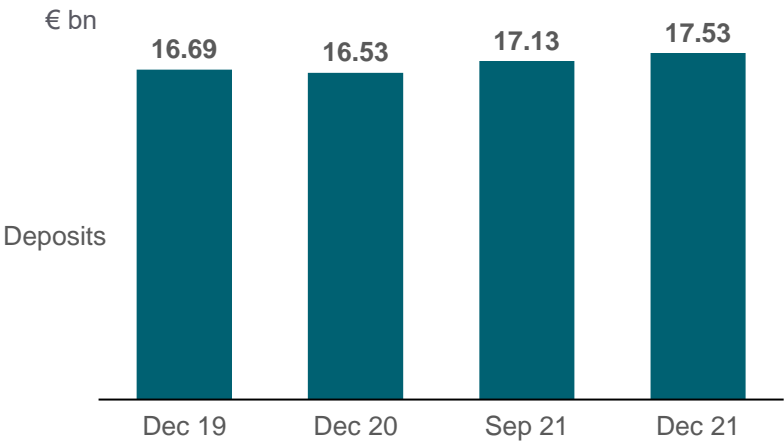
# Balance sheet composition



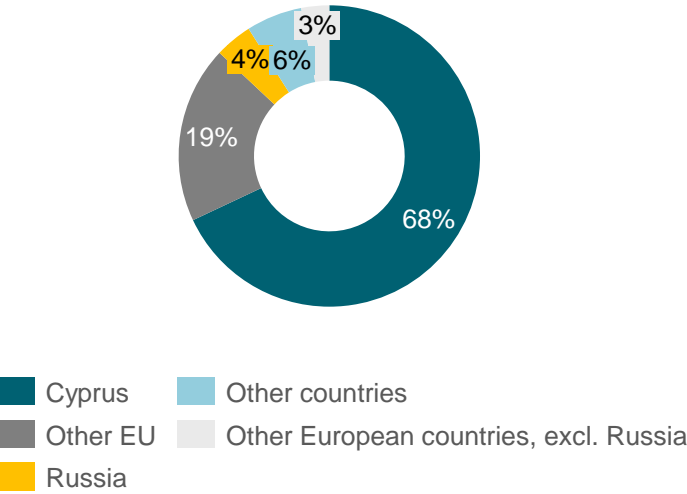
- Balance sheet size increased by c.€0.4 bn qoq to €24.96 bn driven by 2% increase of customer deposits
- 54% of AIEA held in liquids resulting in a dilutive impact on NIM
- Non-legacy net loans<sup>1</sup> increased by 1% to €9.37 bn, driven mainly by increased demand for housing and corporate loans
- Pro forma for HFS, legacy net loans and REMUE properties reduced to €0.44 bn and €1.21 bn respectively

1) Net loans of Corporate (incl. IB and W&M and Global Corporate), SME, Retail, and H/O  
 2) Debt securities, treasury bills and equity investments

# Deposits at €17.5 bn up 2% qoq; significant liquidity surplus of €6.4 bn



Cyprus deposits by passport origin<sup>2</sup>



## Significant surplus liquidity of €6.4 bn

Liquidity ratio	Minimum required	31 Dec 2021	Surplus
LCR (Group)	100%	301%	€6,356 mn
NSFR	100%	147%	€5,374 mn

- Strong deposit market share of 35% as at 31 Dec 2021
- TLTRO III borrowing at €3.0 bn; favourable terms not expected to be extended post June 2022

1) Servicing exclusively international activity companies registered in Cyprus and abroad and not residents  
2) Origin is defined as the country of passport of the Ultimate Beneficial Owner

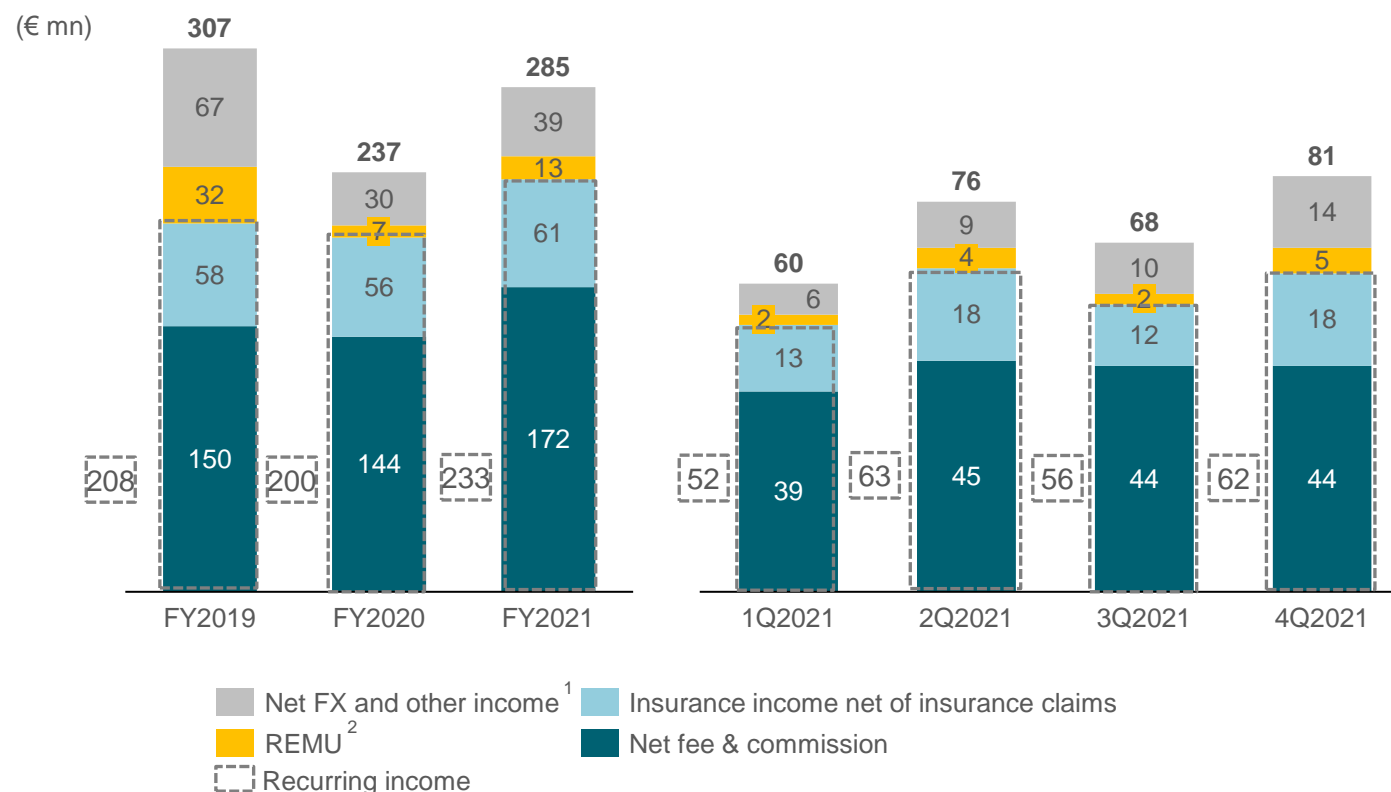
# Non interest income at €81 mn in 4Q2021

Non-NII % of Total Income

47% 42% 49% 44% 50% 49% 53%

F&C % of Total Income

23% 26% 30% 28% 30% 32% 28%



- Non interest income of €81 mn for 4Q2021, up 20% qoq, reflecting mainly higher net insurance income and increased revaluation gains from financial instruments
- Net fee and commission income at €44 mn flat qoq
- Net fee and commission income of €172 mn for FY2021, up 19% yoy, and above pre-COVID-19 levels reflecting higher volume of transactions, the extension of liquidity fees to a wider customer group and the introduction of a revised price list both in Feb 2021
- Net insurance income of €18 mn for 4Q2021 mn, up 60% qoq mainly due to higher claims in the previous quarter, seasonality and valuation assumptions
- Net FX and other income<sup>1</sup> increased to €14 mn, up 47% qoq, mainly due to the higher gains from financial instruments

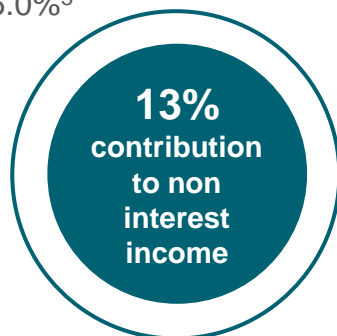
1) Net FX gains/(losses) & Net gains/(losses) on financial instruments, and other income  
 2) Gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties

# Profitable Insurance business- sustainable healthy profitability in FY2021



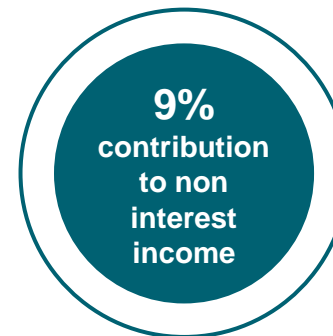
€ mn	FY2021	FY2020	yoy%
<i>GWP<sup>2</sup></i>	137.1	127.4	8%
Net reinsurance cost	(18.2)	(18.8)	-4%
Net impact of interest rate movements	(2.6)	(2.1)	28%
Costs, claims and change in reserves	(80.2)	(73.2)	10%
<b>Net insurance income</b>	<b>36.1</b>	<b>33.3</b>	<b>8%</b>
Total Regular income <sup>1</sup>	138.2	128.6	8%

- GWP<sup>2</sup> up 8% yoy
- Net insurance income up 8%, reflecting mainly increased GWP<sup>2</sup> partially offset by increased costs and claims
- AUM increased to €558 mn, up 17% yoy
- Total Regular income<sup>1</sup> up 8% yoy
- Market share of 25.0%<sup>3</sup>



€ mn	FY2021	FY2020	yoy%
Insurance income	60.7	56.3	8%
<i>(of which GWP<sup>2</sup>)</i>	53.3	49.3	8%
Costs and claims	(35.8)	(33.5)	7%
<b>Net insurance income</b>	<b>24.9</b>	<b>22.7</b>	<b>9%</b>

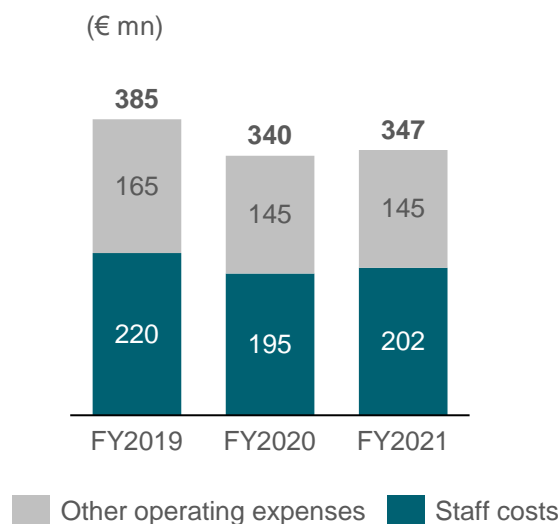
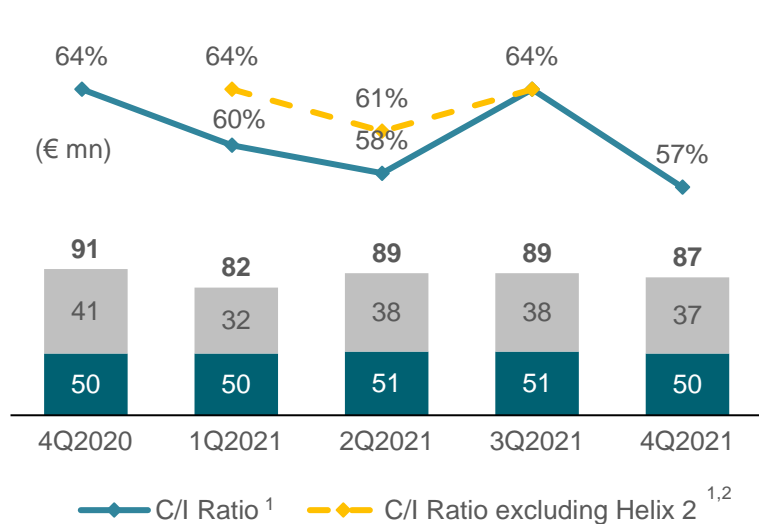
- GWP<sup>2</sup> up 8% yoy
- Net insurance income up 9% yoy, driven mainly by higher GWP<sup>2</sup> partially offset by increased costs and claims (FY2020 claims positively impacted by lockdowns)
- Market share of 13.1%<sup>3</sup>, key player in a concentrated market



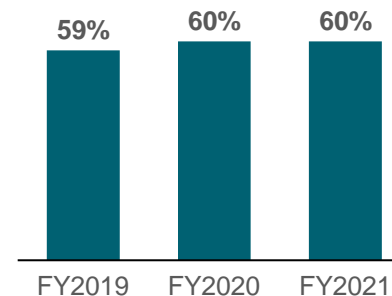
- 1) Total regular income includes yearly renewable gross written premiums and occupational pension contributions
- 2) Gross written premium
- 3) As at 31 December 2021 based on draft preliminary market statistics

# Total Operating Expenses at €87 mn

Total operating expenses<sup>1</sup> of €87 mn for 4Q2021 and €347 mn for FY2021



Cost to income ratio<sup>1</sup> at 60% for FY2021



- Staff costs of €50 mn for 4Q2021, broadly flat qoq; €202 mn for FY2021, up 4% yoy driven mainly by the renewal of the collective agreement in 3Q2021
- Operating expenses of €37 mn for 4Q2021, down 3% qoq; €145 mn for FY2021 broadly flat yoy
- C/I ratio<sup>1</sup> at 57% for 4Q2021, down 7 p.p, qoq supported by higher non-NII; 60% for FY2021, flat yoy
- Successful completion of a small-scale targeted Voluntary Staff Exit Plan in 4Q2021 at one-off cost of €16 mn
  - Gross annual savings in staff costs of c.3% (c.€7 mn)
  - 100 full time employees left the Bank

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

2) Adjusted for the interest income of Helix 2 portfolios

# Leverage leading Digital Capabilities to serve customers and the economy

## Vision

Leverage technology to sustain a competitive advantage through digital banking

Serve customer needs anywhere and at any time, through an agile technology ecosystem

Be the driver of digital economy, in support of national efforts for structural economic reform

## Creating shareholder value

- Improving operational efficiency through:
  - further automation
  - further branch rationalisation
- Opportunities to cross-sell through:
  - modelling customers' needs and behaviours
  - offering tailored products and services



### Digital Transactions ratio

Jan 2019 <sup>1</sup>	Jan 2021 <sup>1</sup>	Jan 2022
70.7%	86.2%	89.4%



### Digitally Engaged Customers

Jan 2019 <sup>1</sup>	Jan 2021 <sup>1</sup>	Jan 2022
64.2%	74.9%	78.8%



### Average mobile logins per month

Jan 2019	Jan 2021	Jan 2022
13.4x	15.3x	17.7x



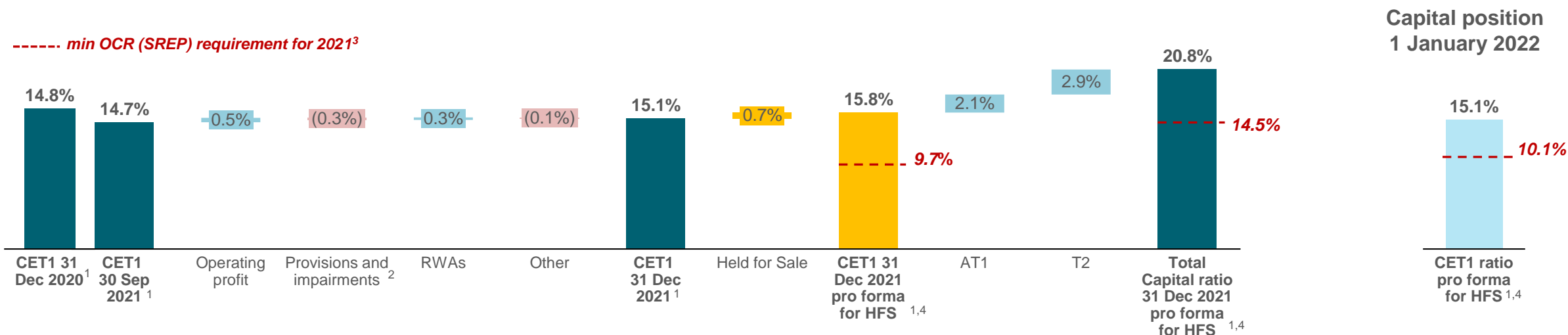
### Active users of Internet and/or Mobile Banking

Jan 2019	Jan 2021	Jan 2022
224K	295k	336k

---

## **Capital & Asset Quality**

# Pro forma for Held For Sale, CET1 at 15.8% <sup>1</sup> and Total Capital ratio at 20.8%<sup>1</sup>



- CET1 ratio<sup>1</sup> **positively** impacted by:
  - c.50 bps organic capital generation from operating profitability
  - c.30 bps from release of RWAs
- CET1 ratio<sup>1</sup> **negatively** impacted by:
  - c.30 bps from provisions and impairments<sup>2</sup>
- HFS expected to add c.65 bps by completion
- CET1 ratio fully loaded at 13.7% and 14.3% pro forma for HFS
- CET1 and Total capital minimum capital requirements for 2022 at 10.1% and 15.0% respectively, following 26 bps increase in P2R mainly due to ECB's prudential provisioning (effective from Mar 2022) and 25 bps phasing in of O-SII buffer as of 1 Jan 2022 (refer to slide 73)
- P2R add-on is dynamic and can be reduced during 2022 on the basis of in-scope NPEs and level of provisioning
- Decrease in P2G more than offsets P2R increase in CET1 ratio
- The Group continues to monitor opportunities for the optimisation of its capital position including Additional Tier1 capital

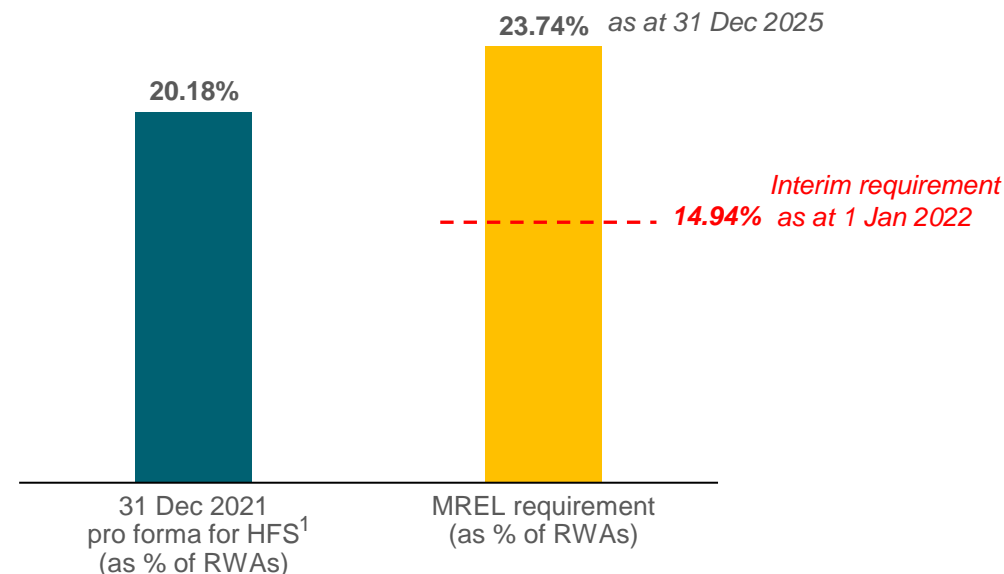
1) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements  
 2) Loan credit losses and other impairments (include the net change of the prudential charges relating to specific credits and other items)

3) OCR (SREP) - Overall Capital Requirement (refer to slide 73)  
 4) Includes unaudited/unreviewed profits for the year ended 31 December 2021

# Interim MREL requirement of 1 January 2022 achieved

- MREL ratio as % of RWAs at 20.18%<sup>1</sup> and 19.30%<sup>1</sup> as at 31 Dec 2021 and 1 Jan 2022 both pro forma for HFS
- MREL ratio as % of Leverage Ratio Exposure (LRE) of 9.87% as at 31 Dec 2021 and 9.56% as at 1 Jan 2022
- **Interim MREL requirement as a % of RWAs of 14.94% for 1 January 2022 achieved** following inaugural issuance of €300 mn senior preferred notes in June 2021
- The Bank will continue to evaluate opportunities to advance the build-up of its MREL liabilities
- MREL ratio and requirement expressed as % of RWAs do not include capital used to meet the Combined Buffer Requirement (CBR), of 3.75% as at 1 Jan 2022

MREL (% of RWAs)



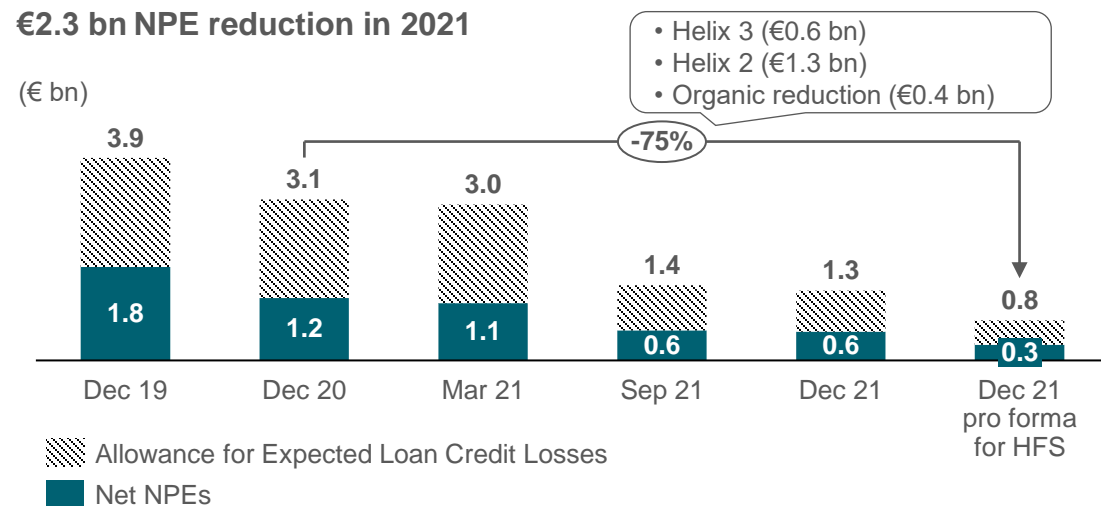
## MREL requirements

- Based on BRRD II; The Bank (BOC) is the resolution entity
- Final Target of 23.74% of RWAs and 5.91% of Leverage Ratio Exposure (LRE) to be met by 31 Dec 2025; no subordination requirement
- The own funds used to meet the combined buffer requirement (CBR) are not eligible to meet MREL requirement as % of RWAs

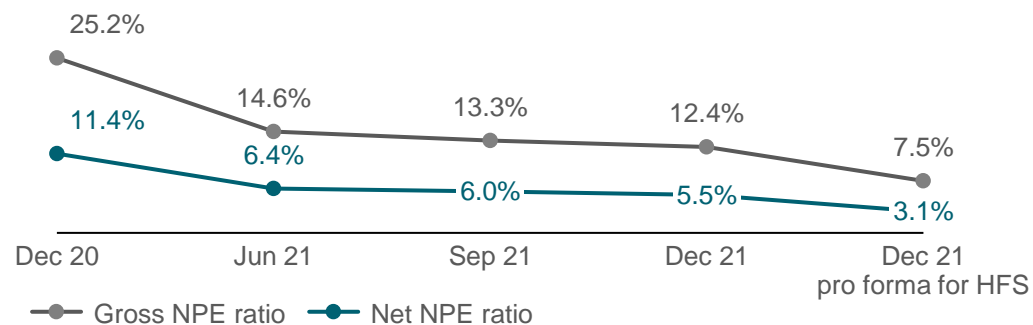
1) Includes unaudited/unreviewed profits for the year ended 31 December 2021

# 75% NPE reduction in FY2021 reducing the NPE ratio to 7.5%

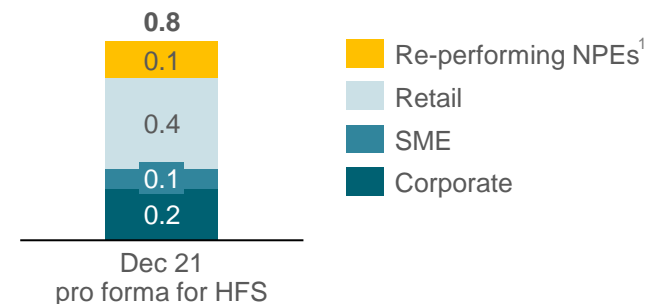
## €2.3 bn NPE reduction in 2021



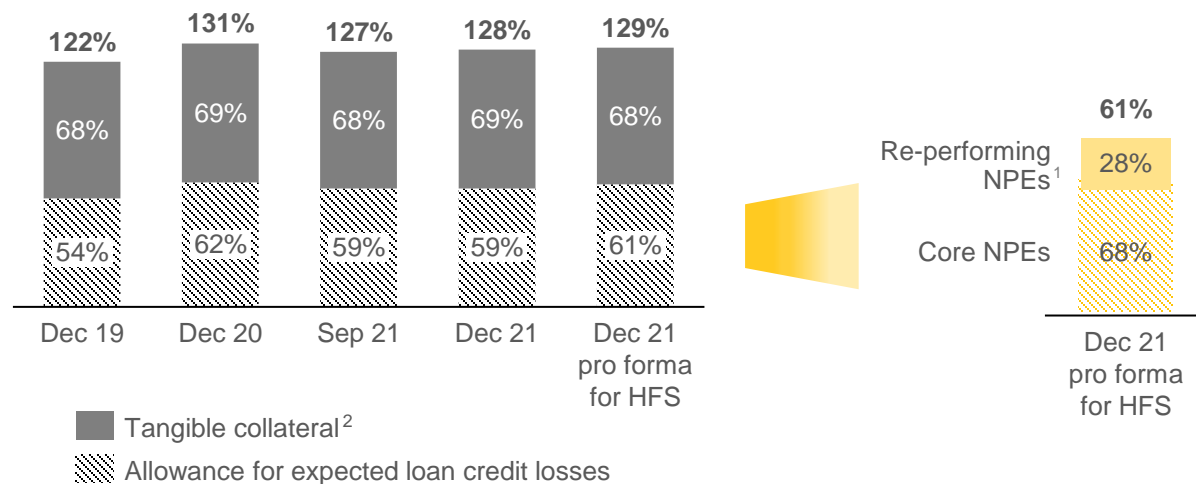
## NPE ratio reduced to 7.5%; 3.1% on a net basis



## Residual NPEs comprises mainly Retail



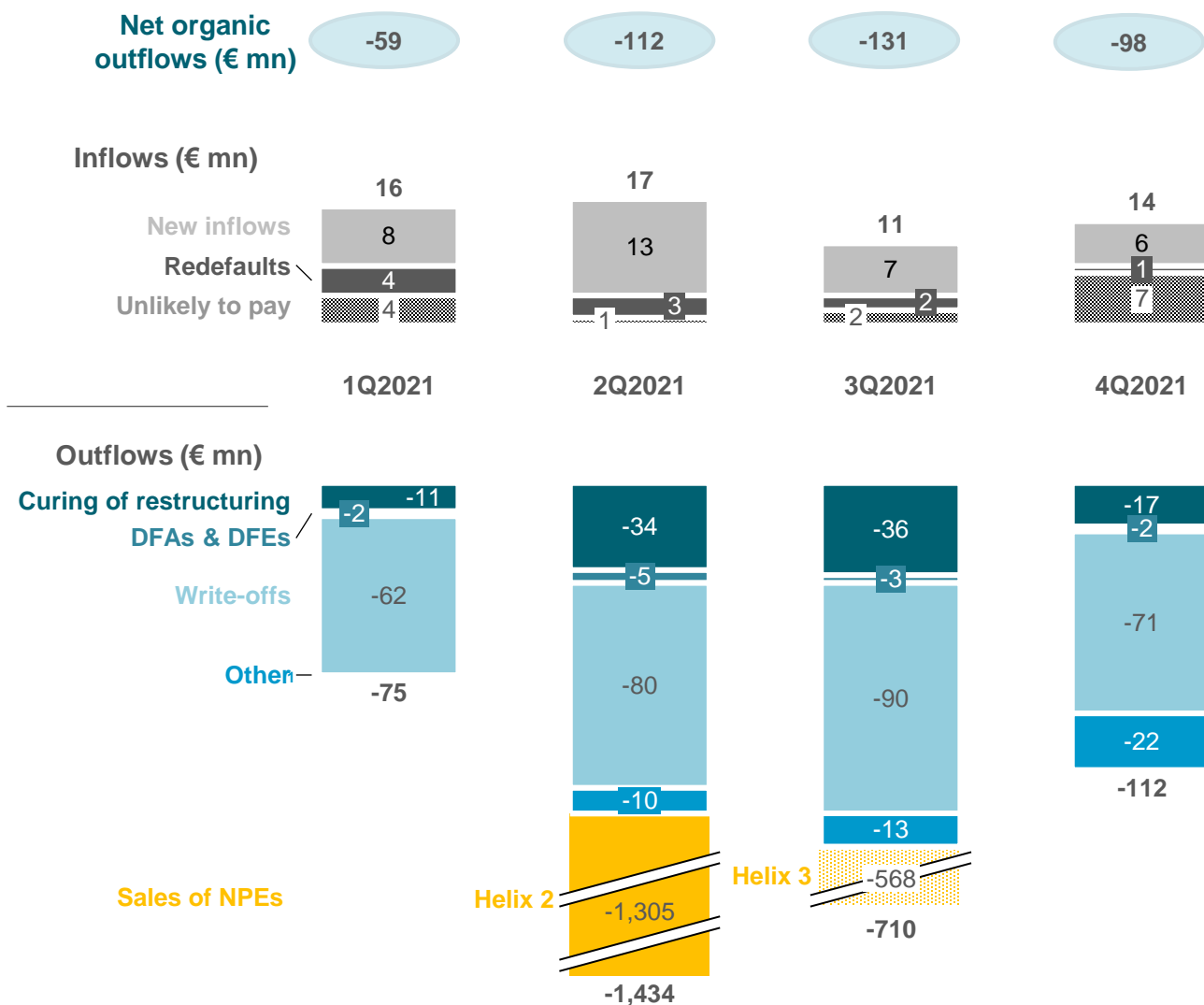
## Pro forma for HFS, NPE coverage at 61%



1) In pipeline to exit NPEs subject to meet all exit criteria; the analysis is performed on a customer basis

2) Restricted to Gross IFRS balance

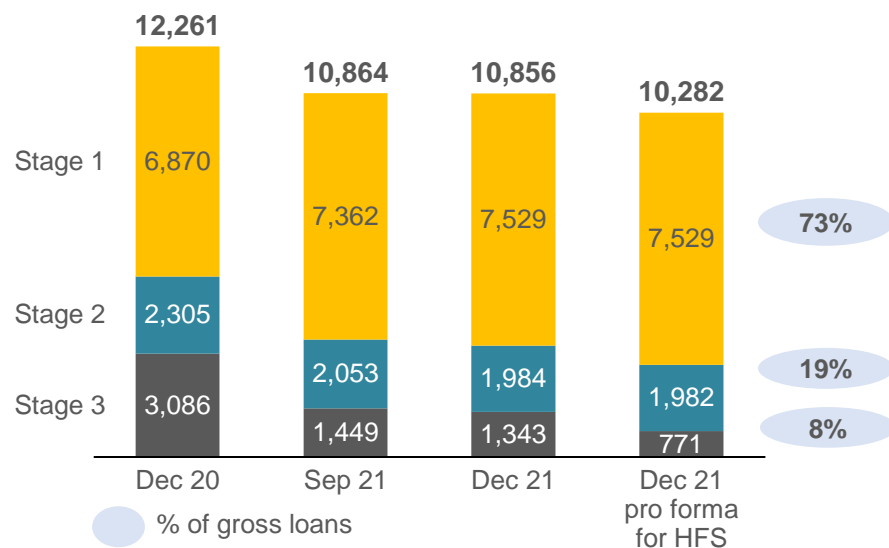
# €400 mn net organic NPE reduction in FY2021



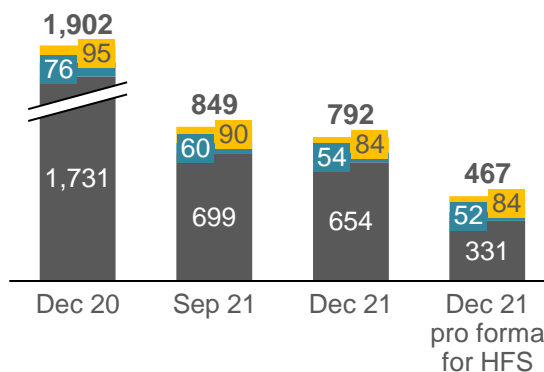
- €112 mn organic NPE outflows in 4Q2021, leading to €98 mn net organic NPE reduction

# Gross loans and coverage by IFRS 9 staging

Gross loans by IFRS 9 stage (€ mn)



Allowance for expected loan credit losses (€ mn)

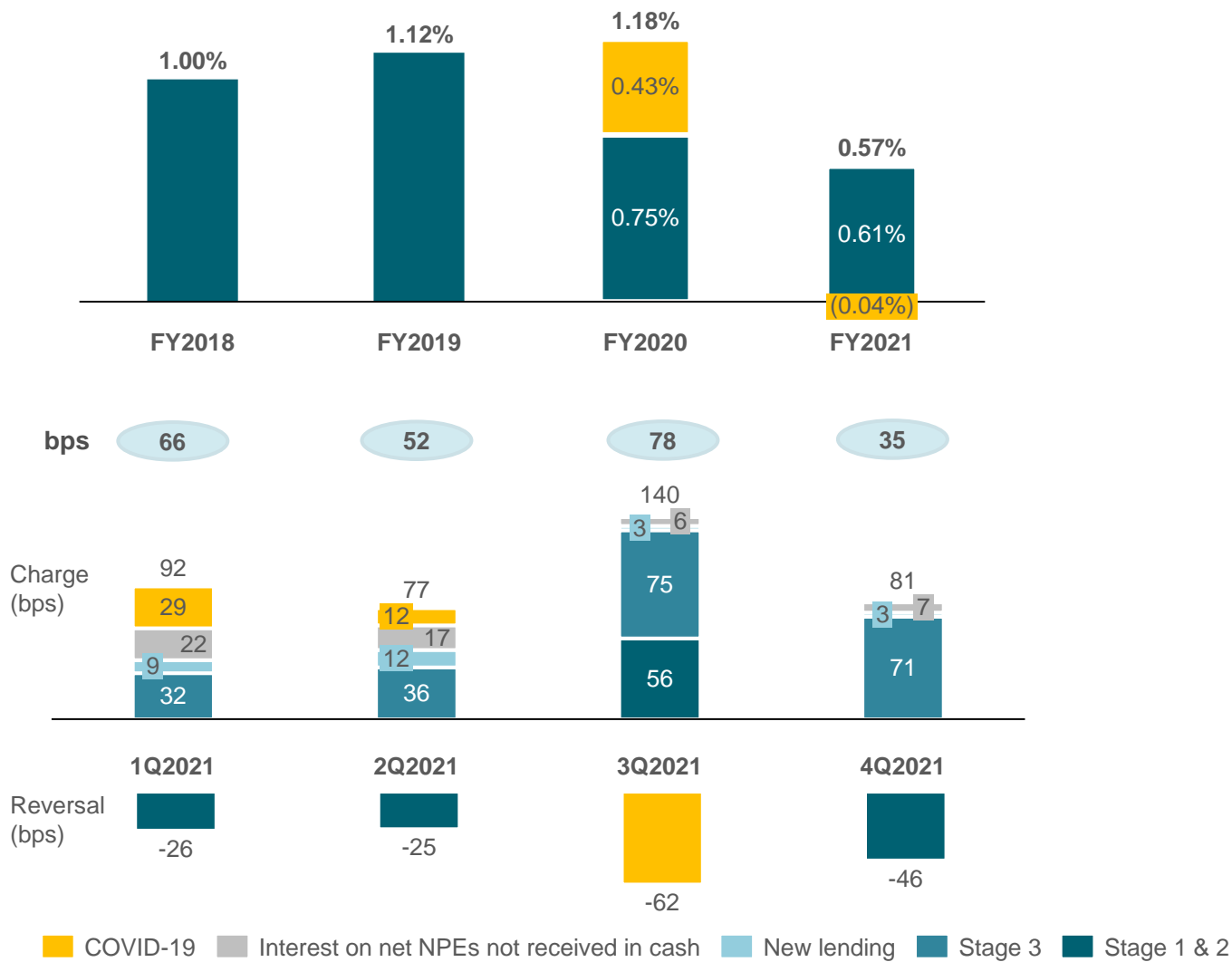


Coverage ratio

	Dec 20	Sep 21	Dec 21	Dec 21 Pro forma for HFS
<b>Stage 1</b>	1.4%	1.2%	1.1%	1.1%
<b>Stage 2</b>	3.3%	2.9%	2.7%	2.7%
<b>Stage 3</b>	56.1%	48.3%	48.7%	42.9%

- Coverage for stage 3 loans at 43% pro forma for HFS
- The decrease in coverage in all stages is attributed to the good performance of the portfolio and the lower provision needs
- Net transfer of c.€74 mn of loans from Stage 2 to Stage 1 in 4Q2021 driven mainly by updated financial information

# Cost of risk of 57 bps for FY2021; 35 bps for 4Q2021



Bank’s IFRS 9 Macroeconomic assumptions

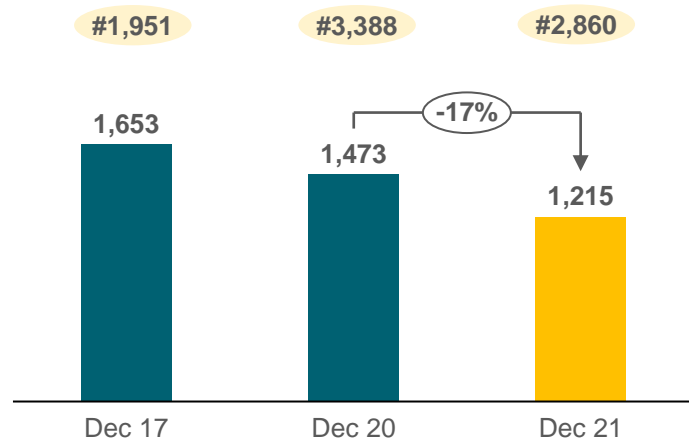
Base line	GDP rate	Unemployment rate
2022	4.3%	6.5%
2023	3.3%	6.4%

- Cost of risk of 35 bps for 4Q2021 (€9 mn), includes a reversal of 46 bps (€12 mn) from stage 1 and stage 2 mainly due to improved cash collections and updated financial information
- Close monitoring of sectors vulnerable to COVID-19 continues
- Additionally, impairments of €23 mn mainly relate to specific, large illiquid REMU assets

# REMU: Pro forma for Held For Sale, REMU stock reduced by 17% in FY2021

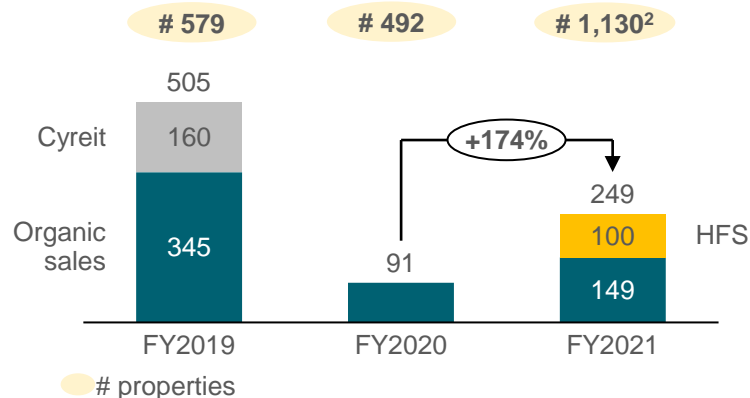
REMU stock reduced to €1.2 bn as at 31 Dec 2021

Group BV (€ mn)



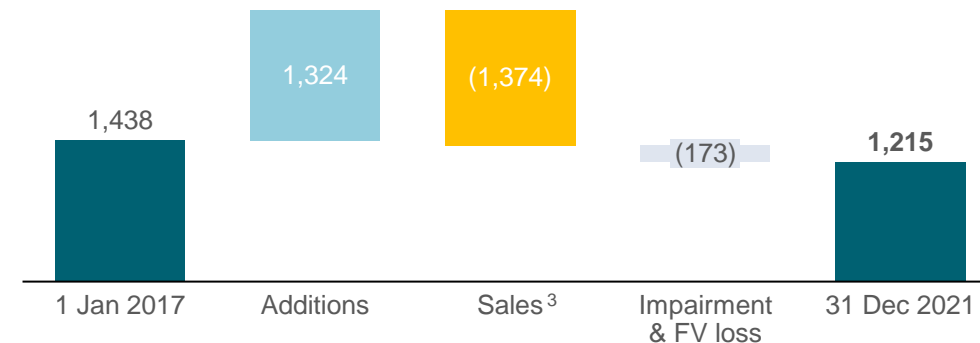
Pro forma for HFS, €249 mn sales in FY2021, +174% yoy

Sales € mn (contract prices<sup>1</sup>)

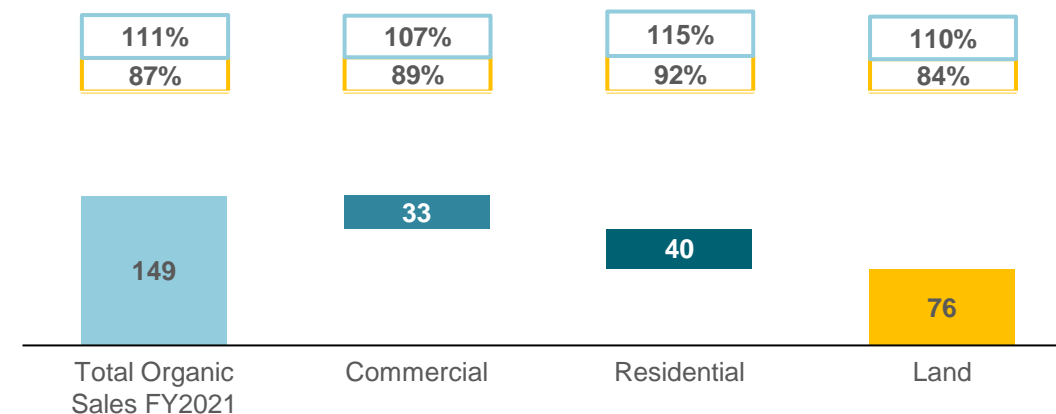


Properties sold exceed properties acquired since 2017

Group BV (€ mn)



€149 mn organic sales in FY2021; comfortably above Book Value



1) Amounts as per Sales Purchase Agreements (SPAs)  
 2) Includes 421 properties of Project Helix 3 and 6 properties of Project Sinope  
 3) Include €102 mn REMU assets classified as held for sale

# Organisational resilience & ESG agenda: ESG Performance

## Environmental



**2.0 mn kWh**  
of energy savings in FY2021



**€273k**  
investment in energy-saving in FY2021



**305k kg**  
paper recycled in FY2021



Introduction of environmentally friendly loan products

## Social



**>16.5 ths**  
cancer patients received treatment and other services at the Bank of Cyprus Oncology Centre for FY2021



**c.€70 mn**  
cumulative investment for the Bank of Cyprus Oncology Centre



**>30** entrepreneurs educated in FY2021 via IDEA innovation centre, a non-profit organization, established in 2015, acting as incubator accelerator for start-ups (**>6,000** entrepreneurs since establishment)

## People



**>3,400**  
employees



**>50 ths**  
hours of training conducted in FY2021



**Certificate by the Ministry of Labour, Welfare and Social Insurance for applying good practices for gender equality in the working environment**

## Responsible services



**€1.8 bn**  
new lending for FY2021; up **33%** yoy



**89%**  
of total transactions in FY2021 are through digital channels; up **3p.p.** yoy



**79%**  
of customers are digitally engaged as at 31 Dec 2021; up **4 p.p.** yoy

## Governance



**33%**  
of the board of directors are female as at 31 Dec 2021

**38%**  
of the key positions<sup>3</sup> below extended EXCO are female



**68**  
internal audits finalised in FY2021



**3,620**  
customer relationships terminated/suspended for compliance reasons in FY2021

## SupportCy<sup>1</sup> Network



**>€780k**  
total contribution to the Society by all members (monetary, products and services) since March 2020

## Improvement of MSCI ESG Rating

MSCI ESG Rating<sup>2</sup>

**AA** for BOCH

Rating action date: Jan 2022

**MSCI**  
ESG RATINGS



CCC B BB BBB A **AA** AAA

1) SupportCY is a network of companies and NGOs, created and coordinated by Bank of Cyprus since March 2020, with the aim to support the public services performing frontline duties during the Pandemic. SupportCY has become the leading network for offering assistance and support to the Society in general. The members on 31/12/21 were 130 companies and NGOs.

2) Please refer to slide 84 in the definitions

3) Key positions defined as positions between Assistant Manager A and Manager A

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## **Updated Medium-term Strategic Targets**

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# Investment highlights



## **Our Operating Environment**

Open, small and dynamic economy; fully recovered to pre-pandemic levels

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## **Our Position**

Diversified Leading Financial and Technology hub in Cyprus

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## **Our Team**

Strong leadership team with an excellent track-record, committed to deliver shareholder value while maintaining best in class governance

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## **Our Strategic Priorities**

Delivering sustainable profitable growth and shareholder value creation

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# Diversified Leading Financial and Technology hub in Cyprus

## Leading full-service Bank

- 39% market share in loans and 35% in deposits
- c.655k private individuals customers (~3/4 of population)

## Profitable life and non-life insurance business

- Market leader in Life insurance
- Strong player in Non Life business

## Strong Technology hub

- 336K active digital users<sup>1</sup>; 89% digital transactions<sup>2</sup>
- 75% shareholder in largest payment processing company
- Launch of Ecosystem to drive the digital economy, leveraging on digital capabilities and market footprint

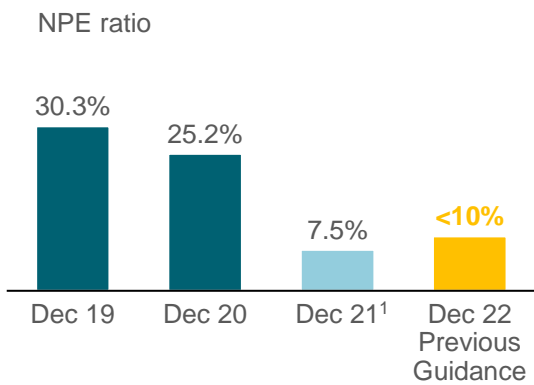


1) Active users of mobile and internet banking

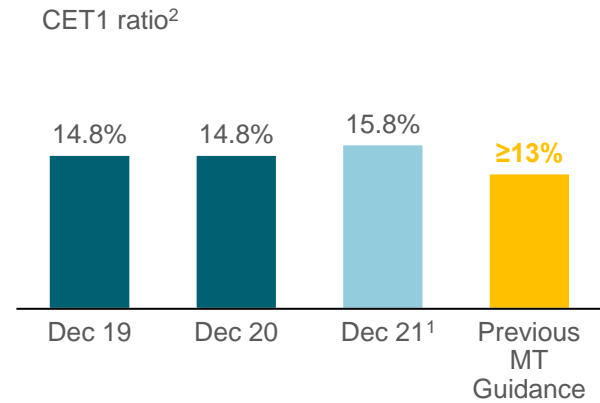
2) This is the ratio of the number of digital transactions performed by individuals and legal entity customers to the total number of transactions. Transactions include deposits, withdrawals, internal and external transfers. Digital channels include mobile, browser and ATMs. Digital transactions have been adjusted to include Payroll & Group Transfers performed through 1Bank at transaction level

# Significant progress achieved on strategy announced in November 2020...

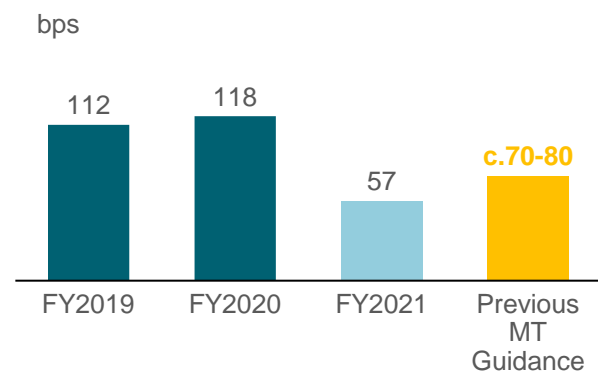
## Single digit NPE ratio achieved a year earlier



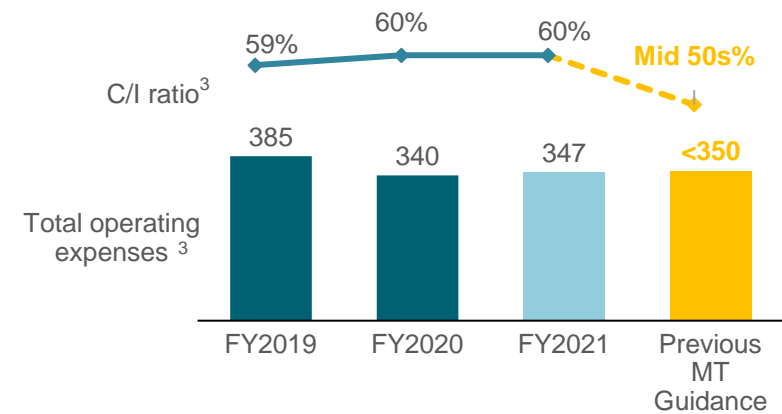
## Strengthened capital position



## Cost of Risk normalising post NPE sales






## C/I ratio<sup>3</sup> increasing in the near term (as expected) before improving in the medium-term



1) Pro forma for HFS  
2) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements  
3) Excludes special levies and other contributions

# ...leading to increased focus on value creation, with updated medium term targets

		2021	2023	2025
<b>Profitability</b>		Return on Tangible Equity (ROTE) <sup>1</sup>	1.8%	Mid-single digit On trajectory to consider dividend distribution <sup>4</sup>
		Cost to Income ratio <sup>2</sup>	60%	50%-55%
<b>Asset Quality</b>		NPE Ratio	7.5% <sup>3</sup>	<5% <3%
		Cost of risk	57 bps	40-50 bps
<b>Capital</b>		CET1 ratio	15.8% <sup>3</sup> (14.3% <sup>3</sup> FL)	Supported by CET1 ratio of 13.5%-14.5%

**Paving the way for dividend distribution from 2023 onwards<sup>4</sup>**

1) ROTE is calculated as Profit after Tax divided by (Shareholders' equity minus Intangible assets)

2) Calculated using total operating expenses which comprise staff costs and other operating expenses. Total operating expenses do not include the special levy on deposits or other levies/contributions and do not include any advisory or other restructuring costs.

3) Pro forma for HFS

4) Subject to performance and relevant approvals

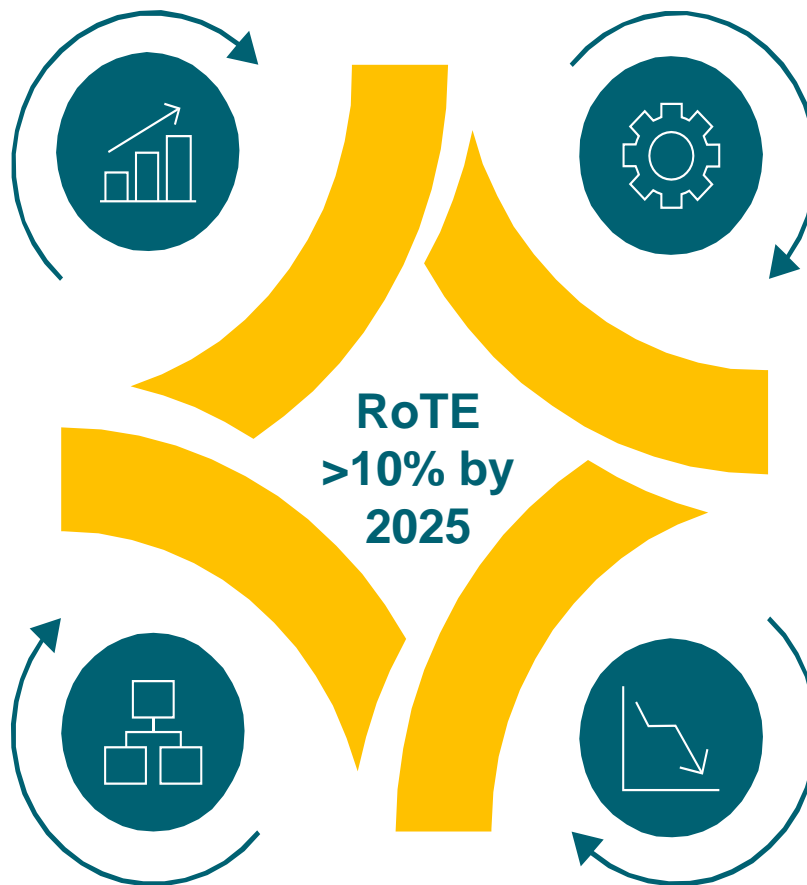
# Key strategic pillars to deliver shareholder value

## 1 Revenue growth in a more capital efficient way

- Grow high quality new lending
- Drive growth in niche areas for further market penetration
- Diversify through non banking services (insurance and digital products)

## 4 Organisational resilience & ESG

- Embed ESG sustainability in the Bank's culture
- Launch of ESG targets with a shift of focus on Environment
- Invest in our people and promote talent



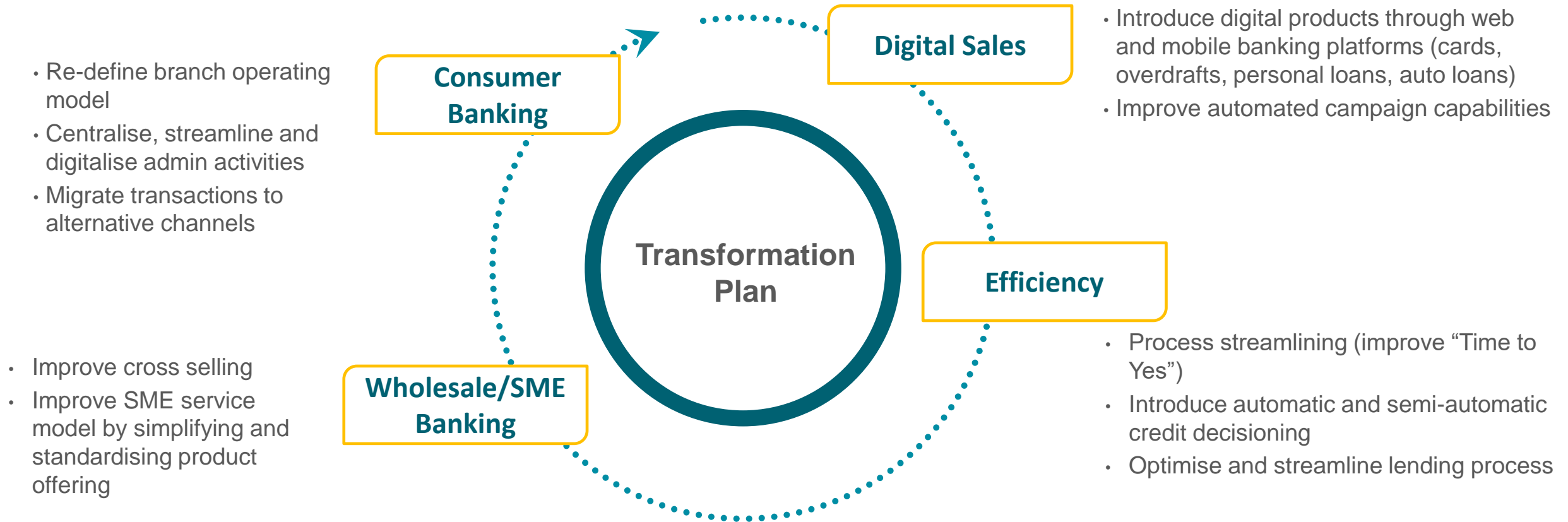
## 2 Lean operating model

- Continued delivery on the cost agenda
- Improve operating efficiency whilst funding digital transformation and investing in the business

## 3 Asset Quality

- Maintain high quality new lending
- Complete legacy de-risking and management post pandemic NPE inflows
- Normalise Cost of Risk and reduce other Impairments

# Transformation Plan enabling delivery on Strategic Pillars



*c.65% of wholesale customers to have a positive economic value added*  
*>30% sales through digital channels*

**Our ambition in the near term**

*>70% of deposits to migrate to self-service channels*  
*>40% of decisions for consumer lending fully automated*  
*>30% reduction of administrative activities in branch*

# Building blocks towards a strong ROTE of >10% by 2025

## Gradual recovery of NII

- **NII** impacted by de-risking and end of TLTRO favourable terms in the near term
- Expected to recover from 2023 as loan expansion and margin stabilisation more than offsets foregone NII
- Well positioned for rising rates given high levels of liquidity

c.1%  
ROTE<sup>1</sup>

## Non-NII: growth in a more capital efficient way

- **Grow Net fees and commissions** via multiple initiatives (CAGR c.4%<sup>2</sup>)
- Expand **insurance income** leveraging on Bank's strong market share
- **Digital economy platform** introduced to exploit opportunities beyond banking

c.1.5-2.0%  
ROTE<sup>1</sup>

## Lean operating model

- **Cost containment** in the near term driven by transformation plan and digital focus
- Committing to total **operating expenses <€350 mn by 2025**, despite inflationary pressures, whilst funding digitisation and investment in business
- Effectively eliminating **restructuring costs** as de-risking largely complete

c.2.5-3.0%  
ROTE<sup>1</sup>

## De-risking

- **Normalisation of COR and reduction in other impairments** as balance sheet de-risking largely complete
- Benefit expected to kick-in in the near term

c.2.5-3.0%  
ROTE<sup>1</sup>

1.8%  
ROTE  
2021

>10%  
ROTE  
by 2025

1) Contribution to ROTE for 2025

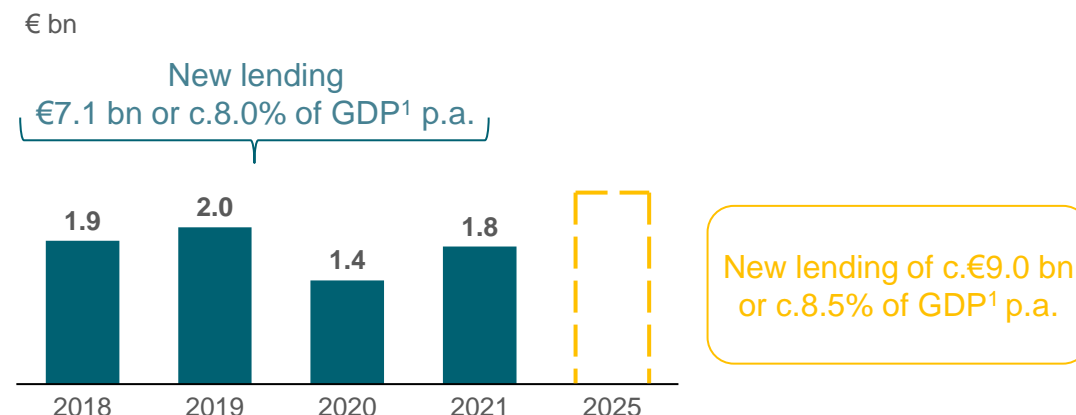
2) Fees from banking activities (i.e. do not include any fees from Digital Economy Platform)

# ① NII growth driven by loan expansion and margin stabilisation

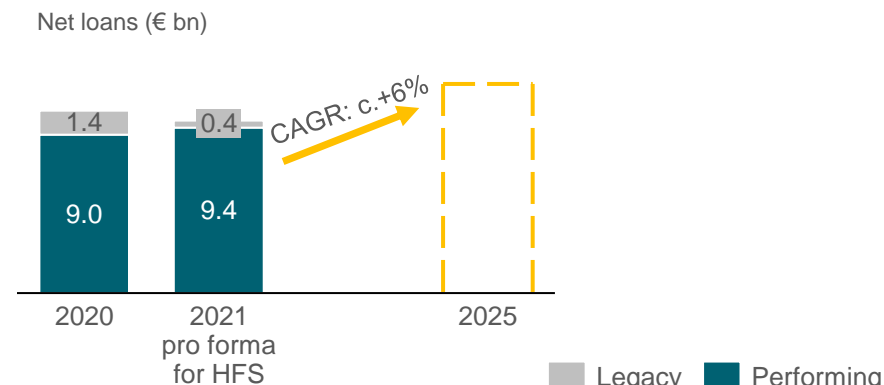
## Drivers

- **c.€9 bn of high quality new lending**
  - Significant deleverage of Cyprus economy in past 7 years, coming to an end
  - Economic growth expected to continue by annual average of  $\geq 3\%$  in 2022-2025
  - Benefit from strong market position
  - Help deploy EU Recovery & Resilience Fund (2021-2026: €1.2 bn )
  - International and shipping new lending of c.€1 bn
  - Explore market opportunities from performing loan trades in Cyprus
  - Support customers in the transition to a sustainable future
- **Net performing book to grow by c.6% p.a.**
- **Improved NII driven by high quality new lending**

### New lending of c.€9 bn for 2022-2025



### Net performing book to grow by c.6% p.a.



# ① NII growth driven by loan expansion and margin stabilisation

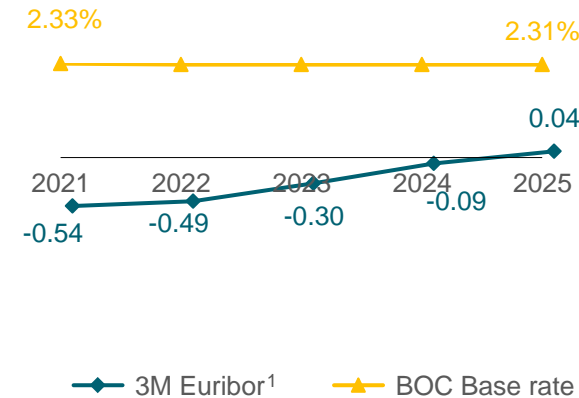
## Drivers

- Conservative interest rate assumptions
- Well positioned for faster rising rates
- TLTRO favourable terms not expected to be extended post June 2022
- Factoring in increased funding cost from further MREL issuance
- Conservative assumptions for Fixed Income investments

## 2022 Outlook

- NII impacted by de-risking, end of TLTRO favourable terms and potential further MREL issuance<sup>4</sup>
- Interest on Net NPEs not received in cash, fully provided
- Recovery from 2023

### Conservative interest rate assumptions



### Well positioned for faster rising rates

Impact of parallel shifts in interest curves <sup>2,3</sup>	Y1	Y2	Y3
Upward scenario*	c.30 mn	c.40 mn	c.45 mn
Downward scenario*	c.-30 mn	c.-30 mn	c.-35 mn

\* 50 bps parallel shift in EUR interest rates and 60 bps in USD rates

1) Based on Market forward rates as of December 2021 (Source Bloomberg)

2) Changes in the Bank base rates are highly correlated to changes in Bank's fixed deposit rates. Bank's fixed deposit rates are currently assumed to have zero sensitivity to +/-50 bps change in EUR market rates and hence no change in Bank base rate is assumed

3) Refer to slide 84 for further details

4) Subject to market conditions

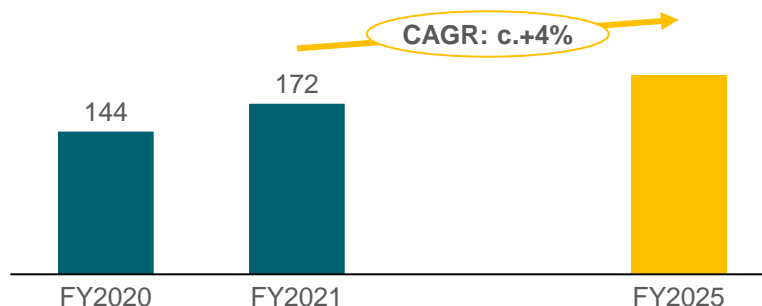
# ① Grow F&C from banking activities, through targeted initiatives

## Drivers

- Fees supported by price adjustments and increased activity as economy recovers
- Amend the universe of deposits on which liquidity fees are charged
- **Deposit conversion** to higher return products for customers (Wealth services)
- Increase **average product holding** through cross selling (cards, digital loans, wealth and insurance products) to the under-penetrated customer base via:
  - Operational model re-design
  - Client segmentation & catering to different customer niches

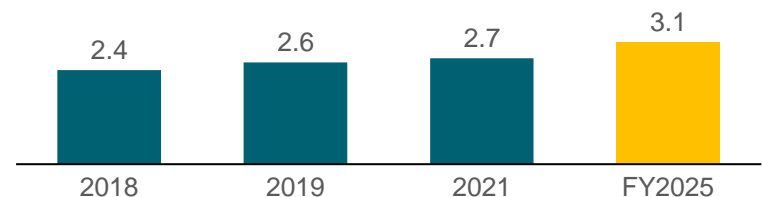


### Fee and commission income from banking activities<sup>1</sup>



### Potential to improve product penetration

Avg product holding/retail customer



- cards
- digital products
- wealth products
- insurance products

1) Fee and commission income from banking activities do not include any fees from Digital Economy Platform

# ① Profitable insurance business well positioned for further growth

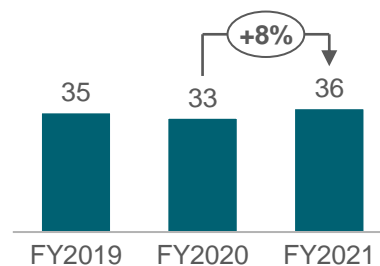
eurolife

## Drivers

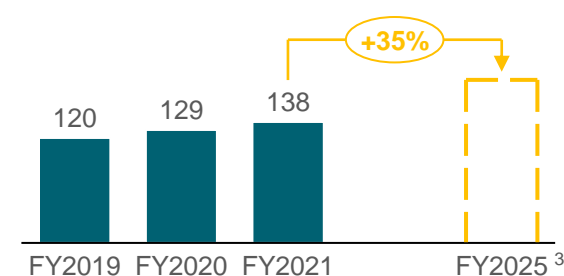
- Pursue new market segments with profitable potential (business insurance, income protection)
- Explore opportunities in Occupational Pensions
- Launch new products and investment funds (eg: Individual Pension product, ESG fund)
- Widen target market, leveraging on revamped bancassurance model
- Strengthen agency force organically and improve productivity through digitisation and campaigns
- Upgrade customer experience via enhanced self-service capabilities (myeurolife portal)

### Sustainable healthy profitability...

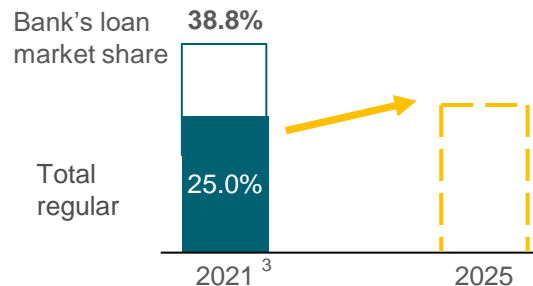
Net insurance income<sup>1</sup>  
€ mn



Total regular income<sup>2</sup>  
€ mn



### ...aiming to further grow, leveraging on Bank's strong market share



1) IFRS 17 (as of 1 Jan 2023) impact remains uncertain but not expected to significantly impact medium term ROTE  
2) Total regular income includes yearly renewable gross written premiums and occupational pension contributions  
3) Market share as at 31 December 2021 based on draft preliminary market data

# ① Profitable insurance business well positioned for further growth

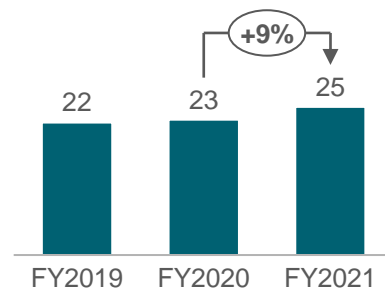


## Drivers

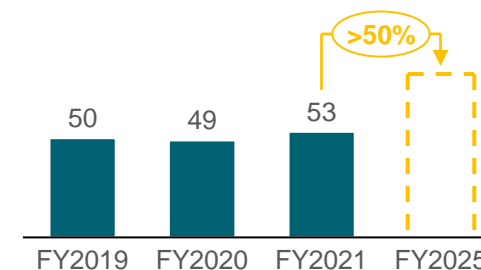
- Widen target market leveraging on revamped bancassurance model
- Exploit synergies with life insurance agency force
- Focus on profitable business segments (fire and liability)
- Strengthen profitable penetration into motor sector
- Pursue digital growth via Genikes Insurance & BOC digital channels
- Centralise and automate claims handling process
- Enhance customer relationship management

### Sustainable healthy profitability...

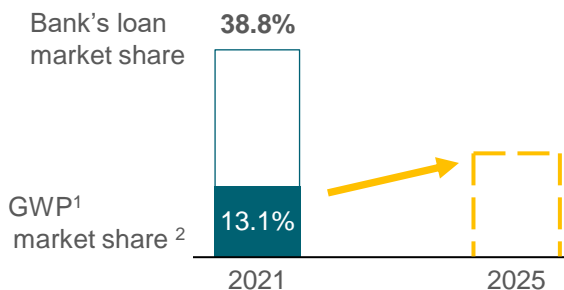
Net insurance income  
€ mn



GWP<sup>1</sup> growth  
€ mn



### ...aiming to further grow leveraging on Bank's strong market share

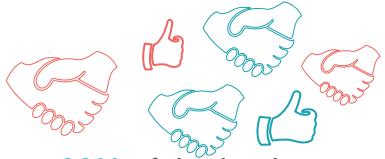


1) Gross written premium

2) Market share as at 31 December 2021 based on draft preliminary market data

# ① A Trusted Provider and the Market Cornerstone

Leveraging our market footprint, our trusted provider status and our digital capability investment



60% of the businesses in the economy are BOC clients that can obtain value through a B2B<sup>1</sup> ecosystem enabled connectivity

## J!NIUS



>335K users currently utilise the BOC digital channels services and are digitally engaged and active

### Digital Partners

Reduce integration time  
Allow cross industry connectivity  
Scale

B2B<sup>1</sup>



B2C<sup>2</sup>



### End Users

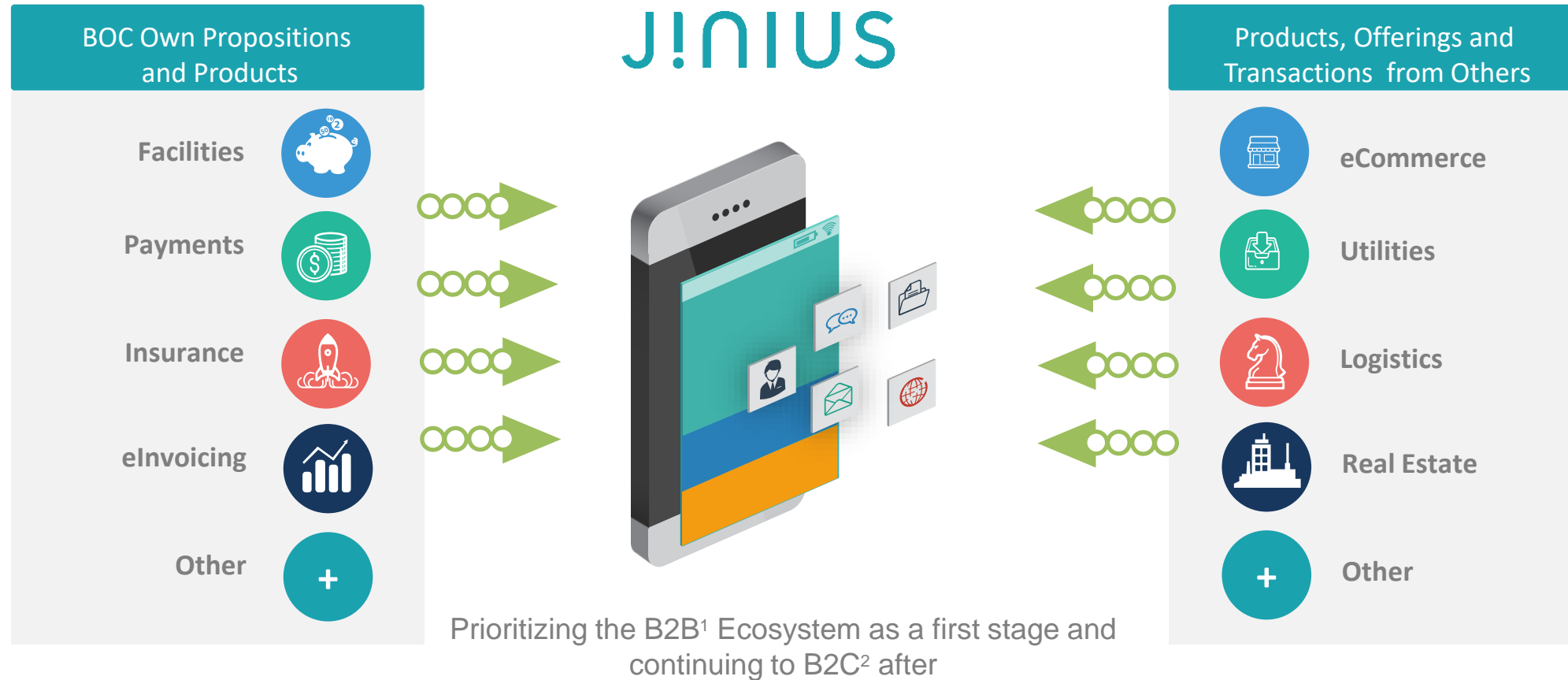
Centralised frictionless experience  
Combining banking and lifestyle services

Drive the digital economy and create new revenue streams

1) Business to Business  
2) Business to Customer

# ① An Ecosystem Driven Platform to Create Opportunities for All

Bringing the economy stakeholders together to drive opportunities in lifestyle banking and beyond



1) Business to Business  
2) Business to Customer

## ② Cost containment whilst funding digitisation and investment in business

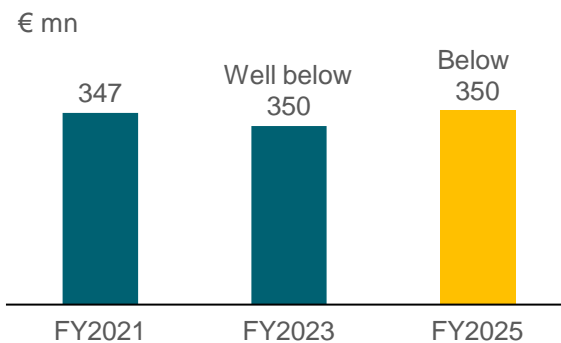
### Drivers for a lean operating model

- Absorbing inflationary pressures and investments in the business by cost saves from further staff and footprint optimisation
- Transformation plan in progress to enable modern banking by digitally transforming customer service and internal operations
- Automations and centralisation of backoffice activities
- Reduction of restructuring expenses to single digit as de-risking largely complete

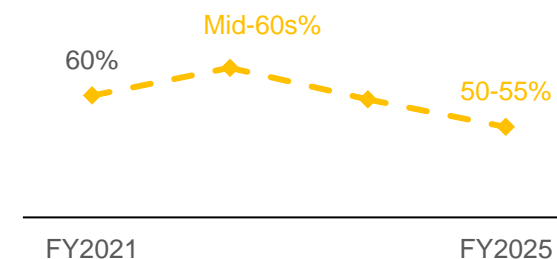
### 2022 Outlook

C/I ratio<sup>1</sup> expected to rise in 2022 before improving to 50-55% by 2025, as revenues remain under pressure and operating expenses<sup>1</sup> increase due to higher IT/digitisation investment costs

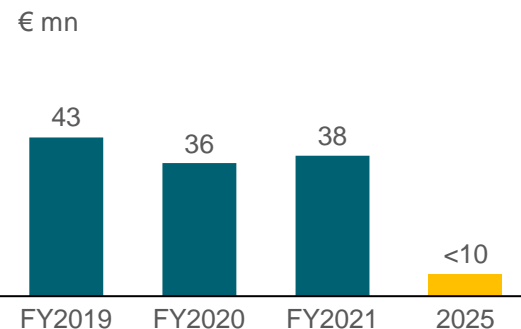
Total operating costs<sup>1</sup> <€350 mn despite inflationary pressures



C/I ratio<sup>1</sup> expected to rise to mid 60s% before improving to 50-55%

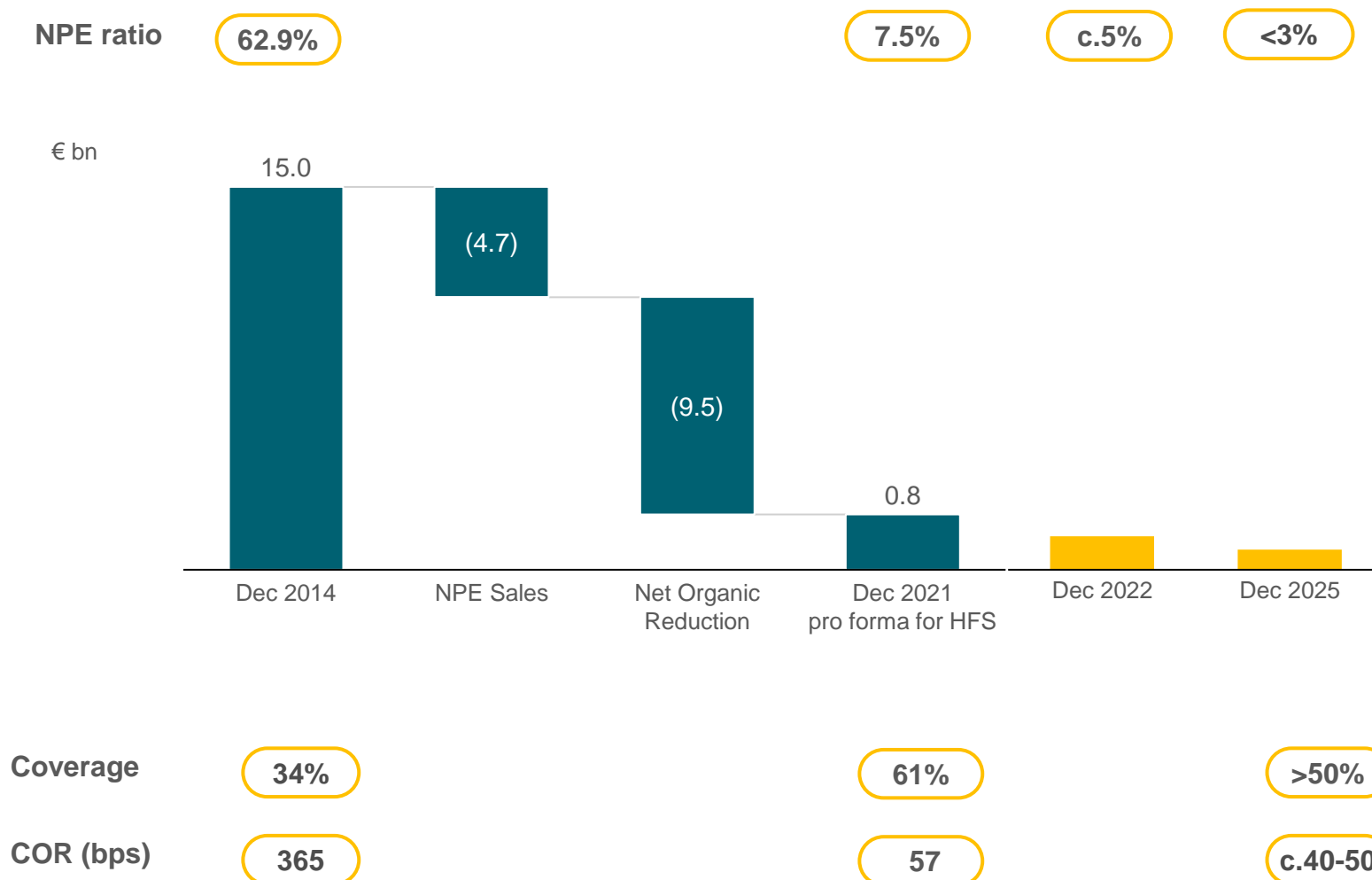


Reduction of restructuring expenses to single digit



### ③ Low single digit NPE ratio in sight

- Organic NPE reduction resulting to NPE ratio of c.5% by end-2022
- Containment of NPE inflows post the pandemic
- Normalisation of COR and reduction in other impairments as balance sheet de-risking largely complete



# Capital Management with CET1 13.5 - 14.5%

## Robust capital position in 2021



CET1 ratio 15.8%<sup>1</sup> (FL:14.3%<sup>1</sup>)



Total capital ratio 20.8%<sup>1</sup>

## Improving ROTE supporting organic capital generation



ROTE: >10% by 2025



CET1 management at 13.5-14.5%

## Usage of capital going forward

- Organic growth of loan book
- Investment in business
- Regulatory impacts
- One-off cost optimisation charges

**Paving the way for dividend distribution from 2023 onwards<sup>2</sup>**

1) Pro forma for HFS

2) Subject to performance and relevant approvals

## ④ Organisational resilience & ESG agenda

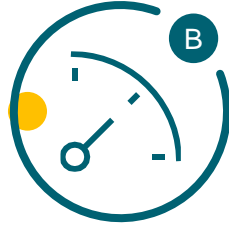


### Enhanced structure and corporate governance

Fostering, cross-functional  
collaboration

Streamlining management  
committees for faster  
decision-making

Introducing agile working  
methodologies in the  
workplace



### Focus on our people

Performance based pay  
structure introduced across  
the Bank to drive greater  
alignment with Bank's  
strategy and ambition

Invest in attracting and  
developing top talent in  
functional areas that will  
support our future growth



### ESG strategy

Launch of ESG targets  
with focus shifting on  
Environment

Remain strong on Social  
and Governance Pillars

# ESG strategy - Lead the transition to a Sustainable Future

## Robust Infrastructure

- Set-up of dedicated Executive Committee to oversee ESG agenda
- Launch of ESG Targets
- Formulation of dedicated workgroups to ensure delivery
- **Improvement of MSCI ESG rating: AA rating assigned to BOCH**



Carbon neutral  
by 2030  
Net Zero  
by 2050

- Carbon footprint calculation and formulation of decarbonisation plan with specific interim targets
- Data gap analysis and initiation of data collection from customers
- Identification of climate & environmental risks, to integrate into Bank's Risk Management



Green Asset Ratio  
&  
Green Mortgage Ratio  
Steadily increase

- Continuously enriching environmentally friendly products in line with Recovery & Resilience Plan of Cyprus



≥30% women  
in Group's management bodies<sup>1</sup>  
by 2030

- 24% as at 31 December 2021
- 33% at Board level as at 31 Dec 2021
- 38% for key positions below Extended EXCO as at 31 December 2021
- Committed to Diversity & Equal Opportunities

1) EXCO and extended EXCO

# Key Information and Contact Details

## Contacts

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Visit our website at: [www.bankofcyprus.com](http://www.bankofcyprus.com)

## Credit Ratings

### Standard & Poor's Global Ratings:

Long-term Issuer Credit Rating: Affirmed at "B+" on 7 February 2022 (positive outlook)

Short-term Issuer Credit Rating: Affirmed at "B" on 7 February 2022

Long-term Resolution Counterparty Rating: Affirmed at "BB" on 7 February 2022

Short-term Resolution Counterparty Rating: Affirmed at "B" on 7 February 2022

### Fitch Ratings:

Long-term Issuer Default Rating: Affirmed at "B-" on 14 December 2021 (positive outlook)

Short-term Issuer Default Rating: Affirmed at "B" on 14 December 2021

Viability Rating: Affirmed at "b-" on 14 December 2021

### Moody's Investors Service:

Long-term Deposit Rating: Upgraded to "Ba3" on 15 December 2021 (positive outlook)

Short-term Deposit Rating: Affirmed at "Not Prime" on 15 December 2021

Baseline Credit Assessment: Upgraded to "b2" on 15 December 2021

Counterparty Risk Assessment: Upgraded to "Ba2(cr)" / Affirmed at "Not-Prime (cr)" on 15 December 2021

Local and foreign currency long-term Counterparty Risk Rating: Upgraded to "Ba2" on 15 December 2021

Local and foreign currency short-term Counterparty Risk Rating: Affirmed at "Not-Prime" on 15 December 2021

### Listing:

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

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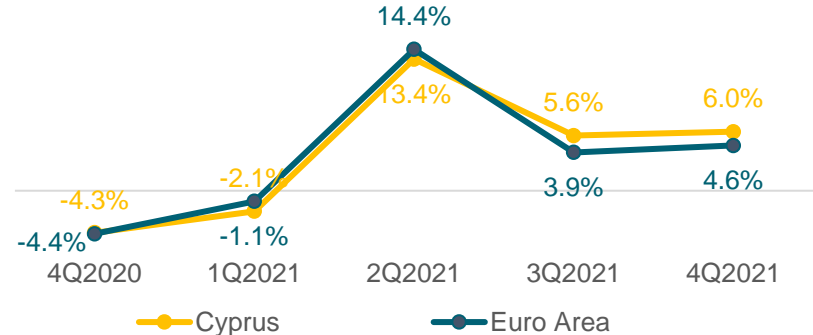
# **APPENDIX**

## **Macroeconomic overview**

# Strong economic recovery continued in 4Q2021; Conservative macro assumptions underpin the Business Plan

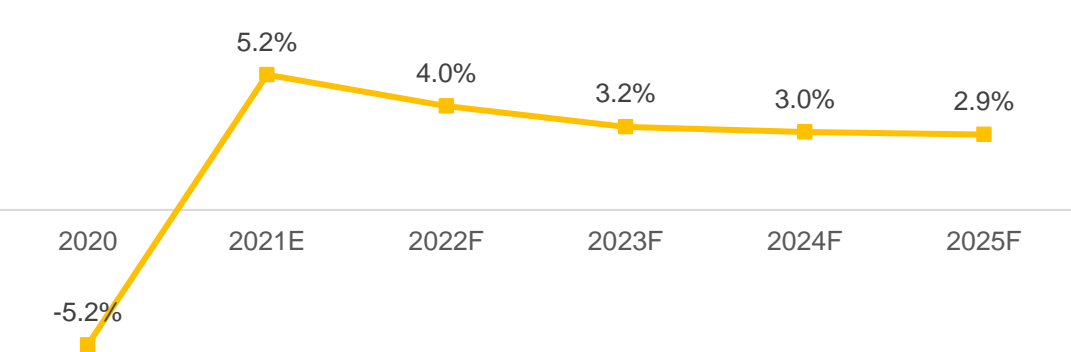
## Strong economic recovery expected to continue in 2022

Annual Real GDP yoy % change<sup>1</sup>

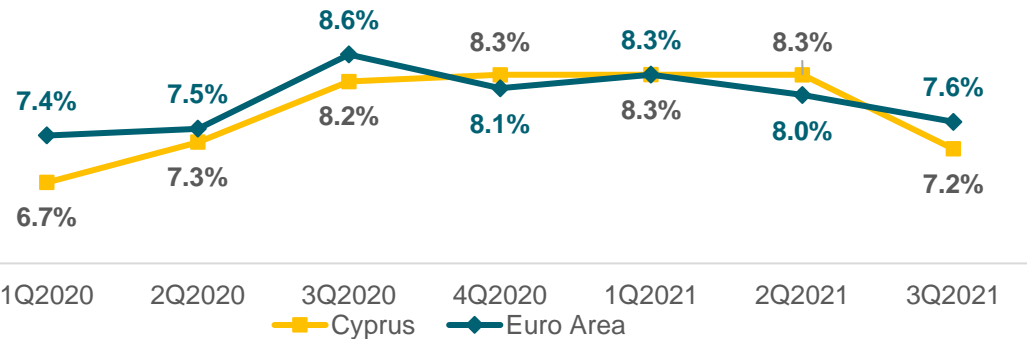


## Business Plan GDP assumptions

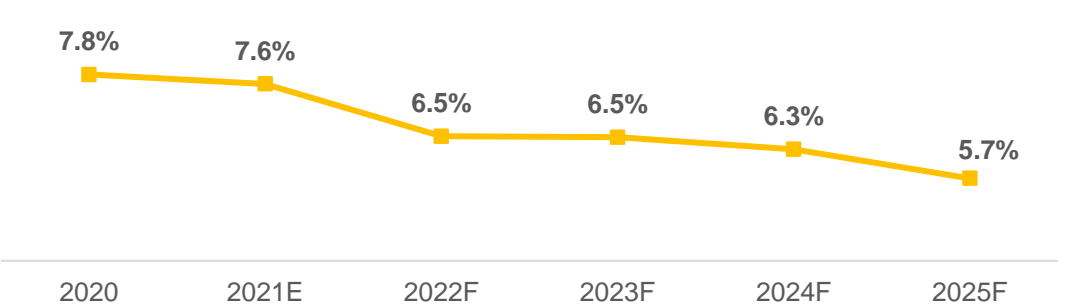
Annual Real GDP yoy % change<sup>1</sup>



## Unemployment rate decreased to 7.2% in 3Q2021



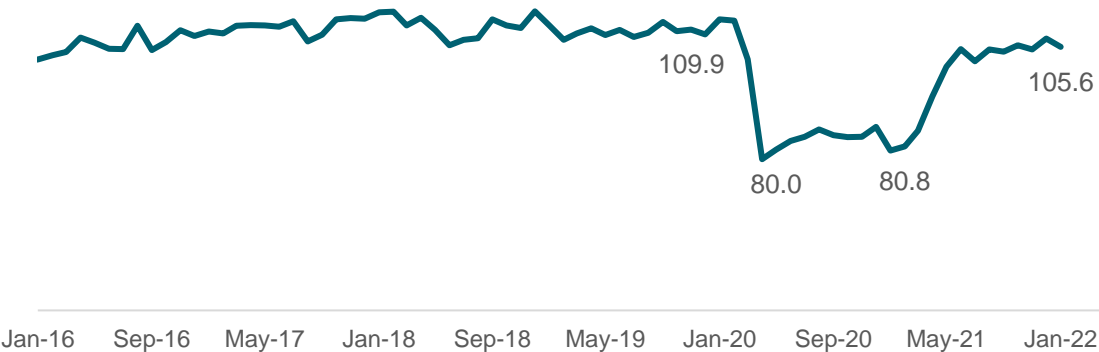
## Business Plan Unemployment assumptions



SOURCE: Statistical Service of Republic of Cyprus; Economics Research Centre of University of Cyprus, BOC Economic Research (projections and calculations)

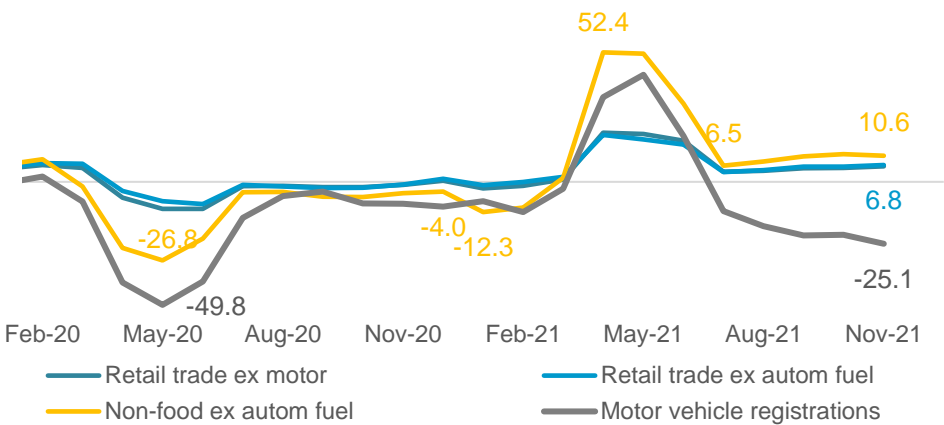
# Consumption and business activity continue to improve

Economic Sentiment Indicator: Confidence returning

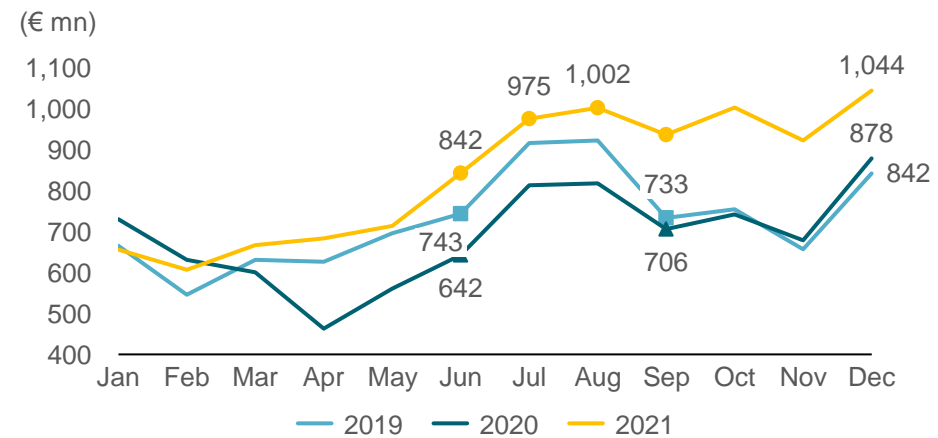


Retail sales stabilise in 4Q2021

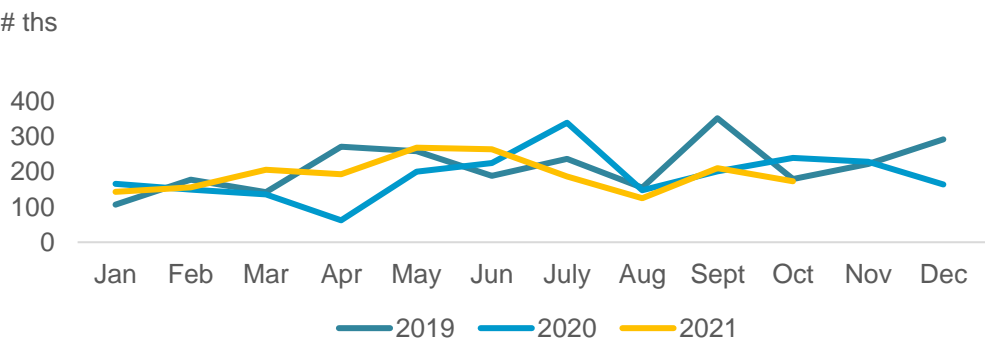
Retail trade volume % change -3m average



Card spending continues to increase in line with economic activity

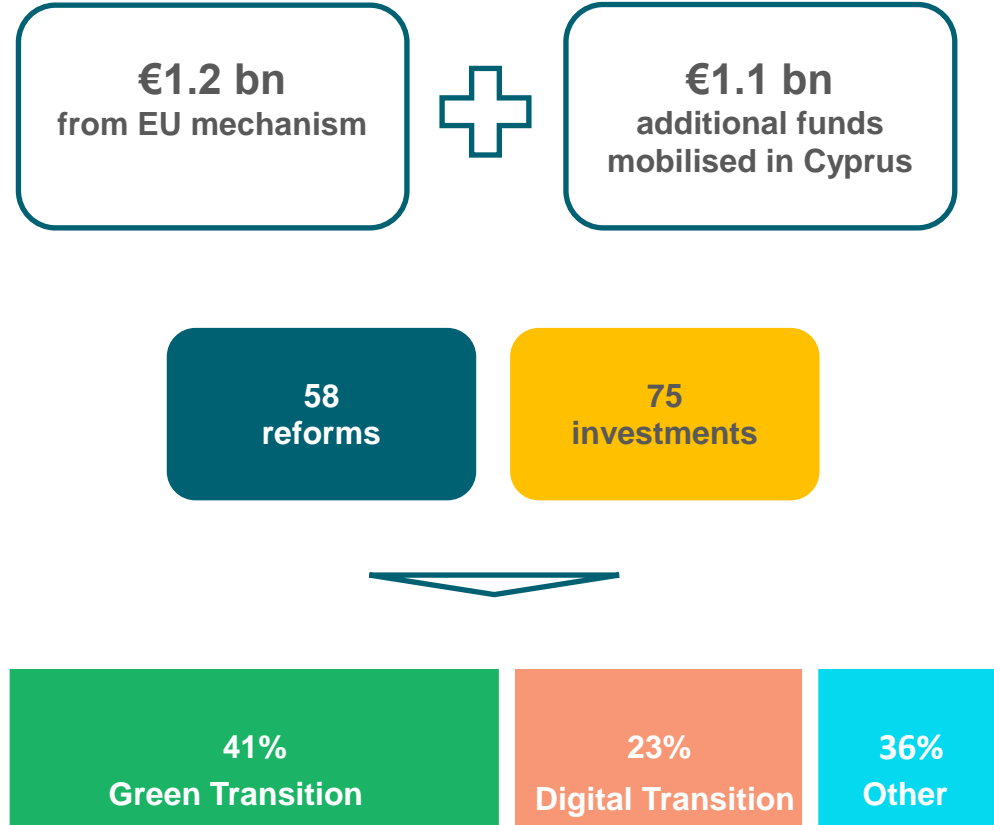


Volume of building permits



# EU Recovery and Resilience Facility (RRF)

To mitigate the socioeconomic impact of the pandemic & to strengthen the resilience and competitiveness of the Cypriot economy



7.1% increase in GDP for 2022-2026



2.5% increase in employment for 2021-2026



+11,000 new high value-added jobs



preparing for a green and digital era



## 75 new investments to be initiated including:

- Interconnection between Cyprus, Greece and Israel (€100 mn)
- Promotion of diversification and competitiveness via introduction of financing schemes to SMEs and start-ups (€52 mn)
- Promotion of sustainable transport (eg: hybrid vehicles) (€49 mn)



## 58 reforms to be introduced including:

- Modernising public and local authorities, improving efficiency in judicial system
- Introducing green taxation
- Establishing e-government

# Appendix- Recovery and Resilience Facility Estimated Budget

Policy axis/ Component	Estimated budget (€ mn)	% of total estimated budget
<b>1 Public Health and civil protection- lessons learnt from the pandemic</b>	<b>74.1</b>	<b>6.1%</b>
1.1 Resilient and effective health system and enhanced civil protection	74.1	6.1%
<b>2 Accelerated transition to a green economy</b>	<b>447.6</b>	<b>37.1%</b>
2.1 Climate neutrality, energy efficiency and renewable energy penetration	269.3	22.3%
2.2 Sustainability transition	91.3	7.6%
2.3 Smart and sustainable water management	87.3	7.2%
<b>3 Strengthening the resilience and competitiveness of the economy</b>	<b>422.3</b>	<b>35.0%</b>
3.1 New growth model and diversification of the economy	166.4	13.8%
3.2 Enhanced research and innovation	64.0	5.3%
3.3 Business support for competitiveness	51.4	4.3%
3.4 Modernising public and local authorities, making justice more efficient and fighting corruption	96.0	7.9%
3.5 Safeguarding fiscal and financial stability	44.5	3.7%
<b>4 Towards a digital economy</b>	<b>89.4</b>	<b>7.4%</b>
4.1 Upgrade infrastructure for connectivity	53.0	4.4%
4.2 Promote e-government	36.4	3.0%
<b>5 Labour market, education and human capital</b>	<b>172.9</b>	<b>14.3%</b>
5.1 Educational system modernization, upskilling and retraining	94.0	7.8%
5.2 Labour market	78.9	6.5%
<b>Total RRP</b>	<b>1,206</b>	<b>100%</b>
<b>Green transition</b>	<b>c.491</b>	<b>c.40%</b>
<b>Digital transition</b>	<b>c.282</b>	<b>c.23%</b>

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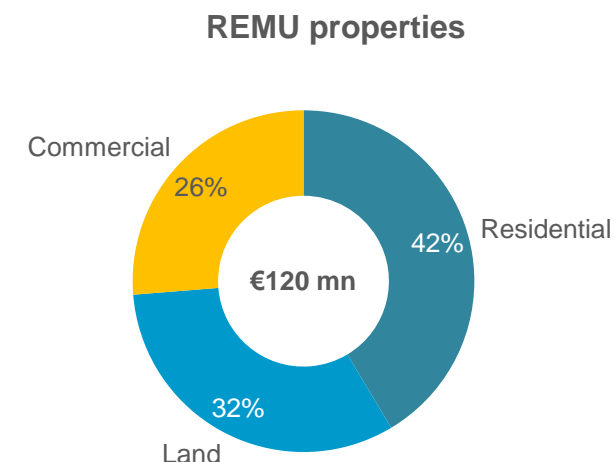
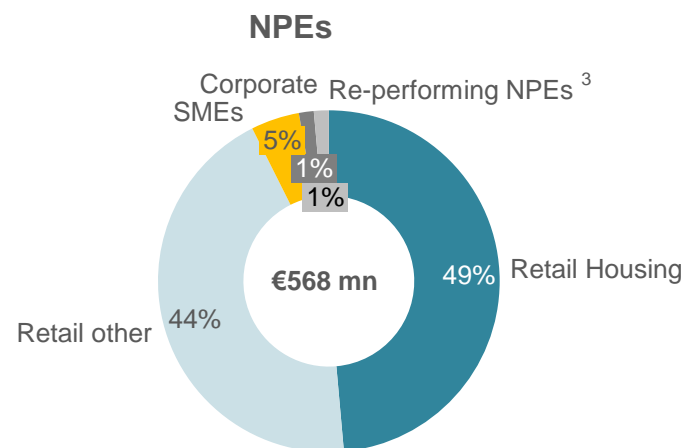
# **APPENDIX**

## **Additional asset quality slides**

# €0.6 bn NPE sale agreed in 4Q2021, reducing NPE ratio to 7.5%<sup>1</sup>

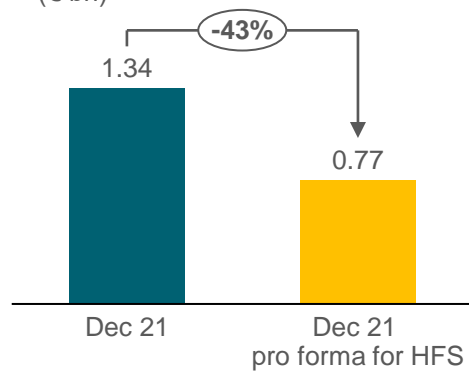
## Helix 3

- Agreement for the sale of €568 mn NPEs and c.€120 mn REMU properties as at 30 Sep 2021
- Gross cash consideration of c.€385 mn
- Completion expected in 1H2022
- Accounting profit of c.€10 mn recorded in 3Q2021; +8 bps on CET1 as at 30 Sep 2021
- Overall by completion, total positive impact of 69 bps on the CET1 ratio

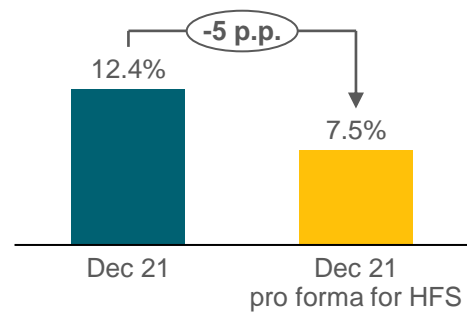


### 43% reduction of NPEs

(€ bn)

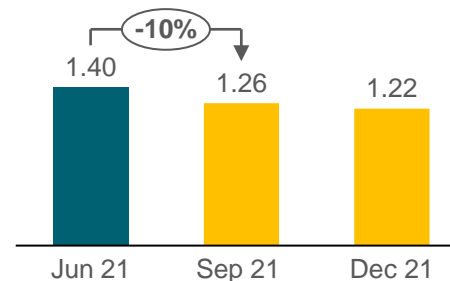


### 5 p.p. reduction in NPE ratio



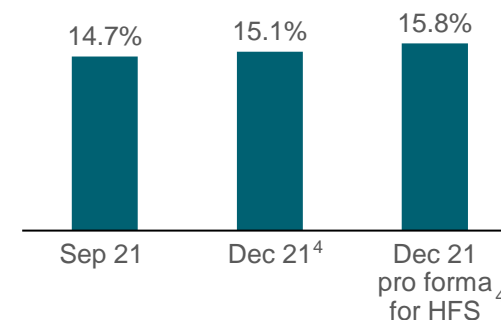
### 10% reduction of REMU stock

Book value (€ bn)



### Overall, by completion c.70 bps capital accretive

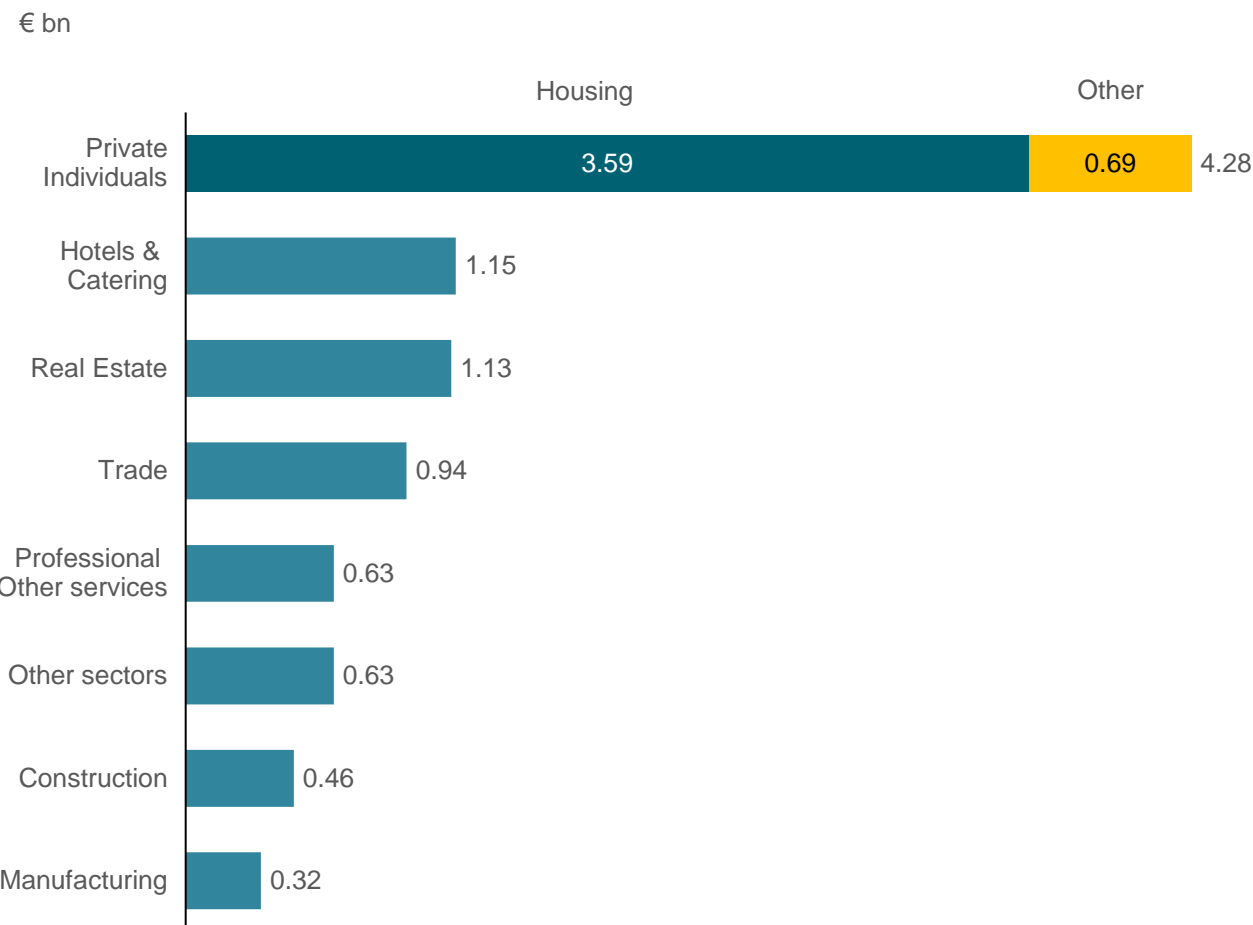
CET1 ratio<sup>2</sup>



1) Pro forma for HFS  
 2) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements  
 3) In pipeline to exit NPEs subject to meet all exit criteria; the analysis is performed on a customer basis  
 4) CET1 (includes unaudited/un-reviewed profits for the year ended 31 December 2021)

# Well diversified loan portfolio with high quality collateral

## Gross loans (excluding legacy)<sup>1</sup> by business sector of €9.54 bn



LTV <sup>2</sup>	Housing €3.59 bn	Other €0.69 bn	Business €5.26 bn
<80%	88%	35%	71%
>80%	12%	65%	29%

### Private Individuals: €4.28 bn

- **Housing performing loans: €3.59 bn**
  - Low LTV<sup>2</sup> housing portfolio
  - 88% of portfolio with LTV<sup>2</sup><80%
- **Other: €0.69 bn**
  - 62% secured portfolio of which:
    - 57% with property
    - 43% with other type of collateral

### Business: €5.26 bn

- 71% of business portfolio with LTV<sup>2</sup> <80%

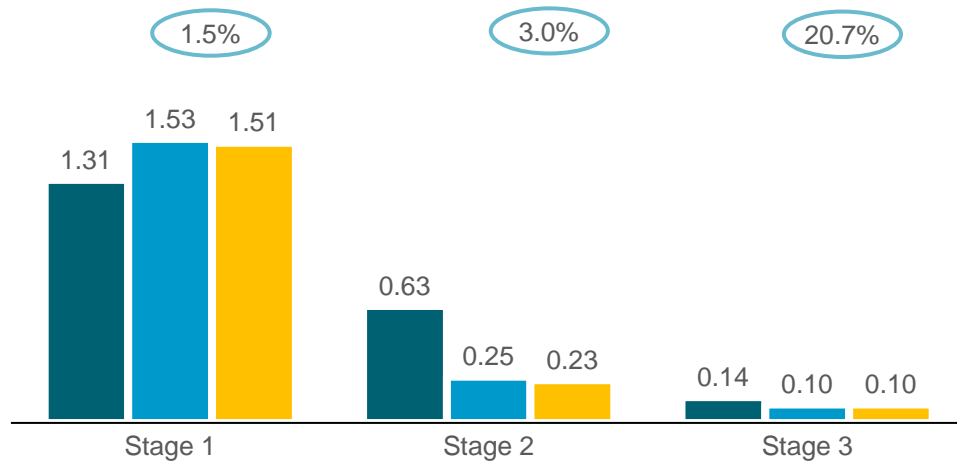
1) Gross loans as at 31 December 2021 of Corporate (incl. IB and W&M and Global Corporate), SME, Retail, and H/O

2) Loan to Value (LTV) is calculated as the Gross IFRS Balance to the indexed market value of the property. Under Pillar 3 disclosures LTV is calculated as the Gross IFRS Balance to the indexed market value of collateral. Collateral takes into consideration the mortgage amount registered in the land registry plus legal interest from registration date to the reference date

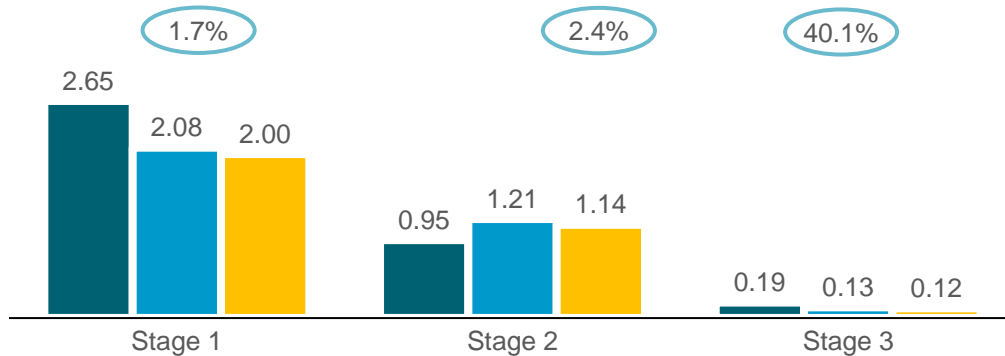
# Decomposition of payment deferrals

## IFRS 9 staging for expired loan payment deferrals

Private individuals: €1.84 bn<sup>1</sup>



Businesses: €3.26 bn<sup>1</sup>



○ Coverage ■ Dec 2020 ■ Sep 2021 ■ Dec 2021

### Private Individuals

- Net reclassification of c.€18 mn from Stage 2 to Stage 1 mainly due to improved macro assumptions

### Businesses

- Net reclassification of c.€46 mn from Stage 2 to Stage 1 in 4Q2021, mainly due to updated financial information

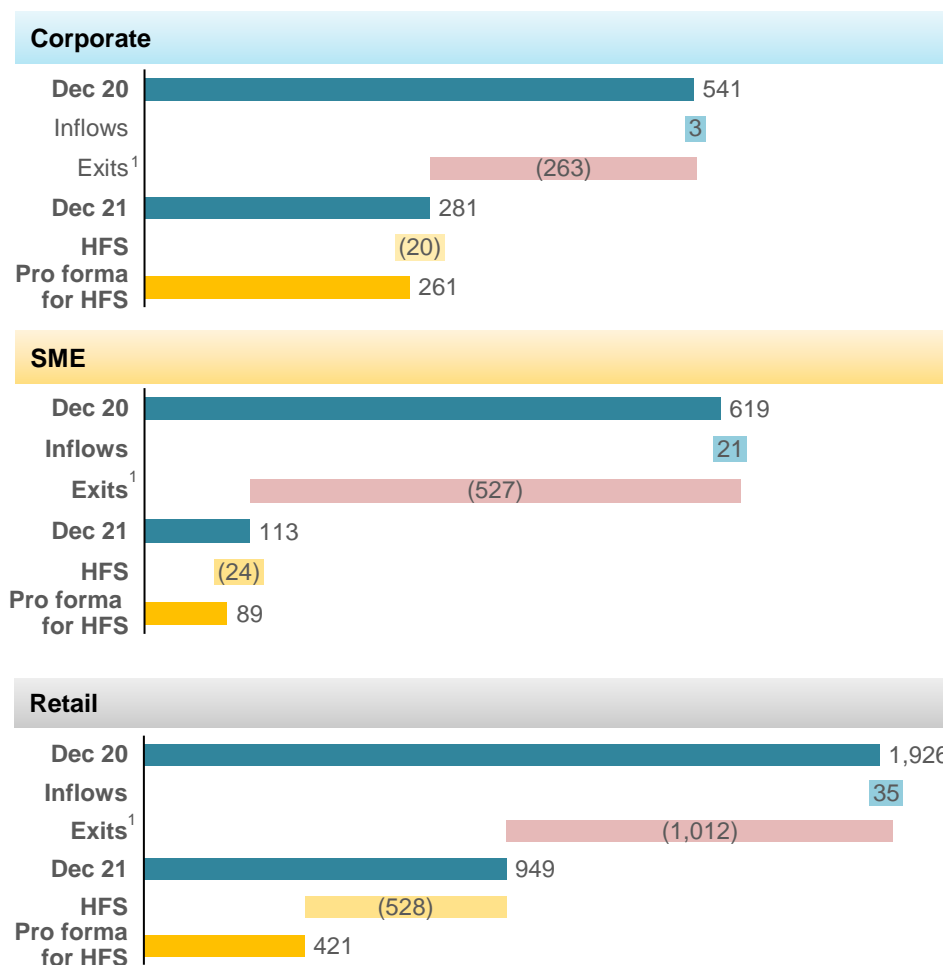
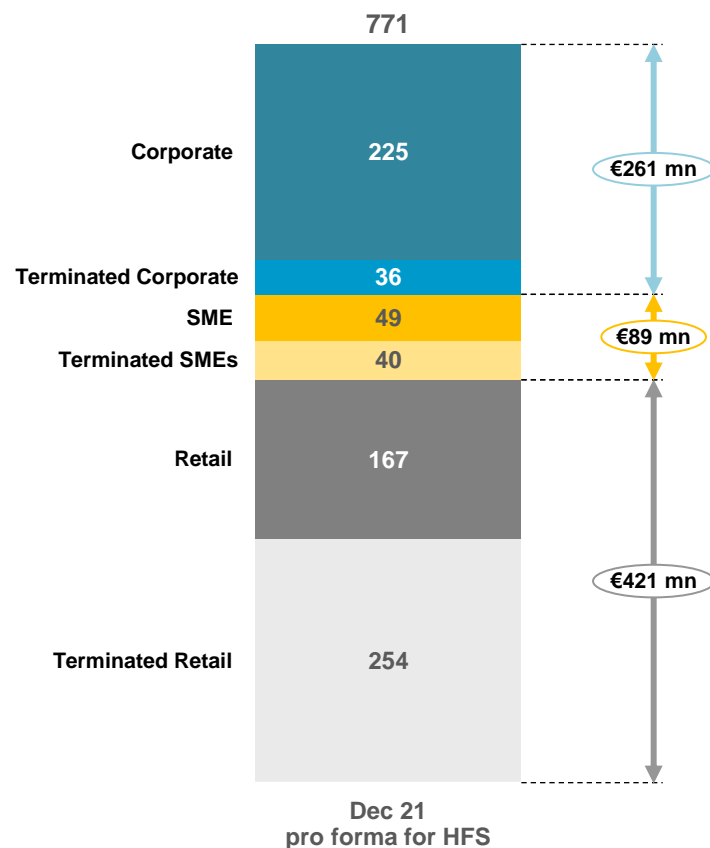
**Adequate coverage of Stage 3 expired payment deferrals;**  
higher than the coverage of re-performing NPEs<sup>2</sup> (slide 23)

1) As at 31 Dec 2021; includes current accounts and overdrafts of c. €0.26 bn (€0.02 bn for Private individuals and €0.24 bn for businesses)  
2) Re-performing: pipeline to exit NPEs subject to meet all exit criteria; the analysis is performed on a customer basis (formerly called Non-core NPEs)

# Continuous progress across all segments

## Focus shifts to Retail

€ mn



### Dec 2021 Pro forma

NPE ratio	5.6%
NPE coverage	83%
NPE total coverage	121%

### Dec 2021 Pro forma

NPE ratio	7.5%
NPE coverage	64%
NPE total coverage	138%

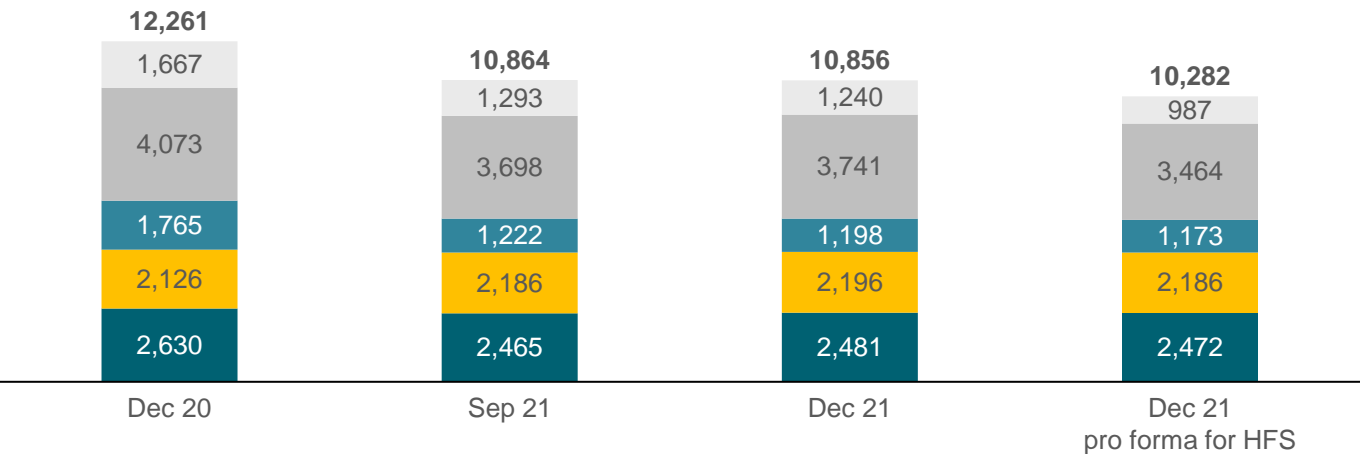
### Dec 2021 Pro forma

NPE ratio	9.5%
NPE coverage	
➤ Retail Housing	44%
➤ Retail Other	52%
NPE total coverage	132%

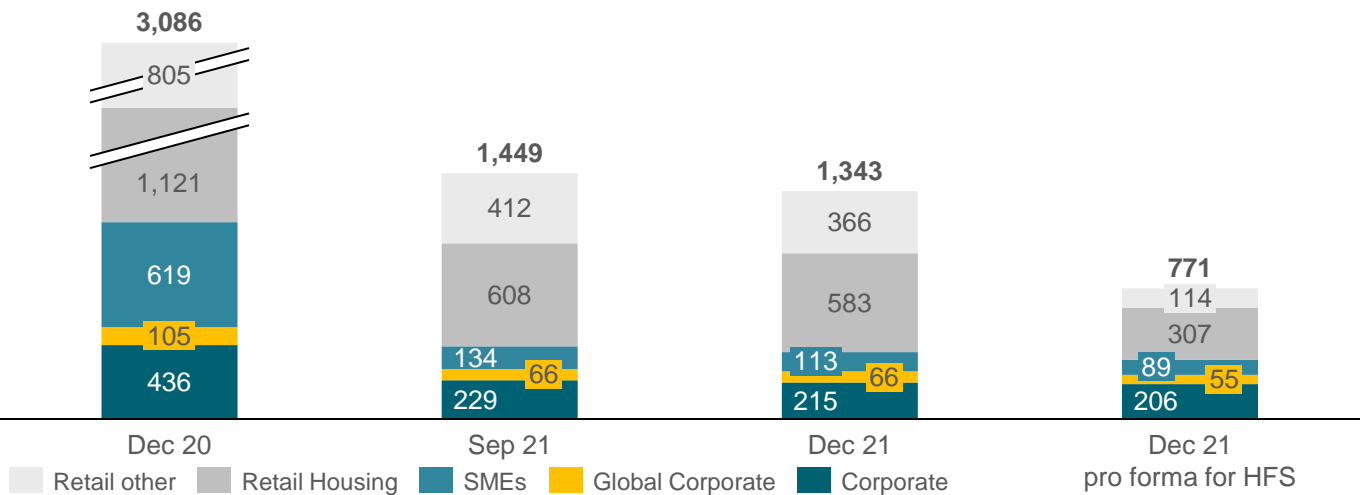
1) Through organic NPE reduction and NPE sale that was completed in June 2021 (Helix 2)

# Gross loans and NPEs by Customer Type

Gross loans by customer type (€ mn)



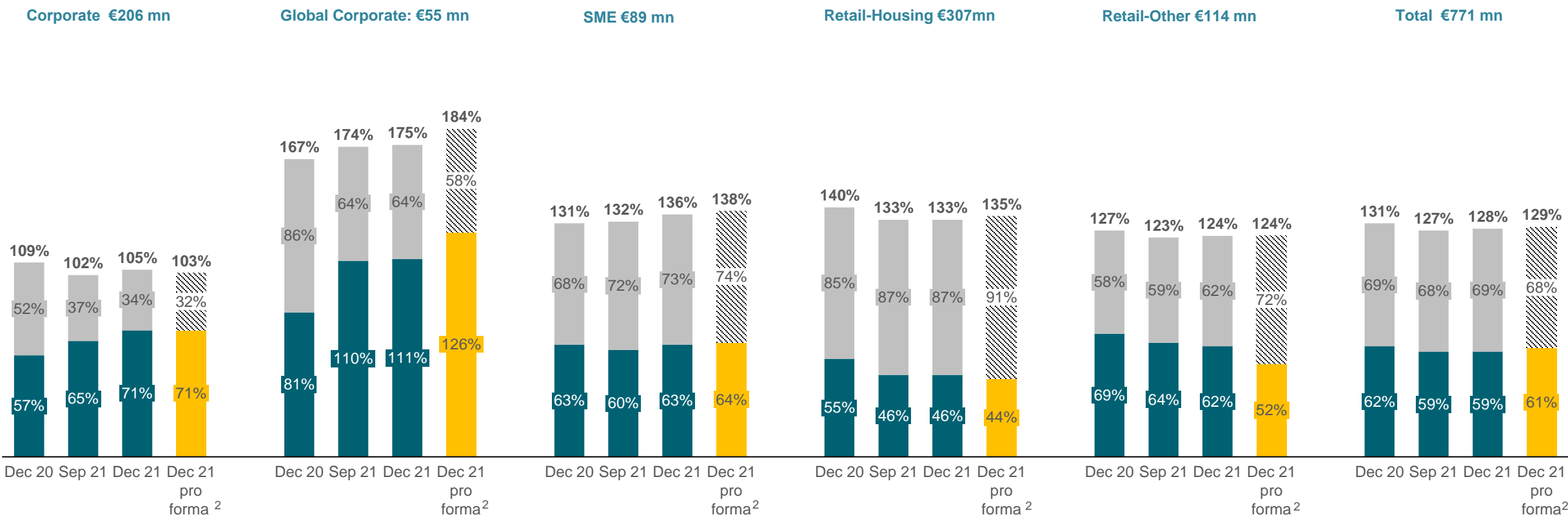
NPEs by customer type (€ mn)



# NPE Coverage and Total coverage by segment

Coverage and collateral maintained

Tangible Collateral<sup>1</sup>  
Allowance for expected loan credit losses



1) Restricted to Gross IFRS balance  
2) Pro forma for HFS

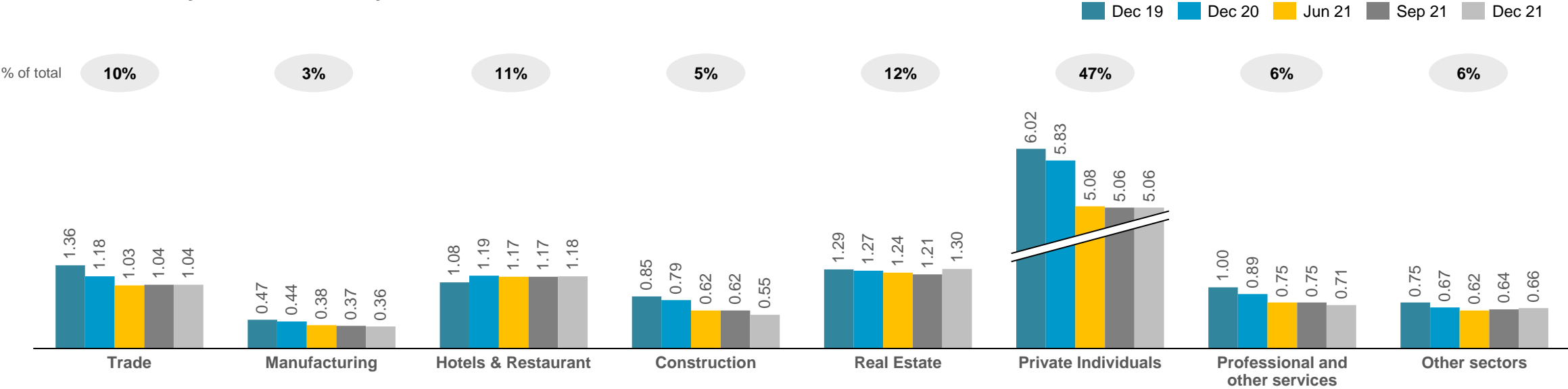
# Asset quality- NPE analysis

(€ mn)	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Dec-19
<b>A. Gross Loans after Residual Fair value adjustment on initial recognition</b>	<b>10,678</b>	<b>10,683</b>	<b>10,708</b>	<b>12,055</b>	<b>12,031</b>	<b>12,551</b>
Residual Fair value adjustment on initial recognition	178	181	185	226	230	271
<b>B. Gross Loans</b>	<b>10,856</b>	<b>10,864</b>	<b>10,893</b>	<b>12,281</b>	<b>12,261</b>	<b>12,822</b>
<b>B1. Loans with no arrears</b>	<b>9,492<sup>2</sup></b>	<b>9,385<sup>2</sup></b>	<b>9,268<sup>2</sup></b>	<b>9,230<sup>2</sup></b>	<b>9,149</b>	<b>8,820</b>
<b>B2. Loans with arrears but not NPEs</b>	<b>21</b>	<b>31</b>	<b>36</b>	<b>39</b>	<b>26</b>	<b>122</b>
1-30 DPD	16	23	29	27	21	88
31-90 DPD	5	8	7	12	5	34
<b>B3. NPEs</b>	<b>1,343</b>	<b>1,449</b>	<b>1,589</b>	<b>3,012</b>	<b>3,086</b>	<b>3,880</b>
With no arrears	348	363	413	536	548	722
Up to 30 DPD	4	5	11	15	16	54
31-90 DPD	10	11	16	35	26	76
91-180 DPD	19	24	31	18	18	121
181-365 DPD	49	41	16	31	81	263
Over 1 year DPD	913	1,005	1,102	2,377	2,397	2,644
<b>NPE ratio (NPEs / Gross Loans)</b>	<b>12.4%</b>	<b>13.3%</b>	<b>14.6%</b>	<b>24.5%</b>	<b>25.2%</b>	<b>30.3%</b>
<b>Allowance for expected loan credit losses (including residual fair value adjustment on initial recognition<sup>1</sup>)</b>	<b>792</b>	<b>849</b>	<b>947</b>	<b>1,869</b>	<b>1,902</b>	<b>2,096</b>
<b>Gross loans coverage</b>	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>15%</b>	<b>16%</b>	<b>16%</b>
<b>NPEs coverage</b>	<b>59%</b>	<b>59%</b>	<b>60%</b>	<b>62%</b>	<b>62%</b>	<b>54%</b>

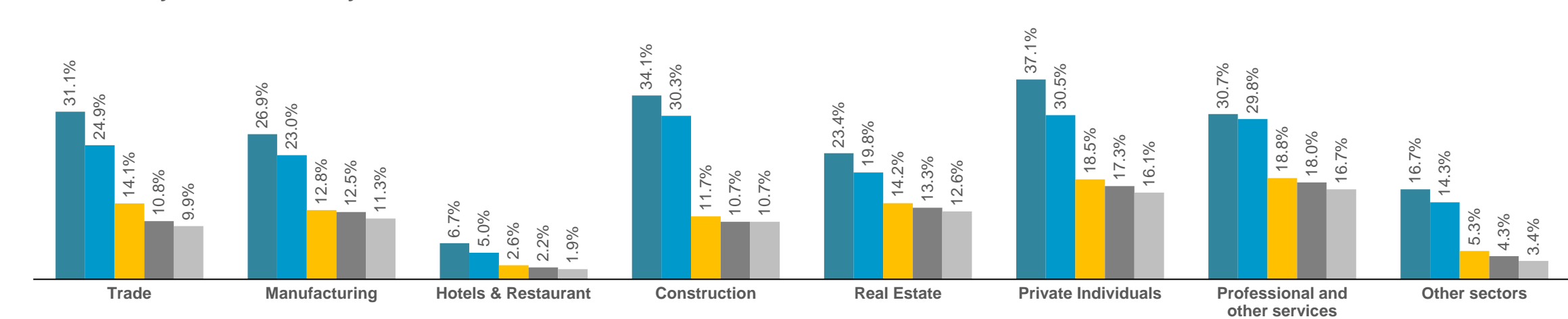
- 1) Comprise (i) loan credit losses for impairment of customer loans and advances, (ii) the residual fair value adjustment on initial recognition of loans acquired from Laiki Bank and on loans classified at FVPL, and (iii) loan credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities
- 2) Includes c.€138 mn loans with "non-material" arrears as at 31 Dec 2021 which are calculated based on the new EBA regulation on Definition of Default implemented as of 1 Jan 2021, affecting the calculation of Days-Past-Due. Non material arrears amounted to c.€171 mn as at 31 March 2021, c.€143 mn as at 30 June 2021 and €139 mn as at 30 Sep 2021

# Analysis of gross loans and NPE ratio by Economic activity

Gross loans by economic activity (€ bn)

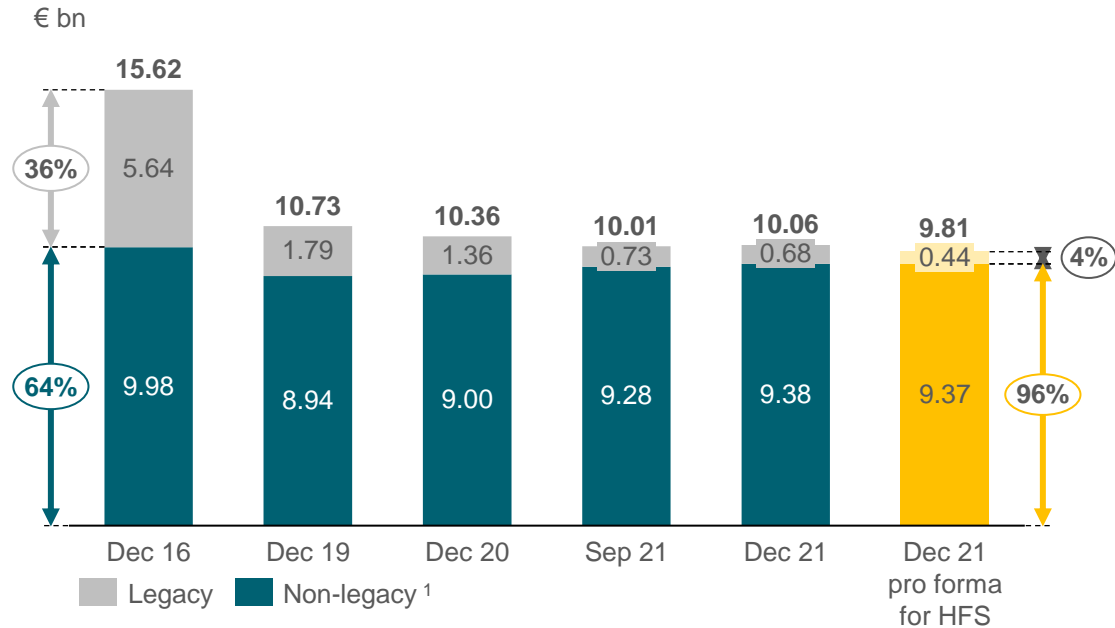


NPE ratio by economic activity

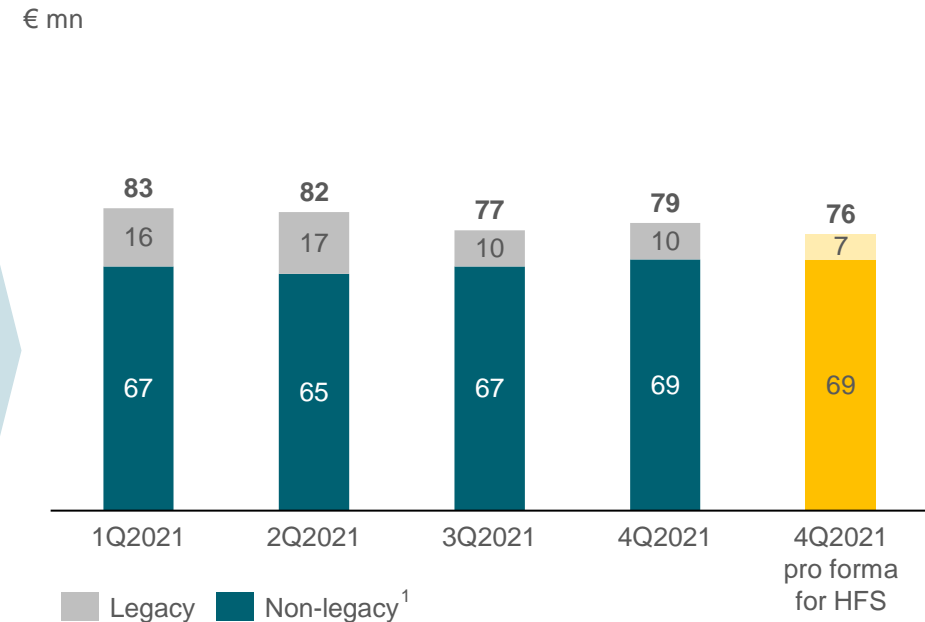


# Balance sheet de-risking results in a smaller but safer loan book

Net Loans: Non-legacy<sup>1</sup> vs Legacy



Interest Income on Loans: Non-legacy<sup>1</sup> vs Legacy



- Lower but higher quality income resulting from balance sheet de-risking
- Interest income of non-legacy<sup>1</sup> book increased to €69 mn reflecting increased volume of loans
- Interest income of legacy book remained flat qoq at €10 mn
- **Interest on Net NPEs not received in cash, fully provided**

1) Gross loans of Corporate (incl. IB and W&M and Global Corporate), SME, Retail, and H/O

# Risk adjusted yield will rise as Legacy book reduces

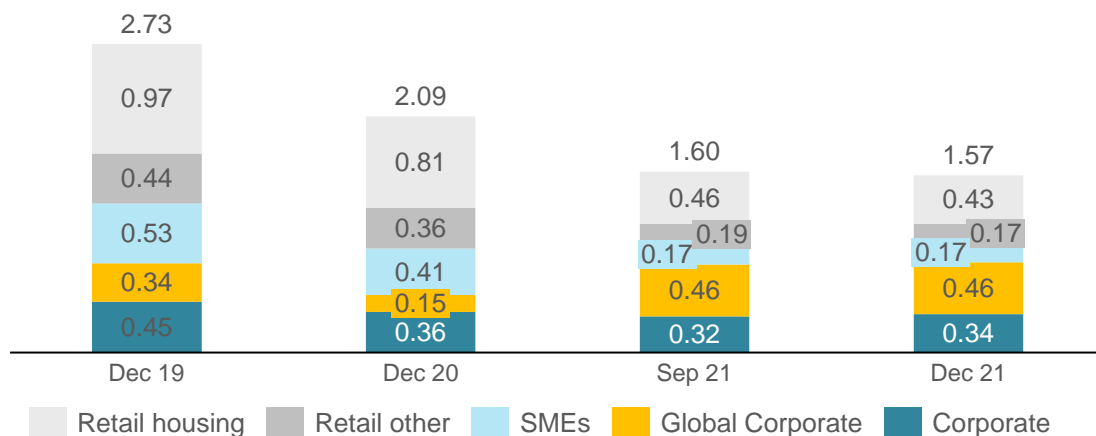
		Non-Legacy	Legacy	Group
		FY2021	FY2021	FY2021
Profitability	Interest Income on loans (€ mn) (pre FTP)	268	53	321
	Loan credit losses (€ mn)	16	(82)	(66)
	Interest Income net of loan credit losses (€ mn)	284	(29)	255
	Cost of Risk	(0.17%)	3.77%	0.57%
	Effective Yield	2.92%	5.48%	3.17%
	Risk adjusted Yield <sup>1</sup>	3.10%	(3.05%)	2.51%
Capital & balance Sheet	Average Net Loans (€ mn)	9,195	964	10,159
	RWA Intensity	38%	99%	43%
		Global corporate, Corporate IB, W&M	RRD	
		SME and Retail Banking	REMU	
			Overseas non core	

- Non-Legacy Book is expected to grow and to increasingly drive Group results
- Legacy book revenues predominantly driven by loan credit losses unwinding (but offset via loan credit losses)
- Interest on Net NPEs not received in cash, fully provided (€2 mn in 4Q2021 and €15 mn in FY2021)
- As Legacy book reduces:
  - Group risk adjusted yield expected to rise
  - Group Risk intensity expected to fall supporting CET1 ratio build

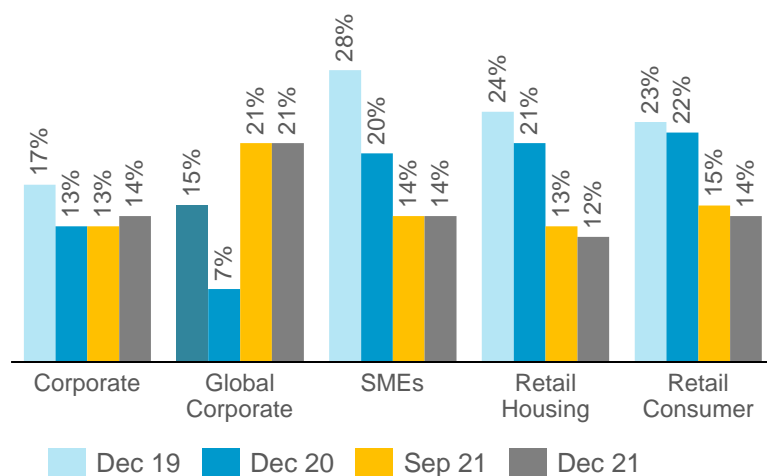
1) Interest Income on loans net of allowance for expected loan credit losses/Average Net Loans

# Rescheduled Loans

Rescheduled loans by customer type (€ bn)



Rescheduled loans % gross loans by customer type



## Rescheduled loans-Asset Quality

31 Dec 2021	€ '000
Stage 1	-
Stage 2	726,595
Stage 3	564,946
POCI	66,249
FVPL	212,589
<b>Total</b>	<b>1,570,379</b>

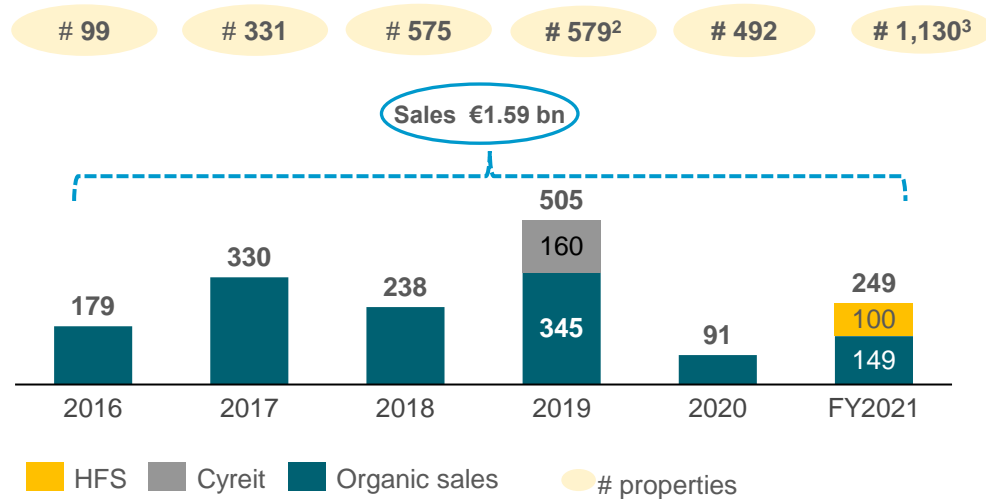
## Fair value of collateral and credit enhancements

Loans and advances to customers	31 Dec 2021 (€ mn)
Cash	476
Securities	587
Letters of credit / guarantee	144
Property	15,639
Other	302
Surplus collateral	(8,050)
<b>Net collateral</b>	<b>9,098</b>

# REMU- the engine for dealing with foreclosed assets

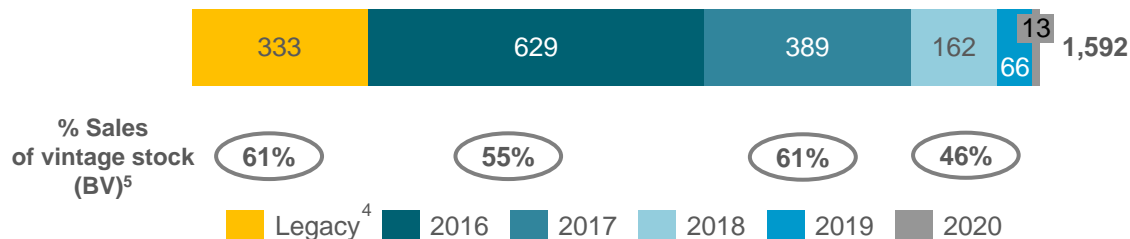
€1.59 bn sales of 3,206 properties across all property classes since set-up

Sales € mn (contract prices<sup>1</sup>)

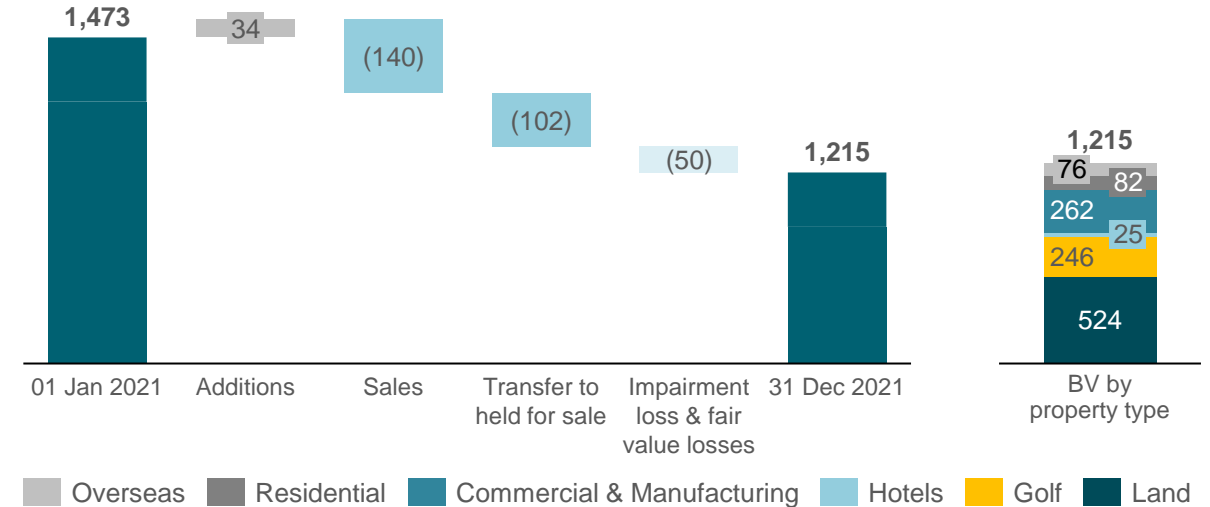


## Breakdown of cumulative sales<sup>1</sup>

by on-boarding year (€ mn)



## Evolution of properties managed by REMU



- 1,130 properties sold in FY2021; 703 via organic sales
- Strong pipeline of €109 mn by contract value as at 31 Dec 2021, of which €47 mn related to SPAs signed

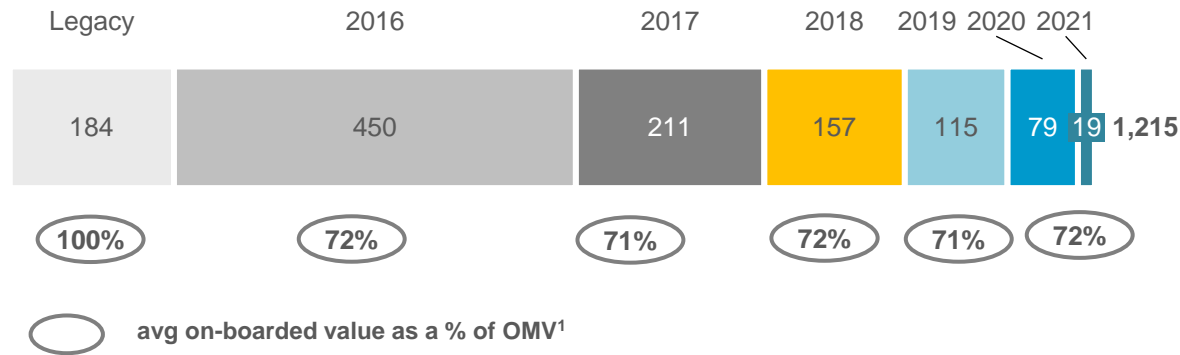
1) Amounts as per Sales purchase Agreements (SPAs)  
 2) Number of properties sold include 21 properties from the disposal of Cyreit and 23 properties from Helix 1  
 3) Number of properties include 421 properties from Project Helix 3 and 6 from Project Helix 3

4) Legacy properties relate to properties that were on-boarded before REMU set-up in January 2016  
 5) The BV of the properties disposed at the date of disposal as a proportion of the: BV of the properties disposed at the time of the disposal plus the BV of the residual properties managed by REMU as at 31 December 2021

# REMU- the engine for dealing with foreclosed assets

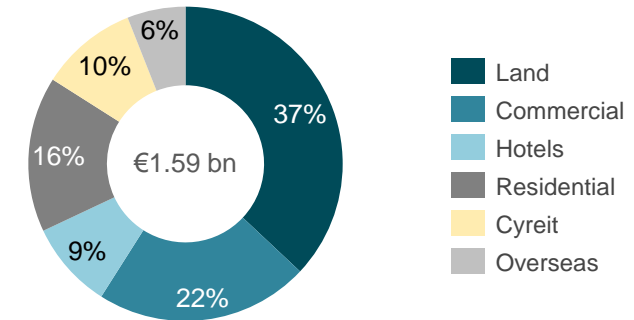
On-board assets in REMU at conservative c.25%-30% discount to OMV

BV € mn

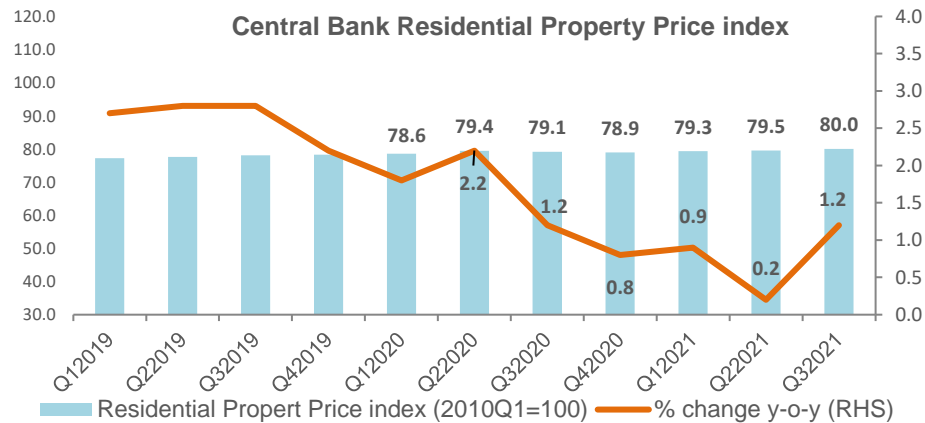


Cumulative sales by property type; 37% of sales relate to land

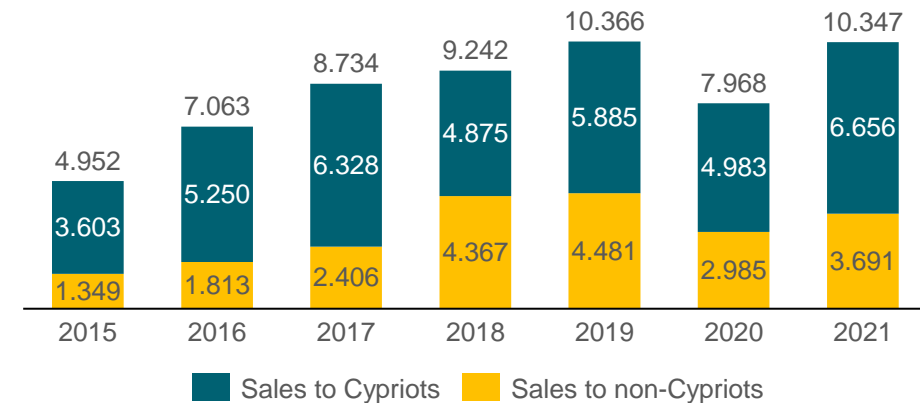
Sales contract price



Real Estate Market property prices up 1.2% yoy in 3Q2021<sup>2</sup>



Sales contracts (excl. DFAs)<sup>3</sup> for FY2021 up 30% yoy



1) Open market value at on-boarding date  
 2) Based on Residential price index published by Central Bank dated 23 January 2022  
 3) Based on data from Land of Registry- Sales contracts

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# **APPENDIX**

## **Additional financial information**

# Consolidated Balance Sheet

Assets (€ mn)	31.12.2021	31.12.2020	% change
Cash and balances with Central Banks	9,231	5,653	63%
Loans and advances to banks	292	403	-28%
Debt securities, treasury bills and equity investments	2,139	1,913	12%
Net loans and advances to customers	9,836	9,886	-1%
Stock of property	1,112	1,350	-18%
Investment properties	118	128	-8%
Other assets	1,876	1,550	21%
Non current assets and disposal groups held for sale	359	631	-43%
<b>Total assets</b>	<b>24,963</b>	<b>21,514</b>	<b>16%</b>

Liability and Equity (€ mn)	31.12.2021	31.12.2020	% change
Deposits by banks	457	392	17%
Funding from Central Bank	2,970	995	-
Customer deposits	17,531	16,533	6%
Loan stock	643	272	-
Other liabilities	1,281	1,247	3%
<b>Total liabilities</b>	<b>22,882</b>	<b>19,439</b>	<b>18%</b>
<b>Shareholders' equity</b>	<b>1,839</b>	<b>1,831</b>	<b>0%</b>
Other equity instruments	220	220	-
<b>Total equity excluding non-controlling interests</b>	<b>2,059</b>	<b>2,051</b>	<b>0%</b>
Non controlling interests	22	24	-8%
<b>Total equity</b>	<b>2,081</b>	<b>2,075</b>	<b>0%</b>
<b>Total liabilities and equity</b>	<b>24,963</b>	<b>21,514</b>	<b>16%</b>

# Risk Weighted Assets– Regulatory Capital

## Risk Weighted Assets by Geography (€ mn)

	31.12.19	31.12.20	30.09.21	31.12.21	31.12.21 Pro forma for HFS
Cyprus	12,678	11,477	10,860	10,595	10,245
United Kingdom	48	23	23	0	0
Romania	29	26	20	13	13
Greece	121	105	87	84	84
Other	14	5	1	2	2
<b>RWAs</b>	<b>12,890</b>	<b>11,636</b>	<b>10,991</b>	<b>10,694</b>	<b>10,344</b>
<b>RWA intensity</b>	<b>61%</b>	<b>54%</b>	<b>45%</b>	<b>43%</b>	<b>41%</b>

## Risk Weighted Assets by type of risk (€ mn)

	31.12.19	31.12.20	30.09.21	31.12.21	31.12.21 Pro forma for HFS
Credit risk	11,547	10,505	9,860	9,678	9,328
Market risk	-	-	-	-	-
Operational risk	1,343	1,131	1,131	1,016	1,016
<b>Total</b>	<b>12,890</b>	<b>11,636</b>	<b>10,991</b>	<b>10,694</b>	<b>10,344</b>

## Reconciliation of Group Equity to CET1

€ mn	31.12.21
Group Equity per financial statements	2,081
Less: Intangibles <sup>2</sup>	(30)
Less: Deconsolidation of insurance and other entities	(200)
Less: Regulatory adjustments	20
Less: Revaluation reserves and equity instruments transferred to AT1	(251)
<b>CET1<sup>1</sup></b>	<b>1,620</b>
<b>Risk Weighted Assets</b>	<b>10,694</b>
<b>CET1 ratio<sup>1,3</sup></b>	<b>15.1%</b>

## Equity and Regulatory Capital (€ mn)

	31.12.20	30.09.21 <sup>3</sup>	31.12.21 <sup>3</sup>
Total equity excl. non-controlling interests	2,051	2,066	2,059
<b>CET1 capital</b>	<b>1,723</b>	<b>1,612</b>	<b>1,620</b>
Tier I capital	1,943	1,832	1,840
Tier II capital	192	329	300
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>2,135</b>	<b>2,161</b>	<b>2,140</b>

1) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements

2) As per amendments introduced with Regulation 2020/873

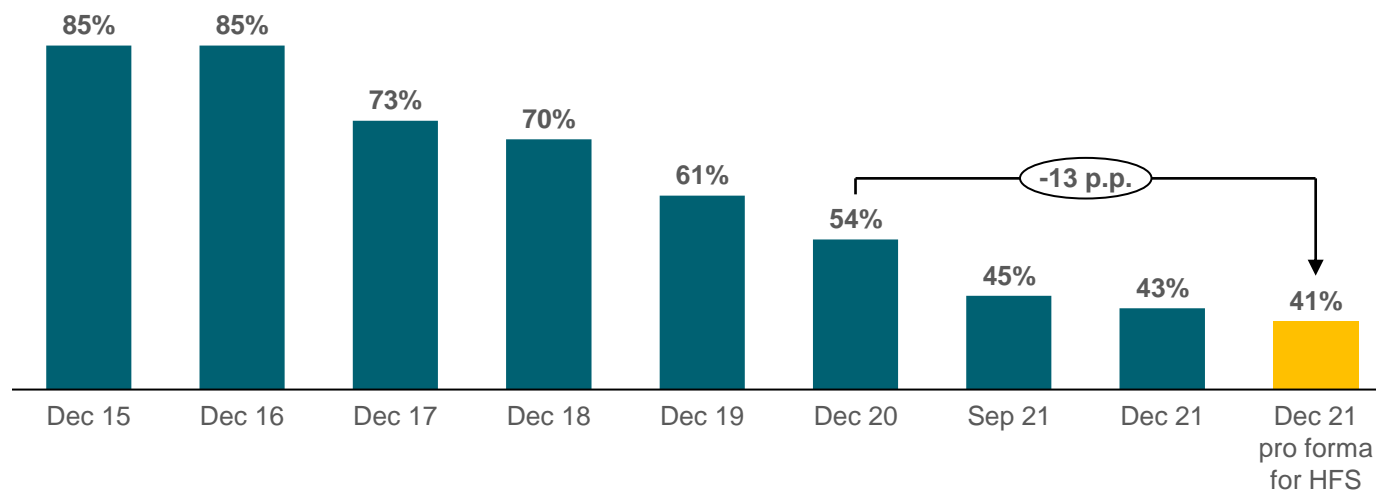
3) Capital amounts and ratios include unaudited/un-reviewed profits for the nine months ended 30 September 2021 and for the year ended 31 December 2021 respectively

# Pro forma for HFS, RWA intensity reduced to 41%

RWAs reduced by €1,292 mn since Dec 2020

RWAs	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Sep 21	Dec 21	Dec 21 Pro forma for HFS
€ bn	19,666	18,865	17,260	15,373	12,890	11,636	10,991	10,694	10,344

RWA intensity decreased to 41% pro forma for HFS

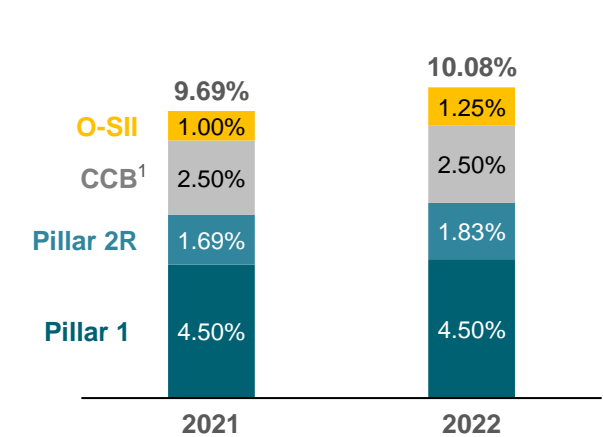


- Pro forma for HFS, RWA intensity decreased to 41%, 13 p.p. in FY2021, driven mainly by the completion of Helix 2 and the reduction in operational risk

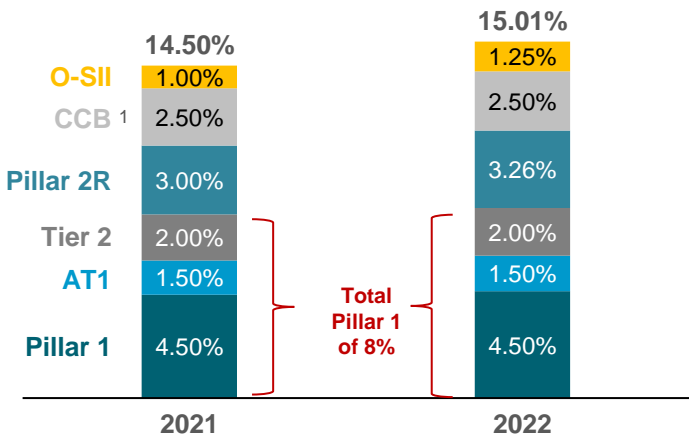
# SREP requirements

## SREP requirements for 2021 and 2022

### CET1 ratio



### Total capital ratio



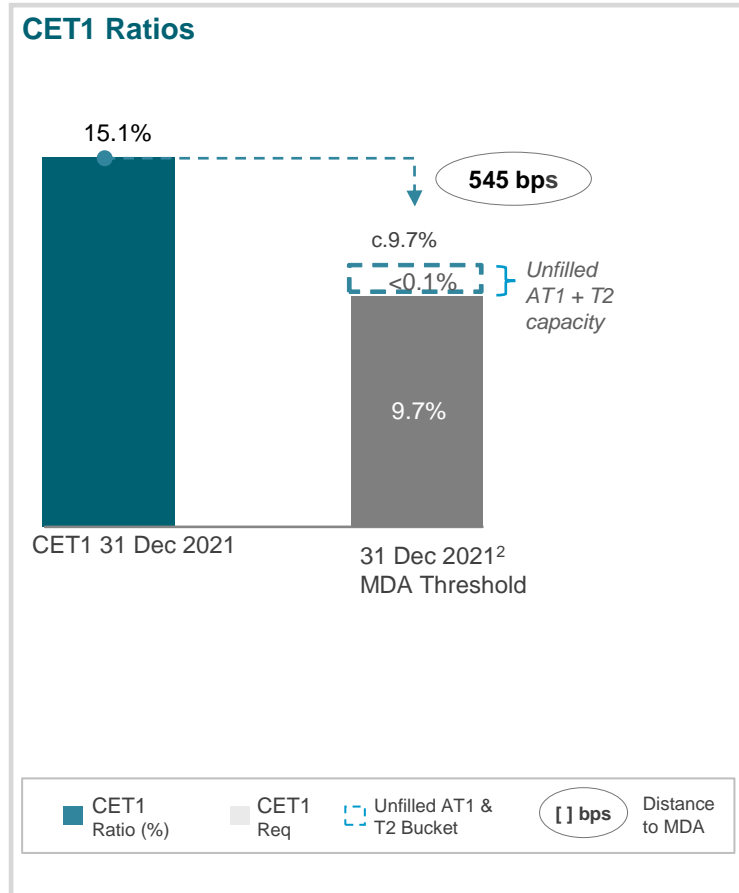
### SREP Requirement

- CET1 and Total capital ratio minimum capital requirements for 2022 set at to 10.08% and 15.01% respectively, following c.26 bps<sup>2</sup> add-on in P2R due to ECB's prudential provisioning expectations and 25 bps phasing in of O-SII buffer
- P2R add-on is dynamic and can be reduced during 2022 on the basis of in-scope NPEs and level of provisioning
- Decrease in P2G more than offsets P2R increase in CET1 ratio
- Total O-SII buffer reduced by 50 bps to 1.5%; phasing-in of 25 bps on 1 January 2022 and 1 January 2023
- New SREP requirements are effective from 1 March 2022

1) In accordance with the legislation in Cyprus which has been set for all credit institutions the applicable rate of the CCB was fully phased in at 2.5% in 2019  
2) Takes into consideration Helix 3

# Buffer to MDA Restrictions Level & Distributable Items<sup>1</sup>

## Maximum Distributable Amount for BOCH



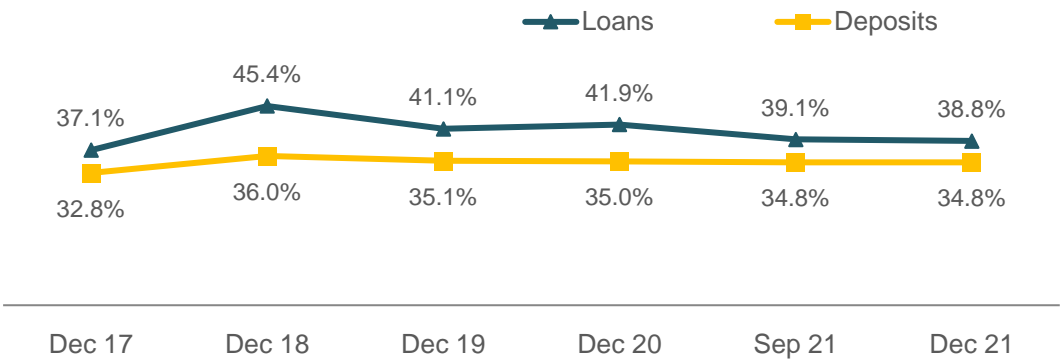
- No prohibition applies to the payment of coupons on any AT1 capital instruments issued by the Company and the Bank
- Significant CET1 MDA buffer as at 31 Dec 2021: 545 bps (€583 mn)
- Following the 2021 SREP, the Company and the Bank are still be under equity dividend distribution prohibition for 2022
- Previous variable pay restriction was lifted

1) Distributable Items definition per CRR

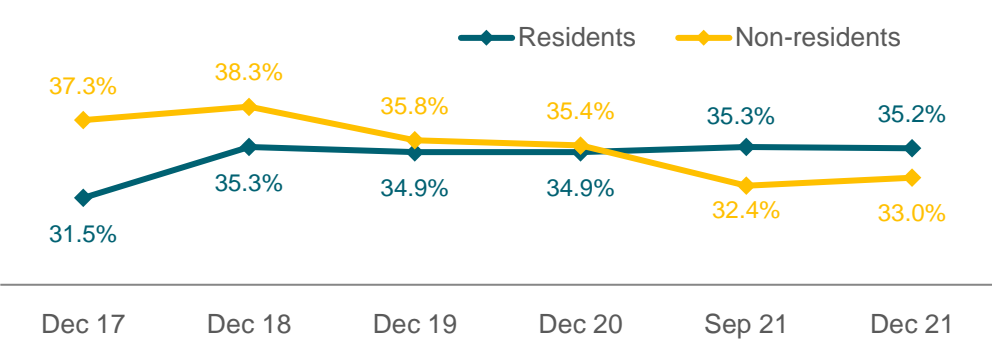
2) Including phasing in of O-SII buffer (+25 bps). In November 2021, the Bank received notification from the CBC that the final O-SII buffer is reduced by 50 bps to 1.5%, therefore the phasing-in of the O-SII buffer on 1 January 2022 and 1 January 2023 has been revised to 0.25% for each period.

# Cypriot business

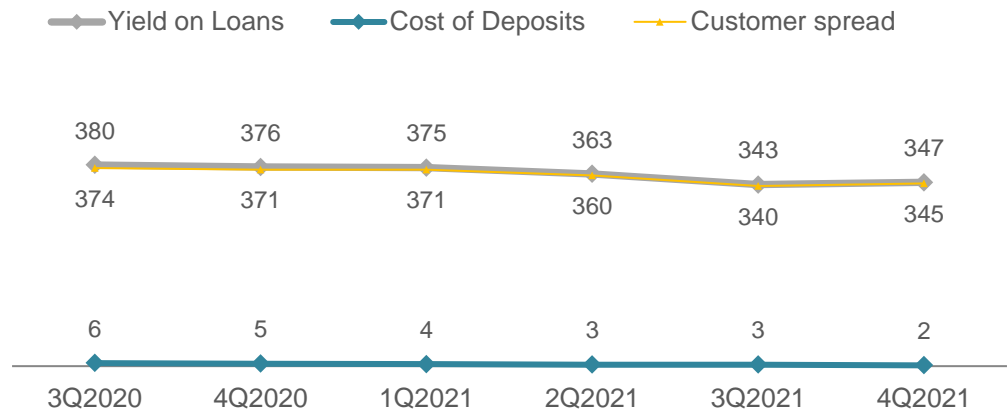
Loan market share stable qoq post completion of Helix 2



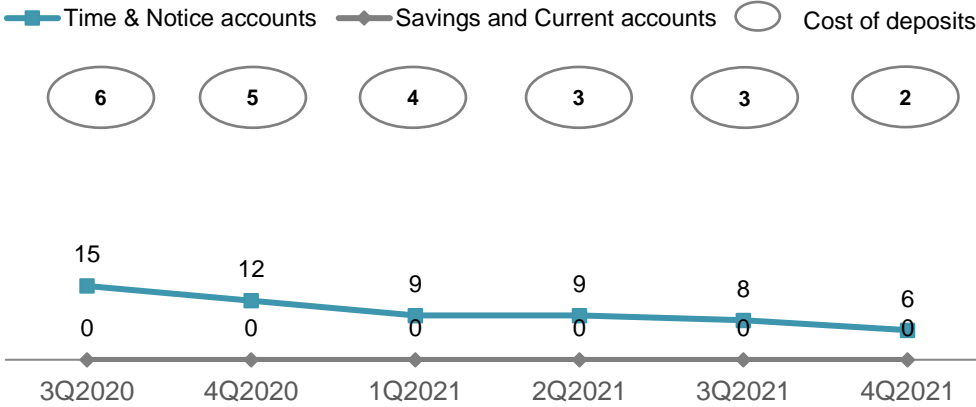
Strong market shares in resident and non-resident deposits



Average contractual interest rates (bps) (Cy)



Customer deposit rates (bps) (Cy)



# Income Statement bridge<sup>1</sup> for FY2021

€ mn	Underlying basis	NPE sales	Other	Statutory Basis
Net interest income	296	-	-	296
Net fee and commission income	172	-	-	172
Net foreign exchange gains and net gains/(losses) on financial instrument transactions and disposal/dissolution of subsidiaries	24	-	(30)	(6)
Insurance income net of claims and commissions	61	-	-	61
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties	13	(1)	-	12
Other income	15	-	-	15
<b>Total income</b>	<b>581</b>	<b>(1)</b>	<b>(30)</b>	<b>550</b>
<b>Total expenses</b>	<b>(383)</b>	<b>(16)</b>	<b>(23)</b>	<b>(422)</b>
<b>Operating profit</b>	<b>198</b>	<b>(17)</b>	<b>(53)</b>	<b>128</b>
Loan credit losses	(66)	13	17	(36)
Impairments of other financial and non-financial instruments	(36)	(19)	-	(55)
Reversal net of provisions for litigation, claims, regulatory and other matters	2	-	(2)	-
<b>Profit before tax and non-recurring items</b>	<b>98</b>	<b>(23)</b>	<b>(38)</b>	<b>37</b>
Tax	(5)	-	-	(5)
Profit attributable to non-controlling interests	(2)	-	-	(2)
<b>Profit after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>91</b>	<b>(23)</b>	<b>(38)</b>	<b>30</b>
Advisory and other restructuring costs - organic	(22)	-	22	-
<b>Profit after tax – Organic (attributable to the owners of the Company)</b>	<b>69</b>	<b>(23)</b>	<b>(16)</b>	<b>30</b>
Provisions/net loss relating to NPE sales	(7)	7	-	-
Restructuring and other costs relating to NPE sales	(16)	16	-	-
Restructuring costs – Voluntary Staff Exit Plan (VEP)	(16)	-	16	-
<b>Profit after tax - attributable to the owners of the Company</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>30</b>

1) Please refer to section B1 "Unaudited Reconciliation of income statement for the year ended 31 December 2021" between statutory and underlying basis of the Group Financial Results

# Income Statement

€ mn	4Q2021	3Q2021	qoq%
Net Interest Income	73	71	2%
Net fee and commission income	44	44	-1%
Net foreign exchange gains/(losses) on financial instrument transactions and disposal/dissolution of subsidiaries and associates	10	6	87%
Insurance income net of claims and commissions	18	12	60%
Net gains from revaluation and disposal of investment properties and on disposal of stock of properties	5	2	99%
Other income	4	4	-6%
<b>Total income</b>	<b>154</b>	<b>139</b>	<b>11%</b>
Staff costs	(50)	(51)	-
Other operating expenses	(37)	(38)	-3%
Special levy on deposits and other levies/contributions	(12)	(9)	26%
<b>Total expenses</b>	<b>(99)</b>	<b>(98)</b>	<b>1%</b>
<b>Operating profit</b>	<b>55</b>	<b>41</b>	<b>33%</b>
Loan credit losses	(9)	(22)	-55%
Impairments of other financial and non-financial assets	(23)	(2)	-
Net reversal/(provisions) for litigation, claims, regulatory and other matters	8	(2)	-
<b>Total loan credit losses, impairments and provisions</b>	<b>(24)</b>	<b>(26)</b>	<b>-7%</b>
<b>Profit before tax and non-recurring items</b>	<b>31</b>	<b>15</b>	<b>96%</b>
Tax	(2)	(2)	2%
(Loss)/profit attributable to non-controlling interests	(2)	-	-
<b>Profit after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>27</b>	<b>13</b>	<b>101%</b>
Advisory and other restructuring costs – organic	(3)	(1)	-
<b>Profit after tax – organic (attributable to the owners of the Company)</b>	<b>24</b>	<b>12</b>	<b>96%</b>
Net (loss)/profit relating to NPE sales	(1)	10	-
Restructuring and other costs	(13)	(3)	-
<b>Profit after tax (attributable to the owners of the Company)</b>	<b>10</b>	<b>19</b>	<b>-46%</b>

# Analysis of Interest Income and Interest Expense

Analysis of Interest Income (€ mn)	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021
Loans and advances to customers	89	83	82	77	79
Loans and advances to banks and central banks	2	3	7	10	11
Investment at amortised costs	2	2	2	2	2
Investments FVOCI	4	3	3	3	3
Investments classified as loans and receivables					
	97	91	94	92	95
Trading Investment					
Derivative financial instruments	8	8	4	2	2
Other investments at fair value through profit or loss					
<b>Total Interest Income</b>	<b>105</b>	<b>99</b>	<b>98</b>	<b>94</b>	<b>97</b>

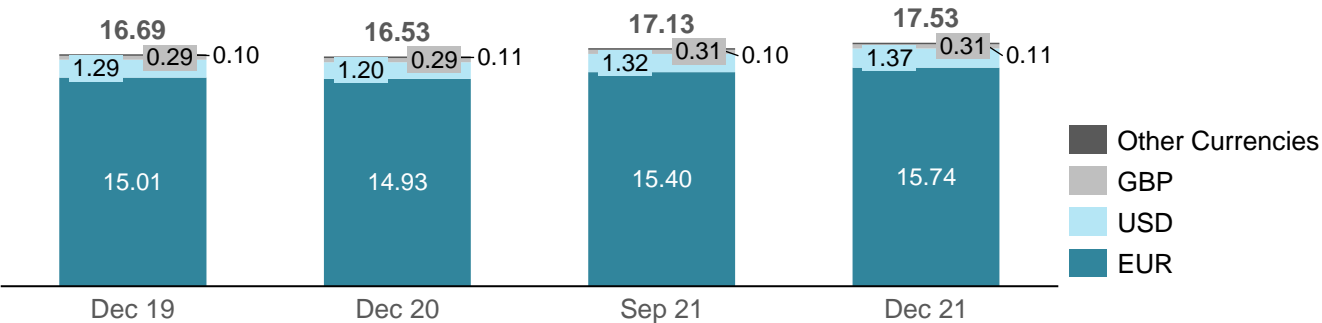
Analysis of Interest Expense (€ mn)					
Customer deposits	(3)	(2)	(2)	(1)	(1)
Funding from central banks and deposits by banks	0	0	0	0	0
Loan stock	(6)	(6)	(6)	(8)	(8)
Repurchase agreements	0	0	0	0	0
Negative interest on loans and advances to banks and central banks	(6)	(5)	(8)	(9)	(10)
	(15)	(13)	(16)	(18)	(19)
Derivative financial instruments	(10)	(10)	(6)	(5)	(5)
<b>Total Interest Expense</b>	<b>(25)</b>	<b>(23)</b>	<b>(22)</b>	<b>(23)</b>	<b>(24)</b>

# Income Statement by business line for FY2021

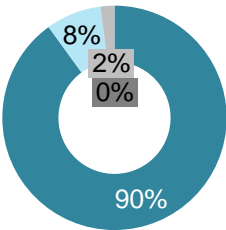
€ mn	Consumer Banking	SME Banking	Corporate Banking	Global corporate	International Banking	Wealth & Markets	RRD	REMU	Insurance	Treasury	Other	Total
Net interest income/(expense)	77	29	51	56	8	-	48	(3)	-	22	8	<b>296</b>
Net fee & commission income/(expense)	46	9	14	9	55	6	13	-	(8)	2	26	<b>172</b>
Other income	2	1	1	-	6	4	-	17	61	10	11	<b>113</b>
<b>Total income</b>	<b>125</b>	<b>39</b>	<b>66</b>	<b>65</b>	<b>69</b>	<b>10</b>	<b>61</b>	<b>14</b>	<b>53</b>	<b>34</b>	<b>45</b>	<b>581</b>
<b>Total expenses</b>	<b>(157)</b>	<b>(25)</b>	<b>(26)</b>	<b>(22)</b>	<b>(30)</b>	<b>(9)</b>	<b>(39)</b>	<b>(21)</b>	<b>(21)</b>	<b>(11)</b>	<b>(22)</b>	<b>(383)</b>
<b>Operating (loss)/ profit</b>	<b>(32)</b>	<b>14</b>	<b>40</b>	<b>43</b>	<b>39</b>	<b>1</b>	<b>22</b>	<b>(7)</b>	<b>32</b>	<b>23</b>	<b>23</b>	<b>198</b>
Loan credit losses of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	13	3	6	(5)	1	-	(77)	-	-	-	(7)	<b>(66)</b>
Impairment of other financial and non financial instruments	-	-	-	-	-	-	-	(28)	-	-	(8)	<b>(36)</b>
Net reversal/(provision) for litigation, claims, regulatory and other matters	-	-	-	-	-	-	-	-	-	-	2	<b>2</b>
<b>(Loss)/profit before tax</b>	<b>(19)</b>	<b>17</b>	<b>46</b>	<b>38</b>	<b>40</b>	<b>1</b>	<b>(55)</b>	<b>(35)</b>	<b>32</b>	<b>23</b>	<b>10</b>	<b>98</b>
Tax	2	(2)	(6)	(5)	(5)	-	7	4	(4)	(3)	7	<b>(5)</b>
Profit attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	(2)	<b>(2)</b>
<b>Profit/(loss) after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>(17)</b>	<b>15</b>	<b>40</b>	<b>33</b>	<b>35</b>	<b>1</b>	<b>(48)</b>	<b>(31)</b>	<b>28</b>	<b>20</b>	<b>15</b>	<b>91</b>

# Analysis of Deposits

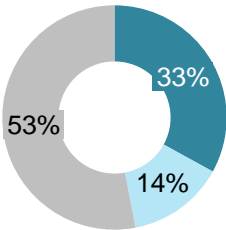
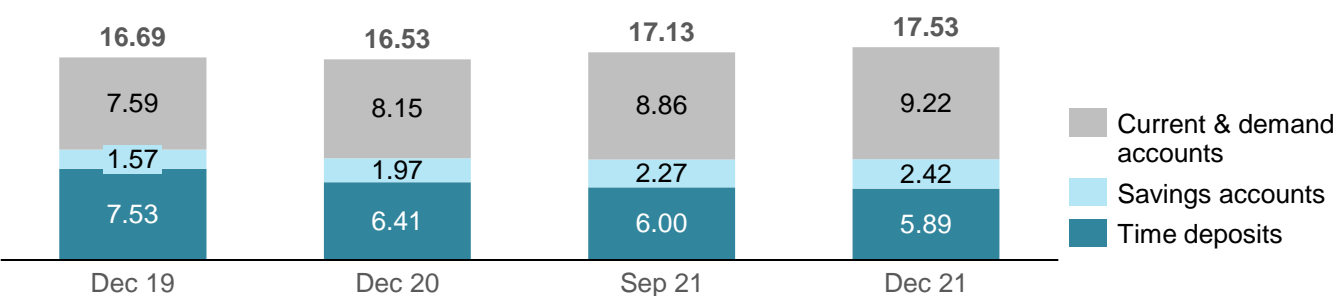
Deposits by Currency (€ bn)



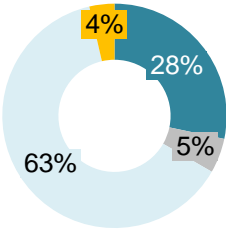
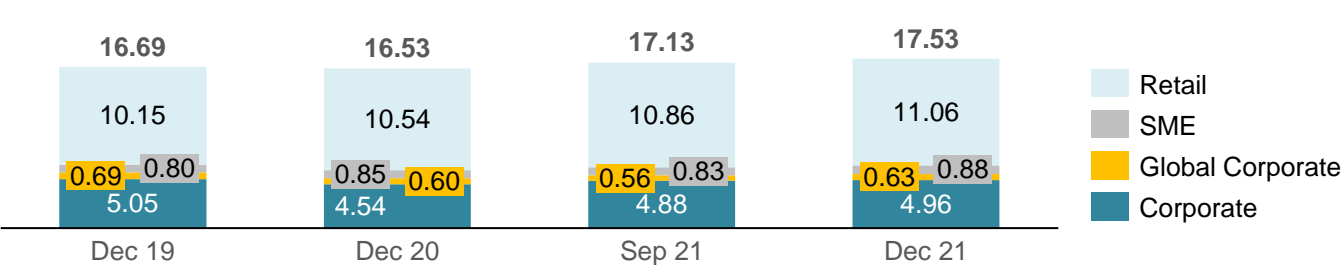
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Deposits by Type (€ bn)



Deposits by customer Sector (€ bn)



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# **APPENDIX**

## **Glossary & Definitions**

# Glossary & Definitions

Advisory and other restructuring costs	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.
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), (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), (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.
AIEA	This relates to the average of 'interest earning assets' as at the beginning and end of the relevant quarter. Average interest earning assets exclude interest earning assets of any discontinued operations at each quarter end, if applicable. Interest earning assets include: cash and balances with central banks (including cash and balances with central banks classified as non-current assets held for sale), plus loans and advances to banks, plus net loans and advances to customers (including loans and advances to customers classified as non-current assets held for sale), plus 'deferred consideration receivable' included within 'other assets', plus investments (excluding equities and mutual funds).
AT1	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.
Average contractual interest rates	Interest rates on cost of deposits were previously calculated as the Interest Expense over Average Balance. The current calculation which the Bank considers more appropriate is based on the weighted average of the contractual rate times the balance at the end of the month. The rates are calculated based on the month end contractual interest rates. The quarterly rates are the average of the three quarter month end contractual rates.
Book Value	BV= book value = Carrying value prior to the sale of property.
Basic earnings/(losses) after tax and before non-recurring items per share (attributable to the owners of the Company)	Basic Basic earnings/(losses) after tax and before non-recurring items per share (attributable to the owners of the Company) is the Profit/(loss) after tax and before non-recurring items (as defined below) (attributable to the owners of the Company) divided by the weighted average number of shares in issue during the period, excluding treasury shares.
Carbon neutral	The reduction and balancing (through a combination of offsetting investments or emission credits) of greenhouse gas emissions <b>from own operations</b> .
CET1 capital ratio (transitional basis)	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.
CET1 fully loaded (FL)	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.
Cost of Funding	Effective yield of cost of funding: Interest expense of all interest bearing liabilities after hedging, over average interest bearing liabilities (customer deposits, funding from the central bank, interbank funding, subordinated liabilities). Historical information has been adjusted to take into account hedging.
Cost to Income ratio	Cost-to-income ratio comprises total expenses (as defined) divided by total income (as defined).
Cost of Risk	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.
CRR DD	Default Definition.
DFAs	Debt for Asset Swaps.
DFEs	Debt for Equity Swaps.

# Glossary & Definitions

<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. Digital engagement has been adjusted to include Standing Orders & Group Transfers performed through 1Bank at transaction level. Historical values have been adjusted accordingly for this change.
<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. Digital transactions have been adjusted to include Payroll & Group Transfers performed through 1Bank at transaction level. Historical values have been adjusted accordingly for this change.
<b>DTA</b>	Deferred tax asset
<b>DTC</b>	Deferred Tax Credit
<b>EBA</b>	European Banking Authority
<b>ECB</b>	European Central Bank
<b>Effective yield</b>	Interest Income on Loans/Average Net Loans
<b>Effective yield of liquid assets</b>	Interest income on liquids after hedging, over average liquids (Cash and balances with central banks, placements with banks and bonds)
<b>FTP</b>	Fund transfer pricing methodologies applied between the business lines to present their results on an arm's length basis
<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) 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 €178 mn at 31 December 2021 (compared to €181 mn at 30 September 2021 and €230 mn at 31 December 2020).</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 €336 mn at 31 December 2021 (compared to €334 mn at 30 September 2021 and €326 mn at 31 December 2020).</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>H/O</b>	Head Office

# Glossary & Definitions

<b>IB, W&amp;M</b>	International Banking, Wealth and Markets
<b>IBU</b>	Servicing exclusively international activity companies registered in Cyprus and abroad and not residents
<b>Impact of parallel shifts in interest curves</b>	<p>The sensitivity is calculated assuming a constant balance sheet</p> <p>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</p>
<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>Leverage Ratio Exposure (LRE)</b>	Leverage Ratio Exposure (LRE) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended.
<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>Loan to Value ratio (LTV)</b>	Loan to Value (LTV) is calculated as the Gross IFRS Balance to the indexed market value of the property. Under Pillar 3 disclosures LTV is calculated as the Gross IFRS Balance to the indexed market value of collateral. Collateral takes into consideration the mortgage amount registered in the land registry plus legal interest from registration date to the reference date
<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 38.8% at 31 December 2021, compared to 39.1% at 30 September 2021 and 30 June 2021, 42.4% at 31 March 2021 and 41.9% at 31 December 2020. The decrease in 2Q2021 is mainly due to the completion of Project Helix 2.
<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 fee and commission income over total income</b>	Fee and commission income less fee and commission expense divided by total income (as defined).
<b>Net interest margin (NIM)</b>	Net interest margin is calculated as the net interest income (annualised) divided by the 'quarterly average interest earning assets' (as defined).
<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>Net loans to deposits ratio</b>	Net loans to deposits ratio is calculated as gross loans (as defined) net of allowance for expected loan credit losses (as defined) divided by customer deposits.
<b>Net zero emissions</b>	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments

# Glossary & Definitions

New lending	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.
Non-interest income	Non-interest income comprises Net fee and commission income, Net foreign exchange gains/(losses) and net gains/(losses) on financial instrument transactions and disposal/dissolution of subsidiaries and associates (excluding net gains on loans and advances to customers at FVPL), Insurance income net of claims and commissions, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-recurring items	Non-recurring items as presented in the 'Unaudited Interim Condensed Consolidated Income Statement – Underlying basis' relate to the following items, as applicable: (i) Advisory and other restructuring costs - organic, (ii) Provisions/net (loss)/profit relating to NPE sales, and (iii) Restructuring and other costs relating to NPE sales.
NPE coverage ratio (previously 'NPE Provisioning coverage ratio')	The NPE coverage ratio is calculated as the allowance for expected loan credit losses (as defined) over NPEs (as defined).
NPE ratio	NPEs ratio is calculated as the NPEs as per EBA (as defined) divided by gross loans (as defined).
NPEs	<p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Material exposures as set by the Central Bank of Cyprus (CBC), which are more than 90 days past due.</li> <li>Performing forbore exposures under probation for which additional forbearance measures are extended.</li> <li>Performing forbore exposures previously classified as NPEs that present more than 30 days past due within the probation period.</li> </ol> <p>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).</p> <p>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.</p> <p>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.</p> <p>For non retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non performing.</p> <p>Material arrears/excesses are defined as follows:</p> <ul style="list-style-type: none"> <li>– Retail exposures: Total arrears/excess amount greater than €100</li> <li>– Exposures other than retail: Total arrears/excess amount greater than €500</li> </ul> <p>and the amount in arrears/excess in relation to the customer's total exposure is at least 1%.</p>

# Glossary & Definitions

<b>NPEs sales</b>	NPE sales refer to sales of NPE portfolios completed, as well as contemplated and potential future sale transactions, irrespective of whether or not they met the held for sale classification criteria at the reporting dates.
<b>Non-legacy</b>	Relates to all business lines excluding Restructuring and Recoveries Division ("RRD"), REMU and non-core overseas exposures
<b>Phased-in Capital Conservation Buffer (CCB)</b>	In accordance with the legislation in Cyprus which has been set for all credit institutions, the applicable rate of the CCB is 1.25% for 2017, 1.875% for 2018 and 2.5% for 2019 (fully phased-in).
<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. The NSFR weights under CRR II do not have material deviations from those under Basel III guidelines which the Group followed prior to CRR II enforcement.
<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>Project Helix 2</b>	Project Helix 2 refers to the sale of portfolios of loans with a total gross book value of €1.3 bn completed in June 2021. For further information please refer to section A.1.5 Loan portfolio quality of the press release.
<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>Pro forma for HFS (held for sale)</b>	References to pro forma figures and ratios as at 31 December 2021 refer to Project Helix 3 and Project Sinope. They are based on 31 December 2021 underlying basis figures and assume their completion, currently expected to occur in 1H2022, which remain subject to customary regulatory and other approvals. References to pro forma figures and ratios as at 31 December 2020 refer to Project Helix 2, which was completed in June 2021.
<b>Project Helix 3</b>	Project Helix 3 refers to the agreement the Group reached in November 2021 for the sale of a portfolio of NPEs with gross book value of €568 mn, as well as real estate properties with book value of c.€120 mn as at 30 September 2021.
<b>Project Sinope</b>	Project Sinope refers to the agreement the Group reached in December 2021 for the sale of a portfolio of NPEs with gross book value of €12 mn as at 31 December 2021, as well as properties in Romania with carrying value €0.6 mn as at 31 December 2021.
<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.

# Glossary & Definitions

<b>Risk adjusted yield</b>	Interest Income on Loans net of allowance for expected loan credit losses/Net Loans.
<b>RRD</b>	Restructuring and Recoveries Division.
<b>RWAs</b>	Risk Weighted Assets.
<b>RWA Intensity</b>	Risk Weighted Assets over Total 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.
<b>Stage 2 &amp; Stage 3 Loans</b>	Include purchased or originated credit-impaired.
<b>Tangible Collateral</b>	Restricted to Gross IFRS balance.
<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 expenses</b>	Total expenses comprise staff costs, other operating expenses and the special levy on deposits and other levies/contributions. It does not include (i) 'advisory and other restructuring costs-organic', or (ii) restructuring costs relating to NPE sales. (i) 'Advisory and other restructuring costs-organic' amounted to €3 mn for 4Q2021 (compared to €1 mn for 3Q2021, €15 mn for 2Q2021, €3 mn for 1Q2021 and €1 mn for 4Q2020), (ii) Restructuring costs relating to NPE sales for 4Q2021 amounted to €0.2 mn (compared to €3 mn for 3Q2021, €6 mn for 2Q2021, €4 mn for 1Q2021 and c.€1.5 mn for 4Q2020).
<b>Total income</b>	Total income comprises net interest income and non-interest income (as defined).
<b>Total loan credit losses, impairments and provisions</b>	Total loan credit losses, impairments and provisions comprises loan credit losses (as defined), plus impairments of other financial and non-financial assets, plus net reversals/(provisions) for litigation, claims, regulatory and other matters.
<b>T2</b>	Tier 2 Capital
<b>Underlying basis</b>	This refers to the statutory basis after being adjusted for certain items as explained in the Basis of Presentation.
<b>Write offs</b>	Loans together with the associated loan credit losses are written off when there is no realistic prospect of future recovery. Partial write-offs, including non-contractual write-offs, may occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance.
<b>Yoy</b>	Year on year change