Bank of Cyprus Holdings

Announcement

Group Financial Results for the six months ended 30 June 2025

Nicosia, 5 August 2025

Key Highlights for the six months ended 30 June 2025

Economic growth to continue

- Strong Cypriot economy growing faster than Euro area average
- Strong new lending of €1.6 bn in 1H2025, up 31% yoy, driven mainly by international and corporate demand
- Gross performing loans at €10.66 bn, up 5% since December 2024

Attractive profitability

- Profit after tax of €118 mn for 2Q2025, flat qoq; €235 mn for 1H2025
- Cost to income ratio[1] at 36%
- ROTE of 18.4% ahead of target; Basic earnings per share of €0.54

Liquid and resilient balance sheet

- NPE ratio reduced to 1.7%
- Cost of risk at 36 bps
- Retail funded deposit base at €20.9 bn, up 6% on a yearly basis

Robust capital position

- Regulatory CET1 ratio at 20.6% and Total Capital ratio at 25.8%
- Organic capital generation[2] of 215 bps in 1H2025
- Tangible book value per share of €5.80 as at 30 June 2025, up 10% yoy

Enhanced shareholders returns

- Introduction of interim dividend; 2025 interim set at c.40% payout ratio (€0.20 per ordinary share)
- **2025 distribution targeted at 70%[3] payout ratio**

1. Excluding special levy on deposits and other levies/contributions
2. Pre RWA and other movements, based on profit after tax (pre-distributions) and after AT1 coupon payment (where applicable)
3. Subject to market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time and AGM approval

*Key Highlights are based on the financial results on an 'Underlying Basis'.

Group Chief Executive Statement

"We continued to demonstrate strong performance in the first half of 2025, with profit after tax of €235 mn. ROTE remained solid and above our full year target at 18.4%, driven by strong new lending and improved liquidity. Gross performing loans have grown 5% year to date supported mainly by our corporate book and international demand and we expect to track ahead of our c.4% loan growth target in 2025. Furthermore, our business model continues to be characterised by efficiency, with a cost to income ratio of 36%[1], and strong credit quality, with NPEs falling to 1.7% and cost of risk of 36 bps in the first half.

Our balance sheet remains robust and highly liquid thanks to strong organic capital generation of 215 bps. This increased CET 1 and Total Capital Ratios to 20.6% and 25.8% respectively. In addition, our retail funded deposit base grew 6% year on year to €20.9 bn at the end of June 2025.

As part of our strategy to expand our insurance operations and further improve our diversified business model, in July 2025 we completed the acquisition of 100% of Ethniki Insurance Cyprus Ltd for cash consideration of €29.3 mn. The acquisition further strengthens our leading positions in the insurance market in Cyprus and will bolster the contribution of our non-interest income to the Group's revenues.

The Cypriot economy remains strong and continues to demonstrate healthy GDP growth outpacing the Euro area average despite ongoing global macroeconomic uncertainties. GDP in Cyprus is forecast to grow by 3% in 2025 versus 0.9% for the Euro area.

Reflecting the strength of our performance in the first half, we reinforce our confidence in achieving an ROTE towards the upper end of our mid-teens range target in FY2025, through disciplined execution of our strategy and leveraging our key strengths, despite rate cycle normalisation. Likewise, we now anticipate our ROTE on a 15% CET1 ratio to exceed our high-teens target.

Today, we are pleased to announce the introduction of an interim dividend of €0.20 per ordinary share, equivalent to a c.40% payout ratio from 1H2025 earnings. Additionally, in line with our ongoing commitment to delivering shareholder returns, we are targeting a 70% payout ratio[2] in respect of 2025 earnings, which is at the top-end of our 50-70% distribution policy.

We remain committed to supporting our customers and the broader Cypriot economy, with an unparalleled focus on continuing to deliver attractive returns to our shareholders."

Panicos Nicolaou

1) Excluding special levy on deposits and other levies/contributions
2) Subject to market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time and AGM approval

A. Group Financial Results – Statutory Basis

Interim Consolidated Income Statement for the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	€000	€000
Interest income	**429,320**	514,292
Income similar to interest income	**3,501**	5,537
Interest expense	**(65,242)**	(99,110)
Expense similar to interest expense	**(124)**	(836)
Net interest income	**367,455**	419,883
Fee and commission income	**91,790**	89,872
Fee and commission expense	**(3,608)**	(3,657)
Net foreign exchange gains	**14,666**	13,034
Net gains on financial instruments	**1,932**	729
Net (losses)/gains on derecognition of financial assets measured at amortised cost	**(2,171)**	1,106
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	**(269)**	(311)
Net insurance service result	**39,881**	34,949
Net reinsurance service result	**(15,191)**	(11,863)
Net losses from revaluation and disposal of investment properties	**(1,794)**	(1,257)
Net gains on disposal of stock of property	**7,652**	2,584
Other income	**5,543**	5,218
Total operating income	**505,886**	550,287
Staff costs	**(104,869)**	(96,135)
Special levy on deposits and other levies/contributions	**(15,519)**	(18,784)
Provisions for pending litigations, claims, regulatory and other matters (net of reversals)	**(1,353)**	(2,562)
Other operating expenses	**(76,391)**	(70,989)
Operating profit before credit losses and impairment	**307,754**	361,817
Credit losses on financial assets	**(15,901)**	(17,471)
Impairment net of reversals on non-financial assets	**(14,009)**	(24,760)
Profit before tax	**277,844**	319,586
Income tax	**(42,069)**	(48,203)
Profit after tax for the period	**235,775**	271,383
Attributable to:		
Owners of the Company	**234,639**	270,353
Non-controlling interests	**1,136**	1,030
Profit for the period	**235,775**	271,383
Basic earnings per share attributable to the owners of the Company (€ cent)	**53.5**	60.6
Diluted earnings per share attributable to the owners of the Company (€ cent)	**53.3**	60.4

A. Group Financial Results – Statutory Basis

Interim Consolidated Balance Sheet as at 30 June 2025

	30 June 2025	31 December 2024
Assets	**€000**	€000
Cash and balances with central banks	**7,401,060**	7,600,726
Loans and advances to banks	**1,004,664**	820,574
Reverse repurchase agreements	**1,014,713**	1,010,170
Derivative financial assets	**122,032**	95,273
Investments at FVPL	**171,931**	136,629
Investments at FVOCI	**422,799**	416,077
Investments at amortised cost	**4,236,825**	3,805,637
Loans and advances to customers	**10,577,868**	10,114,394
Life insurance business assets attributable to policyholders	**806,817**	772,757
Prepayments, accrued income and other assets	**362,369**	479,199
Stock of property	**432,575**	648,757
Investment properties	**33,147**	36,251
Deferred tax assets	**164,570**	166,844
Property and equipment	**305,273**	307,414
Intangible assets	**46,870**	49,747
Non-current assets and disposal groups held for sale	**-**	23,143
Total assets	**27,103,513**	26,483,592
Liabilities		
Deposits by banks	**502,187**	364,231
Derivative financial liabilities	**15,549**	4,664
Customer deposits	**20,903,113**	20,519,276
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**49,309**	44,074
Insurance contract liabilities	**749,783**	743,684
Accruals, deferred income, other liabilities and other provisions	**666,657**	556,459
Provisions for pending litigation, claims, regulatory and other matters	**60,520**	92,620
Debt securities in issue	**992,138**	989,435
Subordinated liabilities	**316,445**	307,138
Deferred tax liabilities	**32,902**	31,943
Total liabilities	**24,288,603**	23,653,524
Equity		
Share capital	**44,083**	44,050
Share premium	**594,358**	594,358
Revaluation and other reserves	**56,939**	86,139
Retained earnings	**1,878,199**	1,865,327
Equity attributable to the owners of the Company	**2,573,579**	2,589,874
Other equity instruments	**220,000**	220,000
Non-controlling interests	**21,331**	20,194
Total equity	**2,814,910**	2,830,068
Total liabilities and equity	**27,103,513**	26,483,592

B. Group Financial Results – Underlying Basis

Interim Consolidated Income Statement

€ mn	1H2025	1H2024	yoy ±%	2Q2025	1Q2025	qoq ±%
Net interest income	368	420	-12%	182	186	-2%
Net fee and commission income	88	86	2%	44	44	1%
Net foreign exchange gains and net gains on financial instruments	18	13	33%	9	9	-2%
Net insurance result	24	23	7%	12	12	6%
Net gains from revaluation and disposal of investment properties and on disposal of stock of property	5	2	342%	4	1	166%
Other income	6	5	6%	3	3	-5%
Total income	**509**	**549**	**-7%**	**254**	**255**	**0%**
Staff costs	(105)	(96)	9%	(55)	(50)	10%
Other operating expenses	(76)	(71)	8%	(39)	(37)	4%
Special levy on deposits and other levies/contributions	(16)	(19)	-17%	(8)	(8)	1%
Total expenses	**(197)**	**(186)**	**6%**	**(102)**	**(95)**	**7%**
Operating profit	**312**	**363**	**-14%**	**152**	**160**	**-4%**
Loan credit losses	(19)	(16)	21%	(9)	(10)	-15%
Impairments of other financial and non-financial assets	(14)	(25)	-43%	(4)	(10)	-57%
Provisions for pending litigations, claims, regulatory and other matters (net of reversals)	(1)	(3)	-47%	1	(2)	-114%
Total loan credit losses, impairments and provisions	**(34)**	**(44)**	**-20%**	**(12)**	**(22)**	**-41%**
Profit before tax and non-recurring items	**278**	**319**	**-13%**	**140**	**138**	**2%**
Tax	(42)	(48)	-13%	(22)	(20)	9%
Profit attributable to non-controlling interests	(1)	(1)	10%	0	(1)	-44%
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**235**	**270**	**-13%**	**118**	**117**	**1%**
Advisory and other transformation costs – organic	-	-	-	-	-	-
Profit after tax (attributable to the owners of the Company)	**235**	**270**	**-13%**	**118**	**117**	**1%**

B. Group Financial Results – Underlying Basis (continued)

Interim Consolidated Income Statement - Key Performance Ratios

Key Performance Ratios	**1H2025**	**1H2024**	yoy±%	**2Q2025**	**1Q2025**	qoq±%
Net Interest Margin (annualised)	3.05%	3.66%	-61 bps	2.98%	3.13%	-15 bps
Net Interest Margin excluding TLTRO III (annualised)	3.05%	3.79%	-74 bps	2.98%	3.13%	-15 bps
Cost to income ratio	39%	34%	5 p.p.	40%	37%	3 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	36%	30%	6 p.p.	37%	34%	3 p.p.
Operating profit return on average assets (annualised)	2.3%	2.8%	-0.5 p.p.	2.3%	2.4%	-0.1 p.p.
Basic earnings per share attributable to the owners of the Company (€)[1]	0.54	0.61	-0.07	0.27	0.27	-
Return (annualised) on tangible equity (ROTE)	18.4%	23.7%	-5.3 p.p.	18.2%	18.3%	-0.1 p.p.
Return (annualised) on tangible equity (ROTE) on 15% CET1 ratio[2]	26.0%	29.6%	-3.6 p.p.	26.1%	25.9%	0.2 p.p.
Tangible book value per share[3] (€)	5.80	5.27	0.53	5.80	6.04	-0.24
Tangible book value per share excluding the cash dividend	5.60[4]	5.27	0.33	5.60[4]	5.56	0.04

1. The diluted earnings per share attributable to the owners of the Company for 2Q2025 amounted to €0.27 (compared to €0.26 for 1Q2025) and to €0.53 for 1H2025 (compared to €0.60 for 1H2024)
2. Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised - (based on year - to - date days), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible shareholders' equity
3. Tangible book value per share is calculated based on number of shares in issue at the end of the period, excluding treasury shares
4. Excluding the interim cash dividend

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Commentary on Underlying Basis

The financial information presented in this Section provides an overview of the Group financial results for the six months ended 30 June 2025 on the 'underlying basis' which management believes best fits the true measurement of the performance and position of the Group, as this presents separately any non-recurring items (where applicable) and also includes certain reclassifications of items, other than non-recurring items, which are done for presentational purposes under the underlying basis for aligning their presentation with items of a similar nature.

Reconciliations between the statutory basis and the underlying basis to facilitate the comparability of the underlying basis to the statutory information, are included in Section B.1 'Reconciliation of Interim Consolidated Income statement for the six months ended 30 June 2025 between statutory and underlying basis', in 'Alternative Performance Measures' of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2025 and Section F under 'Definitions & Explanations'.

B. Group Financial Results– Underlying Basis (continued)

Interim Consolidated Balance Sheet

€ mn	30.06.2025	31.12.2024	±%
Cash and balances with central banks	**7,401**	**7,601**	-3%
Loans and advances to banks	**1,005**	**821**	22%
Reverse repurchase agreements	**1,015**	**1,010**	0%
Debt securities, treasury bills and equity investments	**4,832**	**4,358**	11%
Net loans and advances to customers	**10,578**	**10,114**	5%
Stock of property	**433**	**649**	-33%
Investment properties	**33**	**36**	-9%
Other assets	**1,807**	**1,872**	-3%
Non-current assets and disposal groups held for sale	**-**	**23**	-100%
Total assets	**27,104**	**26,484**	**2%**
Deposits by banks	**502**	**364**	38%
Customer deposits	**20,903**	**20,519**	2%
Debt securities in issue	**992**	**989**	0%
Subordinated liabilities	**316**	**307**	3%
Other liabilities	**1,576**	**1,475**	7%
Total liabilities	**24,289**	**23,654**	**3%**

Shareholders' equity	**2,574**	**2,590**	**-1%**
Other equity instruments	220	220	**-**
Total equity excluding non-controlling interests	**2,794**	**2,810**	**-1%**
Non-controlling interests	21	20	**6%**
Total equity	**2,815**	**2,830**	**-1%**
Total liabilities and equity	**27,104**	**26,484**	**2%**

Key Balance Sheet figures and ratios	30.06.2025	31.12.2024[1]	±[1]
Gross loans (€ mn)	**10,794**	**10,374**	4%
Allowance for expected loan credit losses (€ mn)	**234**	**254**	-8%
Customer deposits (€ mn)	**20,903**	**20,519**	2%
Loans to deposits ratio (net)	**51%**	**49%**	2 p.p.
NPE ratio	**1.7%**	**2.5%**	-80 bps
NPE coverage ratio	**124%**	**100%**	24 p.p.
Leverage ratio	**10.1%**	**10.4%**	-30 bps
Capital ratios and risk weighted assets	**30.06.2025 (Regulatory[2])**	**31.12.2024 (Regulatory[3])**	**±**
Common Equity Tier 1 (CET1) ratio (transitional)	**20.6%**	**19.2%**	140 bps
Total capital ratio (transitional)	**25.8%**	**24.0%**	180 bps
Risk weighted assets (€ mn)	**10,300**	**10,834**	-5%

1. Including the NPE portfolios classified as non-current assets and disposal groups held for sale were relevant. 2.Includes reviewed profits for 1H2025 net of distribution accrual (refer to B.2.1). 3. Includes profits for the year ended 31 December 2024 net of distribution at 50% payout ratio p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 p.p.

B. Group Financial Results– Underlying Basis (continued)

B.1 Reconciliation of Interim Consolidated Income Statement for the six months ended 30 June 2025 between the statutory and underlying basis

€ million	Underlying basis	Reclassifications	Statutory basis
Net interest income	368	-	368
Net fee and commission income	88	-	88
Net foreign exchange gains and net gains on financial instruments	18	(1)	17
Net losses on derecognition of financial assets measured at amortised cost	-	(2)	(2)
Net insurance result*	24	-	24
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property	5	-	5
Other income	6	-	6
Total income	**509**	**(3)**	**506**
Total expenses	**(197)**	**(1)**	**(198)**
Operating profit	**312**	**(4)**	**308**
Loan credit losses	(19)	19	-
Impairment of other financial and non-financial assets	(14)	14	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	(1)	1	-
Credit losses on financial assets and impairment net of reversals of non-financial assets	-	(30)	(30)
Profit before tax and non-recurring items	**278**	**-**	**278**
Tax	(42)	-	(42)
Profit attributable to non-controlling interests	(1)	-	(1)
Profit after tax (attributable to the owners of the Company)	**235**	**-**	**235**

* Net insurance result per underlying basis comprises the aggregate of captions '*Net insurance finance income/(expense) and net reinsurance finance income/(expense)*', '*Net insurance service result*' and '*Net reinsurance service result*' per the statutory basis.

The reclassification differences between the statutory basis and the underlying basis are explained below:

- Net losses on loans and advances to customers at FVPL of €1 million included in '*Loan credit losses*' under the underlying basis are included in '*Net gains on financial instruments*' under the statutory basis. Their classification under the underlying basis is done to align their presentation with the loan credit losses on loans and advances to customers at amortised cost.

- '*Net losses on derecognition of financial assets measured at amortised cost*' of €2 million under the statutory basis comprise net losses on derecognition of loans and advances to customers and are included in '*Loan credit losses*' under the underlying basis as to align their presentation with the loan credit losses arising from loans and advances to customers.

- '*Provisions for pending litigation, claims, regulatory and other matters (net of reversals)*' amounting to a charge of €1 million presented within '*Operating profit before credit losses and impairment*' under the statutory basis, are presented under the underlying basis in conjunction with loan credit losses and impairments.

- '*Credit losses on financial assets*' and '*Impairment net of reversals on non-financial assets*' under the statutory basis include: i) credit losses to cover credit risk on loans and advances to customers of €16 million, which are included in '*Loan credit losses*' under the underlying basis, and ii) credit losses of other financial assets of €0.3 million and impairment net of reversals of non-financial assets of €14 million, which are included in '*Impairment of other financial and non-financial assets*' under the underlying basis, as to be presented separately from loan credit losses.

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis

B.2.1 Capital Base

Total equity excluding non-controlling interests totalled €2,794 mn as at 30 June 2025 compared to €2,920 mn as at 31 March 2025 and €2,810 mn as at 31 December 2024. Shareholders' equity totalled to €2,574 mn as at 30 June 2025 compared to €2,700 mn as at 31 March 2025 and €2,590 mn as at 31 December 2024.

The **regulatory Common Equity Tier 1 capital (CET1) ratio on a transitional basis** stood at 20.6% as at 30 June 2025 compared to 19.7% as at 31 March 2025 (or 19.9% when including retained earnings and after distribution accrual for 1Q2025) and to 19.2% as at 31 December 2024. Throughout this announcement, the capital ratios as at 30 June 2025 include reviewed profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy, in line with Commission Delegated Regulation (EU) No 241/2014 principles (such ratios are referred to as regulatory). Such distribution accrual in respect of 2025 earnings does not constitute a binding commitment for a distribution payment of any amount nor does it constitute a warranty or representation that such a payment will be made. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 19 bps as at 30 June 2025, compared to 27 bps as at 31 March 2025 and 26 bps as at 31 December 2024. A prudential charge in relation to an onsite inspection on the value of the Group's foreclosed assets has been deducted from own funds since June 2021, the impact of which is not material at 1 bps on Group's CET1 ratio as at 30 June 2025, compared to 2 bps on Group's CET1 ratio as at 31 March 2025 and 3 bps on Group's CET1 ratio as at 31 December 2024. In addition, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 30 June 2025, the impact of these requirements was 70 bps on Group's CET1 ratio, compared to 90 bps as at 31 March 2025 and 51 bps as at 31 December 2024. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

The **regulatory Total Capital ratio on a transitional basis** stood at 25.8% as at 30 June 2025 compared to 24.8% as at 31 March 2025 (or 25.0% when including retained earnings and after distribution accrual for 1Q2025) and to 24.0% as at 31 December 2024.

The Group's capital ratios are above the Supervisory Review and Evaluation Process (SREP) requirements.

As at 30 June 2025, the Group's minimum phased-in CET1 capital ratio is set at **11.39%,** comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of c.0.90%. Likewise the Group's minimum phased-in Total Capital ratio requirement is set at **16.09%,** comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of c.0.90%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) remains unchanged compared to 2024.

The Group participated in the 2025 SSM Stress Test exercise as one of the 'other SSM Significant Institutions'. Following the results of the 2025 SSM Stress Test in August 2025, the Group delivered a notable improvement on the 2023 previous exercise, evident of the robust capital position, strong organic capital generation and profitability as well the resilience of the Group's business model. The Bank was placed within the first bucket in accordance with the maximum CET1 depletion in the supervisory stress-test exercise. The Group's results by reference to both, maximum CET1 depletion and CET1 ratio at the end of the scenario horizon under the adverse scenario, compare favourably to the average outcomes of the 96 ECB stress-tested banks. As a result, pursuant to the draft SREP decision received in August 2025, the ECB provided revised lower non-public guidance for an additional Pillar II Cet1 buffer (P2G) effective from 1 January 2026.

In June 2023, the Central Bank of Cyprus ('CBC'), following the revised methodology described in its macroprudential policy, decided to set the CcyB to 1.00% of the total risk exposure in Cyprus for each licensed credit institution incorporated in Cyprus, effective from June 2024. As a result, the CcyB for the Group as at 30 June 2025 amounted to c.0.90%. In January 2025, CBC, based on its macroprudential policy, decided to increase the CCyB from 1.00% to 1.50% of the total risk exposure amount in Cyprus, for each licensed credit institution incorporated in Cyprus, effective from January 2026.

The Bank has been designated as an Other Systemically Important Institution (O-SII) by CBC in accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 and the relevant buffer stood at 1.875% on 1 January 2024, following a revision in October 2023. In April 2024, the CBC has set the Group's O-SII buffer to 2.00% to be observed from 1 January 2026, to be phased by 6.25 bps annually, to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026.

Own funds held for the purposes of P2G cannot be used to meet any other capital requirements (Pillar I, Pillar II requirements or the combined buffer requirement), and therefore cannot be used twice.

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.1 Capital Base (continued)

Following the annual SREP performed by the ECB in 2025 and based on the draft 2025 SREP Decision received in August 2025, the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to decrease effective from 1 January 2026, when disregarding the phasing in of CcyB and O-SII buffer, reflecting the reduction in the Pillar II requirement. The Pillar II requirement is expected to decrease by 25 bps to 2.50%, effective from 1 January 2026. The Group's minimum phased-in CET1 capital ratio is expected to be set at **11.91%**, comprising a 4.50% Pillar I requirement, a 1.41% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.00% and CcyB of c.1.50%. Likewise the Group's minimum phased-in Total Capital ratio requirement is expected to be set at **16.50%**, comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.50% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 2.00% and CcyB of c.1.50%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) has also been revised downwards based on the draft SREP Decision.

As at 31 December 2024, the Group's minimum phased-in CET1 capital ratio requirement was set at **11.34%**, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and CcyB of c.0.92%. Likewise, the Group's minimum phased-in Total Capital ratio requirement was set at **16.05%,** comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and the CcyB of c.0.92%.

Distributions

Distribution policy from FY2025

The Group aims to provide sustainable returns to shareholders. The distribution policy has been upgraded in February 2025 in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be **in the range of 50-70% payout ratio** (from the previous policy of 30-50%) of the Group's adjusted recurring profitability through a combination of cash dividends (with interim dividends also being introduced) and share buybacks.

The Group adjusted recurring profitability is defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.

The decision to make any future final or interim distributions, including proposed distribution quantum, as well as envisaged allocation between dividend and buyback, will take into consideration market conditions as well as the outcome of the Group's ongoing capital and liquidity planning strategy at the time.

FY2025 Distribution target at 70% payout ratio

The Group proceeded with the **declaration of an interim dividend of €0.20 per ordinary share**, amounting to an aggregate of c.€87 mn ('the Interim Dividend'). This represents a c.40% payout ratio of the Group's adjusted recurring profitability for the six months ended 30 June 2025, reflecting a dividend yield of 3% (based on the share price as at 30 June 2025). The Interim Dividend reflects the Group's successful execution of its ongoing commitment to deliver sustainable returns to shareholders, supported by its continued strong financial performance. The Interim Dividend will be paid in cash on 20 October 2025 to those shareholders on the register of members of the Company on 23 September 2025 ('Record date') with an ex-dividend date of 22 September 2025.

Supported by its strength of its financial performance, **the Group is targeting a total distribution payout ratio of 70% in respect of the financial year ending on 31 December 2025 at the top-end of the 50-70% range of its distribution policy,** further contributing to its strong track record of attractive shareholder returns.

FY2024 Distribution at 50% payout ratio

In February 2025, the Company proposed a total distribution of €241 mn, comprising a cash dividend of €211 mn and a share buyback of up to €30 mn (together, the '2024 Distribution'). The 2024 Distribution corresponded to 50% payout ratio of the Group's FY2024 adjusted recurring profitability, at the top-end of the Group's 2024 Distribution Policy and represented a significant increase both in terms of payout ratio and total quantum, compared to prior year. This was equivalent to 12% distribution yield (based on the share price as at 31 December 2024), above the 2024 Eurozone banking sector average.

B.2 Balance Sheet Analysis (continued)

B.2.1 Capital Base (continued)

FY2024 Distribution at 50% payout ratio (continued)

The proposed final dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024 was declared at the Annual General Meeting ('AGM') which was held on 16 May 2025, almost doubled compared to €0.25 per ordinary share in prior year. The dividend was paid in cash on 25 June 2025.

Additionally, in February 2025 the Company launched a buyback programme to buy back ordinary shares in the Company for an aggregate consideration of up to €30 mn for which approval by the ECB has been received (the 'Programme'). The purpose of the Programme was to reduce the Company's share capital and therefore shares purchased under the Programme were cancelled in July 2025. The Programme took place on Athens Stock Exchange ('Athex') and the Cyprus Stock Exchange ('CSE'). The launch and implementation of the share buyback programme complied with the Company's general authority to repurchase the Company's ordinary shares as approved by shareholders at the Company's AGM on 17 May 2024, which was renewed at the AGM which was held on 16 May 2025. As at 16 June 2025, the Programme was successfully completed, resulting in the Company repurchasing 5,142,602 ordinary shares at a volume weighed average price of €5.83 per share for a total consideration of €30 mn.

The 2024 Distribution in respect of 2024 earnings is equivalent to c.220 bps on CET1 ratio as at 31 December 2024.

Share Capital

As at 30 June 2025, there were 440,828,633 issued ordinary shares with a nominal value of €0.10 each, compared to 440,820,060 as at 31 March 2025 and 440,502,243 as at 31 December 2024. The increase since the beginning of the year relates to issuance of ordinary shares of the Company in connection with the Company's Short Term Incentive Plan and Long Term Incentive Plan. Furthermore, as of 30 June 2025, the Company held 5,142,602 ordinary shares as treasury shares, resulting from the share buyback programme announced in February 2025. These treasury shares were cancelled in July 2025.

Other equity instruments

At 30 June 2025, the Group's other equity instruments relate to Additional Tier 1 Capital Securities (the "AT1 securities") and amounted to €220 mn, flat on prior quarter.

The Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities constitute unsecured and subordinated obligations of the Company, are perpetual and are issued at par. They carry an initial coupon of 11.875% per annum, payable semi-annually and resettable on 21 December 2028 and every 5 years thereafter.

The Company will have the option to redeem these capital securities from, and including, 21 June 2028 to, and including, 21 December 2028 and on each interest payment date thereafter, subject to applicable regulatory consents and the relevant conditions to redemption.

Legislative amendments for the conversion of DTA to DTC

Legislative amendments allowing for the conversion of specific deferred tax assets (DTA) into deferred tax credits (DTC) became effective in March 2019. The legislative amendments cover the utilisation of income tax losses transferred from Laiki Bank to the Bank in March 2013. The introduction of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) IV in January 2014 and its subsequent phasing-in led to a more capital-intensive treatment of the DTA arising from tax losses. With this legislation, institutions are allowed to treat such DTAs as 'not relying on future profitability', according to CRR/CRD IV and as a result not deducted from CET1, hence improving a credit institution's capital position. They also provide that a guarantee fee on annual tax credit is payable annually by the credit institution to the Government.

Following certain modifications to the relevant law in May 2022, the annual guarantee fee is to be determined by the Cyprus Government on an annual basis, providing however that such fee to be charged is set at a minimum fee of 1.5% of the annual instalment and can range up to a maximum amount of €10 mn per year.

The Group estimates that such fees could range to c.€5 mn per year (for each tax year in scope i.e. since 2018) although the Group understands that such fee may fluctuate annually as to be determined by the Ministry of Finance.

B.2.2 Regulations and Directives

B.2.2.1 The 2021 Banking Package (CRR III and CRD VI and BRRD)

During 2024, the EU co-legislators finalised, adopted and published the comprehensive package of reforms with respect to European Union banking rules which implement the Final Basel III set of global reforms, changing how banks calculate their RWA (Regulation (EU) 2024/1623 (known as CRR III)) and Directive (EU) 2024/1619 (known as CRD VI), applicable from January 1, 2025. Most provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III had a positive impact of approximately 1% on the CET1 ratio (transitional) of the Group on initial application on 1 January 2025, primarily driven by a reduction in Operational Risk RWAs and to a lesser extent by a reduction in credit risk RWAs. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

B.2.2.2 Bank Recovery and Resolution Directive (BRRD)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

In January 2025, the Bank received notification from the SRB regarding the 2025 MREL decision, by which the MREL requirement is now set at 23.85% of risk weighted assets (or 29.19% of risk weighted assets taking into account the prevailing CBR as at 30 June 2025 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure ('LRE' as defined in the CRR). The revised MREL requirement became binding with immediate effect, replacing the previous requirement of 25.00% of risk weighted assets and 5.91% of LRE.

The Bank must comply with the MREL requirement at the consolidated level, comprising the Bank and its subsidiaries.

The MREL ratio as at 30 June 2025, calculated according to the SRB's eligibility criteria currently in effect, stood at 35.9% of RWAs (including capital used to meet the CBR) and at 13.8% of LRE (based on the regulatory Total Capital as at 30 June 2025), maintaining a comfortable buffer over the MREL requirement.

The CBR stood at 5.34% as at 30 June 2025, compared to 5.35% as at 31 March 2025 and 5.30% as at 31 December 2024. The CBR is expected to increase as a result of the phasing in of O-SII buffer by 0.50% to 2.00% on 1 January 2026 as well as the expected increase of the CcyB rate as of January 2026, as explained above.

Throughout this announcement, the MREL ratio as at 30 June 2025 includes profits for the six months ended 30 June 2025 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy in line with Commission Delegated Regulation (EU) No 241/2014 principles.

B.2.3 Funding and Liquidity

Funding

Deposits

Customer deposits totalled €20,903 mn at 30 June 2025 (compared to €20,702 mn at 31 March 2025 and €20,519 mn at 31 December 2024) up 2% year to date. Customer deposits are mainly retail-funded and approximately 55% of deposits are protected under the deposit guarantee scheme as at 30 June 2025.

Customer deposits accounted for 77% of total assets and 86% of total liabilities at 30 June 2025 (compared to 77% of total assets and 87% of total liabilities as at 31 December 2024).

The net loans to deposits (L/D) ratio stood at 51% as at 30 June 2025, compared to 50% as at 31 March 2025 and 49% as at 31 December 2024 on the same basis, 2 p.p. up since the beginning of the year.

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.3 Funding and Liquidity (continued)

Funding (continued)

Subordinated liabilities

At 30 June 2025, the carrying amount of the Group's subordinated liabilities amounted to €316 mn (compared to €312 mn at 31 March 2025 and €307 mn at 31 December 2024) and relate to unsecured subordinated Tier 2 Capital Notes ('T2 Notes').

The T2 Notes were priced at par with a fixed coupon of 6.625% per annum, payable annually in arrears and resettable on 23 October 2026. The maturity date of the T2 Notes is 23 October 2031. The Company will have the option to redeem the T2 Notes early on any day during the six-month period from 23 April 2026 to 23 October 2026, subject to applicable regulatory approvals.

Debt securities in issue

At 30 June 2025, the carrying value of the Group's debt securities in issue amounted to €992 mn (compared to €1,000 mn at 31 March 2025 and €989 mn at 31 December 2024) and relate to senior preferred notes.

In April 2024, the Bank successfully launched and priced an issuance of €300 mn green senior preferred notes (the'Green Notes'). The Green Notes were priced at par with a fixed coupon of 5% per annum, payable in arrear, until the Option redemption date i.e. 2 May 2028. The maturity date of the Green Notes is 2 May 2029; however, the Bank may, at its discretion, redeem the Green Notes on the Optional Redemption Date subject to meeting certain conditions (including applicable regulatory consents) as specified in the Terms and Conditions.

If the Green Notes are not redeemed by the Bank, the coupon payable from the Optional Redemption Date until the Maturity Date will convert from a fixed rate to a floating rate and will be equal to 3-month Euribor + 197.1 bps, payable quarterly in arrears. The transaction represented the Bank's inaugural green bond issuance in line with the Group's Beyond Banking approach, aimed at creating a stronger, safer and future-focused Bank and leading the transition of Cyprus to a sustainable future. An amount equivalent to the net proceeds of the Green Notes was allocated to Eligible Green Projects as described in the Bank's Sustainable Finance Framework, which include Green Buildings, Energy Efficiency, Clean Transport and Renewable Energy.

In July 2023, the Bank successfully launched and priced an issuance of €350 mn of senior preferred notes (the 'Notes'). The Notes were priced at par with a fixed coupon of 7.375% per annum, payable annually in arrear, until the Optional Redemption Date i.e. 25 July 2027. The maturity date of the Notes is 25 July 2028; however, the Bank may, at its discretion, redeem the Notes on the Optional Redemption Date subject to meeting certain conditions (including applicable regulatory consents) as specified in the Terms and Conditions. If the Notes are not redeemed by the Bank, the coupon payable from the Optional Redemption Date until the Maturity Date will convert from a fixed rate to a floating rate and will be equal to 3-month Euribor + 409.5 bps, payable quarterly in arrear.

In June 2021, the Bank executed its inaugural MREL transaction issuing €300 mn of senior preferred notes (the 'SP Notes'). The SP Notes were priced at par with a fixed coupon of 2.50% per annum, payable annually in arrears and resettable on 24 June 2026. The maturity date of the SP Notes is 24 June 2027, and the Bank may, at its discretion, redeem the SP Notes on 24 June 2026, subject to meeting certain conditions as specified in the Terms and Conditions, including applicable regulatory consents.

All issuances of senior preferred notes comply with the criteria for the Minimum Requirement for Own Funds and Eligible Liabilities ("MREL") and contribute towards the Bank's MREL requirements.

Liquidity

At 30 June 2025, the Group Liquidity Coverage Ratio (LCR) stood at 304% (compared to 330% at 31 March 2025 and 309% at 31 December 2024), well above the minimum regulatory requirement of 100%. The LCR surplus as at 30 June 2025 amounted to €8.1 bn (compared to €8.2 bn at 31 March 2025 and €8.1 bn at 31 December 2024, broadly flat on the prior quarter).

At 30 June 2025, the Group Net Stable Funding Ratio (NSFR) stood at 169% (compared to 160% at 31 March 2025 and 162% as at 31 December 2024), well above the minimum regulatory requirement of 100%.

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.4 Loans

Group **gross loans** totalled €10,794 mn at 30 June 2025, compared to €10,600 mn at 31 March 2025 and €10,374 mn at 31 December 2024, up 4% since the beginning of the year, mainly due to higher international and corporate loan demand. The Group's gross performing loan book increased by 5% since the beginning of the year to €10.66 bn.

New lending granted in Cyprus reached €760 mn for 2Q2025 (compared to a seasonally strong new lending of €842 mn for 1Q2025 and €727 mn for 4Q2024), down by 10% qoq. New lending in 2Q2025 comprised €279 mn of corporate loans, €223 mn of retail loans (of which €141 mn were housing loans), €70 mn of SME loans and €188 mn of international loans. New lending for 1H2025 totalled €1,602 mn, up 31% yoy driven mainly by international and corporate loans.

At 30 June 2025, the Group net loans and advances to customers totalled €10,578 mn (compared to €10,387 mn at 31 March 2025 and €10,114 mn at 31 December 2024) up 5% since December 2024.

B.2.5 Loan portfolio quality

Group's priorities focus mainly on maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

The loan credit losses for 2Q2025 amounted to €9 mn, compared to €10 mn for 1Q2025, and totalled €19 mn for 1H2025. Further details regarding loan credit losses are provided in Section B.3.3 'Profit before tax and non-recurring items'.

Non-performing exposures

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced by €2 mn, or 1% in 2Q2025, to €188 mn at 30 June 2025 (compared to €190 mn at 31 March 2025 and €255 mn at 31 December 2024).

As a result, the NPEs reduced to 1.7% of gross loans as at 30 June 2025, compared to 1.8% as at 31 March 2025 and 2.5% as at 31 December 2024.

The NPE coverage ratio stands at 124% at 30 June 2025, compared to 122% at 31 March 2025 and 100% at 31 December 2024.

Agreement for the sale of NPEs

In September 2024, the Bank entered into an agreement with funds associated with Cerberus Global Investments B.V. to sell a non-performing loan portfolio of mainly corporate secured exposures with a contractual balance of c.€149 mn and a gross book value of c.€27 mn as at 30 June 2024.

In December 2024 the Bank entered into an additional agreement with funds associated with Cerberus Global Investments B.V. for the sale of a non-performing loan portfolio of mainly retail and SME exposures, with a contractual balance of c.€193 mn and a gross book value of c.€39 mn as at 31 December 2024.

As at 31 December 2024, the transactions were classified as non-current assets held for sale and their gross book value and net book value amounted to €55 mn and €23 mn respectively.

The transactions were completed in 1Q2025 and were broadly neutral to both the income statement and capital position.

Overall, since the peak in 2014, the stock of NPEs has been reduced by €14.8 bn or 99% to €0.2 bn and the NPE ratio by 61 p.p. from 63% to below 2.0%.

B.2.6 Fixed income portfolio

Fixed income portfolio amounts to €4,650 mn as at 30 June 2025, compared to €4,519 mn as at 31 March 2025 and €3,828 mn as at 30 June 2024, increased by 3% on the prior quarter and by 21% on prior year. As at 30 June 2025, the portfolio represents 17% of total assets and comprises €4,237 mn (91%) measured at amortised cost and €413 mn (9%) at fair value through other comprehensive income ('FVOCI').

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.6 Fixed income portfolio (continued)

The fixed income portfolio measured at amortised cost is held to maturity and therefore no fair value gains/losses are recognised in the Group's income statement or equity. This fixed income portfolio has high average rating at Aa2. The amortised cost fixed income portfolio as at 30 June 2025 has an unrealised fair value gain of €51 mn, equivalent to c.50 bps of CET1 ratio (compared to an unrealised fair value gain of €28 mn as at 31 March 2025).

B.2.7 Reverse repurchase agreements

Reverse repurchase agreements amount to €1,015 mn as at 30 June 2025, flat qoq and yoy. Reverse repurchase agreements represent part of the hedging activities the Group is carrying out in order to reduce its net interest income sensitivity. The average fixed rate of reverse repurchase agreements is c.3.0% p.a. and the remaining average maturity is estimated at c.1.5 years.

B.2.8 Real Estate Management Unit (REMU)

The **Real Estate Management Unit (REMU)** is focused on the disposal of on-boarded properties resulting from debt for asset swaps. Cumulative sales of repossessed assets since the beginning of 2019 amount to c.€1.3 bn and exceed properties on-boarded in the same period of €0.5 bn.

REMU completed disposals of €211 mn in 1H2025 (compared to €57 mn in 1H2024), resulting in a gain on disposal of c.€8 mn for 1H2025 (compared to c.€3 mn for 1H2024). Asset disposals are across all property classes, with 36% of sales in gross sale value in 1H2025 relating to land.

During the six months ended 30 June 2025, REMU executed sale-purchase agreements (SPAs) for disposals of 189 properties with contract value of €227 mn, compared to SPAs for disposals of 258 properties with contract value of €65 mn (including a transfer of €3 mn) for 1H2024.

In addition, as at 30 June 2025, REMU maintains a pipeline of €34 mn by contract value, of which €19 mn related to SPAs signed, (compared to a pipeline of €42 mn as at 31 December 2024, of which €24 mn related to SPAs signed).

REMU on-boarded €8 mn of assets in 1H2025 (compared to additions of €14 mn in 1H2024), via the execution of debt for asset swaps and repossessed properties.

As at 30 June 2025, repossessed properties held by REMU had a carrying value of €442 mn, compared to €634 mn as at 31 March 2025 and €790 mn as at 30 June 2024, reduced by 44% yoy reflecting mainly the sale of REMU's largest property in June 2025. REMU has achieved its target of reducing this portfolio to approximately €0.5 billion ahead of the end-2025 target date.

Assets held by REMU

Repossessed Assets held by REMU (Group) € mn	**1H2025**	**1H2024**	**yoy ±%**	**2Q2025**	**1Q2025**	**qoq ±%**
Opening balance	**660**	**862**	-23%	634	660	-4%
On-boarded assets	**8**	**14**	-46%	3	5	-47%
Sales	**(211)**	**(57)**	-	(189)	(22)	-
Net impairment loss	**(15)**	**(26)**	-45%	(6)	(9)	-32%
Transfers to own properties	**-**	**(3)**	-100%	-	-	-
Closing balance	**442**	**790**	-44%	**442**	**634**	-30%

B. Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.8 Real Estate Management Unit (REMU) (continued)

Assets held by REMU (continued)

Analysis by type and country of repossessed properties **30 June 2025 (€ mn)**	**Cyprus**	**Greece**	**Total**
Residential properties	**44**	**6**	**50**
Offices and other commercial properties	**60**	**7**	**67**
Manufacturing and industrial properties	**14**	**9**	**23**
Land (fields and plots)	**266**	**3**	**269**
Golf courses and golf-related property	**33**	**-**	**33**
Total	**417**	**25**	**442**

31 December 2024 (€ mn)	**Cyprus**	**Greece**	**Total**
Residential properties	**46**	**6**	**52**
Offices and other commercial properties	**74**	**8**	**82**
Manufacturing and industrial properties	**15**	**10**	**25**
Land (fields and plots)	**349**	**3**	**352**
Golf courses and golf-related property	**149**	**-**	**149**
Total	**633**	**27**	**660**

B. Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis

B.3.1 Total income

€ mn	1H2025	1H2024	yoy ±%	2Q2025	1Q2025	qoq ±%
Net interest income	**368**	**420**	-12%	**182**	**186**	-2%
Net fee and commission income	88	86	2%	44	44	1%
Net foreign exchange gains and net gains on financial instruments	18	13	33%	9	9	-2%
Net insurance result	24	23	7%	12	12	6%
Net gains from revaluation and disposal of investment properties and on disposal of stock of properties	5	2	-	4	1	166%
Other income	6	5	6%	3	3	-5%
Non-interest income	**141**	**129**	10%	**72**	**69**	5%
Total income	**509**	**549**	**-7%**	**254**	**255**	**0%**
Net Interest Margin (annualised)	3.05%	3.66%	-61 bps	2.98%	3.13%	-15 bps
Average interest earning assets (€ mn)	24,285	23,064	5%	24,465	24,104	2%
p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point						

Net interest income (NII) for 1H2025 amounted to €368 mn compared to €420 mn for 1H2024, down 12% yoy. The yoy decrease reflects mainly the reduction in the reference rates, partially offset by the hedging actions, the continued increase in liquidity as a result of the increase of deposits as well as the increased loan book.

Net interest income (NII) for 2Q2025 amounted to €182 mn (compared to €186 mn for 1Q2025, down 2% qoq. The qoq decrease is mainly attributed to the repricing of liquid assets and variable rate loans partly offset by loan and deposit growth.

Quarterly average interest earning assets (AIEA) for 1H2025 amounted to €24,285 mn, compared to €23,064 mn for 1H2024. Quarterly average interest earning assets (AIEA) were up 5% yoy, due to the increase in liquid assets mainly as a as a result of the increase of deposits by c.€1.2 bn.

Quarterly average interest earning assets (AIEA) for 2Q2025 amounted to €24,465 mn, up 2% qoq.

Net interest margin (NIM) for 1H2025 amounted to 3.05% (compared to 3.66% for 1H2024) down 61 bps yoy, reflecting mainly the decrease in the reference rates as explained above.

Net interest margin (NIM) for 2Q2025 amounted to 2.98% (compared to 3.13% for 1Q2025) down 15 bps qoq, mainly as a result of lower net interest income.

Non-interest income for 1H2025 amounted to €141 mn (compared to €129 mn for 1H2024, up 10% yoy) comprising net fee and commission income of €88 mn, net foreign exchange gains and net gains on financial instruments of €18 mn, net insurance result of €24 mn, net gain from revaluation and disposal of investment properties and on disposal of stock of properties of €5 mn and other income of €6 mn. All components of non-interest income experienced growth yoy, with net foreign exchange gains and net gains on financial instruments accounting for the majority of this increase.

Non-interest income for 2Q2025 amounted to €72 mn (compared to €69 mn for 1Q2025, up 5% qoq) comprising net fee and commission income of €44 mn, net foreign exchange gains and net gains on financial instruments of €9 mn, net insurance result of €12 mn, net gain from revaluation and disposal of investment properties and on disposal of stock of properties of €4 mn and other income of €3 mn. The qoq increase is mainly due to higher net gain from revaluation and disposal of investment properties and on disposal of stock of properties.

Net fee and commission income for 1H2025 amounted to €88 mn (compared to €86 mn for 1H2024, up 2% yoy. The yoy increase primarily reflects higher non-transactional fees.

Net fee and commission income for 2Q2025 amounted to €44 mn, flat qoq.

Net foreign exchange gains and net gains on financial instruments amounted to €18 mn for 1H2025 (compared to €13 mn for 1H2024, up 33% yoy), comprising a net foreign exchange gain of c.€15 mn (including c.€8 mn customer related foreign exchange gains) and a net gain on financial instruments of c.€3 mn. The yoy increase is mainly attributed to higher revaluation gains on financial instruments. Customer-related foreign exchange gains are considered as recurring contributors to the Group's profitability, while the remaining elements of net foreign exchange gains and net gains on financial instruments are considered as volatile profit contributors.

B. Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.1 Total income (continued)

Net foreign exchange gains and net gains on financial instruments amounted to €9 mn for 2Q2025 (compared to €9 mn for 1Q2025, flat qoq), comprising a net foreign exchange gain of c.€7 mn (including c.€4 mn customer related foreign exchange gains) and a net gain on financial instruments of c.€1.5 mn.

Net insurance result amounted to €24 mn for 1H2025 (compared to €23 mn for 1H2024, broadly flat yoy).

Net insurance result amounted to €12 mn for 2Q2025 (compared to €12 mn for 1Q2025 flat qoq).

Net gains from revaluation and disposal of investment properties and on disposal of stock of properties of €5 mn for 1H2025 (comprising of c.€7.5 mn gain on disposal of stock of properties and investment properties, and net loss from revaluation of investment properties of c.€2.0 mn) compared to €2 mn in 1H2024. The yoy reflects the elevated REMU sales performed in 2Q2025, in line with the Group's disposal acceleration strategy. REMU profits remain volatile.

Net gains from revaluation and disposal of investment properties and on disposal of stock of properties of €4 mn for 2Q2025 (comprising of c.€6 mn gain on disposal of stock of properties and investment properties, and net loss from revaluation of investment properties of c.€2 mn) compared to €1 mn in 1Q2025. The quarterly increase reflects the elevated REMU sales performed in 2Q2025, as explained above.

Total income amounted to €509 mn for 1H2025 (compared to €549 mn for 1H2024, down 7% yoy) mainly due to lower net interest income, as explained above. Total income amounted to €254 mn for 2Q2025, flat qoq.

B. Group Financial Results – Underlying Basis (continued)

B.3. Income Statement Analysis (continued)

B.3.2 Total expenses

€ mn	1H2025	1H2024	yoy ±%	2Q2025	1Q2025	qoq ±%
Staff costs	(105)	(96)	9%	(55)	(50)	10%
Other operating expenses	(76)	(71)	8%	(39)	(37)	4%
Total operating expenses	**(181)**	**(167)**	8%	**(94)**	**(87)**	7%
Special levy on deposits and other levies/contributions	(16)	(19)	-17%	(8)	(8)	1%
Total expenses	**(197)**	**(186)**	**6%**	**(102)**	**(95)**	**7%**
Cost to income ratio	39%	34%	5 p.p.	40%	37%	3 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	36%	30%	6 p.p.	37%	34%	3 p.p.

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Total expenses for 1H2025 were €197 mn (compared to €186 mn for 1H2024, up 6% yoy), 53% of which related to staff costs (€105 mn), 39% to other operating expenses (€76 mn) and 8% to special levy on deposits and other levies/contributions (€16 mn). The yoy increase is driven by higher staff costs and other operating expenses. Total expenses for 2Q2025 were €102 mn (compared to €95 mn for 1Q2025, up 7 % qoq), mainly due to higher staff costs.

Total operating expenses amounted to €181 mn for 1H2025 (compared to €167 mn for 1H2024, up 8% yoy). The yoy increase reflects both higher staff costs and other operating expenses. Total operating expenses amounted to €94 mn for 2Q2025 (compared to €87 mn for 1Q2025, up 7% qoq). The qoq increase is mainly due to higher staff costs.

Staff costs for 1H2025 were €105 mn (compared to €96 mn for 1H2024, up 9% yoy) and include €6 mn performance-related pay accrual and €4 mn termination cost (compared to c.€5 mn performance-related pay accrual in 1H2024). Net of these accruals, staff costs increased by 4% yoy, reflecting salary increments and cost of living adjustments (COLA), which typically take place in the first quarter of the year. Staff costs for 2Q2025 were €55 mn (compared to €50 mn for 1Q2025, up 10% qoq) and include €4 mn performance-related pay accrual and €4 mn termination cost (compared to c.€2 mn performance-related pay accrual in 1Q2025). Net of these accruals, staff costs are broadly flat qoq.

The performance-related pay accrual relates to the Short-Term Incentive Plan ('STIP') and the Long-Term Incentive Plan ('LTIP'). The Short-Term Incentive Plan involves variable remuneration to selected employees and will be driven by both, delivery of the Group's strategy as well as individual performance. The LTIP is a share-based compensation plan and provides for an award in the form of ordinary shares of the Company based on certain non-market performance and service vesting conditions.

The LTIP was approved by the 2022 AGM, which took place on 20 May 2022. The LTIP involves the granting of share awards and is driven by scorecard achievement, with measures and targets set to align pay outcomes with the delivery of the Group's strategy. Currently, under the plan, the employees eligible for LTIP awards are the members of the Extended EXCO, including the executive directors. The LTIP stipulates that performance will be measured over a 3-year period and sets financial and non-financial objectives to be achieved. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. Annual cycles of LTIP awards with a three year performance period have been granted since 2022 with the latest in March 2025 for 2025 LTIP Cycle, with a maximum of 278,440 share awards granted to 21 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in March 2025 are subject to a three-year performance period 2025-2027 (with all performance conditions being non-market performance conditions).

These shares will then normally vest in six tranches, with the first tranche vesting after the end of the performance period and the last tranche vesting on the fifth anniversary of the first vesting date, whilst service vesting conditions continue to apply during this period.

As at 30 June 2025, the Group employed 2,858 persons compared to 2,857 persons as at 31 March 2025 and to 2,880 persons as at 31 December 2024.

Other operating expenses for 1H2025 amounted to €76 mn, compared to €71 mn for 1H2024, up 8% yoy, impacted mainly by higher IT spending and professional expenses. Other operating expenses for 2Q2025 amounted to €39 mn, compared to €37 mn for 1Q2025, up 4% qoq, mainly due to higher marketing fees.

B.3 Income Statement Analysis (continued)

B.3.2 Total expenses (continued)

Special levy on deposits and other levies/contributions for 1H2025 amounted to €16 mn (compared to €19 mn for 1H2024, down 17% yoy). The yoy decrease is driven by the reduction in the contribution of the Bank to the Deposit Guarantee Fund ('DGF'). The Bank was subject to a contribution to the Deposit Guarantee Fund (DGF) on a semi-annual basis, until 3 July 2024, when the target level of at least 0.8% of covered deposits was reached as requested by the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes (DGS). In July 2025, the Group received notification that the Management Committee of the DGS resolved to increase the target level of covered deposits from 0.8% to 1.25% and therefore will require contributions on a semi-annual basis from authorised institutions to reach the target level over a period of 5 years (i.e. by June 2030) starting from the second half of 2025. Special levy on deposits and other levies/contributions for 2Q2025 amounted to €8 mn, flat qoq.

The **cost to income ratio excluding special levy on deposits and other levies/contributions** for 1H2025 was 36% (compared to 30% for 1H2024), reflecting lower income on lower interest rate environment, as explained above. The cost to income ratio excluding special levy on deposits and other levies/contributions for 2Q2025 was 37% (compared to 34% for 1Q2025), reflecting higher operating expenses.

B. Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.3 Profit before tax and non-recurring items

€ mn	**1H2025**	**1H2024**	yoy +%	**2Q2025**	**1Q2025**	qoq +%
Operating profit	**312**	**363**	-14%	**152**	**160**	-4%
Loan credit losses	(19)	(16)	21%	(9)	(10)	-15%
Impairments of other financial and non-financial assets	(14)	(25)	-43%	(4)	(10)	-57%
Provisions for pending litigations, claims, regulatory and other matters (net of reversals)	(1)	(3)	-47%	1	(2)	-
Total loan credit losses, impairments and provisions	**(34)**	**(44)**	**-20%**	**(12)**	**(22)**	**-41%**
Profit before tax and non-recurring items	**278**	**319**	-13%	**140**	**138**	2%
Cost of risk	**0.36%**	**0.31%**	5 bps	**0.32%**	**0.39%**	-7 bps

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Operating profit for 1H2025 amounted to €312 mn, compared to €363 mn for 1H2024, down by 14% yoy, reflecting mainly the reduction in net interest income as explained above. Operating profit for 2Q2025 amounted to €152 mn, compared to €160 mn for 1Q2025.

Loan credit losses for 1H2025 were €19 mn, compared to €16 mn for 1H2024, up 21% yoy, mainly due to the recognition of more conservative macroeconomic assumptions on the adverse scenario to account for heightened global economic uncertainty, applied since 1Q2025. Loan credit losses for 2Q2025 were €9 mn, compared to €10 mn for 1Q2025, broadly flat qoq.

Cost of risk for 1H2025 is equivalent to 36 bps, compared to a cost of risk of 31 bps for 1H2024, up 5 bps yoy, reflecting the more conservative assumptions as explained above. Cost of risk for 2Q2025 is equivalent to 32 bps, compared to a cost of risk of 39 bps for 1Q2025, down 7 bps qoq, reflecting the continued strong underlying performance of the loan portfolio.

At 30 June 2025, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures (please refer to Section F. 'Definitions and Explanations' for definition) totalled €234 mn (compared to €231 mn at 31 March 2025 and €254 mn, including the portfolio held for sale, as at 31 December 2024) and accounted for 2.2% of gross loans (compared to 2.2% at 31 March 2025 and 2.5% as at 31 December 2024, calculated on the same basis).

Impairments of other financial and non-financial assets for 1H2025 amounted to €14 mn (compared to €25 mn for 1H2024), down 43% yoy, and relate mainly to REMU stock properties. Impairments of other financial and non-financial assets for 2Q2025 amounted to €4 mn (compared to €10 mn for 1Q2025) and relate mostly to REMU stock properties due to the ageing of the stock.

Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for 1H2025 amounted to €1 mn, compared to €3 mn for 1H2024. Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for 2Q2025 amounted to a reversal of €1 mn, compared to a provision of €2 mn for 1Q2025.

Profit before tax and non-recurring items for 1H2025 totalled to €278 mn, compared to €319 mn for 1H2024. Profit before tax and non-recurring items for 2Q2025 totalled to €140 mn, compared to €138 mn for 1Q2025.

B. Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.4 Profit after tax (attributable to the owners of the Company)

€ mn	1H2025	1H2024	yoy +%	2Q2025	1Q2025	qoq +%
Profit before tax and non-recurring items	**278**	**319**	**-13%**	**140**	**138**	**2%**
Tax	(42)	(48)	-13%	(22)	(20)	9%
(Profit)/loss attributable to non-controlling interests	(1)	(1)	10%	0	(1)	-44%
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**235**	**270**	**-13%**	**118**	**117**	**1%**
Advisory and other transformation costs – organic	-	-	-	-	-	-
Profit after tax (attributable to the owners of the Company)	**235**	**270**	**-13%**	**118**	**117**	**1%**

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

The **tax charge** for 1H2025 amounted to €42 mn compared to €48 mn for 1H2024, reflecting mainly lower profitability. The tax charge for 2Q2025 amounted to €22 mn compared to €20 mn for 1Q2025.

The Group is in scope of the Cyprus Pillar Two Law (Law 151(I)/2024), which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups. The Group is eligible for the transitional provision under Article 12 for the purpose of Domestic Minimum Top-up Tax (DMTT) and Article 55 for the purpose of the Income Inclusion Rule (IRR) of the Cyprus Pillar Two Law which results in zeroing any top up tax liability in Cyprus computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the six months ended 30 June 2025 and 31 December 2024. The Group does not anticipate any top-up tax liability arising from foreign jurisdictions in which it has subsidiary entities. The Group is monitoring developments with respect to the tax reform proposals announced by the Ministry of Finance in the first half of 2025.

Profit after tax and before non-recurring items (attributable to the owners of the Company) for 1H2025 is €235 mn, compared to €270 mn for 1H2024. Profit after tax and before non-recurring items (attributable to the owners of the Company) for 2Q2025 is €118 mn, compared to €117 mn for 1Q2025.

Profit after tax attributable to the owners of the Company for 1H2025 amounts to €235 mn corresponding to a ROTE of 18.4%, compared to €270 mn for 1H2024 (and a ROTE of 23.7% for 1H2024). ROTE on 15% CET1 ratio for 1H2025 increases to 26.0%, compared to 29.6% for 1H2024 calculated on the same basis. Profit after tax attributable to the owners of the Company for 2Q2025 amounts to €118 mn corresponding to a ROTE of 18.2%, compared to €117 mn for 1Q2025 (and a ROTE of 18.3% for 1Q2025). ROTE on 15% CET1 ratio for 2Q2025 increases to 26.1%, compared to 25.9% for 1Q2025, calculated on the same basis. The adjusted recurring profitability used for the Group's distribution policy (i.e. defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon which is paid semi-annually) amounted to €105 mn for 2Q2025 compared to €117 mn for 1Q2025 and totals to €222 mn for 1H2025, compared to €257 mn for 1H2024.

C. Operating Environment

The Cypriot economy has demonstrated remarkable resilience and with strong GDP growth in recent years, consistently being one of the top performers in the euro area, despite the ongoing increase in uncertainty across the globe as well as the recent geopolitical challenges that have erupted in the region.

Cyprus' performance is further supported by the solid fiscal developments, and sustained improvements in the financial sector. As a result, Cyprus' sovereign rating continues to be upgraded, with the major rating agencies assigning an 'A-' or equivalent rating, three notches above investment grade, recognizing the robust growth performance, the strong fiscal dynamics and declining public debt, as well as the marked improvement in financial system stability.

In 2024, the economy achieved a GDP growth rate of 3.4%, in line with the projections by the Ministry of Finance. Growth in 2024 was driven by rising exports and strong economic activity in key sectors, primarily the information and communications sector, business and professional services, tourism, and construction. GDP growth over the years has highlighted the breadth and the degree of economic diversification of the Cyprus economy providing a variety of pillars for continued future economic growth.

The positive momentum is expected to continue in the medium term, with economic growth forecast to average around 3.0% in 2025, according to the latest projections by the Ministry of Finance. Private consumption is expected to remain the key driver of growth, while export performance is also projected to continue to benefit from growing tourist receipts and a dynamic outlook for services, particularly related to Information and Communication Technology. Investments are expected to accelerate, benefiting from the Recovery and Resilience Facility funds, following the third instalment (€77 mn) received in April 2025. The moderation of commodity prices could also support domestic demand given the high dependence on oil imports, as well as ease domestic inflation. Easing financial conditions are expected to provide a further stimulus. The most recent GDP release concerning the first quarter of 2025 supports the above expectations, with 1Q2025 GDP growth standing at 3.0%, aided by private consumption, strong investment dynamics, and with net exports reporting a marked improvement compared with the first quarter of 2024.

Employment growth averaged 2.1% in 2024, while labour productivity growth stood at 1.3%. Labour productivity growth remains a strong contributor to overall growth in the economy with efficiency improving, demonstrated by the increased ability to generate output per worker. In the first quarter of 2025, employment continued to grow, by 1.6% on an annual basis, with productivity growth rising by the same extent (four quarter average). The unemployment rate, after rising during the pandemic period, has been declining since, averaging 4.9% in 2024, further dropping to 4.6% in the first quarter of 2025.

Inflation, as measured by the Harmonised Index of Consumer Prices, has been declining since the peak in July-August 2022, dropping to 3.9% in 2023 and further to 2.3% in 2024. In the first half of 2025, inflation showed further declines, averaging at 1.6%, with the drop mainly driven by energy prices. Core inflation, i.e. excluding energy and food, was stickier, at 2.6% in 2024 and at 2.3% in the first half of 2025. Services inflation remains elevated.

In public finances, the budget surplus reached 4.3% of GDP in 2024 from a surplus of 1.7% of GDP in 2023, driven by revenue growth, as a result of higher tax intake. In the January-May 2025 period, the budget surplus stood at 3.9%, registering a small improvement over the same period in 2024. Strong revenue growth, long average debt maturity and limited financing needs are expected to continue driving solid fiscal performance.

Strong budget surpluses and robust economic growth performance led to the reduction in the general government debt to GDP, to 65% in 2024 from 74% the year before and to 64% in March 2025. This decline in public debt represents one of the strongest performances in the European Union and has continued into 2025.

Financial system risks have also reduced over the past years, reflected in the continuous improvement of the private and banking sectors' financial position. Private sector debt in banks' balance sheets, has more than halved over the past decade and is now among the lowest in Europe. Total domestic loans excluding the government grew mildly in the first five months of 2025, and were at €20.4 bn in May 2025, or at 60% of GDP. Loans to non-financial companies were about 26% of GDP and loans to households about 31%, with housing loans at 25% of GDP.

The non-performing exposures ratio in the Cyprus banking sector stood at 6.2% of total exposures, or €1.5 bn in February 2025, while the coverage ratio of provisions accounted for 63% of the non-performing loans. At the same time about 44% of non-performing loans consisted of restructured facilities. This steady progress in the banking sector continues to strengthen the sector's shock absorption capacity.

The current account deficit remains elevated driven by the primary income imbalances. The deficit stood at 6.8% of GDP in 2024 and expected to stand at 7.3% in 2025 according to the IMF's Spring World Economic Outlook.

C. Operating Environment (continued)

Short-term risks are mostly external and skewed to the downside, including a downturn in key tourism markets, linked to an escalation of regional conflicts, and delays in the implementation of the Recovery and Resilience Plan. Internationally, the recent developments in US trade policies, have significantly increased global trade uncertainty and are widely expected to have a dampening effect on the global economy, as well as increase price pressures, especially in the United States. The recent trade agreement between the US and the EU, which includes a tariff rate of 15% on European goods exported to the US, without any retaliatory actions by the EU, materially eases trade policy uncertainty and provides a more stable environment. Nonetheless, the trade deal makes EU products less competitive in the US, suggesting lower corporate profits for many exporters. This, coupled with higher defence imports from the US, is likely to add to recessionary pressures and push the euro exchange rate lower. Although Cyprus only has limited exports of goods to the US, the country might experience indirect effects via lower growth in Europe and the US, as well as overall limited trade flows.

Medium-term risks stem from climate change initiatives and a possible further deterioration in the global geopolitical outlook. The digital and green transitions remain key medium-term challenges, with the implementation of the Recovery and Resilience Plan requiring structural reforms to further strengthen governance and economic resilience.

Sovereign ratings

The sovereign risk ratings of the Cypriot government have improved significantly in recent years, reflecting reduced banking sector risks, improved economic resilience and consistent fiscal outperformance. Cyprus has demonstrated policy commitment to correcting fiscal imbalances as well as through reform and restructuring of its banking system.

In May 2025, **S&P Global Ratings** affirmed Cyprus' long-term local and foreign currency sovereign credit ratings to A-, maintaining a stable outlook, following its December 2024 upgrade from BBB-. The affirmation of Cyprus' rating reflects the continued improvements in the economic fundamentals, including the consecutive solid fiscal surpluses as well as the capital and labour inflows from nearby conflict zones amid rising geopolitical tensions.

Additionally, in May 2025, **Fitch Ratings** affirmed Cyprus' long-term foreign currency issuer default rating to 'A-' with a stable outlook, following an upgrade from 'BBB+' in December 2024. The rating agency cites high per capita income levels, strong fiscal outturns, resilient growth, strong labour market dynamics, and a stable banking sector.

Similarly, **Moody's Investors Service** affirmed in May 2025 the long-term issuer and senior unsecured ratings of the Government of Cyprus to A3, with a stable outlook. As the rating agency mentions, this reflects the continuous improvement in fiscal and debt metrics, the reduced government debt ratio and the solid medium-term economic outlook driven by the steady expansion of high-productivity services sectors.

DBRS Ratings GmbH (DBRS Morningstar) upgraded Cyprus' Long-Term Foreign and Local Currency – Issuer Ratings to A (low) from BBB (high) in March 2025, maintaining a positive trend. The rating agency notes that the upgrade and the positive trend reflect the sharp decrease of the public debt burden in recent years and the agency's expectation that public debt metrics will continue to materially improve over the next years. This is further supported by a stable political environment and a comparatively strong pace of economic growth.

D. Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In May 2025, **Moody's Investors Service upgraded** the Bank's long-term deposit rating **at A3 (from Baa1)** and revised the **outlook to stable** from positive. The upgrade reflects the Bank's continued asset quality improvements, the expectations for a solid profitability and strong capital metrics, with sustained improved standalone financial strength. **This is the highest long-term deposit rating for the Bank since 2011.** In March 2025, **Fitch Ratings upgraded** long-term issuer default rating to the **investment grade BBB-** from BB+, whilst maintaining the **positive outlook**. The one-notch upgrade reflects the Bank's strengthened capitalisation and reduced stock of legacy problem assets as well as the structurally sound profitability, which is expected to remain satisfactory despite the declining interest rate environment. Finally, in February 2025, **S&P Global Ratings upgraded** the long-term issuer credit rating of the Bank to the **investment grade BBB-** from BB+ and revised the **outlook to stable** from positive. The upgrade by one notch was driven on the improved funding profile of the banking sector in Cyprus and the supportive economic environment.

Financial performance

The Group is the leading, financial and technology hub in Cyprus, with a diversified and sustainable business model. During the six months ended 30 June 2025 the Group generated a profit after tax of €235 mn, corresponding to a ROTE of 18.4%. This strong performance was the outcome of controlled net interest income amidst the rate cycle normalisation, disciplined cost base and robust asset quality, feeding into strong growth of the Group's tangible book value per share. Since June 2024, the Group's tangible book value per share improved by 10% to €5.80 (before accounting for the interim dividend), accelerating shareholder value creation.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 30 June 2025, cash balances with ECB amounted to €7.4 bn and 42% of the Group's loan portfolio is Euribor based. Net interest income for the six months ended 30 June 2025 displayed a controlled decline to €368 mn, as high loan growth and positive deposit trends mitigated the impact from the normalisation of interest rates.

During the six months ended 30 June 2025, the Group continued its hedging activities to further reduce the sensitivity of net interest income. The hedging tools include the use of receive fixed interest rate swaps, investment in fixed rate bonds, engagement into reverse repurchase agreements and the offering of fixed rate loans.

During the six months ended 30 June 2025, the Group carried out additional hedging activities of €1.4 bn, totaling €10.3 bn by the period end, representing 42% of interest earning assets. The average fixed rate of receive fixed interest rate swaps and reverse repos is 2.8%. Additionally, 22% of the Group's loan portfolio is linked with the Bank's base rate which provides a natural hedge against the cost of deposits of household time and notice deposit accounts. Overall, these actions have led to a reduction in the net interest income sensitivity (to a parallel shift in interest rates by 100 bps) by €53 mn since 31 December 2022.

Growing revenues in a more capital efficient way

The Group remains focused on growing revenues in a more capital efficient way through growth of high-quality new lending and the growth in areas, such as insurance and digital products that provide further market penetration and diversify through non-banking operations.

The Group has continued to provide high quality new lending in 1H2025 via prudent underwriting standards. Growth in new lending in Cyprus has been focused on selected industries in line with the Bank's target risk profile. During the six months ended 30 June 2025, the Group granted strong new lending at €1.6 bn, up 31% yoy, driven mainly by international and corporate demand. Since December 2024, gross performing loan book increased by 5% to €10.66 bn; of which the international loan book expanded by 16% to c.€1.1 bn. Loan growth for FY2025 is likely to exceed the target of c.4%, with growth being skewed during the first half of the year.

Fixed income portfolio continued to grow in 1H2025 to €4,650 mn and currently represents 17% of total assets. This portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa2. The amortised cost fixed income portfolio as at 30 June 2025 has an unrealised fair value gain of €51 mn, equivalent to c.50 bps of CET1 ratio, following the reduction in the bond yields.

Separately, the Group focuses to continue improving revenues through multiple less capital-intensive initiatives, with a focus on fees and commissions, insurance and non-banking opportunities, leveraging on the Group's digital capabilities.

D. Business Overview (continued)

Growing revenues in a more capital efficient way (continued)

In the first six months of 2025, the Group generated non-interest income of €141 mn, up 10% on prior year, where all components of non-interest income saw a yearly increase with net foreign exchange gains and net gains on financial instruments representing the main share of the yearly increase. Non-interest income remains an important profit contributor to the Group, covering almost 80% of the Group's total operating expenses.

During the first six months of 2025, net fee and commission income amounted to €88 mn and was up by 2% compared to the previous year, primarily due higher non-transactional fees. Net fee and commission income is enhanced by transaction fees from the Group's subsidiary, **JCC Payment Systems Ltd** (JCC), a leading player in the card processing business and payment solutions, 75% owned by the Bank. JCC's net fee and commission income contributed 10% of total non-interest income and amounted to €14 mn for 1H2025, flat yoy, reflecting strong transaction growth, offset by increased fee and commission expense due to higher third-party commissions absorbed internally.

The Group's insurance companies, EuroLife and GI are respectively key market players in the life and general insurance business in Cyprus, and have been providing recurring income, remaining valuable and sustainable contributors to the Group's profitability. The net insurance result for the first six months of 2025 contributed 17% of non-interest income and amounted to €24 mn. In July 2025, the wildfire in the Limassol district caused significant damages primarily on residential structures. While it is still too early to determine the full financial impact, the Group's insurance subsidiary, General Insurance of Cyprus Ltd, estimates the net pre-tax cost of the recent wildfires not to exceed €5 mn, but the actual impact will be determined once the assessment of damages and claims is completed and barring any unforeseen additional developments.

As part of the Group's strategy to expand its insurance operations and further improve its diversified business model, in April 2025, the Group signed a binding agreement for the **acquisition of 100% of Ethniki Insurance Cyprus Ltd** (the 'Transaction'). Following receipt of all regulatory approvals, the Transaction was completed in July 2025. The consideration for the acquisition is €29.3 mn paid in cash and the capital impact is at c.15 bps, which will be recognised in 3Q2025.

Ethniki Insurance Cyprus Ltd is an established market player in the life and non-life insurance sectors in Cyprus, with a market share of 3% and 4% respectively, with cumulative profitability of c.€4 mn for the year ended 31 December 2024. The acquisition will further strengthen the Group's existing position in the insurance market in Cyprus, maintaining its leading position in the sector. The Transaction is aligned with the strategy of the Group to expand its insurance operations and customer base and to invest capital in small in-fill Merges and Acquisition to deliver value to shareholders. It is estimated that Group's gross written premiums and the net insurance result will increase by 15% and 10% respectively, thereby increasing the Non-NII contribution to the Group's revenues.

Finally, the Group through the **Digital Economy Platform (Jinius)** ('the Platform') aims to support the national digital economy by optimising processes in a cost-efficient way, allow the Bank to strengthen its client relationships, create cross-selling opportunities as well as to generate new revenue sources over the medium term, leveraging on the Bank's market position, knowledge and digital infrastructure. Jinius is expected to contribute to the Group by enhancing further the Group's non-interest income through transaction and merchant fees and enhance the Group's digital footprint connecting ecommerce to financial services.

The Business-to-Business services are already in use by clients and include invoice, remittance, tender, ecosystem management and advertising. Currently, c.2,700 companies are registered in the platform and c.€1.1 bn cash were exchanged via the platform in 1H2025 and through invoicing and remittance services. In February 2024, the Business-to-Consumer service was launched, a Product Marketplace aiming to increase the touch points with customers. Currently 232 retailers were onboarded in total 13 product categories, including fashion, technology, small appliances, toys, beauty, health & wellness, personal care devices, luggage & travel gear, DIY, home & garden, heating & cooling, white goods and bookstore sectors, and around 355 k products were embedded in the Marketplace.

Lean operating model

Striving for a **lean operating model** is a key strategic pillar for the Group in order to deliver shareholder value, without constraining investment in the business and funding in its digital transformation.

D. Business Overview (continued)

Lean operating model (continued)

The Group's total operating expenses for the six months ended 30 June 2025 amounted to €181 mn, up 8% yoy, impacted by inflationary pressures mainly on staff costs as well as higher IT spending and professional expenses. Other operating expenses for FY2025 are expected to grow by low single digit compared to prior year. The cost to income ratio excluding special levy on deposits and other levies/contributions for the six months ended 30 June 2025 remained low at 36%, reflecting resilient revenues and disciplined cost management.

Transformation plan

The Group's focus continues on deepening the relationship with its customers as a customer centric organisation. The Group aims to enable the shift to modern banking by digitally transforming customer service, as well as internal operations. The holistic transformation aims to (i) shift to a more customer-centric operating model, (ii) redefine distribution model across existing and new channels, (iii) digitally transform the way the Group serves its customers and operates internally, and (iv) strengthen employee engagement through a robust set of organisational health initiatives.

Digital transformation

In the dynamic world of banking, the Group stands as a pioneer of digital banking innovation in Cyprus, reshaping the banking experience into something more intuitive, more responsive, and more aligned with the contemporary needs of its customers, consistently pushing the boundaries to offer unparalleled banking services. The Group aims to continue to innovate, and simplify the banking journey, providing a unique and personalised experience to each of its customers.

The Group's digital channels continue to grow. As at 30 June 2025, the Group's digital community has increased to 493k active subscribers, across Internet Banking and the BoC Mobile App, improving by 6% yoy. Likewise, the BoC Mobile App, had 460k active subscribers as at 30 June 2025, representing an increase of 7% yoy.

During 1H2025, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. The new innovative micro lending product "Fleksy" that was available in Mobile App, is now also available in Internet Banking, providing an additional digital channel for customers to apply for up to €3,000 in credit to use for online and in-store purchases, allowing them to repay in 3, 6 or 9 month instalments. Also, Digital Housing Loan that was initially launched in Internet Banking is now available in Mobile App, providing customers the ability to apply for a Housing Loan digitally, providing recommended repayment options based on customers credit profile and getting an instant decision.

One of the Group's digital innovations, Quickloans, accessible through both the BoC Mobile App and Internet Banking, has transformed the traditional loan process, enabling customers to obtain a credit facility decision instantly, without the need to visit a branch. As at 30 June 2025, Quickloans and digital loans increased by 24% since December 2024, to €167 mn.

In collaboration with Genikes Insurance, the ability to purchase insurance policies is integrated into the BoC Mobile App and Internet Banking, enabling customers to access motor or home insurance plans through digital channels at preferential rates. Digital insurance sales for 1H2025 amounted to €370k, compared to €291k for 1H2024, reflecting 1,118 policies in 1H2025 compared to 925 policies for 1H2024.

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda

Climate change and transition to a sustainable economy is one of the greatest challenges. As part of its vision to be the leading financial hub in Cyprus, the Group is determined **to lead the transition of Cyprus to a sustainable future.** The Group continuously evolves towards its ESG agenda and continues to progress towards building a forward-looking organisation embracing ESG in all aspects of business as usual. In 2025, the Bank received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment and upgraded to rating C (on a scale A+ to D-) which is considered "Prime" in the ISS Corporate ESG Ratings assessment.

Reaffirming its strong commitment to sustainability and to the long term value creation for all its stakeholders, in November 2023, the Bank was the first bank in Cyprus to become an official signatory of the United Nations Principles for Responsible Banking representing a single framework for a sustainable banking industry developed through a collaboration between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

In line with the Group's Beyond Banking approach and its commitment to create a stronger, safer and future-focused organisation the Bank proceeded, in 2024, with the issuance of an inaugural green bond. During 2025, the Bank published the relevant Green Bond Allocation and Impact report. An amount equivalent to the net proceeds of the notes had been allocated to eligible green projects as described in the Bank's sustainable finance framework, which includes green buildings, energy efficiency, clean transport and renewable energy.

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

The Group during 2025 implemented the Corporate Sustainability Reporting Directive (CSRD) and successfully published its first Sustainability Statement in accordance with the European Sustainability Reporting Standards (ESRS), incorporated in the Group's Annual Financial Report for the year ended 31 December 2024.

The ESG strategy formulated in 2021 is continuously expanding. The Group is maintaining its leading role in the Social and Governance pillars and focus on increasing the Group's positive impacts on the Environment by transforming not only its own operations, but also the operations of its customers.

The Group has committed to the following primary ESG ambitions, which reflect the pivotal role of ESG in the Group's strategy:

- Become carbon neutral by 2050 with interim target to reduce 42% GHG emission in own operations by 2030
- Become Net Zero by 2050
- Steadily increase Green Asset Ratio
- Steadily increase Green Mortgage Ratio
- The aspiration to achieve a representation of at least 30% women in Group's management bodies (defined as the Executive Committee (EXCO) and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women, since December 2023.

For the Group to continue its progress against its primary ESG ambition and address the evolving regulatory expectations, it further enhanced in 2025, its ESG working plan which was established in 2022. Progress on the ESG working plan is closely monitored by the Sustainability Committee, the EXCO and the Board Committees on a quarterly basis.

Environmental Pillar

The Group has estimated the Scope 1 and Scope 2 greenhouse gas (GHG) emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target by 2050. The Bank being the main contributor of GHG emissions of the Group, designed in 2022 the strategy to meet the interim GHG emission reduction target set for 2030. To become carbon neutral by 2050, the Group has set an interim target to reduce Scope 1 and Scope 2 emissions by 42% by 2030. The Bank, following the implementation of various energy upgrade actions since 2021, achieved a c.25% reduction in Scope 1 and Scope 2 GHG emissions by 2024 compared to the baseline of 2021. In 1H2025 the Bank achieved 11% reduction of Scope 1 and Scope 2 GHG emissions compared to 1H2024.

The Group plans to invest further to energy efficient installations and actions as well as replace fuel intensive machineries and vehicles in 2025. The Bank achieved a reduction of c.19% in Scope 2 GHG emissions by 1H2025 compared to 1H2024 from 3,780 tCO_2e to 3,359 tCO_2e. The Group expects that the Scope 2 emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy. The Bank also achieved an increase of 49% in renewable energy production, from 149,031 Kwh to 222,618 Kwh, in 1H2025 compared to 1H2024.

The Group is gradually integrating climate-related and environmental (C&E) risks into its Business Strategy. The Bank was the first bank in Cyprus to join the Partnership for Carbon Accounting Financials (PCAF) in October 2022, and has estimated and published the Financed Scope 3 GHG emissions associated with its loan and investment portfolio as well as Insurance associated GHG emissions using the PCAF standards, methodology and proxies. Following the estimation of Financed Scope 3 GHG emissions of loan portfolio, the Bank established a decarbonization target on Mortgage loan portfolio. The decarbonization target on Mortgage portfolio was established by applying the International Energy Agency's Below 2 Degree Scenario. For the Bank's Mortgage loan portfolio to be aligned with the climate scenario and effectively be associated with lower transition risks, the baseline as at 31 December 2022 of 53.5 $kgCO_2e/m^2$ should be reduced by 43% by 31 December 2030. The carbon intensity of the portfolio as at 30 June 2025 is estimated at 46.78 $kgCO_2e/m^2$ achieving a c.13% reduction compared to baseline, due to increased installation of solar panels in residential properties in 2023 and 2024 and increase in financing of energy efficient residential properties in 2024. A Variable Green Housing product and a Fixed Green Housing product aligned with Green Loan Principles (GLPs) of Loan Market Association (LMA) were launched at the end of 2023 and 9M2024 respectively to support the Bank to meet the decarbonization target on Mortgage loans and effectively limit the level of climate transition risk that is exposed to. In addition, the Bank has set lending and investment limits on specific carbon intensive sectors which are widely considered to be associated with high climate transition risk. Further, having introduced and implementing a Business Environment Scan process, the Bank developed green/transition new lending metrics in certain sectors to support its customer's transition to a low carbon economy and effectively manage climate transition risks.

D. Business Overview (continued)

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

Environmental Pillar (continued)

During 2024 and 1H2025, the Bank has made considerable progress in integrating climate-related and environmental risks into its risk management approach and risk culture. The Bank revised and enhanced the Materiality assessment process on C&E risks. The Bank has carried out a comprehensive identification and assessment of C&E risks as drivers of existing financial and non-financial risks considering its business profile and loan portfolio composition. As part of this process, the Bank has identified the risk drivers, both physical and transition, which could potentially have an impact on its risk profile and operations and has assessed the severity of each risk driver for all the existing categories of risks.

In 2024, the Bank introduced the syndicated 'Synesgy solution' (ESG Due Diligence process) across the Cypriot Banking system designed to enhance data collection, score customers on their performance against various aspects around C&E risks and provide guidance on remediation actions. This process involves the utilization of structured ESG questionnaires, through the 'Synesgy' platform, applied at the individual company level to derive an ESG score. The Bank established a structure and detailed Business Environment Scan process to monitor the impact of C&E risks on its business environment in the short, medium and long-term. The results of the preliminary (quarterly) and final (annual) impact assessment have been incorporated in the Materiality assessment of C&E risks as well as informed the Bank's Business Strategy.

The Bank offers a range of environmentally friendly products to manage transition risk and help its customers become more sustainable. Specifically, the Bank offers loans for energy upgrades of homes, installation of solar panels, acquisition of new hybrid or electric car, as well as financing of renewable energy projects. In addition, as at 30 June 2025 the Bank had a pool of €418 mn gross loans financing the acquisition or construction of residential property with EPC category A (Green Housing Loans) compared to €321 mn gross loans as at 31 December 2024. The gross amount of environmentally friendly loans (including the Green Housing Loans) was €453 mn as at 30 June 2025 compared to €354 mn as at 31 December 2024.

Social Pillar

At the centre of the Group's leading social role lie its contributions in the Bank of Cyprus Oncology Centre (with an overall investment of more than c.€70 mn since 1998, whilst 55% of diagnosed cancer cases in Cyprus are being treated at the Centre), the immediate and efficient response of Bank of Cyprus' SupportCY network consisting of companies and organisations, to various needs of the society as well as in cases of crises and emergencies, through the activation of programs, specialized equipment and a highly trained Volunteers Corps, the contribution of the Bank of Cyprus Cultural Foundation in promoting the cultural heritage of the island, and the work of IDEA Innovation Centre.

The new exhibition 'Cyprus Insula' launched in 9M2024 is being hosted in the lately renovated premises and museums of the Cultural Foundation. As a result of the high interest of the public, it has been decided to extend the exhibition until June 2026. The physical attendees of Cultural foundation events were 16,690 in 1H2025.

The IDEA Innovation Centre, invested c.€4.25 mn in start-up business creation since its incorporation, supported creation of 100 new companies to date, provided support to more than 260 entrepreneurs through its Startup program since incorporation, and supported the development of more than 120 new jobs in the Cypriot Economy. Staff continued to engage in voluntary initiatives to support charities, foundations, people in need and initiatives to protect the environment.

The Group continued its emphasis on staff wellness during 1H2025 by offering webinars, team building activities and family events with sole purpose to enhance mental, physical, financial and social health, attended by c.825 employees through its Well at Work program.

Governance Pillar

The Group continues to operate successfully within a complex regulatory framework of a holding company which is registered in Ireland, listed on two Stock Exchanges and run in compliance with a number of rules and regulations. Its governance and management structures enable it to achieve present and future economic prosperity, environmental integrity and social equity across its value chain. The Group operates within a framework with adequate control environment, which enable risk assessment and risk management based on the relevant policies under the leadership of the Board of Directors. The Group has set up a Governance Structure to oversee its ESG agenda. Progress on the implementation and evolution of the Group's ESG strategy is monitored by the Sustainability Committee, the EXCO and the Board of Directors. The Sustainability Committee is a dedicated executive committee set up in early 2021 to oversee the ESG agenda of the Group, review the evolution of the Group's ESG strategy, monitor the development and implementation of the Group's ESG objectives and the embedding of ESG priorities in the Group's business targets. The Group's ESG Governance structure continues to evolve, so as to better address the Group's evolving ESG needs. The Group's regulatory compliance continues to be an undisputed priority.

D. Business Overview (continued)

Enhancing organisational resilience and ESG (Environmental, Social and Governance) agenda (continued)

Governance Pillar (continued)

In FY2024, in order to enhance the awareness and skillset on ESG matters, the Group performed relevant trainings to all staff, control functions, insurance subsidiaries, Senior Management and to the Board of Directors and plans to continue enrich ESG training activities in FY2025. The Group has continued to upgrade its staff's skillset by providing training and development opportunities to all staff and capitalising on modern delivery methods. In 1H2025, the Bank's employees attended 30,187 hours of trainings covering a variety of topics including Business Conduct and Compliance topics in accordance with the Bank's Corporate Governance Policy and Framework.

The Group's aspiration to achieve a representation of at least 30% women in Group's management bodies (Defined as the EXCO and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women in the Group's management bodies since 31 December 2023. Women representation in Group management bodies continue to be 33% as at 30 June 2025. During the six months ended 30 June 2025, a female member, highly experienced in the provision of assurance and advisory services within the financial services sector, was appointed as a member of the Board of Directors and as a result, the female representation within the Board of Directors reached 44% as at 30 June 2025, compared to 37% as at 31 December 2024.

E. Strategy and Outlook

The Group has established key priorities going forward to maintain a strongly capitalised and highly profitable organisation delivering attractive returns to shareholders, while simultaneously supporting the Group's stakeholders and the broader economic environment.

These priorities are set below:

- **Driving new growth initiatives** in both banking and non-banking areas (such as international and digital respectively) to complement the strength of the domestic franchise whilst managing the interest rate normalisation cycle.
- **Maintaining a lean operating model** via ongoing cost management discipline while continuing to re-invest in the business.
- **Protecting the quality of the balance sheet** with continuous meticulous underwriting standards to ensure asset quality in line with European sector.
- **Providing attractive shareholder returns in line with European sector** with focus on prudent management of surplus capital and value creation.
- **Leading the transition of Cyprus to a sustainable future** and building a forward-looking organisation embracing ESG in all aspects.

During the first half of 2025, the Group continued to deliver strong financial results with a profit after tax of €235 mn, equivalent to a solid ROTE of 18.4%, demonstrating the sustainability of its business model. Capitalising on its strong performance in 1H2025, the Group reaffirms its confidence of delivering a mid-teens ROTE in 2025, **now expected to reach the upper end of this target range. Additionally, the ROTE based on 15% CET1 ratio for 2025 is expected to surpass its high-teens target.** Consequently, this will result to an upside potential to its target of c.300 bps organic capital generation for FY2025, which will support attractive shareholder remunerations in the future.

The net interest income during the first half of 2025 remained resilient, with the year on year reduction being contained despite the interest rate cycle normalisation, as strong volume growth of the performing loan book and positive deposit trends mitigated the impact from the interest rate cuts. Despite the lower ECB deposit facility rate and 6M Euribor compared to February's forward curves, currently expected to average at 2.2% and 2.1% respectively for FY2025, the Group anticipates an upside potential to its 2025 net interest income target of <€700 mn, supported by improved volume growth. For 2026, net interest income target is maintained where the Group expects net interest income to stabilise to over €650 mn.

Furthermore, gross performing loans grew by 5% since December 2024 driven by corporate book and international demand. On the back of strong 1H2025 volume growth, the Group expects that it is likely to exceed its 2025 target of loan growth of c.4%, while anticipating seasonally lower 2H2025 expansion. Given its strong domestic market presence, the Group continues emphasising on expanding its international loan book to c.€1.5 bn in the medium-term (from c.€1.1 bn as at 30 June 2025, up by 16% since 31 December 2024). This refers to a portfolio comprising international corporates, shipping and syndicated loans, capitalising on the customer base of IBU & International corporate overseas and targeting selective industries in line with the Bank's target risk profile.

Simultaneously, the Group aims to grow its fixed income portfolio to c.18% of total assets by end-2025 and c.20% in the medium-term, subject to market conditions, whilst maintaining a high quality and diversified portfolio.

Separately the Group continues to focus on improving its non-interest income through less capital-intensive initiatives, with a focus on fees and commission income and insurance. During 1H2025, the Group's non-interest income remained an important contributor to the Group's profitability, covering almost 80% of its total operating expenses. For 2025 and beyond, the Group expects for net fee and commission income to grow by c.4% per annum, supported by economic growth and increased volume of transactions whilst there are initiatives underway to enhance and diversify further this revenue stream. These initiatives include Jinius, the customer-centric digital platform as well as the offering of high-quality, financial solutions to high-net worth customers with investible capital with the aim of growing the assets under management of Private and Affluent Banking to €1.2 bn in the medium-term (from €0.5 bn level in December 2024).

Maintaining cost discipline management remains an ongoing focus for the Group. For 2025, the Group expects other operating expenses to grow by low single digit. Overall, the target for cost to income ratio excluding special levy on deposits or other levies/contributions of c.40% is reiterated, as the Group navigates to a c.2% normalised interest rate environment. The Group aims to remain one of the most efficient banks in Europe, facilitated via ongoing staff optimisation to mitigate payroll cost inflation and staff reward schemes aiming to incentivize individual performance. Simultaneously, the Group will continue reinvesting in the business and digital transformation to improve efficiency and enhance customer experience further.

On asset quality, given the fact that the balance sheet de-risking is completed with the NPE ratio reduced to at 1.7% as at 30 June 2025, the Group reiterates its cost of risk target towards the lower end of the normalised levels of 40-50 bps for 2025.

E. Strategy and Outlook (continued)

Finally, aligned with the Group's ongoing commitment to delivering sustainable returns to shareholders, the Group initiates an interim dividend of €0.20 per ordinary share, equivalent to c.€87 mn. This represents a c.40% payout ratio of the Group's adjusted recurring profitability for the six months ended 30 June 2025. For the financial year 31 December 2025, the Group is targeting a total distribution payout ratio of 70%, being at the top-end of the 50-70% range of its distribution policy, further contributing to its strong track record of attractive shareholder returns, subject to market conditions.

F. Definitions and Explanations

Adjusted recurring profitability	The Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.
Advisory and other transformation costs	Comprise mainly of fees of external advisors in relation to: (i) the transformation program and other strategic projects of the Group and (ii) customer loan restructuring activities, where applicable.
Allowance for expected loan credit losses (previously 'Accumulated provisions')	Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale where applicable), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers (including residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale where applicable), (iii) allowance for expected credit losses for off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
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.
Basic earnings per share (attributable to the owners of the Company)	Basic earnings after tax per share (attributable to the owners of the Company) is the Profit/(loss) after tax (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 from own operations.
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 to Income ratio	Cost-to-income ratio comprises total expenses (as defined) divided by total income (as defined).
Data from the Statistical Service	The latest data from the Statistical Service of the Republic of Cyprus, Cyprus Statistical Service, was published on 31 July 2025.
Diluted earnings per share	Diluted earnings per share is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue adjusted for the ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plans (LTIP)
ECB	European Central Bank
Green Asset ratio	The proportion of the share of a credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets.
Green Mortgage ratio	The proportion of the share of a credit institution's assets financing EU Taxonomy-aligned mortgages (acquisition, construction or renovation of buildings) as a share of total mortgages assets.

F. Definitions and Explanations (continued)

Gross loans	Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale where applicable) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment. 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 €53 mn as at 30 June 2025 (compared to €57 mn as at 31 March 2025 and €59 mn as at 31 December 2024). 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 €122 mn as at 30 June 2025 (compared to €122 mn as at 31 March 2025 and €129 mn as at 31 December 2024).
Gross performing loan book	Gross loans (as defined) excluding the legacy exposures (as defined).
Group	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.
Legacy exposures	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) non-core overseas exposures.
Leverage ratio	The leverage ratio is the ratio of tangible total equity to total assets as presented on the balance sheet. Tangible total equity comprises of equity attributable to the owners of the Company and Other equity instruments minus intangible assets.
Leverage Ratio Exposure (LRE)	Leverage Ratio Exposure (LRE) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended.
Loan credit losses (PL) (previously 'Provision charge')	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 relating to loans and advances to customers and (iii) net gains on loans and advances to customers at FVPL, for the reporting period/year.
Loan credit losses charge (previously 'Provisioning charge') (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 of Gross loans (as defined), for the reporting period/year.
MSCI ESG Rating	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.
Net Interest Margin	Net interest margin is calculated as the net interest income (annualised) divided by the 'quarterly average interest earning assets' (as defined).

F. Definitions and Explanations (continued)

Net loans and advances to customers	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).
Net loans to deposits ratio	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.
Net performing loan book	Net performing loan book is the total net loans and advances to customers (as defined) excluding net loans included in the legacy exposures (as defined).
Net Stable Funding Ratio (NSFR)	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.
Net zero emissions	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments
New lending	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forborne 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 and net gains/(losses) on financial instruments and (excluding net gains on loans and advances to customers at FVPL), Net insurance result, Net (losses)/ gains from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-performing exposures (NPEs)	As per the European Banking Authorities (EBA) standards and European Central Bank’s (ECB) Guidance to Banks on Non-Performing Loans (which was published in March 2017), non-performing exposures (NPEs) are defined as those exposures that satisfy one of the following conditions: (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due. (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy. (iii) Material exposures as set by the CBC, which are more than 90 days past due. (iv) Performing forborne exposures under probation for which additional forbearance measures are extended. (v) Performing forborne exposures previously classified as NPEs that present more than 30 days past due within the probation period. From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06), and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07). The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter. For retail debtors, when a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non performing; otherwise only the specific part of the exposure is classified as non performing. For non retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non performing.

F. Definitions and Explanations (continued)

	Material arrears/excesses are defined as follows: (a) Retail exposures: Total arrears/excess amount greater than €100, (b) Exposures other than retail: Total arrears/excess amount greater than €500 and the amount in arrears/excess in relation to the customer's total exposure is at least 1%. The NPEs are reported before the deduction of allowance for expected loan credit losses (as defined).
Non-recurring items	Non-recurring items as presented in the 'Unaudited Consolidated Income Statement–Underlying basis' relate to 'Advisory and other transformation costs - organic'.
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).
Operating profit	Operating profit comprises profit before loan credit losses (as defined), impairments of other financial and non-financial assets, Provisions for pending litigation, claims regulatory and other matters (net of reversals), tax, profit attributable to non-controlling interests and non-recurring items (as defined).
Operating profit return on average assets	Operating profit return on average assets is calculated as the annualised operating profit (as defined) divided by the quarterly average of total assets for the relevant period. Average total assets exclude total assets of discontinued operations at each quarter end, if applicable.
Phased-in Capital Conservation Buffer (CCB)	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).
Profit after tax and before non-recurring items (attributable to the owners of the Company)	This refers to the profit after tax (attributable to the owners of the Company), excluding any 'non-recurring items' (as defined).
Profit/(loss) after tax – organic (attributable to the owners of the Company)	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 transformation costs – organic').
Quarterly average interest earning assets	This relates to the average of 'interest earning assets' as at the beginning and end of the relevant quarter. 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 reverse purchase agreements (reverse repos) 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, mutual funds and other non interest bearing investments).

F. Definitions and Explanations (continued)

Qoq	Quarter on quarter change
Return on Tangible equity (ROTE)	Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised - (based on year - to - date days)), divided by the quarterly average of Shareholders' equity minus intangible assets at each quarter end.
Return on Tangible equity (ROTE) on 15% CET1 ratio	Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised - (based on year - to - date days)), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible book value.
Shareholders' equity	Shareholders' equity comprise total equity adjusted for non-controlling interest and other equity instruments.
Special levy on deposits and other levies/contributions	Relates to the special levy on deposits of credit institutions in Cyprus, contributions to the Single Resolution Fund (SRF), contributions to the Deposit Guarantee Fund (DGF), as well as the DTC levy, where applicable.
Tangible book value per share	Calculated as the total equity attributable to the owners of the Company, (i.e. not including other equity instruments, such as AT1) less intangible assets at each quarter end divided by the number of ordinary shares of the Group (excluding treasury shares) at the period/quarter end.
Tangible book value per share excluding the cash dividend	Calculated as the total equity attributable to the owners of the Company, (i.e. not including other equity instruments, such as AT1) less intangible assets at each quarter/year end and the amounts of cash dividend recommended for distribution in respect of earnings of the relevant year the dividend relates to, divided by the number of ordinary shares (excluding treasury shares) at the period/quarter end.
Total Capital ratio	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.
Total expenses	Total expenses comprise staff costs, other operating expenses and the special levy on deposits and other levies/contributions. It does not include 'advisory and other transformation costs-organic', where applicable. 'Advisory and other transformation costs-organic' amounted to nil for 2Q2025 (compared to nil for 1Q2025 and 1H2024).
Total income	Total income comprises net interest income and non-interest income (as defined).
Total loan credit losses, impairments and provisions	Total loan credit losses, impairments and provisions comprise loan credit losses (as defined), plus impairments of other financial and non-financial assets, plus provisions for pending litigation, claims regulatory and other matters net of reversals).
Underlying basis	This refers to the statutory basis after being adjusted for reclassification of certain items as explained in the Basis of Presentation.
Write offs	Loans together with the associated loan credit losses are written off when there is no realistic prospect of 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.
Yoy	Year on year change

Basis of Presentation

This announcement covers the results of Bank of Cyprus Holdings Public Limited Company, “BOC Holdings” or “the Company”, its subsidiary Bank of Cyprus Public Company Limited, the “Bank” or “BOC PCL”, and together with the Bank’s subsidiaries, the “Group”, for the six months ended 30 June 2025.

At 31 December 2016, the Bank was listed on the Cyprus Stock Exchange (CSE) and the Athens Exchange (ATHEX). On 18 January 2017, BOC Holdings, incorporated in Ireland, was introduced in the Group structure as the new holding company of the Bank. On 19 January 2017, the total issued share capital of BOC Holdings was admitted to listing and trading on the LSE and the CSE. On 19 September 2024 the Company delisted its share capital from the LSE and cancelled its LSE listing and on 23 September 2024 the Company’s ordinary shares were listed on the Main Market of the Regulatory Securities Market on the Athens Exchange.

Financial information presented in this announcement is being published for the purposes of providing an overview of the Group financial results for the six months ended 30 June 2025.

The financial information in this announcement is not audited and does not constitute statutory financial statements of BOC Holdings within the meaning of section 340 of the Companies Act 2014. The statutory financial statements for the year ended 31 December 2024, upon which the auditors have given an unqualified opinion are expected to be delivered to the Registrar of Companies of Ireland within 56 days of 30 September 2025. The Board of Directors approved the statutory financial statements for the year ended 31 December 2024 on 26 March 2025. The Board of Directors approved the Group financial results for the six months ended 30 June 2025 on 4 August 2025.

Statutory basis: Statutory information is set out on pages 4-5. However, a number of factors have had a significant effect on the comparability of the Group’s financial position and performance. Accordingly, the results are also presented on an underlying basis.

Underlying basis: The financial information presented under the underlying basis provides an overview of the Group financial results for the six months ended 30 June 2025, which the management believes best fits the true measurement of the financial performance and position of the Group. For further information, please refer to ‘Commentary on Underlying Basis’ on page 7. The statutory results are adjusted for certain items (as described on section B.1) to allow a comparison of the Group’s underlying financial position and performance.

The financial information included in this announcement is neither reviewed nor audited by the Group’s external auditors.

The Interim Condensed Consolidated financial statements for the six months ended 30 June 2025 have not been audited by the Group’s external auditors. The Group’s external auditors have conducted a review of the Interim Condensed Consolidated financial statements in accordance with the International Standard on Review Engagements (Ireland) 2410 ‘Review of Interim Financial Information performed by the Independent Auditor of the Entity’.

This announcement and the presentation for the Group Financial Results for the six months ended 30 June 2025 have been posted on the Group’s website www.bankofcyprus.com (Group/Investor Relations/Financial Results).

Definitions: The Group uses definitions in the discussion of its business performance and financial position which are set out in section F, together with explanations.

The Group Financial Results for six months ended 30 June 2025 are 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.

Forward Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Bank of Cyprus Holdings Public Limited Company (together with Bank of Cyprus Public Company Limited, the 'Bank', and its subsidiaries, the 'Group') ''and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements can usually be identified by terms used such as 'achieve', 'aim', 'anticipate', 'assume', 'believe', 'continue', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'project', 'plan', 'seek', 'should', 'target', 'will' or similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Group (including during management presentations) in connection with this document. 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 levels of growth, provisions, impairments, business strategies and opportunities, capital generation and distributions (including distribution policy), return on tangible equity and commitments and targets (including environmental, social and governance (ESG) commitments and targets). 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, other European Union (EU) Member States and globally, 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 and geopolitical developments. This creates significantly greater uncertainty about forward-looking statements. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward-looking statements. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based. Changes in our reporting frameworks and accounting standards may have a material impact on the way we prepare our financial statements. In setting future targets and outlook, the Group has made certain assumptions about the macroeconomic environment and the Group's businesses, which are subject to change.

Contacts

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The Bank of Cyprus Group is the leading banking and financial services group in Cyprus, providing a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. At 30 June 2025, the Bank of Cyprus Group operated through a total of 56 branches in Cyprus, of which 2 operated as cash offices. The Bank of Cyprus Group employed 2,858 staff worldwide. At 30 June 2025, the Group's Total Assets amounted to €27.1 bn and Total Equity was €2.8 bn. The Bank of Cyprus Group comprises Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries.