



# Bank of Cyprus Group

Group Financial Results

*For the six months ended 30 June 2021*

Bank of Cyprus Holdings



# DISCLAIMER

The financial information included in this presentation is neither reviewed nor audited by the Group's external auditors. The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2021 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 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" (UK & Ireland).

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

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

The presentation for the Group Financial Results for the six months ended 30 June 2021 (the "Presentation"), available on <https://www.bankofcyprus.com/en-GB/investor-relations-new/reports-presentations/financial-results/>, includes additional financial information not presented within the Group Financial Results Press Release (the "Press Release"), primarily relating to (i) NPE analysis (movements by segments and customer type), (ii) rescheduled loans analysis, (iii) details of historic restructuring activity including REMU activity, (iv) analysis of new lending, (v) Income statement by business line, (vi) NIM and interest income analysis and (vii) Loan portfolio analysis in accordance with the three-stages model for impairment of IFRS 9. Moreover, the Investor Presentation includes additional financial information not presented in the Results Announcement of current and expected medium term levels for (i) NPE coverage and (ii) ESG performance metrics. Except in relation to any non-IFRS measure, the financial information contained in the Investor Presentation has been prepared in accordance with the Group's significant accounting policies as described in the Group's Annual Financial Report 2020. The Investor Presentation should be read in conjunction with the information contained in the Press Release and neither the financial information in the Press Release nor in the Investor Presentation constitutes statutory financial statements prepared in accordance with International Financial Reporting Standards.

## **Forward Looking Statements**

This document contains certain forward-looking statements which can usually be identified by terms used such as "expect", "should be", "will be" and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group's near term, medium term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments, information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics, such as the COVID-19 pandemic and ongoing challenges and uncertainties posed by the COVID-19 pandemic for businesses and governments around the world. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward looking statements. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based.

# Highlights

# 1H2021 - Highlights

## Strong Recovery Underway

**€894 mn**  
**New lending**

- 12.9% GDP growth in 2Q2021
- Continuing to support this recovery; new lending of €894 mn in 1H2021, up 30% yoy
- Tourism demonstrating signs of recovery; July 2021 arrivals +358% yoy or 54% of July 2019 levels
- 78% of adult population in Cyprus vaccinated with first dose<sup>1</sup> and 74% have completed their vaccination regime

## Positive Operating Performance

**€57 mn**  
**Operating Profit**

- Total income of €152 mn for 2Q2021, up 11% qoq
- Cost of risk of 52 bps for 2Q2021, improved by 14 bps qoq
- Profit after tax and before non-recurring items of €34 mn for 2Q2021 and €51 mn for 1H2021
- After recognising exceptional costs, loss after tax of €7 mn for 2Q2021 and profit after tax of €1 mn for 1H2021

## Operating Efficiency

**58%**  
**Cost/Income<sup>2</sup>**

- Total operating expenses<sup>2</sup> of €89 mn for 2Q2021, up 7% qoq reflecting seasonality in prior quarter
- Cost to income ratio<sup>2</sup> at 58% for 2Q2021, down 2 p.p. qoq

## Good Capital Strong Liquidity

**14.2%**  
**CET1 ratio<sup>3</sup>**

- CET1 ratio of 14.2%<sup>3</sup> and Total Capital ratio of 19.2%<sup>3</sup>
- MREL interim requirement as of 1 Jan 2022 already achieved through the successful refinancing of Tier 2 and the inaugural issuance of Senior Preferred notes in 2Q2021
- Deposits at €16.8 bn, up 3% qoq; Significant surplus liquidity of €5.7 bn (LCR at 303%)

## Balance Sheet Repair Continuing

**6.4%**  
**Net NPE ratio**

- €1.3 bn NPE sale (Helix 2 Portfolios A and B) completed in 2Q2021
- NPEs at €1.6 bn (€0.6 bn net)
- Gross NPE ratio reduced to 14.6% (6.4% net); organic NPE reduction of €171 mn in 1H2021
- Coverage improved to 60% over the quarter
- 96% of performing loans<sup>4</sup> under expired payment deferrals with an instalment due by 12 Aug 2021, presented no arrears

1) Data as at 28 August 2021 (Source: Ministry of Health)

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

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

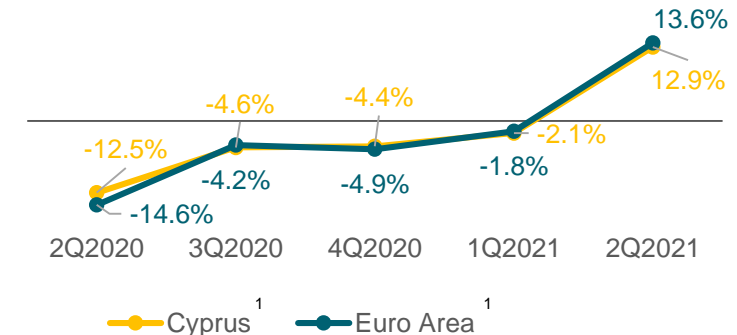
4) As at 30 June 2021

# Strong recovery of Cypriot economy with GDP growing 12.9% in 2Q2021, on the back of improved business activity

- Open, small and flexible economy which has demonstrated historically that it can quickly recover from economic crises
- Strong rebound in consumption and business activity in the first 5 months of the year, pointing to a strong recovery in 2021:
  - Building permits up 35% yoy and above the same period in 2019
  - Industrial production up 10% yoy; down 4% over the same period in 2019
  - Retail sales excluding vehicles up 8% yoy and up 4% over the same period in 2019
- Outlook for Cypriot economy continues to improve; the Ministry of Finance currently expects growth of c.5.5% in 2021, significantly higher than initially anticipated (c.3.6% in April 2021)
- The implementation of Cyprus' Recovery and Resilience Plan (€1.2 bn) is expected to support domestic activity and employment through higher investment and to enhance growth potential via reforms (see slides 40-41)
- Cyprus vaccination rollout amongst the most successful in EU; 78% of adult population in Cyprus vaccinated with first dose<sup>2</sup> and 74% have completed their vaccination regime
- Tourism is showing signs of recovery; July 2021 tourist arrivals +358% yoy or 54% of July 2019 levels; Tourism season anticipated to be extended to later in the year
- Loan government guarantee scheme of c.€1.0 bn (guarantee of 70%) to support short-term cash flow approved by the European Commission in Aug 2021; pending approval of the amended legislation by the Parliament

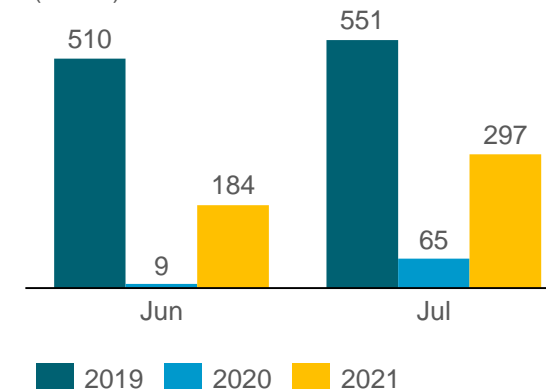
## Strong economic rebound in 2Q2021

GDP yoy change



## Gradual recovery of tourist arrivals

(in '000)



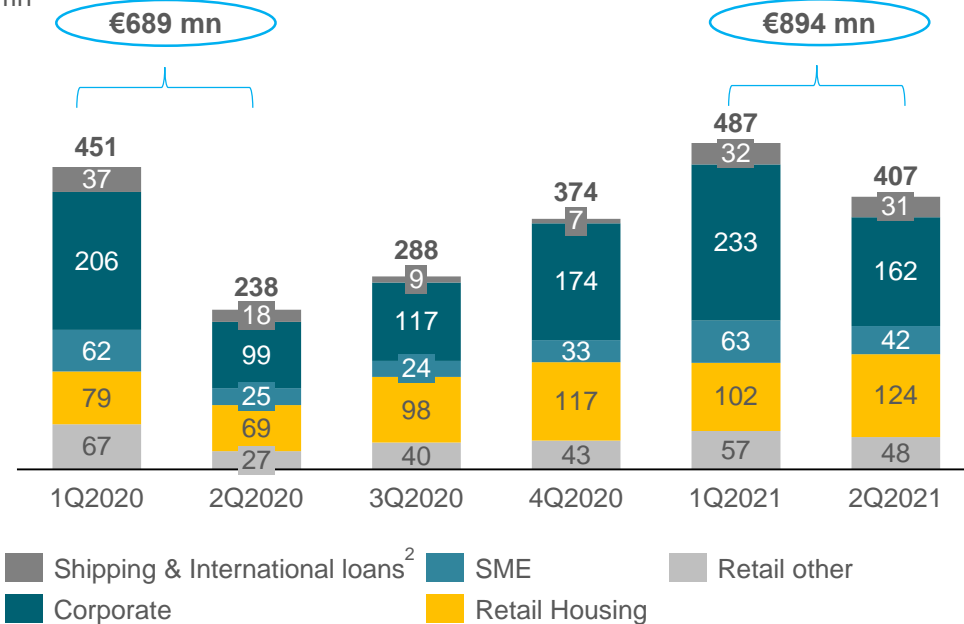
- Jul 2021 54% of Jul 2019 levels
- Aug and Sept 2021 expected to show similar trends

1) Source: Cyprus Statistical Service, Eurostat  
 2) Data as at 28 August 2021 (Source: Ministry of Health)

# New lending<sup>1</sup> of €894 mn in 1H2021, up 30% yoy

## New lending<sup>1</sup> remained strong in 2Q2021

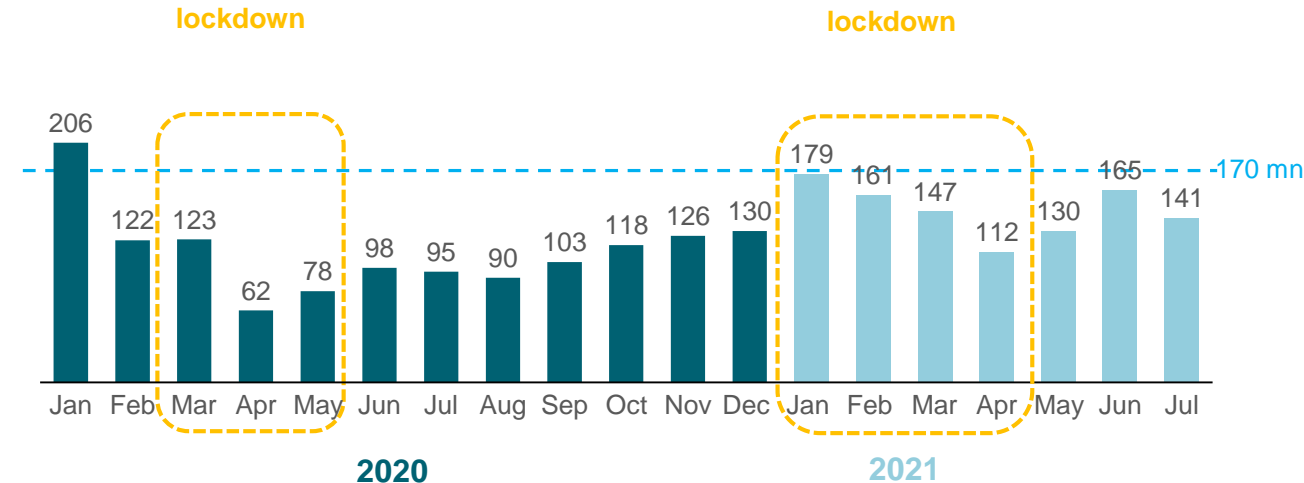
€ mn



1) Refer to slide 71 for definition of new lending  
2) Includes syndicated loans

## Monthly new lending data showing improving trend yoy

€ mn



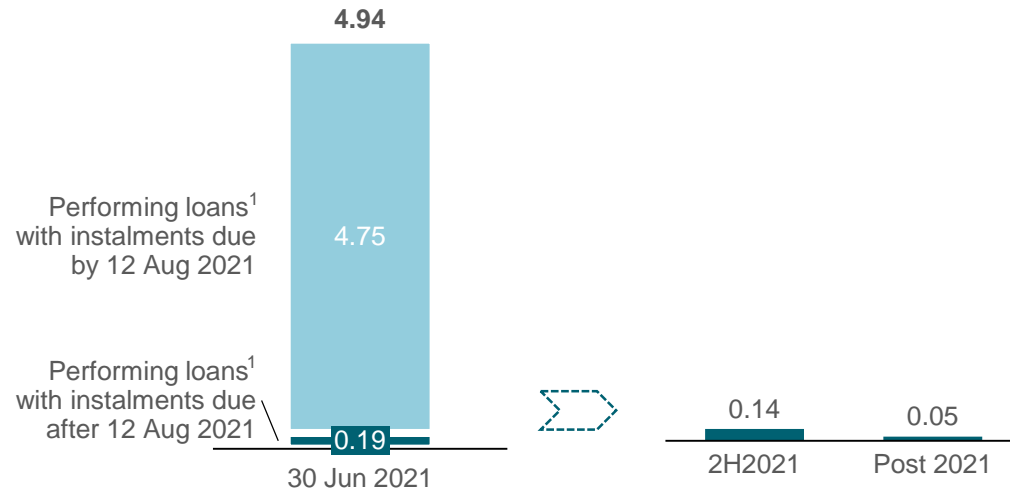
-- average 2019 monthly new lending

- Demand for housing loans remains strong, supported by government interest rate subsidy scheme; c.€220 mn new housing loans approved since the beginning of the scheme; pipeline of €106 mn as at mid-Aug 2021
- Corporate new lending at €162 mn for 2Q2021, up 64% yoy as economic activity continues to improve
- **High quality origination via prudent underwriting standards**
  - Strong assessment of repayment capability
  - Strict origination standards

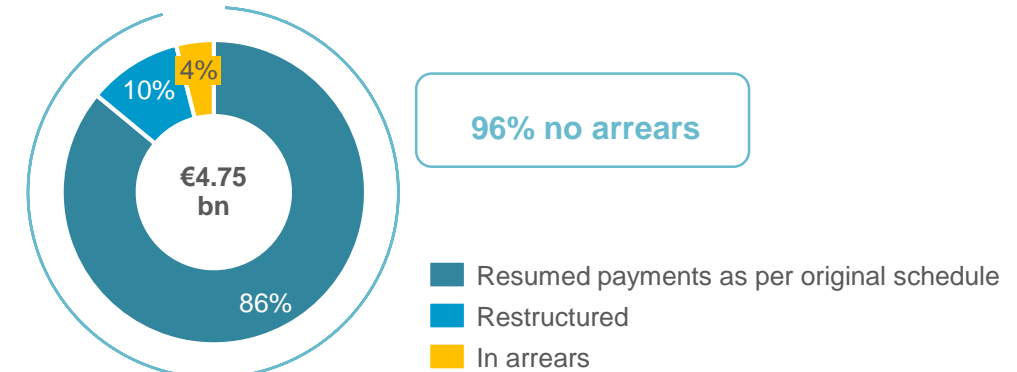
# Strong performance of moratorium portfolio continues, 8 months after deferral expiry

## Performing loans<sup>1</sup> under expired payment deferrals of €4.94 bn

€ bn



## 96% of performing loans<sup>1</sup> under expired payment deferrals<sup>2</sup> with no arrears



- Customer performance better than expected, nearly 8 months after deferral expiry
- 96% of performing loans<sup>1</sup> under payment deferrals that expired on 31 Dec 2020, had instalments due by 12 Aug 2021:
  - 96% (€4.57 bn) present no arrears, of which €0.50 bn have been restructured
  - Just 4% (€0.18 bn) in arrears of which c.95% in early arrears (<30 dpd)

- Restructurings:
  - Strong track record in dealing with restructurings
  - Targeted restructuring solutions to alleviate pandemic-related short-term cash flow burden, following rigorous assessment of repayment ability
  - Mostly in the tourism sector
- Arrears:
  - In close contact with customers with early arrears to offer solutions as necessary

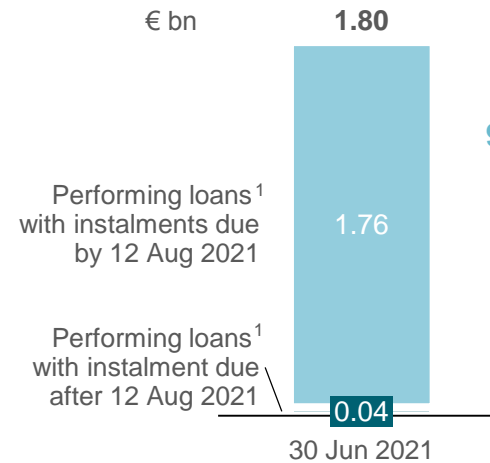
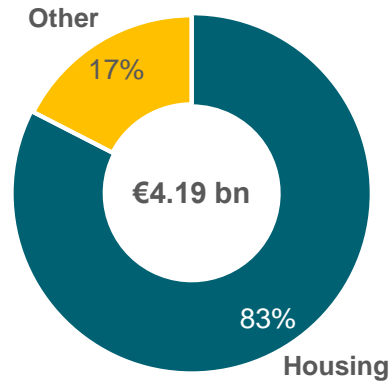
1) As at 30 June 2021

2) With instalment due by 12 August 2021

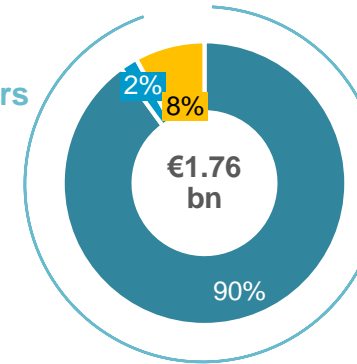
# Private individuals loan portfolio, highly collateralised

Private Individuals: €4.19 bn

98% of performing loans<sup>1</sup> to private individuals under expired payment deferrals had instalments due by 12 August 2021; 92% with no arrears



92% no arrears



- Resumed payments as per original schedule
- Restructured
- In arrears

- 92% (€1.62 bn) present no arrears, of which c.€28 mn have been restructured
- 8% (€0.14 bn) in arrears of which c.96% in early arrears (<30 dpd)

LTV <sup>2</sup>	Housing €3.49 bn	Other €0.70 bn
< 60%	66%	30%
60%-80%	21%	5%
80-100%	6%	7%
>100%	7%	58%

- **Housing performing loans: €3.49 bn**
  - Low LTV<sup>2</sup> housing portfolio
  - 66% of portfolio with LTV<sup>1</sup><60%
  - Only 7% of portfolio with LTV<sup>1</sup>>100%

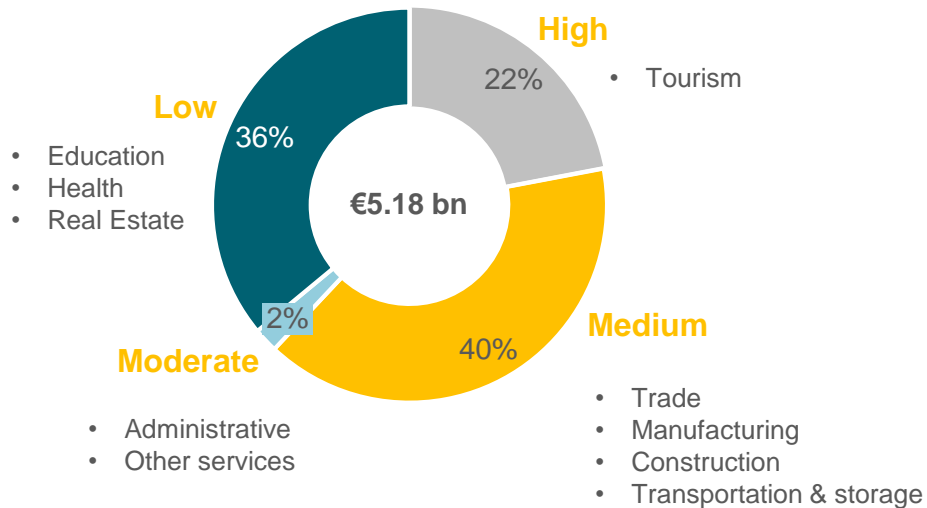
- **Other: €0.70 bn**
  - 62% secured portfolio of which:
    - 59% with property
    - 41% with other type of collateral

1) As at 30 June 2021

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

# Business portfolio well diversified, with high quality collateral

## Breakdown of Non legacy loans<sup>1</sup> by Covid-19 impact

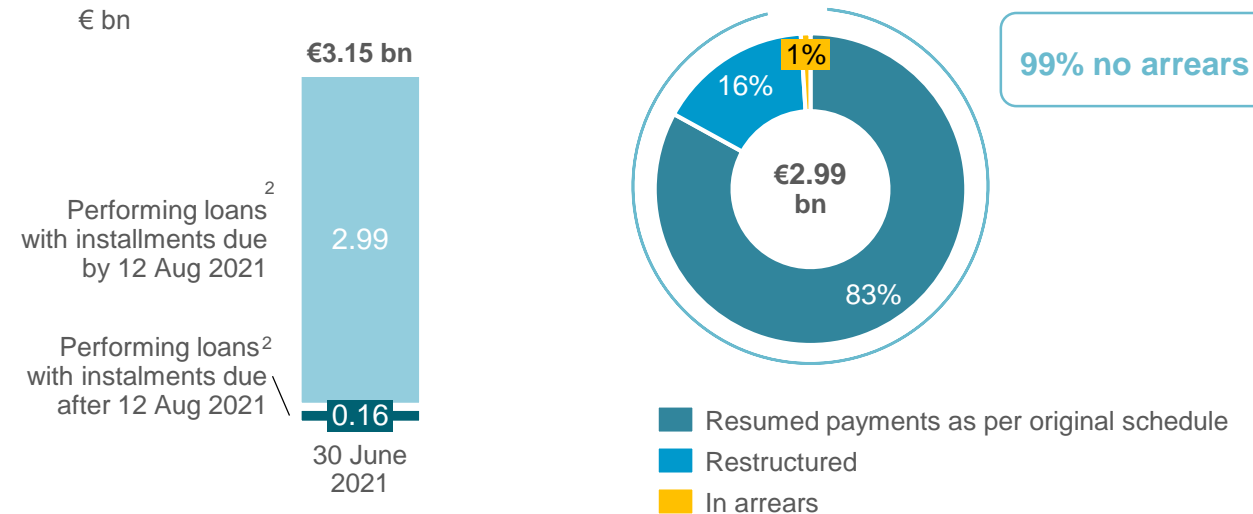


## 72% of the portfolio with LTV<sup>3</sup><80%

LTV <sup>3</sup>	High	Medium	Moderate	Low	Total
< 80%	93%	63%	58%	72%	<b>72%</b>
>80%	7%	37%	42%	28%	<b>28%</b>
Total	100%	100%	100%	100%	<b>100%</b>

- 1) Gross loans as at 30 June 2021 of Corporate (incl. IB and W&M and Global Corporate), SME, Retail and H/O  
 2) As at 30 June 2021  
 3) Loan to Value (LTV) is calculated as the Gross IFRS Balance to the indexed market value of the property. Under Pillar 3 disclosures LTV is calculated as the Gross IFRS Balance to the indexed market value of collateral. Collateral takes into consideration the mortgage amount registered in the land registry plus legal interest from registration date to the reference date  
 4) Restructurings for the period Mar 2017-Jun 2019

## 95% of performing business<sup>2</sup> loans under expired payment deferrals had instalments due by 12 Aug 2021; 99% present no arrears



- 95% of business performing loans<sup>2</sup> under expired payment deferrals had instalments due by 12 Aug 2021:
  - 99% (€2.95 bn) present no arrears, of which €0.47 bn have been restructured; mostly in the tourism sector
  - 1% (c.€33 mn) present arrears
- Targeted restructuring solutions to alleviate pandemic-related short-term cash flow burden, following rigorous assessment of repayment ability
- Strong track record in dealing with restructurings; 92% of corporate restructured loans<sup>4</sup> prior to moratorium presented no arrears

# Portfolio exposure to businesses most impacted by COVID-19

## Tourism: €1.14 bn

Hotels & Catering	31 Mar 2021 € bn	30 Jun 2021 € bn	% of portfolio
Food services	0.06	0.06	5%
Accommodation	1.09	1.08	95%
<b>Total</b>	<b>1.15</b>	<b>1.14</b>	
<b>Unutilised Liquidity<sup>1</sup></b>	<b>0.32</b>	<b>0.34</b>	
- of which deposits	0.26	0.26	23%

- Tourism is showing signs of recovery; July 2021 arrivals +358% yoy or 54% of July 2019 levels; reduction of international tourist arrivals in 2021 vs 2019, expected to be partly offset by domestic tourism
- Majority of Accommodation customers entered the crisis with significant liquidity, following strong performance in recent years
- 96% of tourism portfolio is secured by property
- 93% of tourism portfolio with LTV <80%
- c.€0.93 bn performing loans<sup>2</sup> under expired payment deferrals; 94% had instalments due by 12 Aug 2021:
  - c.100% present no arrears, of which €281 mn have been restructured

## Trade: €0.91 bn

Trade	31 Mar 2021 € bn	30 Jun 2021 € bn	% of portfolio
Supermarkets, pharmacies and other essential retail businesses	0.26	0.26	29%
All other	0.63	0.65	71%
<b>Total</b>	<b>0.89</b>	<b>0.91</b>	
<b>Unutilised Liquidity<sup>1</sup></b>	<b>0.88</b>	<b>0.92</b>	
- of which deposits	0.56	0.58	63%

- 29% of trade portfolio tied up to lower risk essential retail services, not materially impacted by COVID-19
- €0.32 bn performing loans<sup>2</sup> under expired payment deferrals; 94% had instalments due by 12 Aug 2021:
  - 97% present no arrears, of which €10 mn have been restructured
  - 3% in arrears

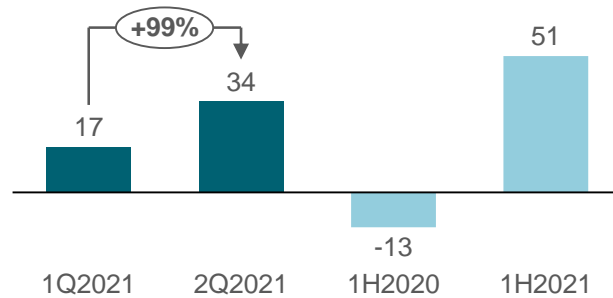
1) Unutilised overdraft amounts and deposits

2) As at 30 June 2021

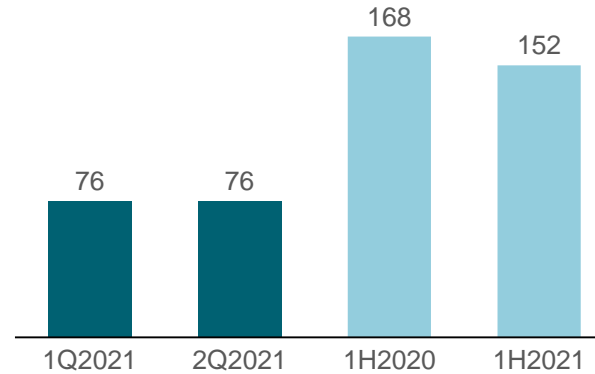
# Profitability

# Positive Organic Performance in 2Q2021

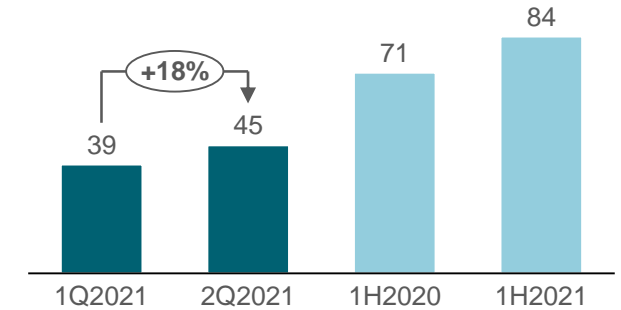
Profit after tax and before non-recurring items doubled qoq



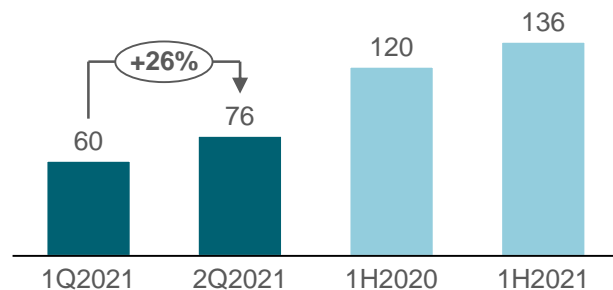
Net Interest Income flat qoq



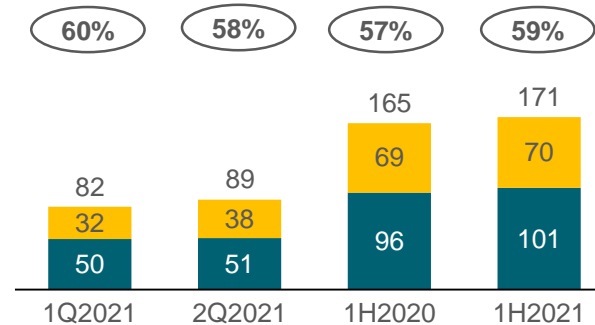
Net Fee and Commission up 18% qoq



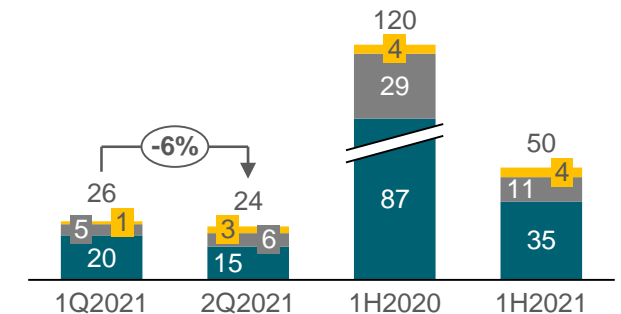
Non Interest Income up 26% qoq



Total Operating Expenses<sup>1</sup> up 7% qoq



Provisions and Impairments down 6% qoq



1) Excluding special levy on deposits and other levies/contributions  
2) Impairments of financial and non-financial assets

# Income Statement

€ mn	1H2021	1H2020	2Q2021	1Q2021	qoq%	yoy%
Net Interest Income	152	168	76	76	-1%	-9%
Non interest income	136	120	76	60	26%	12%
Total income	288	288	152	136	11%	0%
Total operating expenses <sup>1</sup>	(171)	(165)	(89)	(82)	7%	3%
Operating profit	102	108	57	45	28%	-6%
Total loan credit losses, impairments and provisions	(50)	(120)	(24)	(26)	-6%	-58%
<b>Profit/(loss) after tax and before non-recurring items<sup>2</sup></b>	<b>51</b>	<b>(13)</b>	<b>34</b>	<b>17</b>	<b>99%</b>	<b>-</b>
Advisory and other restructuring costs - organic	(18)	(6)	(15)	(3)	-	-
<b>Profit/(loss) after tax-Organic<sup>2</sup></b>	<b>33</b>	<b>(19)</b>	<b>19</b>	<b>14</b>	<b>30%</b>	<b>-</b>
Exceptional items <sup>3</sup>	(32)	(107)	(26)	(6)	-	-70%
<b>Profit/(loss) after tax<sup>2</sup></b>	<b>1</b>	<b>(126)</b>	<b>(7)</b>	<b>8</b>	<b>-</b>	<b>-</b>

## Key Ratios

<b>Net Interest margin (annualised)</b>	<b>1.56%</b>	<b>1.90%</b>	<b>1.49%</b>	<b>1.63%</b>	<b>-14 bps</b>	<b>-34 bps</b>
<b>Cost to income ratio</b>	<b>64%</b>	<b>62%</b>	<b>62%</b>	<b>67%</b>	<b>-5 p.p.</b>	<b>+2 p.p.</b>
<b>Cost to income ratio excluding special levy on deposits and other levies/contributions</b>	<b>59%</b>	<b>57%</b>	<b>58%</b>	<b>60%</b>	<b>-2p.p.</b>	<b>+2 p.p.</b>
<b>Cost of Risk (annualised)</b>	<b>0.61%</b>	<b>1.39%</b>	<b>0.52%</b>	<b>0.66%</b>	<b>-14 bps</b>	<b>-78 bps</b>
<b>EPS<sup>5</sup> before non-recurring items (€ cent)</b>	<b>11.24</b>	<b>(2.93)</b>	<b>7.48</b>	<b>3.76</b>	<b>3.72</b>	<b>14.17</b>

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

2) Attributable to the owners of the Company

3) Please refer to section B.3.4 "Profit/(loss) after tax (attributable to the owners of the Company)" of the 6M2021 FR Press Release

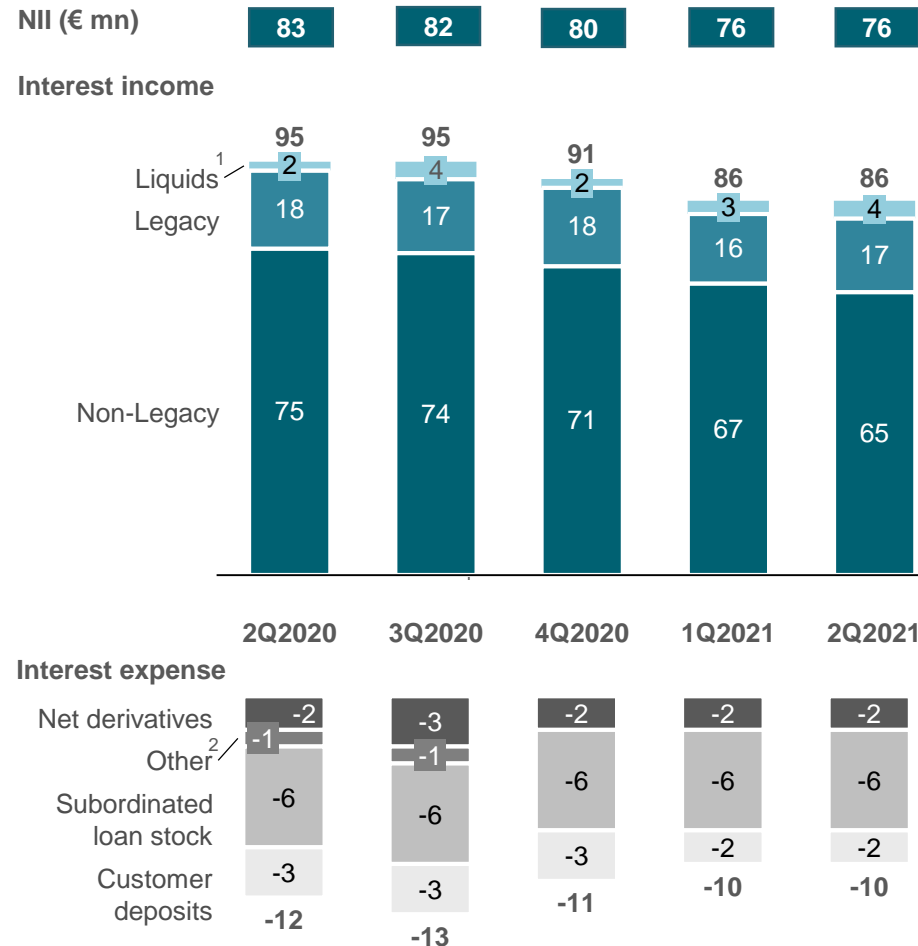
4) Removing the TLTRO from AIEA and the respective benefit recognised over the period from the NII

5) Calculated using Profit/(loss) after tax and before non-recurring items

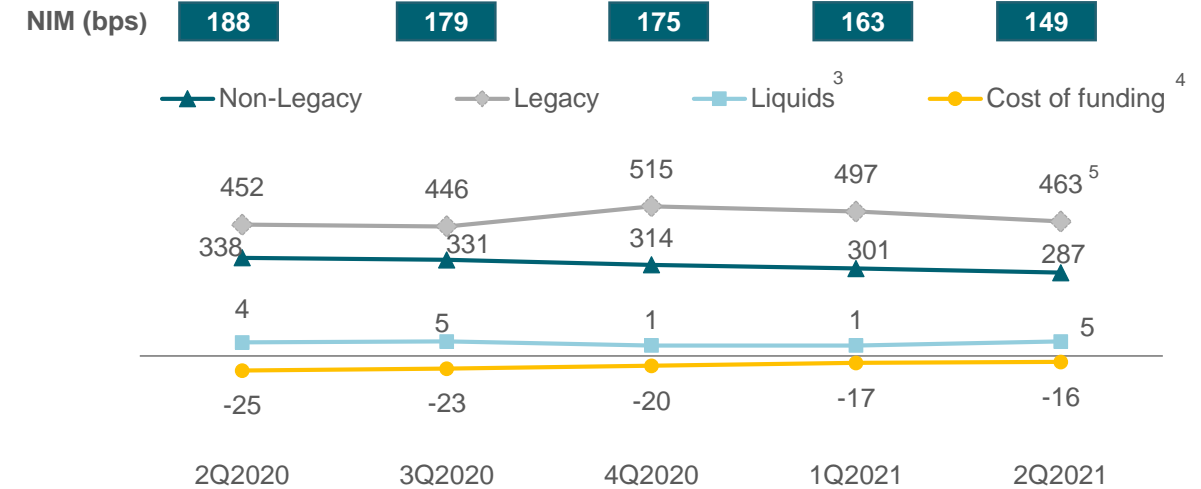
- NII for 2Q2021 flat at €76 mn of which c.€8 mn relates NII from Helix 2; Helix 2 NII will be partially set off by the unwinding of the net present value and interest income of the deferred consideration
- Increase in % of AIEA held in liquids to c.50% (see slide 21), resulting in a dilutive impact on NIM which reduced to 1.49% for 2Q2021; Adjusting for the €3.0 bn TLTRO III<sup>4</sup>, NIM amounts to 1.66% for 2Q2021
- Non interest income for 2Q2021 increased to €76 mn, driven mainly by higher net fee and commission income, higher net insurance income and higher revaluation gains on financial instruments (see slide15)
- Total operating expenses<sup>1</sup> increased to €89 mn for 2Q2021, up 7% qoq, mainly due to seasonally lower marketing, consultancy and professional fees in the previous quarter
- **Profit after tax and before non-recurring items of €34 mn for 2Q2021 and €51 for 1H2021**
- Advisory and other restructuring costs—organic of €15 mn for 2Q2021 including €12 mn relating to the tender offer for existing Tier 2 notes
- After recognising exceptional costs of €26 mn relating to NPE sales (of which €14 mn related to the completion mechanics of Helix 2 which is expected to unwind over time) **loss after tax of €7 mn for 2Q2021 and profit after tax of €1 mn for 1H2021**
- **ROTE<sup>5</sup> before non-recurring items of 8.1% for 2Q2021 and 6.1% for 1H2021**

# Drivers of NIM

NII for 2Q2021 at €76 mn



Effective yield on assets & cost of funding



- The increase in liquidity (50% of AIEA) is having a dilutive impact on NIM (see slide 21)
- TLTRO III borrowing increased to €3.0 bn (+€300 mn in 2Q2021)
  - NII benefit for the period Jun 2020-Jun 2021 estimated at c.€7 mn, recognised over the respective period
  - Potential NII benefit for the period Jun 2021-Jun 2022 at c.€15 mn<sup>6</sup> expected to be recognised over the respective period
- Effective yield of liquids increased to 5 bps, reflecting the benefit of TLTRO III borrowing
- Non-Legacy book yields reduced to 287 bps, mainly due to a non-recurring catch up adjustment of c.7 bps; non-legacy book yields remain under pressure mainly due to the sustained low interest rate environment and competition pressure
- Higher-yielding, higher-risk legacy loans are reducing as we successfully exit NPEs

1) Cash, placements with banks, balances with central banks and bonds

2) Other includes funding from central banks and deposits by banks and repurchase agreements. For further details, please see slide 61

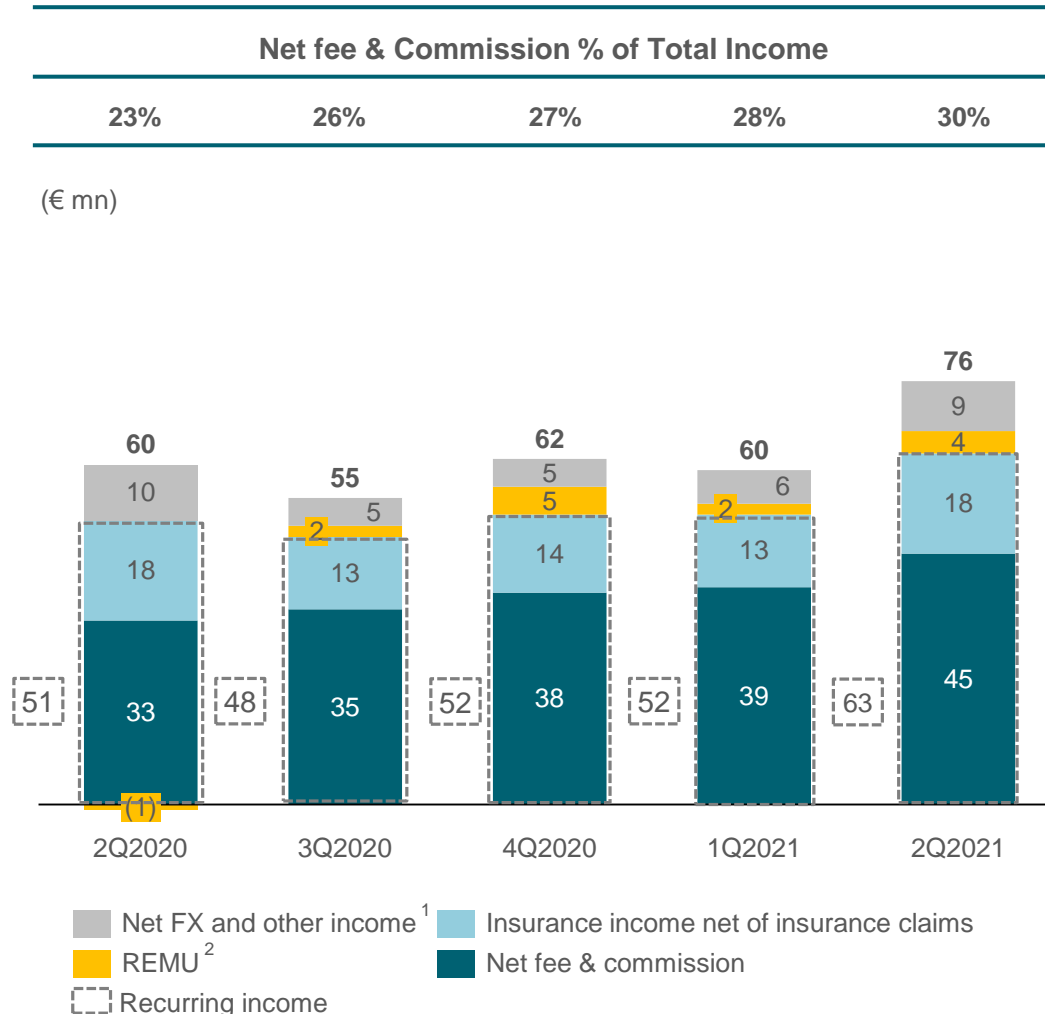
3) Effective yield of liquid assets: Interest income on liquids after hedging, over average liquids (Cash and balances with central banks, placements with banks and bonds)

4) Effective yield of cost of funding: Interest expense of all interest bearing liabilities after hedging, over average interest bearing liabilities (customer deposits, funding from the central bank, interbank funding and wholesale funding)

5) Adjusted for Helix 2

6) Based on current ECB rates and provided the Bank meets the lending thresholds

# Non interest income at €76 mn in 2Q2021



- Non interest income for 2Q2021 increased to €76 mn, up 26% qoq, reflecting higher net fee and commission income, higher net insurance income and higher revaluation gains on financial instruments
- Net fee and commission income increased to €45 mn for 2Q2021, up 18% qoq, mainly due to
  - the extension of liquidity fees to a wider customer group
  - the introduction of a revised price list in Feb 2021
  - higher volumes of transactions in 2Q2021 following the lockdown in the previous quarter
  - c.€2 mn relating to a specific client transaction
- Net fee and commission income increased to €84 mn for 1H2021, up 18% yoy, and includes an amount of c.€5 mn relating to an NPE sales-related servicing fee, for a transitional period currently expected to end in early 4Q2021
- Net insurance income increased to €18 mn, up 36% qoq, driven by better quarterly performance of investments (c.€2 mn), lower claims and improved pricing in the life insurance business, and growth in premiums, lower claims and seasonality in the general insurance business
- Net FX and other income<sup>1</sup> increased to €9 mn, up 40% qoq, driven by higher revaluation gains on financial instruments
- REMU gains<sup>2</sup> increased to €4 mn, up 66% qoq; REMU profit remains volatile

1) Net FX gains/(losses) & Net gains/(losses) on financial instruments, and other income

2) Gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties

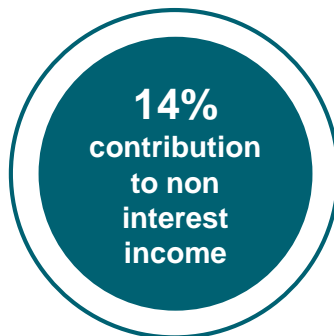
# Profitable Life Insurance business with further opportunities to grow

**euro**life

## Sustainable healthy profitability in 1H2021

€ mn	1H2021	1H2020	yoy%
Total regular income <sup>1</sup>	66.0	63.5	4%
(of which GWP <sup>2</sup> )	64.6	62.2	4%
Costs and claims	(33.8)	(36.5)	-7%
<b>Net insurance income</b>	<b>18.3</b>	<b>16.3</b>	<b>13%</b>

- Market leader in Life Insurance with market share of 25%<sup>2</sup>
- GWP<sup>3</sup> up 4% yoy
- AUM increased to €518 mn, up 8% ytd



1) Total regular income includes yearly renewable gross written premiums and occupational pension contributions  
 2) As at 31 December 2020 (based on market statistics)  
 3) Gross written premium



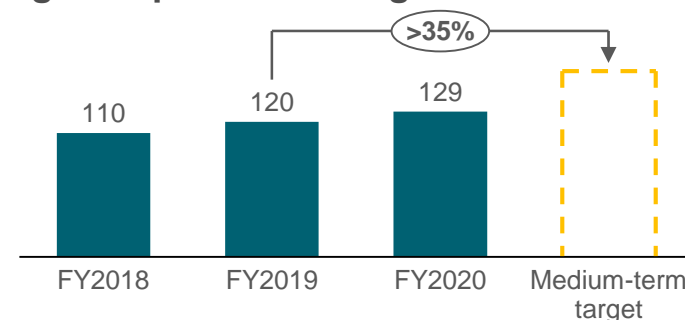
## Update on initiatives ...

- **Widen target market**
  - Adjusted characteristics of specific products to improve profitability
  - Launched a new loan product that can be combined with credit facilities of other local banks
- **New distribution philosophy to accelerate new business**
  - Increased agency force by +13% yoy
  - Increased average productivity per agent
- **Leverage Bank's strong franchise and customer base**
  - New incentives to BOC staff to increase sales of insurance products to BOC customers
  - Launched specific products to enable occupational pension sales to BOC customers
  - Close collaboration with Bank's business lines targeting specific customers for group business
- **Improve cost efficiency through digitalisation capabilities**
  - Implementation of e-alteration on individual business



## ... aiming to improve total regular income<sup>1</sup>

€ mn



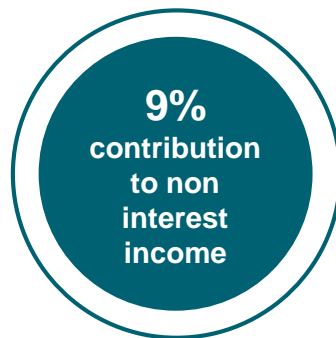
# Profitable Non-life Insurance business with further opportunities to grow



## Sustainable healthy profitability in 1H2021

€ mn	1H2021	1H2020	yoy%
Insurance income	32.2	29.2	10%
(of which GWP <sup>1</sup> )	29.7	26.3	13%
Costs and claims	(19.4)	(16.6)	17%
<b>Net insurance income</b>	<b>12.8</b>	<b>12.6</b>	<b>1%</b>

- Market share of 13%<sup>2</sup> in a highly fragmented market with >20 companies
- Net insurance income of €12.8 mn for 1H2021, up 1% yoy

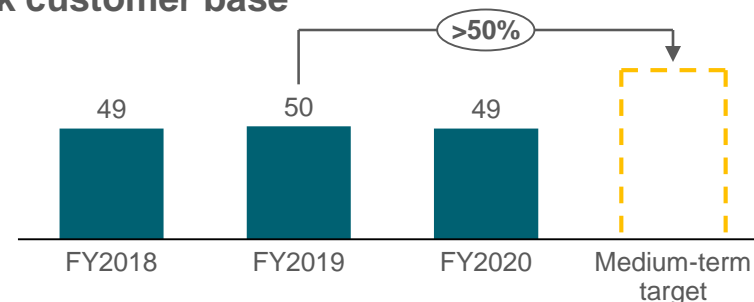


## Update on initiatives ...

- **Focus on high-margin products (fire and liability) and profitable part of motor segment**
  - Yoy increase in Fire (+10%), Liability (+22%) and Motor (+7%) business
- **Revamp bancassurance channel**
  - Launch of automated paperless digital processes
  - Sale of Motor & Home Insurance products through BOC's mobile application
  - Introduction of relationship management for commercial clients
- **Optimise synergies with Life insurance and its sales network**
  - Incentivisation of Eurolife's Agency force for promotion of GIC products put in place
- **Enhance digital sales**
  - New Bancassurance Portal and Agents Portal was introduced in 2Q2021



... aiming to further grow GWP<sup>2</sup> by capturing fair share based on bank customer base



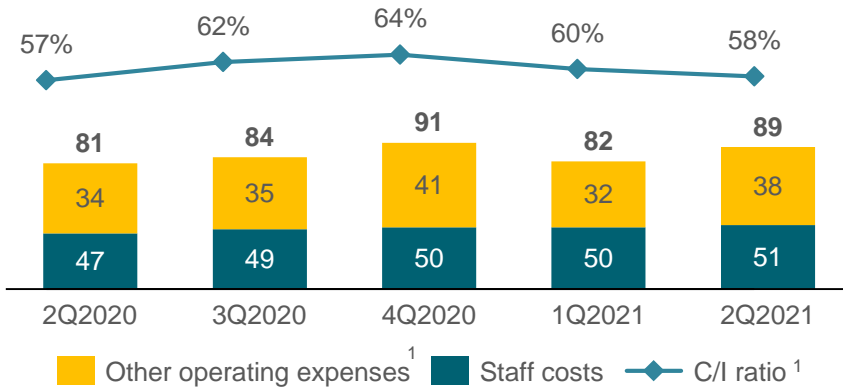
1) Gross written premium

2) As at 31 December 2020 (based on market statistics)

# Total Operating Expenses up 7% qoq

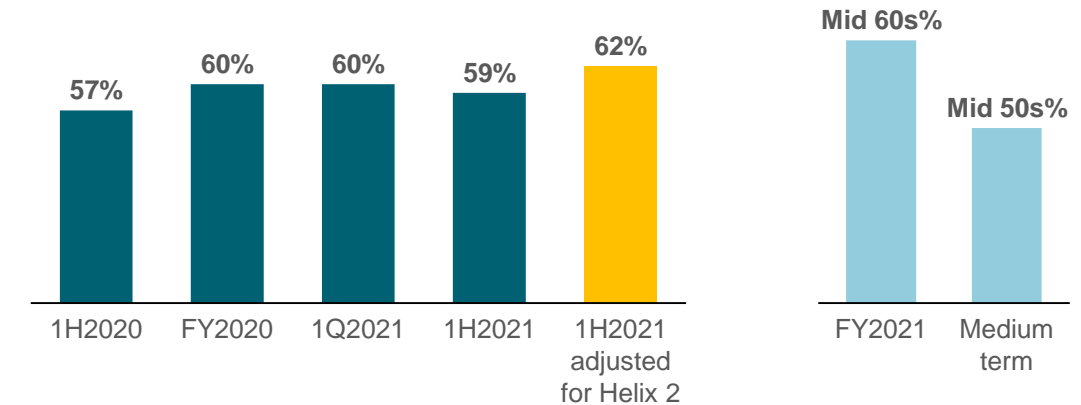
Total operating expenses<sup>1</sup> up 7% qoq and up 3% yoy

(€ mn)



- Staff costs of €51 mn for 2Q2021, up 2% qoq
- Operating expenses<sup>1</sup> of €38 mn for 2Q2021, up 14% qoq, mainly due to seasonally lower marketing, consultancy and professional fees in 1Q2021
- C/I ratio<sup>1</sup> of 58% for 2Q2021 down 2 p.p. qoq, reflecting a higher qoq increase in total income, compared to the qoq increase in total operating expenses;
- Adjusted for Helix 2, C/I ratio<sup>1</sup> at 61% for 2Q2021

Cost to income ratio<sup>1</sup> adjusted for Helix 2, at 62% for 1H2021



- C/I ratio<sup>1</sup> expected to rise in the near term as revenues remain under pressure and operating expenses increase due to higher IT/digitisation investment costs
- C/I ratio<sup>1</sup> to reduce to mid 50s% in the medium term
- Renewal of collective agreement for 2021 and 2022 in 2Q2021
  - introduction of a new pay grading structure linked to the value of each position of employment, and of a performance-related pay component as part of the annual salary increase
  - The renewal is expected to increase staff costs for 2021 and 2022 by 3-4% p.a, in line with the impact of renewals in previous years
- Medium-term guidance for total annual operating expenses<sup>1</sup> <€350 mn, remains unchanged

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

# Leverage leading Digital Capabilities to serve customers and the economy

## Vision

Leverage technology to sustain a competitive advantage through digital banking

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

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

## Creating shareholder value

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



### Digital Transactions ratio<sup>1</sup>

Jul 2019	Jul 2020	Jul 2021
73.7%	82.0%	86.6%



### Digitally Engaged<sup>2</sup> Customers

Jul 2019	Jul 2020	Jul 2021
66.9%	72.3%	77.0%



### Average mobile logins per month

Jul 2019	Jul 2020	Jul 2021
13.3x	18.5x	19.1x



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

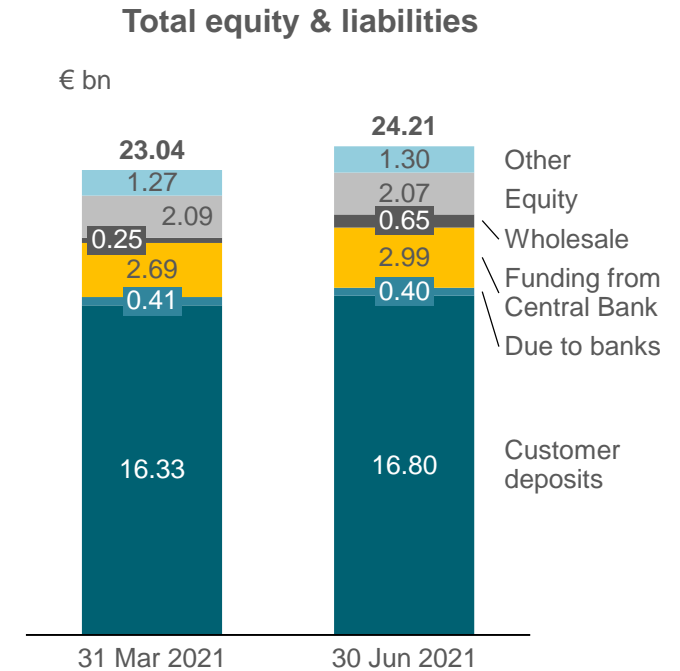
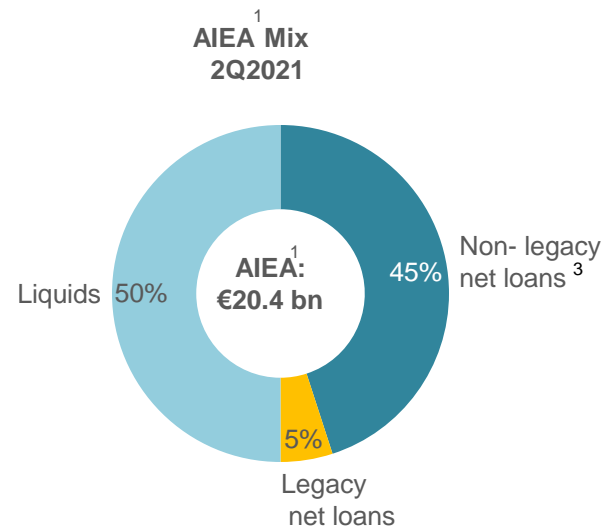
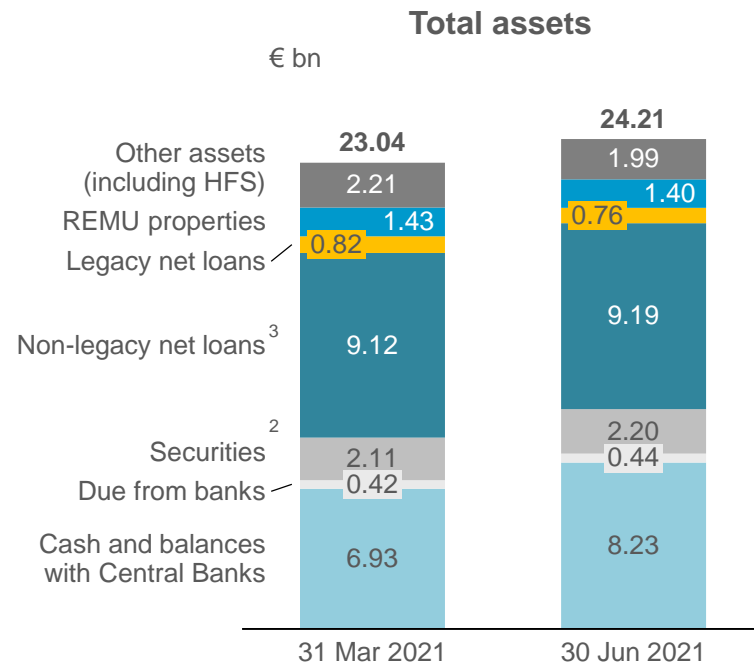
Jul 2019	Jul 2020	Jul 2021
238K	278k	314k

1) Number of digital transactions performed by individuals and legal entity customers to the total number of transactions. Transactions include deposits, withdrawals, internal and external transfers. Digital channels include mobile, browser and ATMs

2) Digitally engaged individual customers to the total number of individual customers. Digitally engaged customers are the individuals who use the digital channels of the Bank (mobile banking app, browser and ATMs) to perform banking transactions, as well as digital enablers such as a bank-issued card to perform online card purchases

# Balance Sheet

# Balance sheet composition



- Balance sheet size increased by c.€1.2 bn qoq to €24.2 bn and AIEA<sup>1</sup> increased by c.€1.4 bn qoq to €20.4 bn, driven by:
  - the increase in TLTRO III borrowing by €300 mn in 2Q2021 to €3.0 bn
  - the increase in customer deposits by c.€470 mn in 2Q2021 to €16.8 bn
  - the increase in wholesale funding by c.€400 mn in 2Q2021, following the refinancing of Tier 2 and the issuance of €300 mn MREL-compliant Senior Preferred notes
- c.50% of AIEA<sup>1</sup> held in liquids resulting in a dilutive impact on NIM (see slide 14)
- Non-legacy net loans increased to €9.19 bn, following increased demand for housing loans
- Legacy net loans reduced to €0.76 bn following completion of Helix 2

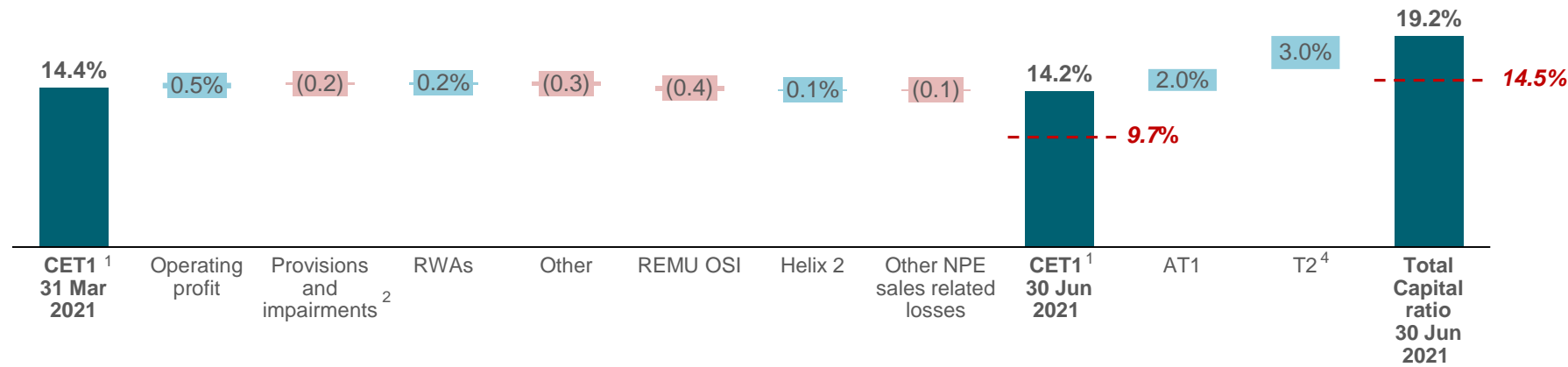
1) AIEA: Average Interest Earning Assets. Please refer to slide 69 for the definition

2) Debt securities, treasury bills and equity investments

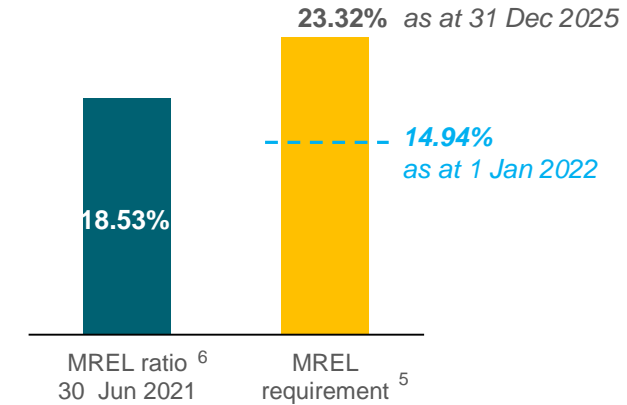
3) Net loans of Corporate (incl. IB and W&M and Global Corporate), SME, Retail, and H/O

# CET1 at 14.2% <sup>1</sup> and Total Capital ratio of 19.2%

----- min OCR (SREP) requirement for 2020 post ECB Announcement <sup>3</sup>



## MREL (% of RWAs)

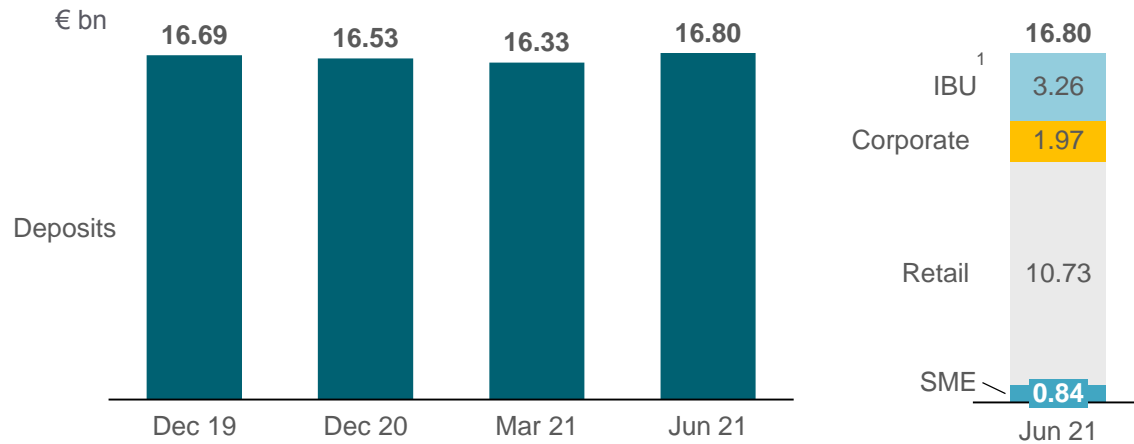


- CET1 ratio<sup>1</sup> **positively** impacted by:
  - c.50 bps organic capital generation from operating profitability
  - c.20 bps from decrease of risk weighted assets
  - c.10 bps from Helix 2 completion
- CET1 ratio<sup>1</sup> **negatively** impacted by:
  - c.20 bps from provisions and impairments
  - c.40 bps from REMU OSI prudential charge, following completion of onsite inspection and review by the SSM on the stock of REMU properties
  - c.10 bps from losses relating to other NPE sales
  - c.30 bps mainly from other capital actions (tender offer for existing Tier 2 and AT1 coupon payment)
- CET1 ratio fully loaded at 12.9%

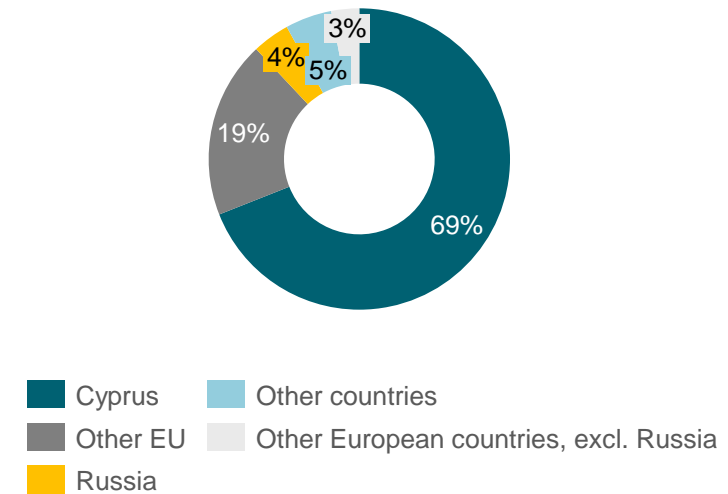
- Successful refinancing of Tier 2 in April 2021 (€300 mn)
- **MREL**
  - Inaugural issuance of €300 mn MREL- compliant senior preferred notes in June 2021
  - Interim MREL requirement for 1 January 2022 already achieved

1) Allowing for IFRS 9 and starting from 3Q2020, also for temporary treatment for certain FVOCI instruments transitional arrangements  
 2) Loan credit losses and other impairments  
 3) OCR (SREP) - Overall Capital Requirement comprises the Total SREP Capital Requirement (Pillar 1 and Pillar 2 Requirement) plus combined buffer requirements (capital conservation buffer, countercyclical buffer and systemic buffers)  
 4) Including 29 bps relating to the Existing Tier 2 Notes of €43mn that remain outstanding as at 30 June after the Tender offer  
 5) The own funds used to meet the combined buffer requirement (CBR) will not be eligible to meet MREL requirement  
 6) Including 39 bps relating to the Existing Tier 2 Notes of €43mn that remain outstanding as at 30 June after the Tender offer

# Deposits at €16.8 bn up 3% qoq; significant liquidity surplus of €5.7 bn



Cyprus deposits by passport origin<sup>3</sup>



## Significant surplus liquidity of €5.7 bn

Liquidity ratio	Minimum required	30 Jun 2021	Surplus
LCR (Group)	100%	303%	€5,712 mn
NSFR <sup>2</sup>	100%	150%	€6,484 mn

- Strong deposit market share of 35% as at 30 Jun 2021
- TLTRO III borrowing increased by €300 mn in 2Q2021 to €3.0 bn

1) Servicing exclusively international activity companies registered in Cyprus and abroad and not residents

2) The NSFR is calculated as the amount of "available stable funding" (ASF) relative to the amount of "required stable funding" (RSF). The regulatory limit has been set at 100% as per CRR II enforced in June 2021. The NSFR weights under CRR II do not have material deviations from those under Basel III guidelines which the Group followed prior to CRR II enforcement

3) Origin is defined as the country of passport by the Ultimate Beneficiary Owner

# Asset Quality

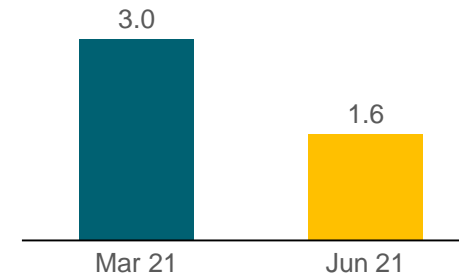
# €1.3 bn NPE sale completed in 2Q2021, reducing NPE ratio to 14.6%

## Helix 2

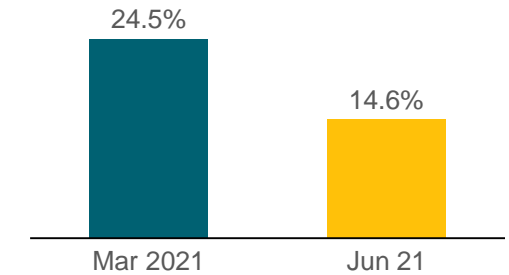
- Sale of c.€1.3 bn NPEs completed in June 2021 (Helix 2 Portfolio A and Portfolio B)
- Consideration of c.€560 mn, of which c.€165 mn were received in cash by completion; remaining amount is payable in four instalments up to December 2025 without any conditions attached
- Transaction overall capital accretive
  - capital impact of -48 bps on CET1 ratio in FY2020 and 2021 until completion
  - post completion, Helix 2 is expected to have a positive capital impact of c.64 bps on CET1 ratio, upon the full payment of the deferred consideration and without taking into consideration any positive impact from the earnout, thus making the Transaction overall capital accretive

47% NPE reduction and 10 p.p. reduction in NPE ratio, following Helix 2 completion

NPEs (€ bn)

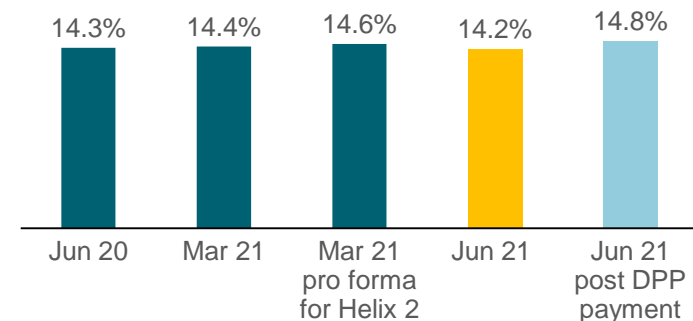


NPE ratio



## Transaction overall capital accretive

CET 1 ratio<sup>1</sup>



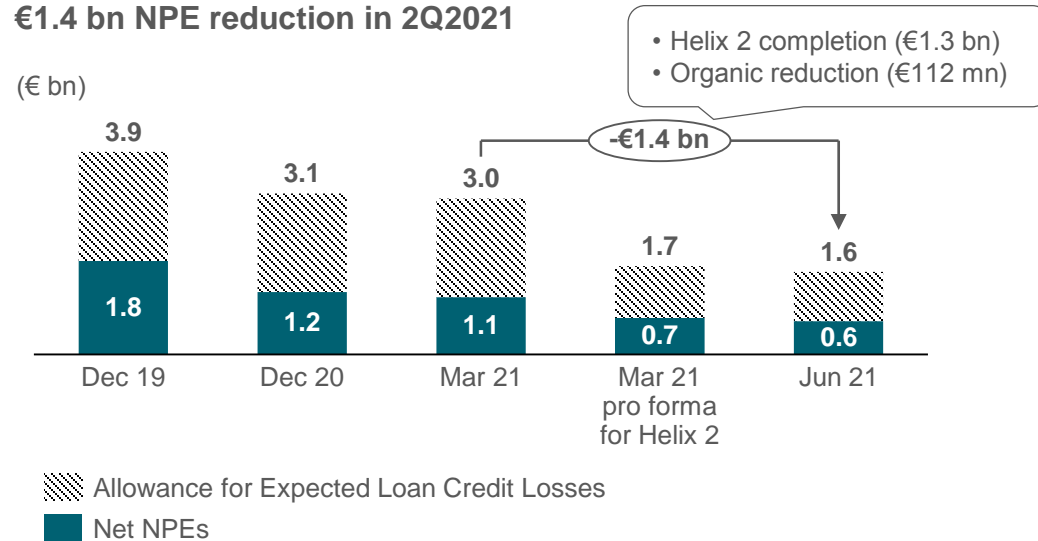
**Total CET1 impact +16 bps:**  
 -48 bps impact in FY2020 and 2021 until completion  
 +64 bps upon full payment of deferred consideration

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

(2) Deferred Purchase Price

# NPE ratio at 14.6%, following completion of Helix 2; Coverage at 60%

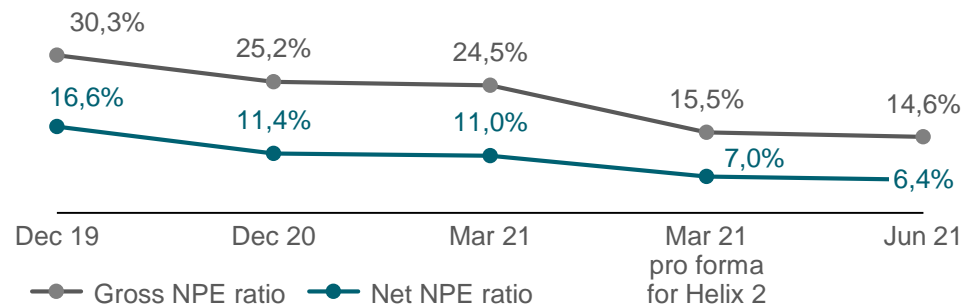
## €1.4 bn NPE reduction in 2Q2021



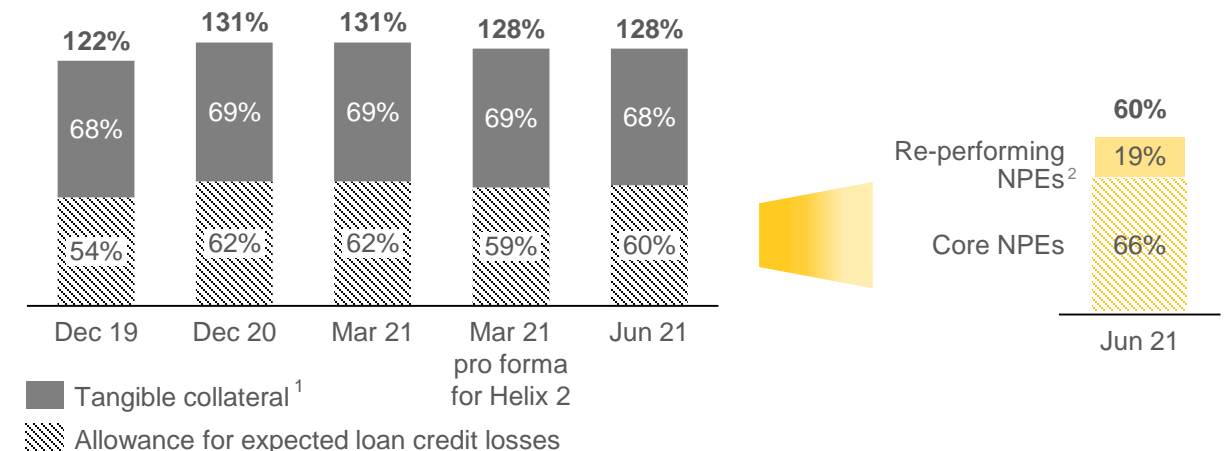
## Residual NPEs comprises mainly Retail



## Gross NPE ratio reduced to 14.6%; 6.4% on a net basis



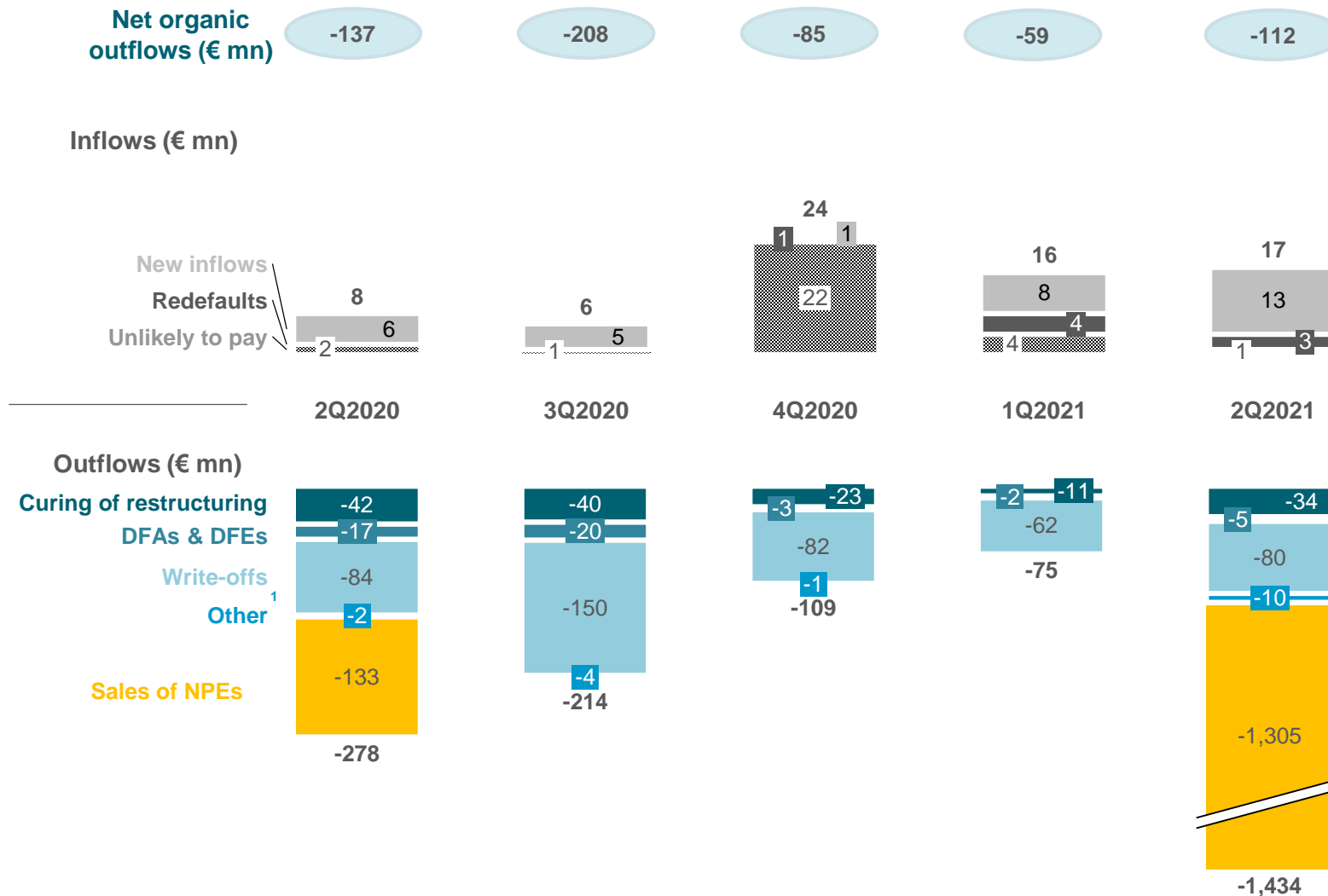
## NPE coverage at 60%



1) Restricted to Gross IFRS balance

2) In pipeline to exit NPEs subject to meet all exit criteria; the analysis is performed on a customer basis (formerly called Non-core NPEs)

# €129 mn organic NPE outflows in 2Q2021, leading to €112 mn organic NPE reduction

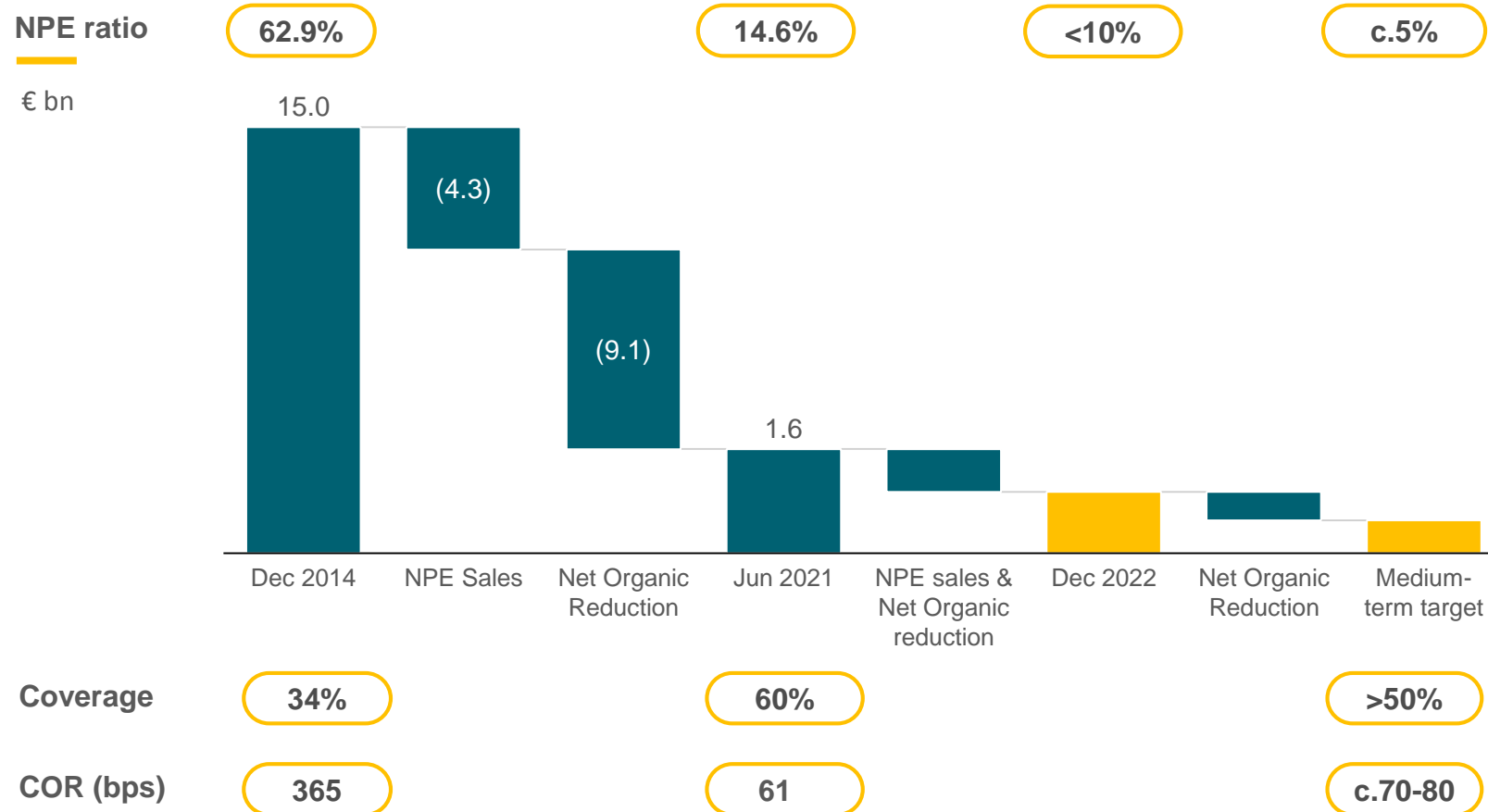


- €16 mn NPE inflows in 2Q2021 (€30 mn in 1H2021) relate to the loans that were under expired payment deferral
- Net organic NPE reduction of €112 mn for 2Q2021

1) Other includes interest, cash collections and changes in balances

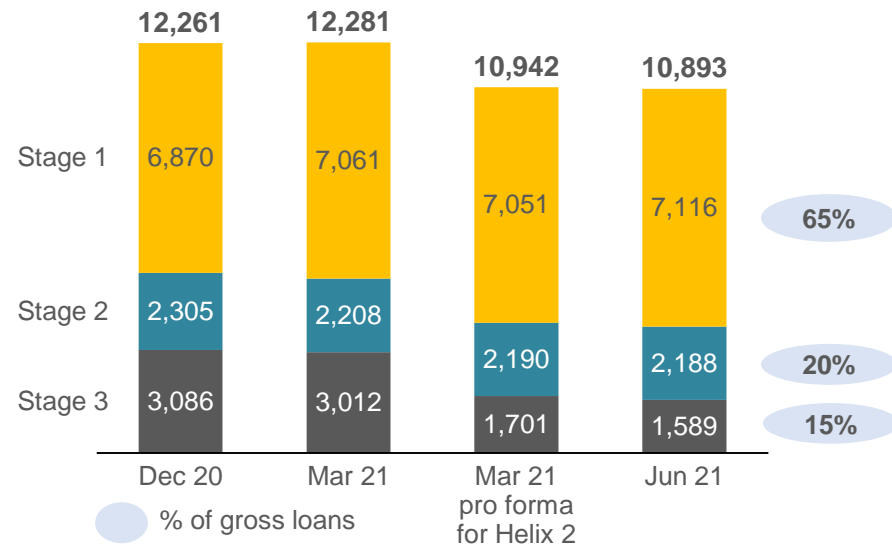
# De-risking: Clear path to reduce NPE ratio to single digit by 2022

Continue to work towards further accelerating NPE reduction through additional NPE sales

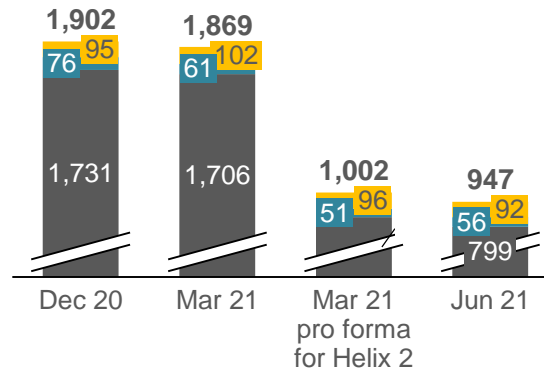


# Gross loans and coverage by IFRS 9 staging

Gross loans by IFRS 9 stage (€ mn)



Allowance for expected loan credit losses (€ mn)

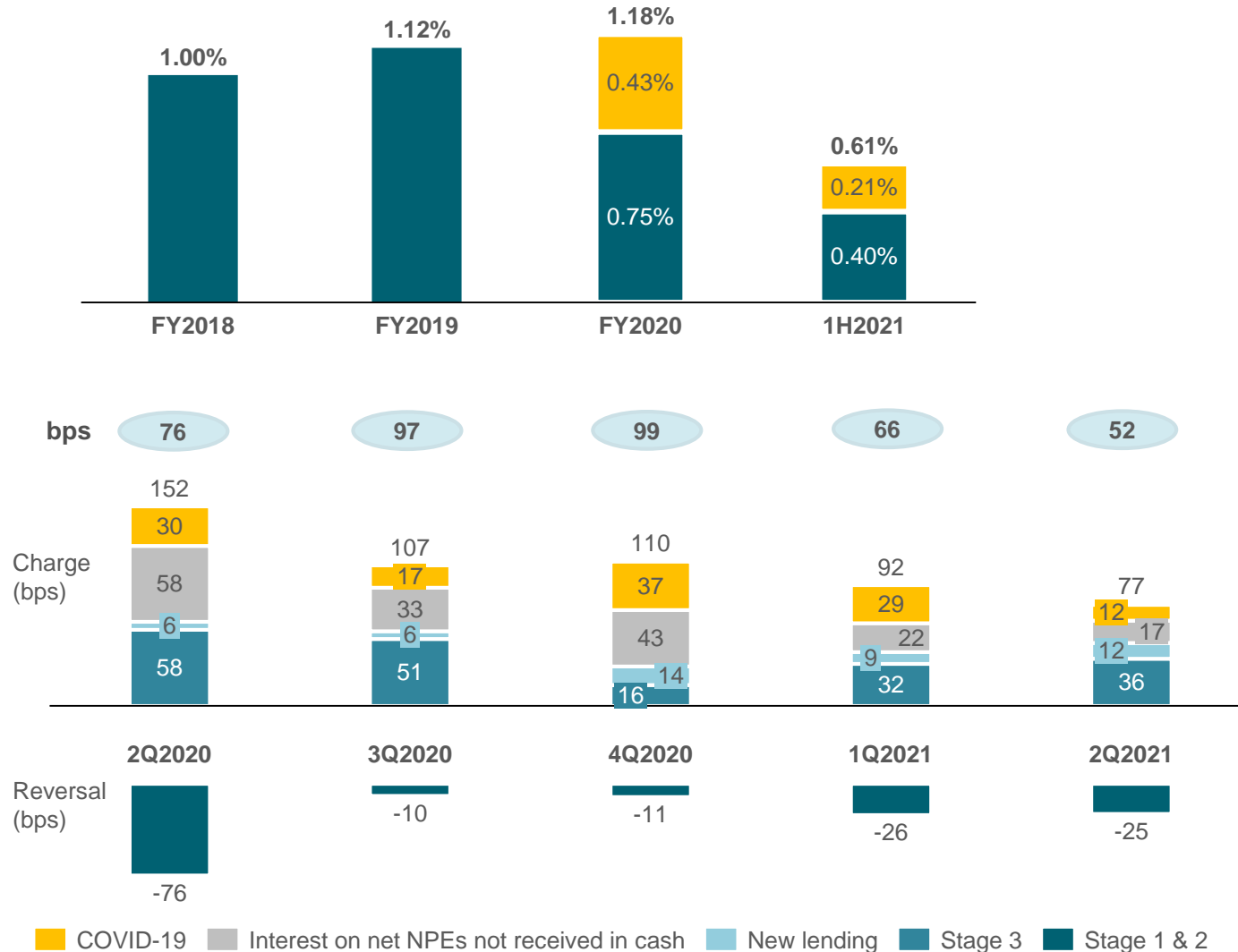


Coverage ratio

	Dec 19	Dec 20	Mar 21	Mar 21 pro forma for Helix 2	Jun 21
Stage 1	1.2%	1.4%	1.4%	1.4%	1.3%
Stage 2	2.5%	3.3%	2.7%	2.3%	2.6%
Stage 3	50.6%	56.1%	56.7%	50.3%	50.3%

- Coverage for stage 3 loans remains at 50% post completion of Helix 2
- Net transfer of c.€23 mn of loans from Stage 2 to Stage 1 in 2Q2021:
  - c.€480 mn loans from Stage 2 to Stage 1, of which €190 mn moratorium loans
  - c.€457 mn of loans from Stage 1 to Stage 2, mainly due to restructurings and applied overlays
- Transfer of €16 mn of loans that were under expired payment deferrals mainly from Stage 2 to Stage 3 in 2Q2021

# Cost of risk<sup>1</sup> of 52 bps for 2Q2021



## Bank's IFRS 9 Macroeconomic assumptions

Base line	GDP rate	Unemployment rate
2021	3.5%	7.8%
2022	3.4%	7.3%

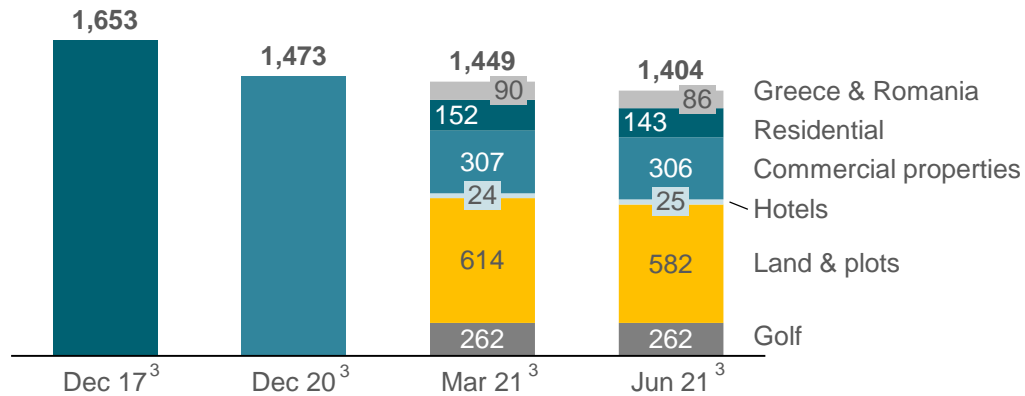
- Cost of risk of 52 bps for 2Q2021 (€15 mn), of which 12 bps (€3.5 mn) reflect loan impairments related to COVID-19
- Cost of risk includes a reversal of 25 bps driven mainly by the migration to Stage 1 of c.€300 mn non-moratorium exposures
- Interest on net NPEs not received in cash fully provided; reduced to 17 bps in 2Q2021 following the completion of Helix 2 sale (€5 mn in 2Q2021)

1) Loan credit losses charge (cost of risk) (year to date) is calculated as the annualised 'loan credit losses' (as defined) divided by average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance for the reporting period/year

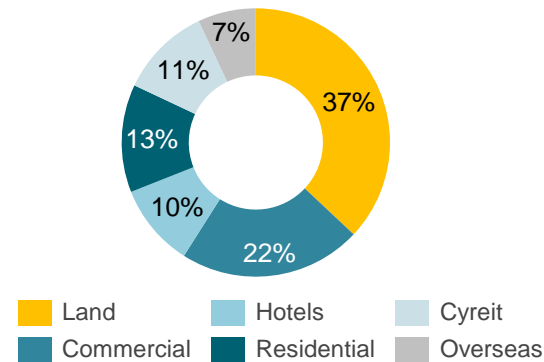
# REMU: Asset disposal strategy tackles both value and volume of assets

## REMU stock at €1.4 bn; signs of gradual reduction

Group BV (€ mn)

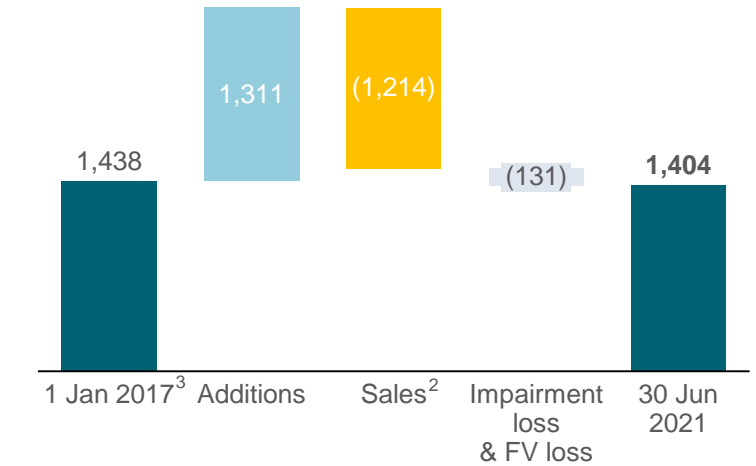


## Cumulative sales by property type



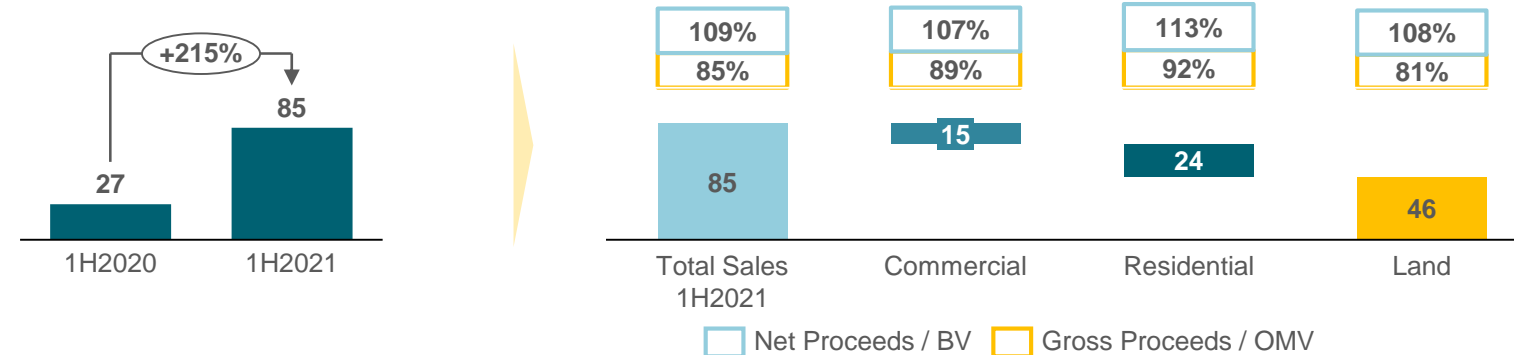
## c.€1.2 bn REMU sales (Book Value) since 2017

Group BV (€ mn)



## €85 mn sales in 1H2021 up 215% yoy, comfortably above Book Value

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



- REMU sales recovering following the relaxation of restrictive measures
- Strong sales pipeline of €85 mn as at 30 June 2021 of which €48 mn SPAs executed
- Asset disposals across all property classes; 54% of sales (by value) in 1H2021 relate to land

1) Amounts as per Sales Purchase Agreements (SPAs)

2) Includes stock of properties transferred to non-current assets and disposal groups held for sale

3) Following certain segmental reclassifications to better align with current management information, investment properties of €16 mn as at 30 June 2021 and 31 Dec 2020 relating to land, have been transferred under REMU. Comparative information was restated to align with current year presentation.

# Organizational resilience & ESG agenda: ESG Performance

## Environmental



**1146k kWh**  
of energy savings in 1H2021



**€184k**  
investment in energy-saving in 1H2021



**149k kg**  
paper recycled in 1H2021



Introduction of environmentally friendly loan products

## Social



**c.13,100**  
cancer patients received treatment and other services at the Bank of Cyprus Oncology Centre for 1H2021



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



**>5,500** entrepreneurs educated via IDEA innovation centre, a non-profit organization, established in 2015, acting as incubator accelerator for start-ups

## Governance



**30%**  
of the board of directors are female as at 30 June 2021



**30**  
internal audits finalised in 1H2021



**1072**  
customer relationships terminated/suspended for compliance reasons in 1H2021

## People



**>3,500**  
employees



**>12 ths**  
hours of training conducted in 1H2021



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

## Responsible services



**c.€0.9 bn**  
new lending for 1H2021



**87%**  
of total transactions in Jan-Jul 2021 are through digital channels



**77%**  
of customers are digitally engaged as at 31 Jul 2021

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



**€650k**  
total contribution to the Society by all members (monetary, products and services) since March 2020

## ESG Ratings

### MSCI ESG Ratings<sup>2</sup>

**A**

Scale: AAA to CCC  
Rating action date: Jun 2020

**MSCI**  
ESG RATINGS



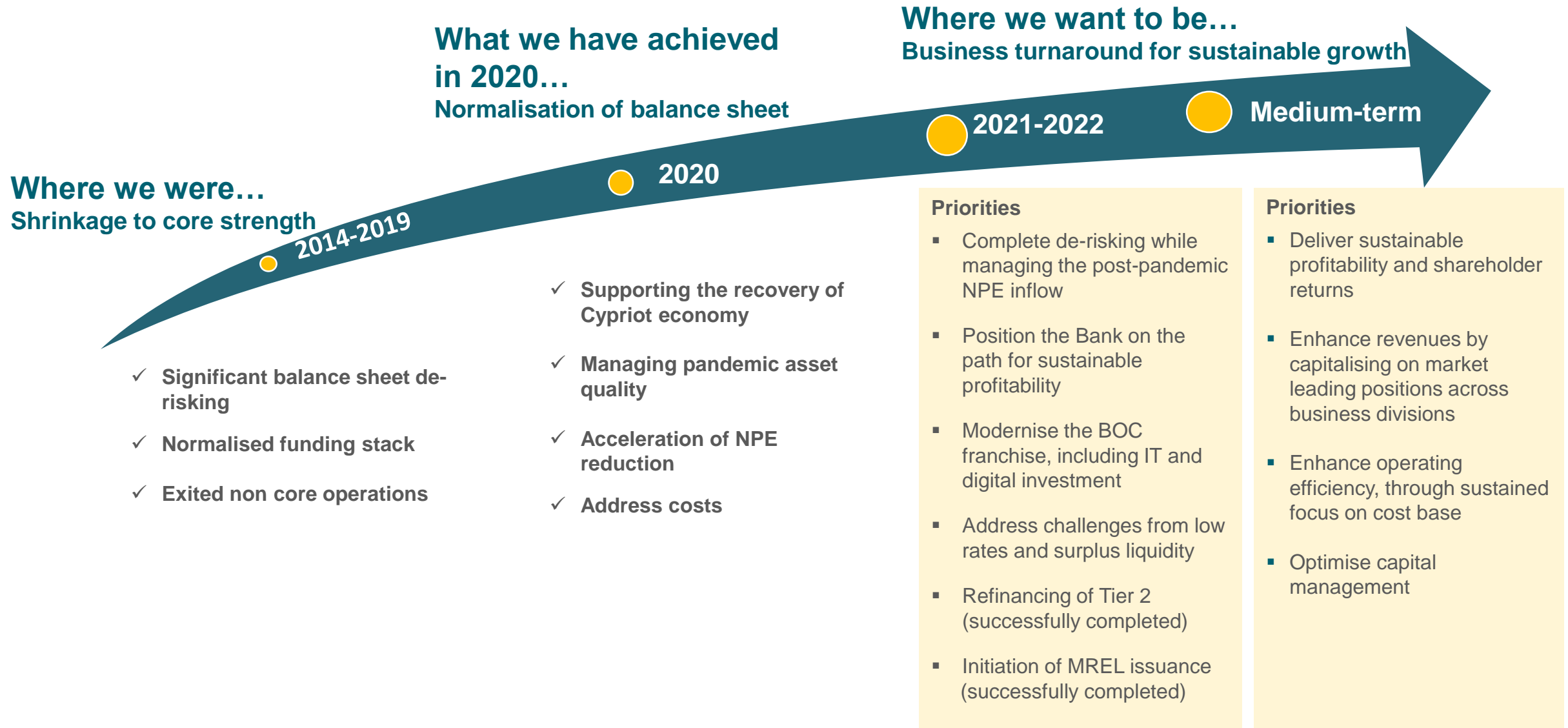
CCC B BB BBB A AA AAA

1) #SupportCY is a network of 125 companies and NGOs, initiated by Bank of Cyprus, during March 2020, with the aim to support the public services performing frontline duties during the Pandemic and the Society, in general

2) Please refer to slide 71 in the definitions

# Medium Term Outlook

# Our journey



# Medium-term strategic targets

## Profitability



Return on Tangible Equity (ROTE)<sup>1</sup>

2022

Medium Term

c.7%

Total Operating Expenses<sup>2</sup>

<€350 mn

## Asset Quality



NPE Ratio

<10%

c.5%

Cost of risk

c.70-80 bps

## Capital



Supported by CET1 ratio of

at least 13%

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

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

# Key Information and Contact Details

## Contacts

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### Executive Director Finance

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## Credit Ratings

### Standard & Poor's Global Ratings:

Long-term issuer credit rating: Affirmed at "B+" on 16 July 2020 (stable outlook)

Short-term issuer credit rating: Affirmed at "B" 16 July 2020

### Fitch Ratings:

Long-term Issuer Default Rating: Affirmed at "B-" on 29 January 2021 (negative outlook)

Short-term Issuer Default Rating: Affirmed at "B" on 29 January 2021

Viability Rating: Affirmed at "b-" on 29 January 2021

### Moody's Investors Service:

Baseline Credit Assessment: Upgraded at "b3" on 21 July 2021

Short-term deposit rating: Affirmed at "Not Prime" on 21 July 2021

Long-term deposit rating: Upgraded to "B1" on 21 July 2021 (positive outlook)

Counterparty Risk Assessment: Upgraded at Ba3 (cr) / Not-Prime (cr) on 21 July 2021

### Listing:

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

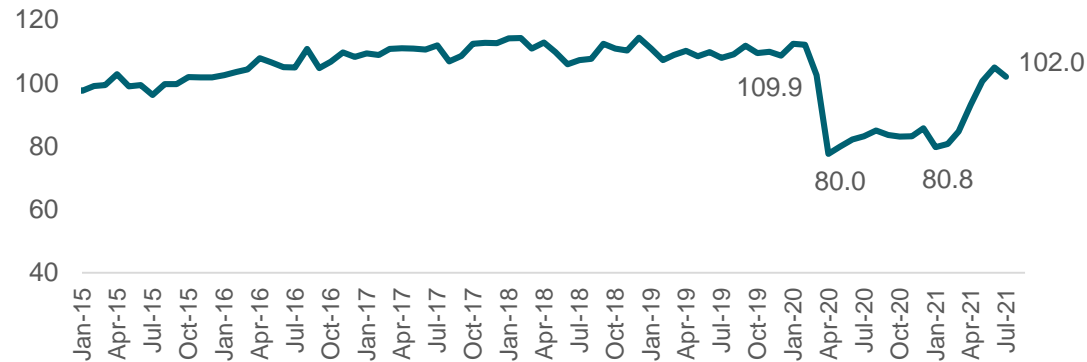
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# **APPENDIX**

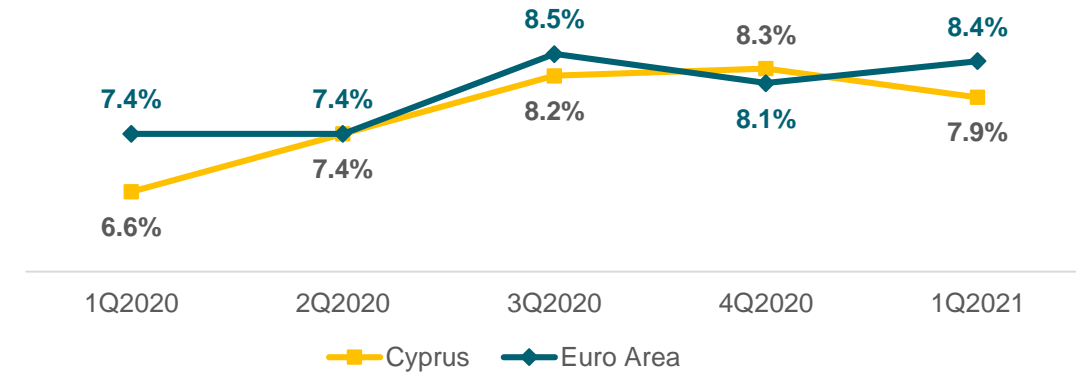
## **Macroeconomic overview**

# Strong economic rebound in 2Q2021 pointing to a strong recovery in 2021

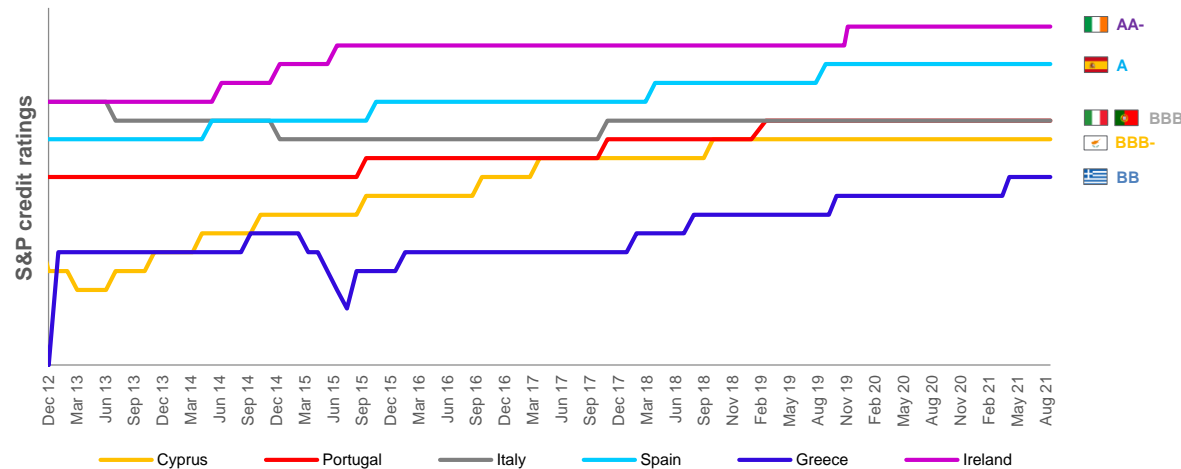
Economic Sentiment Indicator: Confidence returning



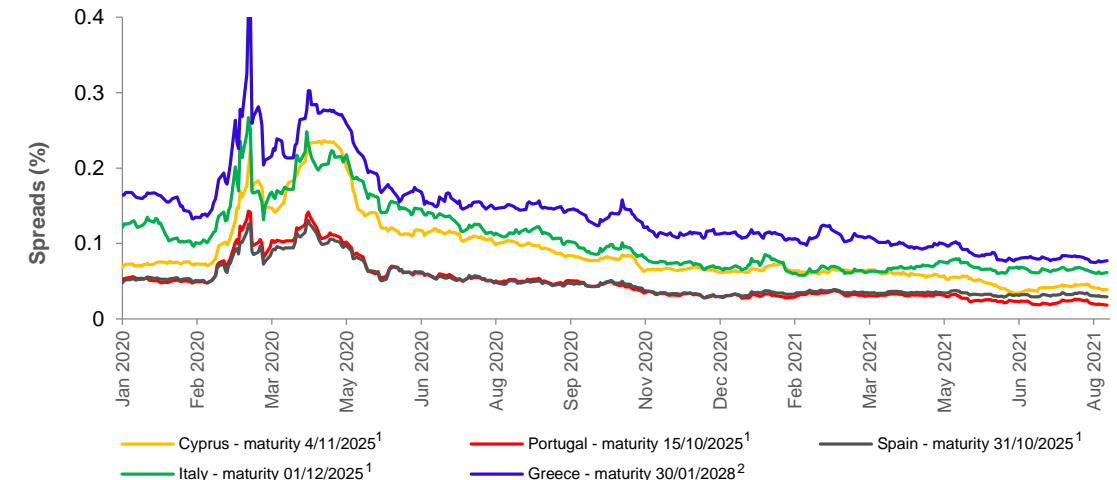
Unemployment rate decreased to 7.9% in 1Q2021



Cyprus maintains investment grade



Tightening of spreads as market confidence improves



SOURCE: Statistical Service of Republic of Cyprus; Bloomberg, Economics Research Centre of University of Cyprus, Eurostat

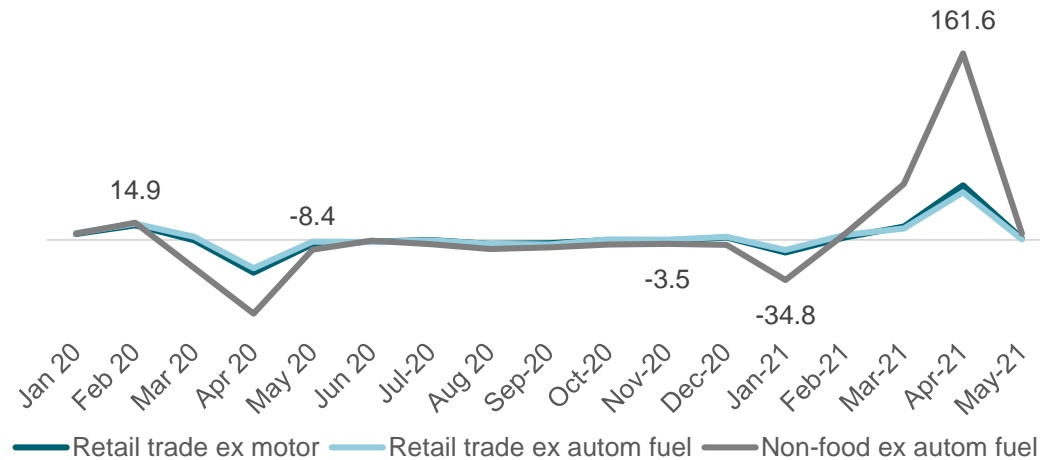
1) Normalised against Germany Government bond with maturity 15/8/2025 except Greece

2) Due to the Debt swap of the Hellenic Republic, from November 2017 onwards data for the new Hellenic Republic Bond with maturity 30/01/2028 was used and normalised against the closest maturity of German Government bond (DBR) 15/08/2027

# Strong rebound in consumption and business activity in the first 5 months of 2021

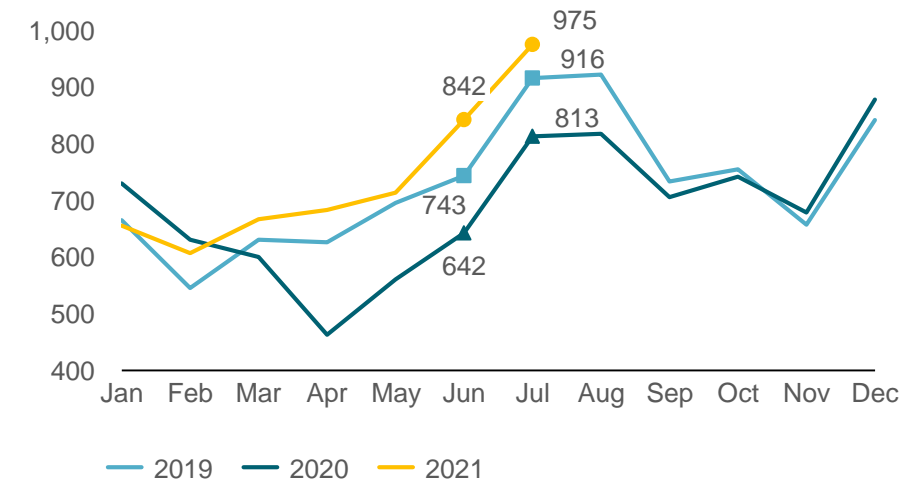
## Retail sales rebounded, after hitting low in Jan 2021

Retail trade volume % change -3m average



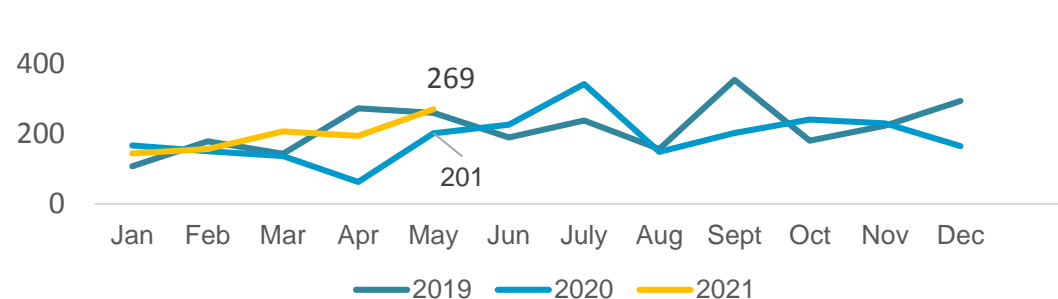
## Card spending continues to increase in line with economic activity

(€ mn)



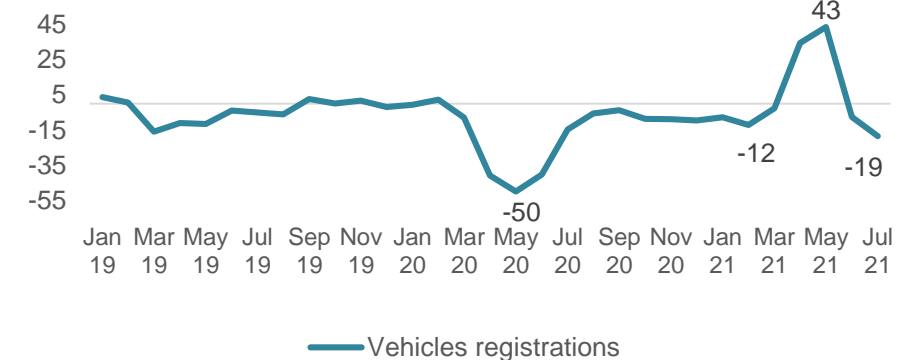
## Volume of building permits gradually increasing after the relaxation of restrictive measures

# ths



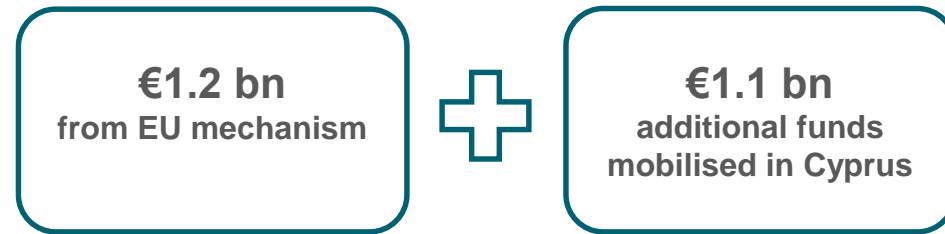
## Motor vehicles registrations

Motor vehicles registrations % change -3m average



# EU Recovery and Resolution Fund (RRF)

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



7.1% increase in GDP for 2022-2026



2.5% increase in employment for 2021-2026



+11,000 new high value-added jobs



preparing for a green and digital era



## 75 new investments to be initiated including:

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



## 58 reforms to be introduced including:

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

# Appendix- Recovery and Resolution Fund Estimated Budget

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

# APPENDIX

## Additional asset quality slides

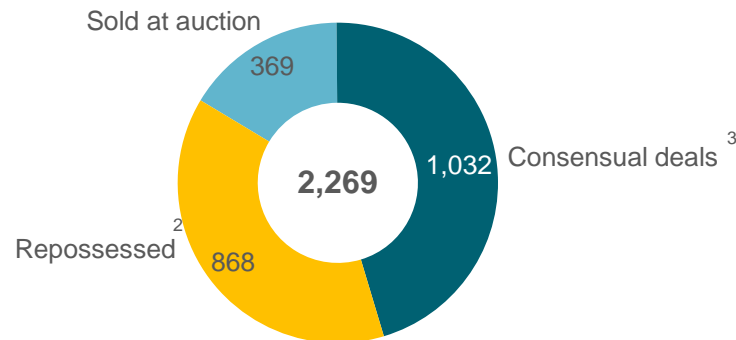
# Suspension of foreclosures for primary residences extended until 31 July 2021

	Cumulative 2016 – 2018 <sup>1</sup>	FY2019	FY2020	1H2021	Cumulative
Foreclosures commenced	1,437	1,829	1,553	404	5,223
Auctions held	470	807	632	155	2,064



1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
593	-	227	733	274	130
164	-	-	468	83	72

## 2,269 properties were resolved since 2016

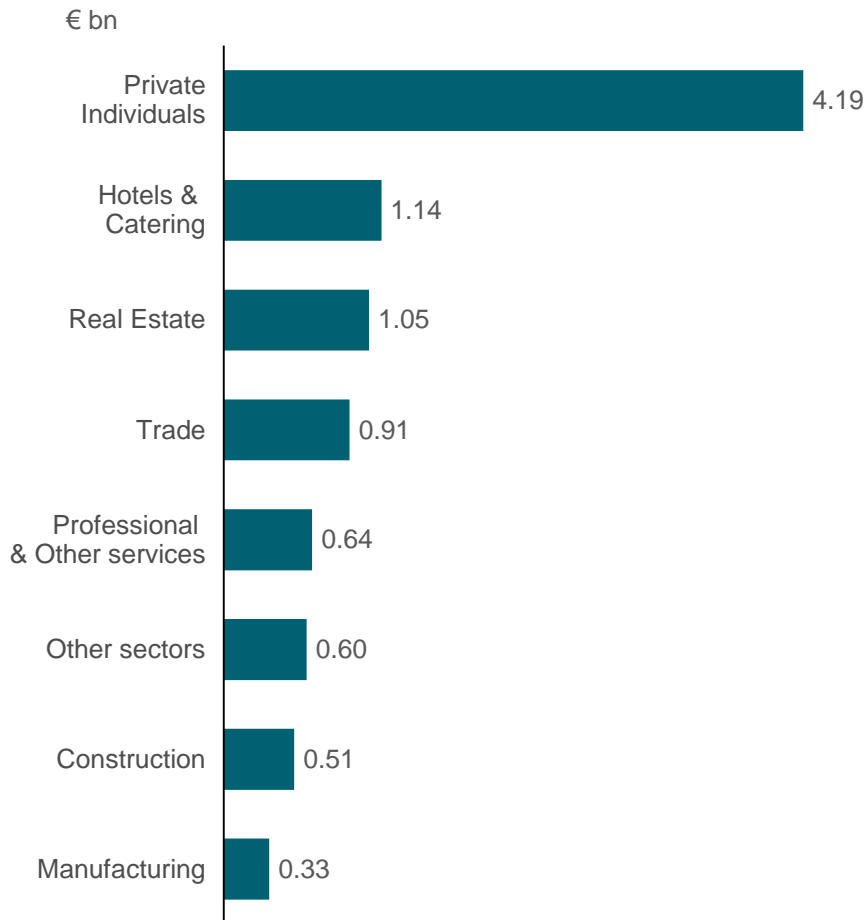


- 1) Excluding Helix 1
- 2) Properties that have been auctioned unsuccessfully at least once
- 3) Includes DFAs, restructurings and settlements
- 4) with revenue of up to €2 mn per annum and less than 10 employees
- 5) with annual turnover <€750k and less than 10 employees

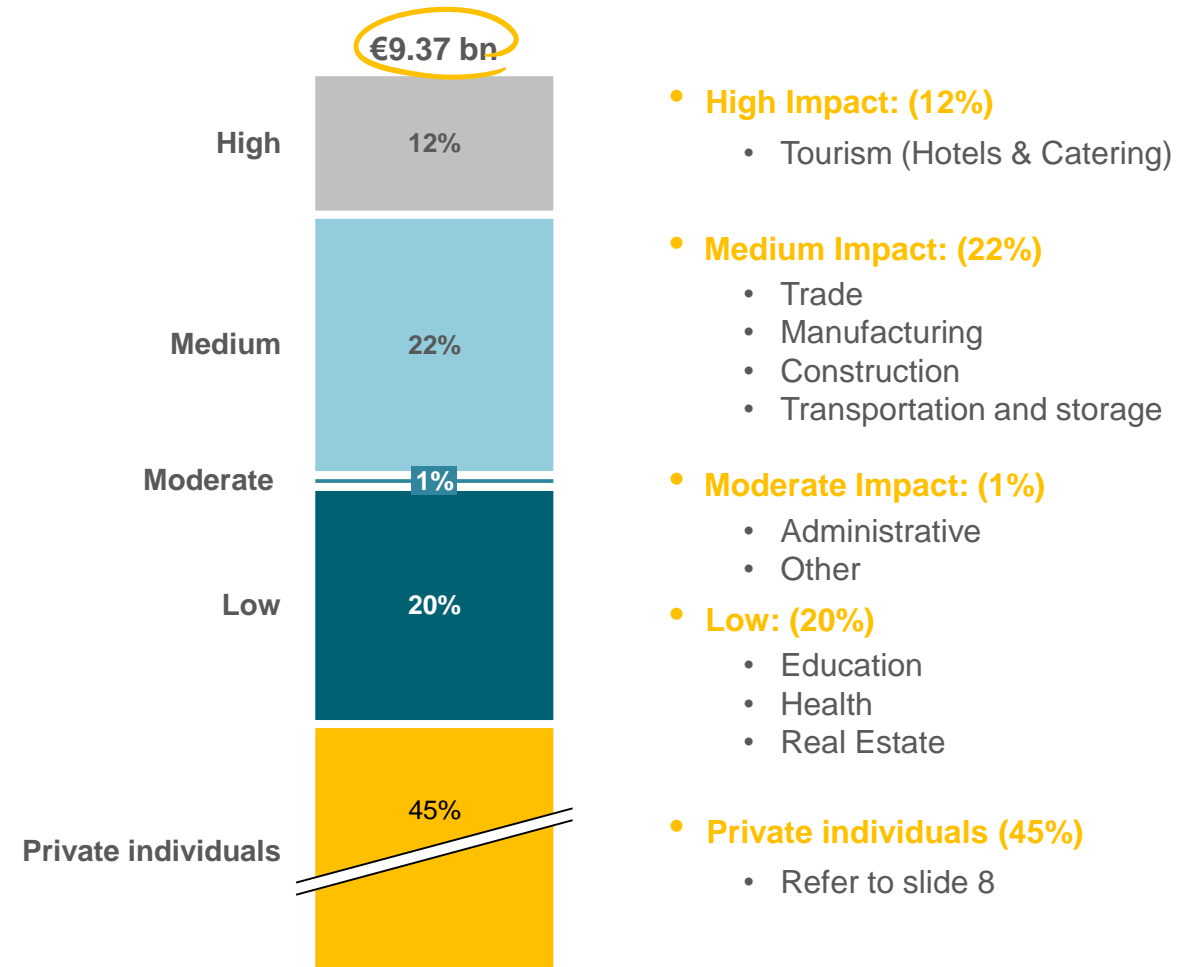
- Following outbreak of the pandemic, foreclosures for primary residences <€350k and “very small business premises”<sup>4</sup> suspended until the end of Mar 2021
- In May 2021, further legislation was enacted that extended the suspension of foreclosures until 31 July 2021 for primary residences with <€500k, very small business premises<sup>4</sup> and agricultural fields with value up to €250k
- In July 2021, the Parliament voted a further suspension until the end of October 2021 for primary residences <€350k, very small business premises<sup>5</sup>, and agricultural fields with value <€100k. This legislation has not as yet been enacted and it has been forwarded to the Supreme Court to decide on whether or not the suspension is in line with the constitution

# Well diversified loan portfolio; close monitoring and set up of strategies to prevent further asset quality deterioration

Gross loans (excluding legacy)<sup>1</sup> by business sector of €9.37 bn



Breakdown by COVID-19 impact assessment on business sectors

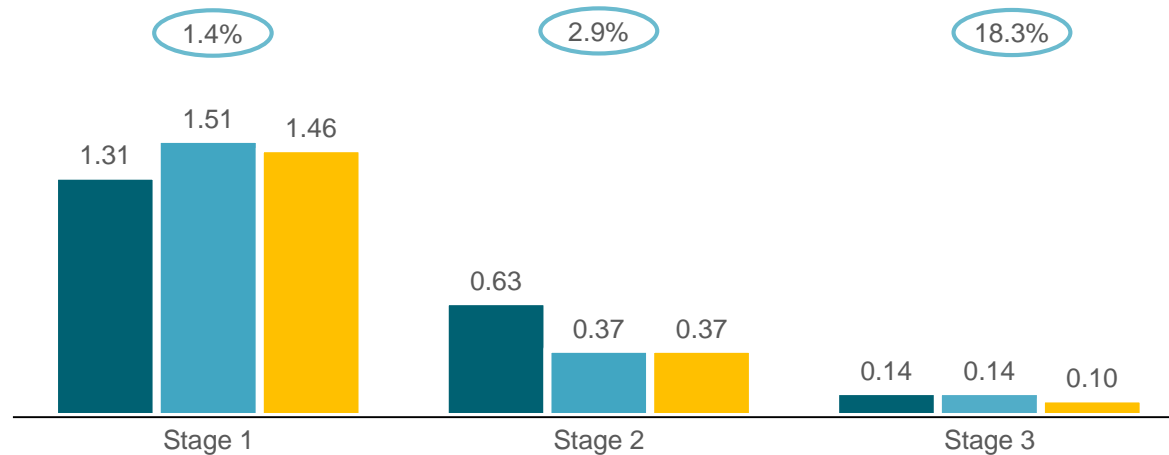


1) Gross loans as at 30 June 2021 of Corporate (incl. IB and W&M and Global Corporate), SME, Retail, and H/O

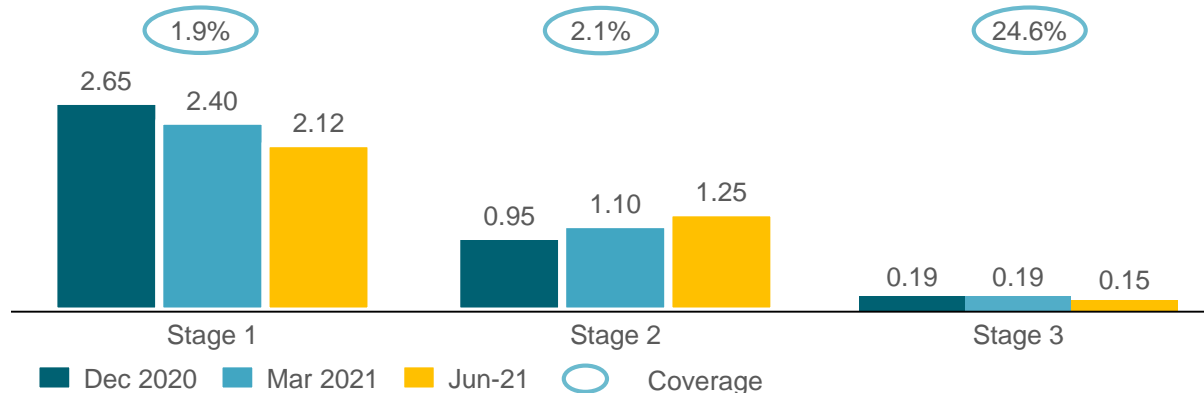
# Decomposition of payment deferrals

## IFRS 9 staging for expired loan payment deferrals

Private individuals: €1.93 bn<sup>1</sup>



Businesses: €3.52 bn<sup>1</sup>



### Private Individuals

- Reclassifications of €76 mn from Stage 1 to Stage 2 in 2Q2021, mainly due to management overlays
- Migration of c.€59 mn from Stage 2 to Stage 1 mainly due to good performance of housing loans after the expiry of payment deferrals

### Businesses

- Reclassifications of €295 mn from Stage 1 to Stage 2 in 2Q2021, mainly due to management overlays and restructurings
- Migration of €128 mn from Stage 2 to Stage 1 mainly due to good performance after the expiry of payment deferrals

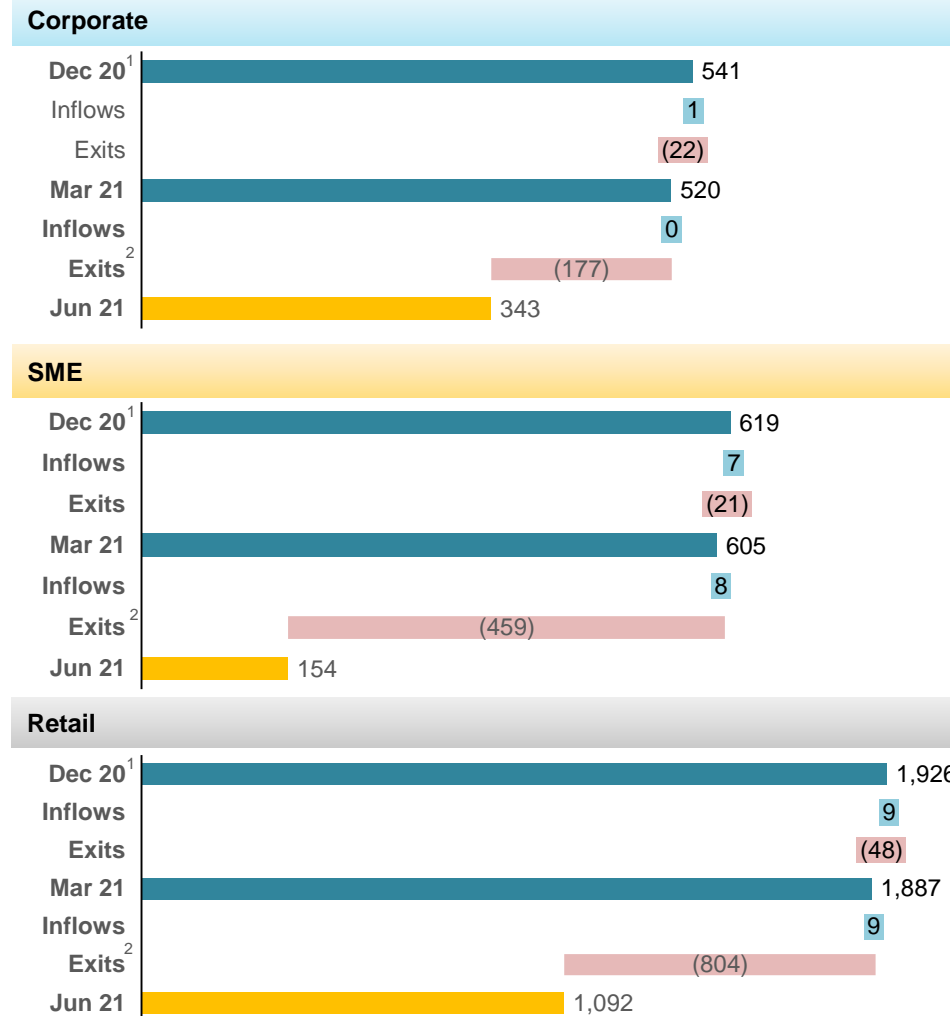
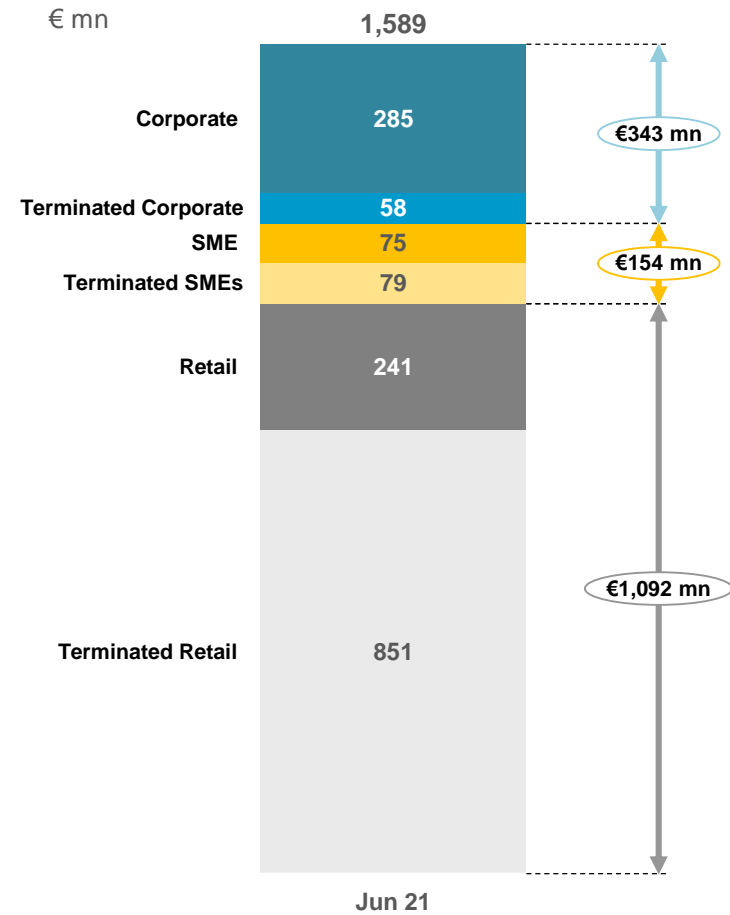
**Adequate coverage of Stage 3 expired payment deferrals;** higher than the coverage of re-performing NPEs<sup>2</sup> (slide 26)

1) As at 30 June 2021; includes current accounts and overdrafts of c. €0.26 bn (. €0.02 bn for Private individuals and . €0.24 bn for businesses)

2) Re-performing: pipeline to exit NPEs subject to meet all exit criteria; the analysis is performed on a customer basis (formerly called Non-core NPEs)

# Continuous progress across all segments

Focus shifts to Retail and SME after intense Corporate attention



Jun 2021	
NPE ratio	7.4%
NPE coverage	68%
NPE total coverage	119%

Jun 2021	
NPE ratio	12.1%
NPE coverage	57%
NPE total coverage	128%

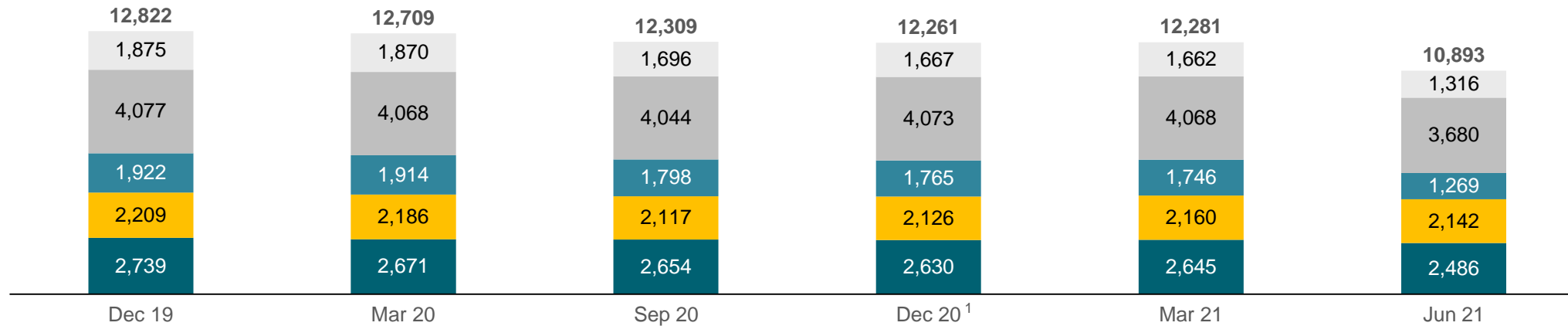
Jun 2021	
NPE ratio	21.9%
NPE coverage	
➤ Retail Housing	51%
➤ Retail Other	66%
NPE total coverage	131%

1) Following a reorganisation of the RRD portfolio and mainly of the terminated exposures, certain gross loans were reclassified between the business lines, resulting in an increase of €92 mn in the Retail line and a reduction of €32 mn and €60 mn of the SME and Corporate line respectively. In addition, certain NPEs were reclassified between the business lines, resulting in an increase of €84 mn in the Retail line and a reduction of €24 mn and €60 mn of the SME and Corporate line respectively.

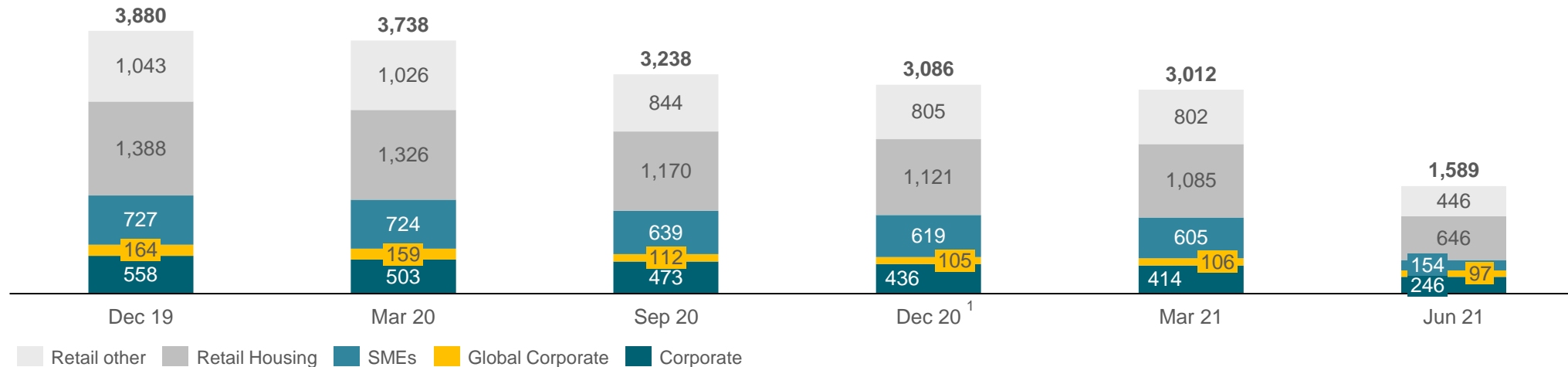
2) Through Helix 2 that was completed in June 2021 and organic NPE reduction

# Gross loans and NPEs by Customer Type

Gross loans by customer type (€ mn)



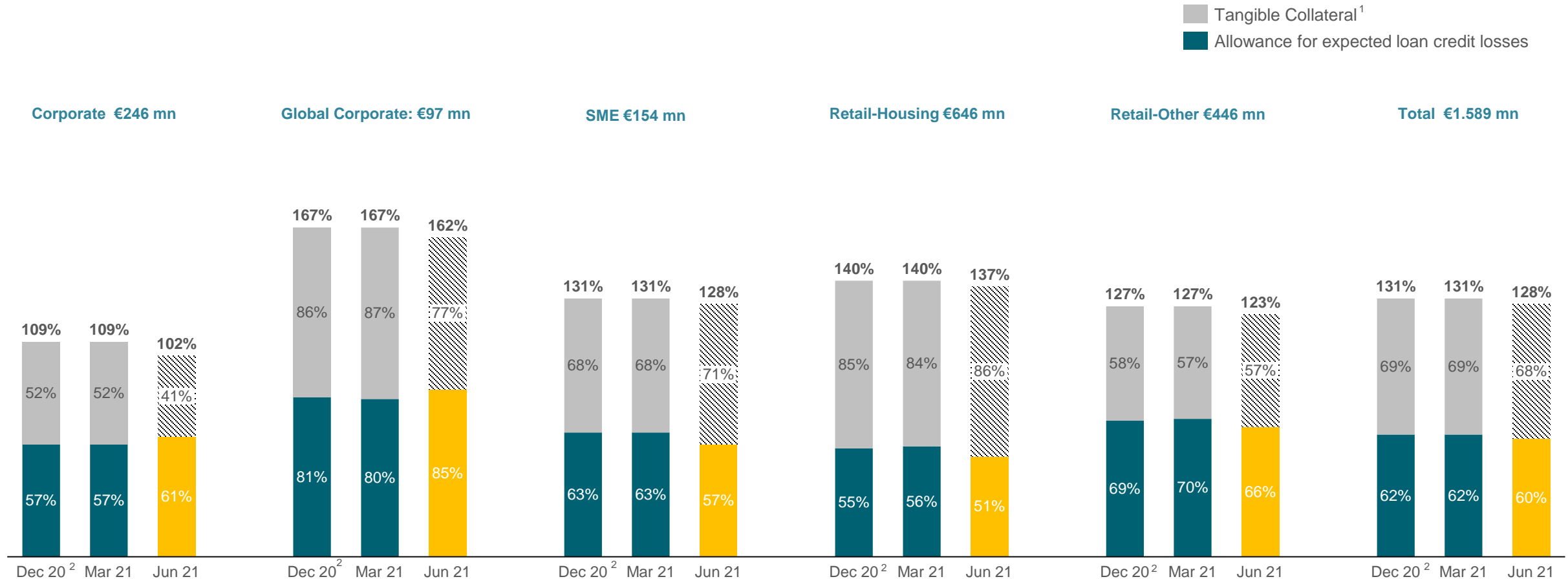
NPEs by customer type (€ mn)



1) Following a reorganisation of the RRD portfolio and mainly of the terminated exposures, certain gross loans were reclassified between the business lines, resulting an increase of €92 mn in the Retail line and a reduction of €32 mn and €60 mn of the SME and Corporate line respectively. In addition, certain NPEs were reclassified between the business lines, resulting an increase of €84 mn in the Retail line and a reduction of €24 mn and €60 mn of the SME and Corporate line respectively

# NPE Coverage and Total coverage by segment

Coverage and collateral maintained post Helix 2 completion



1) Restricted to Gross IFRS balance

2) Following a reorganisation of the RRD portfolio and mainly of the terminated exposures, certain gross loans were reclassified between the business lines, resulting an increase of €92 mn in the Retail line and a reduction of €32 mn and €60 mn of the SME and Corporate line respectively. In addition, certain NPEs were reclassified between the business lines, resulting an increase of €84 mn in the Retail line and a reduction of €24 mn and €60 mn of the SME and Corporate line respectively.

# Asset quality- NPE analysis

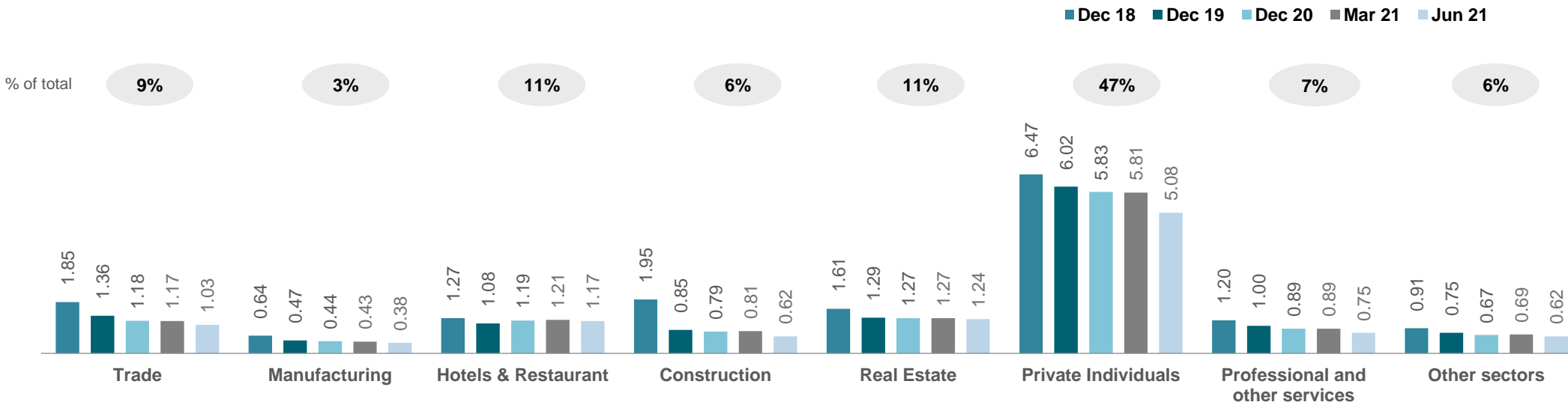
(€ mn)	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
<b>A. Gross Loans after Residual Fair value adjustment on initial recognition</b>	<b>10,708</b>	<b>12,055</b>	<b>12,031</b>	<b>12,066</b>	<b>12,243</b>	<b>12,457</b>	<b>12,551</b>
Residual Fair value adjustment on initial recognition	185	226	230	243	248	252	271
<b>B. Gross Loans</b>	<b>10,893</b>	<b>12,281</b>	<b>12,261</b>	<b>12,309</b>	<b>12,491</b>	<b>12,709</b>	<b>12,822</b>
<b>B1. Loans with no arrears</b>	<b>9,268<sup>2</sup></b>	<b>9,230<sup>2</sup></b>	<b>9,149</b>	<b>9,028</b>	<b>8,954</b>	<b>8,706</b>	<b>8,820</b>
<b>B2. Loans with arrears but not NPEs</b>	<b>36</b>	<b>39</b>	<b>26</b>	<b>43</b>	<b>69</b>	<b>265</b>	<b>122</b>
1-30 DPD	29	27	21	34	54	209	88
31-90 DPD	7	12	5	9	15	56	34
<b>B3. NPEs</b>	<b>1,589</b>	<b>3,012</b>	<b>3,086</b>	<b>3,238</b>	<b>3,468</b>	<b>3,738</b>	<b>3,880</b>
With no arrears	413	536	548	533	603	601	722
Up to 30 DPD	11	15	16	19	28	52	54
31-90 DPD	16	35	26	29	39	72	76
91-180 DPD	31	18	18	35	48	79	121
181-365 DPD	16	31	81	101	178	255	263
Over 1 year DPD	1,102	2,377	2,397	2,521	2,572	2,679	2,644
<b>NPE ratio (NPEs / Gross Loans)</b>	<b>14.6%</b>	<b>24.5%</b>	<b>25.2%</b>	<b>26.3%</b>	<b>27.8%</b>	<b>29.4%</b>	<b>30.3%</b>
<b>Allowance for expected loan credit losses (including residual fair value adjustment on initial recognition<sup>1</sup>)</b>	<b>947</b>	<b>1,869</b>	<b>1,902</b>	<b>1,933</b>	<b>2,043</b>	<b>2,109</b>	<b>2,096</b>
<b>Gross loans coverage</b>	<b>9%</b>	<b>15%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>	<b>17%</b>	<b>16%</b>
<b>NPEs coverage</b>	<b>60%</b>	<b>62%</b>	<b>62%</b>	<b>60%</b>	<b>59%</b>	<b>56%</b>	<b>54%</b>

1) Comprise (i) loan credit losses for impairment of customer loans and advances, (ii) the residual fair value adjustment on initial recognition of loans acquired from Laiki Bank and on loans classified at FVPL, and (iii) loan credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities

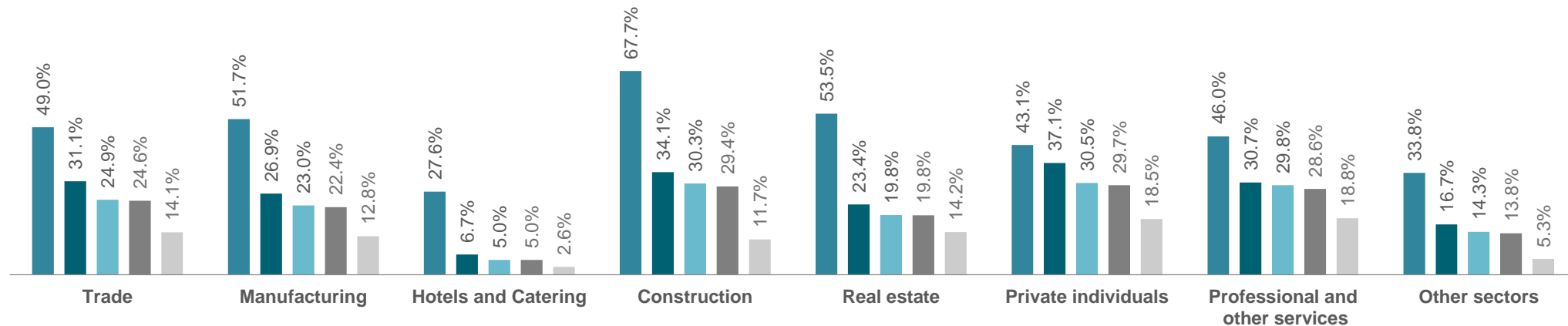
2) Includes c.€171 mn loans with "non-material" arrears which are calculated based on the new EBA regulation on Definition of Default implemented as of 1 Jan 2021, affecting the calculation of Days-Past-Due. Non material arrears as at 30 Jun 2021 amounted to c.€143 mn

# Analysis of gross loans and NPE ratio by Economic activity

Gross loans by economic activity (€ bn)

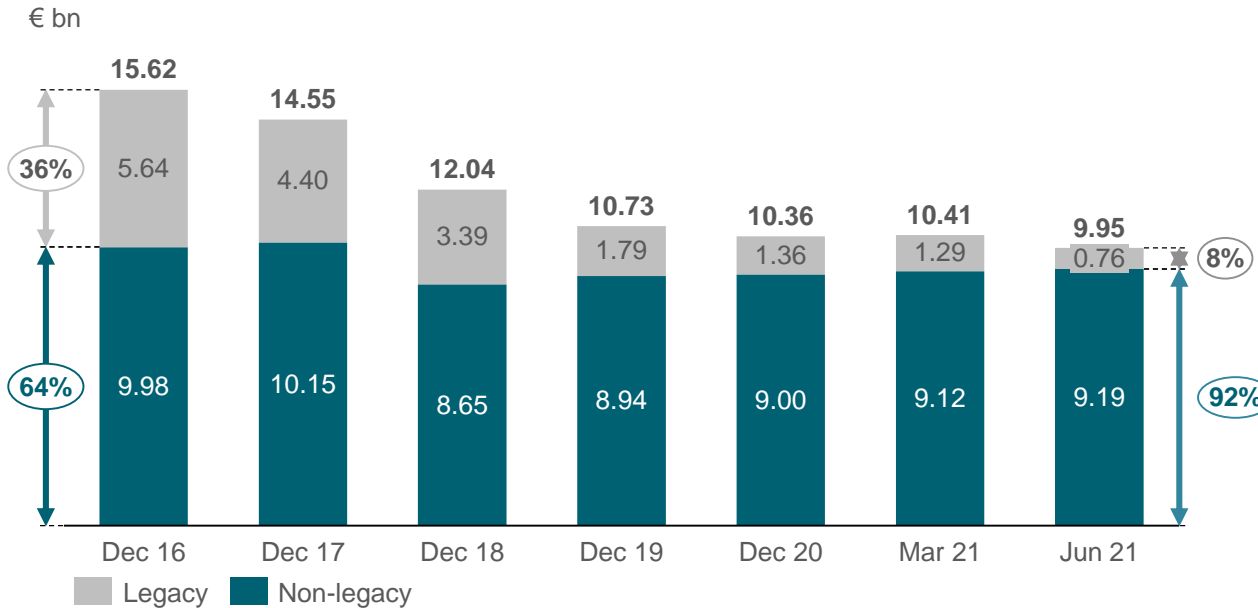


NPE ratio by economic activity

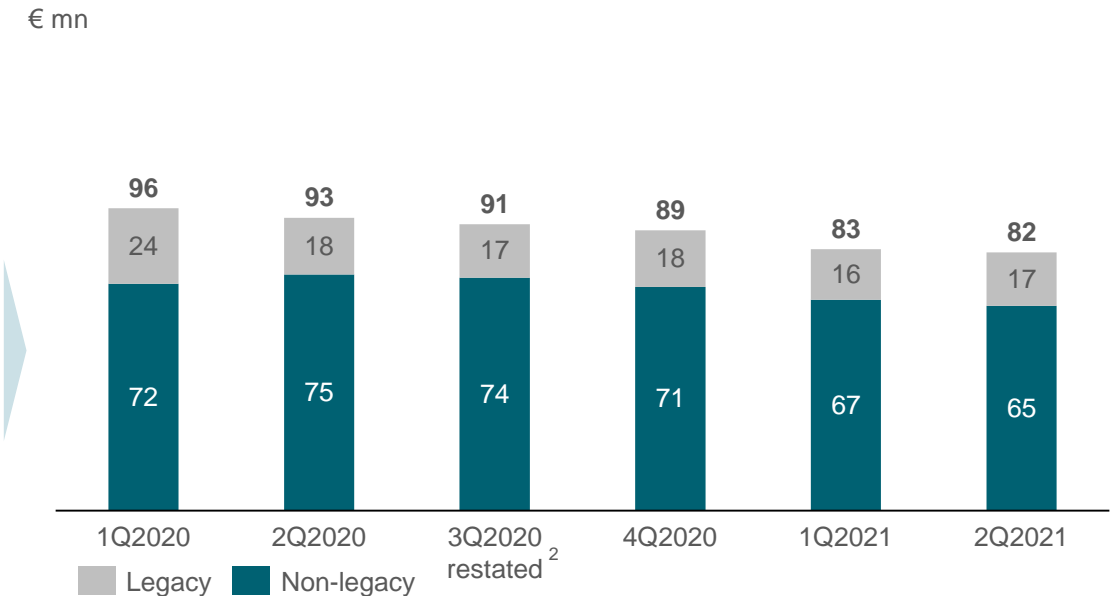


# Balance sheet de-risking results in a smaller but safer loan book

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



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



- Lower but higher quality income resulting from balance sheet de-risking
- Interest income of non-legacy<sup>1</sup> book decreased by €2 mn qoq as non-Legacy book yields remain under pressure mainly due to the sustained low interest rate environment and competition pressure; quarterly increase in net loans following increased demand for housing loans
- Interest income of legacy book increased by €1 mn qoq
- **Interest on Net NPEs not received in cash, fully provided**

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

2) Interest income of non-legacy book for 3Q2020 increased from €73 mn to €74 mn since previously disclosed on 27 November 2020, following a transfer of €1 mn from liquids to non-legacy interest income

# Risk adjusted yield will rise as Legacy book reduces

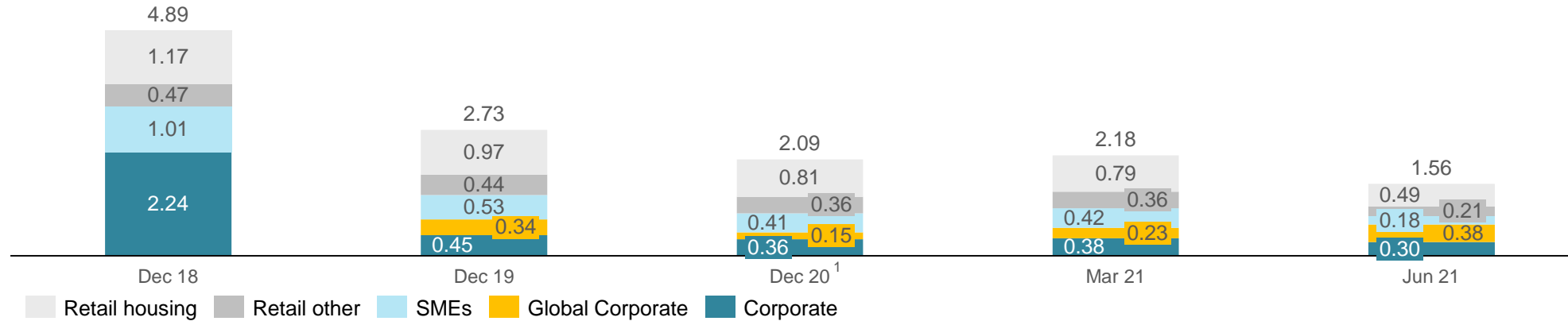
		Non-Legacy	Legacy	Group	
		1H2021	1H2021	1H2021	
Profitability	Interest Income on loans (€ mn) (pre FTP)	132	33	165	<ul style="list-style-type: none"> <li>Non-Legacy Book is expected to grow and to increasingly drive Group results</li> <li>Legacy book revenues predominantly driven by loan credit losses unwinding (but offset via loan credit losses)</li> <li>Interest on Net NPEs not received in cash, fully provided (€5 mn in 2Q2021 and €13 mn in 1H2021)</li> <li>As Legacy book reduces: <ul style="list-style-type: none"> <li>Group risk adjusted yield expected to rise</li> <li>Group Risk intensity expected to fall supporting CET1 ratio build</li> </ul> </li> </ul>
	Loan credit losses (€ mn)	11	(46)	(35)	
	Interest Income net of loan credit losses (€ mn)	143	(13)	130	
	Cost of Risk	(0.23%)	3.66%	0.61%	
	Effective Yield	2.94%	5.82%	3.26%	
	Risk adjusted Yield <sup>1</sup>	3,17%	(2.32%)	2.56%	
Capital & balance Sheet	Average Net Loans (€ mn)	9,105	1,134	10,239	
	RWA Intensity <sup>2</sup>	41%	98%	46%	
		Global corporate, Corporate IB, W&M	RRD		
		SME and Retail Banking	REMU		
			Overseas non core		

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

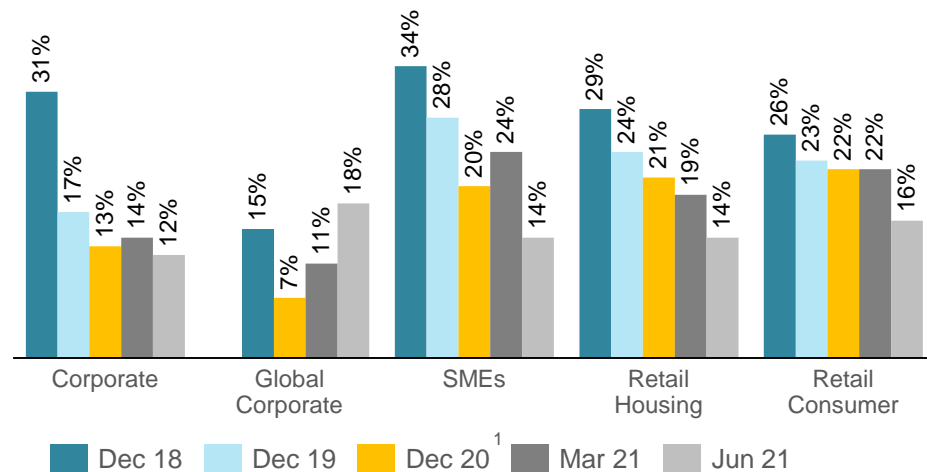
2) Risk Weighted Assets over Total Assets

# Rescheduled Loans

Rescheduled loans by customer type (€ bn)



Rescheduled loans % gross loans by customer type



Rescheduled loans-Asset Quality

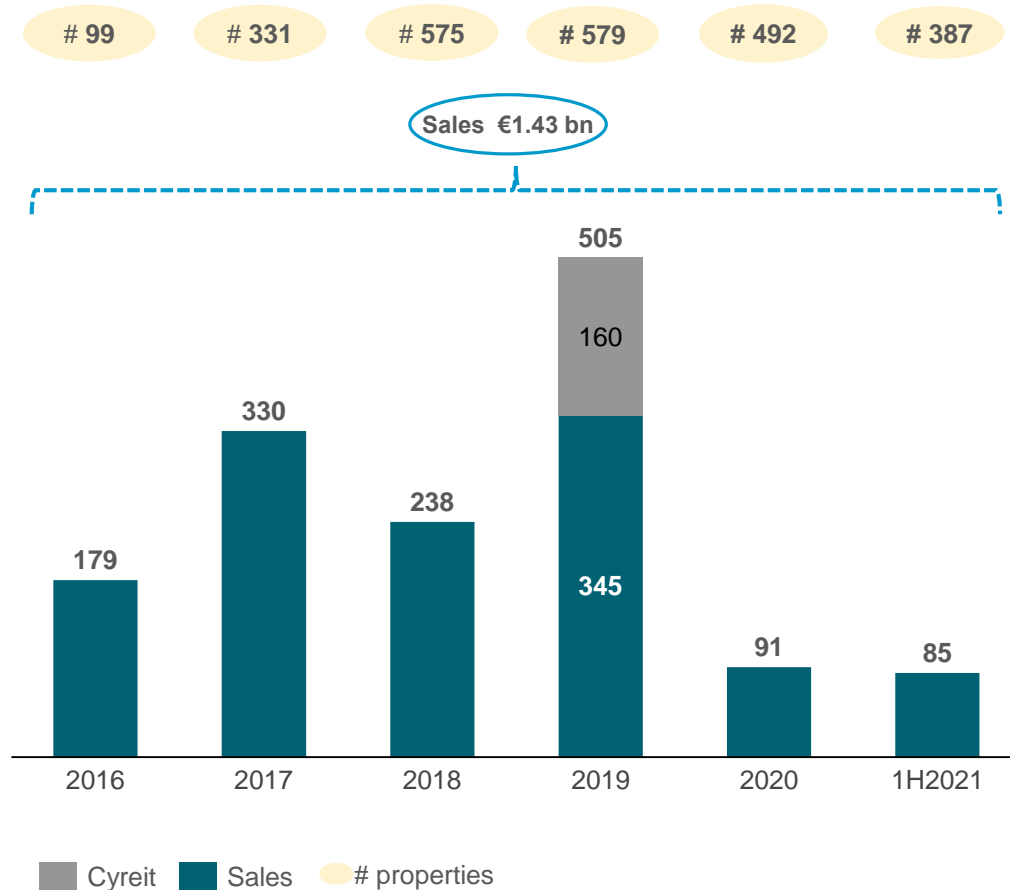
30 June 2021	€ '000
Stage 1	2,005
Stage 2	643,385
Stage 3	613,313
POCI	79,335
FVPL	222,145
<b>Total</b>	<b>1,560,183</b>

1) Following a reorganisation of the RRD portfolio and mainly of the terminated exposures, certain gross loans were reclassified between the business lines, resulting an increase of €58 mn in the Retail line and a reduction of €39 mn and €19 mn of the SME and Corporate line respectively.

# REMU- the engine for dealing with foreclosed assets

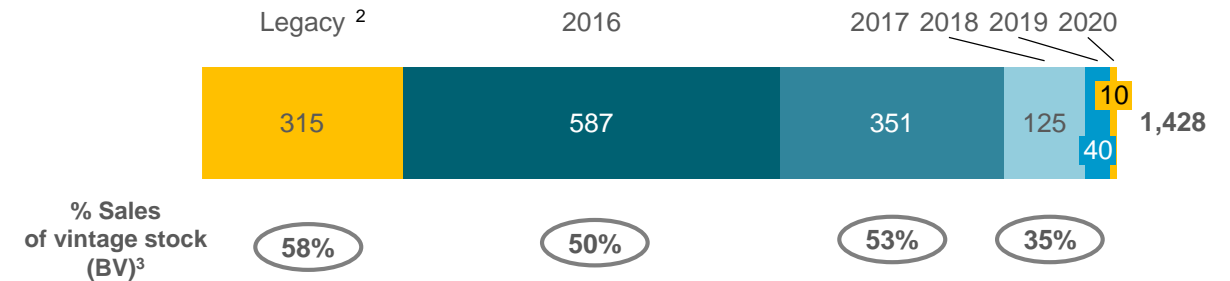
€1.43 bn sales of 2,463 properties across all property classes since set-up

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



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

by on-boarding year (€ mn)



1) Amounts as per Sales purchase Agreements (SPAs)

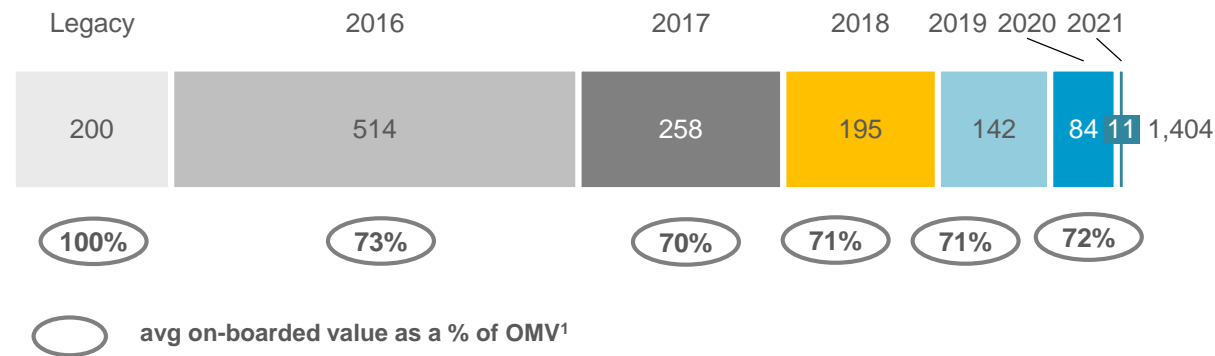
2) Legacy properties relate to properties that were on-boarded before REMU set-up in January 2016

3) The BV of the properties disposed at the date of disposal as a proportion of the: BV of the properties disposed at the time of the disposal plus the BV of the residual properties managed by REMU as at 30 June 2021

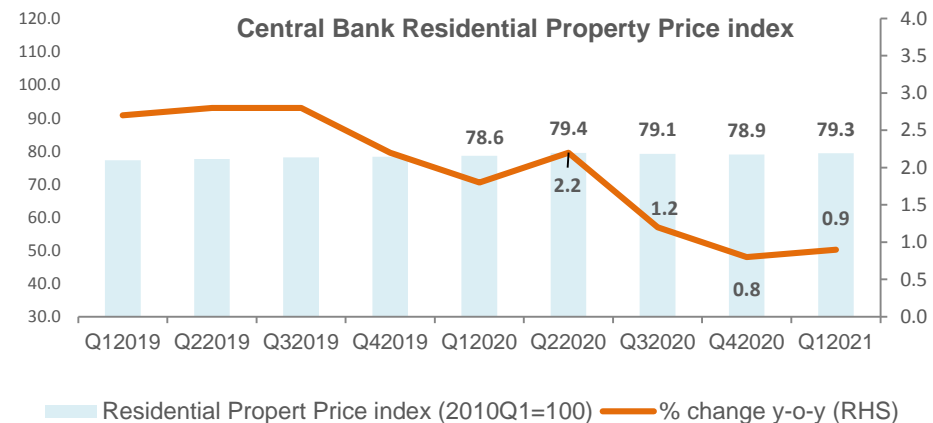
# REMU- the engine for dealing with foreclosed assets

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

BV € mn



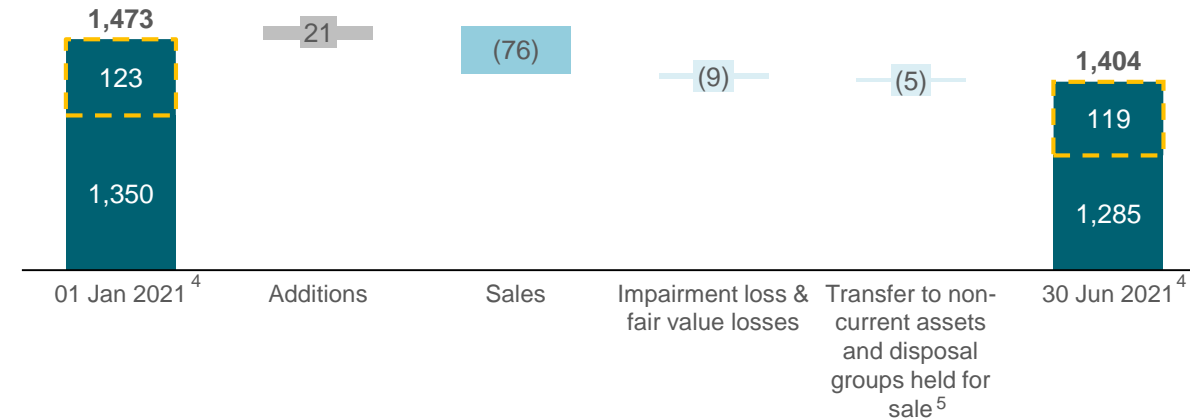
Real Estate Market property prices up 0.9% yoy in 1Q2021<sup>2</sup>



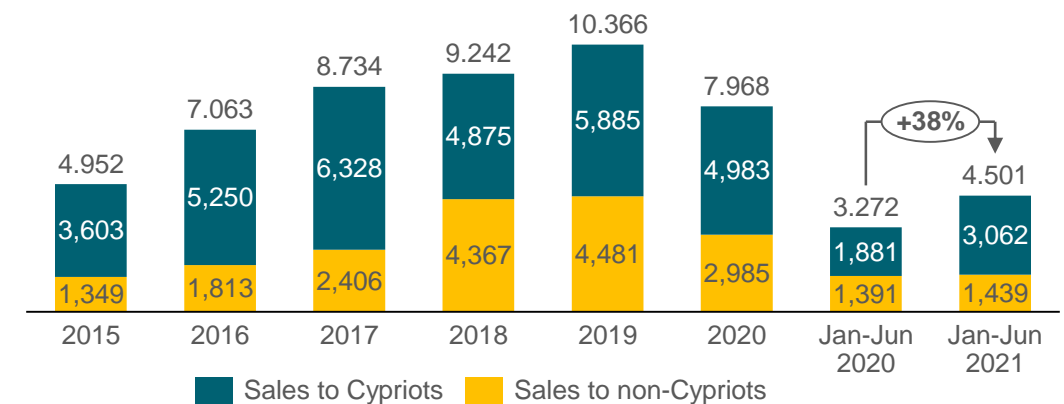
Evolution of properties managed by REMU

BV € mn

■ Investment Properties



Sales contracts (excl. DFAs)<sup>3</sup> for 1H2021 up 38% yoy



- 1) Open market value at on-boarding date
- 2) Based on Residential price index published by Central Bank, dated 24 June 2021
- 3) Based on data from Land of Registry- Sales contracts
- 4) Following certain segmental reclassifications to better align with current management information, investment properties of €16 mn as at

- 5) 30 June 2021 and 31 Dec 2020 relating to land, have been transferred under REMU. Comparative information was restated to align with current year presentation
- 5) Stock of property with a carrying value of €5 mn as at 31 March 2021 was transferred to non-current assets and disposal groups held for sale in 1H2021 as it was included in the Helix 2 (both portfolios A & B)

# APPENDIX

## Additional financial information

# Consolidated Balance Sheet

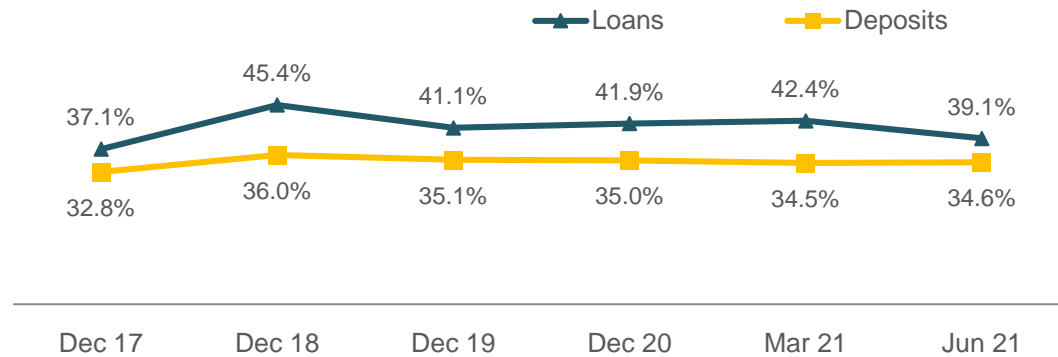
Assets (€ mn)	30.06.2021	31.12.2020	% change
Cash and balances with Central Banks	8,227	5,653	46%
Loans and advances to banks	436	403	8%
Debt securities, treasury bills and equity investments	2,198	1,913	15%
Net loans and advances to customers	9,967	9,886	1%
Stock of property	1,285	1,350	-5%
Investment properties <sup>1</sup>	127	128	-1%
Other assets	1,960	1,550	26%
Non current assets and disposal groups held for sale	11	631	-
<b>Total assets</b>	<b>24,211</b>	<b>21,514</b>	<b>13%</b>

Liability and Equity (€ mn)	30.06.2021	31.12.2020	% change
Deposits by banks	401	392	2%
Funding from Central Bank	2,985	995	-
Customer deposits	16,801	16,533	2%
Subordinated loan stock	645	272	-
Other liabilities	1,309	1,247	5%
<b>Total liabilities</b>	<b>22,141</b>	<b>19,439</b>	<b>14%</b>
<b>Shareholders' equity</b>	<b>1,826</b>	<b>1,831</b>	<b>0%</b>
Other equity instruments	220	220	-
<b>Total equity excluding non-controlling interests</b>	<b>2,046</b>	<b>2,051</b>	<b>0%</b>
Non controlling interests	24	24	2%
<b>Total equity</b>	<b>2,070</b>	<b>2,075</b>	<b>0%</b>
<b>Total liabilities and equity</b>	<b>24,211</b>	<b>21,514</b>	<b>13%</b>

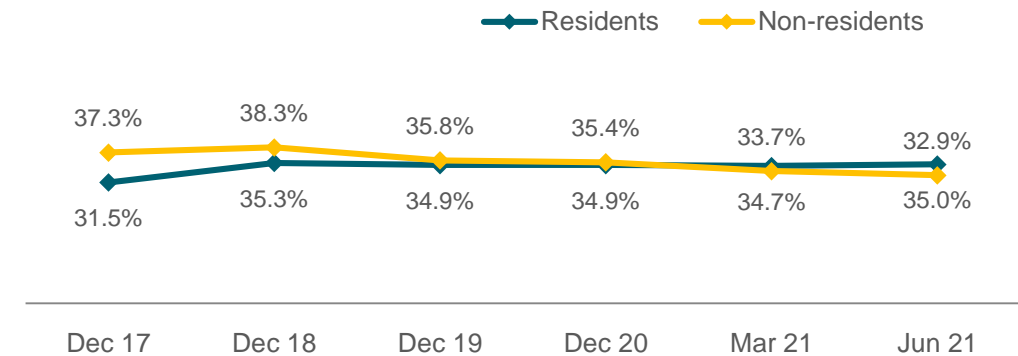
1) In addition to assets held by REMU, properties classified as "Investment properties" with carrying value of €8 mn as at 30 Jun 2021 relate to legacy properties

# Cypriot business

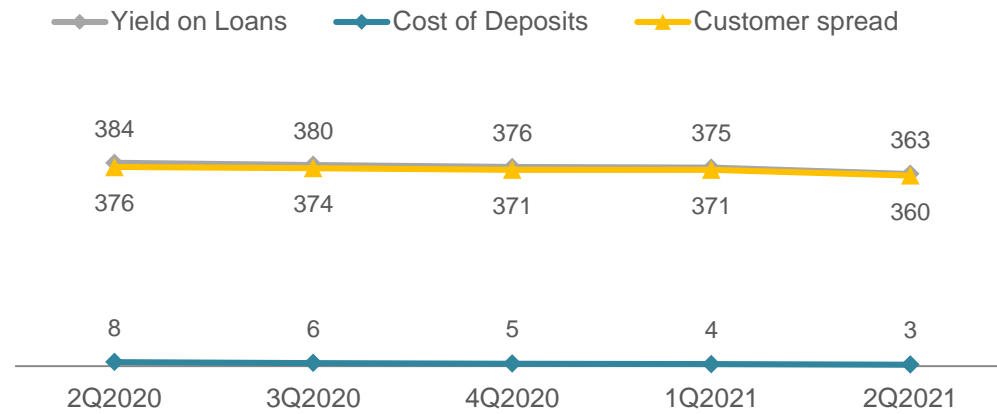
## Loan market share impacted by NPE sale (Helix 2)



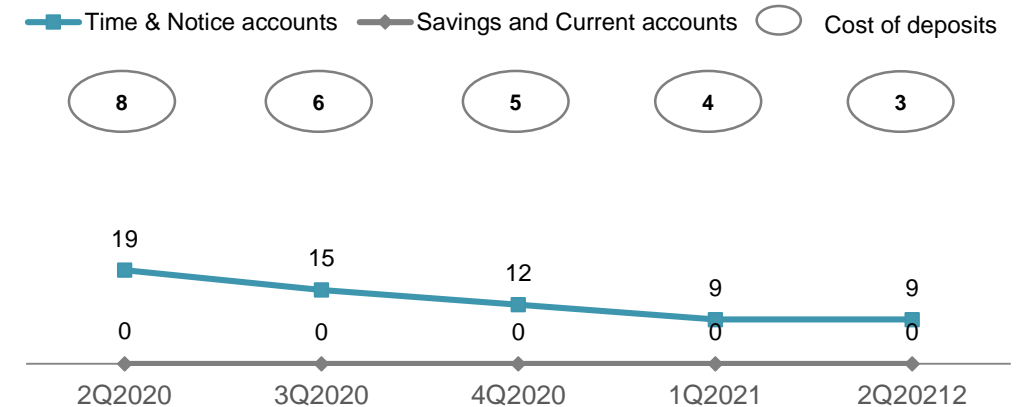
## Strong market shares in resident and non-resident deposits



## Average contractual interest rates (bps) (Cy)



## Customer deposit rates decline further (bps) (Cy)



# Income Statement bridge<sup>1</sup> for 1H2021

€ mn	Underlying basis	NPE sales	Other	Statutory Basis
Net interest income	152	-	-	152
Net fee and commission income	84	-	-	84
Net foreign exchange gains and net losses on financial instrument transactions and disposal/dissolution of subsidiaries	8	-	(16)	(8)
Insurance income net of claims and commissions	31	-	-	31
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties	6	-	-	6
Other income	7	-	-	7
<b>Total income</b>	<b>288</b>	<b>-</b>	<b>(16)</b>	<b>272</b>
<b>Total expenses</b>	<b>(186)</b>	<b>(16)</b>	<b>(10)</b>	<b>(212)</b>
<b>Operating profit</b>	<b>102</b>	<b>(16)</b>	<b>(26)</b>	<b>60</b>
Loan credit losses	(35)	(16)	4	(47)
Impairments of other financial and non-financial instruments	(11)	-	-	(11)
Provisions for litigation, claims, regulatory and other matters	(4)	-	4	-
<b>Profit before tax and non-recurring items</b>	<b>52</b>	<b>(32)</b>	<b>(18)</b>	<b>2</b>
Tax	(1)	-	-	(1)
Profit attributable to non-controlling interests	-	-	-	-
<b>Profit after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>51</b>	<b>(32)</b>	<b>(18)</b>	<b>1</b>
Advisory and other restructuring costs - organic	(18)	-	18	-
<b>Profit after tax – Organic (attributable to the owners of the Company)</b>	<b>33</b>	<b>(32)</b>	<b>-</b>	<b>1</b>
Provisions/net loss relating to NPE sales, including restructuring expenses	(32)	32	-	-
<b>Profit after tax - attributable to the owners of the Company</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

1) Please refer to section B1 "Reconciliation of income statement between statutory and underlying basis of the Group Financial Results for the six months ended 30 June 2021"

# Income Statement

€ mn	2Q2021	1Q2021	qoq%
Net Interest Income	76	76	-1%
Net fee and commission income	45	39	18%
Net foreign exchange gains and net losses on financial instrument transactions and disposal/dissolution of subsidiaries and associates	6	2	122%
Insurance income net of claims and commissions	18	13	36%
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties	4	2	66%
Other income	3	4	-17%
<b>Total income</b>	<b>152</b>	<b>136</b>	<b>11%</b>
Staff costs	(51)	(50)	2%
Other operating expenses	(38)	(32)	14%
Special levy on deposits and other levies/contributions	(6)	(9)	-32%
<b>Total expenses</b>	<b>(95)</b>	<b>(91)</b>	<b>3%</b>
<b>Operating profit</b>	<b>57</b>	<b>45</b>	<b>28%</b>
Loan credit losses	(15)	(20)	-25%
Impairments of other financial and non-financial assets	(6)	(5)	12%
Provisions for litigation, claims, regulatory and other matters	(3)	(1)	-
<b>Total loan credit losses, impairments and provisions</b>	<b>(24)</b>	<b>(26)</b>	<b>-6%</b>
<b>Profit before tax and non-recurring items</b>	<b>33</b>	<b>19</b>	<b>74%</b>
Tax	1	(2)	-
<b>Profit after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>34</b>	<b>17</b>	<b>99%</b>
Advisory and other restructuring costs – organic	(15)	(3)	-
<b>Profit after tax – organic (attributable to the owners of the Company)</b>	<b>19</b>	<b>14</b>	<b>30%</b>
Provisions/net loss relating to NPE sales, including restructuring expenses	(26)	(6)	-
Restructuring costs – Voluntary Staff Exit Plan (VEP)	0	0	-
<b>(Loss)/profit after tax (attributable to the owners of the Company)</b>	<b>(7)</b>	<b>8</b>	<b>-</b>

# Analysis of Interest Income and Interest Expense

Analysis of Interest Income (€ mn)	2Q2020	3Q2020 restated <sup>1</sup>	4Q2020	1Q2021	2Q2021
Loans and advances to customers	93	91	89	83	82
Loans and advances to banks and central banks	0	3	2	3	7
Investment at amortised costs	2	2	2	2	2
Investments FVOCI	4	4	4	3	3
Investments classified as loans and receivables	-				
	<b>99</b>	<b>100</b>	<b>97</b>	<b>91</b>	<b>94</b>
Trading Investment	-				
Derivative financial instruments	9	8	8	8	4
Other investments at fair value through profit or loss	-				
<b>Total Interest Income</b>	<b>108</b>	<b>108</b>	<b>105</b>	<b>99</b>	<b>98</b>

Analysis of Interest Expense (€ mn)					
Customer deposits	(3)	(3)	(3)	(2)	(2)
Funding from central banks and deposits by banks	(0)	0	0	0	0
Subordinated loan stock	(6)	(6)	(6)	(6)	(6)
Repurchase agreements	(1)	(1)	0	0	0
Negative interest on loans and advances to banks and central banks	(4)	(5)	(6)	(5)	(8)
	<b>(14)</b>	<b>(15)</b>	<b>(15)</b>	<b>(13)</b>	<b>(16)</b>
Derivative financial instruments	(11)	(11)	(10)	(10)	(6)
<b>Total Interest Expense</b>	<b>(25)</b>	<b>(26)</b>	<b>(25)</b>	<b>(23)</b>	<b>(22)</b>

1) Interest income of non-legacy book for 3Q2020 increased from €73 mn to €74 mn since previously disclosed on 27 November 2020, following a transfer of €1 mn from liquids to non-legacy interest income

# Income Statement by business line for 1H2021

€ mn	Consumer Banking	SME Banking	Corporate Banking	Global corporate	International Banking	Wealth & Markets	RRD	REMU	Insurance	Treasury	Other	Overseas	Total
Net interest income/(expense)	39	15	27	28	4	-	30	(12)	-	8	13	-	<b>152</b>
Net fee & commission income/(expense)	21	5	7	5	27	3	8	-	(4)	1	12	(1)	<b>84</b>
Other income	1	0	0	0	3	1	0	10	31	3	2	1	<b>52</b>
<b>Total income</b>	<b>61</b>	<b>20</b>	<b>34</b>	<b>33</b>	<b>34</b>	<b>4</b>	<b>38</b>	<b>(2)</b>	<b>27</b>	<b>12</b>	<b>27</b>	<b>-</b>	<b>288</b>
<b>Total expenses</b>	<b>(74)</b>	<b>(12)</b>	<b>(12)</b>	<b>(10)</b>	<b>(14)</b>	<b>(4)</b>	<b>(21)</b>	<b>(11)</b>	<b>(10)</b>	<b>(5)</b>	<b>(11)</b>	<b>(2)</b>	<b>(186)</b>
<b>Operating (loss)/ profit</b>	<b>(13)</b>	<b>8</b>	<b>22</b>	<b>23</b>	<b>20</b>	<b>0</b>	<b>17</b>	<b>(13)</b>	<b>17</b>	<b>7</b>	<b>16</b>	<b>(2)</b>	<b>102</b>
Loan credit losses of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	12	2	(2)	(3)	1	0	(44)		-	-	2	(3)	<b>(35)</b>
Impairment of other financial and non financial instruments	-	-	-	-	-	-	-	(7)	-	-	(3)	(1)	<b>(11)</b>
Provision for litigation, claims, regulatory and other matters	-	-	-	-	-	-	-	-	-	-	(4)	-	<b>(4)</b>
<b>(Loss)/profit before tax</b>	<b>(1)</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>0</b>	<b>(27)</b>	<b>(20)</b>	<b>17</b>	<b>7</b>	<b>11</b>	<b>(6)</b>	<b>52</b>
Tax	-	(1)	(2)	(3)	(3)	-	3	3	(2)	(1)	3	2	<b>(1)</b>
Profit attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>(Loss)/ profit after tax and before non-recurring items (attributable to the owners of the Company)</b>	<b>(1)</b>	<b>9</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>0</b>	<b>(24)</b>	<b>(17)</b>	<b>15</b>	<b>6</b>	<b>14</b>	<b>(4)</b>	<b>51</b>

# Risk Weighted Assets– Regulatory Capital

## Risk Weighted Assets by Geography (€ mn)

	31.12.18	31.12.19	31.12.20	31.03.21	30.06.21
Cyprus	15,070	12,678	11,477	11,397	10,910
Russia	24	8	-	-	-
United Kingdom	84	48	23	23	23
Romania	38	29	26	24	22
Greece	144	121	105	96	91
Other	13	6	5	6	2
<b>RWAs</b>	<b>15,373</b>	<b>12,890</b>	<b>11,636</b>	<b>11,546</b>	<b>11,048</b>
<b>RWA intensity</b>	<b>70%</b>	<b>61%</b>	<b>54%</b>	<b>50%</b>	<b>46%</b>

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

	31.12.18	31.12.19	31.12.20	31.03.21	30.06.21
Credit risk	13,833	11,547	10,505	10,415	9,917
Market risk	2	-	-	-	-
Operational risk	1,538	1,343	1,131	1,131	1,131
<b>Total</b>	<b>15,373</b>	<b>12,890</b>	<b>11,636</b>	<b>11,546</b>	<b>11,048</b>

## Reconciliation of Group Equity to CET1

€ mn	30.06.21
Group Equity per financial statements	2,070
Less: Intangibles <sup>2</sup>	(28)
Less: Deconsolidation of insurance and other entities	(208)
Less: Regulatory adjustments	(12)
Less: Revaluation reserves and equity instruments transferred to AT1	(251)
<b>CET1<sup>1</sup></b>	<b>1,571</b>
<b>Risk Weighted Assets</b>	<b>11,048</b>
<b>CET1 ratio<sup>1</sup></b>	<b>14.2%</b>

## Equity and Regulatory Capital (€ mn)

	31.12.20	31.03.21 <sup>3</sup>	30.06.21
Total equity excl. non-controlling interests	2,051	2,064	2,046
<b>CET1 capital</b>	<b>1,723</b>	<b>1,668</b>	<b>1,571</b>
Tier I capital	1,943	1,888	1,791
Tier II capital	192	196	333
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>2,135</b>	<b>2,084</b>	<b>2,124</b>

1) Allowing for IFRS 9 and starting from 3Q2020, also for temporary treatment for certain FVOCI instruments transitional arrangements

2) As per amendments introduced with Regulation 2020/873

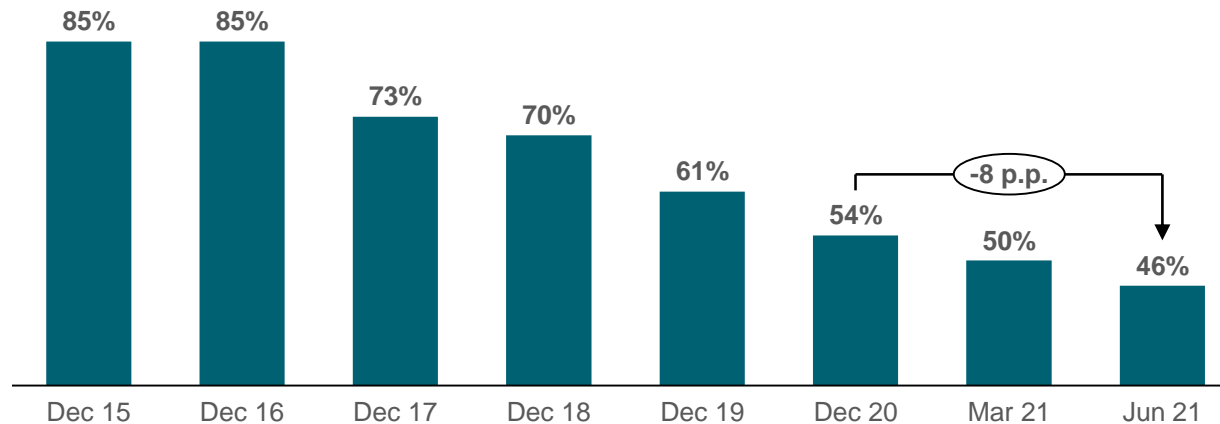
3) Capital amounts include unaudited/un-reviewed profits for 1Q2021

# RWA intensity<sup>1</sup> reduced to 46%

RWAs reduced by €588 mn in 1H2021, following the completion of Helix 2

RWAs	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Mar 21	Jun 21
€ bn	19,666	18,865	17,260	15,373	12,890	11,636	11,546	11,048

RWA intensity<sup>1</sup> decreased to 46%<sup>2</sup>

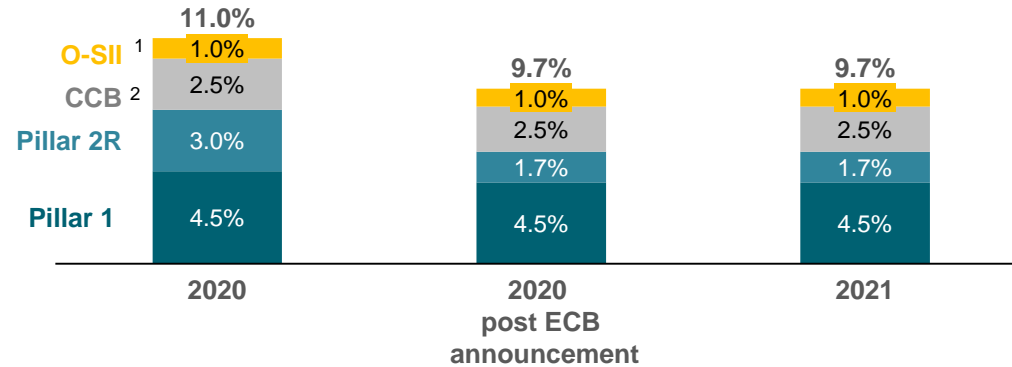


- RWA intensity<sup>1</sup> decreased to 46%, 8 p.p. in 1H2021, driven mainly by the completion of Helix 2 and the increase in total assets following the increase in the borrowing from TLTRO III by €2.0 bn, in 1H2021

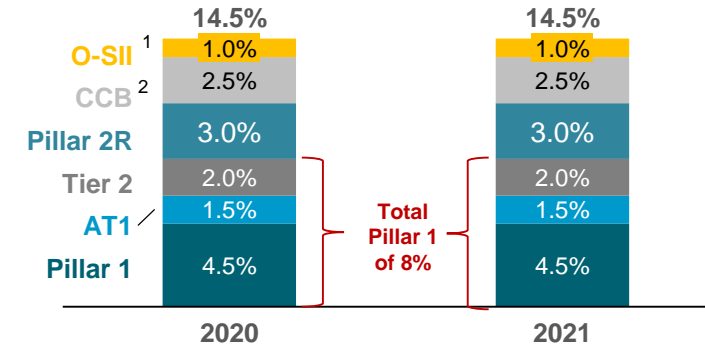
(1) Risk Weighted Assets over Total Assets

# SREP and MREL requirements

## SREP requirements for 2021: CET1 ratio at 9.7%



## SREP requirements for 2021: Total Capital ratio at 14.5%



## MREL requirement

- Based on BRRD II
- The Bank (BOC) is the resolution entity
- Final Target of 23.32% of RWAs and 5.91% of Leverage Ratio Exposure (LRE) to be met by 31 Dec 2025
- Interim Target of 14.94% of RWAs and 5.91% of LRE to be met by 1 Jan 2022

## MREL ratio

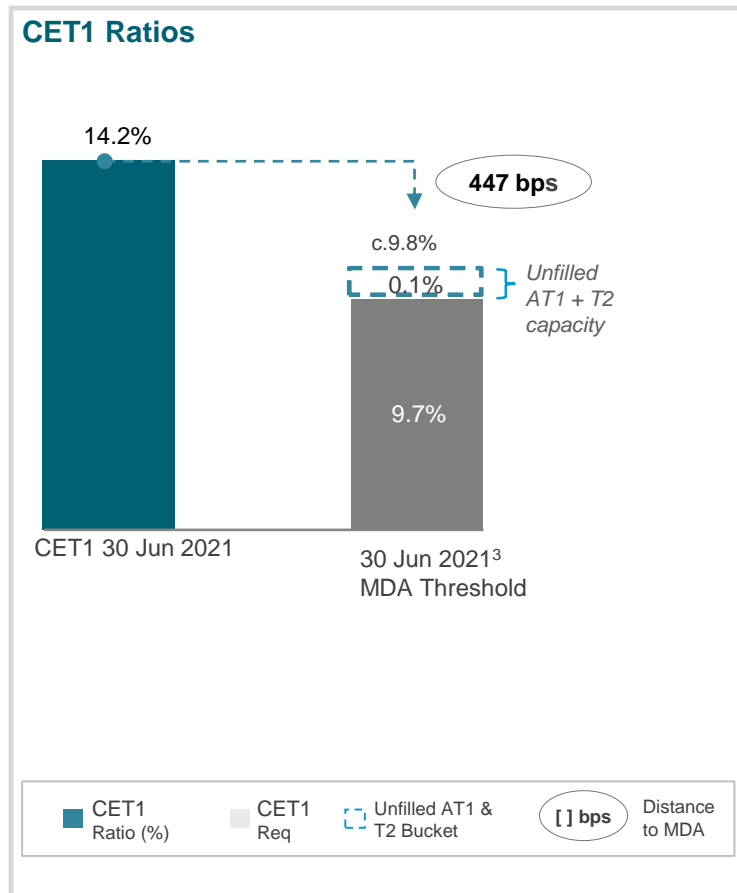
- MREL interim target for 1 Jan 2022 already achieved**
- 18.53% of RWAs and 10.17% of LRE as at 30 June 2021
- Does not include capital used to meet the Combined Buffer Requirement (CBR), currently at 3.5% and expected to increase to 4% on 1 Jan 2022

1) The Central Bank of Cyprus (CBC) set the O-SII buffer for the Group at 2%. 2022 by 12 months. Consequently, the O-SII buffer will be fully phased-in on 1 January 2023, instead of 1 January 2022. This buffer is being phased-in gradually, having started from 1 January 2019 at 0.5% and increasing by 0.5% every year thereafter, until being fully implemented (2.0%). In April 2020, the CBC decided to delay the phasing-in (0.5%) of the O-SII buffer on 1 January 2021 and 1 January 2022 as originally set

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

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

## Maximum Distributable Amount for BOCH



- No prohibition applies to the payment of coupons on any AT1 capital instruments issued by the Company and the Bank<sup>2</sup>
- Significant CET1 MDA buffer<sup>3</sup> (30 Jun 2021) :447 bps (€493 mn)

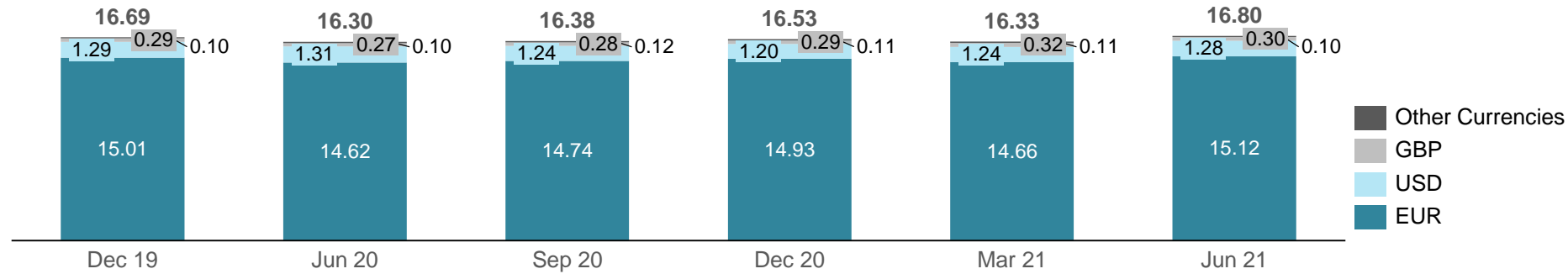
1) Distributable Items definition per CRR

2) Based on the SREP decisions of prior years, the Company and the Bank were under a regulatory prohibition for equity dividend distribution and therefore no dividends were declared or paid during 2019. Following the 2019 SREP decision, which will continue to be in effect in 2021, the Company and the Bank are still under equity dividend distribution prohibition. This prohibition does not apply if the distributions are made via the issuance of new ordinary shares to the shareholders which are eligible as CET1 capital

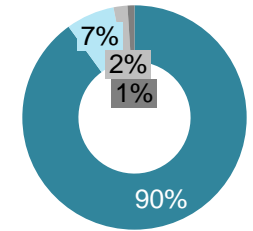
3) Including phasing in of O-SII buffer (+50 bps). The Central Bank of Cyprus (CBC) set the O-SII buffer for the Group at 2%. This buffer is being phased-in gradually, having started from 1 January 2019 at 0.5% and increasing by 0.5% every year thereafter, until being fully implemented (2.0%). In April 2020, the CBC decided to delay the phasing-in (0.5%) of the O-SII buffer on 1 January 2021 and 1 January 2022 by 12 months. Consequently, the O-SII buffer will be fully phased-in on 1 January 2023, instead of 1 January 2022 as originally set.

# Analysis of Deposits

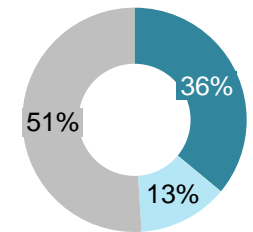
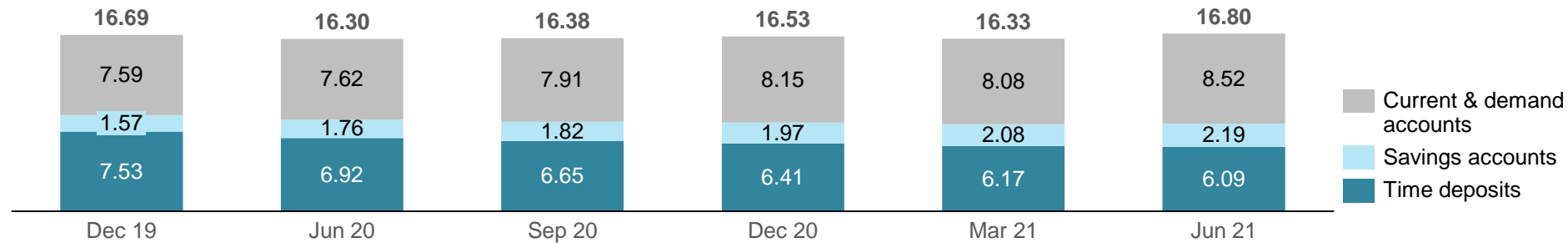
## Deposits by Currency (€ bn)



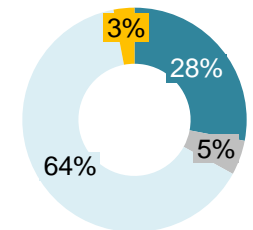
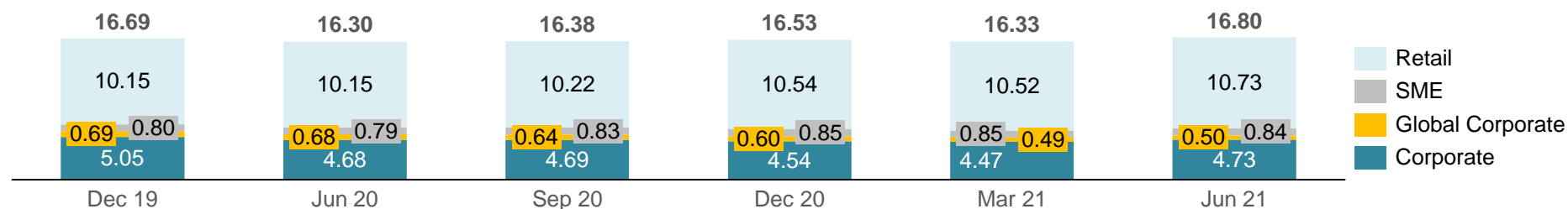
## Jun 21



## Deposits by Type (€ bn)



## Deposits by customer Sector (€ bn)



# APPENDIX

## Glossary & Definitions

# Glossary & Definitions

<b>Allowance for expected loan credit losses (previously 'Accumulated provisions')</b>	Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers, (iii) allowance for expected credit losses for off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
<b>Advisory and other restructuring costs</b>	Comprise mainly (a) fees of external advisors in relation to: (i) disposal of operations and non-core assets, and (ii) customer loan restructuring activities, and (b) the cost of the tender offer for the Existing Tier 2 Capital Notes.
<b>AIEA</b>	This relates to the average of 'interest earning assets' as at the beginning and end of the relevant quarter. Average interest earning assets exclude interest earning assets of any discontinued operations at each quarter end, if applicable. Interest earning assets include: cash and balances with central banks (including cash and balances with central banks classified as non-current assets held for sale), plus loans and advances to banks, plus net loans and advances to customers (including loans and advances to customers classified as non-current assets held for sale), plus 'deferred consideration receivable' included within 'other assets', plus investments (excluding equities and mutual funds).
<b>AT1</b>	AT1 (Additional Tier 1) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date
<b>Average contractual interest rates</b>	Interest rates on cost of deposits were previously calculated as the Interest Expense over Average Balance. The current calculation which the Bank considers more appropriate is based on the weighted average of the contractual rate times the balance at the end of the month. The rates are calculated based on the month end contractual interest rates. The quarterly rates are the average of the three quarter month end contractual rates.
<b>Book Value</b>	BV= book value = Carrying value prior to the sale of property.
<b>Basic earnings/(losses) after tax and before non-recurring items per share (attributable to the owners of the Company)</b>	Basic earnings/(losses) after tax and before non-recurring items per share (attributable to the owners of the Company) is the Profit/(loss) after tax and before non-recurring items (as defined below) (attributable to the owners of the Company) divided by the weighted average number of shares in issue during the period, excluding treasury shares.
<b>CET1 capital ratio (transitional basis)</b>	CET1 capital ratio (transitional basis) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>CET1 fully loaded (FL)</b>	The CET1 fully loaded (FL) ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>Cost of Funding</b>	Effective yield of cost of funding: Interest expense of all interest bearing liabilities after hedging, over average interest bearing liabilities (customer deposits, funding from the central bank, interbank funding, subordinated liabilities). Historical information has been adjusted to take into account hedging.
<b>Cost to Income ratio</b>	Cost-to-income ratio comprises total expenses (as defined) divided by total income (as defined).
<b>Cost of Risk</b>	Loan credit losses charge (cost of risk) (year to date) is calculated as the annualised 'loan credit losses' (as defined) divided by average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance, for the reporting period/year.
<b>CRR DD</b>	Default Definition.
<b>DFAs</b>	Debt for Asset Swaps.
<b>DFEs</b>	Debt for Equity Swaps.
<b>DTA</b>	Deferred Tax Assets.

# Glossary & Definitions

<b>Digitally engaged customers ratio</b>	This is the ratio of digitally engaged individual customers to the total number of individual customers. Digitally engaged customers are the individuals who use the digital channels of the Bank (mobile banking app, browser and ATMs) to perform banking transactions, as well as digital enablers such as a bank-issued card to perform online card purchases, based on an internally developed scorecard.
<b>Digital transactions ratio</b>	This is the ratio of the number of digital transactions performed by individuals and legal entity customers to the total number of transactions. Transactions include deposits, withdrawals, internal and external transfers. Digital channels include mobile, browser and ATMs.
<b>DTC</b>	Deferred Tax Credit
<b>EBA</b>	European Banking Authority
<b>ECB</b>	European Central Bank
<b>Effective yield</b>	Interest Income on Loans/Average Net Loans
<b>Effective yield of liquid assets</b>	Interest Income on liquids after hedging, over average liquids (Cash and balances with central banks, placements with banks and bonds). Historical information has been adjusted to take into account hedging
<b>ESMA</b>	European Securities and Markets Authority
<b>Foreclosures</b>	Value of on-boarded assets is set at a conservative 25%-30% discount from open market valuations, by two independent sources; Includes consensual and non consensual DFAs and DFEs
<b>FTP</b>	Fund transfer pricing methodologies applied between the business lines to present their results on an arm's length basis
<b>GBV</b>	Gross Book Value
<b>Gross Loans</b>	<p>Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment</p> <p>Gross loans are reported before the residual fair value adjustment on initial recognition relating mainly to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €185 mn at 30 June 2021 (compared to €226 mn at 31 March 2021n and €230 mn at 31 December 2020).</p> <p>Additionally, gross loans include loans and advances to customers classified and measured at fair value through profit or loss adjusted for the aggregate fair value adjustment of €332 mn at 30 June 2021 (compared to €329 mn at 31 March 2021 and €326 mn at 31 December 2020).</p>
<b>Gross Sales Proceeds</b>	Proceeds before selling charge and other leakages
<b>GVA</b>	Gross Value Added
<b>Group</b>	The Group consists of Bank of Cyprus Holdings Public Limited Company, "BOC Holdings" or the "Company", its subsidiary Bank of Cyprus Public Company Limited, the "Bank" and the Bank's subsidiaries.
<b>H/O</b>	Head Office

# Glossary & Definitions

<b>IB, W&amp;M</b>	International Banking, Wealth and Markets
<b>IBU</b>	Servicing exclusively international activity companies registered in Cyprus and abroad and not residents
<b>Legacy exposures</b>	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) non-core overseas exposures.
<b>Loan credit losses (PL) (previously 'Provision charge')</b>	Loan credit losses comprise: (i) credit losses to cover credit risk on loans and advances to customers, (ii) net gains on derecognition of financial assets measured at amortised cost and (iii) net gains on loans and advances to customers at FVPL, for the reporting period/year.
<b>Loan to Value ratio (LTV)</b>	Loan to Value (LTV) is calculated as the Gross IFRS Balance to the indexed market value of the property. Under Pillar 3 disclosures LTV is calculated as the Gross IFRS Balance to the indexed market value of collateral. Collateral takes into consideration the mortgage amount registered in the land registry plus legal interest from registration date to the reference date
<b>Market shares</b>	Both deposit and loan market shares are based on data from the CBC. The Bank is the single largest credit provider in Cyprus with a market share of 39.1% at 30 June 2021, compared to 42.4% at 31 March 2021 and 41.9% at 31 December 2020. The decrease as at 30 June 2021 is mainly due to the completion of Project Helix 2.
<b>MSCI ESG Rating</b>	The use by 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 Bank by MSCI. MSCI Services and data are the property of MSCI or its information providers and are provided "as-is" and without warranty. MSCI Names and logos are trademarks or service marks of MSCI.
<b>Net Proceeds</b>	Proceeds after selling charges and other leakages
<b>Net fee and commission income over total income</b>	Fee and commission income less fee and commission expense divided by total income (as defined).
<b>Net interest margin (NIM)</b>	Net interest margin is calculated as the net interest income (annualised) divided by the 'quarterly average interest earning assets' (as defined).
<b>Net loans and advances to customers</b>	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (as defined, but excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
<b>Net loans to deposits ratio</b>	Net loans to deposits ratio is calculated as gross loans (as defined) net of allowance for expected loan credit losses (as defined) divided by customer deposits.
<b>New lending</b>	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forbore or re-negotiated accounts) as well as the average year to date change (if positive) of the current accounts and overdraft facilities between the balance at the beginning of the period and the end of the period. Recoveries are excluded from this calculation since their overdraft movement relates mostly to accrued interest and not to new lending.

# Glossary & Definitions

Non-interest income	Non-interest income comprises Net fee and commission income, Net foreign exchange gains/(losses) and net gains/(losses) on financial instrument transactions and disposal/dissolution of subsidiaries and associates (excluding net gains on loans and advances to customers at FVPL), Insurance income net of claims and commissions, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-recurring items	Non-recurring items as presented in the 'Interim Condensed Consolidated Income Statement – Underlying basis' relate to the following items, as applicable: (i) advisory and other restructuring costs - organic, and (ii) Provisions/net loss relating to NPE sales, including restructuring expenses.
NPEs	<p>As per the European Banking Authorities (EBA) standards and European Central Bank's (ECB) Guidance to Banks on Non-Performing Loans (which was published in March 2017), non-performing exposures (NPEs) are defined as those exposures that satisfy one of the following conditions:</p> <ol style="list-style-type: none"> <li>The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due.</li> <li>Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy.</li> <li>Material exposures as set by the Central Bank of Cyprus (CBC), which are more than 90 days past due.</li> <li>Performing forbore exposures under probation for which additional forbearance measures are extended.</li> <li>Performing forbore exposures previously classified as NPEs that present more than 30 days past due within the probation period.</li> </ol> <p>From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06), and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07).</p> <p>The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter.</p> <p>For retail debtors, when a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non performing; otherwise only the specific part of the exposure is classified as non performing.</p> <p>For non retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non performing.</p> <p>Material arrears/excesses are defined as follows:</p> <ul style="list-style-type: none"> <li>Retail exposures: Total arrears/excess amount greater than €100</li> <li>Exposures other than retail: Total arrears/excess amount greater than €500</li> </ul> <p>and the amount in arrears/excess in relation to the customer's total exposure is at least 1%.</p>

# Glossary & Definitions

<b>NPE coverage ratio (previously 'NPE Provisioning coverage ratio')</b>	The NPE coverage ratio is calculated as the allowance for expected loan credit losses (as defined) over NPEs (as defined).
<b>NPE ratio</b>	NPEs ratio is calculated as the NPEs as per EBA (as defined) divided by gross loans (as defined).
<b>NPEs sales</b>	NPE sales refer to sales of NPE portfolios completed, as well as contemplated and potential future sale transactions, as the Group continues to work with its advisors towards the sale of portfolios of NPEs, to further accelerate the decrease of NPEs on the balance sheet through additional sales, irrespective of whether or not they met the held for sale classification criteria at the reporting dates.
<b>Non-legacy</b>	Relates to all business lines excluding Restructuring and Recoveries Division ("RRD"), REMU and non-core overseas exposures
<b>Phased-in Capital Conservation Buffer (CCB)</b>	In accordance with the legislation in Cyprus which has been set for all credit institutions, the applicable rate of the CCB is 1.25% for 2017, 1.875% for 2018 and 2.5% for 2019 (fully phased-in).
<b>NSFR</b>	The NSFR is calculated as the amount of "available stable funding" (ASF) relative to the amount of "required stable funding" (RSF). The regulatory limit has been set at 100% as per CRR II enforced in June 2021. The NSFR weights under CRR II do not have material deviations from those under Basel III guidelines which the Group followed prior to CRR II enforcement.
<b>OMV</b>	Open Market Value
<b>Operating profit</b>	The operating profit comprises profit before Total loan credit losses, impairments and provisions (as defined), tax, (profit)/loss attributable to non-controlling interests and non-recurring items (as defined).
<b>p.p.</b>	percentage points
<b>Project Helix 2</b>	Project Helix 2 refers to the sale of portfolios of loans with a total gross book value of €1.3 bn completed in June 2021.
<b>Qoq</b>	Quarter on quarter change
<b>Quarterly average interest earning assets</b>	This relates to the average of 'interest earning assets' as at the beginning and end of the relevant quarter. Average interest earning assets exclude interest earning assets of any discontinued operations at each quarter end, if applicable. Interest earning assets include: cash and balances with central banks (including cash and balances with central banks classified as non-current assets held for sale), plus loans and advances to banks, plus net loans and advances to customers (including loans and advances to customers classified as non-current assets held for sale), plus 'deferred consideration receivable' included within 'other assets', plus investments (excluding equities and mutual funds).
<b>Restructured loans</b>	Restructuring activity within quarter as recorded at each quarter end and includes restructurings of NPEs, performing loans and re-restructurings.
<b>Risk adjusted yield</b>	Interest Income on Loans net of allowance for expected loan credit losses/Net Loans.
<b>RRD</b>	Restructuring and Recoveries Division.

# Glossary & Definitions

<b>RWAs</b>	Risk Weighted Assets.
<b>RWA Intensity</b>	Risk Weighted Assets over Total Assets.
<b>Special levy on deposits and other levies/contributions</b>	Relates to the special levy on deposits of credit institutions in Cyprus, contributions to the Single Resolution Fund (SRF), contributions to the Deposit Guarantee Fund (DGF), as well as the DTC levy.
<b>Stage 2 &amp; Stage 3 Loans</b>	Include purchased or originated credit-impaired.
<b>Tangible Collateral</b>	Restricted to Gross IFRS balance.
<b>Total Capital ratio</b>	Total capital ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
<b>Total expenses</b>	Total expenses comprise staff costs, other operating expenses and the special levy on deposits and other levies/contributions. It does not include (i) 'advisory and other restructuring costs-organic', or (ii) any restructuring costs relating to NPE sales. (i) 'Advisory and other restructuring costs-organic' amounted to €15 mn for 2Q2021 (compared to €3 mn for 1Q2021 and €1 mn for 4Q2020), (ii) Restructuring costs relating to NPE sales amounted to €6 mn for 2Q2021 (compared to €4 mn for 1Q2021 and c.€1.5 mn for 4Q2020).
<b>Total income</b>	Total income comprises net interest income and non-interest income (as defined).
<b>Total loan credit losses, impairments and provisions</b>	Total loan credit losses, impairments and provisions comprises loan credit losses (as defined), plus impairments of other financial and non-financial assets, plus provisions for litigation, claims, regulatory and other matters.
<b>T2</b>	Tier 2 Capital
<b>Underlying basis</b>	This refers to the statutory basis after being adjusted for certain items as explained in the Basis of Presentation.
<b>Write offs</b>	Loans together with the associated loan credit losses are written off when there is no realistic prospect of future recovery. Partial write-offs, including non-contractual write-offs, may occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance.
<b>Yoy</b>	Year on year change