



Bank of Cyprus Group

Group Financial Results

For the nine months ended 30 September 2021

Bank of Cyprus Holdings



DISCLAIMER

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

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

Important Notice Regarding Additional Information Contained in the Investor Presentation

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

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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

3Q2021 - Highlights

Strong recovery continues

€1.3 bn
New lending ytd

- 5.3% GDP growth in 3Q2021, well above the eurozone average of 3.7%
- GDP expected to grow by c.5.5%¹ in FY2021 and recover to pre-pandemic levels by year-end
- Continuing to support the recovery; new lending of €1.3 bn in 9M2021, up 35% yoy

Positive Operating Performance

€41 mn
Operating Profit

- Total income of €139 mn for 3Q2021, down 8% qoq partly impacted by Helix 2 completion
- Strong net fees and commissions at €44 mn for 3Q2021; 32% of total income
- Profit after tax and before non-recurring items of €13 mn for 3Q2021 and €64 mn for 9M2021
- Profit after tax of €19 mn for 3Q2021 and €20 mn for 9M2021

Operating Efficiency

64%
Cost/Income²

- Total operating expenses² of €89 mn for 3Q2021, flat qoq
- Cost to income ratio² at 64% for 3Q2021, up 6 p.p. qoq, mainly impacted by Helix 2 completion

Strong Capital and Liquidity

15.3%
CET1 ratio^{3,4}

- CET1 ratio of 15.3%^{3,4} and Total Capital ratio of 20.4%^{3,4}
- Deposits at €17.1 bn up 2% qoq; significant surplus liquidity of €6.0 bn (LCR 294%)

Single digit NPE ratio⁴

3.6%⁴
Net NPE ratio

- NPE sale signed in November 2021 (Helix 3), reducing NPE ratio to 8.6%⁴ (3.6%⁴ net), already in line with 2022 target
- NPEs reduced to €0.9 bn⁴ (€0.4 bn⁴ net)
- Organic NPE reduction of c.€300 mn in 9M2021
- 96% of performing loans⁵ under expired payment deferrals with an instalment due by 22 November 2021, presented no arrears

On-track to achieve our Medium Term Targets

1) Source: Ministry of Finance

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

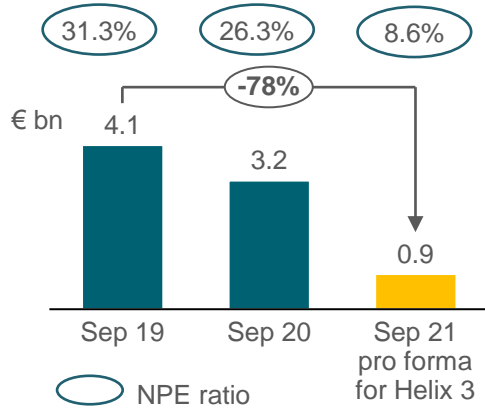
3) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements

4) Pro forma for Helix 3

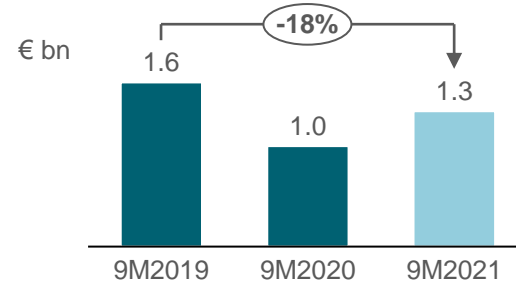
5) As at 30 September 2021

Significant progress achieved on strategic priorities

Single digit NPE ratio achieved

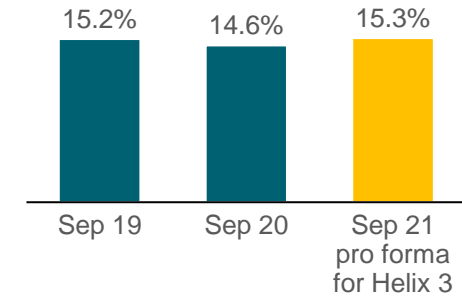


New lending recovering towards pre-pandemic levels

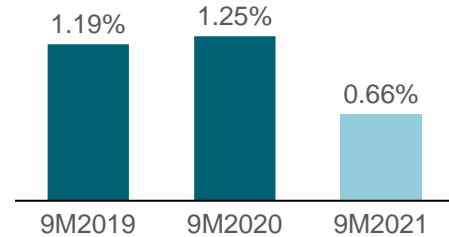


Preserved strong capital

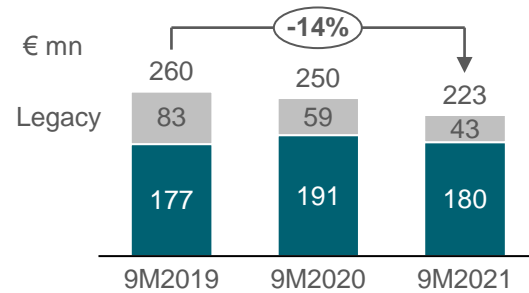
CET1 ratio¹



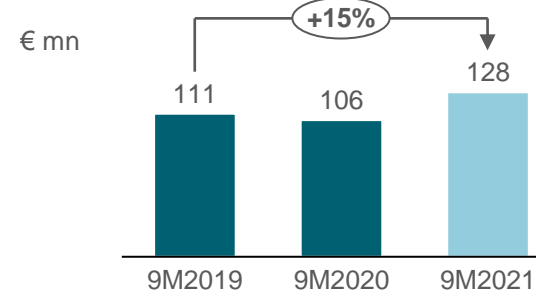
Cost of Risk normalizing post NPE sales



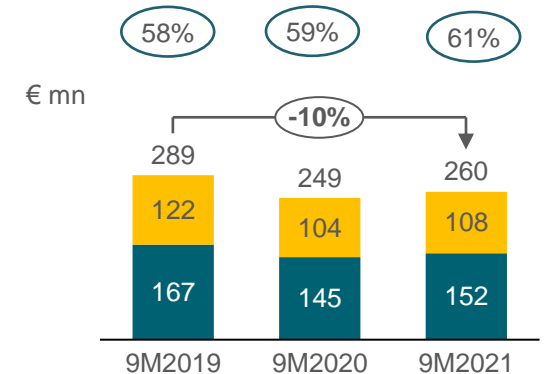
NII impacted by de-risking and rates



Net fees above pre-pandemic levels



Focus on further improving efficiency



Legend: ■ Operating expenses², ■ Staff costs, ○ C/I ratio²

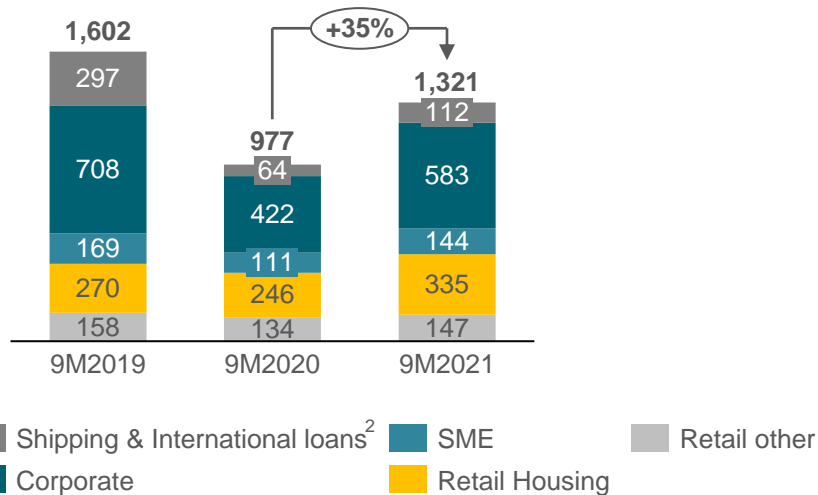
1) Allowing for IFRS 9 and temporary treatment for certain FVOCI instruments transitional arrangements

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

New lending¹ of €1.3 bn in 9M2021, up 35% yoy

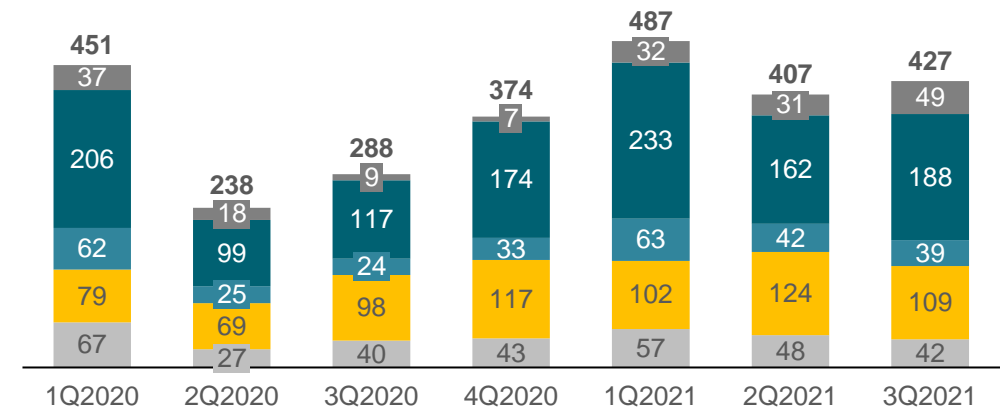
New lending recovering towards pre-pandemic levels

€ mn



1) Refer to slide 69 for definition of new lending
2) Includes syndicated loans

New lending¹ remained strong in 3Q2021

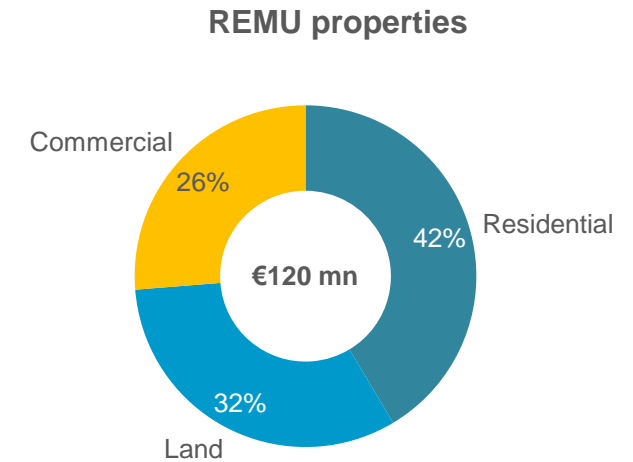
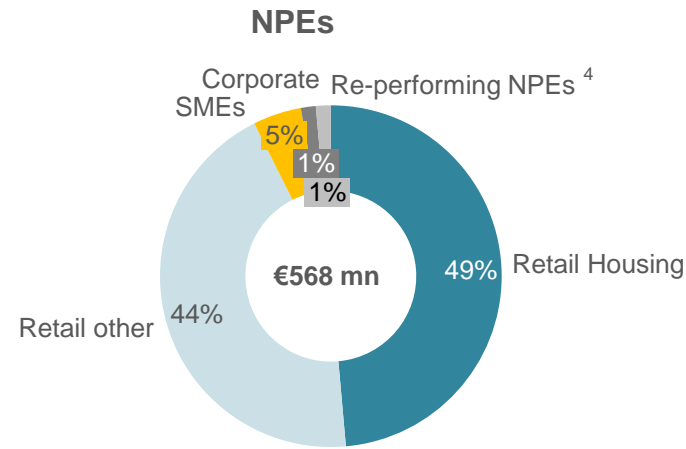


- New lending for 9M2021 reached c. 80% of 9M2019 levels
- Demand for housing loans remains strong, supported by government interest rate subsidy scheme; c.€265 mn new housing loans approved since the beginning of the scheme; pipeline of €127 mn as at mid-Nov 2021
- Corporate new lending at €188 mn for 3Q2021, up 60% yoy as economic activity continues to improve
- Meticulous assessment of repayment capability and strict origination standards

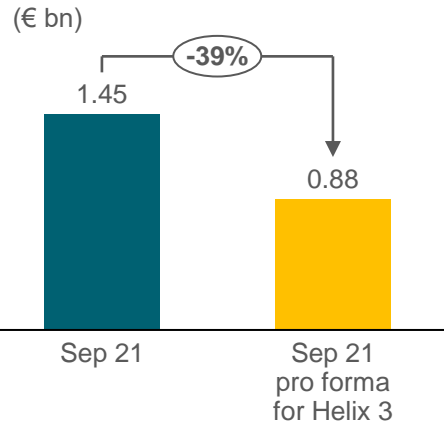
€0.6 bn NPE sale agreed, reducing NPE ratio to 8.6%¹

Helix 3

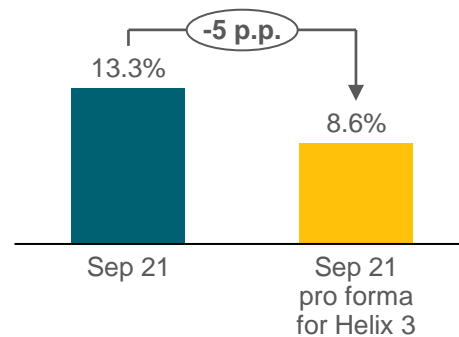
- Agreement for the sale of €568 mn² NPEs and €120 mn² REMU properties
- Gross cash consideration of c.€385 mn
- Completion expected in 1H2022
- Accounting profit of c.€10 mn recorded in 3Q2021; +8 bps on CET1
- Overall by completion, total positive impact of 67 bps on the CET1 ratio and c.€21 mn on the Group's income statement



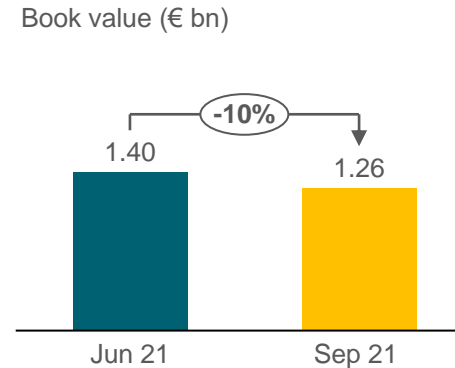
39% reduction of NPEs



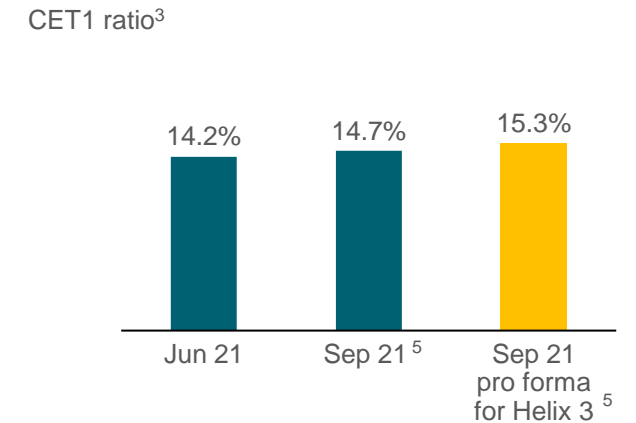
5 p.p. reduction in NPE ratio



10% reduction of REMU stock



Overall, by completion 67 bps capital accretive



1) Pro forma for Helix 3

2) With reference date 30 September 2021

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

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

5) CET1 (includes unaudited/un-reviewed profits for the nine months ended 30 September 2021)

NPE sales of €4.7 bn since 2018

Helix 1

✓ Completed

Sale of €2.7 bn NPEs

- Mainly secured large Corporate and SME NPEs
- c.60 bps capital accretive
- Completed in 2Q2019

Velocity 1

✓ Completed

Sale of €34 mn NPEs

- Retail unsecured NPEs
- Capital neutral
- Completed in 2Q2019

Velocity 2

✓ Completed

Sale of €133 mn NPEs

- Retail unsecured NPEs
- Capital neutral
- Completed in 2Q2020

Helix 2

✓ Completed

Sale of €1.3 bn NPEs

- Mainly secured Retail and SME NPEs
- -48 bps capital impact in by completion
- +64 bps capital impact upon full payment of deferred consideration¹
- Completed in 2Q2021

Helix 3

✓ SPA signed

Sale of €0.6 bn NPEs²

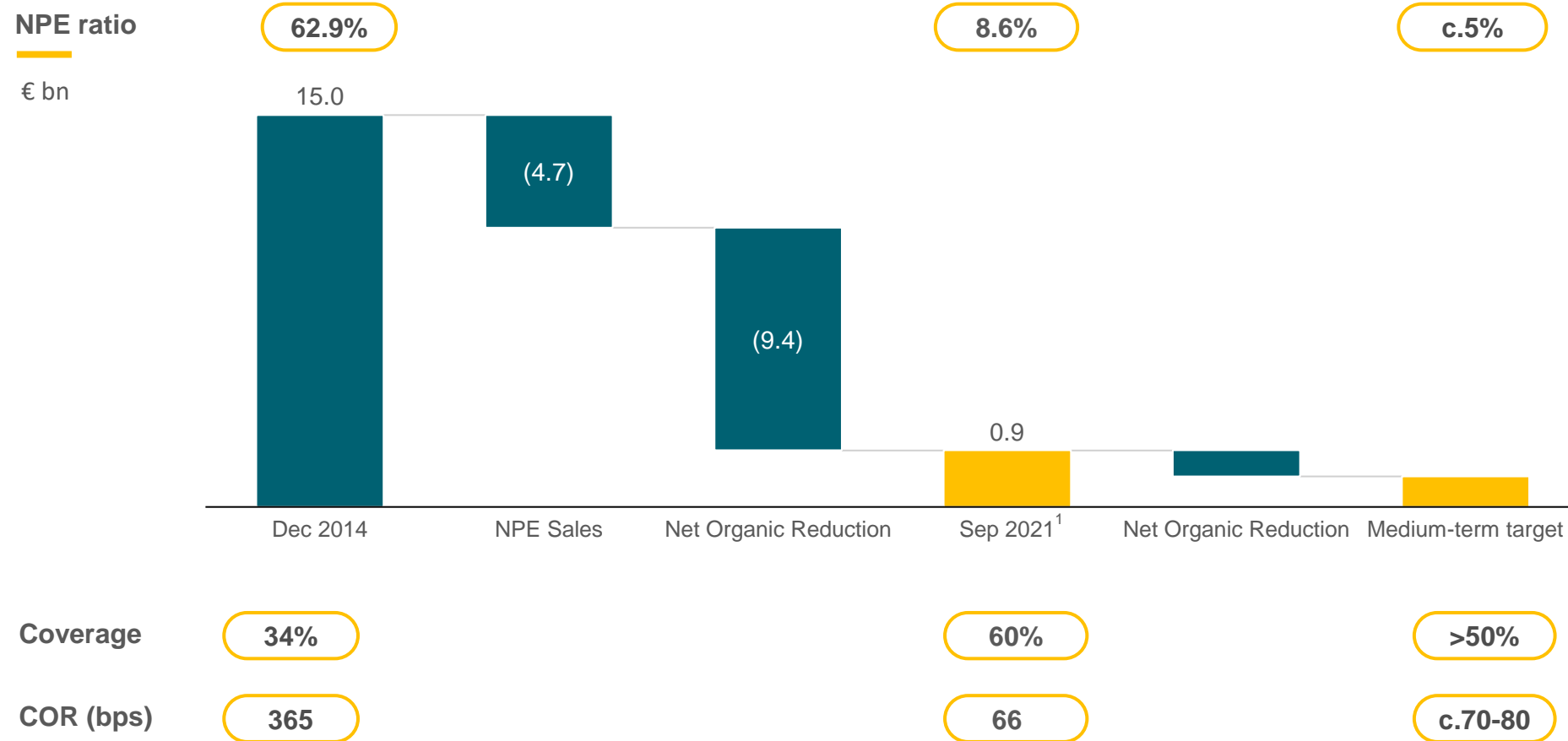
- Mainly Retail NPEs
- Sale of €120 mn REMU properties²
- 67 bps capital accretive by completion
- Completion expected in 1H2022

1) With reference date 30 June 2021

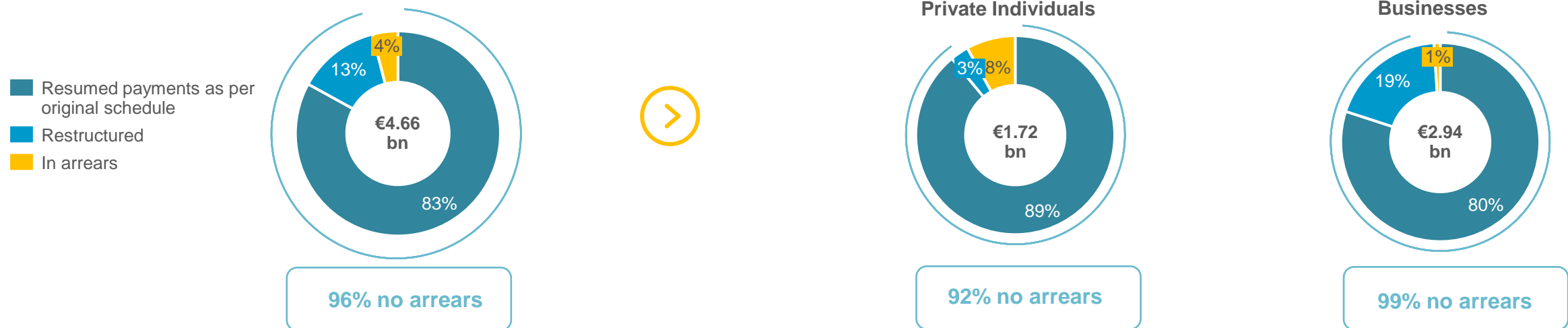
2) Assumes legal completion

Single digit NPE ratio achieved

On track to deliver NPE ratio of 5% in the medium term



Strong performance of moratorium portfolio continues, 11 months after deferral expiry



- 96% of performing loans¹ under expired payment deferrals² present no arrears, of which €0.59 bn have been restructured
- Just 4% (€186 mn) in arrears of which €178 mn in early arrears (<30 dpd)
- Strong track record in dealing with restructurings
- Targeted restructuring solutions to alleviate pandemic-related short-term cash flow burden, following rigorous assessment of repayment ability

- **Private Individuals:**
 - 92% of performing loans¹ under expired payment deferrals² present no arrears of which c.€36 mn have been restructured
 - €142 mn (8%) in arrears of which €135 mn in early arrears (<30 dpd)
- **Businesses:**
 - 99% of performing loans¹ under expired payment deferrals² present no arrears of which €556 mn have been restructured; mostly in the tourism sector
 - Just 1% (c.€44 mn) in arrears

1) As at 30 September 2021

2) With instalment due by 22 Nov 2021

Income Statement

€ mn	9M2021	9M2020	3Q2021	2Q2021	qoq%	yoy%
Net Interest Income	223	250	71	76	-6%	-11%
Non interest income	204	175	68	76	-10%	16%
Total income	427	425	139	152	-8%	0%
Total operating expenses ¹	(260)	(249)	(89)	(89)	1%	4%
Operating profit	143	152	41	57	-29%	-6%
Total loan credit losses, impairments and provisions	(76)	(158)	(26)	(24)	3%	-52%
Profit/(loss) after tax and before non-recurring items²	64	(9)	13	34	-59%	-
Advisory and other restructuring costs -organic	(19)	(9)	(1)	(15)	-93%	102%
Profit/(loss) after tax-Organic²	45	(18)	12	19	-31%	-
Provisions/ net (loss)/profit on NPE sales ³	(6)	(87)	10	(14)	-	-94%
Restructuring and other costs ³	(19)	(17)	(3)	(12)	-71%	22%
Profit/(loss) after tax²	20	(122)	19	(7)	-	-
Key Ratios						
Net Interest margin (annualised)	1.49%	1.87%	1.34%	1.49%	-15 bps	-38 bps
Cost to income ratio	66%	64%	71%	62%	9 p.p.	2 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	61%	59%	64%	58%	6 p.p.	2 p.p.
Cost of Risk (annualised)	0.66%	1.25%	0.78%	0.52%	26 bps	-59 bps
EPS⁴ before non-recurring items (€ cent)	14.31	(1.99)	3.08	7.48	-4.40	16.30

- NII for 3Q2021 decreased to €71 mn following Helix 2 completion in June 2021 (c.€8 mn in 2Q2021)
- NIM reduced to 1.34% for 3Q2021 following Helix 2 completion and 3 p.p. increase of AIEA held in liquids (53%)
- Non interest income for 3Q2021 amounted to €68 mn, mainly due to lower net insurance income; net insurance income mostly impacted by seasonality, higher claims and changes in the discount rate
- Total operating expenses¹ at €89 mn for 3Q2021, flat qoq
- Provisions and impairments for 3Q2021 amounted to €26 mn, up 3% qoq; cost of risk at 78 bps
- **Profit after tax and before non-recurring items² of €13 mn for 3Q2021 and €64 mn for 9M2021**
- **Profit after tax² for 3Q2021 amounted to €19 mn and €20 mn for 9M2021**
- **ROTE⁴ before non-recurring items of 3.3% for 3Q2021 and 5.2% for 9M2021**

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

2) Attributable to the owners of the Company

3) Please refer to section A.2.4 "Profit/(loss) after tax (attributable to the owners of the Company)" of the 9M2021 FR Press Release

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

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 ratio¹

Oct 2019 ²	Oct 2020 ²	Oct 2021
75.9%	84.4%	88.0%



Digitally Engaged Customers¹

Oct 2019 ²	Oct 2020 ²	Oct 2021
68.4%	74.0%	78.1%



Average mobile logins per month

Oct 2019	Oct 2020	Oct 2021
15.2x	16.9x	18.8x



Active users of Internet and/or Mobile Banking

Oct 2019	Oct 2020	Oct 2021
246K	285k	326k

1) Please refer to slide 68 for the definitions

2) Comparative figures have been revised in order to include data for the transactions of "Payroll & Group Transfers" through 1Bank.

Organizational resilience & ESG agenda: ESG Performance

Environmental



1,544k kWh
of energy savings in 9M2021



€228k
investment in energy-saving in 9M2021



278k kg
paper recycled in 9M2021



Introduction of environmentally friendly loan products

Social



>16 ths
cancer patients received treatment and other services at the Bank of Cyprus Oncology Centre for 9M2021



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



>30 entrepreneurs educated in 9M2021 via IDEA innovation centre, a non-profit organization, established in 2015, acting as incubator accelerator for start-ups (**>5,700** since establishment)

Governance



30%
of the board of directors are female as at 30 Sep 2021

37%
of the key positions below extended EXCO are female



36
internal audits finalised in 9M2021



2,616
customer relationships terminated/suspended for compliance reasons in 9M2021

People



>3,500
employees



>34 ths
hours of training conducted in 9M2021



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

Responsible services



€1.3 bn
new lending for 9M2021



88%
of total transactions in Jan-Oct 2021 are through digital channels



78%
of customers are digitally engaged as at 30 Oct 2021

SupportCy¹ Network Initiative



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

ESG Ratings

MSCI ESG Ratings²

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 130 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 69 in the definitions