Bank of Cyprus Holdings

Announcement

Preliminary Group Financial Results for the year ended 31 December 2024 and Updated Financial Targets

Nicosia, 18 February 2025

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014.

Key Highlights for the year ended 31 December 2024

Strong economic growth continues

- Economic growth of 3.4% in FY2024; expected to continue to grow by c.3.3%[1] in 2025 outpacing Euro area average
- Record new lending of €2.4 bn in 2024, up 20% yoy
- Gross performing loan book at €10.2 bn, up 4% yoy

Delivered ROTE of >20% for two consecutive years

- NII at €822 mn up 4% yoy; 4Q2024 NII down 3% qoq to €198 mn, mainly reflecting the decline in interest rates
- Total operating expenses[2] up 8% yoy to €367 mn, due to higher staff costs, IT, marketing and professional fees
- Cost to income ratio[2] remains low at 34%; 4Q2024 cost to income ratio[2] at 38% largely due to quarterly seasonally higher expenses
- Profit after tax of €508 mn up 4% yoy, of which €107 mn in 4Q2024
- Basic earnings per share of €1.14 for FY2024, up 5% yoy

High liquidity and healthy asset quality

- NPE ratio reduced to 1.9%[3]
- NPE coverage at 111%[3]; cost of risk at 30 bps
- Retail funded deposit base at €20.5 bn, up 6% yoy and 3% qoq
- Highly liquid balance sheet with €7.6 bn placed at the ECB

Robust capital and shareholder remuneration

- Regulatory CET1 ratio and Total Capital ratio at 19.2% and 24.0% respectively
- CET1 generation[4] of 400 bps in FY2024
- Tangible book value per share of €5.77[5] as at 31 December 2024 up 17% yoy
- Proposed distribution at 50% payout ratio: €211 mn[6] cash dividend and €30 mn share buyback

1. Source: Cyprus' Ministry of Finance; projections as of January 2025
2. Excluding special levy on deposits and other levies/contributions
3. Pro forma for HFS; Agreement for the sale of €27 mn NPEs in 3Q2024 and c.€39 mn in 4Q2024; expected to be completed by 1H2025 subject to necessary approvals
4. Increase in CET1 ratio (pre-distribution)
5. Shareholder's equity (excluding other equity instruments) minus intangible assets/ divided by the number of ordinary shares less the shares held as treasury as at the quarter end
6. Subject to approval at the AGM scheduled on 16 May 2025

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

Group Chief Executive Statement

"We entered 2025 from a position of strength, achieving operational excellence in 2024 with ROTE exceeding 20% for the second consecutive year. This performance is testament to our robust capital and liquidity position, our strong asset quality and our diversified business model. As a result, we generated a profit after tax of €508 mn, 4% higher than 2023 and surpassed all our key financial targets for 2024, accelerating shareholder value creation.

In line with our ongoing, unwavering commitment of providing sustainable shareholder returns, we delivered on our promises and today we are pleased to propose a distribution based on a 50% payout ratio, at the top-end of our 2024 distribution policy. This comprises a €211 mn[1] cash dividend and a €30 mn share buyback, a significant increase in both payout ratio and total quantum compared to the previous year. In total it represents a double-digit yield[2], which is above the 2024 Eurozone banking sector average. Overall, we delivered €400 mn of cumulative distributions out of 2022-2024 earnings, representing 24% of our market capitalisation and exceeding the target we set at the Investor Update event in June 2023 in both size and timing.

Strong capital generation drove our CET1 ratio and Total capital ratio to 19.2% and 24.0% respectively, net of the distribution at the 50% payout ratio. Our asset quality remains healthy demonstrated by an NPE ratio below 2%[3] whilst NPEs are fully covered. During 2024, we extended a record of €2.4 bn in new loans, an increase of 20% on the prior year, whilst maintaining strict lending criteria. Our gross performing loan portfolio grew 4% to €10.2 bn.

Looking ahead, as the interest rate environment normalises towards c.2%, we reiterate our 2025 target of delivering high-teens ROTE on 15% CET1 ratio or mid-teens ROTE on reported equity. Our priorities going forward will centre on prudent capital management, driving new growth initiatives focused on loan book growth, non interest income diversification, maintaining cost discipline whilst re-investing in the business and protecting the fundamentals of our asset quality.

We recognise the importance of continuing to deliver attractive shareholder returns and hence we are also upgrading our Distribution Policy today by increasing the payout ratio range to 50-70%. We will also consider the introduction of interim dividends.

As we enter 2025, we are fully equipped to continue succeeding in the future, leveraging on our key strengths to ensure we are a well-capitalised and highly profitable organisation, with an unparalleled focus on supporting our customers and the broader economy."

Panicos Nicolaou

1. Subject to approval at the AGM scheduled on 16 May 2025
2. Based on a share price as at 31 December 2024
3. Pro forma for HFS; Agreement for the sale of €27 mn NPEs in 3Q2024 and c.€39 mn in 4Q2024; expected to be completed by 1H2025 subject to necessary approvals

A. Preliminary Group Financial Results – Statutory Basis

Unaudited Consolidated Income Statement for the year ended 31 December 2024

	2024	2023
	€000	€000
Interest income	**982,616**	920,078
Income similar to interest income	**154,936**	65,450
Interest expense	**(163,292)**	(146,899)
Expense similar to interest expense	**(152,796)**	(46,412)
Net interest income	**821,464**	792,217
Fee and commission income	**184,418**	188,343
Fee and commission expense	**(7,475)**	(7,320)
Net foreign exchange gains	**27,285**	28,588
Net gains on financial instruments	**10,672**	12,780
Net (losses)/gains on derecognition of financial assets measured at amortised cost	**(13)**	6,361
Net insurance finance (expense)/ income and net reinsurance finance (expense)/income	**(3,907)**	960
Net insurance service result	**76,791**	73,528
Net reinsurance service result	**(26,693)**	(21,000)
Net (losses)/gains from revaluation and disposal of investment properties	**(1,430)**	1,043
Net gains on disposal of stock of property	**216**	8,972
Other income	**14,381**	18,337
Total operating income	**1,095,709**	1,102,809
Staff costs	**(203,062)**	(192,266)
Special levy on deposits and other levies/contributions	**(39,115)**	(42,380)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	**(11,775)**	(28,464)
Other operating expenses	**(163,649)**	(151,093)
Operating profit before credit losses and impairment	**678,108**	688,606
Credit losses on financial assets	**(31,797)**	(79,830)
Impairment net of reversals on non-financial assets	**(56,040)**	(46,852)
Profit before tax	**590,271**	561,924
Income tax	**(81,128)**	(72,980)
Profit after tax for the year	**509,143**	488,944
Attributable to:		
Owners of the Company	**508,188**	487,207
Non-controlling interests	**955**	1,737
Profit for the year	**509,143**	488,944
Basic profit per share attributable to the owners of the Company (€ cent)	**114.4**	109.2
Diluted profit per share attributable to the owners of the Company (€ cent)	**114.0**	109.0

A. Preliminary Group Financial Results – Statutory Basis (continued)

Unaudited Consolidated Balance Sheet as at 31 December 2024

	31 December 2024	31 December 2023
Assets	**€000**	€000
Cash and balances with central banks	**7,600,726**	9,614,502
Loans and advances to banks	**820,574**	384,802
Reverse repurchase agreements	**1,010,170**	403,199
Derivative financial assets	**95,273**	51,055
Investments at FVPL	**136,629**	135,275
Investments at FVOCI	**416,077**	443,420
Investments at amortised cost	**3,805,637**	3,116,714
Loans and advances to customers	**10,114,394**	9,821,788
Life insurance business assets attributable to policyholders	**772,757**	649,212
Prepayments, accrued income and other assets	**479,199**	584,919
Stock of property	**648,757**	826,115
Investment properties	**36,251**	62,105
Deferred tax assets	**166,844**	201,268
Property and equipment	**307,414**	285,568
Intangible assets	**49,747**	48,635
Non-current assets and disposal groups held for sale	**23,143**	-
Total assets	**26,483,592**	26,628,577
Liabilities		
Deposits by banks	**364,231**	471,556
Funding from central banks	**-**	2,043,868
Derivative financial liabilities	**4,664**	17,980
Customer deposits	**20,519,276**	19,336,915
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**44,074**	-
Insurance contract liabilities	**743,684**	658,424
Accruals, deferred income, other liabilities and other provisions	**556,459**	469,265
Provisions for pending litigation, claims, regulatory and other matters	**92,620**	131,503
Debt securities in issue	**989,435**	671,632
Subordinated liabilities	**307,138**	306,787
Deferred tax liabilities	**31,943**	32,306
Total liabilities	**23,653,524**	24,140,236
Equity		
Share capital	**44,050**	44,620
Share premium	**594,358**	594,358
Revaluation and other reserves	**86,139**	89,920
Retained earnings	**1,865,327**	1,518,182
Equity attributable to the owners of the Company	**2,589,874**	2,247,080
Other equity instruments	**220,000**	220,000
Non-controlling interests	**20,194**	21,261
Total equity	**2,830,068**	2,488,341
Total liabilities and equity	**26,483,592**	26,628,577

B. Preliminary Group Financial Results – Underlying Basis

Unaudited Consolidated Income Statement

€ mn	FY2024	FY2023	yoy ±%	4Q2024	3Q2024	2Q2024	1Q2024	qoq ±%
Net interest income	822	792	4%	198	204	207	213	-3%
Net fee and commission income	177	181	-2%	46	45	44	42	4%
Net foreign exchange gains and net gains/(losses) on financial instruments	36	37	-2%	9	14	6	7	-37%
Net insurance result	46	54	-14%	11	12	13	10	-8%
Net (losses)/ gains from revaluation and disposal of investment properties and on disposal of stock of properties	(1)	10	-	(4)	1	1	1	-
Other income	14	18	-22%	6	3	2	3	195%
Total income	**1,094**	**1,092**	**0%**	**266**	**279**	**273**	**276**	**-4%**
Staff costs	(203)	(192)	6%	(52)	(55)	(48)	(48)	-5%
Other operating expenses	(164)	(149)	10%	(49)	(44)	(38)	(33)	14%
Special levy on deposits and other levies/contributions	(39)	(43)	-8%	(13)	(7)	(8)	(11)	73%
Total expenses	**(406)**	**(384)**	**6%**	**(114)**	**(106)**	**(94)**	**(92)**	**8%**
Operating profit	**688**	**708**	**-3%**	**152**	**173**	**179**	**184**	**-12%**
Loan credit losses	(30)	(63)	-52%	(8)	(6)	(9)	(7)	23%
Impairments of other financial and non-financial assets	(56)	(53)	5%	(17)	(14)	(17)	(8)	14%
Provisions for pending litigations, claims, regulatory and other matters (net of reversals)	(12)	(28)	-59%	(13)	4	7	(10)	-
Total loan credit losses, impairments and provisions	**(98)**	**(144)**	**-32%**	**(38)**	**(16)**	**(19)**	**(25)**	**113%**
Profit before tax and non-recurring items	**590**	**564**	**5%**	**114**	**157**	**160**	**159**	**-26%**
Tax	(81)	(73)	11%	(8)	(25)	(23)	(25)	-67%
Profit attributable to non-controlling interests	(1)	(2)	-45%	1	(1)	0	(1)	-
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**508**	**489**	**4%**	**107**	**131**	**137**	**133**	**-17%**
Advisory and other transformation costs – organic	-	(2)	-100%	-	-	-	-	-
Profit after tax (attributable to the owners of the Company)	**508**	**487**	**4%**	**107**	**131**	**137**	**133**	**-17%**

B. Preliminary Group Financial Results – Underlying Basis (continued)

Unaudited Consolidated Income Statement- Key Performance Ratios

Key Performance Ratios	**FY2024**	**FY2023**	yoy ±%	**4Q2024**	**3Q2024**	**2Q2024**	**1Q2024**	qoq ±%
Net Interest Margin (annualised)	3.53%	3.41%	12 bps	3.34%	3.52%	3.68%	3.70%	-18 bps
Net Interest Margin excluding TLTRO III (annualised)	3.60%	3.74%	-14 bps	3.34%	3.52%	3.70%	3.90%	-18 bps
Cost to income ratio	37%	35%	2 p.p.	43%	38%	34%	33%	5 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	34%	31%	3 p.p.	38%	35%	32%	29%	3 p.p.
Operating profit return on average assets (annualised)	2.7%	2.7%	-	2.3%	2.7%	2.9%	2.9%	-0.4 p.p.
Basic earnings per share attributable to the owners of the Company (€)[1]	1.14	1.09	0.05	0.24	0.29	0.31	0.30	-0.05
Return on tangible equity (ROTE)	21.4%	24.8%	-3.4 p.p.	17.1%	21.6%	23.7%	23.6%	-4.5 p.p.
Return (annualised) on tangible equity (ROTE) on 15% CET1 ratio[2]	27.6%	27.4%	0.2 p.p.	23.2%	28.2%	29.9%	29.1%	-5.0 p.p.
Tangible book value per share[3] (€)	5.77	4.93	0.84	5.77	5.56	5.27	5.23	0.21
Tangible book value per share excluding the cash dividend	5.29	4.68	0.61	5.29	5.56	5.27	4.98	-0.27

1. The diluted earnings per share attributable to the owners of the Company for 4Q2024 amounted to €0.24 and €1.14 for FY2024
2. Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (annualised - (based on year - to - date days), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible shareholders' equity
3. Tangible book value per share is calculated based on number of shares in issue at the end of the period, excluding treasury shares

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

Commentary on Underlying Basis

The financial information presented in this Section provides an overview of the Group financial results for the year ended 31 December 2024 on the 'underlying basis' which management believes best fits the true measurement of the performance and position of the Group, as this presents separately any non-recurring items and also includes certain reclassifications of items, other than non-recurring items, which are done for presentational purposes under the underlying basis for aligning the presentation with items of a similar nature.

Reconciliations between the statutory basis and the underlying basis to facilitate the comparability of the underlying basis to the statutory information, are included in Section B.1 'Unaudited Reconciliation of Consolidated Income statement for the year ended 31 December 2024 between statutory and the underlying basis' and will also be available in the Annual Financial Report for the year ended 31 December 2024 under 'Alternative Performance Measures Disclosures'.

B. Preliminary Group Financial Results– Underlying Basis (continued)

Unaudited Condensed Consolidated Balance Sheet

€ mn	31.12.2024	31.12.2023	±%
Cash and balances with central banks	**7,601**	**9,615**	-21%
Loans and advances to banks	**821**	**385**	113%
Reverse repurchase agreements	**1,010**	**403**	151%
Debt securities, treasury bills and equity investments	**4,358**	**3,695**	18%
Net loans and advances to customers	**10,114**	**9,822**	3%
Stock of property	**649**	**826**	-21%
Investment properties	**36**	**62**	-42%
Other assets	**1,872**	**1,821**	3%
Non-current assets and disposal groups held for sale	**23**	**-**	-
Total assets	**26,484**	**26,629**	**-1%**
Deposits by banks	**364**	**472**	-23%
Funding from central banks	**-**	**2,044**	-100%
Customer deposits	**20,519**	**19,337**	6%
Debt securities in issue	**989**	**672**	47%
Subordinated liabilities	**307**	**307**	0%
Other liabilities	**1,475**	**1,309**	13%
Total liabilities	**23,654**	**24,141**	**-2%**
Shareholders' equity	**2,590**	**2,247**	**15%**
Other equity instruments	220	220	**-**
Total equity excluding non-controlling interests	**2,810**	**2,467**	**14%**
Non-controlling interests	20	21	**-5%**
Total equity	**2,830**	**2,488**	**14%**
Total liabilities and equity	**26,484**	**26,629**	**-1%**

Key Balance Sheet figures and ratios	**31.12.2024 Pro forma[1]**	**31.12.2024**	**31.12.2023**	±[1]
Gross loans (€ mn)	**10,320**	**10,374**	**10,070**	2%
Allowance for expected loan credit losses (€ mn)	**223**	**254**	**267**	-16%
Customer deposits (€ mn)	**20,519**	**20,519**	**19,337**	6%
Loans to deposits ratio (net)	**49%**	**49%**	**51%**	-2 p.p.
NPE ratio	**1.9%**	**2.5%**	**3.6%**	-170 bps
NPE coverage ratio	**111%**	**100%**	**73%**	+38 p.p.
Leverage ratio	**10.4%**	**10.4%**	**9.1%**	+130 bps
Capital ratios and risk weighted assets		**31.12.2024 (Regulatory)[2]**	**31.12.2023 (Regulatory)**	±
Common Equity Tier 1 (CET1) ratio (transitional)		**19.2%**	**17.4%**	+180 bps
Total capital ratio (transitional)		**24.0%**	**22.4%**	+160 bps
Risk weighted assets (€ mn)		**10,834**	**10,341**	+5%

1. Pro forma for HFS; Agreement for the sale of €27 mn NPEs in 3Q2024 and c.€39 mn in 4Q2024 ; expected to be completed by 1H2025 subject to necessary approvals 2. Includes unaudited preliminary profits for the year ended 31 December 2024 net of distribution at 50% payout ratio (refer to B.2.1) p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 p.p.

B. Preliminary Group Financial Results– Underlying Basis (continued)

B.1 Unaudited Reconciliation of Consolidated Income Statement for the year ended 31 December 2024 between the statutory and underlying basis

€ million	Underlying basis	Other	Statutory basis
Net interest income	822	-	822
Net fee and commission income	177	-	177
Net foreign exchange gains and net gains on financial instruments	36	2	38
Net gains on derecognition of financial assets measured at amortised cost	-	(0)	(0)
Net insurance result*	46	-	46
Net loss from revaluation and disposal of investment properties and on disposal of stock of properties	(1)	-	(1)
Other income	14	-	14
Total income	**1,094**	**2**	**1,096**
Total expenses	**(406)**	**(12)**	**(418)**
Operating profit	**688**	**(10)**	**678**
Loan credit losses	(30)	30	-
Impairment of other financial and non-financial assets	(56)	56	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	(12)	12	-
Credit losses on financial assets and impairment net of reversals of non-financial assets	-	(88)	(88)
Profit before tax and non-recurring items	**590**	**-**	**590**
Tax	(81)	-	(81)
Profit attributable to non-controlling interests	(1)	-	(1)
Profit after tax (attributable to the owners of the Company)	**508**	**-**	**508**

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

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

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

- '*Net gains on derecognition of financial assets measured at amortised cost*' is nil under the statutory basis and comprises the below items which are reclassified accordingly under the underlying basis as follows:
  - €0.3 mn net gains on derecognition of loans and advances to customers included in '*Loan credit losses*' under the underlying basis as to align their presentation with the loan credit losses arising from loans and advances to customers.
  - Net losses on derecognition of debt securities measured at amortised cost of approximately €0.3 mn included in '*Net foreign exchange gains and net gains on financial instruments*' under the underlying basis in order to align their presentation with the net gains on financial instruments.

- '*Provisions for pending litigation, claims, regulatory and other matters (net of reversals)*' amounting to €12 mn presented within '*Operating profit before credit losses and impairment*' under the statutory basis, are presented under the underlying basis in conjunction with loan credit losses and impairments.

- '*Credit losses on financial assets*' and '*Impairment net of reversals on non-financial assets*' under the statutory basis include: i) credit losses to cover credit risk on loans and advances to customers of €32 mn, which are included in '*Loan credit losses*' under the underlying basis, and ii) net reversal of credit losses of other financial assets of a €0.1 mn and impairment net of reversals on non-financial assets of €56 mn, which are included in '*Impairment of other financial and non-financial assets*' under the underlying basis, as to be presented separately from loan credit losses.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis

B.2.1 Capital Base

Total equity excluding non-controlling interests totalled €2,810 mn as at 31 December 2024 compared to €2,728 mn as at 30 September 2024 and to €2,467 mn as at 31 December 2023. Shareholders' equity totalled to €2,590 mn as at 31 December 2024 compared to €2,508 mn as at 30 September 2024 and to €2,247 mn as at 31 December 2023.

The **regulatory Common Equity Tier 1 capital (CET1) ratio on a transitional basis** stood at 19.2% as at 31 December 2024 compared to 18.6% as at 30 September 2024 (or 19.1% when including the profits for 3Q2024 net distribution accrual) and to 17.4% as at 31 December 2023. Throughout this announcement, the capital ratios as at 31 December 2024 include unaudited profits for the year ended 31 December 2024 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy in line with Commission Delegated Regulation (EU) No 241/2014 principles (such ratios are referred to as regulatory. During FY2024, the CET1 ratio was positively affected by profit after tax and partially decreased by the distribution accrual at 50% payout ratio as well as the increase in operational RWAs primarily driven by the inclusion of higher 2024 income compared to 2021. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 26 bps as at 31 December 2024, compared to 27 bps as at 30 September 2024 and 32 bps as at 31 December 2023. A prudential charge in relation to an onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which was 3 bps on Group's CET1 ratio as at 31 December 2024 (compared to 3 bps on Group's CET1 ratio as at 30 September 2024 and to 12 bps as at 31 December 2023). In addition, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 31 December 2024, the impact of these requirements was 51 bps on Group's CET1 ratio, compared to 46 bps as at 30 September 2024 and to 24 bps as at 31 December 2023. The above-mentioned requirements are within the capital plans of the Group and incorporated within its capital projections.

The **regulatory Total Capital ratio on a transitional basis** stood at 24.0% as at 31 December 2024 compared to 23.7% as at 30 September 2024 (or 24.3% when including profits for 3Q2024 net of distribution accrual) and to 22.4% as at 31 December 2023.

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

As at 31 December 2024, the Group's minimum phased-in CET1 capital ratio requirement was set at **11.34%**, comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and CcyB of c.0.92%. Likewise, the Group's minimum phased-in Total Capital ratio requirement was set at **16.05%,** comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.875% and the CcyB of c.0.92%. For FY2024, the ECB had also provided revised lower non-public guidance for an additional Pillar II CET1 buffer (P2G) compared to 2023.

The Central Bank of Cyprus ('CBC'), following the revised methodology described in its macroprudential policy, decided to set the CcyB to 1.00% of the total risk exposure in Cyprus for each licensed credit institution incorporated in Cyprus, effective from June 2024. As a result, the CcyB for the Group as at 31 December 2024 amounted to c.0.92%. In January 2025, CBC, based on its macroprudential policy, decided to increase the CCyB from 1.00% to 1.50% of the total risk exposure amount in Cyprus, for each licensed credit institution incorporated in Cyprus, effective from January 2026.

The Bank has been designated as an Other Systemically Important Institution (O-SII) by CBC in accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015 and the relevant buffer stood at 1.875% on 1 January 2024. In April 2024, following a revision by the CBC of its policy for the designation of credit institutions that meet the definition of O-SII institutions and the setting of O-SII buffer to be observed, the Group's O-SII buffer has been reduced to 2.00% on 1 January 2026 (from the previous assessment of 2.25% on 1 January 2025) to be phased by 6.25 bps annually, to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026.

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

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.1 Capital Base (continued)

Following the annual SREP performed by the ECB in 2024 and based on the final SREP decision received in December 2024, effective from 1 January 2025, **the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements remain unchanged from prior year,** when disregarding the phasing in of the O-SII buffer. On 1 January 2025 the Group's minimum phased-in CET1 capital ratio is set at **11.40%,** comprising a 4.50% Pillar I requirement, a 1.55% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of c.0.92%. Likewise, on 1 January 2025 the Group's minimum phased-in Total Capital ratio requirement is set at **16.11%,** comprising an 8.00% Pillar I requirement, of which up to 1.50% can be in the form of AT1 capital and up to 2.00% in the form of T2 capital, a 2.75% Pillar II requirement, the Capital Conservation Buffer of 2.50%, the O-SII Buffer of 1.9375% and CcyB of c.0.92%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) remains unchanged compared to 2024. **Based on the final SREP decision, the requirement for prior regulatory approval for the declaration of dividends is lifted, effective from 1 January 2025.**

Distributions

FY2024 Distribution at 50% payout ratio

Following the Group's strong financial performance, its successful execution of its strategic targets in 2024 and its ongoing commitment to delivering sustainable returns to shareholders, **the Company proposes a total distribution of €241 mn, comprising a cash dividend of €211 mn and a share buyback of up to €30 mn** (together, the '2024 Distribution'). The 2024 Distribution corresponds to 50% payout ratio of the Group's FY2024 adjusted recurring profitability, at the top-end of the Group's 2024 Distribution Policy and represents a significant increase both in terms of payout ratio and total quantum, compared to prior year. This is equivalent to 12% distribution yield (based on the share price as at 31 December 2024), above the 2024 Eurozone banking sector average.

Following the above, the Board of Directors of the Company has resolved to propose to the Annual General Meeting ('AGM') that will be held on 16 May 2025 for approval, a final cash dividend of €0.48 per ordinary share in respect of earnings for the year ended 31 December 2024, almost doubled compared to €0.25 per ordinary share in prior year. Further details regarding the ex-dividend date, record date and payment date will be provided in due course, with the publication of AGM Notice that is expected to be published on or around 23 April 2025. Additionally, the Company announces its intention to launch a programme to buy back ordinary shares in the Company for an aggregate consideration of up to €30 mn for which approval by the ECB has been received. It is expected that once launched, the programme will take place on Athens Stock Exchange ('Athex') and the Cyprus Stock Exchange ('CSE').

The launch and implementation of the share buyback programme will comply with the Company's general authority to repurchase the Company's ordinary shares as approved by shareholders at the Company's AGM on 17 May 2024, which is subject to renewal at the AGM scheduled to take place on 16 May 2025, and with the terms of the approval received from the ECB.

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

Historic Distributions

In April 2023, the Company obtained the approval of the European Central Bank ('ECB') to pay a dividend of €0.05 per ordinary share in respect of earnings for the year ended 31 December 2022. This was the first dividend payment after 12 years underpinning the Group's position as a strong and well-diversified organisation, capable of delivering sustainable shareholder returns.

In March 2024, the Company obtained the approval of the ECB to pay a cash dividend and to conduct a share buyback (together the '2023 Distribution'). The 2023 Distribution corresponded to a 30% payout ratio of FY2023 adjusted recurring profitability and amounted to €137 mn in total, comprising a cash dividend of €112 mn and a share buyback of up to €25 mn. The proposed final dividend of €0.25 per ordinary share was declared at the AGM which was held on 17 May 2024 and was paid in cash on 14 June 2024.

In April 2024, the Group launched its inaugural programme to buy back ordinary shares in the Company for an aggregate consideration of up to €25 mn (the 'Programme'). The purpose of the Programme was to reduce the Company's share capital and therefore shares purchased under the Programme were cancelled. The Programme was approved by the ECB on 15 March 2024.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.1 Capital Base (continued)

Distributions (continued)

Historic Distributions (continued)

As at 29 November 2024, the Programme was successfully completed, resulting in the Company repurchasing 5,697,690 ordinary shares at a volume weighed average price of €4.39 per share for a total consideration of €25 mn. All shares bought back were cancelled.

Upgraded Distribution policy from FY2025

The Group aims to provide a sustainable return to shareholders. The distribution policy is upgraded in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be **in the range of 50-70% payout ratio** (from 30-50%) of the Group's adjusted recurring profitability through a combination of cash dividends and share buybacks. Additionally the Board of Directors will also consider the introduction of interim dividends if it considers appropriate to do so. Group adjusted recurring profitability is defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.

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

Share Capital

As at 31 December 2024, there were 440,502,243 issued ordinary shares with a nominal value of €0.10 each, compared to 442,943,279 as at 30 September 2024 and 446,199,933 issued ordinary shares as at 31 December 2023. The reduction since the beginning of the year relates to the share buyback programme that was launched in April 2024 and completed in November 2024.

Other equity instruments

At 31 December 2024, the Group's other equity instruments relate to Additional Tier 1 Capital Securities (the "AT1 securities") and amounted to €220 mn, flat on prior quarter.

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

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

Legislative amendments for the conversion of DTA to DTC

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

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

The Group estimates that such fees could range up to c.€5 mn per year (for each tax year in scope i.e. since 2018) although the Group understands that such fee may fluctuate annually as to be determined by the Ministry of Finance. An amount of c.€5.5 mn was recorded as an expense in FY2024.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.1 Capital Base (continued)

B.2.2 Regulations and Directives

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

In October 2021, the European Commission adopted legislative proposals for further amendments to the Capital Requirements Regulation (CRR), CRD and the BRRD (the "**2021 Banking Package**"). Amongst other things, the 2021 Banking Package would implement certain elements of Basel III that have not yet been transposed into EU law. In the case of the proposed amendments to CRD and the BRRD, their terms and effect will depend, in part, on how they are transposed in each member state. In December 2023, the preparatory bodies of the Council and European Parliament endorsed the amendments to the CRR and the CRD and the legal texts were published on the Council and the Parliament websites. In April 2024, the European Parliament voted to adopt the amendments to the CRR and the CRD; Regulation (EU) 2024/1623 (known as CRR III) and Directive (EU) 2024/1619 (known as CRD VI) were published in the EU's official journal in June 2024, with entry into force 20 days from the date of the publication. Most amended provisions of the CRR III have become effective on 1 January 2025 with certain measures subject to transitional arrangements or to be phased in over time. Member states shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI and shall apply most of those measures by 11 January 2026. The implementation of CRR III is estimated to have a positive impact to the Group on initial application. However, during 2025 the publication of ECB guidelines on options and discretions and EBA mandates could result in additional impacts on CET1 ratios across the industry.

B.2.2.2 Bank Recovery and Resolution Directive (BRRD)

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD) requires that from January 2016, EU member states shall apply the BRRD's provisions requiring EU credit institutions and certain investment firms to maintain a minimum requirement for own funds and eligible liabilities (MREL), subject to the provisions of the Commission Delegated Regulation (EU) 2016/1450. On 27 June 2019, as part of the reform package for strengthening the resilience and resolvability of European banks, the BRRD II came into effect and was required to be transposed into national law. BRRD II was transposed and implemented in Cyprus law in May 2021. In addition, certain provisions on MREL have been introduced in CRR II which also came into force on 27 June 2019 as part of the reform package and were immediately effective.

In January 2024, the Bank received final notification from the SRB regarding the 2024 MREL decision, by which the MREL requirement was set at 25.00% of risk weighted assets (or 30.30% of risk weighted assets taking into account the prevailing CBR as at 31 December 2024 which needs to be met with own funds on top of the MREL) and 5.91% of Leverage Ratio Exposure ('LRE' as defined in the CRR) and had to be met by 31 December 2024.

In January 2025, the Bank received final notification from the SRB regarding the 2025 MREL decision, by which the MREL requirement is now set at 23.85% of risk weighted assets (or 29.21% of risk weighted assets taking into account the prevailing CBR as at 1 January 2025 which needs to be met with own funds on top of the MREL) and 5.91% of LRE. The revised MREL requirements became binding with immediate effect.

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

The regulatory MREL ratio as at 31 December 2024, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 33.7% of RWAs (including capital used to meet the CBR) and at 13.9% of LRE (based on the regulatory Total Capital as at 31 December 2024), demonstrating that the Bank finalized its MREL build-up and created a comfortable buffer over the MREL requirements.

The CBR stood at 5.30% as at 31 December 2024, flat on prior quarter and higher compared to 4.48% as at 31 December 2023, reflecting the increase of the CcyB and O-SII buffer by c.50 bps and 37.5 bps respectively. The CBR is expected to increase further as a result of the phasing in of O-SII buffer from 1.875% to 1.9375% on 1 January 2025 and to 2.00% on 1 January 2026 as well as the expected increase of CcyB from 1.00% to 1.50% in January 2026.

Throughout this announcement, the MREL ratios as at 31 December 2024 include unaudited, preliminary profits for the year ended 31 December 2024 in line with the ECB Decision (EU) (2015/656) on the recognition of interim or year-end profits in CET1 capital in accordance with Article 26(2) of the CRR, net of distribution accrual at the top end of the Group's approved distribution policy in line with Commission Delegated Regulation (EU) No 241/2014 principles.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.3 Funding and Liquidity

Funding

Funding from Central Banks

Following the repayment of €1.7 bn under the seventh TLTRO III operation in March 2024 and €0.3 bn under the eighth TLTRO III operation in June 2024, the Bank's funding from central banks was reduced to nil as of 30 June 2024, compared to €2,044 mn as at 31 December 2023. As at 31 December 2024, the funding from Central Banks was nil.

Deposits

Customer deposits totalled €20,519 mn at 31 December 2024 (compared to €19,989 mn at 30 September 2024 and to €19,337 mn at 31 December 2023) up 3% on prior quarter and 6% since the beginning of the year. Customer deposits are mainly retail-funded and 55% of deposits are protected under the deposit guarantee scheme as at 31 December 2024.

The Bank's deposit market share in Cyprus reached 37.2% as at 31 December 2024, compared to 37.6% as at 30 September 2024 and to 37.7% as at 31 December 2023. Customer deposits accounted for 77% of total assets and 87% of total liabilities at 31 December 2024 (compared to 73% of total assets and 80% of total liabilities as at 31 December 2023). The increase in the share of total assets and liabilities since the beginning of the year relates mainly to the repayment of €2.0 bn TLTRO.

The net loans to deposits (L/D) ratio stood at 49% as at 31 December 2024 (compared to at 50% as at 30 September 2024 and 51% as at 31 December 2023 on the same basis), 2 p.p. down since the beginning of the year.

Subordinated liabilities

At 31 December 2024, the carrying amount of the Group's subordinated liabilities amounted to €307 mn (compared to €322 mn at 30 September 2024 and to €307 mn at 31 December 2023) and relate to unsecured subordinated Tier 2 Capital Notes ('T2 Notes').

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

Debt securities in issue

At 31 December 2024, the carrying value of the Group's debt securities in issue amounted to €989 mn (compared to €976 mn at 30 September 2024 and to €672 mn at 31 December 2023) and relate to senior preferred notes. The increase of 47% since the beginning of the year relates to the issuance of €300 mn green senior preferred notes ('Green Notes') in April 2024.

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

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

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

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.3 Funding and Liquidity (continued)

Debt securities in issue (continued)

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

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

Liquidity

At 31 December 2024, the Group Liquidity Coverage Ratio (LCR) stood at 309% (compared to 312% at 30 September 2024 and to 359% at 31 December 2023), well above the minimum regulatory requirement of 100%. The LCR surplus as at 31 December 2024 amounted to €8.1 bn (compared to €8.0 bn at 30 September 2024 and to €9.1 bn at 31 December 2023) up 1% qoq reflecting mainly the increase in the customer deposits.

At 31 December 2024, the Group Net Stable Funding Ratio (NSFR) stood at 162% (compared to 157% as at 30 September 2024 and to 158% at 31 December 2023), well above the minimum regulatory requirement of 100%.

B.2.4 Loans

Group **gross loans** totalled €10,374 mn at 31 December 2024, compared to €10,277 mn at 30 September 2024 and to €10,070 mn at 31 December 2023) up 3% since the beginning of the year.

New lending granted in Cyprus reached €727 mn for 4Q2024 (compared to €481 mn for 3Q2024, €551 mn for 2Q2024 and a seasonally strong new lending of €676 mn for 1Q2024) up by 51% qoq, driven mainly by international loans. New lending in 4Q2024 comprised €269 mn of corporate loans, €205 mn of retail loans (of which €138 mn were housing loans), €59 mn of SME loans and €194 mn of international loans. New lending for FY2024 totalled a record of €2,435 mn since FY2015, up 20% yoy driven mainly by business demand.

At 31 December 2024, the Group net loans and advances to customers totalled €10,114 mn (compared to €10,031 mn at 30 September 2024 and to €9,822 mn at 31 December 2023) up 3% since December 2023.

The Bank is the largest credit provider in Cyprus with a market share of 43.0% at 31 December 2024, compared to 43.2% at 30 September 2024 and to 42.2% at 31 December 2023.

In December 2023, the Bank entered into an agreement with Cyprus Asset Management Company ('KEDIPES') to acquire a portfolio of performing and restructured loans with gross book value of c.€58 mn with reference date 31 December 2022 (the 'Transaction'). The Transaction was broadly neutral to the Group's income statement and capital position. The Transaction was completed in March 2024.

B.2.5 Loan portfolio quality

The Group has continued to make steady progress across all asset quality metrics. The Group's priorities focus mainly on maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

The loan credit losses for 4Q2024 amounted to €8 mn, compared to €6 mn for 3Q2024, €9 mn for 2Q2024 and €7 mn for 1Q2024 and totalled €30 mn for FY2024. Further details regarding loan credit losses are provided in Section B.3.3 'Profit before tax and non-recurring items'.

Non-performing exposures

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced by €19 mn, or 7% in 4Q2024, compared to a net decrease of €20 mn in 3Q2024, to €255 mn at 31 December 2024 (compared to €274 mn at 30 September 2024 and €365 mn at 31 December 2023).

As a result, the NPEs reduced to 2.5% of gross loans as at 31 December 2024, compared to 2.7% of gross loans as at 30 September 2024 and 3.6% of gross loans as at 31 December 2023.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.5 Loan portfolio quality (continued)

The NPE coverage ratio stands at 100% at 31 December 2024, compared to 92% at 30 September 2024 and to 73% at 31 December 2023.

Agreement for the sale of NPEs

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

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

The transactions are expected to be broadly neutral to both the income statement and to capital. Both transactions are subject to the necessary approvals and is expected to be completed by 1H2025. The transactions are classified as non-current assets held for sale and as at 31 December 2024 their gross book value and net book value amounted to €54 mn and €23 mn respectively. **Pro forma for the NPE sale agreements, the NPE ratio is reduced further to 1.9%, whilst NPE coverage increased to 111%.**

Overall, since the peak in 2014, the stock of NPEs has been reduced by €14.7 bn or 99% to €0.2 bn and the NPE ratio by 61 p.p. from 63% to below 2.0%.

Mortgage-To-Rent Scheme (“MTR”)

In July 2023, the Mortgage-to-Rent Scheme (‘MTR’) was approved by the Council of Ministers and aims for the reduction of NPEs backed by primary residence and simultaneously protect the primary residence of vulnerable borrowers. The eligible criteria include:

- Borrowers that were non-performing as at 31 December 2021, remained non-performing as at 31 December 2022 and who also received government allowances during the period January 2021 to December 2022, with facilities backed by primary residence with Open Market Value up to €250k;
- Borrowers that had a fully completed application to Estia Scheme and were assessed as eligible but not viable with a primary residence of up to €350k Open Market Value; and
- all applicants that were approved under Estia Scheme but their inclusion was terminated.

Under the MTR, eligible property owners will voluntarily surrender ownership of their residence to Cyprus Asset Management Company (‘KEDIPES’) which has been approved by the Government to provide and manage social housing and will be exempted from their mortgage loan, as the state will be covering fully the required rent on their behalf. KEDIPES will carry out a new valuation and a technical due diligence for the eligible applicants’ property and if satisfied will approve the application and pay to the banks an amount equal to 65% of the Open Market Value of the primary residence in exchange for the mortgage release, the write off of the NPE loan and the transfer of the property title deeds.

The eligible applicants will be able to acquire the primary residence after 5 years at a favourable price, below the Open Market Value.

The scheme has been launched in December 2023; it is expected to act as another tool to address NPEs in the Retail sector.

B.2.6 Fixed income portfolio

Fixed income portfolio amounts to €4,212 mn as at 31 December 2024, compared to €4,061 mn as at 30 September 2024 and €3,548 mn as at 31 December 2023, increased by 4% on the prior quarter and by 19% on prior year. As at 31 December 2024, the portfolio represents 16% of total assets and comprises €3,806 mn (90%) measured at amortised cost and €406 mn (10%) at fair value through other comprehensive income (‘FVOCI’).

The fixed income portfolio measured at amortised cost is held to maturity and therefore no fair value gains/losses are recognised in the Group’s income statement or equity. This fixed income portfolio has high average rating at Aa2. The amortised cost fixed income portfolio as at 31 December 2024 has an unrealised fair value gain of €32 mn, equivalent to c.30 bps of CET1 ratio (compared to an unrealised fair value gain of €44 mn as at 30 September 2024).

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

B.2.7 Reverse repurchase agreements

Reverse repurchase agreements amount to €1,010 mn as at 31 December 2024, compared to €1,023 mn as at 30 September 2024 and €403 mn as at 31 December 2023. The increase since the beginning of the year related to the hedging activities the Group is carrying out in order to reduce its net interest income sensitivity. The average yield of reverse repurchase agreements is c.3.0% p.a. and the average duration is estimated at c.2.1 years.

B.2.8 Real Estate Management Unit (REMU)

The **Real Estate Management Unit (REMU)** is focused on the disposal of on-boarded properties resulting from debt for asset swaps. Cumulative sales of repossessed assets since the beginning of 2019 amount to c.€1.1 bn and exceed properties on-boarded in the same period of €0.5 bn.

REMU completed disposals of €175 mn in FY2024 (compared to €172 mn in FY2023), resulting in a gain on disposal of €1 mn for FY2024 (compared to a profit of c.€11 mn for FY2023). Asset disposals are across all property classes, with 44% of sales in gross sale value in FY2024 relating to land.

During the year ended 31 December 2024, REMU executed sale-purchase agreements (SPAs) for disposals of 486 properties with contract value of €194 mn, compared to SPAs for disposals of 569 properties with contract value of €213 mn for FY2023.

In addition, REMU had a pipeline of €42 mn by contract value as at 31 December 2024, of which €24 mn related to SPAs signed (compared to a pipeline of €40 mn as at 31 December 2023, of which €29 mn related to SPAs signed).

REMU on-boarded €30 mn of assets in FY2024 (compared to additions of €21 mn in FY2023), via the execution of debt for asset swaps and repossessed properties.

As at 31 December 2024, repossessed properties held by REMU had a carrying value of €660 mn, compared to €764 mn as at 30 September 2024 and €862 mn as at 31 December 2023 and remain on track to achieve its target of reducing this portfolio to c.€0.5 bn by end-2025.

Assets held by REMU

Repossessed Assets held by REMU (Group) € mn	**FY2024**	**FY2023**	**yoy ±%**	**4Q2024**	**3Q2024**	**qoq ±%**
Opening balance	**862**	**1,079**	-20%	764	790	-3%
On-boarded assets	**30**	**21**	46%	2	14	-77%
Sales	**(175)**	**(172)**	2%	(93)	(26)	277%
Net impairment loss	**(57)**	**(44)**	29%	(16)	(15)	11%
Transfers to own properties	**-**	**(22)**	-100%	3	-	-
Closing balance	**660**	**862**	-23%	**660**	**764**	-14%

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.2 Balance Sheet Analysis (continued)

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

Analysis by type and country of repossessed properties **31 December 2024 (€ mn)**	**Cyprus**	**Greece**	**Total**
Residential properties	**46**	**6**	**52**
Offices and other commercial properties	**78**	**8**	**86**
Manufacturing and industrial properties	**15**	**10**	**25**
Land (fields and plots)	**345**	**3**	**348**
Golf courses and golf-related property	**149**	**0**	**149**
Total	**633**	**27**	**660**

31 December 2023 (€ mn)	**Cyprus**	**Greece**	**Total**
Residential properties	**50**	**12**	**62**
Offices and other commercial properties	**127**	**13**	**140**
Manufacturing and industrial properties	**36**	**16**	**52**
Land (fields and plots)	**405**	**4**	**409**
Golf courses and golf-related property	**199**	**0**	**199**
Total	**817**	**45**	**862**

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis

B.3.1 Total income

€ mn	FY2024	FY2023	yoy ±%	4Q2024	3Q2024	2Q2024	1Q2024	qoq±%
Net interest income	**822**	**792**	4%	**198**	**204**	**207**	**213**	-3%
Net fee and commission income	**177**	**181**	-2%	46	45	44	42	4%
Net foreign exchange gains and net gains/(losses) on financial instruments	**36**	**37**	-2%	9	14	6	7	-37%
Net insurance result	**46**	**54**	-14%	11	12	13	10	-8%
Net (losses)/ gains from revaluation and disposal of investment properties and on disposal of stock of properties	**(1)**	**10**	-	(4)	1	1	1	-
Other income	**14**	**18**	-22%	6	3	2	3	195%
Non-interest income	**272**	**300**	-9%	**68**	**75**	**66**	**63**	-9%
Total income	**1,094**	**1,092**	0%	**266**	**279**	**273**	**276**	-4%
Net Interest Margin (annualised)	3.53%	3.41%	12 bps	3.34%	3.52%	3.68%	3.70%	-18 bps
Average interest earning assets (€ mn)	23,271	23,211	0%	23,581	23,044	22,588	23,171	2%

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

Net interest income (NII) for FY2024 amounted to €822 mn, compared to €792 mn for FY2023, up 4% yoy. The increase yoy is mainly attributed to higher interest rates on liquid assets and loans and higher liquidity compared to prior year, partially offset by a moderate increase in the deposit and funding costs as well as the cost of hedging.

Net interest income (NII) for 4Q2024 amounted to €198 mn, compared to €204 mn for 3Q2024, down 3% qoq. The qoq decrease reflects mainly the reduction in reference rates partially offset by continued increased liquidity as a result of the increase in the stock of deposits.

Quarterly average interest earning assets (AIEA) for FY2024 amounted to €23,271 mn, flat yoy.

Quarterly average interest earning assets (AIEA) for 4Q2024 amounted to €23,581 mn, up 2% qoq, due to the increase in liquid assets mainly as a result of the increase in deposits by c.€530 mn qoq.

Net interest margin (NIM) for FY2024 amounted to 3.53% (compared to 3.41%% for FY2023), up 12 bps yoy, supported by the higher interest rates compared to prior year.

Net interest margin (NIM) for 4Q2024 stood at 3.34%, compared to 3.52% for 3Q2024, down 18 bps qoq as a result of the decrease in the reference rates during 4Q2024.

Non-interest income for FY2024 amounted to €272 mn (compared to €300 mn for FY2023, down 9% yoy) comprising net fee and commission income of €177 mn, net foreign exchange gains and net gains/(losses) on financial instruments of €36 mn, net insurance result of €46 mn, net loss from revaluation and disposal of investment properties and on disposal of stock of properties of €1 mn and other income of €14 mn. The yoy reduction is mainly due to lower net insurance result as well as net losses from revaluation and disposal of investment properties and on disposal of stock of properties.

Non-interest income for 4Q2024 amounted to €68 mn (compared to €75 mn for 3Q2024 down 9% qoq) comprising net fee and commission income of €46 mn, net foreign exchange gains and net gains/(losses) on financial instruments of €9 mn, net insurance result of €11 mn, net losses from revaluation and disposal of investment properties and on disposal of stock of properties of €4 mn and other income of €6 mn. The qoq decrease is primarily due to net losses from revaluation and disposal of investment properties and on disposal of stock of properties.

Net fee and commission income for FY2024 amounted to €177 mn compared to €181 mn in prior year, down 2% yoy, primarily due to lower transactional fees.

Net fee and commission income for 4Q2024 amounted to €46 mn, up 4% qoq due to higher non-transactional fees in the fourth quarter.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.1 Total income (continued)

Net foreign exchange gains and net gains/(losses) on financial instruments amounted to €36 mn for FY2024, down 2% yoy, comprising a net foreign exchange gain of €27 mn and net gains on financial instruments of €9 mn. The yoy reduction is mainly due to lower net foreign exchange income through FX swaps.

Net foreign exchange gains and net gains/(losses) on financial instruments amounted to €9 mn for 4Q2024, compared to €14 mn for 3Q2024, comprising a net foreign exchange gain of c.€7 mn and a net gain on financial instruments of c.€1.5 mn. The quarterly decrease of 37% reflects primarily the one-off revaluation gains on financial instruments (c.€5.5 mn) which was recognised in the previous quarter. Net foreign exchange gains and net gains/(losses) on financial instruments are considered volatile profit contributors.

Net insurance result amounted to €46 mn for FY2024, compared to €54 mn for FY2023, down 14% yoy, impacted partially by the negative claim experience in the non-life insurance business, arising from the severe weather-related events that occurred in 2024 as well as models' recalibration in the life insurance business.

Net insurance result amounted to €11 mn for 4Q2024, compared to €12 mn for 3Q2024.

Net (losses)/gains from revaluation and disposal of investment properties and on disposal of stock of properties of a loss €1 mn for FY2024 (comprising €1.2 mn gain on disposal of stock of properties and investment properties, and net loss from revaluation of investment properties of c.€2.4 mn) compared to a net profit €10 mn for FY2023. REMU profits remain volatile.

Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties of a net loss of €4 mn for 4Q2024 compared to a net gain of €1 mn for 3Q2024. The quarterly reduction is mainly due to the sale of large, illiquid assets with idiosyncratic characteristics.

Total income amounted to €1,094 mn for FY2024 (compared to €1,092 mn for FY2023, flat yoy). Total income amounted to €266 mn for 4Q2024 compared to €279 mn for 3Q2024, down 4% qoq.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3. Income Statement Analysis (continued)

B.3.2 Total expenses

€ mn	FY2024	FY2023	yoy ±%	4Q2024	3Q2024	2Q2024	1Q2024	qoq ±%
Staff costs	(203)	(192)	6%	(52)	(55)	(48)	(48)	-5%
Other operating expenses	(164)	(149)	10%	(49)	(44)	(38)	(33)	14%
Total operating expenses	**(367)**	**(341)**	8%	**(101)**	**(99)**	**(86)**	**(81)**	3%
Special levy on deposits and other levies/contributions	(39)	(43)	-8%	(13)	(7)	(8)	(11)	73%
Total expenses	**(406)**	**(384)**	6%	**(114)**	**(106)**	**(94)**	**(92)**	8%
Cost to income ratio	37%	**35%**	2 p.p.	**43%**	38%	34%	33%	5 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	34%	**31%**	3 p.p.	**38%**	35%	32%	29%	3 p.p.
p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point								

Total expenses for FY2024 were €406 mn (compared to €384 mn for FY2023 up 6% yoy), 50% of which related to staff costs (€203 mn), 40% to other operating expenses (€164 mn) and 10% to special levy on deposits and other levies/contributions (€39 mn). The yoy increase is driven by higher staff costs and other operating expenses. Total expenses for 4Q2024 were €114 mn (compared to €106 mn for 3Q2024, up 8% qoq) due to higher operating expenses and special levy on deposits and other levies/contributions.

Total operating expenses amounted to €367 mn for FY2024 (compared to €341 mn for FY2023, up 8% yoy) reflecting both higher staff costs and other operating expenses. Total operating expenses amounted to €101 mn in 4Q2024 compared to €99 mn in 3Q2024, up 3% qoq, primarily relating to seasonally higher other operating expenses in 4Q2024.

Staff costs for FY2024 were €203 mn (compared to €192 mn for FY2023, up 6% yoy) and include €11 mn performance-related pay accrual and c.€9.5 mn termination cost (compared to €12 mn performance-related pay accrual and c.€7.5 mn termination cost in FY2023). Net of these accruals, staff costs increased by 6% yoy, reflecting salary increments and higher cost of living adjustments (COLA) as well as higher employer's contributions. During FY2024 a small-scale, targeted VEP took place, by which 57 full-time employees were approved to leave the Group at a total cost of c.€9.5 mn. Staff costs for 4Q2024 were €52 mn compared to €55 mn for 3Q2024, down 5% qoq mainly due to the recognition of the cost of the small-scale VEP in 3Q2024.

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

The LTIP was approved by the 2022 AGM, which took place on 20 May 2022. The LTIP involves the granting of share awards and is driven by scorecard achievement, with measures and targets set to align pay outcomes with the delivery of the Group's strategy. Currently, under the plan, the employees eligible for LTIP awards are the members of the Extended EXCO, including the executive directors. The LTIP stipulates that performance will be measured over a 3-year period and sets financial and non-financial objectives to be achieved. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. In December 2022, the Group granted 819,860 share awards to 20 eligible employees under the LTIP, comprising the Extended Executive Committee of the Group. The awards granted in December 2022 are subject to a three-year performance period for 2022-2024 (with all performance conditions being non-market performance conditions). In October 2023, 479,160 share awards were granted to 20 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in October 2023 are subject to a three-year performance period 2023-2025 (with all performance conditions being non market performance conditions). In April 2024, 403,990 share awards were granted to 20 eligible employees, comprising the Extended Executive Committee of the Group. The awards granted in April 2024 are subject to a three-year performance period 2024-2026 (with all performance conditions being non market performance conditions).

These shares will then normally vest in six tranches, with the first tranche vesting after the end of the performance period and the last tranche vesting on the fifth anniversary of the first vesting date.

As at 31 December 2024, the Group employed 2,880 persons compared to 2,874 persons as at 30 September 2024 and to 2,830 persons as at 31 December 2023.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.2 Total expenses (continued)

Other operating expenses for FY2024 amounted to €164 mn, compared to €149 mn for FY2023, up 10% yoy, impacted by inflationary pressures, higher marketing expenses due to various campaigns carried out in FY2024, higher IT costs and higher professional fees on ATHEX listing. Other operating expenses amounted to €49 mn for 4Q2024 compared to €44 mn for 3Q2024 due to higher professional fees, IT costs and marketing expenses.

Special levy on deposits and other levies/contributions for FY2024 amounted to €39 mn compared to €43 mn for FY2023, down 8% yoy, reflecting mainly the reduction in the contribution of the Bank to the Deposit Guarantee Fund ('DGF'). As from 2020 to end-June 2024 the Bank is subject to the DGF on a semi-annual basis and calculated on the covered deposits of all authorised institutions with the target level expected to reach at least 0.8% of the covered deposits by end-June 2024. The management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Schemes can decide to collect additional ex-ante contributions to achieve a higher return. Special levy on deposits and other levies/contributions for 4Q2024 amounted to €13 mn compared to €7 mn for 3Q2024, up 73% qoq reflecting primarily the levy in the form of annual guarantee fee relating to the income tax legislation for the conversion of specific deferred tax assets (DTA) into deferred tax credits (DTC) of c.€5.5 mn in 4Q2024 (see Section B.2.1 'Capital Base').

The **cost to income ratio excluding special levy on deposits and other levies/contributions** for FY2024 was 34% compared to 31% for FY2023. The cost to income ratio excluding special levy on deposits and other levies/contributions for 4Q2024 was 38% compared to 35% for 3Q2024.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

B.3.3 Profit before tax and non-recurring items

€ mn	FY2024	FY2023	yoy +%	4Q2024	3Q2024	2Q2024	1Q2024	qoq +%
Operating profit	**688**	**708**	-3%	**152**	**173**	**179**	**184**	-12%
Loan credit losses	(30)	(63)	-52%	(8)	(6)	(9)	(7)	23%
Impairments of other financial and non-financial assets	(56)	(53)	5%	(17)	(14)	(17)	(8)	14%
Provisions for pending litigations, claims, regulatory and other matters (net of reversals)	(12)	(28)	-59%	(13)	4	7	(10)	-
Total loan credit losses, impairments and provisions	**(98)**	**(144)**	-32%	**(38)**	**(16)**	**(19)**	**(25)**	113%
Profit before tax and non-recurring items	**590**	**564**	5%	**114**	**157**	**160**	**159**	-26%
Cost of risk	**0.30%**	**0.62%**	-32 bps	**0.32%**	**0.26%**	**0.34%**	**0.27%**	6 bps

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

Operating profit for FY2024 amounted to €688 mn, compared to €708 mn for FY2023, down by 3% yoy due to the higher total operating expenses. Operating profit of €152 mn for 4Q2024 was down 12% qoq due to lower total income and higher total expenses as explained above.

Loan credit losses for FY2024 were €30 mn compared to €63 mn for FY2023, down 52% yoy, supported by the continued robust performance of the credit portfolio and improved macroeconomic assumptions, partially offset by charges on IFRS9 model calibrations. Loan credit losses for 4Q2024 amounted to €8 mn, compared to €6 mn for 3Q2024 up by 23% qoq.

Cost of risk for FY2024 is equivalent to 30 bps, compared to a cost of risk of 62 bps for FY2023 (down 32 bps yoy), as in prior year there were higher credit losses on specific customers with idiosyncratic characteristics assessed as 'Unlikely to pay'('UTPs'). Cost of risk for 4Q2024 was 32 bps, compared to a cost of risk of 26 bps for 3Q2024, up 6 bps qoq.

At 31 December 2024, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures (please refer to Section F. 'Definitions and Explanations' for definition) totalled €254 mn including the portfolio held for sale (compared to €252 mn as at 30 September 2024 and €267 mn at 31 December 2023) and accounted for 2.5% of gross loans (compared to 2.4% as at 30 September 2024 and 2.7% as at 31 December 2023, calculated on the same basis). Pro forma for the held for sale, the allowance for expected loan credit losses, including residual fair value adjustment on initial recognition and credit losses on off-balance sheet exposures, totalled €223 mn and accounted for 2.2%.

Impairments of other financial and non-financial assets for FY2024 amounted to €56 mn, compared to €53 mn for FY2023 and relate mainly to REMU stock properties. Impairments of other financial and non-financial assets for 4Q2024 were €17 mn, compared to €14 mn for 3Q2024 and relate mostly to impairments on large, specific, illiquid, REMU stock properties.

Provisions for pending litigation, claims, regulatory and other matters (net of reversals) for FY2024 amounted to €12 mn, compared to €28 mn for FY2023. Provisions for pending litigation, claims, regulatory and other matters (net of reversals) amounted to a net charge of €13 mn for 4Q2024, compared to a net reversal of €4 mn for 3Q2024, relating mainly to the resolution of cases on existing litigation and claims arising from legacy matters, thereby further reducing the exposure from such legacy matters, which was partially offset by the progress and conclusion of other items relating to other matters.

Profit before tax and non-recurring items for FY2024 totalled to €590 mn, compared to €564 mn for FY2023, up 5% on prior year, positively impacted by lower loan credit losses and provisions for pending litigation, claims and other matters (net of reversals). Profit before tax and non-recurring items for 4Q2024 amounted to €114 mn, compared to €157 mn for 3Q2024.

B. Preliminary Group Financial Results – Underlying Basis (continued)

B.3 Income Statement Analysis (continued)

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

€ mn	FY2024	FY2023	yoy +%	4Q2024	3Q2024	2Q2024	1Q2024	qoq +%
Profit before tax and non-recurring items	**590**	**564**	5%	**114**	**157**	**160**	**159**	-26%
Tax	(81)	(73)	11%	(8)	(25)	(23)	(25)	-67%
(Profit)/loss attributable to non-controlling interests	(1)	(2)	-45%	1	(1)	0	(1)	-214%
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**508**	**489**	4%	**107**	**131**	**137**	**133**	-17%
Advisory and other transformation costs – organic	-	(2)	-100%	-	-	-	-	-
Profit after tax (attributable to the owners of the Company)	**508**	**487**	**4%**	**107**	**131**	**137**	**133**	-17%

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

The **tax charge** for FY2024 amounted to €81 mn compared to €73 mn for FY2023. The tax charge for 4Q2024 amounted to €8 mn, compared to €25 mn for 3Q2024.

On 22 December 2022, the European Commission approved Directive 2022/2523 which provides for a minimum effective tax rate of 15% for the global activities of large multinational groups (Pillar Two tax). The Directive that follows closely the OECD Inclusive Framework on Base Erosion and Profit Shifting should have been transposed by the Member States throughout 2023, entering into force on 1 January 2024. In December 2024, the Cyprus Parliament voted to transpose the Directive (EU) 2022/2523 into Law of 151(I)/2024 (the 'Cyprus Pillar Two Law'), which introduces an Income Inclusion Rule (IIR), effective for financial years starting from 31 December 2023. The Group is in scope of the Cyprus Pillar Two Law for the year ended 31 December 2024. The Group is eligible for the transitional provisions under Article 55 of the Cyprus Pillar Two Law which result in zeroing any top-up tax computed in accordance with the rules laid out in the Cyprus Pillar Two Law for the year ended 31 December 2024.

Profit after tax and before non-recurring items (attributable to the owners of the Company) for FY2024 is €508 mn, compared to €489 mn for FY2023. Profit after tax and before non-recurring items (attributable to the owners of the Company) for 4Q2024 is €107 mn, compared to €131 mn for 3Q2024.

Advisory and other transformation costs – organic for FY2024 are nil, compared to €2 mn for FY2023. Advisory and other transformation costs – organic for 4Q2024 are nil, flat qoq.

Profit after tax attributable to the owners of the Company for FY2024 amounts to €508 mn corresponding to a ROTE of 21.4%, compared to €487 mn for FY2023 (and a ROTE of 24.8%). ROTE on 15% CET1 ratio for FY2024 increases to 27.6%, compared to 27.4% for FY2023, calculated on the same basis. Profit after tax attributable to the owners of the Company for 4Q2024 amounts to €107 mn, corresponding to a ROTE of 17.1%, compared to €131 mn for 3Q2024 (and a ROTE of 21.6%). ROTE on 15% CET1 ratio for 4Q2024 increases to 23.2% compared to a ROTE of 28.2% for 3Q2024, calculated on the same basis. The adjusted recurring profitability used for the Group's distribution policy (i.e. defined as the Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon which is paid semi-annually) amounted to €94 mn for 4Q2024 compared to €131 mn for 3Q2024 and totals to €482 mn for FY2024, compared to €455 mn for FY2023.

C. Operating Environment

The Cypriot economy has demonstrated remarkable resilience and growth in recent years, navigating through global uncertainties and regional challenges. In 2024, the economy achieved an estimated growth rate of 3.4% in 2024, in line with the projections by the Ministry of Finance. Growth in 2024 was driven by rising exports and strong economic activity in key sectors, primarily the information and communications sector, business and professional services, tourism and construction. The growth of the information and communications services was driven by computer software and consulting services, thus increasing economic diversification. In 2025 GDP is forecasted to continue to grow by 3.3% in real terms, outpacing Eurozone average.

The recent sovereign rating upgrades by the major rating agencies to 'A-' or equivalent, 3 notches above investment grade are the recognition of the robust growth performance, the strong fiscal dynamics and declining public debt, and the improved stability in the financial system.

Employment growth averaged 2.1% and labour productivity growth averaged 1.6% in the first three quarters of 2024. Labour productivity growth remains a strong contributor to overall growth in the economy with efficiency improving, demonstrated by the increased ability to generate output per worker. The unemployment rate, after rising in 2020 and the first half of 2021, has been declining in the period since, dropping to 5.7% in the fourth quarter of 2023 after revisions, further down to 5.3% in the first quarter of 2024, 4.8% in the second quarter, and 4.6% in the third quarter, seasonally adjusted. The unemployment rate in Cyprus is expected to average 4.8% for 2025 as per latest projections by the Ministry of Finance.

Inflation measured by the Harmonised Index of Consumer Prices, has been declining since the peak in July-August 2022 – 10.6% for headline and 7.2% core inflation. Harmonised inflation dropped to 3.9% in 2023 and dropped further to 2.3% in 2024 and is expected to remain broadly flat at 2.0% for 2025 Core inflation, which is headline inflation excluding energy and food, was a little stickier at 2.8% in the year. Services inflation – all items excluding goods – was up 4.2% in the year, compared with 3.6% in 2023.

Cyprus' fiscal performance remains robust. Following a general government budget surplus of 2% of GDP in 2023, fiscal developments have continued to be favourable, with government revenues increasing at a higher rate than public spending. Total general government revenues rose by 6.7% year-on-year during January-November 2024 and by 15.3% in 2023. The budget balance for the eleven months was a surplus of 4.2% of GDP. Over the next few years, government accounts are likely to continue benefiting from strong, albeit decelerating revenue growth due to the favourable economic outlook. This will help manage moderate budgetary pressures.

General government debt metrics have significantly improved. The government debt-to-GDP ratio decreased to 67.7% in November 2024 from 73.6% in 2023 and 113.6% at the end of 2020. Looking ahead, continued budgetary surpluses and favourable debt dynamics are expected to further reduce the debt ratio, potentially dropping below 60% by 2026.

Reduction in financial system risks, reflected in the continuous improvement of the private and banking sectors' financial position. Private sector debt in active banks' balance sheets, has more than halved over the past decade and is now among the lowest in Europe.

Total domestic loans excluding the government were €20.2 billion at the end of December 2024 or 60% of GDP. Loans to non-financial companies were about 26% of GDP and loans to households about 32%, where housing loans were about 25% of GDP.

The non-performing exposures ratio in the Cyprus banking sector dropped to 6.5% of gross loans or €1.6 billion, at the end of September 2024, while the coverage ratio of provisions, accounted for 61% of the non-performing loans. At the same time about 44% of non-performing loans consisted of restructured facilities. This steady progress in the banking sector continues to strengthen the sector's shock absorption capacity.

The Cypriot economy is largely constrained by structurally large current account deficits, reflecting high imports and low savings relative to domestic investment. The large current account deficits are driven by primary income imbalances, reflecting high repatriation of profits by foreign-owned enterprises.

Short-term risks are mostly external and skewed to the downside, including a downturn in key tourism markets, an escalation of regional conflicts, and delays in the implementation of the Recovery and Resilience Plan. Medium-term risks stem from climate change and a possible further deterioration in the global geopolitical outlook. The digital and green transitions remain key challenges in the medium term. The implementation of the Recovery and Resilience Plan requires structural reforms to further strengthen governance and economic resilience.

C. Operating environment (continued)

Sovereign ratings

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

In December 2024, **S&P Global Ratings** upgraded Cyprus' long-term local and foreign currency sovereign credit ratings to A- from BBB+, and revised its outlook in Cyprus to stable. This one-notch upgrade of Cyprus' rating reflects the third consecutive solid annual fiscal surplus as well as the capital and labour inflows from nearby conflict zones amid rising geopolitical developments.

Additionally, in December 2024, **Fitch Ratings** upgraded Cyprus' long-term foreign currency issuer default rating to 'A-' from 'BBB+' and revised its outlook on Cyprus to stable. The one notch upgrade relates mainly to the rapid decline in public debt, strong fiscal surpluses and strong growth momentum.

In November 2024, **Moody's Investors Service** upgraded the long-term issuer and senior unsecured ratings of the Government of Cyprus to A3 from Baa2. The outlook was revised to stable from positive. The upgrade of Cyprus ratings reflects the material improvement in fiscal and debt metrics, the reduced government debt ratio and the solid medium-term economic outlook driven by the steady expansion of high-productivity services sectors supported by headquartering of companies, significant foreign direct investments as well as reforms and investments related to Cyprus' National Recovery and Resilience Plan.

In October 2024, **Scope Ratings GmbH** upgraded the Cyprus' long-term issuer and senior unsecured debt ratings to A- from BBB+ in local and foreign currency and maintained the Stable Outlooks. The upgrade was driven by the strong fiscal outlook characterised by sustained primary surpluses and declining general government debt.

DBRS Ratings GmbH (DBRS Morningstar) confirmed Cyprus' Long-Term Foreign and Local Currency – Issuer Ratings at BBB (high) in September 2024. The trend was revised from stable to positive reflecting the view that public debt metrics are likely to continue to improve and that economic growth is likely to continue to benefit from robust private consumption, rising service exports and strong construction investment over the next few years.

D. Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In February 2025, **S&P Global Ratings upgraded** the long-term issuer credit rating of the Bank to the **investment grade BBB-** from BB+ and revised the **outlook to stable** from positive. The upgrade by one notch was driven on the improved funding profile of the banking sector in Cyprus and the supportive economic environment. In December 2024, **Moody's Investors Service affirmed** the Bank's long-term deposit rating **at Baa1** and revised the **outlook to positive** from stable. The affirmation reflects the Bank's strong domestic franchise and solid financial fundamentals, supported by the stable economic environment. The change in the outlook reflects the expectations of a solid medium-term economic outlook for Cyprus, which will support further reductions in the Bank's foreclosed assets, sustained asset quality improvements and solid profitability. **This is the highest long-term deposit rating for the Bank since 2011.** Additionally in July 2024, **Fitch Ratings upgraded** long-term issuer default rating to **BB+** from BB, whilst maintaining the **positive outlook**. The one-notch upgrade reflects a combination of Fitch's improved assessment of the Cypriot operating environment, reduced private sector indebtedness, expectation of continued economic growth, the Bank's strengthened capitalisation and reduced exposure to legacy net problem assets.

Financial performance

The Group is the leading, financial and technology hub in Cyprus, with a diversified and sustainable business model. The Group's financial performance for the year ended 31 December 2024 remained strong, benefitting from the high-interest rate environment and recorded a profit after tax of €508 mn, 4% higher compared to prior year. As a result, the Group has successfully exceeded its financial targets for 2024 across all metrics, generating a ROTE of 21.4% (compared to a ROTE of 24.8% for FY2023). This strong financial performance in 2024 facilitated further the rapid build-up of equity base, with tangible book value per share growing by 17% on prior year.

Following the Group's ongoing commitment to providing sustainable returns to shareholders, the Group proposes to make distributions out of 2024 earnings based on the targeted 50% payout ratio, at the top-end of the Group's 2024 distribution policy. The distribution comprises a cash dividend of €211 mn and a share buyback of €30 mn; together it represents a material increase both in terms of payout ratio and total quantum, compared to prior year, with a yield of 12%, above the 2024 Eurozone banking sector average. Overall, the Group reached shareholder remuneration of €400 mn for 2022-2024, exceeding the target set at the 2023 Investor Update event a year earlier, of delivering distributions in the range of €200-350 mn for 2023-2025. For further details, please refer to B.2.1 'Capital Base'.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 31 December 2024, cash balances with ECB amounted to €7.6 bn and 43% of the Group's loan portfolio is Euribor based. Net interest income for the year ended 31 December 2024 amounted to €822 mn, up 4% yoy due to higher interest income on loans and liquid assets, underpinned by high interest rates and increased liquidity, all of which served to more than offset the higher cost of deposits and funding costs and the continued hedging activity to reduce NII sensitivity.

On a quarterly basis, the Group's net interest income displays a gradual and modest decline, reflecting the reduction of interest rates. The reduction is mitigated by the continuous increase in liquidity due to the increase in customer deposits.

The Group used hedging activities in FY2024 in order to reduce the sensitivity of net interest income. The hedging tools include receive fixed interest rate swaps, further investment in fixed rate bonds, additional reverse repos and continuing offering of fixed rate loans.

During 2024, the Group carried out additional hedging activities of €4.5 bn, totaling €9.0 bn by year end, representing 37% of interest earning assets. The average yield of receive fixed interest rate swaps and reverse repos is 2.9%. Additionally, about a quarter of the Group's loan portfolio is linked with the Bank's base rate which provides a natural hedge against the cost of deposits of household time and notice deposit accounts. Overall, these actions have led to a reduction in the net interest income sensitivity (to a parallel shift in interest rates by 100 bps) by €43 mn since 31 December 2022.

Growing revenues in a more capital efficient way

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

The Group has continued to provide high quality new lending in FY2024 via prudent underwriting standards. Growth in new lending in Cyprus has been focused on selected industries in line with the Bank's target risk profile. During the year ended 31 December 2024, the Group granted a record of new lending of €2.4 bn, up 20% on prior year, driven mainly by business demand. Gross performing loan book increased by 4% since the beginning of the year to c.€10.2 bn, in line with the 2024 target of low-single digit growth on an annual basis.

D. Business Overview (continued)

Growing revenues in a more capital efficient way (continued)

Fixed income portfolio continued to grow in FY2024 to €4,212 mn, and currently represents 16% of total assets. This portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa2. The amortised cost fixed income portfolio as at 31 December 2024 has an unrealised fair value gain of €32 mn, equivalent to 30 bps of CET1 ratio following the reduction in the bond yields.

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

During the year ended 31 December 2024, non-interest income stood at €272 mn, down 9% on prior year, mainly due to higher claims and recalibration of models in insurance business as well as subdued transactional fees. Despite this, non-interest income remains an important profit contributor to the Group, covering almost 75% of the Group's total operating expenses.

In 2024 net fee and commission income amounted to €177 mn and was down by 2% compared to the previous year, primarily due to lower transactional fees. Net fee and commission income is enhanced by transaction fees from the Group's subsidiary, **JCC Payment Systems Ltd** (JCC), a leading player in the card processing business and payment solutions, 75% owned by the Bank. JCC's net fee and commission income contributed 10% of total non-interest income and amounted to €28 mn for FY2024, down 4% yoy, primarily reflecting increased fee and commission expense due to higher third-party commissions absorbed internally. Following a strategic review the Board of Directors concluded that in line with the Group's strategy and capital allocation policy, there is greater value to stakeholders through retaining JCC as part of the Group. Furthermore, the review has provided a clear strategy from which to deliver enhanced growth and returns from JCC.

The Group's **insurance companies,** EuroLife and GI are respectively key market players in the life and general insurance business in Cyprus, and have been providing recurring income, and generate the highest profitability in the sector. The net insurance result for FY2024 contributed 17% of non-interest income and amounted to €46 mn for FY2024, down 14% on prior year impacted by high claims and the recalibration of models. The insurance companies remain valuable and sustainable contributors to the Group's profitability.

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

The first Business-to-Business services are already in use by clients and include invoice, remittance, tender, ecosystem management and advertising. Currently, c.2,450 companies are registered in the platform and c.€1.1 bn cash were exchanged via the platform in 2024 and through invoicing and remittance services. In February 2024, the Business-to-Consumer service was launched, a Product Marketplace aiming to increase the touch points with customers. Currently c.200 retailers were onboarded in fashion, technology, beauty, small appliances, personal care devices, home & garden, DIY, toys and bookstore sectors and around 270k products were embedded in the Marketplace.

Lean operating model

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

In 2024, the Group completed a small-scale, targeted VEP through which 57 full-time employees were approved to leave at a total cost of c.€9.5 mn, recorded in staff costs in FY2024. Since the beginning of the year, there was further branch footprint rationalization as the Group reduced the number of branches by 5 to 55, a reduction of 8%.

The Group's total operating expenses for FY2024 amounted to €367 mn, up 8% on prior year, impacted by inflationary pressures mainly on staff costs as well as higher professional fees on ATHEX listing and higher marketing expenses on various campaigns. The cost to income ratio excluding special levy on deposits and other levies/contributions for the year ended 31 December 2024 remained low at 34%.

D. Business Overview (continued)

Lean operating model (continued)

Transformation plan

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

Digital transformation

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

The Group's digital channels continue to grow. As at 31 December 2024, the Group's digital community has increased to 480K active subscribers, across Internet Banking and the BoC Mobile App, improving by 7% yoy. Likewise, the BoC Mobile App, had 447K active subscribers as at 31 December 2024, an increase of 9% yoy.

During 4Q2024, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. The new QuickAccount Foreign currency was launched available in Pound Sterling (GBP), and US Dollar (USD), offering customers a preferential FX pricing with live rates and without any FX commission through BoC eFX Convert. A new innovative micro lending product "Fleksy" was launched to selected customer segments in Mobile App enabling customers to apply for up to €3 thousand in credit to use for online and in-store purchases, allowing them to repay in 3, 6 or 9 month instalments. Finally, the Digital Housing Loan was launched to selected customer segments in Internet Banking, providing customers the ability to apply for a Housing Loan digitally, recommending repayment options based on customers credit profile and getting an instant decision. Both digital initiatives will be widely available in 1Q2025.

One of the Group's digital innovations, Quickloans, accessible through both the BoC Mobile App and Internet Banking, has transformed the traditional loan process, enabling customers to obtain a credit facility decision instantly, without the need to visit a branch. Since the beginning of the year 2024, over 15.3k applications were disbursed, granting €107 mn (+2% compared to previous year) new digital loans and quick loans in FY2024.

In collaboration with Genikes Insurance, the ability to purchase insurance policies is integrated into the BOC Mobile App and during 4Q2024 was also made available via Internet Banking, enabling customers to access car or home insurance plans through digital channels at preferential rates. Digital insurance sales for the FY2024 amounted to €613k, compared to €415k for FY2023, reflecting 1,969 policies in FY2024 compared to 1,410 policies for FY2023.

Lastly, digital account openings increased by 68% in FY2024 to 21,500 from 12,780 in FY2023 and new debit cards more than doubled yoy to 23,380 in FY2024 compared to 11,530 during the same period last year.

Asset quality

As at 31 December 2024 the Group's NPE ratio stood at 1.9% achieving its 2024 NPE ratio target early. This incorporates two agreements the Group entered into with a third party, in September and December 2024 for the sale of NPEs with book value of c.€27 mn and €39 mn respectively. Completion is expected by 1H2025, subject to necessary approvals. The Group's priorities remain intact, maintaining high quality new lending with strict underwriting standards and preventing asset quality deterioration.

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

Climate change and transition to a sustainable economy is one of the greatest challenges. As part of its vision to be the leading financial hub in Cyprus, the Group is determined to **lead the transition of Cyprus to a sustainable future**. The Group continuously evolves towards its ESG agenda and continues to progress towards building a forward-looking organisation embracing ESG in all aspects of business as usual. In 2024, the Bank received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

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

D. Business Overview (continued)

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

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

The Group during 2024 intensified its efforts towards implementation of the Corporate Sustainability Reporting Directive which incorporates Sustainability Statements in the Group's Annual Financial Report for FY2024 onwards. The implementation of the CSRD is not just a regulatory requirement but a strategic investment in our future which reinforces our commitment to sustainability.

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

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

- Become carbon neutral by 2030
- Become Net Zero by 2050
- Steadily increase Green Asset Ratio
- Steadily increase Green Mortgage Ratio
- The aspiration to achieve a representation of at least 30% women in Group's management bodies (Defined as the Executive Committee (EXCO) and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women, as at 31 December 2023 and 31 December 2024.

For the Group to continue its progress against its primary ESG targets and address the evolving regulatory expectations, it further enhanced in 2024, its ESG working plan which was established in 2022. Progress on the ESG working plan is closely monitored by the Sustainability Committee, the Executive Committee and the Board Committees on a quarterly basis.

Environmental Pillar

The Group has estimated the Scope 1 and Scope 2 greenhouse gas (GHG) emissions of 2021 relating to own operations in order to set the baseline for carbon neutrality target. The Bank being the main contributor of GHG emissions of the Group, designed in 2022 the strategy to meet the carbon neutrality target by 2030 and progress towards Net Zero target of 2050. For the Group to become carbon neutral by 2030, Scope 1 and Scope 2 emissions should be reduced by 42% by 2030. The Bank, following the implementation of various energy upgrade actions since 2021, achieved a c.25% reduction in Scope 1 and Scope 2 GHG emissions by 2024 compared to the baseline of 2021.

The Group plans to invest further to energy efficient installations and actions as well as replace fuel intensive machineries and vehicles in 2025. The Group expects that the Scope 2 emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy. The reduction of c.5% achieved in Scope 2 GHG emissions by 1H2024 was netted off with the increased electricity consumption due to cooling needs associated with summer heatwaves, leading to a reduction of c.1% in Scope 2 GHG emissions in FY2024 compared to FY2023. The Bank achieved an increase of 42% in renewable energy production, from 247,653 Kwh to 352,653 Kwh, in FY2024 compared to FY2023.

The Group is gradually integrating climate-related and environmental (C&E) risks into its Business Strategy. The Bank was the first bank in Cyprus to join the Partnership for Carbon Accounting Financials (PCAF) in October 2022, and has estimated and published the Financed Scope 3 GHG emissions associated with its loan and investment portfolio as well as Insurance associated GHG emissions using the PCAF standards, methodology and proxies. Following the estimation of Financed Scope 3 GHG emissions of loan portfolio, the Bank established a decarbonization target on Mortgage loan portfolio. The decarbonization target on Mortgage portfolio was established by applying the International Energy Agency's Below 2 Degree Scenario. For the Bank's Mortgage loan portfolio to be aligned with the climate scenario and effectively be associated with lower transition risks, the baseline as at 31 December 2022 of 53.5 $kgCO_2e/m^2$ should be reduced by 43% by 31 December 2030. The carbon intensity of the portfolio as at 31 December 2024 is estimated at 47.19 $kgCO2e/m^2$ achieving a c.12% reduction compared to baseline, due to increased installation of solar panels in residential properties in 2023 and 2024 and increase in financing of energy efficient residential properties in 2024. A Variable Green Housing product and a Fixed Green Housing product aligned with Green Loan Principles (GLPs) of Loan Market Association (LMA) were launched at the end of 2023 and 9M2024 respectively to support the Bank to meet the decarbonization target on Mortgage loans and effectively limit the level of climate transition risk that is exposed to. In addition, the Bank has set lending and investment limits on specific carbon intensive sectors which are widely considered to be associated with high climate transition risk. Further, having introduced and implementing a Business Environment Scan process, the Bank developed green/transition new lending targets in certain sectors to support its customer's transition to a low carbon economy and effectively manage climate transition risks.

D. Business Overview (continued)

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

Environmental Pillar (continued)

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

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

The Bank offers a range of environmentally friendly products to manage transition risk and help its customers become more sustainable. Specifically, the Bank offers loans for energy upgrades of homes, installation of solar panels, acquisition of new hybrid or electric car, as well as financing of renewable energy projects. In addition, following the Energy performance certificate gathering exercise, in 2024, the Bank identified a pool of €746.6 mn gross loans, as at 31 December 2024, associated (financing or collateralized) with properties with EPC Category A. The gross amount of environmentally friendly loans (including loans associated with properties with EPC Category A) was €780.1 mn as at 31 December 2024 compared to €528.2 mn as at 31 December 2023.

In FY2024, in order to enhance the awareness and skillset on ESG matters, the Group performed relevant trainings to all staff, control functions, insurance subsidiaries, Senior Management and to the Board of Directors and plans to continue enrich ESG training activities in FY2025.

Social Pillar

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

The new exhibition 'Cyprus Insula' launched in 9M2024 being hosted in the lately renovated premises and museums of the Cultural Foundation. The physical attendees of Cultural foundation events were 24,500 in FY2024.

The IDEA Innovation Centre, invested c.€4.25 mn in start-up business creation since its incorporation, supported creation of 95 new companies to date, provided support to more than 230 entrepreneurs through its Startup program since incorporation, and supported the development of more than 120 new jobs in the Cypriot Economy. Staff continued to engage in voluntary initiatives to support charities, foundations, people in need and initiatives to protect the environment.

The Group has continued to upgrade its staff's skillset by providing training and development opportunities to all staff and capitalising on modern delivery methods. In FY2024, the Bank's employees attended 75,631 hours of trainings. Moreover, the Group continued its emphasis on staff wellness during 2024 by offering webinars, team building activities and family events with sole purpose to enhance mental, physical, financial and social health, attended by approximately 3,000 employees through its Well at Work program.

D. Business Overview (continued)

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

Governance Pillar

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

The Group's aspiration to achieve a representation of at least 30% women in Group's management bodies (Defined as the EXCO and the Extended EXCO) by 2030, has been reached earlier with 33% representation of women, as at 31 December 2023, in Group's management bodies. Women representation in Group management bodies continue to be 33% as at 31 December 2024. During the transitional phase of Board's composition in 1H2024 two male members, highly experienced in the areas of ESG and technology were appointed leading to the female representation, as at 31 December 2024, being at 37.50%.

E. Strategy and Outlook

As the Group navigates through the cycle of widening of the monetary policy, it has established key priorities going forward to maintain a strongly capitalised and highly profitable organisation delivering attractive returns to shareholders, while simultaneously supporting the Group's stakeholders and the broader economic environment.

These priorities are set below:

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

During FY2024 the Group continued to deliver compelling financial results, generating a ROTE of over 20% for the second consecutive year, underpinned mainly by interest rate tailwinds. **Embarking into the cycle of interest rate normalisation towards 2%, the Group reiterates its target for FY2025 of delivering high-teens ROTE on 15% CET1 ratio and mid-teens ROTE on reported equity, corresponding to organic capital generation of c.300 bps, which will support attractive shareholder remunerations in the future.**

This ROTE target factors in the current market expectations of the evolution of interest rates with ECB deposit facility rate and 6M Euribor averaging to 2.3% each for FY2025, compared to 3.7% and 3.5% respectively for FY2024. As a result, the net interest income guidance is updated and is expected to be below €700 mn for FY2025, reflecting mainly the current forward curves. Other main assumptions incorporated to net interest income target for FY2025 include:

- Loan book to grow by c.4% in 2025 supported by domestic economic growth and expansion of international lending
- Deposit volumes to remain broadly stable at current levels (i.e. c.€20 bn)
- Cost of deposits to remain broadly flat on an annual basis, reflecting the time lag in deposit repricing
- Fixed income portfolio to grow to c.18% of total assets by end-2025 and c.20% in the medium-term, subject to market conditions
- Hedging activity to continue to reduce further NII sensitivity and
- Higher wholesale funding costs in 2025, reflecting the full year impact of the 2024 senior preferred issuance (coupon of €15 mn p.a.).

Based on the current market expectations, interest rates are expected to reduce to c.2% by June 2025 and remain broadly stable during 2026. Therefore, the net interest income for 2026 is expected to stabilise above €650mn.

Going forward, the Group aims to improve its net interest income through the growth of performing loan book by c.4% per annum in the medium-term. The Group places emphasis on expanding its international loan book; a portfolio comprising international, shipping and syndicated loans, by c.50% in the medium-term to c.€1.5 bn (from c.€1.0 bn as at 31 December 2024), capitalising on the customer base of IBU overseas and targeting selective industries in line with the Bank's target risk profile. Simultaneously, domestic loan portfolio is expected to grow supported by economic growth as well as the gradual slowdown of loan repayments in a normalised interest rate environment.

Separately the Group aims to grow its non-interest income through less capital-intensive initiatives, with a focus on fees and commission income and insurance. In FY2024 the Group's non-interest income experienced a moderate drop of 9% on a yearly basis, mainly due to the high claims, recalibrations of models in insurance and subdued transactional fees. Despite this, non-interest income remains an important contributor to the Group profitability and covered almost 75% of its total operating expenses during 2024.

For 2025 and beyond the Group expects net fees and commission income to grow by c.4% per annum. The growth in net fee and commission income is expected to be supported by economic growth and increased volume of transactions whilst there are initiatives underway to enhance and diversify further this revenue stream, mainly via Jinius, the customer-centric digital platform, leveraging mainly on the Group's strong digital capabilities and strong customer base. The Group aims to improve further the visibility of marketplace, enhance user experience, introduce new lifestyle products and facilitate in streamlining business operations further. As a result of these actions, it is expected to enhance its marketplace fees. Additionally, the Group aims to offer high-quality, financial solutions to high-net worth customers with investible capital with the aim of growing the assets under management of Private and Affluent Banking to €1.2 bn in the medium-term (from current €0.5 bn level).

E. Strategy and Outlook *(continued)*

Growth in the insurance income is expected to be driven by continuing strengthening the agency force, leveraging on the bancassurance model potential, enhancing digital sales further and optimizing synergies between the life and non-life insurance business. In this respect, total regular income for the life insurance business is expected to rise by over 6% in the medium-term whilst premium income for the non-life insurance business is expected to rise by c.6% for the same period.

Maintaining cost discipline remains an ongoing focus for the Group. The cost to income ratio excluding special levy on deposits or other levies/contributions is expected at c.40% for FY2025, as the Group navigates to a c.2% normalised interest rate environment. This will be facilitated via ongoing staff optimisation to mitigate payroll cost inflation and staff reward schemes aiming to incentivize individual performance. Simultaneously, the Group will continue reinvesting in the business and digital transformation to support expansion of digital offering, improve customer experience and acceleration of sales. Lastly, the use of AI technology aims to improve efficiency and enhance customer experience further.

In terms of asset quality, given the fact that the balance sheet de-risking is completed with the NPE ratio reduced to below 2%, the cost of risk is expected towards the lower end of the normalised levels of 40-50 bps for 2025.

Since 2019, the Real Estate Management Unit (REMU) repossessed stock has been consistently reducing, with properties sold exceeding the book value of properties acquired, while inflows remain substantially reduced following balance sheet derisking. Going forward, REMU sales are expected to continue, with expected inflows to remain at limited levels. Therefore, the target of REMU portfolio to reduce to c.€0.5 bn by end-2025 is reiterated and the Group is well on track to achieve this target.

The Group aims to provide a sustainable return to shareholders. The distribution policy is upgraded in order to reflect the steady sustained progress achieved over the last years, the profitability profile and medium-term outlook of the Group. Ordinary distributions are expected to be **in the range of 50-70% payout ratio** of the Group's adjusted recurring profitability through a combination of cash dividends and share buybacks. Additionally the Board of Directors will also consider the introduction interim distributions if it considers appropriate to do so.

Overall, the Group reiterates its confidence of delivering high-teens ROTE on 15% CET1 ratio for 2026 and beyond.

Targets and guidance are based on management's current expectations as to the macroeconomic environment and the business and are subject to change.

F. Definitions and Explanations

Adjusted recurring profitability	The Group's profit after tax before non-recurring items (attributable to the owners of the Company) taking into account distributions under other equity instruments such as the annual AT1 coupon.
Advisory and other transformation costs	Comprise mainly of fees of external advisors in relation to: (i) the transformation program and other strategic projects of the Group and (ii) customer loan restructuring activities, where applicable.
Allowance for expected loan credit losses (previously 'Accumulated provisions')	Comprises (i) allowance for expected credit losses (ECL) on loans and advances to customers (including allowance for expected credit losses on loans and advances to customers held for sale where applicable), (ii) the residual fair value adjustment on initial recognition of loans and advances to customers (including residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale where applicable), (iii) allowance for expected credit losses for off-balance sheet exposures (financial guarantees and commitments) disclosed on the balance sheet within other liabilities, and (iv) the aggregate fair value adjustment on loans and advances to customers classified and measured at FVPL.
AT1	AT1 (Additional Tier 1) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
Basic earnings per share (attributable to the owners of the Company)	Basic earnings after tax per share (attributable to the owners of the Company) is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of shares in issue during the period, excluding treasury shares.
Carbon neutral	The reduction and balancing (through a combination of offsetting investments or emission credits) of greenhouse gas emissions from own operations.
CET1 capital ratio (transitional basis)	CET1 capital ratio (transitional basis) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
CET1 Fully loaded (FL)	The CET1 fully loaded (FL) ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
Cost to Income ratio	Cost-to-income ratio comprises total expenses (as defined) divided by total income (as defined).
Data from the Statistical Service	The latest data from the Statistical Service of the Republic of Cyprus, Cyprus Statistical Service, was published on 14 February 2025.
Diluted earnings per share	Diluted earnings per share is the Profit/(loss) after tax (attributable to the owners of the Company) divided by the weighted average number of ordinary shares in issue adjusted for the ordinary shares that may arise in respect of share awards granted to executive directors and senior management of the Group under the Long-Term Incentive Plans (LTIP)
ECB	European Central Bank
Green Asset ratio	The proportion of the share of a credit institution's assets financing and invested in EU Taxonomy-aligned economic activities as a share of total covered assets.
Green Mortgage ratio	The proportion of the share of a credit institution's assets financing EU Taxonomy-aligned mortgages (acquisition, construction or renovation of buildings) as a share of total mortgages assets.

F. Definitions and Explanations (continued)

Gross loans	Gross loans comprise: (i) gross loans and advances to customers measured at amortised cost before the residual fair value adjustment on initial recognition (including loans and advances to customers classified as non-current assets held for sale where applicable) and (ii) loans and advances to customers classified and measured at FVPL adjusted for the aggregate fair value adjustment. Gross loans are reported before the residual fair value adjustment on initial recognition relating mainly to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €59 mn as at 31 December 2024 (compared to €61 mn as at 30 September 2024 and €69 mn as at 31 December 2023). 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 €129 mn as at 31 December 2024 (compared to €129 mn as at 30 September 2024 and €138 mn as at 31 December 2023).
Gross performing loan book	Gross loans (as defined) excluding the legacy exposures (as defined).
Group	The Group consists of Bank of Cyprus Holdings Public Limited Company, "BOC Holdings" or the "Company", its subsidiary Bank of Cyprus Public Company Limited, the "Bank" and the Bank's subsidiaries.
Legacy exposures	Legacy exposures are exposures relating to (i) Restructuring and Recoveries Division (RRD), (ii) Real Estate Management Unit (REMU), and (iii) non-core overseas exposures.
Leverage ratio	The leverage ratio is the ratio of tangible total equity to total assets as presented on the balance sheet. Tangible total equity comprises of equity attributable to the owners of the Company and Other equity instruments minus intangible assets.
Leverage Ratio Exposure (LRE)	Leverage Ratio Exposure (LRE) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended.
Loan credit losses (PL) (previously 'Provision charge')	Loan credit losses comprise: (i) credit losses to cover credit risk on loans and advances to customers, (ii) net gains on derecognition of financial assets measured at amortised cost relating to loans and advances to customers and (iii) net gains on loans and advances to customers at FVPL, for the reporting period/year.
Loan credit losses charge (previously 'Provisioning charge') (cost of risk)	Loan credit losses charge (cost of risk) (year-to-date) is calculated as the annualised 'loan credit losses' (as defined) divided by average gross loans. The average gross loans are calculated as the average of the opening balance and the closing balance of Gross loans (as defined), for the reporting period/year.
Market Shares	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 43.0% as at 31 December 2024 (compared to 43.2% as at 30 September 2024 and to 42.2% as at 31 December 2023). The Bank's deposit market share in Cyprus reached 37.2% as at 31 December 2024 (compared to 37.6% as at 30 September 2024 and to 37.7% as at 31 December 2023).
MSCI ESG Rating	The use by the Company and the Bank of any MSCI ESG Research LLC or its affiliates ('MSCI') data, and the use of MSCI Logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation or promotion of the Company or the Bank by MSCI. MSCI Services and data are the property of MSCI or its information providers and are provided "as-is" and without warranty. MSCI Names and logos are trademarks or service marks of MSCI.
Net Interest Margin	Net interest margin is calculated as the net interest income (annualised) divided by the 'quarterly average interest earning assets' (as defined).

F. Definitions and Explanations (continued)

Net loans and advances to customers	Net loans and advances to customers comprise gross loans (as defined) net of allowance for expected loan credit losses (as defined, but excluding allowance for expected credit losses on off-balance sheet exposures disclosed on the balance sheet within other liabilities).
Net loans to deposits ratio	Net loans to deposits ratio is calculated as gross loans (as defined) net of allowance for expected loan credit losses (as defined) divided by customer deposits.
Net performing loan book	Net performing loan book is the total net loans and advances to customers (as defined) excluding net loans included in the legacy exposures (as defined).
Net Stable Funding Ratio (NSFR)	The NSFR is calculated as the amount of "available stable funding" (ASF) relative to the amount of "required stable funding" (RSF). The regulatory limit, enforced in June 2021, has been set at 100% as per the CRR II.
Net zero emissions	The reduction of greenhouse gas emissions to net zero through a combination of reduction activities and offsetting investments
New lending	New lending includes the disbursed amounts of the new and existing non-revolving facilities (excluding forborne or re-negotiated accounts) as well as the average year-to-date change (if positive) of the current accounts and overdraft facilities between the balance at the beginning of the period and the end of the period. Recoveries are excluded from this calculation since their overdraft movement relates mostly to accrued interest and not to new lending.
Non-interest income	Non-interest income comprises Net fee and commission income, Net foreign exchange gains and net gains/(losses) on financial instruments and (excluding net gains on loans and advances to customers at FVPL), Net insurance result, Net (losses)/ gains from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-performing exposures (NPEs)	As per the European Banking Authorities (EBA) standards and European Central Bank's (ECB) Guidance to Banks on Non-Performing Loans (which was published in March 2017), non-performing exposures (NPEs) are defined as those exposures that satisfy one of the following conditions: (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due. (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, diminished financial obligation and obligor bankruptcy. (iii) Material exposures as set by the CBC, which are more than 90 days past due. (iv) Performing forborne exposures under probation for which additional forbearance measures are extended. (v) Performing forborne exposures previously classified as NPEs that present more than 30 days past due within the probation period. From 1 January 2021 two regulatory guidelines came into force that affect NPE classification and Days-Past-Due calculation. More specifically, these are the RTS on the Materiality Threshold of Credit Obligations Past-Due (EBA/RTS/2016/06), and the Guideline on the Application of the Definition of Default under article 178 (EBA/RTS/2016/07). The Days-Past-Due (DPD) counter begins counting DPD as soon as the arrears or excesses of an exposure reach the materiality threshold (rather than as of the first day of presenting any amount of arrears or excesses). Similarly, the counter will be set to zero when the arrears or excesses drop below the materiality threshold. Payments towards the exposure that do not reduce the arrears/excesses below the materiality threshold, will not impact the counter. For retail debtors, when a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non performing; otherwise only the specific part of the exposure is classified as non performing. For non retail debtors, when an exposure fulfils the NPE criteria set out above, then the total customer exposure is classified as non performing.

F. Definitions and Explanations (continued)

	Material arrears/excesses are defined as follows: (a) Retail exposures: Total arrears/excess amount greater than €100, (b) Exposures other than retail: Total arrears/excess amount greater than €500 and the amount in arrears/excess in relation to the customer's total exposure is at least 1%. The NPEs are reported before the deduction of allowance for expected loan credit losses (as defined).
Non-recurring items	Non-recurring items as presented in the 'Unaudited Consolidated Income Statement– Underlying basis' relate to 'Advisory and other transformation costs - organic'.
NPE coverage ratio (previously 'NPE Provisioning coverage ratio')	The NPE coverage ratio is calculated as the allowance for expected loan credit losses (as defined) over NPEs (as defined).
NPE ratio	NPEs ratio is calculated as the NPEs as per EBA (as defined) divided by gross loans (as defined).
Operating profit	Operating profit comprises profit before loan credit losses (as defined), impairments of other financial and non-financial assets, Provisions for pending litigation, claims regulatory and other matters (net of reversals), tax, profit attributable to non-controlling interests and non-recurring items (as defined).
Operating profit return on average assets	Operating profit return on average assets is calculated as the annualised operating profit (as defined) divided by the quarterly average of total assets for the relevant period. Average total assets exclude total assets of discontinued operations at each quarter end, if applicable.
Phased-in Capital Conservation Buffer (CCB)	In accordance with the legislation in Cyprus which has been set for all credit institutions, the applicable rate of the CCB is 1.25% for 2017, 1.875% for 2018 and 2.5% for 2019 (fully phased-in).
Profit after tax and before non-recurring items (attributable to the owners of the Company)	This refers to the profit after tax (attributable to the owners of the Company), excluding any 'non-recurring items' (as defined).
Profit/(loss) after tax – organic (attributable to the owners of the Company)	This refers to the profit or loss after tax (attributable to the owners of the Company), excluding any 'non-recurring items' (as defined, except for the 'advisory and other transformation costs – organic').
Quarterly average interest earning assets	This relates to the average of 'interest earning assets' as at the beginning and end of the relevant quarter. Interest earning assets include: cash and balances with central banks (including cash and balances with central banks classified as non-current assets held for sale), plus reverse purchase agreements (reverse repos) plus loans and advances to banks, plus net loans and advances to customers (including loans and advances to customers classified as non-current assets held for sale), plus 'deferred consideration receivable' included within 'other assets', plus investments (excluding equities, mutual funds and other non interest bearing investments).

F. Definitions and Explanations (continued)

Qoq	Quarter on quarter change
Return on Tangible equity (ROTE)	Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised - (based on year - to - date days)), divided by the quarterly average of Shareholders' equity minus intangible assets at each quarter end.
Return on Tangible equity (ROTE) on 15% CET1 ratio	Calculated as Profit/(loss) after tax (attributable to the owners of the Company) (as defined) (annualised - (based on year - to - date days)), divided by the quarterly average of Shareholders' equity minus intangible assets and after deducting the excess CET1 capital on a 15% CET1 ratio from the tangible book value.
Shareholders' equity	Shareholders' equity comprise total equity adjusted for non-controlling interest and other equity instruments.
Special levy on deposits and other levies/contributions	Relates to the special levy on deposits of credit institutions in Cyprus, contributions to the Single Resolution Fund (SRF), contributions to the Deposit Guarantee Fund (DGF), as well as the DTC levy, where applicable.
Tangible book value per share	Calculated as the total equity attributable to the owners of the Company, (i.e. not including other equity instruments, such as AT1) less intangible assets at each quarter end divided by the number of ordinary shares of the Group (excluding treasury shares) at the period/quarter end.
Tangible book value per share excluding the cash dividend	Calculated as the total equity attributable to the owners of the Company, (i.e. not including other equity instruments, such as AT1) less intangible assets at each quarter/year end and the amounts of cash dividend recommended for distribution in respect of earnings of the relevant year the dividend relates to, divided by the number of ordinary shares (excluding treasury shares) at the period/quarter end.
Total Capital ratio	Total capital ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013, as amended by CRR II applicable as at the reporting date.
Total expenses	Total expenses comprise staff costs, other operating expenses and the special levy on deposits and other levies/contributions. It does not include 'advisory and other transformation costs-organic', where applicable. 'Advisory and other transformation costs-organic' amounted to nil for FY2024 (compared to €2 mn for FY2023).
Total income	Total income comprises net interest income and non-interest income (as defined).
Total loan credit losses, impairments and provisions	Total loan credit losses, impairments and provisions comprise loan credit losses (as defined), plus impairments of other financial and non-financial assets, plus provisions for pending litigation, claims regulatory and other matters net of reversals).
Underlying basis	This refers to the statutory basis after being adjusted for reclassification of certain items as explained in the Basis of Presentation.
Write offs	Loans together with the associated loan credit losses are written off when there is no realistic prospect of recovery. Partial write-offs, including non-contractual write-offs, may occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance.
Yoy	Year on year change

Basis of Presentation

This announcement covers the results of Bank of Cyprus Holdings Public Limited Company, “BOC Holdings” or “the Company”, its subsidiary Bank of Cyprus Public Company Limited, the “Bank” or “BOC PCL”, and together with the Bank’s subsidiaries, the “Group”, for the year ended 31 December 2024.

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

Financial information presented in this announcement is being published for the purposes of providing an overview of the preliminary Group financial results for the year ended 31 December 2024.

The financial information in this announcement is not audited and does not constitute statutory financial statements of BOC Holdings within the meaning of section 340 of the Companies Act 2014. The Group statutory financial statements for the year ended 31 December 2024 are expected to be delivered to the Registrar of Companies of Ireland within 56 days of 30 September 2025 (as at the date of this report, such statutory financial statements have not been reported on by independent auditors of BOC Holdings). The Board of Directors approved this financial information on 17 February 2025. BOC Holding’s most recent statutory financial statements for the purposes of Chapter 4 of Part 6 of the Companies Act 2014 of Ireland for the year ended 31 December 2023, upon which the auditors have given an unqualified audit report were published on 28 March 2024 and have been annexed to the annual return and delivered to the Registrar of Companies of Ireland.

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

Underlying basis: The financial information presented under the underlying basis provides an overview of the Group financial results for the year ended 31 December 2024, which the management believes best fits the true measurement of the financial performance and position of the Group. For further information, please refer to ‘Commentary on Underlying Basis’ on page 7. The statutory results are adjusted for certain items (as described on section B.1) to allow a comparison of the Group’s underlying financial position and performance.

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

This announcement and the presentation for the preliminary Group Financial Results for the year ended 31 December 2024 have been posted on the Group’s website www.bankofcyprus.com (Group/Investor Relations/Financial Results).

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

The preliminary Group Financial Results for year ended 31 December 2024 are presented in Euro (€) and all amounts are rounded as indicated. A comma is used to separate thousands and a dot is used to separate decimals.

Forward Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Bank of Cyprus Holdings Public Limited Company (together with Bank of Cyprus Public Company Limited, the 'Bank', and its subsidiaries, the 'Group') ''and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements can usually be identified by terms used such as 'achieve', 'aim', 'anticipate', 'assume', 'believe', 'continue', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'project', 'plan', 'seek', 'should', 'target', 'will' or similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Forward-looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Group (including during management presentations) in connection with this document. Examples of forward-looking statements include, but are not limited to, statements relating to the Group's near term, medium term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated levels of growth, provisions, impairments, business strategies and opportunities, capital generation and distributions (including distribution policy), return on tangible equity and commitments and targets (including environmental, social and governance (ESG) commitments and targets). By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus, other European Union (EU) Member States and globally, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments, information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics and geopolitical developments. This creates significantly greater uncertainty about forward-looking statements. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward-looking statements. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any statement is based. Changes in our reporting frameworks and accounting standards may have a material impact on the way we prepare our financial statements. In setting future targets and outlook, the Group has made certain assumptions about the macroeconomic environment and the Group's businesses, which are subject to change.

Contacts

For further information please contact:
Investor Relations
+ 357 22 122239
investors@bankofcyprus.com

The Bank of Cyprus Group is the leading banking and financial services group in Cyprus, providing a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. At 31 December 2024, the Bank of Cyprus Group operated through a total of 57 branches in Cyprus, of which 2 operated as cash offices. The Bank of Cyprus Group employed 2,880 staff worldwide. At 31 December 2024, the Group's Total Assets amounted to €26.5 bn and Total Equity was €2.8 bn. The Bank of Cyprus Group comprises Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries.