Bank of Cyprus Holdings

Announcement

Group Financial Results for the nine months ended 30 September 2024

Nicosia, 12 November 2024

Key Highlights for the nine months ended 30 September 2024

Strong economic growth continues

- Cyprus GDP to grow by c.3.7%[1] in 2024 outpacing Euro area average
- Strong new lending of €1.7 bn, up 9% yoy
- Gross performing loan book at €10.0 bn, up 3% since December 2023

Delivered ROTE of 22.9%

- NII at €624 mn up 9% yoy; 3Q2024 NII remains strong at €204 mn, similar to 2Q2024 despite the 25 bps reduction in interest rates
- Total operating expenses[2] up 7% yoy to €266 mn, impacted by inflation
- Cost to income ratio[2] remains low at 32%; 3Q2024 cost to income ratio[2] at 35% and includes the impact of a small scale Voluntary Staff Exit Plan
- Profit after tax of €401 mn up 15% yoy, of which €131 mn in 3Q2024
- Basic earnings per share of €0.90 for 9M2024 (vs €0.78 for 9M2023)

Liquid and resilient balance sheet

- NPE ratio reduced to 2.4%[3] (0.1%[3] on a net basis)
- NPE coverage at 96%[3]; cost of risk at 29 bps
- Retail funded deposit base at €20.0 bn, up 4% yoy and 1% qoq
- Highly liquid balance sheet with €7.5 bn placed at the ECB

Robust capital and shareholder focus

- Regulatory CET1 ratio and Total Capital ratio at 18.6% and 23.7% respectively
- Including 3Q2024 profits net of 50% distribution accrual, CET1 ratio and Total Capital ratio increase to 19.1% and 24.3% respectively
- CET1 generation[4] of 355 bps in 9M2024; of which c.140 bps in 3Q2024
- Targeting 50% payout ratio[5] for 2024 at the top-end of Distribution Policy
- Tangible book value per share of €5.56[6] as at 30 September 2024 up 20% yoy

Listing on ATHEX and delisting from LSE in September 2024 to improve stock liquidity and enhance market visibility

1. Source: Cyprus' Ministry of Finance; projections as of October 2024
2. Excluding special levy on deposits and other levies/contributions
3. Pro forma for Held for sale; Agreement for the sale of €27 mn NPEs; expected to be completed by 1H2025 subject to necessary approvals
4. Increase in CET1 ratio (pre-distribution)
5. Subject to market conditions as well as the outcome of the Group's ongoing capital and liquidity planning exercises at the time
6. 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

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

Group Chief Executive Statement

"We continue to generate strong financial and operational results and are well positioned to deliver sustainable earnings as economies transition to a declining interest rate environment.

Our resilient net interest income, diversified business model, ample liquidity and strong asset quality have been pivotal in achieving strong profitability. We delivered the seventh consecutive quarter of ROTE of over 20% on a rapidly growing equity base. Overall, we reported a profit after tax of €401 mn for the first nine months of 2024, equivalent to €0.90 earnings per share, and 22.9% ROTE tracking well ahead against our 2024 targets, translating into strong growth of tangible book value per share.

We have generated 355 bps organic capital in the 9M2024, tracking ahead of our target to deliver over 300 bps this year. Our CET1 ratio and Total Capital ratio at 19.1% and 24.3% respectively remain robust, after accruing for our planned 50% distribution, based on 2024 profits[1]. We are delighted that the current regulatory approval requirement for dividend payments is expected to be lifted in January 2025, based on our draft SREP[4] letter. Our asset quality remains healthy demonstrated by an NPE ratio of 2.4%[2] whilst coverage exceeded 95%.

The Cypriot economy continues to display strength and resilience against the geopolitical developments. In 2024, GDP is now forecast to grow by c.3.7%[3] significantly outpacing the Eurozone average. We continue to support the domestic economy by extending €1.7 bn of new loans in the first nine months of the year, an increase of 9% compared to the same period last year. This led to an increase in our performing loan book by 3% since the beginning of the year to €10.0 bn.

In the third quarter we successfully executed our plan to list on the Athens Stock Exchange (ATHEX) in conjunction with a delisting from the London Stock Exchange (LSE). We expect the ATHEX listing to improve the liquidity of the Bank's shares as well as the Bank's market visibility.

Looking ahead, we will continue to execute on those levers under our control. We reiterate our target of achieving a high-teens ROTE on a 15% CET1 ratio for 2025, despite lower market rate expectations since we guided in August 2024. We will update our detailed financial targets, and we will review our distribution policy alongside our full year 2024 financial results in the context of prevailing market conditions.

Given our strong capital generation, our diversified business model and supportive macroeconomic environment, we maintain our commitment to support our customers and the broader economy, re-invest in the business and deliver attractive shareholder returns."

Panicos Nicolaou

1. Subject to market conditions. The distribution accrual in the capital ratios does not constitute a binding commitment for a distribution payment of any amount nor does it constitute a warranty or representation that such a payment will be made.
2. Pro forma for Held for sale; Agreement for the sale of €27 mn NPEs; expected to be completed by 1H2025 subject to necessary approvals
3. Source: Cyprus' Ministry of Finance; projections as of October 2024
4. Supervisory Review and Evaluation Process

A. Group Financial Results – Underlying Basis

Unaudited Interim Condensed Consolidated Income Statement

€ mn	9M2024	9M2023	yoy +%	3Q2024	2Q2024	qoq +%
Net interest income	624	572	9%	204	207	-1%
Net fee and commission income	131	135	-3%	45	44	1%
Net foreign exchange gains and net gains/(losses) on financial instruments	27	29	-5%	14	6	142%
Net insurance result	35	38	-7%	12	13	-5%
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties	3	7	-53%	1	1	159%
Other income	8	15	-50%	3	2	1%
Total income	**828**	**796**	**4%**	**279**	**273**	**2%**
Staff costs	(151)	(141)	7%	(55)	(48)	14%
Other operating expenses	(115)	(107)	8%	(44)	(38)	14%
Special levy on deposits and other levies/contributions	(26)	(30)	-12%	(7)	(8)	-
Total expenses	**(292)**	**(278)**	**5%**	**(106)**	**(94)**	**13%**
Operating profit	**536**	**518**	**3%**	**173**	**179**	**-3%**
Loan credit losses	(22)	(44)	-50%	(6)	(9)	-23%
Impairments of other financial and non-financial assets	(39)	(38)	5%	(14)	(17)	-12%
Provisions for pending litigation, regulatory and other matters (net of reversals)	1	(20)	-105%	4	7	-51%
Total loan credit losses, impairments and provisions	**(60)**	**(102)**	**-41%**	**(16)**	**(19)**	**-2%**
Profit before tax and non-recurring items	**476**	**416**	**14%**	**157**	**160**	**-4%**
Tax	(73)	(63)	16%	(25)	(23)	6%
Profit attributable to non-controlling interests	(2)	(2)	-7%	(1)	0	20%
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**401**	**351**	**14%**	**131**	**137**	**-5%**
Advisory and other transformation costs – organic	-	(2)	-100%	-	-	-
Profit after tax (attributable to the owners of the Company)	**401**	**349**	**15%**	**131**	**137**	**-5%**

A. Group Financial Results – Underlying Basis (continued)

Unaudited Interim Condensed Consolidated Income Statement- Key Performance Ratios

Key Performance Ratios	9M2024	9M2023	yoy±%	3Q2024	2Q2024	qoq±%
Net Interest Margin (annualised)	3.60%	3.32%	28 bps	3.52%	3.68%	-16 bps
Net Interest Margin (annualised) excluding TLTRO III	3.70%	3.64%	6 bps	3.52%	3.70%	-18 bps
Cost to income ratio	35%	35%	-	38%	34%	4 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	32%	31%	1 p.p.	35%	32%	3 p.p.
Operating profit return on average assets (annualised)	2.8%	2.7%	10 bps	2.7%	2.9%	-20 bps
Basic earnings per share attributable to the owners of the Company (€)[1]	0.90	0.78	0.12	0.29	0.31	-0.02
Return (annualised) on tangible equity (ROTE)	22.9%	24.6%	-1.7 p.p.	21.6%	23.7%	-2.1 p.p.
Return (annualised) on tangible equity (ROTE) on 15% CET1 ratio[2]	29.1%	26.4%	2.7 p.p.	28.2%	29.9%	-1.7 p.p.
Tangible book value per share[3] (€)	5.56	4.63	0.93	5.56	5.27	0.29
Tangible book value per share excluding cash dividend	5.56	4.63	0.93	5.56	5.27	0.29

1. The diluted earnings per share attributable to the owners of the Company for 3Q2024 amounted to €0.29 and €0.90 for 9M2024
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 nine months ended 30 September 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 F.1 'Reconciliation of Interim Consolidated Income statement for the nine months ended 30 September 2024 between statutory and the underlying basis' and in Section H under 'Alternative Performance Measures' and Section I under 'Definitions & Explanations'.

Corporate Actions

In the context of evaluating how best to position the Group to achieve its long-term strategic targets and deliver sustainable value to shareholders, the Board of Directors assessed how to enhance the liquidity of the ordinary shares of the Group. Following extensive communication with the Group's stakeholders, the Board reached the view that listing the ordinary shares on the Athens Stock Exchange ('ATHEX') in conjunction with a delisting from the international commercial companies secondary listing category of the Official List of the London Stock Exchange Group plc (the 'LSE') will yield a number of long-term strategic and capital market benefits. These include enhancing the Group's profile among the relevant investor base focused on the region, enabling investors to directly compare performance with regional banking peers, attracting long-term institutional holders within the more focused market ecosystem of ATHEX and providing scope for inclusion among indices over time.

An Extraordinary General Meeting convened on 13 September 2024 where the listing on ATHEX was approved by the shareholders of the Company. Following receipt of approval by the Listings and Market Operation Committee of ATHEX, the ordinary shares of the Company were admitted for trading on ATHEX on 23 September 2024. The delisting of the ordinary shares from the LSE, as well as the subsequent cancellation of the LSE listing took place on 19 September 2024. The ordinary shares of the Group continue to be listed on the CSE. On 8 October 2024 the Company's ordinary shares were included in the composition of the ATHEX Composite Price Index and the ATHEX Composite Return Index. The Board of the Group believes that listing on ATHEX and delisting from the LSE has the potential to enhance the liquidity of the ordinary shares and may improve the market visibility of the Group for the benefit of shareholders.

A. Group Financial Results– Underlying Basis (continued)

Unaudited Interim Condensed Consolidated Balance Sheet

€ mn	30.09.2024	31.12.2023	±%
Cash and balances with central banks	**7,517**	**9,615**	-22%
Loans and advances to banks	**337**	**385**	-12%
Reverse repurchase agreements	**1,023**	**403**	154%
Debt securities, treasury bills and equity investments	**4,199**	**3,695**	14%
Net loans and advances to customers	**10,031**	**9,822**	2%
Stock of property	**742**	**826**	-10%
Investment properties	**50**	**62**	-19%
Other assets	**1,952**	**1,821**	7%
Non-current assets and disposal groups held for sale	**12**	**-**	-
Total assets	**25,863**	**26,629**	**-3%**
Deposits by banks	**381**	**472**	-19%
Funding from central banks	**-**	**2,044**	-100%
Customer deposits	**19,989**	**19,337**	3%
Debt securities in issue	**976**	**672**	45%
Subordinated liabilities	**322**	**307**	5%
Other liabilities	**1,444**	**1,309**	10%
Total liabilities	**23,112**	**24,141**	**-4%**
Shareholders' equity	**2,508**	**2,247**	**12%**
Other equity instruments	220	220	**-**
Total equity excluding non-controlling interests	**2,728**	**2,467**	**11%**
Non-controlling interests	23	21	**7%**
Total equity	**2,751**	**2,488**	**11%**
Total liabilities and equity	**25,863**	**26,629**	**-3%**

Key Balance Sheet figures and ratios	30.09.2024 Pro forma[1]	30.09.2024	31.12.2023	±
Gross loans (€ mn)	**10,250**	**10,277**	**10,070**	2%
Allowance for expected loan credit losses (€ mn)	**237**	**252**	**267**	-11%
Customer deposits (€ mn)	**19,989**	**19,989**	**19,337**	3%
Loans to deposits ratio (net)	**50%**	**50%**	**51%**	-1 p.p.
NPE ratio	**2.4%**	**2.7%**	**3.6%**	-120 bps
NPE coverage ratio	**96%**	**92%**	**73%**	+23 p.p.
Leverage ratio	**10.4%**	**10.4%**	**9.1%**	+130 bps
Capital ratios and risk weighted assets	**30.09.2024 (including RE[2])**	**30.09.2024 (Regulatory)**	**31.12.2023 (Regulatory)[3]**	**±**
Common Equity Tier 1 (CET1) ratio (transitional)	**19.1%**	**18.6%**	**17.4%**	+170 bps
Total capital ratio (transitional)	**24.3%**	**23.7%**	**22.4%**	+190 bps
Risk weighted assets (€ mn)	**10,441**	**10,441**	**10,341**	+1%

1.Pro forma for HFS; Agreement for the sale of €27 mn NPEs; expected to be completed by 1H2025 subject to necessary approvals 2. Includes retained earnings; includes unaudited/unreviewed profits for 3Q2024 net of distribution accrual (refer to A.1.1). 3. Includes profits for the year ended 31 December 2023 net of distribution at 30% payout ratio, following ECB approval in March 2024 p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 p.p.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis

A.1.1 Capital Base

Total equity excluding non-controlling interests totalled €2,728 mn as at 30 September 2024 compared to €2,607 mn as at 30 June 2024 and to €2,467 mn as at 31 December 2023. Shareholders' equity totalled to €2,508 mn as at 30 September 2024 compared to €2,387 mn as at 30 June 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 18.6% as at 30 September 2024 compared to 18.3% as at 30 June 2024 and to 17.4% as at 31 December 2023. Throughout this announcement, the regulatory capital ratios as at 30 September 2024 include reviewed profits for the six months ended 30 June 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 and do not include 3Q2024 profits). The distribution accrual in the capital ratios in respect of 2024 earnings does not constitute a binding commitment for a distribution payment of any amount nor does it constitute a warranty or representation that such a payment will be made. Including the profits for 3Q2024 of 123 bps, net of distribution accrual at the top end of the Group's approved distribution policy of 70 bps, the CET1 ratio on a transitional basis (including retained earnings) increases to 19.1% as at 30 September 2024. Since September 2023, a charge is deducted from own funds in relation to the ECB prudential expectations for NPEs, which amounted to 27 bps as at 30 September 2024, compared to 26 bps as at 30 June 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 30 September 2024 (compared to 7 bps on Group's CET1 ratio as at 30 June 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 30 September 2024, the impact of these requirements was 46 bps on Group's CET1 ratio, compared to 47 bps as at 30 June 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 23.7% as at 30 September 2024 compared to 23.3% as at 30 June 2024 and to 22.4% as at 31 December 2023. Including the profits for 3Q2024 of 123 bps, net of distribution accrual at the top end of the Group's approved distribution policy of 70 bps, the Total Capital ratio on a transitional basis (including retained earnings) increases to 24.3% as at 30 September 2024.

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

Following the annual SREP performed by the ECB in 2024 and based on the draft SREP decision received in October 2024, effective from 1 January 2025 (subject to ECB final confirmation), **the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to remain unchanged,** when disregarding the phasing in of the O-SII buffer. On 1 January 2025 the Group's minimum phased-in CET1 capital ratio is expected to be set at **11.42%,** 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.0.93%. Likewise, on 1 January 2025 the Group's minimum phased-in Total Capital ratio requirement is expected to be set at **16.12%,** 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.0.93%. The non-public guidance for an additional Pillar II CET1 buffer (P2G) is expected to remain unchanged compared to 2024. **Based on the draft SREP decision, the existing requirement for prior regulatory approval for the declaration of dividends is expected to be lifted, effective from 1 January 2025.**

As at 30 September 2024, the Group's minimum phased-in CET1 capital ratio requirement is set at **11.36%**, 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.0.93%. Likewise, the Group's minimum phased-in Total Capital ratio requirement is set at **16.06%,** 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.0.93%. The ECB has also provided revised lower non-public guidance for an additional Pillar II CET1 buffer (P2G) compared to 2023.

On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the CcyB from 0.00% to 0.50% of the total risk exposure amounts in Cyprus of each licensed credit institution incorporated in Cyprus effective from 30 November 2023. Further, in June 2023, the CBC announced an additional increase of 0.50% in the CcyB of the total risk exposure amounts in Cyprus of each licensed credit institution incorporated in Cyprus effective from June 2024, increasing the CcyB to 1.00%. As a result, the CcyB for the Group as at 30 September 2024 amounted to c.0.93%.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.1 Capital Base (continued)

The Bank has been designated as an Other Systemically Important Institution (O-SII) by the Central Bank of Cyprus (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 from the current level of 1.875%.

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.

Distributions

In April 2023, the Company obtained the approval of the 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 'Distribution'). The 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 Annual General Meeting ('AGM') which was held on 17 May 2024. The dividend 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 is to reduce the Company's share capital and therefore shares purchased under the Programme will be cancelled. The Company entered into non-discretionary agreements with Numis Securities Limited (trading as 'Deutsche Numis') and The Cyprus Investment and Securities Corporation Ltd ('CISCO') acting as joint lead managers, to conduct the Programme and to repurchase shares on the Company's behalf and to make trading decisions under the Programme independently of the Company in accordance with certain pre-set parameters. The Programme took place on both the London Stock Exchange and the Cyprus Stock Exchange.

Following the Company's delisting from the international commercial companies secondary listing category of the Official List of the London Stock Exchange Group plc (the 'LSE') on 19 September 2024 and the admission of the Company's ordinary shares on the Main Market of the Regulated Securities Market of the Athens Stock Exchange ('ATHEX') on 23 September 2024, the Company terminated the share buyback on the LSE on 19 September 2024 and commenced the share buyback on ATHEX on 23 September 2024. The share buyback programme on ATHEX does not change the size of the Programme and runs concurrently with the share buyback on the Cyprus Stock Exchange, which continue pursuant to the Programme and remains unaffected.

The Programme was approved by the European Central Bank ('ECB') on 15 March 2024 and the approval remains in force for a year; i.e. it may continue until 14 March 2025 subject to market conditions, the ongoing capital requirements of the business and early termination rights customary for a transaction of this nature. The implementation of the share buyback programme complies 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. The maximum number of shares that may be repurchased under the ECB approval is 1.6% of the total outstanding shares as at 31 December 2023 (i.e. up to 7,343,249 Shares). As at 8 November 2024, 4,802,247 ordinary shares have been bought back (of which 4,290,222 ordinary shares have been cancelled) at a weighted average price of €4.38 for a total consideration of €21,054,483. As at 8 November 2024, 84% of the maximum total value of the share buyback programme has been completed.

The Distribution in respect of 2023 earnings was equivalent to c.130 bps on CET1 ratio as at 31 December 2023.

Distribution policy

The Group aims to provide a sustainable return to shareholders. Distributions are expected to be in the range of 30-50% payout ratio of the Group's adjusted recurring profitability, including cash dividends and buybacks. 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.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.1 Capital Base (continued)

Distribution Policy (continued)

Based on the draft SREP decision, the existing requirement for prior regulatory approval for the declaration of dividends is expected to be lifted, effective from 1 January 2025.

In line with the Group's distribution policy, the Group is committed to delivering sustainably growing distributions through a combination of cash dividend and share buybacks while maintaining a robust capital base to support profitable growth and prudently prepare for upcoming potential regulatory changes. Supported by its continued progress towards its strategic targets, **the Group intends to move towards the top-end of the 30%-50% range of its distribution policy (i.e 50% payout ratio) for 2024**. Any proposed distribution quantum, as well as envisaged allocation between dividend and buyback, will take into consideration market conditions as well as the outcome of its ongoing capital and liquidity planning exercises at the time. **Given the strong capital generation, the Group's distribution policy is expected to be reviewed with the full year 2024 financial results in the context of prevailing market conditions.**

Share Capital

As at 30 September 2024, there were 442,943,279 issued ordinary shares with a nominal value of €0.10 each, compared to 444,812,058 as at 30 June 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. As at 30 September 2024, there were 230,589 ordinary shares held as treasury shares. Ordinary shares held in treasury do not carry voting rights.

Other equity instruments

At 30 September 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 this DTA for the Bank. 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. The Law provides that a guarantee fee on annual tax credit is payable annually by the credit institution to the Government.

Following certain modifications to the 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.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.1 Capital Base (continued)

A.1.2 Regulations and Directives

A.1.2.1 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 will 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.

A.1.2.2 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 final MREL requirement is now set at 25.0% of risk weighted assets (or 30.3% of risk weighted assets taking into account the expected 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 (as defined in the CRR) and must be met by 31 December 2024.

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

The regulatory MREL ratio as at 30 September 2024, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 33.8% of RWAs (including capital used to meet the CBR) and at 13.8% of LRE (based on the regulatory Total Capital as at 30 September 2024), demonstrating that the Bank finalized its MREL build-up and created a comfortable buffer over the final requirements.

The CBR stood at 5.31% as at 30 September 2024, flat on prior quarter (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.

Throughout this announcement, the MREL ratios as at 30 September 2024 include profits for the six months ended 30 June 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. The MREL ratio expressed as a percentage of RWA and the MREL ratio expressed as a percentage of LRE as at 30 September 2024 stand at 34.4% and 14.1% respectively when including the profits for 3Q2024 net of a distribution accrual at the top end of the Group's approved distribution policy.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.3 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 at 30 June 2024, compared to €2,044 mn as at 31 December 2023. As at 30 September 2024, the funding from Central Banks was nil.

Deposits

Customer deposits totalled €19,989 mn at 30 September 2024 (compared to €19,723 mn at 30 June 2024 and to €19,337 mn at 31 December 2023) up by 1% on prior quarter and 3% since the beginning of the year. Customer deposits are mainly retail-funded and 56% of deposits are protected under the deposit guarantee scheme as at 30 September 2024.

The Bank's deposit market share in Cyprus reached 37.6% as at 30 September 2024, compared to 37.5% as at 30 June 2024 and to 37.7% as at 31 December 2023. Customer deposits accounted for 77% of total assets and 86% of total liabilities at 30 September 2024 (compared to 73% of total assets and 80% of total liabilities as at 31 December 2023). The increase 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 50% as at 30 September 2024 (compared to at 51% as at 30 June 2024 and as at 31 December 2023 on the same basis), 1 p.p. down since the beginning of the year.

Subordinated liabilities

At 30 September 2024, the carrying amount of the Group's subordinated liabilities amounted to €322 mn (compared to €313 mn at 30 June 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 30 September 2024, the carrying value of the Group's debt securities in issue amounted to €976 mn (compared to €971 mn at 30 June 2024 and to €672 mn at 31 December 2023) and relate to senior preferred notes. The increase of 45% 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.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.3 Funding and Liquidity (continued)

Funding (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 30 September 2024, the Group Liquidity Coverage Ratio (LCR) stood at 312% (compared to 304% at 30 June 2024 and to 359% at 31 December 2023), well above the minimum regulatory requirement of 100%. The LCR surplus as at 30 September 2024 amounted to €8.0 bn (compared to €7.5 bn at 30 June 2024 and to €9.1 bn at 31 December 2023) up 6% qoq reflecting mainly the increase in the customer deposits.

At 30 September 2024, the Group Net Stable Funding Ratio (NSFR) stood at 157% (compared to 156% as at 30 June 2024 and to 158% at 31 December 2023), well above the minimum regulatory requirement of 100%.

A.1.4 Loans

Group **gross loans** totalled €10,277 mn at 30 September 2024, compared to €10,318 mn at 30 June 2024 and to €10,070 mn at 31 December 2023) up 2% since the beginning of the year.

New lending granted in Cyprus reached €481 mn for 3Q2024 (compared to €551 mn for 2Q2024 and a seasonally strong new lending of €676 mn for 1Q2024) down by 13% qoq. New lending in 3Q2024 comprised €180 mn of corporate loans, €188 mn of retail loans (of which €117 mn were housing loans), €48 mn of SME loans and €65 mn of shipping and international loans. New lending for 9M2024 totalled €1,708 mn, up 9% yoy driven mainly by corporate demand.

At 30 September 2024, the Group net loans and advances to customers totalled €10,031 mn (compared to €10,085 mn at 30 June 2024 and to €9,822 mn at 31 December 2023) up 2% since the beginning of the year.

The Bank is the largest credit provider in Cyprus with a market share of 43.2% at 30 September 2024, compared to 43.2% at 30 June 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.

A.1.5 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 3Q2024 amounted to €6 mn, compared to €9 mn for 2Q2024 and €7 mn for 1Q2024 and totalled €22 mn for 9M2024. Further details regarding loan credit losses are provided in Section A.2.3 'Profit before tax and non-recurring items'.

Non-performing exposures

The high interest rate environment as well as inflationary pressures are expected to weigh on customers behaviour. Despite these elements, there are no material signs of asset quality deterioration to date. While defaults have been limited, the additional monitoring and provisioning for sectors and individuals vulnerable to the macroeconomic environment remain in place to ensure that potential difficulties in the repayment ability are identified at an early stage, and appropriate solutions are provided to viable customers.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.5 Loan portfolio quality (continued)

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced by €20 mn, or 7% in 3Q2024, compared to a net decrease of €53 mn in 2Q2024, to €274 mn at 30 September 2024 (compared to €294 mn at 30 June 2024 and €365 mn at 31 December 2023).

As a result, the NPEs reduced to 2.7% of gross loans as at 30 September 2024, compared to 2.8% of gross loans as at 30 June 2024 and 3.6% of gross loans as at 31 December 2023.

The NPE coverage ratio stands at 92% at 30 September 2024, compared to 85% at 30 June 2024 and to 73% at 31 December 2023. When taking into account tangible collateral at fair value, NPEs are fully covered.

Agreement for the sale of NPEs

In September 2024, the Bank entered into an agreement with funds associated with Cerberus Global Invetments 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 (known as the **'Sale'**). The Sale is expected to be broadly positive to both the income statement and to capital. The Sale is subject to the necessary approvals and is expected to be completed within 1H2025. **Pro forma for the NPE sale agreement, the NPE ratio is reduced further to 2.4%, whilst NPE coverage increased to 96%.**

Overall, since the peak in 2014, the stock of NPEs has been reduced by €14.7 bn or 98% to <€0.3 bn and the NPE ratio by 60.5 p.p. from 63% to below 2.5%.

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.

A.1.6 Fixed income portfolio

Fixed income portfolio amounts to €4,061 mn as at 30 September 2024, compared to €3,828 mn as at 30 June 2024 and €3,489 mn as at 30 September 2023, increased by 6% on the prior quarter and by 16% on prior year. As at 30 September 2024, the portfolio represents 16% of total assets and comprises €3,655 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 Aa3. The amortised cost fixed income portfolio as at 30 September 2024 has an unrealised fair value gain of €44 mn, equivalent to c.40 bps of CET1 ratio (compared to an unrealised fair value loss of €29 mn as at 30 June 2024) due to the decrease in the bond yields.

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.7 Reverse repurchase agreements

Reverse repurchase agreements amount to €1,023 mn as at 30 September 2024, compared to €1,015 mn as at 30 June 2024 and €403 mn as at 31 December 2023. The increase since the beginning of the year relates to the additional 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.2.3 years.

A.1.8 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.€1.0 bn and exceed properties on-boarded in the same period of €0.5 bn.

REMU completed disposals (and transfers) of €82 mn in 9M2024 (compared to €98 mn in 9M2023), resulting in a profit on disposal of c.€5 mn for 9M2024 (compared to a profit of c.€8 mn for 9M2023). Asset disposals are across all property classes, with around half of sales in gross sale value in 9M2024 relating to land.

During the nine months ended 30 September 2024, REMU executed sale-purchase agreements (SPAs) for disposals of 367 properties with contract value of €94 mn (including transfers of €3 mn), compared to SPAs for disposals of 399 properties with contract value of €111 mn for 9M2023.

In addition, REMU had a pipeline of €53 mn by contract value as at 30 September 2024, of which €27 mn related to SPAs signed (compared to a pipeline of €64 mn as at 30 September 2023, of which €49 mn related to SPAs signed).

REMU on-boarded €28 mn of assets in 9M2024 (compared to additions of €18 mn in 9M2023), via the execution of debt for asset swaps and repossessed properties.

As at 30 September 2024, repossessed properties held by REMU had a carrying value of €764 mn, compared to €790 mn as at 30 June 2024 and €947 mn as at 30 September 2023 and remains 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	**9M2024**	**9M2023**	**yoy ±%**	**3Q2024**	**2Q2024**	**qoq ±%**
Opening balance	**862**	**1,079**	-20%	790	836	-6%
On-boarded assets	**28**	**18**	56%	14	9	39%
Sales	**(82)**	**(98)**	-17%	(26)	(39)	-37%
Net impairment loss	**(41)**	**(30)**	35%	(15)	(16)	-8%
Transfers	**(3)**	**(22)**	-86%	-	-	-
Closing balance	**764**	**947**	-19%	**764**	**790**	-3%

A. Group Financial Results – Underlying Basis (continued)

A.1 Balance Sheet Analysis (continued)

A.1.8 Real Estate Management Unit (REMU) (continued)

Analysis by type and country of repossessed properties **30 September 2024 (€ mn)**	**Cyprus**	**Greece**	**Total**
Residential properties	**48**	**7**	**55**
Offices and other commercial properties	**114**	**10**	**124**
Manufacturing and industrial properties	**16**	**11**	**27**
Hotels	**13**	**0**	**13**
Land (fields and plots)	**358**	**3**	**361**
Golf courses and golf-related property	**184**	**0**	**184**
Total	**733**	**31**	**764**

31 December 2023 (€ mn)	**Cyprus**	**Greece**	**Total**
Residential properties	**50**	**12**	**62**
Offices and other commercial properties	**110**	**13**	**123**
Manufacturing and industrial properties	**36**	**16**	**52**
Hotels	**17**	**0**	**17**
Land (fields and plots)	**405**	**4**	**409**
Golf courses and golf-related property	**199**	**0**	**199**
Total	**817**	**45**	**862**

A. Group Financial Results – Underlying Basis (continued)

A.2 Income Statement Analysis

A.2.1 Total income

€ mn	9M2024	9M2023	yoy +%	3Q2024	2Q2024	qoq ±%
Net interest income	**624**	**572**	**9%**	**204**	**207**	**-1%**
Net fee and commission income	131	135	-3%	45	44	1%
Net foreign exchange gains and net gains/(losses) on financial instruments	27	29	-5%	14	6	142%
Net insurance result	35	38	-7%	12	13	-5%
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties	3	7	-53%	1	1	159%
Other income	8	15	-50%	3	2	1%
Non-interest income	**204**	**224**	**-9%**	**75**	**66**	**14%**
Total income	**828**	**796**	**4%**	**279**	**273**	**2%**
Net Interest Margin (annualised)	3.60%	3.32%	28 bps	3.52%	3.68%	-16 bps
Average interest earning assets (€ mn)	23,107	23,011	0%	23,044	22,588	2%
p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point						

Net interest income (NII) for 9M2024 amounted to €624 mn, compared to €572 mn for 9M2023, up 9% yoy. The increase yoy is mainly attributed to higher interest rates on liquid assets and loans and ample liquidity, partially offset by a moderate increase in time and notice cost of deposits and funding costs as well as higher cost of hedging.

Net interest income (NII) for 3Q2024 amounted to €204 mn, compared to €207 mn for 2Q2024, down 1% qoq. The qoq decrease reflects mainly the reduction in reference rates, partially offset by continued increased liquidity and one additional calendar day.

Quarterly average interest earning assets (AIEA) for 9M2024 amounted to €23,107 mn, broadly flat yoy.

Quarterly average interest earning assets (AIEA) for 3Q2024 amounted to €23,044 mn, up 2% qoq, due to the increase in liquid assets mainly as a result of the increase in deposits by €266 mn qoq.

Net interest margin (NIM) for 9M2024 amounted to 3.60% (compared to 3.32% for 9M2023), up 28 bps yoy, supported mainly by the higher interest rate outlook compared to prior year.

Net interest margin (NIM) for 3Q2024 stood at 3.52%, compared to 3.68% for 2Q2024, down 16 bps qoq mainly as a result of the decrease in the reference rates during 3Q2024.

Non-interest income for 9M2024 amounted to €204 mn (compared to €224 mn for 9M2023, down 9% yoy) comprising net fee and commission income of €131 mn, net foreign exchange gains and net gains/(losses) on financial instruments of €27 mn, net insurance result of €35 mn, net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties of €3 mn and other income of €8 mn. The yoy reduction is mainly due to lower net fee and commission income as well as a non-recurring insurance receivable of c.€5 mn included in other income recognised in prior year.

Non-interest income for 3Q2024 amounted to €75 mn (compared to €66 mn for 2Q2024 up 14% qoq) comprising net fee and commission income of €45 mn, net foreign exchange gains and net gains/(losses) on financial instruments of €14 mn, net insurance result of €12 mn, net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties of €1 mn and other income of €3 mn. The qoq increase is primarily due to net foreign exchange gains and net gains/(losses) on financial instruments.

Net fee and commission income for 9M2024 amounted to €131 mn compared to €135 mn in prior year, down 3% yoy, mainly due to lower transactional fees.

Net fee and commission income for 3Q2024 amounted to €45 mn, broadly flat qoq.

A. Group Financial Results – Underlying Basis (continued)

A.2 Income Statement Analysis (continued)

A.2.1 Total income (continued)

Net foreign exchange gains and net gains/(losses) on financial instruments amounted to €27 mn for 9M2024, down 5% yoy, comprising a net foreign exchange gain of c.€20 mn and a net gains on financial instruments of c.€7 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 €14 mn for 3Q2024, compared to €6 mn for 2Q2024, comprising a net foreign exchange gain of c.€7 mn and a net gain on financial instruments of c.€7 mn. The quarterly increase of 142% reflects primarily the one-off revaluation gains on financial instruments (c.€5.5 mn). Net foreign exchange gains and net gains/(losses) on financial instruments are considered volatile profit contributors.

Net insurance result amounted to €35 mn for 9M2024, compared to €38 mn for 9M2023, down 7% yoy, due to negative claim experience in the non-life insurance business, arising from the severe weather-related events occurred in 1Q2024.

Net insurance result amounted to €12 mn for 3Q2024, broadly flat qoq.

Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties of €3 mn for 9M2024 (comprising net gains on disposal of stock of properties and investment properties of c.€5 mn, and net loss from revaluation of investment properties of c.€2 mn) compared to €7 mn for 9M2023. REMU profit remains volatile.

Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties of €1 mn for 3Q2024 flat qoq.

Total income amounted to €828 mn for 9M2024 (compared to €796 mn for 9M2023, up 4% yoy) due to higher net interest income as explained above. Total income amounted to €279 mn for 3Q2024 compared to €273 mn for 2Q2024, as non-interest income was higher than prior quarter whilst net interest income remained at similar levels to 2Q2024 despite the reduction in the reference rates.

A. Group Financial Results – Underlying Basis (continued)

A.2. Income Statement Analysis (continued)

A.2.2 Total expenses

€ mn	9M2024	9M2023	yoy +%	3Q2024	2Q2024	qoq ±%
Staff costs	(151)	(141)	7%	(55)	(48)	14%
Other operating expenses	(115)	(107)	8%	(44)	(38)	14%
Total operating expenses	**(266)**	**(248)**	**7%**	**(99)**	**(86)**	**14%**
Special levy on deposits and other levies/contributions	(26)	(30)	-12%	(7)	(8)	-
Total expenses	**(292)**	**(278)**	**5%**	**(106)**	**(94)**	**13%**
Cost to income ratio	35%	35%	-	38%	34%	4 p.p.
Cost to income ratio excluding special levy on deposits and other levies/contributions	32%	31%	1 p.p.	35%	32%	3 p.p.

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

Total expenses for 9M2024 were €292 mn (compared to €278 mn for 9M2023 up 5% yoy), 52% of which related to staff costs (€151 mn), 39% to other operating expenses (€115 mn) and 9% to special levy on deposits and other levies/contributions (€26 mn). Total expenses for 3Q2024 were €106 mn (compared to €94 mn for 2Q2024, up 13% qoq). The yoy and qoq increase is driven by higher total operating expenses (both staff costs and other operating expenses), impacted by inflation.

Total operating expenses amounted to €266 mn for 9M2024 (compared to €248 mn for 9M2023, up 7% yoy) reflecting both higher staff costs and other operating expenses, impacted by inflation. Total operating expenses amounted to €99 mn in 3Q2024 compared to €86 mn in 2Q2024, up 14% qoq, primarily relating to the recognition of the full cost of a small-scale voluntary staff exit plan ('VEP') in 3Q2024.

Staff costs for 9M2024 were €151 mn (compared to €141 mn for 9M2023, up 7% yoy) and include c.€7.6 mn performance-related pay accrual and c.€7.2 mn termination cost (compared to c.€6.6 mn performance-related pay accrual and c.€4.5 mn termination cost in 9M2023). Net of these accruals, staff costs increased by 5% yoy, reflecting salary increments and higher cost of living adjustments (COLA) as well as higher employer's contributions. Staff costs for 3Q2024 were €55 mn compared to €48 mn for 2Q2024, up 14% qoq due to the recognition of the full 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 22 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 21 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 21 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 30 September 2024, the Group employed 2,874 persons compared to 2,860 persons as at 30 June 2024 and to 2,830 persons as at 31 December 2023.

A.2 Income Statement Analysis (continued)

A.2.2 Total expenses (continued)

Other operating expenses for 9M2024 amounted to €115 mn, compared to €107 mn for 9M2023, up 8% yoy, impacted mainly by inflationary pressures, marketing expenses and higher professional fees on ATHEX listing. Other operating expenses amounted to €44 mn for 3Q2024 compared to €38 mn for 2Q2024 due to higher professional fees on ATHEX listing and higher marketing expenses on the New Reward Programme launched in August 2024 to reward performing borrowers.

Special levy on deposits and other levies/contributions for 9M2024 amounted to €26 mn compared to €30 mn for 9M2023, down 12% 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 was 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 3Q2024 amounted to €7 mn broadly flat qoq.

The **cost to income ratio excluding special levy on deposits and other levies/contributions** for 9M2024 was 32% compared to 31% for 9M2023. The cost to income ratio excluding special levy on deposits and other levies/contributions for 3Q2024 was 35% compared to 32% for 2Q2024.

A. Group Financial Results – Underlying Basis (continued)

A.2 Income Statement Analysis (continued)

A.2.3 Profit before tax and non-recurring items

€ mn	9M2024	9M2023	yoy +%	3Q2024	2Q2024	qoq±%
Operating profit	**536**	**518**	**3%**	**173**	**179**	**-3%**
Loan credit losses	(22)	(44)	-50%	(6)	(9)	-23%
Impairments of other financial and non-financial assets	(39)	(38)	5%	(14)	(17)	-12%
Provisions for pending litigation, regulatory and other matters (net of reversals)	1	(20)	-105%	4	7	-51%
Total loan credit losses, impairments and provisions	**(60)**	**(102)**	**-41%**	**(16)**	**(19)**	**-2%**
Profit before tax and non-recurring items	**476**	**416**	**14%**	**157**	**160**	**-4%**
Cost of risk	**0.29%**	**0.58%**	**-29 bps**	**0.26%**	**0.34%**	**-8 bps**
p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point						

Operating profit for 9M2024 amounted to €536 mn, compared to €518 mn for 9M2023, up by 3% yoy reflecting mainly the significant increase in net interest income. Operating profit of €173 mn for 3Q2024 was down 3% qoq due to higher total expenses as explained above.

Loan credit losses for 9M2024 were €22 mn compared to €44 mn for 9M2023, down 50% yoy, supported by the continued robust performance of the credit portfolio and improved macroeconomic assumptions. Loan credit losses for 3Q2024 amounted to €6 mn, compared to €9 mn for 2Q2024 down by 23% qoq.

Cost of risk for 9M2024 is equivalent to 29 bps, compared to a cost of risk of 58 bps for 9M2023 (down 29 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 3Q2024 was 26 bps, compared to a cost of risk of 34 bps for 2Q2024, down 8 bps qoq.

At 30 September 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 I. 'Definitions and Explanations' for definition) totalled €252 mn including the portfolio held for sale (compared to €251 mn as at 30 June 2024 and €267 mn at 31 December 2023) and accounted for 2.4% of gross loans (compared to 2.4% as at 30 June 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 €237 mn and accounted for 2.3%.

Impairments of other financial and non-financial assets for 9M2024 amounted to €39 mn, broadly flat yoy and relate mainly to REMU stock properties. Impairments of other financial and non-financial assets for 3Q2024 were €14 mn, compared to €17 mn for 2Q2024 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 9M2024 amounted to a net reversal of €1 mn, compared to a provision of €20 mn for 9M2023. Provisions for pending litigation, claims, regulatory and other matters (net of reversals) amounted to a net reversal of €4 mn for 3Q2024, compared to a net reversal of €7 mn for 2Q2024, relating mainly to the progress of cases on existing litigation.

Profit before tax and non-recurring items for 9M2024 totalled to €476 mn, compared to €416 mn for 9M2023. Profit before tax and non-recurring items for 3Q2024 amounted to €157 mn, compared to €160 mn for 2Q2024.

A. Group Financial Results – Underlying Basis (continued)

A.2 Income Statement Analysis (continued)

A.2.4 Profit after tax (attributable to the owners of the Company)

€ mn	9M2024	9M2023	yoy +%	3Q2024	2Q2024	qoq ±%
Profit before tax and non-recurring items	**476**	**416**	14%	**157**	**160**	-4%
Tax	(73)	(63)	16%	(25)	(23)	6%
Profit attributable to non-controlling interests	(2)	(2)	-7%	(1)	0	20%
Profit after tax and before non-recurring items (attributable to the owners of the Company)	**401**	**351**	14%	**131**	**137**	-5%
Advisory and other transformation costs – organic	-	(2)	-100%	-	-	-
Profit after tax (attributable to the owners of the Company)	**401**	**349**	15%	**131**	**137**	**-5%**

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

The **tax charge** for 9M2024 amounted to €73 mn compared to €63 mn for 9M2023. The tax charge for 3Q2024 amounted to €25 mn, compared to €23 mn for 2Q2024.

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 Cyprus, the legislation has not been substantively enacted at the balance sheet date, however it is expected to be enacted within 2024. The Group expects to be in scope of the legislation and has performed an assessment of the potential impact of Pillar Two income taxes with the current estimate being a charge of approximately 1.5% on profit before tax for the period ended 30 September 2024. Because of the calculation complexity resulting from these rules and as the final legislation has yet to be enacted, the impact of this reform has been estimated to range up to 2% of profit before tax and will be further refined upon the enactment and implementation of relevant legislation.

Profit after tax and before non-recurring items (attributable to the owners of the Company) for 9M2024 is €401 mn, compared to €351 mn for 9M2023. Profit after tax and before non-recurring items (attributable to the owners of the Company) for 3Q2024 is €131 mn, compared to €137 mn for 2Q2024.

Advisory and other transformation costs – organic for 9M2024 are nil, compared to €2 mn for 9M2023. Advisory and other transformation costs – organic for 3Q2024 are nil, flat qoq.

Profit after tax attributable to the owners of the Company for 9M2024 amounts to €401 mn corresponding to a ROTE of 22.9%, compared to €349 mn for 9M2023 (and a ROTE of 24.6%). ROTE on 15% CET1 ratio for 9M2024 increases to 29.1%, compared to 26.4% for 9M2023, calculated on the same basis. Profit after tax attributable to the owners of the Company for 3Q2024 amounts to €131 mn, corresponding to a ROTE of 21.6%, compared to €137 mn for 2Q2024 (and a ROTE of 23.7%). ROTE on 15% CET1 ratio for 3Q2024 increases to 28.2% compared to a ROTE of 29.9% for 2Q2024, 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 €131 mn for 3Q2024 compared to €124 mn for 2Q2024 and totals to €388 mn for 9M2024, compared to €331 mn for 9M2023.

B. Operating Environment

Economic activity picked up in the first half of 2024, with real GDP rising by a seasonally adjusted 3.8% in the first quarter of 2024 and 3.4% in the second quarter of 2024. Growth for the year is now estimated at 3.7%, according to the latest revisions by the Ministry of Finance and is projected to increase by 3.1% in 2025, proving its resilience and characteristics despite the geopolitical developments surrounding the region.

The strong performance of the economy in the post-Covid period was driven by key sectors such as financial services, professional and administrative services, tourism and construction, as well as increased economic diversification through the expansion of the information and communication technology (ICT) sector. On the demand side, growth was driven by robust private consumption, supported by declining inflation and a low unemployment rate, which dropped to 4.8% in the second quarter of 2024. In addition, exports of services provided a significant boost in the first half of the year. Public investment is expected to be supported by the EU Recovery and Resilience Plan, which ends in 2026. This could further increase Cyprus' growth potential.

Inflation, as measured by the Harmonized Index of Consumer Prices, has been declining since peaking in July-August 2022 at 10.6% headline and 7.2% core, excluding energy and food. Inflation decreased to 3.9% in 2023 and further to 2.3% in January-September 2024. Core inflation was stickier at 2.6% over the same period. Services inflation (i.e. all items excluding goods) was 4.1%, compared with 3.6% in 2023. Although headline inflation has fallen sharply since peaking in 2022, there are still inflationary pressures in the economy, particularly in the services categories. This is also the case for Europe in general.

The fiscal outlook is favourable, with sustained surpluses and a government debt-to-GDP ratio firmly on a declining path. According to the Ministry of Finance, the general government budget surplus is expected to increase from 2% of GDP in 2023 to 3.9% of GDP in 2024, due to strong economic growth and a strong labour market resulting in high income tax revenues and higher social security contributions. The budget surplus will remain sizeable in 2025-2027, exceeding 2% of GDP, according to the Ministry of Finance.

Moreover, the strong fiscal performance and robust growth prospects support a firm deleveraging path. The general government debt-to-GDP ratio declined from 113.6% of GDP in 2020 to 70.5% of GDP as at 30 June 2024 and is expected to decline further to below 60% in 2026. This is one of the strongest fiscal performances in the euro area. Debt affordability metrics are favourable and are expected to remain solid over the medium term, as gross financing needs are moderate and the cash buffer provides the government with a high degree of financing flexibility.

Following the banking crisis of 2012-2013, Cypriot banks have made significant progress in restructuring their balance sheets and refocusing their operations. Banks deleveraged their lending profiles, reduced their non-performing loans and reliance on non-resident deposits, lowered their operating costs, and strengthened their capital buffers. As a result, profitability increased, also benefiting from the windfall effects of the higher interest rate environment.

Private indebtedness, as depicted in active banks' balance sheets, has more than halved over the past decade and is now among the lowest in Europe. Total bank loans to non-financial corporations and households stood at 62.5% of GDP in 2023, compared with more than 250% at the end of 2013. The ratio of non-performing loans was 6.8% at the end of July 2024. The corresponding non-performing ratio for non-financial corporations was 5.8% and for households 8.7%.

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.

B. 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 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.

In June 2024, **Fitch Ratings** upgraded Cyprus' long-term foreign currency issuer default rating to 'BBB+' from 'BBB' whilst maintaining its outlook on Cyprus positive. The upgrade relates mainly to the reduced vulnerabilities to financial shocks, the continued strengthening of the banking sector's credit profile, the deleveraging of the private sector, the reduction of Cyprus public debt as well as its strong GDP growth.

In addition, in June 2024, **S&P Global Ratings** upgraded Cyprus' long-term local and foreign currency sovereign credit ratings to BBB+ from BBB, whilst maintaining its outlook on Cyprus positive. This one-notch upgrade of Cyprus' rating reflects the progress Cyprus has made in recent years to address fiscal imbalances, amid resilient growth as well as the strengthening financial position of Cypriot banks.

In May 2024, **Moody's Investors Service** affirmed the long-term issuer and senior unsecured ratings of the Government of Cyprus to Baa2. The outlook was revised to positive from stable. The affirmation of Cyprus ratings balances strong trend economic growth in combination with strong institutional capacity and effective policymaking against its small economic size, a relatively high public debt burden and moderate susceptibility to event risks driven by banking sector risks and geopolitical risks. The positive outlook reflects the possibility of a sustained improvement of Cyprus' fiscal strength.

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.

C. Business Overview

Credit ratings

The Group's financial performance is highly correlated to the economic and operating conditions in Cyprus. In July 2024, **Moody's Investors Service upgraded** the Bank's long-term deposit rating **to Baa1 from Baa3** and revised the outlook to stable. The upgrade by two notches reflects the ongoing improvements of the Bank's solvency profile, the increased protection afforded to the Bank's depositors, and its strengthened capital. **This is the highest long-term deposit rating for the Bank since 2011**. The stable outlook balances potential further asset quality improvements against lower normalised profitability metrics, a broadly stable operating environment, and stable funding, liquidity and capital metrics. 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. In June 2024, **S&P Global Ratings upgraded** the long-term issuer credit rating of the Bank to BB+ and maintained a positive outlook. The upgrade by one notch was driven by the reduction of economic imbalances, strengthened capitalisation, supportive economic conditions and the solid profitability stemming from improved efficiency and contained cost of risk.

Financial performance

The Group is a leading, financial and technology hub in Cyprus. During the nine months ended 30 September 2024, the Group generated a profit after tax of €401 mn, 15% higher compared to the same period in 2023. This is equivalent to a strong ROTE of almost 23%, demonstrating that it is tracking well against its 2024 target of delivering a ROTE of over 19%. This performance is feeding through into strong growth of the Group's tangible book value per share. Since September 2023, the Group's tangible book value per share improved by 20% to €5.56, accelerating shareholder value creation. As a result, for FY2024 the Group is targeting a 50% payout ratio (i.e. at the top end of the Distribution policy) and this corresponds to a double-digit distribution yield.

Interest rate environment

The structure of the Group's balance sheet remains highly liquid. As at 30 September 2024, cash balances with ECB amounted to €7.5 bn whereas 44% of the Group's loan portfolio is Euribor based. Net interest income for the nine months ended 30 September 2024 stood at €624 mn, up 9% yoy due to higher interest income on loans and liquid assets, underpinned by high interest rates, 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 beginning of the interest rate reduction by the ECB. The reduction is mitigated by the continuous increase in liquidity due to the increase in customer deposits.

Overall, the Group intended to increase its hedging position in FY2024 subject to market conditions, in order to reduce the sensitivity of net interest income. The hedging tools include receipt of fixed interest rate swaps, further investment in fixed rate bonds, additional reverse repos and continuing offering of fixed rate loans.

In the first nine months of 2024, the Group carried out hedging of c.€4.0 bn. The hedging was mainly through receive fixed interest rate swaps, investment in fixed rate bonds, reverse repos, and offering of fixed rate loans. Overall, since 2023 the Group carried out hedging of €8.4 bn representing around 35% of the Group's interest earning assets as at 30 September 2024. The average yield of hedging is 2.9%. Simultaneously, 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. 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 almost €40 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 niche 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 9M2024 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 nine months ended 30 September 2024, new lending remained strong at €1.7 bn, up 9% on prior year, driven mainly by business demand. Gross performing loan book increased by 3% since the beginning of the year to c.€10.0 bn; loan growth is subdued by repayments.

Growing revenues in a more capital efficient way (continued)

Fixed income portfolio continued to grow in 9M2024 to €4,061 mn, and currently represents 16% of total assets. This portfolio is mostly measured at amortised cost and is highly rated with average rating at Aa3. The amortised cost fixed income portfolio as at 30 September 2024 has an unrealised fair value gain of €44 mn, equivalent to c.40 bps of CET1 ratio (compared to an unrealized fair value gain of €3 mn as at 31 December 2023) 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 nine months ended 30 September 2024, non-interest income amounted to €204 mn, covering 77% of the Group's total operating expenses.

In the first nine months of 2024 net fee and commission income amounted to €131 mn and was down by 3% compared to the previous year, mainly 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 €21 mn for 9M2024, up 2% yoy, backed by strong transaction volume. In the context of its wider strategic evaluation, the Group is undertaking a strategic review which may result in a potential disposal of part or all of its holding in JCC, although no decision has been taken at this stage.

The Group's **insurance companies,** EuroLife and GI are respectively leading players in the life and general insurance business in Cyprus, and have been providing recurring and improving income, further diversifying the Group's income streams. The net insurance result for 9M2024 contributed 17% of non-interest income and amounted to €35 mn; 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. The first Business-to-Business services are already in use by clients and include invoice, remittance, tender and ecosystem management. Currently, c.2,350 companies are registered in the platform and c.€860 mn cash were exchanged via the platform since 2023 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.170 retailers were onboarded in fashion, technology, beauty, small appliances, personal care devices and toys and bookstore sectors and around 220k 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 2023, the Group completed a small-scale, targeted VEP through which 50 full-time employees were approved to leave at a total cost of c.€7.5 mn, recorded in staff costs in FY2023. 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%. In 3Q2024 an additional small-scale, targeted VEP was announced and the total cost of €7.2 mn was recognised in the quarter.

The Group's total operating expenses for 9M2024 amounted to €266 mn, up 7% on prior year, impacted by inflationary pressures mainly on staff costs as well as higher professional fees on ATHEX listing and marketing expenses on the New Reward Programme (which was launched in August 2024). The cost to income ratio excluding special levy on deposits and other levies/contributions for the nine months ended 30 September 2024 remained low at 32%.

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.

C. Business Overview (continued)

Lean operating model (continued)

Digital transformation (continued)

The Group's digital channels continue to grow. As at 30 September 2024, the Group's digital community has increased to 475K active subscribers, both on Internet Banking and the BoC Mobile App, improving by 7% yoy. Likewise, the BoC Mobile App, had 442K active subscribers as at 30 September 2024 and increased by 9% yoy.

During 3Q2024, the Group continued to enrich and improve its digital portfolio with new innovative services to its customers. The Banks Junior App 'Joey' was launched, a banking app for kids and teens from 9-17 years old, providing autonomy in a secure environment that enables them to develop money skills and guardians to maintain control and oversight. Joey debit card allows Joeyers to shop either online or in-store, use it at ATMs, as well as enjoying card management features, such as freeze/unfreeze, add card in google or apple pay, request and receive money/ allowance from guardian and get real time alerts for their spend.

One of the Group's latest 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 11.6k applications were processed, granting €82 mn new loans in 9M2024, equivalent to an increase of 7% compared to 9M2023.

In collaboration with Genikes Insurance, an insurance plan purchase was integrated into the BOC Mobile App, enabling customers to access car or home insurance plans through the app at lower rates than branch prices. Digital insurance sales for the 9M2024 amounted to €431k, compared to €276k for 9M2023, reflecting 1,362 policies in 9M2024 compared to 935 policies for 9M2023.

Lastly, digital account openings increased by 61% in 9M2024 to 14,583 from 9,033 in 9M2023 and new debit cards more than doubled yoy to 15,798 in 9M2024 compared to 7,801 during the same period last year.

Asset quality

Balance sheet de-risking was largely completed in 2022; as at 30 September 2024, the Group's NPE ratio stood at 2.7% already achieving the 2024 NPE ratio target. In September 2024 the Group entered into an agreement with a third party for the sale of NPEs of €27 mn; completion is expected by 1H2025 subject to necessary approvals. **Pro forma for this NPE sales agreement the NPE ratio is reduced further to 2.4%** 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).

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 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
- ≥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 30 September 2024.

C. Business Overview (continued)

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

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 in 2022 and 2023, achieved a c.18% reduction in Scope 1 and Scope 2 GHG emissions in 2023 compared to the baseline of 2021.

The Group invested and plans invest to in energy efficient installations and actions as well as replace fuel intensive machineries and vehicles from 2024 to 2025, which would lead to c.3-4% reduction in Scope 1 and Scope 2 emissions by 2025 compared to 2021. The Group expects that the Scope 2 emissions will be reduced further when the energy market in Cyprus shifts further towards renewable energy. The Bank achieved a reduction of c.4% in Scope 1 – Stationary Combustion GHG emissions and c.9% in Scope 2 GHG emissions in 9M2024 compared to 9M2023 due to new solar panels connected to energy network in 2023 and up to September 2024 as well as branch rationalisation as part of the digitalization journey. The Bank achieved an increase of 43% in renewable energy production, from 226,200 Kwh to 323,267 Kwh, in 9M2024 compared to 9M2023.

The Group is gradually integrating climate-related and environmental (C&E) risks into its Business Strategy. The Bank was the first bank in Cyprus to join the Partnership for Carbon Accounting Financials (PCAF) in October 2022, and has estimated and published the Financed Scope 3 GHG emissions associated with its loan and investment portfolio as well as Insurance associated GHG emissions using the PCAF standards, methodology and proxies. Following the estimation of Financed Scope 3 GHG emissions of loan portfolio, the Bank established a decarbonization target on Mortgage loan portfolio. The decarbonization target on Mortgage portfolio was established by applying the International Energy Agency's Below 2 Degree Scenario. For the Bank's Mortgage loan portfolio to be aligned with the climate scenario and effectively be associated with lower transition risks, the baseline as at 31 December 2022 of 53.5 $kgCO_2e/m^2$ should be reduced by 43% by 31 December 2030. The carbon intensity of the portfolio as at 30 June 2024 is estimated at 49.11 $kgCO_2e/m^2$ achieving a c.8% reduction compared to baseline, due to increased installation of solar panels in residential properties in 2023 and increase in financing 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 3Q2024 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.

During 2023, the Bank has made considerable progress in integrating climate-related and environmental risks into its risk management approach and risk culture. The Bank revised and enhanced the Materiality assessment process on C&E risks. The Bank has carried out a comprehensive identification and assessment of C&E risks as drivers of existing financial and non-financial risks considering its business profile and loan portfolio composition. As part of this process, the Bank has identified the risk drivers, both physical and transition, which could potentially have an impact on its risk profile and operations and has assessed the severity of each risk driver for all the existing categories of risks.

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

C. Business Overview (continued)

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

Environmental Pillar (continued)

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 €360.2 mn gross loans, as at 30 September 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 €393.6 mn as at 30 September 2024 compared to €272.0 mn as at 31 December 2023.

Up until 9M2024, in order to enhance the awareness and skillset on ESG matters, the Group performed relevant trainings to control functions, insurance subsidiaries and to the Board of Directors and plans to perform training to Senior Management as well as to other members of staff.

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 3Q2024 being hosted in the lately renovated premises and museums of the Cultural Foundation. The physical attendees of Cultural foundation events reached 17,263 in 9M2024.

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 110 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 9M2024, the Bank's employees attended 50,496 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 c.1000 employees through its Well at Work program.

Governance Pillar

The Group continues to operate successfully within a complex regulatory framework of a holding company which is registered in Ireland, listed on two Stock Exchanges and run in compliance with a number of rules and regulations. Its governance and management structures enable it to achieve present and future economic prosperity, environmental integrity and social equity across its value chain. The Group operates within a framework with adequate control environment, which enable risk assessment and risk management based on the relevant policies under the leadership of the Board of Directors. The Group has set up a Governance Structure to oversee its ESG agenda. Progress on the implementation and evolution of the Group's ESG strategy is monitored by the Sustainability Committee 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 30 September 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 30 September 2024, being at 37.50%.

D. Strategy and Outlook

The vision of the Group is to create a lifelong partnership with its customers, guiding and supporting them in an evolving world.

The strategic pillars of the Group remain intact:

- **Grow revenues in a more capital efficient way;** by enhancing revenue generation via growth in high quality new lending, diversification to less capital intensive banking and other financial services (such as insurance and the digital economy) as well as prudent management of the Group's liquidity
- **Achieve a lean operating model;** by ongoing focus on efficiency through further automations facilitated by digitisation
- **Maintain robust asset quality;** by maintaining high quality new lending via strict underwriting criteria, normalising cost of risk and reducing other impairments
- **Enhance organisational resilience and ESG (Environmental, Social and Governance) agenda;** by leading the transition of Cyprus to a sustainable future and building a forward-looking organisation embracing ESG in all aspects.

During the nine months ended 30 September 2024, the Group continued to deliver strong financial and operational results, achieving a ROTE of over 20%, demonstrating that it is tracking well against its 2024 targets that were set in August 2024, across all its metrics.

For 2025, the Group expected a net interest income of over €700 mn based on average ECB deposit rate facility and 6M Euribor on 3.0% respectively, as guided in August 2024. Since then, the interest rate environment has changed considerably with current forward curves anticipating a faster pace of interest rate cuts compared to what was expected in the previous quarter. Currently the market expects the ECB deposit rate and 6M Euribor to average to c.2.2% for 2025, reflecting a c.150 bps reduction on a yearly basis. Other drivers that may have a negative impact on the net interest income evolution for 2025 include the time lag in deposit repricing and the change in the mix towards term deposits and the full impact of the MREL issuance (€15 mn per annum). On the other hand, loan and deposit growth, the hedging activity, the expansion as well as the rollover of fixed income portfolio support the net interest income going forward.

Despite the lower rate expectations impacting the net interest income, the Groups' target for 2025 of high teens ROTE on 15% CET1 ratio is reiterated. With regards to the reported ROTE, it is impacted by a rapidly growing equity base; however the mid-teens ROTE range remains achievable.

Under the normalised interest rate environment (2.0-2.5%), the Group reiterates its confidence of delivering a mid-teens ROTE.

Distributions

The Group aims to provide a sustainable return to shareholders. Distributions are expected to be in the range of 30-50% payout ratio of the Group's adjusted recurring profitability, including cash dividends and buybacks. 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. **Based on the draft SREP decision, the existing requirement for prior regulatory approval for the declaration of dividends is expected to be lifted, effective from 1 January 2025.** In line with the Group's distribution policy, the Group is committed to delivering sustainably growing distributions through a combination of cash dividend and share buybacks while maintaining a robust capital base to support profitable growth and prudently prepare for upcoming potential regulatory changes. Supported by its continued progress towards its strategic targets, **the Group intends to move towards the top-end of the 30%-50% range of its distribution policy (i.e 50% payout ratio) for 2024**. Any proposed distribution quantum, as well as envisaged allocation between dividend and buyback, will take into consideration market conditions as well as the outcome of its ongoing capital and liquidity planning exercises at the time. Given the strong capital generation, the Group's distribution policy is expected to be reviewed with the full year 2024 financial results in the context of prevailing market conditions.

D. Strategy and Outlook *(continued)*

The Group's targets as disclosed in August 2024 are set out below:

Key metrics	**9M2024**	**FY2024 targets** (August 2024)
Net interest income *(Average ECB deposit rate assumptions)*	€624 mn (3.9%)	c.€800 mn (3.7%)
Cost to income ratio[1]	32%	<35%
NPE ratio[2]	2.4%	<3%
Cost of risk	29 bps	c.40 bps
CET1 generation[3]	355 bps	>300 bps
ROTE (reported)	22.9%	>19%
ROTE on 15% CET1 ratio	29.1%	>24%
Distributions	50% accrued	50% payout ratio[4]

1) Excluding special levy on deposits and other levies/contributions
2) Pro forma for held-for sale. Agreement for the sale of €27 mn NPEs in 3Q2024; Completion expected by 1H2025 subject to necessary approvals
3) Year on year increase in CET1 ratio pre-distributions
4) Subject to market conditions as well as the outcome of the Group's ongoing capital and liquidity planning exercises at the time

Detailed financial targets will be updated with the full year 2024 financial targets.

E. Financial Results – Statutory Basis

Interim Consolidated Income Statement

The following financial information for the nine months of 2024 and 2023 within Section E corresponds to the condensed consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

	Nine months ended 30 September	
	2024	2023
	€000	€000
Interest income	**748,840**	654,637
Income similar to interest income	**111,140**	43,294
Interest expense	**(126,237)**	(97,983)
Expense similar to interest expense	**(110,167)**	(27,784)
Net interest income	**623,576**	572,164
Fee and commission income	**136,302**	139,854
Fee and commission expense	**(5,642)**	(5,336)
Net foreign exchange gains	**19,954**	22,506
Net gains on financial instruments	**8,586**	6,346
Net gains on derecognition of financial assets measured at amortised cost	**493**	6,265
Net insurance finance income/(expense) and net reinsurance finance income/(expense)	**(565)**	1,281
Net insurance service result	**55,576**	51,445
Net reinsurance service result	**(20,064)**	(14,961)
Net (losses)/gains from revaluation and disposal of investment properties	**(1,863)**	1,031
Net gains on disposal of stock of property	**5,185**	5,997
Other income	**7,544**	15,147
Total operating income	**829,082**	801,739
Staff costs	**(151,069)**	(141,462)
Special levy on deposits and other levies/contributions	**(26,219)**	(29,754)
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	**956**	(20,595)
Other operating expenses	**(114,366)**	(107,973)
Operating profit before credit losses and impairment	**538,384**	501,955
Credit losses on financial assets	**(24,129)**	(56,584)
Impairment net of reversals on non-financial assets	**(39,093)**	(31,408)
Profit before tax	**475,162**	413,963
Income tax	**(72,979)**	(62,911)
Profit after tax for the period	**402,183**	351,052
Attributable to:		
Owners of the Company	**400,610**	349,363
Non-controlling interests	**1,573**	1,689
Profit for the period	**402,183**	351,052
Basic profit per share attributable to the owners of the Company (€ cent)	**90.0**	78.3
Diluted profit per share attributable to the owners of the Company (€ cent)	**89.7**	78.2

E. Financial Results – Statutory Basis (continued)

Interim Consolidated Statement of Comprehensive Income

	Nine months ended 30 September	
	2024	2023
	€000	€000
Profit for the period	**402,183**	351,052
Other comprehensive income (OCI)		
OCI that may be reclassified in the consolidated income statement in subsequent periods	**(1,575)**	1,903
Fair value reserve (debt instruments)	**(1,585)**	2,002
Net (losses)/gains on investments in debt instruments measured at fair value through OCI (FVOCI)	**(1,585)**	2,334
Transfer to the consolidated income statement on disposal	**-**	(332)
Foreign currency translation reserve	**10**	(99)
Profit/(loss) on translation of net investment in foreign subsidiaries	**10**	(85)
Loss on hedging of net investments in foreign subsidiaries	**-**	(14)
OCI not to be reclassified in the consolidated income statement in subsequent periods	**1,191**	1,448
Fair value reserve (equity instruments)	**190**	(592)
Net gains/(losses) on investments in equity instruments designated at FVOCI	**190**	(592)
Property revaluation reserve	**100**	824
Net fair value gains before tax	**-**	798
Deferred tax	**100**	26
Actuarial gains on defined benefit plans	**901**	1,216
Remeasurement gains on defined benefit plans	**901**	1,216
Other comprehensive (loss)/income for the period net of taxation	**(384)**	3,351
Total comprehensive income for the period	**401,799**	354,403
Attributable to:		
Owners of the Company	**400,248**	352,708
Non-controlling interests	**1,551**	1,695
Total comprehensive income for the period	**401,799**	354,403

E. Financial Results – Statutory Basis (continued)

Interim Consolidated Balance Sheet

	30 September 2024	31 December 2023
Assets	**€000**	€000
Cash and balances with central banks	**7,517,002**	9,614,502
Loans and advances to banks	**337,399**	384,802
Reverse repurchase agreements	**1,022,515**	403,199
Derivative financial assets	**91,959**	51,055
Investments at FVPL	**126,613**	135,275
Investments at FVOCI	**417,198**	443,420
Investments at amortised cost	**3,655,573**	3,116,714
Loans and advances to customers	**10,031,306**	9,821,788
Life insurance business assets attributable to policyholders	**737,250**	649,212
Prepayments, accrued income and other assets	**590,943**	584,919
Stock of property	**742,084**	826,115
Investment properties	**50,171**	62,105
Deferred tax assets	**204,361**	201,268
Property and equipment	**280,982**	285,568
Intangible assets	**45,451**	48,635
Non-current assets and disposal groups held for sale	**12,290**	-
Total assets	**25,863,097**	26,628,577
Liabilities		
Deposits by banks	**380,756**	471,556
Funding from central banks	**-**	2,043,868
Derivative financial liabilities	**11,087**	17,980
Customer deposits	**19,988,552**	19,336,915
Changes in the fair value of hedged items in portfolio hedges of interest rate risk	**40,595**	-
Insurance contract liabilities	**721,906**	658,424
Accruals, deferred income, other liabilities and other provisions	**533,859**	469,265
Provisions for pending litigation, claims, regulatory and other matters	**104,922**	131,503
Debt securities in issue	**975,834**	671,632
Subordinated liabilities	**321,755**	306,787
Deferred tax liabilities	**32,934**	32,306
Total liabilities	**23,112,200**	24,140,236
Equity		
Share capital	**44,294**	44,620
Share premium	**594,358**	594,358
Revaluation and other reserves	**88,020**	89,920
Retained earnings	**1,781,413**	1,518,182
Equity attributable to the owners of the Company	**2,508,085**	2,247,080
Other equity instruments	**220,000**	220,000
Non-controlling interests	**22,812**	21,261
Total equity	**2,750,897**	2,488,341
Total liabilities and equity	**25,863,097**	26,628,577

E. Financial Results – Statutory Basis (continued)

Interim Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company												
	Share capital	Share premium	Capital redemption reserve	Treasury shares	Other capital reserves	Retained earnings	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	**Total**	Other equity instruments	Non-controlling interests	**Total equity**
	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	€000	**€000**
1 January 2024	**44,620**	**594,358**	**-**	**(21,463)**	**917**	**1,518,182**	**84,239**	**9,553**	**16,674**	**2,247,080**	**220,000**	**21,261**	**2,488,341**
Profit for the period	-	-	-	-	-	400,610	-	-	-	**400,610**	-	1,573	**402,183**
Other comprehensive income/(loss) after tax for the period	-	-	-	-	-	901	122	(1,395)	10	**(362)**	-	(22)	**(384)**
Total comprehensive income/(loss) after tax for the period	-	-	-	-	-	401,511	122	(1,395)	10	**400,248**	-	1,551	**401,799**
Dividends	-	-	-	-	-	(111,550)	-	-	-	**(111,550)**	-	-	**(111,550)**
Share-based benefits-cost	-	-	-	-	739	-	-	-	-	**739**	-	-	**739**
Transfers to retained earnings	-	-	-	-	-	583	-	(583)	-	**-**	-	-	**-**
Payment of coupon to AT1 holders	-	-	-	-	-	(13,063)	-	-	-	**(13,063)**	-	-	**(13,063)**
Share buyback-repurchase of shares and cancellation	(326)	-	326	(1,119)	-	(14,250)	-	-	-	**(15,369)**	-	-	**(15,369)**
30 September 2024	**44,294**	**594,358**	**326**	**(22,582)**	**1,656**	**1,781,413**	**84,361**	**7,575**	**16,684**	**2,508,085**	**220,000**	**22,812**	**2,750,897**

E. Financial Results – Statutory Basis (continued)

Interim Consolidated Statement of Changes in Equity (continued)

	Attributable to the owners of the Company											
	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Property revaluation reserve	Financial instruments fair value reserve	Foreign currency translation reserve	**Total**	Other equity instruments	Non-controlling interests	**Total equity**
	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	€000	**€000**
1 January 2023	**44,620**	**594,358**	**(21,463)**	**322**	**1,090,349**	**74,170**	**7,142**	**16,768**	**1,806,266**	**220,000**	**22,300**	**2,048,566**
Profit for the period	-	-	-	-	349,363	-	-	-	**349,363**	-	1,689	**351,052**
Other comprehensive income/(loss) after tax for the period	-	-	-	-	1,216	818	1,410	(99)	**3,345**	-	6	**3,351**
Total comprehensive income/(loss) after tax for the period	-	-	-	-	350,579	818	1,410	(99)	**352,708**	-	1,695	**354,403**
Dividends	-	-	-	-	(22,310)	-	-	-	**(22,310)**	-	-	**(22,310)**
Share-based benefits-cost	-	-	-	456	-	-	-	-	**456**	-	-	**456**
Payment of coupon to AT1 holders	-	-	-	-	(13,750)	-	-	-	**(13,750)**	-	-	**(13,750)**
Issue of other equity instruments	-	-	-	-	(3,530)	-	-	-	**(3,530)**	220,000	-	**216,470**
Repurchase of other equity instruments	-	-	-	-	(6,820)	-	-	-	**(6,820)**	(211,750)	-	**(218,570)**
30 September 2023	**44,620**	**594,358**	**(21,463)**	**778**	**1,394,518**	**74,988**	**8,552**	**16,669**	**2,113,020**	**228,250**	**23,995**	**2,365,265**

F. Notes

F.1 Reconciliation of Interim Consolidated Income Statement for the nine months ended 30 September 2024 between the statutory and the underlying basis

€ million	**Underlying basis**	**Other**	**Statutory basis**
Net interest income	624	-	624
Net fee and commission income	131	-	131
Net foreign exchange gains and net gains on financial instruments	27	1	28
Net gains on derecognition of financial assets measured at amortised cost	-	-	-
Net insurance result*	35	-	35
Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of property	3	-	3
Other income	8	-	8
Total income	**828**	**1**	**829**
Total expenses	**(292)**	**1**	**(291)**
Operating profit	**536**	**2**	**538**
Loan credit losses	(22)	22	-
Impairment of other financial and non-financial assets	(39)	39	-
Provisions for pending litigation, claims, regulatory and other matters (net of reversals)	1	(1)	-
Credit losses on financial assets and impairment net of reversals of non-financial assets	-	(62)	(62)
Profit before tax and non-recurring items	**476**	**-**	**476**
Tax	(73)	-	(73)
Profit attributable to non-controlling interests	(2)	-	(2)
Profit after tax (attributable to the owners of the Company)	**401**	**-**	**401**

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

- *'Net gains on derecognition of financial assets measured at amortised cost'* of approximately €0.5 million under the statutory basis comprise the below items which are reclassified accordingly under the underlying basis as follows:
  - €0.6 million 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 €0.1 million 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 a credit of €1 million presented within '*Operating profit before credit losses and impairment*' under the statutory basis, are presented under the underlying basis in conjunction with loan credit losses and impairments.

- '*Credit losses on financial assets*' and *'Impairment net of reversals on non-financial assets*' under the statutory basis include: i) credit losses to cover credit risk on loans and advances to customers of €24 million, which are included in '*Loan credit losses*' under the underlying basis, and ii) credit losses of other financial assets of €0.4 million and impairment net of reversals of non-financial assets of €39 million, which are included in '*Impairment of other financial and non-financial assets*' under the underlying basis, as to be presented separately from loan credit losses.

F. Notes (continued)

F.2 Customer deposits

The analysis of customer deposits is presented below:

	30 September 2024	31 December 2023
By type of deposit	**€000**	€000
Demand	**10,377,994**	10,167,622
Savings	**2,985,979**	2,979,275
Time or notice	**6,624,579**	6,190,018
	19,988,552	19,336,915

Deposits by geographical area presented in the table below are based on the country of residence of the Ultimate Beneficial Owner.

	30 September 2024	31 December 2023
By geographical area	**€000**	€000
Cyprus	**16,104,178**	15,355,445
Greece	**1,501,149**	1,473,491
United Kingdom	**415,191**	386,057
United States	**123,923**	166,673
Germany	**75,539**	77,288
Romania	**40,443**	29,729
Russia	**91,076**	128,489
Ukraine	**197,332**	183,316
Belarus	**1,707**	3,762
Israel	**181,843**	195,580
Other countries	**1,256,171**	1,337,085
	19,988,552	19,336,915

	30 September 2024	31 December 2023
By currency	**€000**	€000
Euro	**18,216,501**	17,514,400
US Dollar	**1,399,318**	1,448,753
British Pound	**308,828**	300,867
Russian Rouble	**1,208**	1,322
Swiss Franc	**8,296**	8,947
Other currencies	**54,401**	62,626
	19,988,552	19,336,915

F. Notes (continued)

F.2 Customer deposits (continued)

	30 September 2024	31 December 2023 (restated)
By business line	**€000**	€000
Corporate	**2,430,540**	2,086,753
IBU & International corporate		
– IBU	**3,778,435**	3,779,571
– International corporate	**138,980**	121,454
SMEs	**1,112,966**	1,019,245
Retail	**12,310,446**	12,216,209
Restructuring		
– corporate	**6,952**	12,565
– SMEs	**3,466**	5,954
– retail other	**6,853**	9,428
Recoveries		
– corporate	**924**	1,098
Institutional Wealth Management and Custody	**198,990**	84,638
	19,988,552	19,336,915

As from the first quarter of 2024, following an internal re-organisation, the activities previously reported under segment 'Wealth Management' were reorganised and are now reported as follows: part of the activities were allocated to the newly set up unit, Affluent Banking which is presented and monitored under 'Retail' and part of the activities were allocated to the Institutional Wealth Management and Custody, which was transferred under and is now presented and monitored as part of 'Treasury'. As a result of the changes, 'Wealth Management' no longer comprises a separately reportable segment. The activities of the subsidiary companies of the Group, CISCO and its subsidiary, which were part of the 'Wealth Management' segment and whose activities relate to investment banking, brokerage, discretionary asset management and investment advice services do not qualify as a material segment and are now presented within 'Other'. Comparative information in the 'By business line' analysis in Sections F.2 'Customer deposits', F.4 'Credit risk concentration of loans and advances to customers' and F.5 'Analysis of loans and advances to customers by stage' was restated to reflect this change. The relevant tables are identified as restated.

F.3 Loans and advances to customers

	30 September 2024	31 December 2023
	€000	€000
Gross loans and advances to customers at amortised cost	**10,058,132**	9,862,514
Allowance for ECL for loans and advances to customers	**(157,890)**	(179,453)
	9,900,242	9,683,061
Loans and advances to customers measured at FVPL	**131,064**	138,727
	10,031,306	9,821,788

In September 2024, the Group 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 gross book value of approximately €27 million as at 30 September 2024 (the 'Sale transaction'). The Sale transaction is subject to the necessary approvals and is expected to be completed within the first half of 2025. The relevant portfolio has been classified as held for sale on 30 September 2024. The information provided on loans and advances to customers in Sections 'F.4 Credit risk concentration of loans and advances to customers' and 'F.5 Analysis of loans and advances to customers by stage' does not include this portfolio.

F. Notes (continued)

F.4 Credit risk concentration of loans and advances to customers

The credit risk concentration, which is based on industry (economic activity) and business line, as well as the geographical concentration, is presented below.

The geographical analysis, for credit risk concentration purposes, is based on the Group's Country Risk Policy which is followed for monitoring the Group's exposures, according to which exposures are analysed by country of risk based on the country of residency for individuals and the country of registration for companies.

30 September 2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By economic activity	€000	€000	€000	€000	€000	**€000**
Trade	913,663	8,582	-	-	15,203	**937,448**
Manufacturing	276,709	43,075	141	-	40,112	**360,037**
Hotels and catering	957,814	33,809	38,152	-	37,337	**1,067,112**
Construction	448,310	35,347	-	-	292	**483,949**
Real estate	817,815	109,935	1,903	-	34,491	**964,144**
Private individuals	4,660,347	7,706	39,231	9,647	43,905	**4,760,836**
Professional and other services	570,148	568	5,196	6	53,216	**629,134**
Shipping	35,548	25	-	-	211,549	**247,122**
Other sectors	547,539	14,881	-	5	45,925	**608,350**
	9,227,893	**253,928**	**84,623**	**9,658**	**482,030**	**10,058,132**

30 September 2024	Cyprus	Greece	United Kingdom	Russia	Other countries	Gross loans at amortised cost
By business line	€000	€000	€000	€000	€000	**€000**
Corporate	3,365,926	48,404	144	-	1,720	**3,416,194**
IBU & International corporate						
– IBU	89,580	1,513	5,112	5,807	17,401	**119,413**
– International corporate	148,493	199,663	44,946	-	431,713	**824,815**
SMEs	954,458	464	1,129	-	2,284	**958,335**
Retail						
- housing	3,455,784	2,354	23,215	83	15,223	**3,496,659**
- consumer, credit cards and other	1,029,562	1,373	389	-	5,435	**1,036,759**
Restructuring						
- corporate	16,515	-	1,081	109	301	**18,006**
- SMEs	22,649	-	158	-	99	**22,906**
- retail housing	45,621	-	764	124	105	**46,614**
- retail other	16,250	-	3	-	29	**16,282**
Recoveries						
- corporate	4,035	-	32	158	283	**4,508**
- SMEs	10,130	1	750	1,271	1,032	**13,184**
- retail housing	43,366	135	6,337	1,805	6,068	**57,711**
- retail other	25,524	21	563	301	337	**26,746**
	9,227,893	**253,928**	**84,623**	**9,658**	**482,030**	**10,058,132**

F. Notes (continued)

F.4 Credit risk concentration of loans and advances to customers (continued)

31 December 2023	Cyprus	Greece	United Kingdom	Russia	Other countries	**Gross loans at amortised cost**
By economic activity	€000	€000	€000	€000	€000	**€000**
Trade	868,039	277	40	-	15,340	**883,696**
Manufacturing	287,524	43,971	192	-	31,194	**362,881**
Hotels and catering	928,910	29,454	36,704	-	39,368	**1,034,436**
Construction	486,622	8,332	14	-	331	**495,299**
Real estate	871,544	108,635	1,863	-	51,349	**1,033,391**
Private individuals	4,543,985	9,680	56,074	12,075	48,080	**4,669,894**
Professional and other services	535,994	572	5,242	352	54,846	**597,006**
Shipping	20,622	15	-	-	222,422	**243,059**
Other sectors	512,666	-	-	2	30,184	**542,852**
	9,055,906	**200,936**	**100,129**	**12,429**	**493,114**	**9,862,514**

31 December 2023 (restated)	Cyprus	Greece	United Kingdom	Russia	Other countries	**Gross loans at amortised cost**
By business line	€000	€000	€000	€000	€000	**€000**
Corporate	3,326,556	30,487	193	324	185	**3,357,745**
IBU & International corporate						
- IBU	87,127	1,688	6,544	6,901	18,618	**120,878**
- International corporate	115,212	164,103	43,401	-	439,512	**762,228**
SMEs	945,018	482	1,177	-	2,316	**948,993**
Retail						
- housing	3,369,111	2,320	27,728	86	17,634	**3,416,879**
- consumer, credit cards and other	956,834	1,775	480	-	4,953	**964,042**
Restructuring						
- corporate	48,440	-	611	-	-	**49,051**
- SMEs	33,212	-	261	532	61	**34,066**
- retail housing	57,685	-	2,468	122	212	**60,487**
- retail other	19,164	22	2	-	23	**19,211**
Recoveries						
- corporate	6,079	-	182	173	911	**7,345**
- SMEs	13,419	1	1,173	1,623	1,183	**17,399**
- retail housing	50,927	50	14,718	2,399	7,231	**75,325**
- retail other	27,122	8	1,191	269	275	**28,865**
	9,055,906	**200,936**	**100,129**	**12,429**	**493,114**	**9,862,514**

The loans and advances to customers include lending exposures in Cyprus with collaterals in Greece with a carrying value as at 30 September 2024 of €148,987 thousand (31 December 2023: €128,705 thousand).

The loans and advances to customers reported within 'Other countries' as at 30 September 2024 include exposures of €1.2 million in Ukraine (31 December 2023: €1.7 million) and €5.4 million in Israel (31 December 2023: €4.9 million).

F. Notes (continued)

F.5 Analysis of loans and advances to customers by stage

The following tables present the Group's gross loans and advances to customers at amortised cost by staging.

30 September 2024	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before residual fair value adjustment on initial recognition	8,952,044	893,755	208,492	66,618	**10,120,909**
Residual fair value adjustment on initial recognition	(51,151)	(12,379)	2,227	(1,474)	**(62,777)**
Gross loans at amortised cost	**8,900,893**	**881,376**	**210,719**	**65,144**	**10,058,132**

31 December 2023	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before residual fair value adjustment on initial recognition	8,334,929	1,168,745	328,177	100,197	**9,932,048**
Residual fair value adjustment on initial recognition	(59,340)	(7,474)	(1,294)	(1,426)	**(69,534)**
Gross loans at amortised cost	**8,275,589**	**1,161,271**	**326,883**	**98,771**	**9,862,514**

F. Notes (continued)

F.5 Analysis of loans and advances to customers by stage (continued)

The following tables present the Group's gross loans and advances to customers at amortised cost by stage and by business line concentration:

30 September 2024	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	2,927,560	444,321	31,536	12,777	**3,416,194**
IBU & International corporate					
- IBU	101,274	17,985	39	115	**119,413**
- International corporate	799,853	24,911	41	10	**824,815**
SMEs	865,020	81,459	7,624	4,232	**958,335**
Retail					
- housing	3,257,398	211,915	17,635	9,711	**3,496,659**
- consumer, credit cards and other	932,486	85,453	7,753	11,067	**1,036,759**
Restructuring					
- corporate	1,399	4,347	2,293	9,967	**18,006**
- SMEs	8,289	2,941	9,293	2,383	**22,906**
- retail housing	5,694	7,201	32,236	1,483	**46,614**
- retail other	1,904	831	12,858	689	**16,282**
Recoveries					
- corporate	-	-	3,764	744	**4,508**
- SMEs	-	-	12,057	1,127	**13,184**
- retail housing	-	-	50,881	6,830	**57,711**
- retail other	16	12	22,709	4,009	**26,746**
	8,900,893	**881,376**	**210,719**	**65,144**	**10,058,132**

31 December 2023 (restated)	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	2,709,523	519,134	96,289	32,799	**3,357,745**
IBU & International corporate					
- IBU	99,009	21,409	320	140	**120,878**
- International corporate	744,955	17,220	38	15	**762,228**
SMEs	824,503	109,865	5,583	9,042	**948,993**
Retail					
- housing	3,038,339	345,135	23,508	9,897	**3,416,879**
- consumer, credit cards and other	836,679	103,710	9,814	13,839	**964,042**
Restructuring					
- corporate	3,770	21,747	13,461	10,073	**49,051**
- SMEs	9,831	8,089	13,715	2,431	**34,066**
- retail housing	6,450	12,429	39,696	1,912	**60,487**
- retail other	2,471	2,533	13,474	733	**19,211**
Recoveries					
- corporate	-	-	6,378	967	**7,345**
- SMEs	-	-	15,812	1,587	**17,399**
- retail housing	-	-	65,070	10,255	**75,325**
- retail other	59	-	23,725	5,081	**28,865**
	8,275,589	**1,161,271**	**326,883**	**98,771**	**9,862,514**

F. Notes (continued)

F.6 Credit losses to cover credit risk on loans and advances to customers

	Nine months ended 30 September	
	2024	2023
	€000	€000
Impairment loss net of reversals on loans and advances to customers	**33,533**	62,374
Recoveries of loans and advances to customers previously written off	**(8,206)**	(10,310)
Changes in expected cash flows	**(571)**	(2,272)
Financial guarantees and commitments	**(1,029)**	540
	23,727	50,332

The movement in ECL of loans and advances to customers, including the loans and advances to customers held for sale, and the analysis of the balance by stage is as follows:

	Nine months ended 30 September	
	2024	2023
	€000	€000
1 January	**179,453**	178,442
Foreign exchange and other adjustments	**5**	35
Write offs	**(44,816)**	(54,260)
Interest (provided) not recognised in the income statement	**3,993**	3,643
Charge for the period	**33,533**	62,374
30 September	**172,168**	190,234
Stage 1	**10,385**	24,473
Stage 2	**41,145**	35,462
Stage 3	**100,768**	110,966
POCI	**19,870**	19,333
30 September	**172,168**	190,234

The charge for the period on loans and advances to customers by stage is presented in the table below:

	Nine months ended 30 September	
	2024	2023
	€000	€000
Stage 1	**(22,512)**	(5,242)
Stage 2	**15,055**	16,485
Stage 3	**40,990**	51,131
	33,533	62,374

During the nine months ended 30 September 2024 the total non-contractual write-offs recorded by the Group amounted to €25,349 thousand (nine months ended 30 September 2023: €39,663 thousand). The contractual amount outstanding on financial assets that were written off during the nine months ended 30 September 2024 and that are still subject to enforcement activity is €188,643 thousand (31 December 2023: €566,451 thousand).

F.6 Credit losses to cover credit risk on loans and advances to customers (continued)

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts. Indexation has been used as the basis to estimate updated market values of properties, supplemented by management judgement where necessary, given the difficulty in differentiating between short term impacts and long-term structural changes and the shortage of market evidence for comparison purposes. Assumptions were made on the basis of a macroeconomic scenario for future changes in property prices and qualitative adjustments or overlays were applied to the projected future property value increases to restrict the level of future property price growth to 0% for all scenarios for loans and advances to customers which are secured by property collaterals.

At 30 September 2024, the weighted average haircut (including liquidity haircut and selling expenses) used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) is approximately 41.5% under the baseline scenario, excluding those classified as held for sale (31 December 2023: approximately 31.3%). The increase in the haircut percentage is primarily due to the calibration of the collateral realisation model during the nine months of 2024, as explained in section 'Calibration of IFRS 9 models and removal of overlays in relation to economic conditions' below.

At 30 September 2024, the timing of recovery from real estate collaterals used for the provision calculation for loans and advances to customers (for both Stage 1 and Stage 2 exposures and collectively assessed Stage 3 exposures) has been estimated to be on average seven years under the baseline scenario, excluding those classified as held for sale (31 December 2023: average of six years).

For the calculation of individually assessed provisions of Stage 3 exposures, the timing of recovery of collaterals as well as the haircuts used, are based on the specific facts and circumstances of each case. For specific cases judgement may also be exercised over staging during the individual assessment.

Any changes in these assumptions or differences between assumptions made and actual results could result in significant changes in the amount of expected credit losses of loans and advances to customers.

Calibration of IFRS 9 models and removal of overlays in relation to economic conditions
During the nine months ended 30 September 2024, the Group performed a calibration of its IFRS 9 models which involved the reassessment and update of the ECL model parameters (PDs, LGDs and cure rates) and SICR thresholds so as to incorporate in the models the effects of the recent economic conditions and experience, which were previously reflected in the ECL through the use of overlays. Further, the calibration involved the Group updating and revising the LGD parameter, as part of the Group's ongoing review and update of models as to incorporate updated data information and to reflect an update on realisation paths and rates applied.

More specifically, the Group proceeded with model calibrations affecting the probability of default parameter (the 'PD macro'), the SICR parameter, the probability of cure model and the collateral realisation model and introducing an LGD floor, as explained below:

i. The calibration of the PD macro model included the introduction of inflation related variables and the inclusion of post-COVID period data to capture the low default environment as well as the integration of a dynamic adjustment to calibrate (up or down) the model projection based on the relationship between the past model projections and the actual observed defaults (structural breaks in the relationship e.g. between a specific macro factor and the PD value). The impact of this calibration was €8.1 million ECL release for the nine months ended 30 September 2024.

ii. As a result of the PD macro calibration, the SICR model was revisited following a statistical model methodology calibration, whilst introducing an absolute threshold to increase stability and accuracy. The corresponding impact was €1.4 million ECL release for the nine months ended 30 September 2024 and net transfer of related loans from Stage 2 to Stage 1.

iii. With respect to the probability of cure model, a different curability period was introduced for each macro-economic scenario following a detailed statistical analysis examining the relationship of cure rates with macro indicators and concluding that curability should differentiate at the level of the scenario. The respective impact was an ECL charge of €2.1 million for the nine months ended 30 September 2024.

iv. As a result of calibrations (i)-(iii), the Group removed the prior year overlays applied in the context of economic conditions (as described in Note 5.2 in the annual consolidated financial statements for the year ended 31 December 2023) with the resulting impact being €15.7 million ECL release for the nine months ended 30 September 2024.

v. For the collateral realisation model, the Group has updated its LGD parameter with respect to the path of realisation through portfolio sales, by increasing the likelihood of this realisation path. The resulting impact was an ECL charge of €19.2 million for the nine months ended 30 September 2024.

vi. Lastly, the Group has incorporated a minimum LGD rate which provides for a minimum loss rate (which acts as a floor) irrespective of the realisation path and value of collateral. This minimum LGD was introduced as to capture the subjectivity and uncertainty involved in the value of recovery assumptions (i.e. collateral recoverable amount, maximum recovery period, etc.) which impacts the realisation amount. The corresponding impact was an ECL charge of €20.0 million for the nine months ended 30 September 2024.

F.6 Credit losses to cover credit risk on loans and advances to customers (continued)

The IFRS 9 models are reviewed regularly in order to incorporate the most recent information available and to ensure that they perform adequately and that they are suitably representative when applied to the current portfolio for the calculation of impairment loss allowances.

The Group has exercised critical judgement on a best effort basis, to consider all reasonable and supportable information available at the time of the assessment of the ECL allowance as at 30 September 2024. The Group will continue to evaluate the ECL allowance and the related economic outlook each quarter, so that any changes arising from the uncertainty on the macroeconomic outlook and geopolitical developments, are timely captured.

Portfolio segmentation
The individual assessment is performed not only for individually significant assets but also for other exposures meeting specific criteria determined by management. The selection criteria for the individually assessed exposures are based on management judgement and are reviewed on a quarterly basis by the Risk Management Division and are adjusted or enhanced, if deemed necessary. Following the wars in Ukraine and the Middle East, the selection criteria were further enhanced to include significant exposures to customers with passport of origin or residency in Russia, Ukraine or Belarus and/or business activity within these countries and significant exposures with repayment deriving from Israel.

F.7 Rescheduled loans and advances to customers

The below table presents the Group's forborne loans and advances to customers by staging, excluding those classified as held for sale.

	30 September 2024	31 December 2023
	€000	€000
Stage 1	**-**	-
Stage 2	**196,572**	261,091
Stage 3	**105,463**	173,728
POCI	**28,153**	20,921
	330,188	455,740

F.8 Pending litigation, claims, regulatory and other matters

The Group, in the ordinary course of business, is involved in various disputes and legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators, governmental and other public bodies, actual and threatened, relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, reporting and information security requirements and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent restructuring of BOC PCL in 2013 as a result of the bail-in Decrees, BOC PCL is subject to a large number of proceedings and investigations that either precede or result from the events that occurred during the period of the bail-in Decrees.

Provisions have been recognised for those cases where the Group is able to estimate probable losses. Any provision recognised does not constitute an admission of wrongdoing or legal liability. There are also situations where the Group may enter into a settlement agreement. This may occur only if such settlement is in BOC PCL's interest (such settlement does not constitute an admission of wrongdoing) and only takes place after obtaining legal advice and all approvals by the appropriate bodies of management. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings, regulatory and other matters as at 30 September 2024 and hence it is not believed that such matters, when concluded, will have a material impact upon the financial position of the Group. Details on the material ongoing cases are disclosed within the 2024 Interim Financial Report.

G. Additional Risk and Capital Management disclosures

G.1 Additional Credit risk disclosures

The tables below present the analysis of loans and advances to customers in accordance with the EBA standards.

30 September 2024	Gross loans and advances to customers				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Gross customer loans and advances[1,2]	Of which: NPEs	Of which exposures with forbearance measures		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: NPEs	Of which exposures with forbearance measures	
			Total exposures with forbearance measures	Of which: NPEs			Total exposures with forbearance measures	Of which: NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	78,846	-	-	-	6	-	-	-
Other financial corporations	255,310	538	34,794	468	3,456	373	1,223	306
Non-financial corporations	4,989,179	83,786	142,377	59,440	60,808	40,203	31,540	29,895
Of which: Small and Medium sized Enterprises[3] (SMEs)	*2,873,144*	*70,828*	*121,130*	*48,926*	*39,783*	*29,585*	*21,102*	*19,824*
Of which: Commercial real estate[3]	*3,576,722*	*71,975*	*117,068*	*55,972*	*47,529*	*33,332*	*29,463*	*28,311*
Non-financial corporations by sector								
Construction	*476,274*	*3,070*			*7,610*			
Wholesale and retail trade	*924,463*	*22,128*			*11,753*			
Accommodation and food service activities	*1,194,478*	*1,675*			*3,015*			
Real estate activities	*950,902*	*21,281*			*12,500*			
Manufacturing	*357,052*	*3,607*			*2,678*			
Other sectors	*1,086,010*	*32,025*			*23,252*			
Households	4,865,861	164,072	153,017	70,464	93,620	64,247	30,825	24,442
Of which: Residential mortgage loans[3]	*3,760,094*	*129,018*	*135,329*	*60,278*	*61,606*	*42,512*	*25,172*	*19,520*
Of which: Credit for consumption[3]	*642,962*	*26,441*	*16,835*	*9,470*	*21,290*	*15,159*	*4,994*	*4,130*
	10,189,196	248,396	330,188	130,372	157,890	104,823	63,588	54,643
Loans and advances to customers classified as held for sale	26,568	26,568	21	21	14,278	14,278	5	5
Total on-balance sheet	10,215,764	274,964	330,209	130,393	172,168	119,101	63,593	54,648

1. Excluding loans and advances to central banks and credit institutions and reverse repurchase agreements.
2. The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.
3. The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across categories as certain customers could be in both categories.

G.1 Additional Credit risk disclosures (continued)

31 December 2023	Gross loans and advances to customers				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Gross customer loans and advances[1,2]	Of which: NPEs	Of which exposures with forbearance measures: Total exposures with forbearance measures	Of which exposures with forbearance measures: Of which: NPEs	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which: NPEs	Of which exposures with forbearance measures: Total exposures with forbearance measures	Of which exposures with forbearance measures: Of which: NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	35,249	-	-	-	6	-	-	-
Other financial corporations	253,077	805	1,201	448	4,247	378	308	305
Non-financial corporations	4,931,801	155,212	258,469	95,156	91,640	61,097	37,355	33,472
Of which: Small and Medium sized Enterprises[3] (SMEs)	*3,017,909*	*125,600*	*161,086*	*69,551*	*66,104*	*48,370*	*25,743*	*22,814*
Of which: Commercial real estate[3]	*3,567,684*	*136,152*	*228,516*	*90,842*	*66,458*	*50,862*	*33,774*	*31,716*
Non-financial corporations by sector								
Construction	*484,893*	*24,873*			*8,585*			
Wholesale and retail trade	*869,753*	*37,739*			*22,936*			
Accommodation and food service activities	*1,169,399*	*14,310*			*9,657*			
Real estate activities	*1,019,544*	*40,296*			*23,461*			
Manufacturing	*359,874*	*3,852*			*4,589*			
Other sectors	*1,028,338*	*34,142*			*22,412*			
Households	4,781,114	207,883	196,070	96,019	83,560	*58,962*	*30,330*	*25,227*
Of which: Residential mortgage loans[3]	*3,726,056*	*169,734*	*173,407*	*83,445*	*52,863*	*39,732*	*25,119*	*20,849*
Of which: Credit for consumption[3]	*590,945*	*29,347*	*21,312*	*12,704*	*21,108*	*13,357*	*4,897*	*4,157*
Total on-balance sheet	10,001,241	363,900	455,740	191,623	179,453	120,437	67,993	59,004

1. Excluding loans and advances to central banks and credit institutions and reverse repurchase agreements.
2. The residual fair value adjustment on initial recognition (which relates mainly to loans acquired from Laiki Bank and is calculated as the difference between the outstanding contractual amount and the fair value of loans acquired and bears a negative balance) is considered as part of the gross loans, therefore decreases the gross balance of loans and advances to customers.
3. The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across categories as certain customers could be in both categories.

G. Additional Risk and Capital Management disclosures (continued)

G.2 Capital management

The primary objective of the Group's capital management is to ensure compliance with the relevant regulatory capital requirements and to maintain healthy capital adequacy ratios to cover the risks of its business, support its strategy and maximise shareholders' value.

The capital adequacy framework, as in force, was incorporated through the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) which came into effect on 1 January 2014 with certain specified provisions implemented gradually. The CRR and CRD transposed the new capital, liquidity and leverage standards of Basel III into the European Union's legal framework. CRR establishes the prudential requirements for capital, liquidity and leverage for credit institutions. It is directly applicable in all EU member states. CRD governs access to deposit-taking activities and internal governance arrangements including remuneration, board composition and transparency. Unlike the CRR, member states were required to transpose the CRD into national law and national regulators were allowed to impose additional capital buffer requirements.

On 27 June 2019, the revised rules on capital and liquidity (Regulation (EU) 2019/876 (CRR II) and Directive (EU) 2019/878 (CRD V)) came into force. As an amending regulation, the existing provisions of CRR apply, unless they are amended by CRR II. Certain provisions took immediate effect (primarily relating to Minimum Requirement for Own Funds and Eligible Liabilities (MREL)), but most changes became effective as of June 2021. The key changes introduced consist of, among others, changes to qualifying criteria for Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) instruments, introduction of requirements for MREL and a binding Leverage Ratio requirement (as defined in the CRR) and a Net Stable Funding Ratio (NSFR).

The amendments that came into effect on 28 June 2021 are in addition to those introduced in June 2020 through Regulation (EU) 2020/873, which among others, brought forward certain CRR II changes in light of the COVID-19 pandemic. The main adjustments of Regulation (EU) 2020/873 that had an impact on the Group's capital ratio relate to the acceleration of the implementation of the new SME discount factor (lower RWAs), extending the IFRS 9 transitional arrangements and introducing further relief measures to CET1 allowing to fully add back to CET1 any increase in ECL recognised in 2020 and 2021 for non-credit impaired financial assets and phasing-in this starting from 2022 (phasing-in at 25% in 2022, 50% in 2023 and 75% in 2024) and advancing the application of prudential treatment of software assets as amended by CRR II (which came into force in December 2020).

In October 2021, the European Commission adopted legislative proposals for further amendments to the 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. The 2021 Banking Package includes:

- a proposal for a Regulation (sometimes known as 'CRR III') to make amendments to CRR with regard to (amongst other things) requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor;
- a proposal for a Directive (sometimes known as 'CRD VI') to make amendments to CRD with regard to (amongst other things) requirements on supervisory powers, sanctions, third-country branches and ESG risks; and
- a proposal for a Regulation to make amendments to CRR and the BRRD with regard to (amongst other things) requirements on the prudential treatment of G-SII groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the MREL requirements.

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 will 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 Regulatory CET1 ratio of the Group as at 30 September 2024 stands at 18.6% and the Total Capital ratio at 23.7%. The ratios as at 30 September 2024 include reviewed profits for the six months ended 30 June 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 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges, as further described in Section 'Distributions' under 'Balance Sheet Analysis' of Section A above. Including unreviewed profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, the CET1 ratio and Total Capital ratio of the Group stand at 19.1% and 24.3% respectively.

G. Additional Risk and Capital Management disclosures (continued)

G.2 Capital management (continued)

The Group's minimum capital requirements are presented below:

Minimum CET1 Regulatory Capital Requirements	30 September 2024	2023
Pillar I – CET1 Requirement	**4.50%**	4.50%
Pillar II – CET1 Requirement	**1.55%**	1.73%
Capital Conservation Buffer (CCB)*	**2.50%**	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	**1.875%**	1.50%
Countercyclical Buffer (CcyB)	**0.93%**	0.48%
Minimum CET1 Regulatory Capital Requirements	**11.36%**	10.72%

** Fully phased-in as of 1 January 2019*
*** Increasing by 0.0625%. every year, until being fully implemented on 1 January 2026 at 2.00%.*

Minimum Total Capital Regulatory Requirements	30 September 2024	2023
Pillar I – Total Capital Requirement	**8.00%**	8.00%
Pillar II – Total Capital Requirement	**2.75%**	3.08%
Capital Conservation Buffer (CCB)*	**2.50%**	2.50%
Other Systematically Important Institutions (O-SII) Buffer**	**1.875%**	1.50%
Countercyclical Buffer (CcyB)	**0.93%**	0.48%
Minimum Total Capital Regulatory Requirements	**16.06%**	15.56%

** Fully phased-in as of 1 January 2019*
*** Increasing by 0.0625% every year, until being fully implemented on 1 January 2026 at 2.00%.*

The minimum Pillar I total capital requirement ratio of 8.00% may be met, in addition to the 4.50% CET1 requirement, with up to 1.50% by AT1 capital and with up to 2.00% by T2 capital.

The Group is also subject to additional capital requirements for risks which are not covered by the Pillar I capital requirements (Pillar II add-ons). Applicable Regulation allows a part of the said Pillar II Requirements (P2R) to be met also with AT1 and T2 capital and does not require solely the use of CET1.

The capital position of the Group and BOC PCL as at 30 September 2024 exceeds both their Pillar I and their Pillar II add-on capital requirements. However, the Pillar II add-on capital requirements are a point-in-time assessment and therefore are subject to change over time.

The CBC, in accordance with the Macroprudential Oversight of Institutions Law of 2015, sets, on a quarterly basis, the CcyB rates in accordance with the methodology described in this law.

On 30 November 2022, the CBC, following the revised methodology described in its macroprudential policy, decided to increase the CcyB rate from 0.00% to 0.50% of the total risk exposure amount in Cyprus of each licensed credit institution incorporated in Cyprus effective from 30 November 2023. Moreover, on 2 June 2023, the CBC announced its decision to raise the CcyB rate to 1.00% of the total risk exposure amount in Cyprus, effective from 2 June 2024. The CcyB for the Group as at 30 September 2024 has been calculated at approximately 0.93% (31 December 2023: 0.48%).

In accordance with the provisions of this law, the CBC is also the responsible authority for the designation of banks that are Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII Buffer requirement for these systemically important banks. BOC PCL has been designated as an O-SII. The O-SII Buffer as at 31 December 2023 stood at 1.50% and increased by 37.5 bps to 1.875% on 1 January 2024, following a revision of the O-SII buffer by the CBC in October 2023. 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 an O-SII buffer to be observed, the Group's O-SII buffer has been set to 2.00% from 1 January 2026 (from the previous assessment carried out in October 2023 of 2.25% from 1 January 2025) to be phased-in by 6.25 bps annually to 1.9375% on 1 January 2025 and 2.00% as of 1 January 2026 from the current level of 1.875%.

The ECB also provides non-public guidance for an additional Pillar II CET1 buffer (P2G) to be maintained.

Following the annual SREP performed by the ECB in 2024 and based on the draft SREP decision received in October 2024, effective from 1 January 2025 (subject to ECB final confirmation), the Group's minimum phased-in CET1 capital ratio and Total Capital ratio requirements are expected to remain unchanged, when disregarding the phasing-in of the O-SII buffer. The non-public guidance P2G is also expected to remain unchanged compared to 2024. . Furthermore, based on the draft SREP decision, the existing requirement for prior regulatory approval for the declaration of dividends is expected to be lifted, effective from 1 January 2025.

G. Additional Risk and Capital Management disclosures (continued)

G.2 Capital management (continued)

The Group is subject to a 3% Pillar I Leverage Ratio requirement.

The above minimum ratios apply for both BOC PCL and the Group.

The EBA final guidelines on SREP and supervisory stress testing and the Single Supervisory Mechanism's (SSM) 2018 SREP methodology provide that the own funds held for the purposes of Pillar II Guidance (P2G) cannot be used to meet any other capital requirements (Pillar I requirement, P2R or the Combined Buffer Requirement (CBR)), and therefore cannot be used twice.

The regulatory capital position of the Group and BOC PCL as at the reporting date (after applying the transitional arrangements) is presented below:

Regulatory capital	Group		BOC PCL	
	30 September 2024[1]	31 December 2023[3]	**30 September 2024**[2]	31 December 2023[3]
	€000	€000	**€000**	€000
Common Equity Tier 1 (CET1)[4]	**1,937,067**	1,798,015	**1,898,081**	1,766,707
Additional Tier 1 capital (AT1)	**220,000**	220,000	**220,000**	220,000
Tier 2 capital (T2)	**321,755**	300,000	**322,683**	300,000
Transitional total regulatory capital	**2,478,822**	2,318,015	**2,440,764**	2,286,707
Risk weighted assets – credit risk[5]	**9,113,311**	9,013,267	**9,111,695**	9,005,552
Risk weighted assets – market risk	**-**	-	**-**	-
Risk weighted assets – operational risk	**1,327,871**	1,327,871	**1,292,350**	1,292,350
Total risk weighted assets	**10,441,182**	10,341,138	**10,404,045**	10,297,902
Transitional	**%**	%	**%**	%
Common Equity Tier 1 (CET1) ratio	**18.6**	17.4	**18.2**	17.2
Total capital ratio	**23.7**	22.4	**23.5**	22.2
Leverage ratio	**8.4**	7.6	**8.3**	7.5

1. Includes profits for the six months ended 30 June 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 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made. The CET1 ratio, the Total Capital ratio and the Leverage ratio as at 30 September 2024 stand at 19.1%, 24.3% and 8.7% respectively, when including the profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period.

2. Includes profits for the six months ended 30 June 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 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made. The CET1 ratio, the Total Capital ratio and the Leverage ratio as at 30 September 2024 stand at 18.7%, 23.9% and 8.5% respectively, when including the profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period.

3. Includes profits for the year ended 31 December 2023 and a deduction for the distribution in respect of 2023 earnings of €137 million, following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €112 million and in principle approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €25 million and in compliance with the terms of the ECB approval. Similarly, for BOC PCL, amounts include profits for the year ended 31 December 2023 and a deduction for the distribution in respect of 2023 earnings following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €137 million.

4. CET1 includes regulatory deductions, comprising, amongst others, intangible assets amounting to €21,479 thousand for the Group and €13,867 thousand for BOC PCL as at 30 September 2024 (31 December 2023: €24,337 thousand for the Group and €16,861 thousand for BOC PCL).

5. Includes Credit Valuation Adjustments (CVA).

G. Additional Risk and Capital Management (continued)

G.2 Capital management (continued)

The capital ratios of the Group and BOC PCL as at the reporting date on a fully loaded basis are presented below:

Fully loaded[4]	Group		BOC PCL	
	30 September 2024[1]	31 December 2023[3]	**30 September 2024[2]**	31 December 2023[3]
	%	%	**%**	%
Common Equity Tier 1 ratio	**18.5**	17.3	**18.2**	17.1
Total capital ratio	**23.7**	22.4	**23.4**	22.2
Leverage ratio	**8.4**	7.6	**8.3**	7.5

[1] Includes profits for the six months ended 30 June 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 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made. The CET1 ratio, the Total Capital ratio and the Leverage ratio as at 30 September 2024 stand at 19.1%, 24.2% and 8.6% respectively, when including the profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period.

[2] Includes profits for the six months ended 30 June 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 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period, which represents the top-end range of the Group's approved distribution policy in line with the principles of Commission Delegated Regulation (EU) (241/2014) for foreseeable dividends and charges. Such distribution accrual does not constitute a binding commitment for a distribution payment nor does it constitute a warranty or representation that such a payment will be made. The CET1 ratio, the Total Capital ratio and the Leverage ratio as at 30 September 2024 stand at 18.6%, 23.9% and 8.5% respectively, when including the profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period.

[3] Includes profits for the year ended 31 December 2023 and a deduction for the distribution in respect of 2023 earnings of €137 million, following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €112 million and in principle approval by the Board to undertake a share buyback of ordinary shares of the Company for an aggregate consideration of up to €25 million and in compliance with the terms of the ECB approval. Similarly, for BOC PCL amounts include profits for the year ended 31 December 2023 and a deduction for the distribution in respect of 2023 earnings following approval received by the ECB in March 2024 and relevant recommendation by the Board of Directors to the shareholders for a final cash dividend of €137 million.

[4] IFRS 9 fully loaded as applicable.

During the nine months ended 30 September 2024, the regulatory CET1 ratio was mainly affected by pre-provision income, provisions and impairments, the payment of AT1 coupon, the corresponding accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability, other movements and the movement in risk-weighted assets. As a result, the CET1 ratio (on a transitional and on a fully loaded basis) has increased by approximately 120 bps during the nine months ended 30 September 2024.

A charge, which amounted to 27 bps as at 30 September 2024, is deducted from own funds in relation to ECB expectations for NPEs. In addition, a prudential charge in relation to the onsite inspection on the value of the Group's foreclosed assets is being deducted from own funds since June 2021, the impact of which is 3 bps on the Group's CET1 ratio as at 30 September 2024. Furthermore, the Group is subject to increased capital requirements in relation to its real estate repossessed portfolio which follow a SREP provision to ensure minimum capital levels retained on long-term holdings of real estate assets, with such requirements being dynamic by reference to the in-scope REMU assets remaining on the balance sheet of the Group and the value of such assets. As at 30 September 2024 the impact of these requirements was 46 bps on the Group's CET1 ratio compared 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.

Capital requirements of subsidiaries

The insurance subsidiaries of the Group, the General Insurance of Cyprus Ltd and Eurolife Ltd, comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated Cyprus Investment Firm (CIF) of the Group, The Cyprus Investment and Securities Corporation Ltd (CISCO), complies with the minimum capital adequacy ratio requirements. In 2021 the new prudential regime for Investment Firms ('IFs') as per the Investment Firm Regulation (EU) 2019/2033 ('IFR') on the prudential requirements of IFs and the Investment Firm Directive (EU) 2019/2034 ('IFD') on the prudential supervision of IFs came into effect. Under the new regime CISCO has been classified as a Non-Systemic 'Class 2' company and is subject to the new IFR/IFD regime in full. The payment services subsidiary of the Group, JCC Payment Systems Ltd, complies with the regulatory capital requirements under the Provision and Use of Payment Services and Access to Payment Systems Laws of 2018 to 2023.

G.2 Capital management (continued)

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, BOC PCL received final notification from the SRB regarding the 2024 MREL decision, by which the final MREL requirement is now set at 25.00% of risk weighted assets (30.3% of risk-weighted assets when taking into account the expected 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 must be met by 31 December 2024.

BOC PCL must comply with the MREL requirement at the consolidated level, comprising BOC PCL and its subsidiaries.

In April 2024, BOC PCL proceeded with an issue of €300 million green senior preferred notes (the 'Notes'). The Notes comply with the MREL criteria and contribute towards BOC PCL's MREL requirement.

The MREL ratio as at 30 September 2024, calculated according to the SRB's eligibility criteria currently in effect and based on internal estimate, stood at 33.8% of RWAs (including capital used to meet the CBR) and at 13.8% of LRE (based on the regulatory Total Capital as at 30 September 2024). The CBR stood at 5.31% as at 30 September 2024, compared to 4.48% as at 31 December 2023, reflecting the increase of the CcyB and O-SII buffer by approximately 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.

The MREL ratio expressed as a percentage of RWA and the MREL ratio expressed as a percentage of LRE as at 30 September 2024 stand at 34.4% and 14.1% respectively when including the profits for the quarter ended 30 September 2024 and an accrual for a distribution at a payout ratio of 50% of the Group's adjusted recurring profitability for the period.

G.3 Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and Pillar II Supervisory Review and Evaluation Process (SREP)

The Group prepares annual ICAAP and ILAAP packages. Both reports for 2023 have been completed and submitted to the ECB at the end of March 2024 following approval by the Board of Directors. The 2023 ICAAP indicated that the Group has sufficient capital and available mitigants to support its risk profile and its business and to enable it to meet its regulatory requirements, both under baseline and stressed conditions scenarios. The 2023 ILAAP indicated that the Group maintains liquidity resources which are adequate to ensure its ability to meet obligations as they fall due under ordinary and stressed conditions.

The Group undertakes quarterly reviews of its ICAAP results as well as on an ad-hoc basis if needed, which are submitted to the ALCO and the RC, considering the latest actual and forecasted information. During the quarterly review, the Group's risk profile is reviewed and any material changes/developments since the annual ICAAP exercise are assessed in terms of capital adequacy.

The Group undertakes quarterly reviews of its ILAAP results through quarterly liquidity stress tests which are submitted to the ALCO and the RC, where the latest actual and forecasted information is considered. Any material changes since the year-end are assessed in terms of liquidity and funding.

The ECB, as part of its supervisory role, has been conducting the SREP and other inspections (onsite/ off-site/ targeted reviews/ deep-dive exercises) on the Group. The SREP is a holistic assessment of, amongst other things, the Group's business model, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity resources to cover these risks. The objective of the SREP is for the ECB to form an up-to-date supervisory view of the Group's risks and viability and to form the basis for supervisory measures and dialogue with the Group. As a result of these supervisory processes, additional capital and other requirements could be imposed on the Group, including a revision of the level of Pillar II add-ons, as the Pillar II add-on capital requirements are a point-in-time assessment and therefore subject to change over time.

G. Additional Risk and Capital Management disclosures (continued)

G.4 Liquidity regulation

The Group has to comply with provisions on the Liquidity Coverage Ratio (LCR) under CRD IV/CRR (as supplemented by Delegated Regulation (EU) 2015/61), with the limit set at 100%. The Group has to also comply with the Net Stable Funding Ratio (NSFR) calculated as per the CRR II, with the limit set at 100%.

The LCR is designed to promote the short-term resilience of a Group's liquidity risk profile by ensuring that it has sufficient high-quality liquid resources to survive an acute stress scenario lasting for 30 days. The NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

As at 30 September 2024, the Group was in compliance with all regulatory liquidity requirements. As at 30 September 2024, the Group's LCR stood at 312% (compared to 359% as at 31 December 2023), the reduction of which was mainly driven by the repayment of the TLTRO of an amount of €1,700 thousand. As at 30 September 2024 the Group's NSFR was 157% (compared to 158% as at 31 December 2023).

G.5 Liquidity reserves

The table below sets out the Group's liquidity reserves:

Composition of the liquidity reserves	30 September 2024			31 December 2023		
	Internal Liquidity Reserves	Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible		Internal Liquidity Reserves	Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 LCR eligible	
		Level 1	Level 2A & 2B		Level 1	Level 2A & 2B
	€000	€000	€000	€000	€000	€000
Cash and balances with central banks	7,289,421	7,289,421	-	9,428,052	9,428,052	-
Placements with banks	182,666	-	-	214,588	-	-
Liquid investments	4,613,564	4,070,304	383,399	3,299,967	2,801,667	354,128
Available ECB Buffer	1,952,314	-	-	92,088	-	-
Total	14,037,965	11,359,725	383,399	13,034,695	12,229,719	354,128

Internal Liquidity Reserves present the total liquid assets as defined in BOC PCL's Liquidity Policy. Liquidity reserves as per LCR Delegated Regulation (EU) 2015/61 present the liquid assets as per the definition of the aforementioned regulation i.e., High-Quality Liquid Assets (HQLA).

Balances in Nostro accounts and placements with banks are not included in Liquidity reserves as per LCR, as they are not considered HQLA (they are part of the LCR Inflows).

Liquid investments under the Liquidity reserves as per LCR are shown at market values reduced by standard weights as prescribed by the LCR regulation. Liquid investments under Internal Liquidity Reserves include additional unencumbered liquid bonds. Liquid investments under Internal Liquidity Reserves are shown at market values net of haircuts based on the ECB methodology for the ECB eligible bonds, while for the non-ECB eligible bonds, a more conservative internally developed haircut methodology is applied.

The current available ECB buffer is not part of the Liquidity reserves as per LCR.

H. Alternative Performance Measures

Reconciliations

Reconciliation between the Interim Consolidated Income Statement under the statutory basis in Section E and the underlying basis in Section A is included in Section 'F.1 Reconciliation of Interim Consolidated Income Statement for the nine months ended 30 September 2024 between the statutory and the underlying basis'.

Reconciliations between the non-IFRS performance measures and the most directly comparable IFRS measures which allow for the comparability of the underlying basis to the statutory basis are disclosed below.

1. Reconciliation of Gross loans and advances to customers

	30 September 2024	31 December 2023
	€000	€000
Gross loans and advances to customers as per the underlying basis (*as defined in Section I*)	**10,277,447**	10,069,828
Reconciling items:		
Residual fair value adjustment on initial recognition (*Section F.5*)	**(62,777)**	(69,534)
Loans and advances to customers classified as held for sale (*Section F.3*)	**(26,568)**	-
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	**(789)**	-
Loans and advances to customers measured at FVPL (*Section F.3*)	**(131,064)**	(138,727)
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	**1,883**	947
Gross loans and advances to customers at amortised cost as per Section F.3	**10,058,132**	9,862,514

2. Reconciliation of Allowance for expected credit losses (ECL) on loans and advances to customers

	30 September 2024	31 December 2023
	€000	€000
Allowance for expected credit losses on loans and advances to customers (ECL) as per the underlying basis (*as defined in Section I)*	**251,721**	267,232
Reconciling items:		
Residual fair value adjustment on initial recognition (*Section F.5*)	**(62,777)**	(69,534)
Allowance for expected credit losses on loans and advances to customers classified as held for sale	**(14,278)**	-
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	**(789)**	-
Aggregate fair value adjustment on loans and advances to customers measured at FVPL	**1,883**	947
Provisions for financial guarantees and commitments	**(17,870)**	(19,192)
Allowance for ECL for loans and advances to customers as per Section F.3	**157,890**	179,453

H. Alternative Performance Measures (continued)

Reconciliations (continued)

3. Reconciliation of NPEs

	30 September 2024	31 December 2023
	€000	€000
NPEs as per the underlying basis (*as defined in Section I*)	**273,853**	365,450
Reconciling items:		
Loans and advances to customers (NPEs) classified as held for sale (*as per table 1 above*)	**(26,568)**	-
Residual fair value adjustment on initial recognition of loans and advances to customers (NPEs) classified as held for sale (*as per table 1 above*)	**(789)**	-
POCI (NPEs) *(Note 1 below)*	**(38,004)**	(37,273)
Residual fair value adjustment on initial recognition on loans and advances to customers (NPEs) classified as Stage 3 *(Section F.5)*	**2,227**	(1,294)
Stage 3 gross loans and advances to customers at amortised cost as per Section F.5	**210,719**	326,883
NPE ratio		
NPEs (*as per table above*) (€000)	**273,853**	365,450
Gross loans and advances to customers (*as per table 1 above*) (€000)	**10,277,447**	10,069,828
Ratio of NPE/Gross loans (%)	**2.7%**	3.6%

NPE Coverage ratio	**30 September 2024**	31 December 2023
Allowance for expected credit losses (ECL) on loans and advances to customers (*as per table 2 above*) (€000)	**251,721**	267,232
NPEs (*as per table above*) (€000)	**273,853**	365,450
NPE Coverage ratio (%)	**92%**	73%

Note 1: Gross loans and advances to customers at amortised cost before residual fair value adjustment on initial recognition include an amount of €38,004 thousand POCI - NPEs (out of a total of €66,618 thousand POCI loans) (31 December 2023: €37,273 thousand POCI - NPEs (out of a total of €100,197 thousand POCI loans)) as disclosed in Section F.5.

4. Reconciliation of Gross Loans – Pro forma

	30 September 2024
	€000
Gross Loans (*as per table 1 above*)	**10,277,447**
Reconciling items:	
Loans and advances to customers classified as held for sale (*Section F.3*)	**(26,568)**
Residual fair value adjustment on initial recognition on loans and advances to customers classified as held for sale	**(789)**
Gross loans and advances to customers – pro forma	**10,250,090**

H. Alternative Performance Measures (continued)

Reconciliations (continued)

5. Reconciliation of NPEs – Pro forma

	30 September 2024
	€000
NPEs (*as per table 3 above*)	**273,853**
Reconciling items:	
Loans and advances to customers (NPEs) classified as held for sale (*as per table 3 above*)	**(26,568)**
Residual fair value adjustment on initial recognition on loans and advances to customers (NPEs) classified as held for sale (*as per table 3 above*)	**(789)**
NPEs - pro forma	**246,496**

NPE ratio – Pro forma	**30 September 2024**
NPEs - Pro forma (*as per table above*) (€000)	**246,496**
Gross loans and advances to customers - Pro forma (*as per table 4 above*) (€000)	**10,250,090**
Ratio of NPE/Gross loans – Pro forma (%)	**2.4%**

6. Reconciliation of Loan credit losses

	Nine months ended 30 September	
	2024	2023
	€000	€000
Loan credit losses as per the underlying basis	**22,175**	44,069
Loan credit losses (as defined) are reconciled to the statutory basis as follows:		
Credit losses to cover credit risk on loans and advances to customers *(Section F.6)*	**23,727**	50,332
Net gains on derecognition of financial assets measured at amortised cost – loans and advances to customers (*see further below*)	**(616)**	(6,306)
Net (gains)/losses on loans and advances to customers measured at FVPL	**(936)**	43
	22,175	44,069

Net gains on derecognition of financial assets measured at amortised cost in the Interim Consolidated Income Statement amount to €493 thousand (30 September 2023: €6,265 thousand) and comprise €616 thousand (30 September 2023: €6,306 thousand) net gains on derecognition of loans and advances to customers and €123 thousand (30 September 2023: €41 thousand) net losses on derecognition of debt securities measured at amortised cost.

7. Reconciliation of Adjusted recurring profitability to Profit after tax for the period attributable to the owners of the Company

	Nine months ended 30 September	
	2024	2023
	€000	€000
Adjusted recurring profitability as per the underlying basis (*as defined in Section I*)	**387,547**	331,043
Reconciling items:		
Payments to other equity instruments	**13,063**	20,570
Advisory and other transformation costs (non-recurring)	**-**	(2,250)
Profit after tax for the period attributable to the owners of the Company as per the Interim Consolidated Income Statement	**400,610**	349,363

H. Alternative Performance Measures (continued)

Key Performance Ratios Information

1. Net Interest Margin (NIM)

The components for the calculation of net interest margin are provided below:

	Nine months ended 30 September	
	2024	2023
1.1. Net interest income used in the calculation of NIM	**€000**	€000
Net interest income as per the underlying basis/statutory basis	**623,576**	572,164
Net interest income used in the calculation of NIM (annualised)	**832,952**	764,981

1.2. Interest earning assets	**30 September 2024**	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000
Cash and balances with central banks	**7,517,002**	7,287,221	7,217,046	9,614,502
Loans and advances to banks	**337,399**	384,112	383,707	384,802
Reverse repurchase agreements	**1,022,515**	1,014,858	707,526	403,199
Loans and advances to customers	**10,031,306**	10,084,967	10,027,893	9,821,788
Loans and advances to customers held for sale	**12,290**	-	-	-
Prepayments, accrued income and other assets – Deferred consideration receivable (‘DPP’)	**255,400**	251,244	247,107	243,013
Investments				
Debt securities	**4,061,291**	3,828,083	3,742,838	3,547,782
Total interest earning assets	**23,237,203**	22,850,485	22,326,117	24,015,086
1.3. Quarterly average interest earning assets (€000)				
- as at 30 September 2024				**23,107,223**
- as at 30 September 2023				23,010,598

1.4. Net Interest Margin (NIM)	Nine months ended 30 September	
	2024	2023
Net interest income (annualised) (*as per table 1.1. above*) (€000)	**832,952**	764,981
Quarterly average interest earning assets (*as per table 1.3. above*) (€000)	**23,107,223**	23,010,598
NIM (%)	**3.60%**	3.32%

H. Alternative Performance Measures (continued)

Key Performance Ratios Information (continued)

2. Cost to income ratio

2.1 Reconciliation of the components of total expenses used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.1.1 Reconciliation of Staff costs	**Nine months ended 30 September**	
	2024	2023
	€000	€000
Staff costs as per the underlying basis/statutory basis	**151,069**	141,462

2.1.2 Reconciliation of Other operating expenses	**Nine months ended 30 September**	
	2024	2023
	€000	€000
Other operating expenses as per the underlying basis	**114,366**	105,723
Reclassifications for:		
Advisory and other transformation costs – organic, separately presented under the underlying basis	**-**	2,250
Other operating expenses as per the statutory basis	**114,366**	107,973

2.1.3 Total Expenses as per the underlying basis	**Nine months ended 30 September**	
	2024	2023
	€000	€000
Staff costs as per the underlying basis/statutory basis (*as per table 2.1.1 above*)	**151,069**	141,462
Special levy on deposits and other levies/contributions as per the underlying basis/statutory basis	**26,219**	29,754
Other operating expenses as per the underlying basis *(as per table 2.1.2 above)*	**114,366**	105,723
Total Expenses as per the underlying basis	**291,654**	276,939

2.2 Reconciliation of the components of total income used in the cost to income ratio calculation from the underlying basis to the statutory basis is provided below:

2.2.1 Total Income as per the underlying basis	**Nine months ended 30 September**	
	2024	2023
	€000	€000
Net interest income as per the underlying basis/statutory basis (*as per table 1.1 above*)	**623,576**	572,164
Net fee and commission income as per the underlying basis/statutory basis	**130,660**	134,518
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the underlying basis *(as per table 2.2.2 below)*	**27,481**	28,854
Net insurance result*	**34,947**	37,765
Net (losses)/gains from revaluation and disposal of investment properties and Net gains on disposal of stock of properties (as per the statutory basis)	**3,322**	7,028
Other income (as per the statutory basis)	**7,544**	15,147
Total Income as per the underlying basis	**827,530**	795,476

**Net insurance result 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.*

H. Alternative Performance Measures (continued)

Key Performance Ratios Information (continued)

2. Cost to income ratio (continued)

2.2.2 Reconciliation of Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost between the statutory basis and the underlying basis	**Nine months ended 30 September**	
	2024	2023
	€000	€000
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the underlying basis	**27,481**	28,854
Reclassifications for:		
Net gains/(losses) on loans and advances to customers measured at FVPL disclosed within 'Loan credit losses' per the underlying basis (*as per table 6 in Section 'Reconciliations' above*)	**936**	(43)
Net gains on derecognition of financial assets measured at amortised cost-loans and advances to customers, disclosed within 'Loan credit losses' per the underlying basis (*as per table 6 in Section 'Reconciliations' above*)	**616**	6,306
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost as per the statutory basis (see below)	**29,033**	35,117
Net foreign exchange gains, Net gains on financial instruments and Net gains on derecognition of financial assets measured at amortised cost (as per table above) are reconciled to the statutory basis as follows:		
Net foreign exchange gains	**19,954**	22,506
Net gains on financial instruments	**8,586**	6,346
Net gains on derecognition of financial assets measured at amortised cost	**493**	6,265
	29,033	35,117

	Nine months ended 30 September	
	2024	2023
Cost to income ratio		
Total expenses (*as per table 2.1.3 above*) (€000)	**291,654**	276,939
Total income (*as per table 2.2.1 above*) (€000)	**827,530**	795,476
Total expenses / Total income (%)	**35%**	35%

Cost to income ratio excluding special levy on deposits and other levies/contributions	**Nine months ended 30 September**	
	2024	2023
Total expenses (*as per table 2.1.3 above*) (€000)	**291,654**	276,939
Less: Special levy on deposits and other levies/contributions (*as per table 2.1.3 above*) (€000)	**(26,219)**	(29,754)
Total expenses excluding special levy on deposits and other levies/contributions (€000)	**265,435**	247,185
Total income (*as per table 2.2.1 above*) (€000)	**827,530**	795,476
Total expenses excluding special levy on deposits and other levies/contributions / Total income (%)	**32%**	31%

H. Alternative Performance Measures (continued)

Key Performance Ratios Information (continued)

3. Operating profit return on average assets

The components used in the determination of the operating profit return on average assets are provided below:

	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000
Total assets used in the computation of the operating profit return on average assets per the statutory basis (*Section E Interim Consolidated Balance Sheet*)	**25,863,097**	25,466,170	24,940,672	26,628,577
Quarterly average total assets (€000)				
- as at 30 September 2024				**25,724,629**
- as at 30 September 2023				25,683,406

	2024	2023
Total income for the nine months ended 30 September (*as per table 2.2.1 above*) - annualised (€000)	**1,105,387**	1,063,548
Total expenses for the nine months ended 30 September (*as per table 2.1.3 above*) - annualised (€000)	**(389,582)**	(370,266)
Operating profit – annualised (€000)	**715,805**	693,282
Quarterly average total assets as at 30 September (*as per table above*) (€000)	**25,724,629**	25,683,406
Operating profit return on average assets (annualised) (%)	**2.8%**	2.7%

4. Cost of Risk

	Nine months ended 30 September	
	2024	2023
	€000	€000
Loan credit losses (*as per table 6 in Section 'Reconciliation' above*) – annualised	**29,621**	58,920
Average gross loans (as defined) (*as per table 1 in Section 'Reconciliation above*)	**10,173,638**	10,192,238
Cost of Risk (CoR) %	**0.29%**	0.58%

5. Basic profit per share attributable to the owners of the Company

The components used in the determination of the 'Basic profit per share attributable to the owners of the Company (€ cent)' are provided below:

	2024	2023
Profit after tax (attributable to the owners of the Company) per the underlying basis/statutory basis for the nine months ended 30 September (€000)	**400,610**	349,363
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**445,081**	446,058
Basic profit per share attributable to the owners of the Company for the nine months ended 30 September (€ cent)	**90.0**	78.3

H. Alternative Performance Measures (continued)

Key Performance Ratios Information (continued)

6. Return on tangible equity (ROTE)

The components used in the determination of 'Return on tangible equity (ROTE)' are provided below:

	2024	2023
Profit after tax for the period (attributable to the owners of the Company) (annualised) per the underlying basis/statutory basis for the nine months ended 30 September (€000)	**535,121**	467,097
Quarterly average tangible shareholders' equity as at 30 September (*as per table 6.2 below*) (€000)	**2,334,261**	1,901,882
ROTE (annualised) (%)	**22.9%**	24.6%

6.1 Tangible shareholders' equity	**30 September 2024**	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	**2,508,085**	2,387,383	2,380,876	2,247,080
Less: Intangible assets (as per the statutory basis)	**(45,451)**	(45,686)	(46,609)	(48,635)
Total tangible shareholders' equity	**2,462,634**	2,341,697	2,334,267	2,198,445
6.2 Quarterly average tangible shareholders' equity (€000)				
- as at 30 September 2024				**2,334,261**
- as at 30 September 2023				1,901,882

7. Return on tangible equity (ROTE) on 15% CET1 ratio

The components used in the determination of 'Return on tangible equity (ROTE) on 15% CET1 ratio', are provided below:

	2024	2023
Profit after tax for the period (attributable to the owners of the Company) (annualised) per the underlying basis/statutory basis for the nine months ended 30 September (€000)	**535,121**	467,097
Quarterly average tangible shareholders' equity adjusted for excess CET1 capital on a 15% CET1 ratio as at 30 September (*as per table 7.2 below*) (€000)	**1,836,936**	1,770,744
ROTE on 15% CET1 (%)	**29.1%**	26.4%

7.1 Tangible shareholders' equity on 15% CET1 ratio	**30 September 2024**	30 June 2024	31 March 2024	31 December 2023
	€000	€000	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	**2,508,085**	2,387,383	2,380,876	2,247,080
Less: Intangible assets (as per the statutory basis)	**(45,451)**	(45,686)	(46,609)	(48,635)
Less: approved FY2023 distribution**	**(9,871)**	(19,011)	(136,590)	(136,590)
Less: excess CET1 capital* on a 15% CET1 ratio	**(619,625)**	(479,000)	(341,460)	(247,153)
Total tangible shareholders' equity on 15% CET1 ratio	**1,833,138**	1,843,686	1,856,217	1,814,702

**Includes amount of foreseeable charge for shareholders' distribution accrual at the top-end range of the Group's approved distribution policy deducted from CET1 ratio as applicable.*

***Approved FY2023 distribution is adjusted to the extent not already deducted from the Equity attributable to the owners of the Company (as per the statutory basis) at each period end. As at 30 September 2024 and 30 June 2024, only an amount relating to the approved share buyback of €25 million not yet executed is adjusted. For prior periods, the full amount of the FY2023 distribution is adjusted.*

7.2 Quarterly average tangible shareholders' equity on 15% CET1 ratio (€000)	
- as at 30 September 2024	**1,836,936**
- as at 31 December 2023	1,779,597
- as at 30 September 2023	1,901,882

H. Alternative Performance Measures (continued)

Key Performance Ratios Information (continued)

8. Tangible book value per share

	30 September 2024	30 September 2023
	€000	€000
Tangible shareholder's equity (*as per table 6.1 above*) (€000)	**2,462,634**	2,067,121
Number of shares in issue at the end of the period, excluding treasury shares (thousand)	**442,571**	446,058
Tangible book value per share (€)	**5.56**	4.63

9. Leverage ratio

	30 September 2024	31 December 2023
Tangible total equity (including Other equity instruments) (*as per table 9.1 below*) (€000)	**2,682,634**	2,418,445
Total assets as per the statutory basis (€000)	**25,863,097**	26,628,577
Leverage ratio	**10.4%**	9.1%

9.1 Tangible total equity	**30 September 2024**	31 December 2023
	€000	€000
Equity attributable to the owners of the Company (as per the statutory basis)	**2,508,085**	2,247,080
Other equity instruments	**220,000**	220,000
Less: Intangible assets (as per the statutory basis)	**(45,451)**	(48,635)
Tangible total equity	**2,682,634**	2,418,445

I. 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 30 October 2024.
Digitally engaged customers ratio	This is the ratio of digitally engaged individual customers to the total number of individual customers. Digitally engaged customers are the individuals who use the digital channels of the Bank (mobile banking app, browser and ATMs) to perform banking transactions, as well as digital enablers such as a bank-issued card to perform online card purchases, based on an internally developed scorecard.
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

I. Definitions and Explanations (continued)

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.
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 €61 mn as at 30 September 2024 (compared to €60 mn as at 30 June 2024, 67 mn as at 31 March 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 30 September 2024 (compared to €133 mn as at 30 June 2024, €134 mn as at 31 March 2024 and €138 mn as at 31 December 2023).
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 43.2% as at 30 September 2024 (compared to 43.2% as at 30 June 2024, 42.9% as at 31 March 2024 and to 42.2% as at 31 December 2023). The Bank's deposit market share in Cyprus reached 37.6% as at 30 September 2024 (compared to 37.5% as at 30 June 2024 and 31 March 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.

I. Definitions and Explanations (continued)

Net Interest Margin	Net interest margin is calculated as the net interest income (annualised) divided by the 'quarterly average interest earning assets' (as defined).
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 gains/(losses) 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.

I. 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 Interim Condensed 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).

I. 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 3Q2024 (compared to nil for 2Q2024 and 1Q2024 and €2 mn for 9M2023).
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 nine months ended 30 September 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 Group financial results for the nine months ended 30 September 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 2023, were published on 28 March 2024, upon which the auditors have given an unqualified opinion are expected to be delivered to the Registrar of Companies of Ireland within 56 days of 30 September 2024. The Board of Directors approved the Group Consolidated Condensed financial statements for the nine months ended 30 September 2024 on 11 November 2024.

Statutory basis: Statutory information is set out on pages 31-33. 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 nine months ended 30 September 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 5. The statutory results are adjusted for certain items (as described on section F.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 Group Financial Results for the nine months ended 30 September 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 I, together with explanations.

The Group Financial Results for the nine months ended 30 September 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 which can usually be identified by terms used such as "expect", "should be", "will be" and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group's near term, medium term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, expected impairment charges, the level of the Group's assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments, information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics 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, which may have a material impact on the way we prepare our financial statements and may negatively affect the profitability of Group's insurance business.

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The Bank of Cyprus Group is the leading banking and financial services group in Cyprus, providing a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. At 30 September 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 2,874 staff worldwide. At 30 September 2024, the Group's Total Assets amounted to €25.9 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.