

The Cyprus Banking Sector: A Model of Resilience, Compliance and Sustainable Growth

SEPTEMBER 2024



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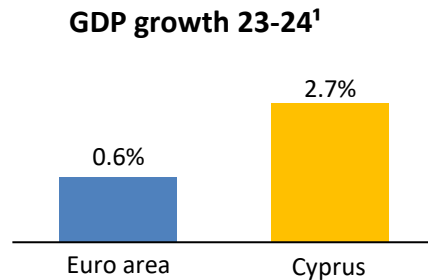
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1. Cyprus Economy & Banking Sector

Highly Attractive Market and Demographics...

Cyprus is Growing Faster than EU



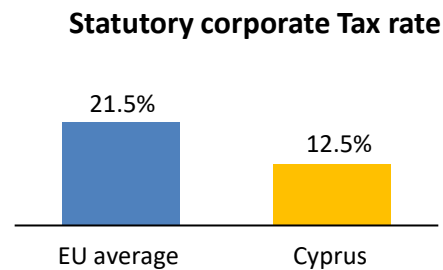
+2.1 pts

Cyprus economic growth vs EU average 2023-2024

5.7%

Cyprus unemployment rate Quarter 1, 2024

Attractive Business Hub



12,583 companies registered in Cyprus in 2022 (domestic and foreign)

13,000 work permits in 2022, equivalent to 3% of labour force

#2 country

in Europe with highest number of university graduates per capita

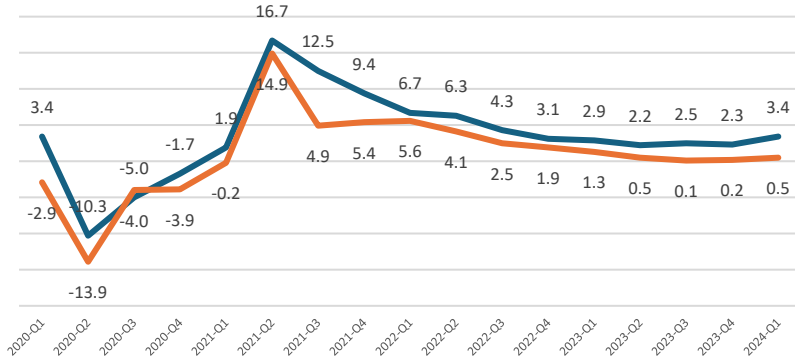
Source: Eurostat, CBC statistics

1) Cumulative growth forecasts: Cyprus: Ministry of Finance; Euro area: European Economic Forecast- Spring

Strong Cypriot Economy; Solid GDP Growth of c.2.9%¹ Expected for 2024

GDP growth in Q1, 2024 accelerated to 3.4%

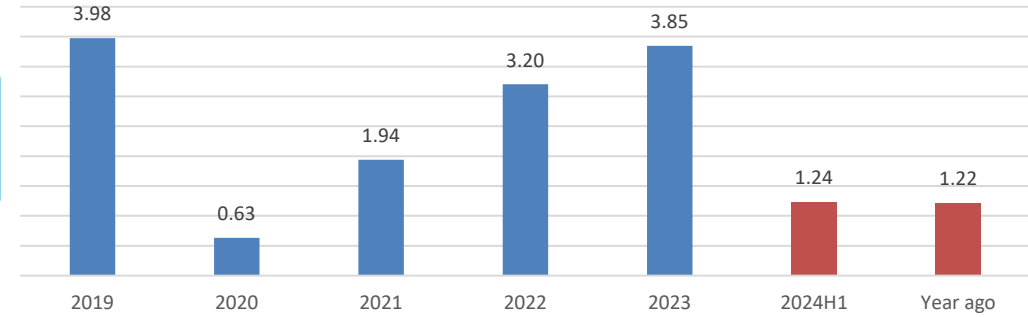
Real GDP (yoy % change)



GDP expected to grow by c.2.9%¹ in 2024, well above eurozone average

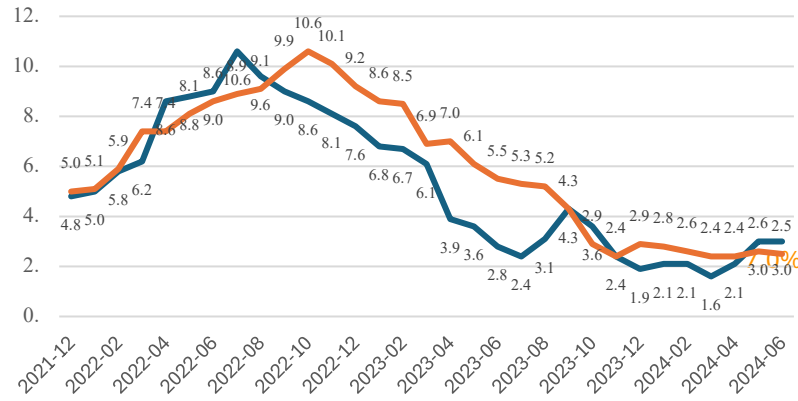
H1, 2024 Tourist arrivals slightly higher than in H1, 2023

Tourism arrivals (million)



Inflation increased to 3.0% in May and June 2024

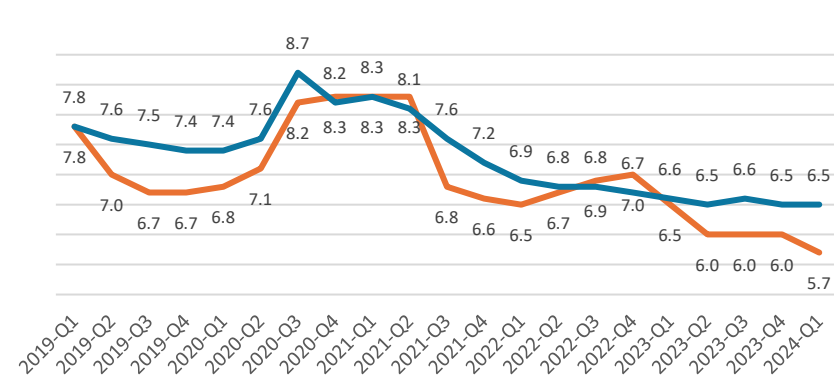
HICP index (yoy% change)



HICP expected to drop to c.2.5%¹ in 2024

Unemployment rate decreased to 6.5% in Q1 2024

Quarterly (%) (seasonally adjusted)



Unemployment rate has stabilized at 6,5 as of end of Q1 2024 and expected to reach 6.8%¹ by end of 2024

—●— Cyprus —●— Euro area

Source: Cystat, Eurostat

1) Projections in accordance with Ministry of Finance

2. Overview of Comprehensive Reforms

Strategic Steps in Building a Robust Compliance Regime and Culture

- Adopted a strong regulatory framework
- Adoption of best international standards and practices
- Significant deleveraging and de-risking of the banking sector
- Full adherence to sanctions imposed by EU, UN, US, US.
- Government Initiatives / Reforms
- Significant investments in compliance training and resources (*Increased investment in Staffing and Systems*) (**Appendix 4**)



Decisive implementation of western sanctions on Russia, after the invasion in Ukraine.
Path setter for the rest of the economy and the state.

2. Overview of Comprehensive Reforms

Adopting a Strong Regulatory Framework

Cyprus Legal and Regulatory Developments

Transposition of the 5th EU AML Directive into national law in 2020/2021 and relevant CBC Directive was updated.

Beneficial Ownership Registers for both legal entities and trusts already implemented.

Bank and Payment Account Register live since Jan 2020.

Central Bank of Cyprus Sanctions Directive enacted in March 2020.

CBC AML/CFT Directive updated again in 2024 (currently under consultation) according to the new AML/CFT Law, new EBA Guidelines and new best practices.

New CBC Governance Directive issued in October 2021.

National Risk Assessment: Cyprus published its 1st NRA report in November 2018. New NRA has been initiated and is expected to be completed in 2024.

EU Legal and Regulatory Developments

European & International tax transparency standards (e.g. FATCA, CRS, DAC6) have been enacted to combat tax evasion and aggressive tax planning practices.

In May 2024 the EU Council adopted the Anti-Money Laundering and Anti-Terrorism Financing Package (the AML Package), which contains an EU Single Rulebook Regulation, a new Directive and a Regulation establishing a new AML Authority.

Early adoption of the Target Instant Payment Settlement Regulation (TIPS) by Cyprus Banks (effective date January 2025).

As of January 2024, the Central Electronic System of Payment Information (CESOP) came into force, whereby all EU PSPs (Payment Service Providers) are required to record and report transactional data of cross-border payments. Cypriot banks are required to transmit data on cross-border payments to CESOP, allowing tax authorities to detect suspicious activity and coordinate enforcement actions, ultimately helping to reduce VAT fraud within the EU.

2. Overview of Comprehensive Reforms

Adopting Best International Compliance Standards and Practices

- New Strict Framework for the **Identification of Ultimate Beneficial Owners** (UBOs) on the basis of both shareholding majority (25% and even below) and control, including gathering of reliable independent evidence and mandatory face-to-face meetings with the UBO. All UBO information is disclosed and shared with relevant regulatory authorities and correspondent banks upon request.
- Elimination of compliance reliance on any **professional intermediaries** (Introducers) (**Appendix 3**)
- Restriction of certain categories of clients in the **Customer Acceptance Policies**
 - Clients dealing in/facilitating arms/military industry
 - Any form of anonymous/secret/numbered relationships
 - Clients dealing in virtual currencies
 - Any form of shell bank activity
 - Non-transparent shell company activity
 - Adult entertainment
 - Online casino or unregulated casino activity
 - Payable through accounts
 - Downstreaming correspondent clearing
 - Clients with suspicion for potential human trafficking/illegal activities
 - Categories of Russian clients (residents, PEPs, operating in restricted sectors, etc)
- Voluntary adherence to **Wolfsberg guidelines/ standards**
- Maintain strong **strategic alliances with our correspondents** (*Operation of five USD clearing correspondent banks in Cyprus as from year 2020*)



2. Overview of Comprehensive Reforms

Significant Deleveraging and De-risking

- Banks have **closed all Russian operations** (i.e., subsidiaries, branches, rep offices, etc.).
- Significant **deleveraging** of the banking sector and especially **exposure on international business** (**Appendix 1**).
- Significant **de-risking** and maintenance of an insignificant exposure/appetite on/for **Russia/CIS and other High Risk Jurisdictions** (**Appendix 1 & 2**).
- Effectively addressing **Shell Company** activity.



2. Overview of Comprehensive Reforms

Full Adherence to International Sanctions

- Full adherence to sanctions issued by the European Union and the United Nations in all currencies
- Full adherence to US (OFAC) and UK (OFSI) Sanctions, irrespective of US or UK nexus, with the imposition of even stricter measures:
 - Sanctions apply in all currency transactions.
 - Sanctions apply to all Specially Designated Nationals (SDNs) but also to any corporations that are directly (via shares) or indirectly (via other means of control) controlled by them.
 - Relationships with close family members, close associates, or related entities, of SDNs, irrespective of % of ownership (i.e. even for those that are less than 50% owned), are terminated.
- All client portfolios of banks are filtered against all of the U.S., EU, UN and UK sanctions lists on a daily basis as well as against negative media through state-of-the-art financial crime systems.
- All inward/outward payments are screened against sanctions lists as well as intelligent internally generated definitions on a real time basis prior to the execution of the transactions.
- **Regulatory Assurance:** During 2023 the CBC appointed AML Analytics, a worldwide leading firm in the testing and validation of sanction screening and transaction monitoring systems, to assess the effectiveness and efficiency of screening systems of banks and payment institutions in Cyprus. An overall positive result was recorded for the industry.

2. Overview of Comprehensive Reforms

Significant Developments and Challenges Related to the War in Ukraine

- New severe Sanctions Regimes on Russia / Belarus by the G7 coalition, with unprecedented breadth, complexity and robustness.
- Issuance of 14 Sanctions Packages by the EU covering a spectrum of prohibitions (asset freezes, export/import prohibitions, deposit restrictions, investment prohibitions, services prohibitions, etc) - Similar successive regulations issued by OFAC/BIS and OFSI.
- 3rd-party designations evident in countries outside Russia, including Cyprus (on an individual and legal entity level).
- FINCEN’s Financial Trend Analysis (Suspected Evasion of Russian Export Controls) issued in Sept 2023 includes Cyprus amongst the top 10 subject countries. Cyprus was the country with the least activity as part of the overall chain with no involvement of any Cyprus financial institutions being referred.
- Issuance of EO 14114 in December 2023 expanding OFAC’s authority to impose sanctions on foreign financial institutions (FFIs) engaging in transactions involving Russia’s military-industrial base. EO 14114 adds additional secondary sanctions on FFIs for SDNs designated under EO 14024 and imposes restrictions on the import of certain Russian goods. The penalty for non-compliance is severe, including total exclusion of the FFI from the U.S. dollar-based global financial system.
- Further strengthening of the Bureau of Industry and Security (BIS) restrictions of the US Department of Commerce in August 2024 to (i) expand scope of export restrictions to Russia and Belarus not only in relation to “*US origin*” but also in relation to “*US branded*” goods, (ii) restriction of exports to a number of foreign companies in China, Hong Kong, Iran, Turkey and Cyprus, (iii) target shell companies used in the transshipment of goods to Russia by adding risk diversion, risk addresses in Hong Kong and Turkey on the Entity List, and (iv) provide guidance on contractual language to target unlawful re-exports to Russia and Belarus. All BIS restrictions are fully adopted and adhered to by the Cyprus banking industry.

2. Overview of Comprehensive Reforms

Immediate Response to Geopolitical Challenges (1/3)

- Revision of Risk Appetite and Termination of Accounts (**Appendix 2 & 3**)
- Additional indicative categories of clients who are considered Not Accepted:
 - Russian / Belarusian PEPs
 - Entities under sectoral sanctions
 - Clients under EU deposit restrictions
 - Clients with economic activity in Russia in industries not included on Banks' internal White-Lists
- Refinement of controls to manage new risks:
 - Implementation of a fully automated Trade Based Money Laundering System to filter transactions against Dual Used and Prohibited Goods, sanctioned ports and sanctioned vessels
 - Filtering of wire transfers relating to Russia / Belarus / occupied areas in Ukraine
 - Performance of Thematic Assurance Reviews on compliance with procedures relating to sanctions
 - Restrictions / controls in the processing of transactions with countries friendly to Russia (**Appendix 1**)
 - Prohibition of transactions relating to export of DUG to Russia/other high-risk countries friendly to Russia

2. Overview of Comprehensive Reforms

Immediate Response to Geopolitical Challenges (2/3)

- Full adherence with USA & UK Sanctions, even when no nexus is present.
- Reperformance of Sanctions Risk Assessment for the banks to identify new key sanctions risk scenarios
- Recategorization of risk of clients with Russian / Belarusian nexus to capture the broader sanctions risk
- Strategic collaboration with external specialised firms in the USA / EU for ongoing legal/consulting support
- Clear continuous directions and guidance to staff
- Close collaboration with the US State Department, Treasury Department and Justice Department
 - US Treasury & Justice Departments Speakers at the 9th International Compliance Forum in Cyprus (October 2023)
 - Specialized training to Banks' staff & BoDs on Sanctions Circumvention by the US State Department Representative (2024)
 - Cyprus Compliance Association / Cyprus Integrity Forum / US Embassy Joint Event – Revised Guidance from US Treasury /OFAC on Executive Order 14114, expanded secondary sanctions risk on foreign financial institutions (July 2024)
 - Interbank Seminar on Sanctions and Export Control organised by the US Embassy & the US State Department (September 2024)

2. Overview of Comprehensive Reforms

Immediate Response to Geopolitical Challenges (3/3)

Ad-hoc Initiatives in Response to Middle East Conflict and Iran's Activity

- Arms proliferation is a not accepted industry across the Cyprus banking sector.
- NGOs operating outside Cyprus and especially ones with activity in the Middle East, are generally outside the risk appetite of the banks, unless they relate to reputable worldwide organizations where enhanced due diligence apply.
- Increase in the country risk level of Palestine, Lebanon and other countries involved in the conflict (e.g. Yemen) with an effect on the risk categorization of clients connected to these countries and thus strict due diligence and stricter risk appetite.
- Enhancement in the Banks' filtering systems parameterization to stop and check transactions relating to countries involved in the conflict.

2. Overview of Comprehensive Reforms

Initiatives by the Cyprus Government (1/2)

1. Appointment of a contact person within the Ministry of Finance who will serve as a central point for receiving and disseminating information from both Cypriot and foreign authorities. *Appointment completed in 2023.*
2. Signing a one-year agreement, extendable, if necessary, with the University of Cyprus. The agreement aims to support the implementation of sanctions and restrictive measures within the Republic of Cyprus. *Relevant agreement was signed and provides for the analysis and assessment of the various risks of non-compliance with the EU & UN sanctions. The relevant actions emanating from this agreement are in progress.*
3. The Ministry of Finance, in collaboration with other competent authorities, to evaluate within six months, any immediate improvements required in the legislative framework. *Process is in progress with a few legislative improvements been introduced or planned to be introduced.*
4. A study was conducted to identify ways to enhance the governance and supervision of companies providing administrative services in Cyprus. *Based on the results, a regulatory framework for a unified independent authority regulating all administrative service providers in Cyprus is being designed, with completion and enactment into law expected in the first half of 2025.*
5. A second study was conducted by the Ministry of Justice and Public Order in coordination with the police to assess the capabilities of law enforcement authorities in investigating and prosecuting economic crimes. *One result was a Ministry of Justice initiative that produced a collaboration between the USA and Cyprus in fighting money laundering, sanctions evasion and other financial crimes -- supported by the provision of U.S. expertise/training to the Cypriot law enforcement authorities.*

2. Overview of Comprehensive Reforms

Initiatives by the Cyprus Government (2/2)

6. Establishment of an enhanced National Sanctions Enforcement Unit. This aims to significantly enhance the Special Unit for the coordination of sanctions enforcement, already established at the Ministry of Finance. Legislation has been drafted to enhance the powers of this new National Sanctions Enforcement Unit such as granting the right to the Republic of Cyprus to issue its own national sanctions, over and above the EU/UN ones. This will provide the ability to the CY authorities to align their sanctions regime with that of the USA and the UK. Technical support in drafting the relevant regulatory framework has already been provided by the UK in line with the OFSI operational framework. This new framework is expected to be enacted into law by the end of 2024.

7. Information campaign on corruption and compliance with restrictive measures and sanctions, both domestically and internationally. This initiative was assigned for implementation to Invest Cyprus (CIPA). It is well in progress and tenders for candidates to run such campaigns are currently under assessment. This assessment process will be completed and the project will be assigned to the successful bidder by end of October 2024.

8. In January 2024, a project was launched with the guidance of Deloitte UK to potentially develop a Public–Private partnership framework for intelligence sharing between MOKAS (Cyprus Financial Intelligence Unit) and the private sector in Cyprus. The project is progressing, while a relevant regulation for the exchange of such information is being drafted.

3. Independent Recognition of Progress

2013 – 2017

- **The Eurogroup has praised Cyprus** for its impressive performance and expressed its wish that “... the fiscal developments in Cyprus continue to exceed expectations...”
- **The IMF stated for Cyprus’s economic recovery**, “Cyprus reform program remains a success” and “The strong fiscal performance is impressive”
- Cyprus has been upgraded in the “Largely Compliant” White List of the OECD for its enhanced transparency
- **Moneyval was satisfied with the progress** achieved in relation to Special Assessment and has ended the process
- **Following an impressive remedial performance**, Cyprus successfully exited the MOU with Troika (EU, IMF, ECB)
- **Cyprus ranked 1st in the survey carried out by** Transparency International (TI) for AML Transparency Measures and Quality of Reporting. The TI report mentioned explicitly that “Cyprus disclosed the most complete set of anti-money laundering data among the 12 analysed countries (i.e. USA, UK, Germany, Luxembourg, France, Australia, etc.)”

2018 – 2023

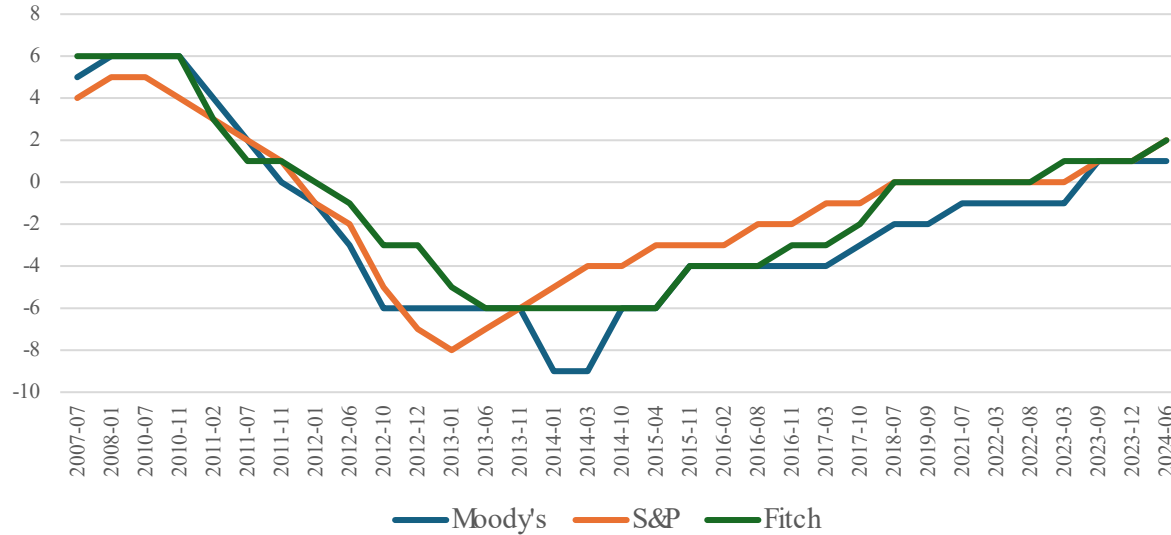
- **Positive reference to Cyprus reforms in the INCSR Report** of US Department of State (March 2019) recognizing the continuous and effective upgrade of the AML framework
- **In 2023, Cyprus ranked** 49th out of 180 countries surveyed by the Corruption Perception Index published by Transparency International (TI).
- **Moneyval report (December 2023)** recognizes the successful AML remediation of the Cyprus banking sector and the new robust anti- financial crime framework in place
- **Fitch Ratings (September 2021)** “Robust economic growth and sound fiscal policy prior to the Covid-19 shock”
- **The number of US dollar clearing banks** operating in Cyprus increased from 1 to 5 during the last years

3. Independent Recognition of Progress



14 June 2024: S&P Global upgraded Cyprus' long-term local and foreign currency sovereign credit ratings to BBB+ from BBB. The outlook is positive.

28 May 2024: Moody's ratings agency has upgraded Cyprus' rating outlook to Positive and affirmed the long-term issuer rating at Baa2.



Fitch	BBB+	Positive	June 7, 2024
S&P	BBB+	Positive	June 14, 2024
Moody's	Baa2	Positive	May 25, 2024



7 June 2024: Fitch Ratings upgraded Cyprus' Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BBB+' from 'BBB'. The Outlook is Positive.

3. Independent Recognition of Progress

2019 Moneyval 5th Mutual Evaluation (follow up Nov 22 and Dec 23)

	Cyprus 2013	Cyprus 2019	Cyprus 2022	Cyprus 2023
Largely Compliant	22	21	20	21
Compliant	11	16	16	16
Partially Compliant	7	3*	4*	3*
Non-Compliant	0	0	0	0

Technical Compliance Ratings (40 sections)

Cyprus rated in the top 2 scales for 37 of the 40 sections (FATF 40 recommendations).

**Non-related to the banking sector*

Effectiveness Ratings (11 sections)

For the first time, Moneyval introduced the Effectiveness criterion for assessment. Cyprus was rated in the mid ranges for all effectiveness categories.

Cyprus was rated as Moderate Effectiveness in 8 points, which mainly relate to other non-banking sectors.

	Cyprus 2013	Cyprus 2019
High Effectiveness	N/A	0
Significant Effectiveness	N/A	3
Moderate Effectiveness	N/A	8
Low Effectiveness	N/A	0

3. Independent Recognition of Progress

- **“Cyprus Banks’ understanding of AML/TF risk is generally sophisticated”**
- **“Cyprus Banks, understanding of AML/CFT legal obligations is very high, and in addition banks are aware of international best practices and prudential considerations that go beyond legal obligations”**
- **“Cyprus Banks focus their business more on customers residing or active in Cyprus and decreasing the number of their non-resident natural person and legal person customers”**



Extract: **Moneyval** Report for **Cyprus** (February 2020)

3. Independent Recognition of Progress – Post Financial Crisis

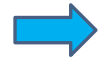
From Global Media:



Cyprus No Longer Mediterranean Haven for Russian Businesses
(January 10, 2019)



Cyprus sees Russian bank deposits plunge as government seeks to clean up its financial image
(January 24, 2024)



Has Cyprus Sided With The West, Leaving Russia Out In The Cold?
(November 22, 2018)



Accelerating the recovery in Cyprus's Banking Sector
(April 19, 2017)

Bloomberg

AP Associated Press

Forbes

GlobalCapital

3. Independent Recognition of Progress – Sanctions Enforcement

Deputy Assistant U.S. State Department Secretary for the Division for Counter Threat Finance and Sanctions Erik Woodhouse:



“**The U.S. Department of State’s Erik Woodhouse** has praised Cyprus for its cooperation in enforcing sanctions against Russia, in response to its invasion of Ukraine. Woodhouse... commended Cyprus’ efforts in implementing and enforcing sanctions against Russia. Elsewhere, Woodhouse praised Cyprus for its continuous efforts to improve oversight in the financial sector, reducing the activities of shell companies and raising standards to effectively implement and enforce the sanctions.”

Cyprus Business News, *Erik Woodhouse praises Cyprus for role in Russian sanctions*, 31 July 2023

“**[Deputy Assistant U.S. State Department Secretary for the Division for Counter Threat Finance and Sanctions Erik Woodhouse]** also expressed his gratitude for the productive discussions with both government and private sector representatives (i.e., bank executives, service providers) during his visit.” **Cyprus Today**, *US will expand and intensify sanctions as long as it takes, says official in Cyprus visit*, 31 July 2023

3. Independent Recognition of Progress – Sanctions Enforcement

Mr. Hugh Griffiths – Independent sanctions subject matter expert (SME) deployed by the U.S Department of State to the Republic of Cyprus (2021-2024)

“Leading Republic of Cyprus financial credit institutions have adopted high standards. Chief among these is the blanket prohibition in principle, on clients engaged in the key, high risk, arms, defence and military sectors. This is a higher standard than that found in nearly all of the most developed European Union (EU) Member States. This higher standard may be considered ‘best practice’ and is indicative of leading Republic of Cyprus financial institutions compliance departments representing, in my personal opinion, potential ‘centres of excellence’ both within a regional and wider European Union context.”

“Leading Republic of Cyprus financial institutions have taken strong de-risking measures in response to Russia’s invasion of Ukraine. Leading Republic of Cyprus financial institutions compliance departments are protecting their institution from risk. Leading compliance departments are also protecting the reputation of the jurisdiction, they are doing good work. And when people do good work in this field, they may come under pressure. Sometimes they may be or feel threatened by the kind of unscrupulous fixers or ‘high net worth individuals’ whom they protect their financial institutions against. They are, the unsung heroes here.”

February 2024

3. Independent Recognition of Progress – Sanctions Enforcement

From U.S. and Global Media:

“Cyprus... has backed the [EU] bloc’s escalating sanctions against Russia in the wake of its Ukraine invasion... Banks also started to enforce anti-money laundering rules more rigorously after the crisis. And in 2018, U.S. regulators started to aggressively go after illicit Russian money circulating internationally. As part of the initiative, the Central Bank of Cyprus shut down thousands of shell companies, presaging a broader shift in the island’s business model.” **POLITICO**, *Cyprus is losing its Russians — and confronting existential questions about its economy*, 8 March 2022

POLITICO

“Meanwhile, the Cypriot government is stepping up its supervisory capacity to ensure compliance with international sanctions by setting up a specialized unit modeled after the U.K.’s Office of Financial Sanctions Implementation (OFSI), according to the ministry.” **Associated Press**, *Cyprus Finance Ministry: More than 1.2 billion euros in Russian assets frozen*, 16 May 2023

AP Associated Press

3. Independent Recognition of Progress – Sanctions Enforcement

From U.S. and Global Media:

“Cyprus Central Bank Governor Constantinos Herodotou told the president this week Cypriot banks have frozen the accounts of 13 individuals named and a number of Cyprus-based companies. He said that in recent years the authorities have closed 43,000 shell companies and 123,000 "suspicious" bank accounts. Only 2.2 per cent of all bank deposits on the island currently belong to Russians, the governor said.” **AFP**, *Cyprus says cracking down on Ukraine war sanctions busters*, 23 April 2023

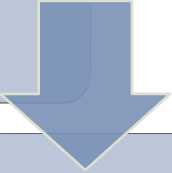


“The closures [of Russian bank accounts in Cyprus] are regarded as going “above and beyond” restrictions on Russian bank holders elsewhere in the EU.... Bank accounts belonging to Russians have declined precipitously, and only 2.2% of all bank deposits are held by Russians, a far cry from the tens of billions parked in Cypriot bank accounts before the 2013 financial crisis.” **The Guardian**, *‘Our credibility must be safeguarded’: Cyprus in turmoil after Russia sanctions*, 22 Apr 2023

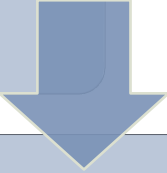


4. Locking in Progress and Managing a Dynamic Landscape

Remaining **PROACTIVE** in the effective adoption of **BEST INTERNATIONAL STANDARDS/PRACTICES** of good governance and anti-financial crime



Ensuring full **TRANSPARENCY** in communication and cooperation with our key compliance stakeholders locally and overseas for effectively combating financial crime



COMMITMENT to embedding compliance and good governance in the **CULTURE** of all banks. Close cooperation among financial institutions in applying common practices and ensuring effective collaboration in combatting financial crime

5. Assuring a Sustainable and Impactful Collaboration with US Stakeholders

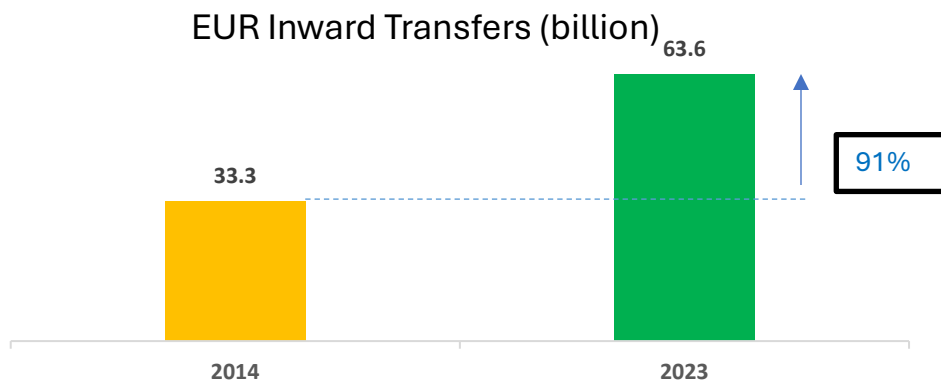
Critical Success Factors

- Continuous active communication channel especially with the US Treasury Department, State Department and Justice Department.
- Organization of events on a regular basis, aiming in enhancing awareness and re-affirming the firm policy of the Cyprus banking industry in combating financial crime.
- Support of the US authorities to the various governmental proposals to ensure timely and effective implementation.
- Assistance from US Law enforcement agencies to the Cyprus Police and the FIU should further be enhanced and strengthened.
- Proactive guidance and exchange of intelligence to pre-emptively combat financial crime.
- Sharing of typologies and important trends.

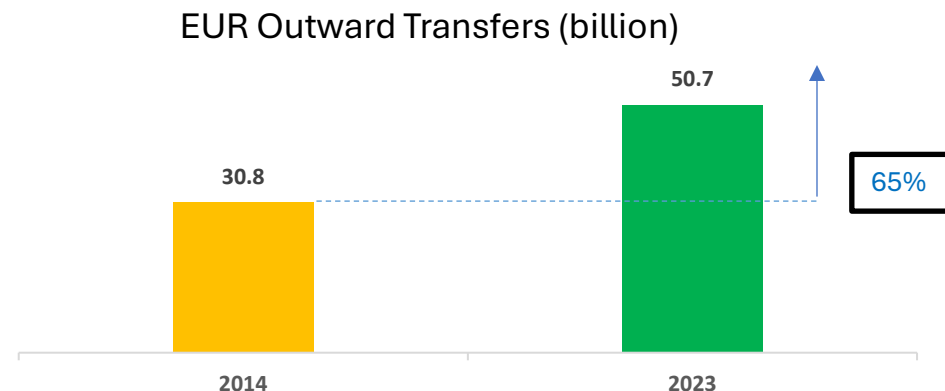
Appendix 1

Significant Deleveraging of Cyprus Banking Industry (2014 Vs 2023)

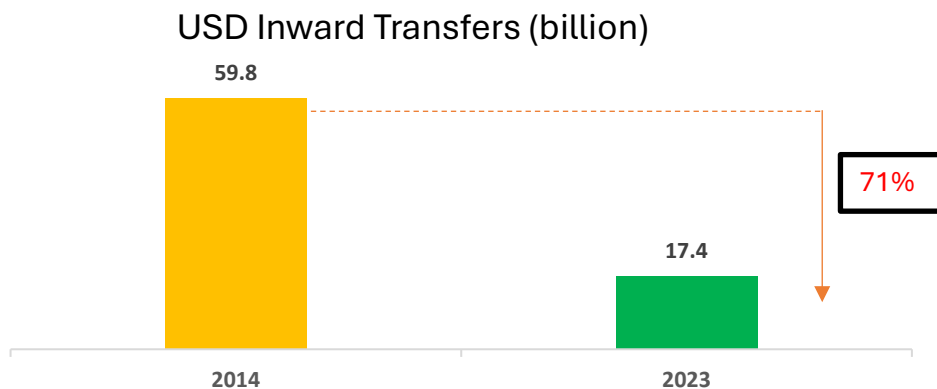
EUR Inward Transfers (billion)



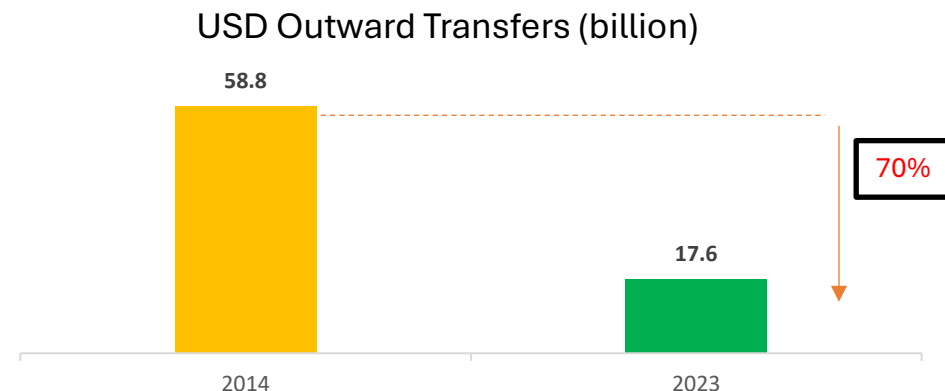
EUR Outward Transfers (billion)



USD Inward Transfers (billion)



USD Outward Transfers (billion)

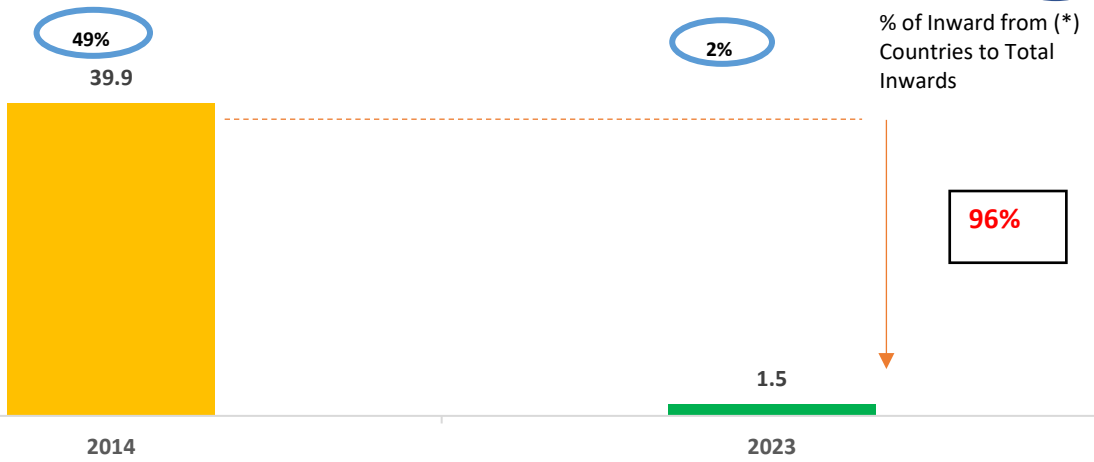


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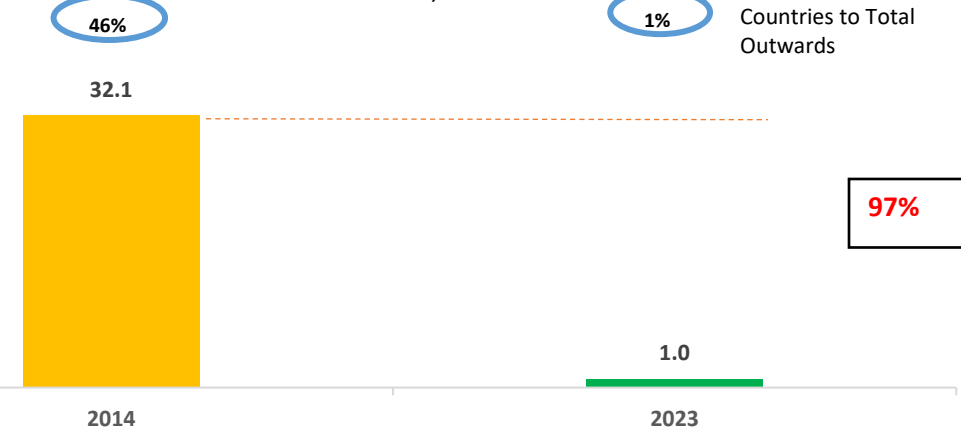
Appendix 1

Significant Deleveraging/Derisking from Russia/Ukraine/Belarus (2014 Vs 2023)

Inward Transfers from Russia, Ukraine, Belarus (*) - all currencies (€ billion)



Outward Transfers to Russia, Ukraine, Belarus (*) - all currencies (€ billion)

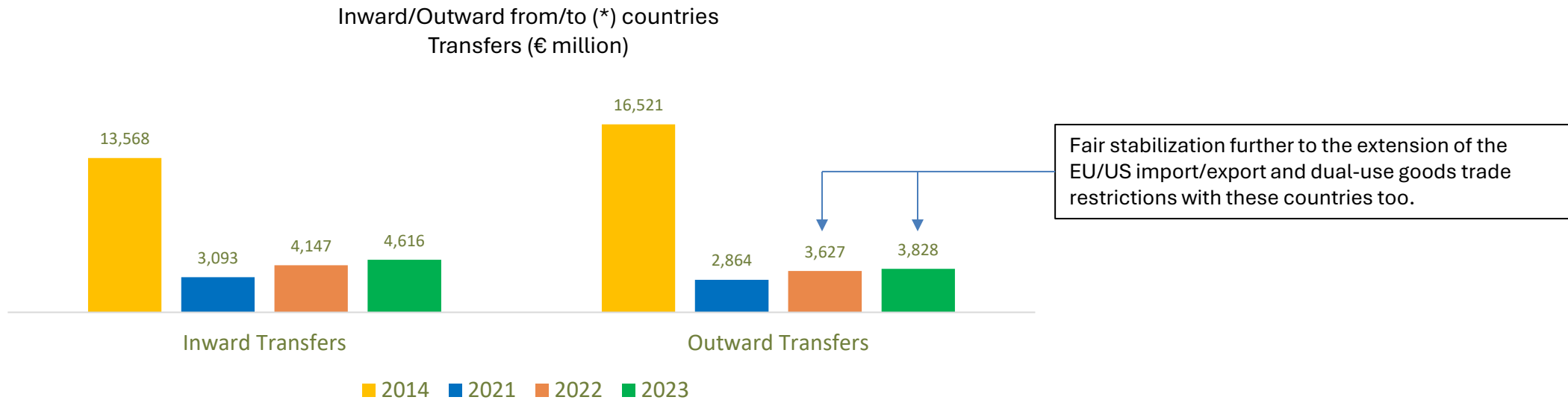


(*) Russia, Ukraine, Belarus

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Appendix 1

Significant Deleveraging/Derisking from Friendly to Russia Jurisdictions

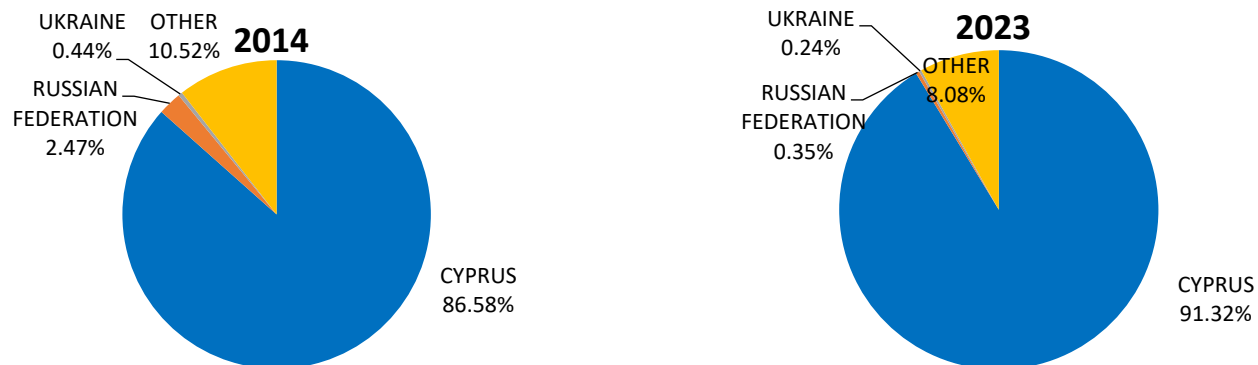


(*) Latvia, Estonia, Lithuania, Moldova, Turkey, Kazakhstan, Armenia, Kyrgyzstan, United Arab Emirates, Serbia, Azerbaijan, Turkmenistan, Mongolia, Tajikistan, Uzbekistan, Hong Kong, Singapore

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Appendix 2 – De-risking

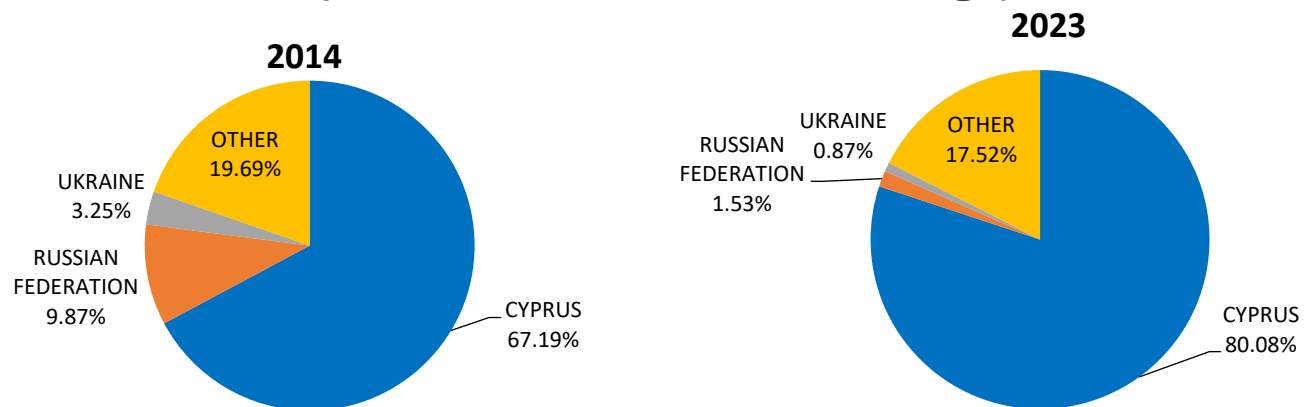
Effective Client Portfolio De-Risking (2014 Vs 2023)



Change in Clients Portfolio

Country	2014 - 2023
Cyprus	↑ 45%
International (Non-Cyprus)	↓ 50%
Russian Federation	↓ 90%
Ukraine	↓ 61%

Effective Deposits Portfolio De-Risking (2014 Vs 2023)



Change in Deposits Portfolio

Country	2014 - 2023
Cyprus	↑ 30%
International (Non-Cyprus)	↓ 34%
Russian Federation	↓ 83%
Ukraine	↓ 71%

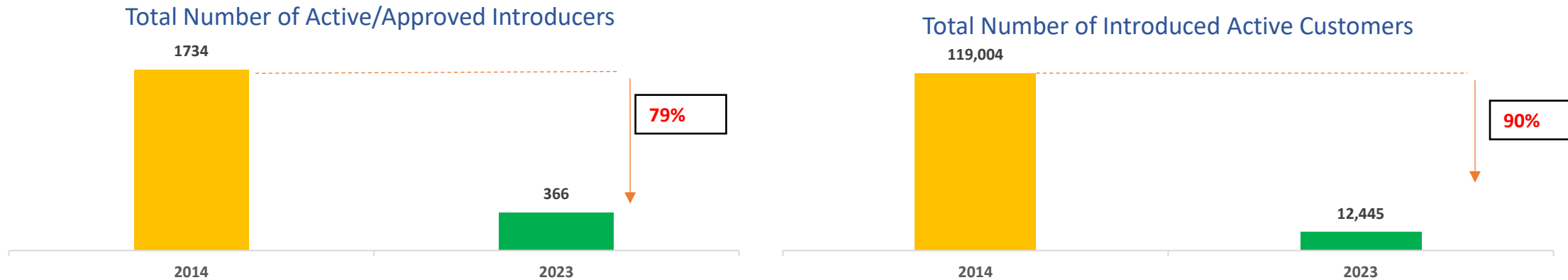
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Appendix 3 - Effective Remediation Results

Business Relationships Terminated/Suspended for Compliance Reasons 2014-2023

Business Relationships terminated /suspended (number of CUSTOMERS)	72.174
Business Relationships terminated /suspended (number of ACCOUNTS)	160.439
Aggregated inward transfers for the relationships terminated/suspended	€41,8 billion
Aggregated outward transfers for the relationships terminated/suspended	€49,5 billion
P&L impact of relationships terminated/suspended	€83,5 million

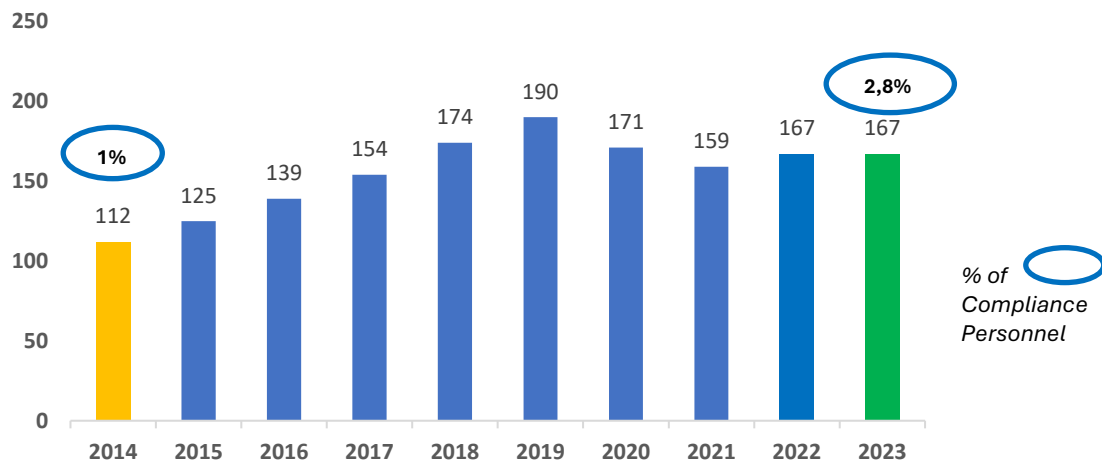
Professional Intermediaries & Customers Introduced (2014 Vs 2023)



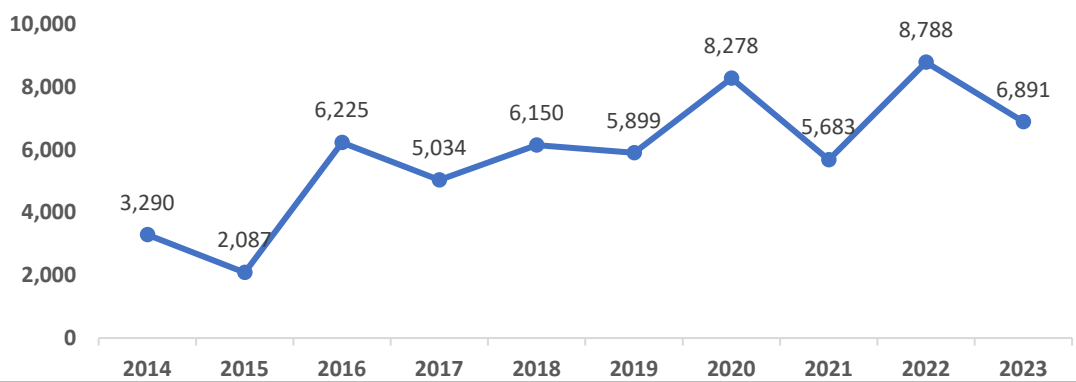
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Appendix 4 - Enhanced Compliance Activity (2014 -2023)

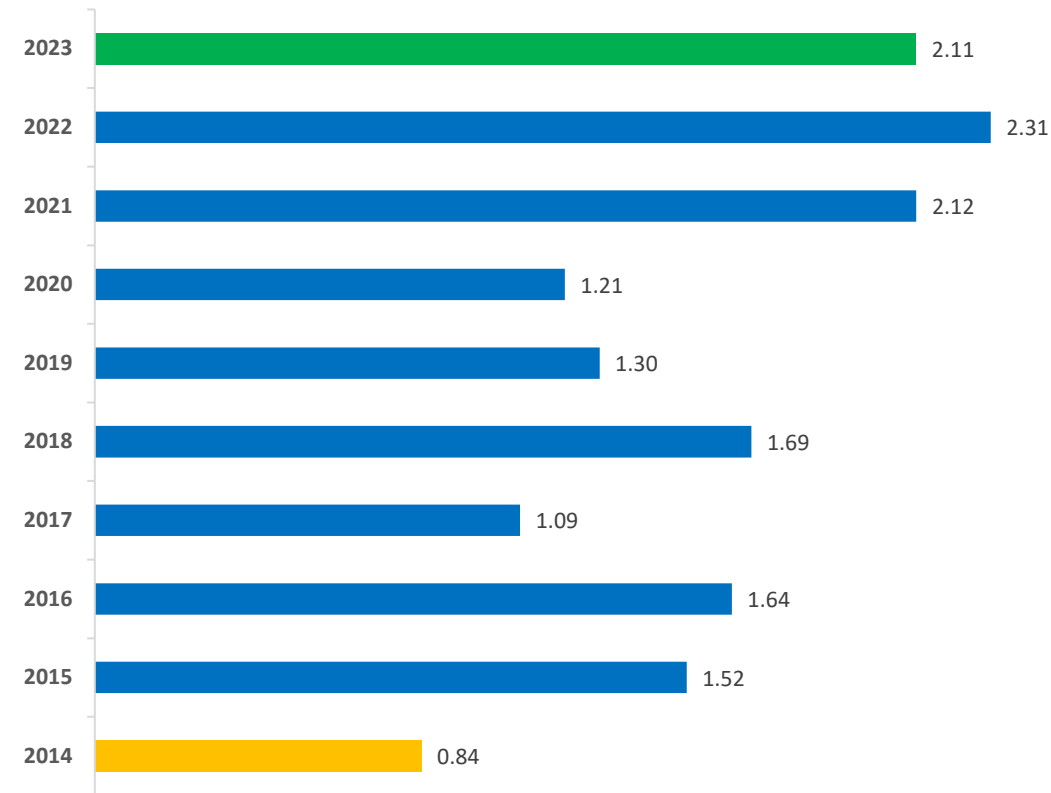
Number of Compliance Personnel



Number of Workforce/Staff Trained on AML



Compliance Capital Expenditure Budget (Million €)



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