

## Group Financial Results for the six months ended 30 June 2014

**Share Capital Increase**

**Income Statement Review**

**Balance Sheet Review**

**Loan Quality**

**Key Performance Indicators**

**Key Takeaways**

**Additional Information**

**27 August 2014**

# 1H2014 Financial Results – Key Highlights

**Common Equity Tier 1 capital (CET1) ratio (transitional) improved by 70 bps to 11,3% driven by deleveraging and by profit on disposal of non-core operations and assets**

**Following the intended share capital increase\* of €1 bn, CET1 ratio (fully loaded) rises to 15,1% significantly ahead of most of our European peers**

**Second marginally profitable quarter in a row; profit after tax for the quarter of €50 mn; not yet a trend**

**Loan quality challenges remain; imperative that the Bank is given the tools to engage effectively with borrowers**

**Laiki integration successfully completed**

**Improved liquidity, reduced Eurosystem funding, release of decree deposits ahead of plan**

**Overseas deleveraging progressing: loans in Romania sold, good progress with UK and Romania loan book sale**

**Strong capital position shields the Bank from further shocks**

\* Subject to the approval of existing shareholders at the EGM, the Court Order approving the Nominal Value Reduction and the filing of the Court order with the Department of the Registrar of Companies and Official Receiver.

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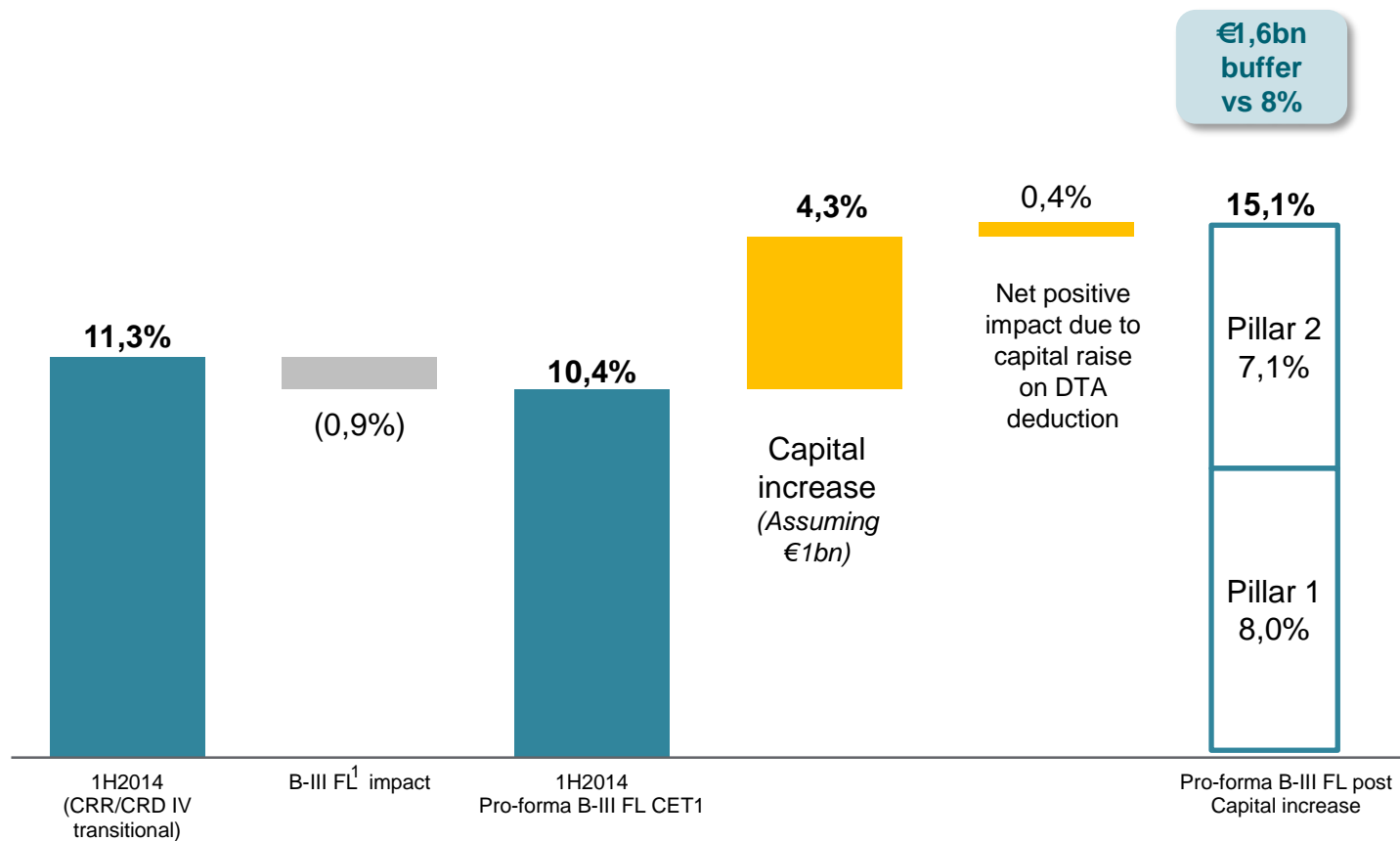
**Key Takeaways**

**Additional Information**

Following the Eurogroup decisions to recapitalise the Bank via a bail-in of depositors, the Bank was placed under resolution from 25 March 2013 until 30 July 2013, a period during which it was recapitalised and restructured in accordance with the decrees issued by the Central Bank of Cyprus in its capacity as Resolution Authority. Due to the corporate actions that took place during this period, it is not possible to compare figures and results of the Group with past financial periods.

# Capital Position – Impact of capital increase

Successful capital raising places the Bank at the upper end of the capital league table

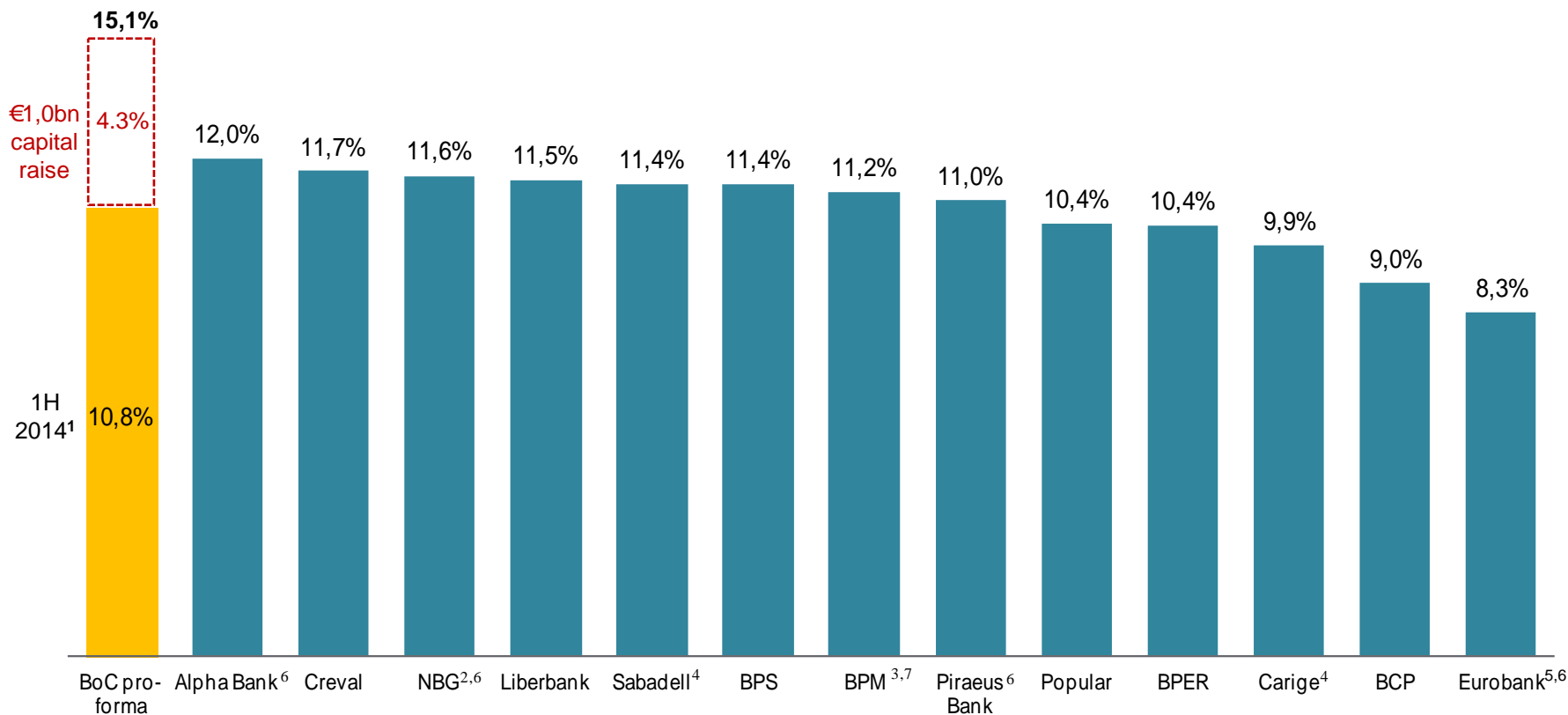


(1) Fully Loaded – main capital deduction from CRD IV transitional to fully loaded is in relation to Deferred Tax Assets (DTAs) – DTA deductions will be reduced post capital raise due to increased 10%/15% thresholds

# The Bank will join the league of best capitalised banks in Europe

## A solid pro-forma Basel III capital position

### Basel III CET1 of Southern European banks



Source: Company financials.

Note: Peer group includes banks that recently announced or conducted a capital increase. All capital ratios are for Q1 2014 (unless otherwise stated) and including the capital increase

(1) Including positive impact from capital raise on FL ratio

(2) Includes €1,040m capital actions approved by the BoG, excluding pref. shares

(3) Banco Popolare di Milano reported as circa 11%

(4)

(5)

(6)

(7)

CET1 Basel 3 transitional for 1H2014

Estimate including €380 m capital actions approved by BoG, excluding pref. shares

1H2014 results not yet declared. 1Q fully loaded has been retained

Based on Basel 2 standard methodology



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# Income Statement Review

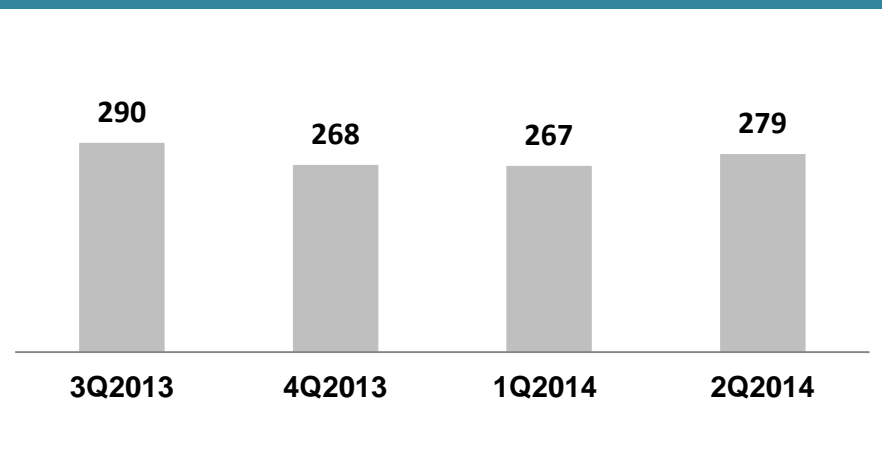
| Selected lines from Consolidated Income Statement (€ mn)  | 1H2014       | 2Q2014       | 1Q2014       | qoq change %    |
|---|--------------|--------------|--------------|-----------------|
| Net interest income   | 546          | 279          | 267          | +4%             |
| Net fee and commission income   | 88           | 43           | 45           | -6%             |
| Insurance income net of insurance claims  | 25           | 12           | 13           | -9%             |
| Other (expenses)/income   | (9)          | (24)         | 15           | n/a             |
| <b>Total income</b>   | <b>650</b>   | <b>310</b>   | <b>340</b>   | <b>-9%</b>      |
| <b>Total expenses</b>   | <b>(245)</b> | <b>(121)</b> | <b>(124)</b> | <b>-2%</b>      |
| <b>Profit before provisions for impairment of customer loans, restructuring costs and discontinued operations</b>               | <b>405</b>   | <b>189</b>   | <b>216</b>   | <b>-13%</b>     |
| Provisions for impairment of customer loans   | (329)        | (183)        | (146)        | +25%            |
| Share of profit from associates   | 4            | 2            | 2            | -7%             |
| <b>Profit before tax, restructuring costs and discontinued operations</b>   | <b>80</b>    | <b>8</b>     | <b>72</b>    | <b>-89%</b>     |
| Tax   | (10)         | (8)          | (2)          | +229%           |
| Loss attributable to non-controlling interests  | 8            | 6            | 2            |                 |
| <b>Profit after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets</b> | <b>78</b>    | <b>6</b>     | <b>72</b>    | <b>-91%</b>     |
| Restructuring costs   | (21)         | (16)         | (5)          | -               |
| Loss from discontinued operations   | (36)         | -            | (36)         | -               |
| Net profit from disposal of non-core assets*  | 60           | 60           | -            | -               |
| <b>Profit after tax</b>   | <b>81</b>    | <b>50</b>    | <b>31</b>    | <b>+60%</b>     |
| <b>Net interest margin</b>  | <b>4,12%</b> | <b>4,26%</b> | <b>3,99%</b> | <b>+27 b.p.</b> |
| <b>Cost-to-Income ratio</b>   | <b>38%</b>   | <b>39%</b>   | <b>36%</b>   | <b>+3 p.p.</b>  |

\* This relates to the loss on disposal of the Ukrainian operations (€114 mn), the profit on disposal of the stake in Banca Transilvania (€47 mn) the profit on disposal of the loans in Serbia (€27 mn) and the profit from the early repayment of the Cyprus Government Bond (€100 mn)

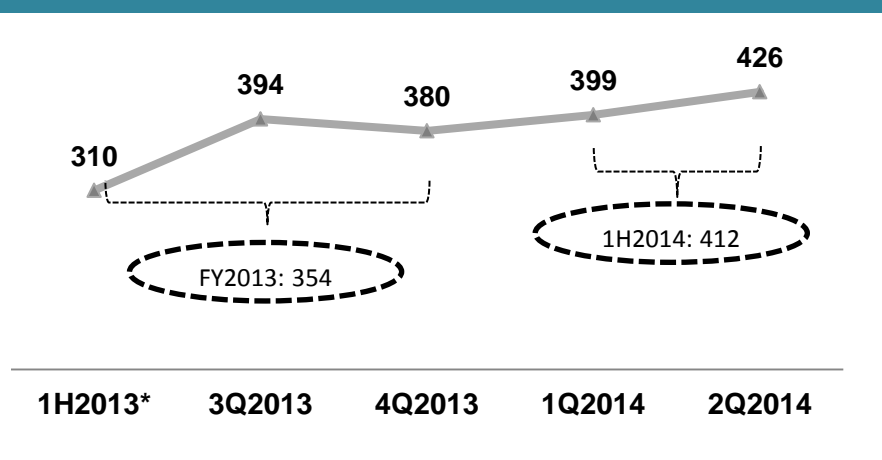
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

# Net Interest Income and Net Interest Margin

## Net Interest Income (€ mn)



## Net Interest Margin (bp)



- 2Q2014 Net Interest Income (NII) increased to €279 mn (compared to €267 mn for 1Q2014)
- 2Q2014 Group Net Interest Margin (NIM) improved to 4,26% on the back of improved funding cost. Reduced cost of Eurosystem funding in the quarter contributed positively to NIM
- The Bank passed some of this benefit through to its customers in the third quarter by reducing base lending rates
- NII and NIM continue to be affected by conditions in Cyprus and by the fact that 36% of assets is funded by ELA and ECB funding

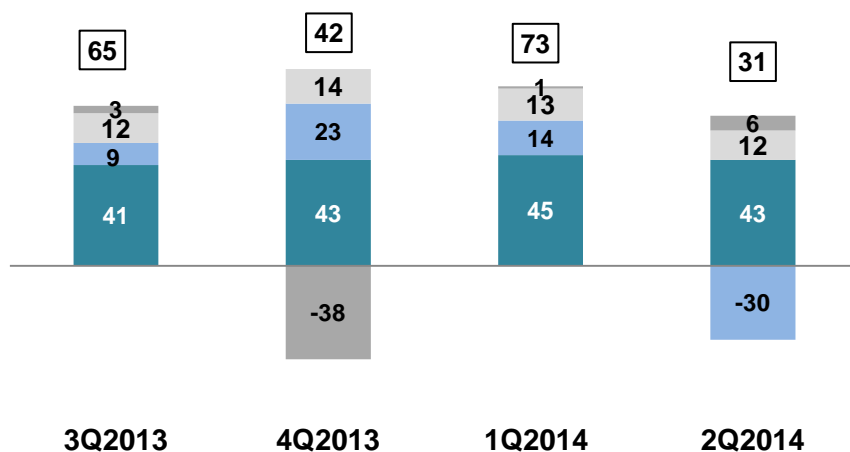
\* Information for 1Q2013 and 2Q2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013.



# Analysis of Non Interest Income

## Quarterly Non Interest Income (€mn)

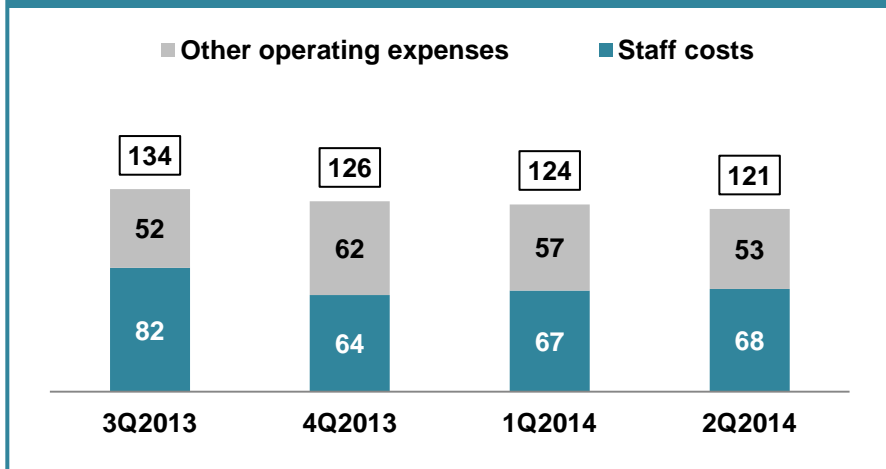
- Other income/(expense)
- Insurance income net of insurance claims
- FX income & Net income/(loss) from financial instruments
- Fee and commission Income



- 2Q2014 Non interest income of €31 mn compared to €73 mn for 1Q2014 primarily due to the impairment of exposures to Laiki subsidiaries that were transferred to the Bank by application of the decrees issued in March 2013 totalling €32 mn.
- All businesses are focusing on increasing fee income; e.g. International Banking Services (IBS), a significant contributor of fee income in the past, is focused on reactivating volumes in incoming and outgoing payments to improve non interest income
- Recurring income from insurance business reflecting the Group's leading position in the insurance business in Cyprus

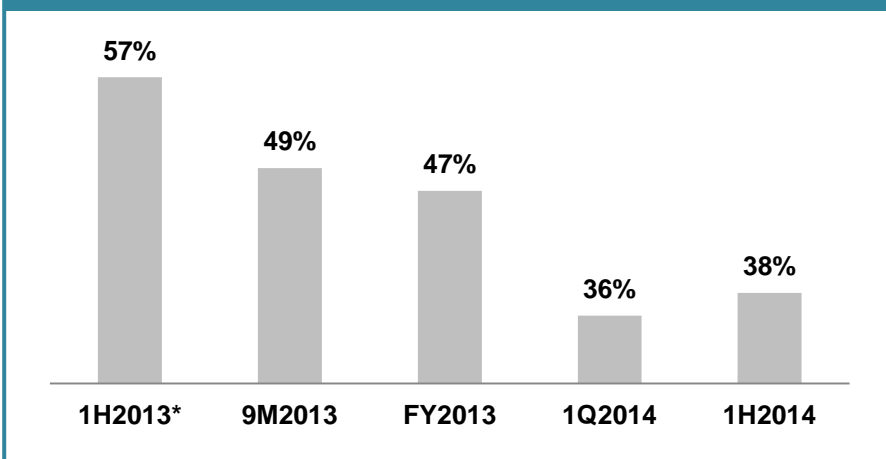
# Total Expenses

## Quarterly Total expenses (€ mn)



- 2Q2014 Total expenses of €121 mn compared to €124 mn for 1Q2014
- Staff costs for 2Q2014 at €68 mn broadly at the same level as in the previous quarter
- The cost-to-income ratio for 1H2014 has been increased to 38% due to lower total income

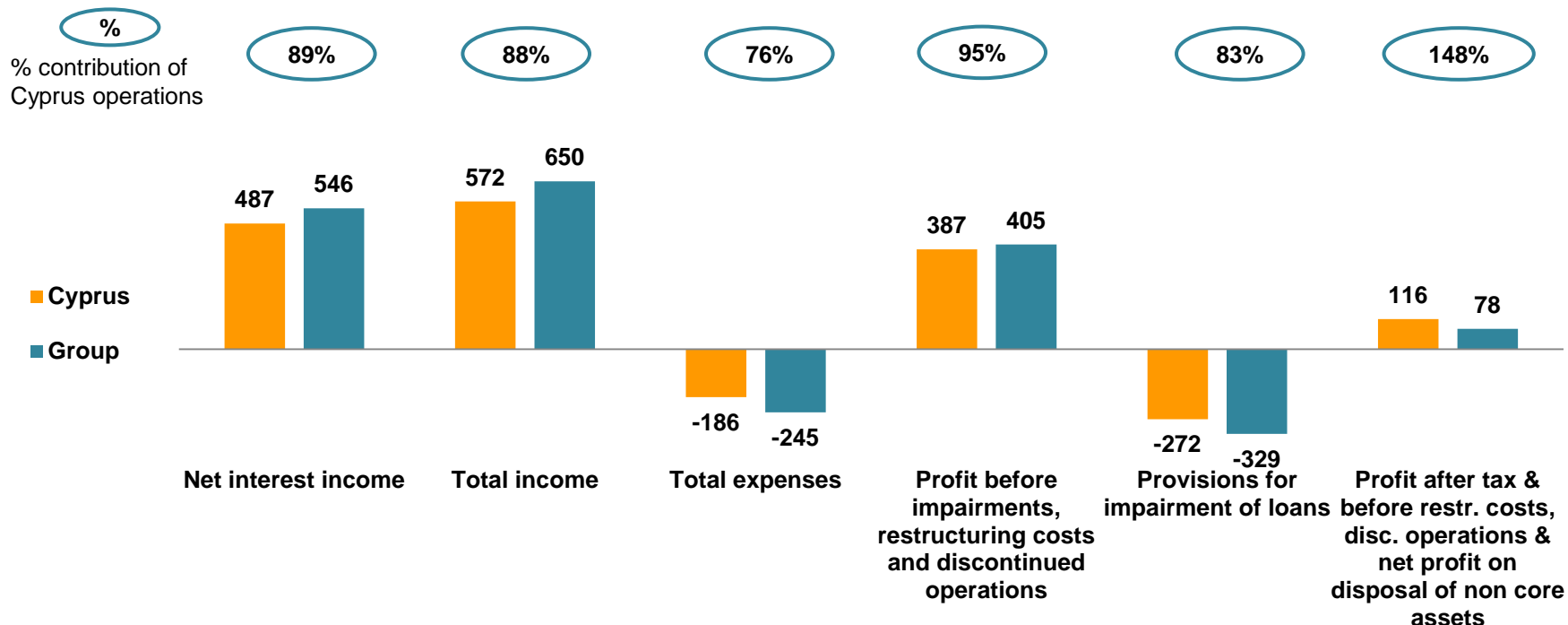
## Group Cost to Income Ratio



\* Information for 1Q2013 and 2Q2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013.

# 1H2014 Income Statement Highlights – Group vs Cyprus

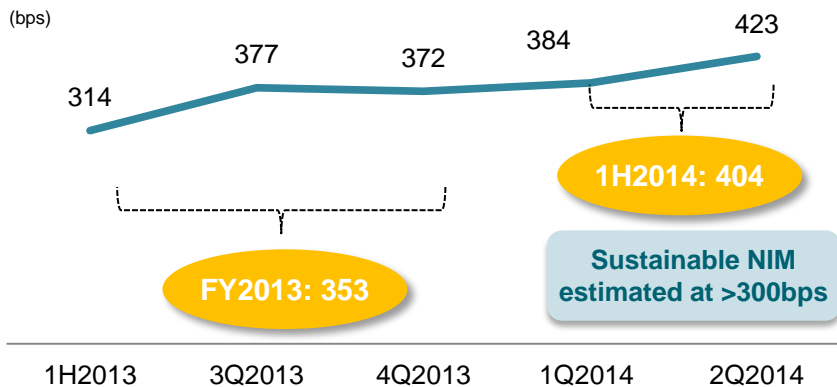
## 1H2014 Group Income Statement Highlights (€mn)



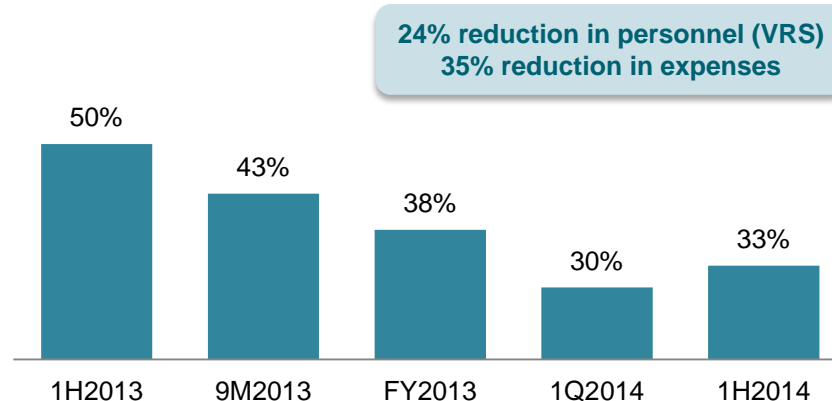
- Group profitability driven by core Cyprus operations
- Profit before provisions for impairments of customer loans, restructuring costs and discontinued operations for the Cyprus operations of €387 mn for 1H2014, compared to a Group total of €405 mn for the same period.
- Profit after tax and before one-off items relating to restructuring costs, discontinued operations and net profit from disposal of non-core assets, for the Cyprus operations of €116 mn for 1H2014, compared to a Group total of €78 mn for the same period.

# Core Cyprus Operations main driver of Group Profitability

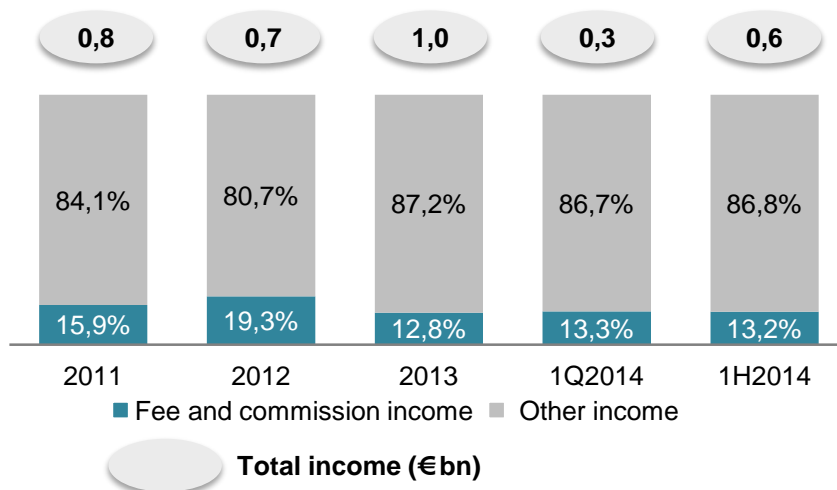
## High net interest margins for Cyprus– supported by cheap Eurosystem funding



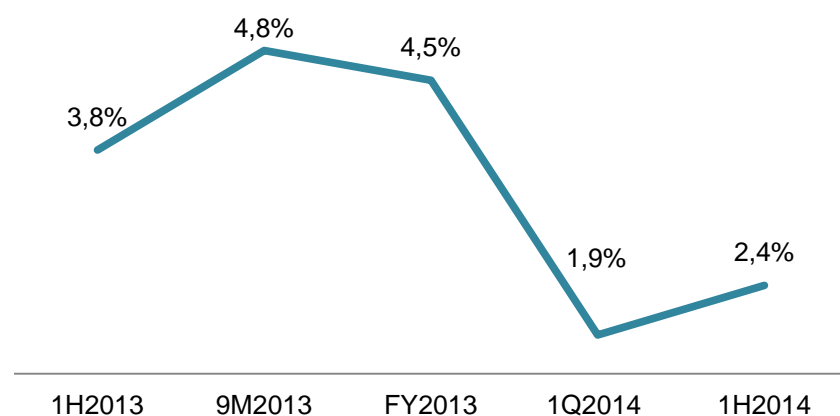
## Lower CIR for Cyprus driven by Laiki integration / streamlining



## Historical fee and commission income / total income for Cyprus



## Improvement in cost of risk<sup>1</sup> for Cyprus



(1) Cost of risk for the Cyprus operations has been calculated as provisions for impairment of loans and advances / gross loans

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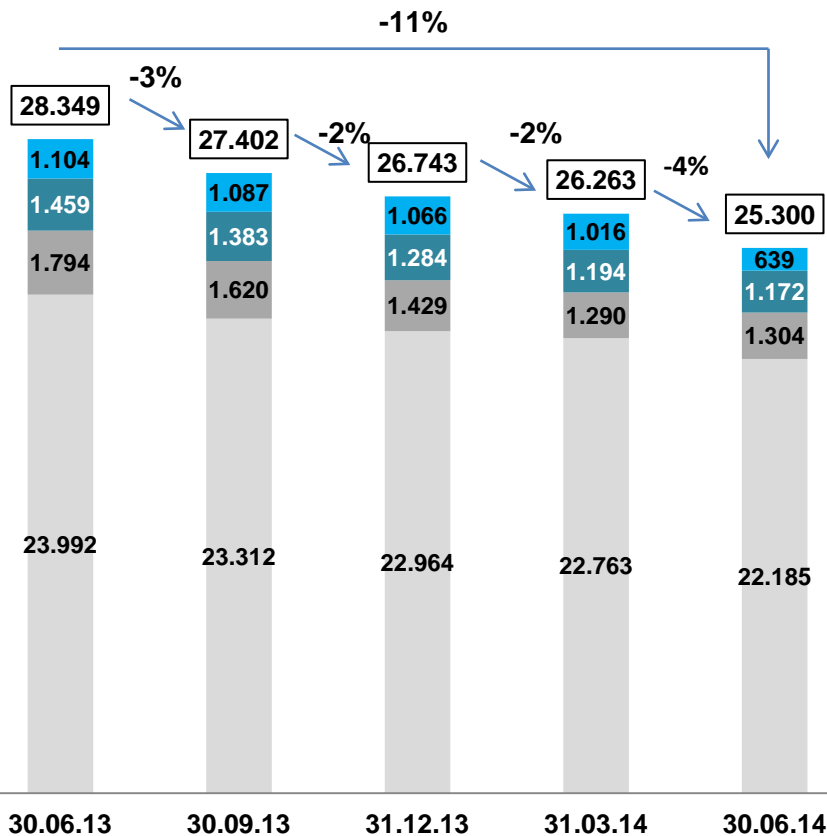
# Shrinking to Strength

| €mn                                   | 30.06.13      | 30.09.13      | 31.12.13      | 31.03.14      | 30.06.14      | qoq 2014<br>change | qoq 2014<br>change % |  |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------------|----------------------|--|
| Cash & bank placements                | 3.012         | 2.578         | 2.530         | 2.105         | 1.973         | -132               | -6%                  | Reduction of cash and bank placements by €132 mn during Q2 2014  |
| Investments                           | 3.413         | 3.505         | 3.433         | 3.475         | 3.538         | +63                | +2%                  |  |
| Net Loans                             | 23.769        | 22.575        | 21.764        | 21.234        | 20.063        | -1.171             | -6%                  | Reduction of net loans by €1.171 mn reflecting disposal of Ukrainian operations, the loans in Serbia, the on going deleveraging efforts and provisions |
| Other assets                          | 2.762         | 2.739         | 2.622         | 2.564         | 2.984         | +420               | +16%                 |  |
| <b>Total assets</b>                   | <b>32.956</b> | <b>31.397</b> | <b>30.349</b> | <b>29.378</b> | <b>28.558</b> | <b>-820</b>        | <b>-3%</b>           |  |
| Customer deposits                     | 16.970        | 15.468        | 14.971        | 14.066        | 13.803        | -263               | -2%                  | Deposit reduction rate significantly reduced reflecting gradual regaining of customer trust  |
| ECB funding                           | -             | 1.301         | 1.400         | 1.400         | 1.400         | -                  | -                    |  |
| ELA                                   | 11.107        | 9.856         | 9.556         | 9.506         | 8.785         | -721               | -8%                  | Reduction of ELA by €721 mn during Q2 2014. An additional reduction of ELA by €100 mn and of ECB by €450 mn in the third quarter                       |
| Interbank funding                     | 983           | 1.038         | 790           | 753           | 802           | +49                | +7%                  |  |
| Other liabilities                     | 976           | 944           | 895           | 894           | 954           | +60                | +7%                  |  |
| Total equity                          | 2.920         | 2.790         | 2.737         | 2.759         | 2.814         | +55                | +2%                  |  |
| <b>Total Liab. and Equity</b>         | <b>32.956</b> | <b>31.397</b> | <b>30.349</b> | <b>29.378</b> | <b>28.558</b> | <b>-820</b>        | <b>-3%</b>           |  |
| <i>Balance sheet deleverage qoq</i>   |               | -1.559        | -1.048        | -971          | -820          |                    |                      | Steady reduction of total assets   |
| <i>CET1 capital ratio</i>             | n/a           | n/a           | 10,4%         | 10,6%         | 11,3%         | +70 bps            |                      | Enhancement of CET1 ratio by 0,7%  |
| <i>Leverage ratio (Assets/Equity)</i> | 11,3x         | 11,2x         | 11,1x         | 10,6x         | 10,1x         | -0,5x              |                      | Improvement of Leverage ratio by 0,5x  |

# Gross Loans

## Gross Loans by Geography (€mn)

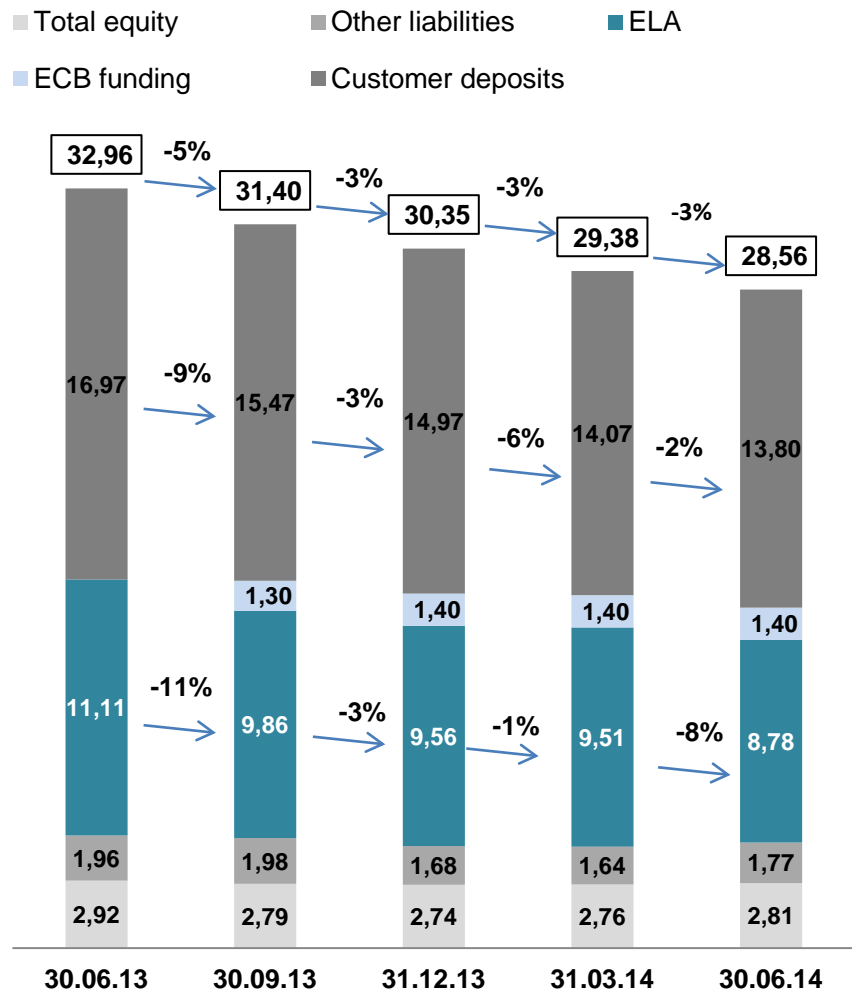
■ Cyprus ■ Russia ■ UK ■ Other



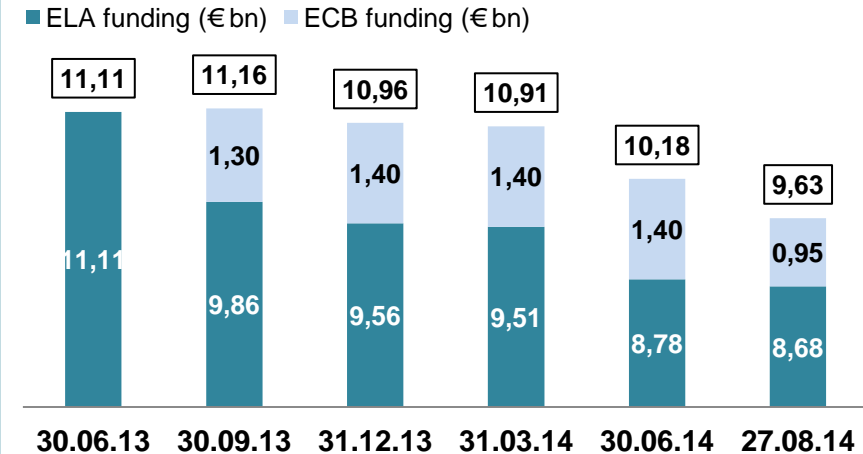
- Stable reduction of Gross Loans on a quarterly basis
- Following the deleveraging actions completed in April and May 2014, Gross Loans were reduced by a further 4% during 2Q2014
- Overall, a reduction of 11% in gross loans since June 2013

# Funding Structure

## Analysis of Liabilities and Equity (€bn)



## Funding from Central Banks



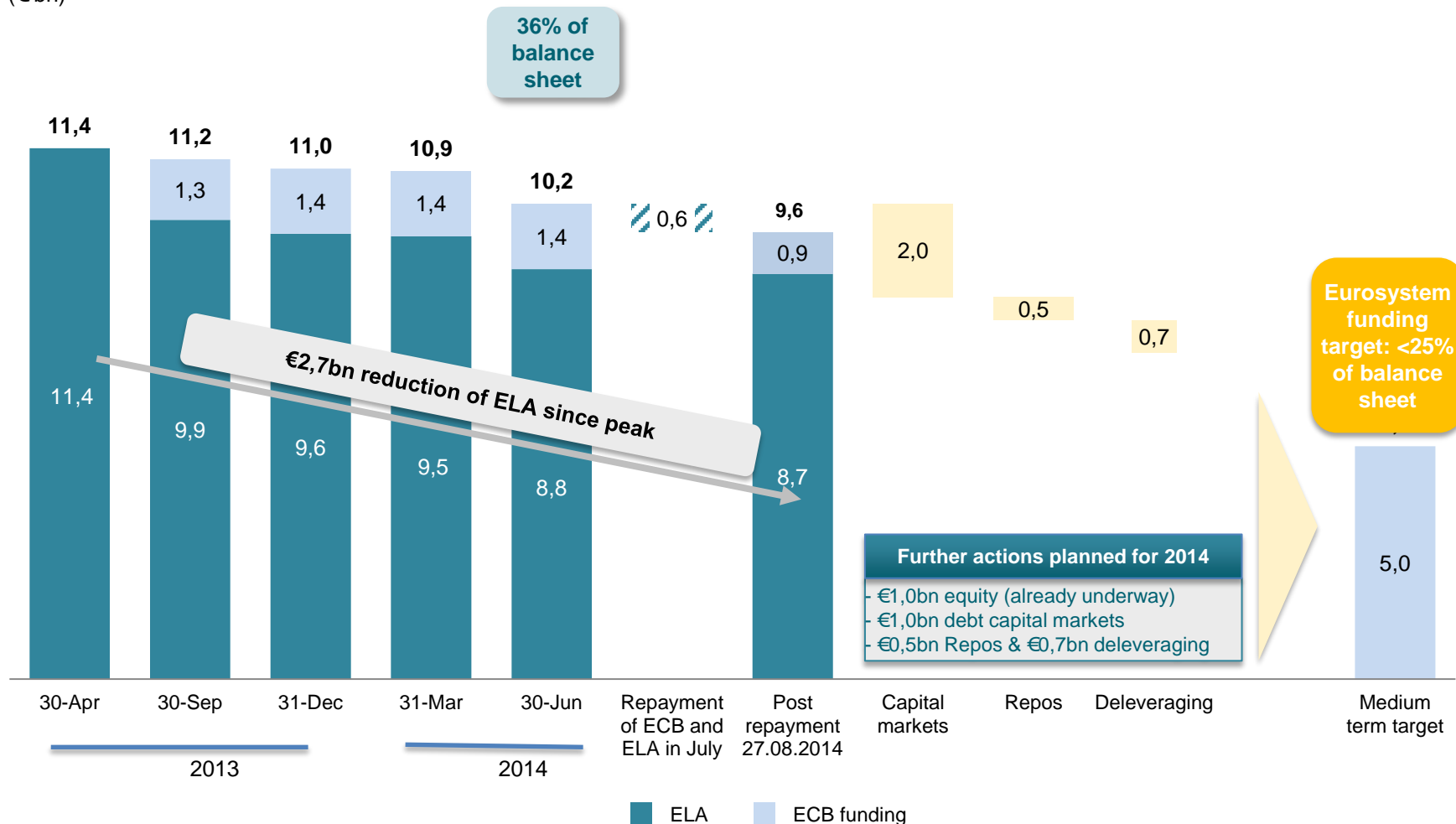
- Funding structure dented by the bail-in and the acquisition of Laiki
- At 30 June 2014 Eurosystem funding at €10,18 bn
- ECB funding of €450 mn repaid in early July utilising funds from the repayment of the Cyprus Gov. bond. Currently ECB funding stands at €950 mn. Another €100 mn of ELA repaid in third quarter
- The Group has reduced its total Eurosystem funding by €1,8 bn since peak and at the same time managed to absorb a significant reduction in its deposit base



# Reduction of Reliance on Eurosystem Funding

Continuous reduction of ELA and ECB funding with further potential going forward

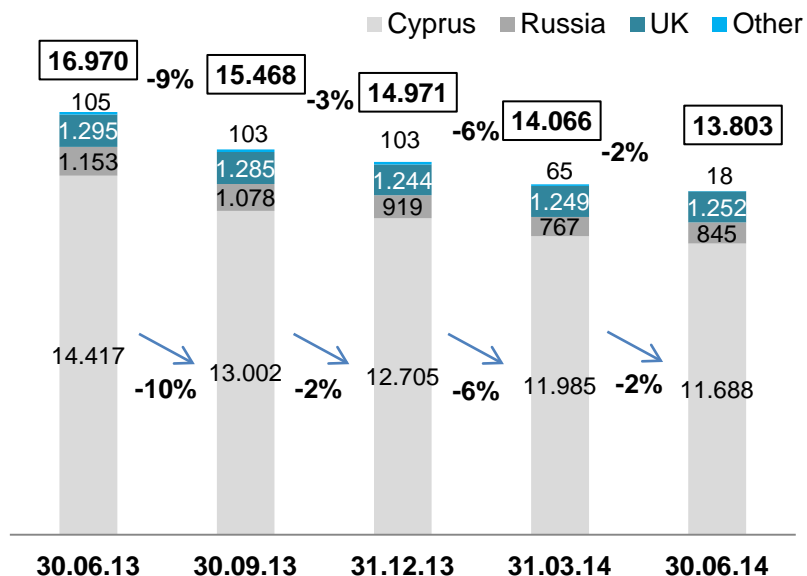
(€bn)



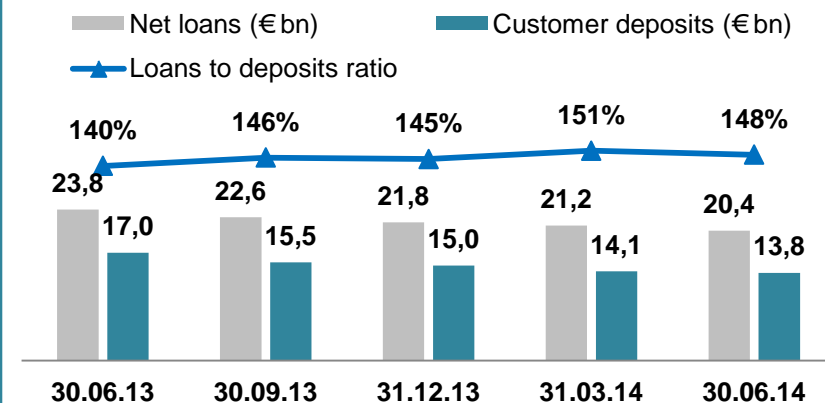
(1) Repayment of sovereign bond by Cyprus Government enabling reduction of Eurosystem funding – repaid as of 2 July 2014  
 (2) Including envisaged €1,000m debt and €1,000m equity capital markets initiatives

# Customer Deposits

## Deposits by Geography (€mn)



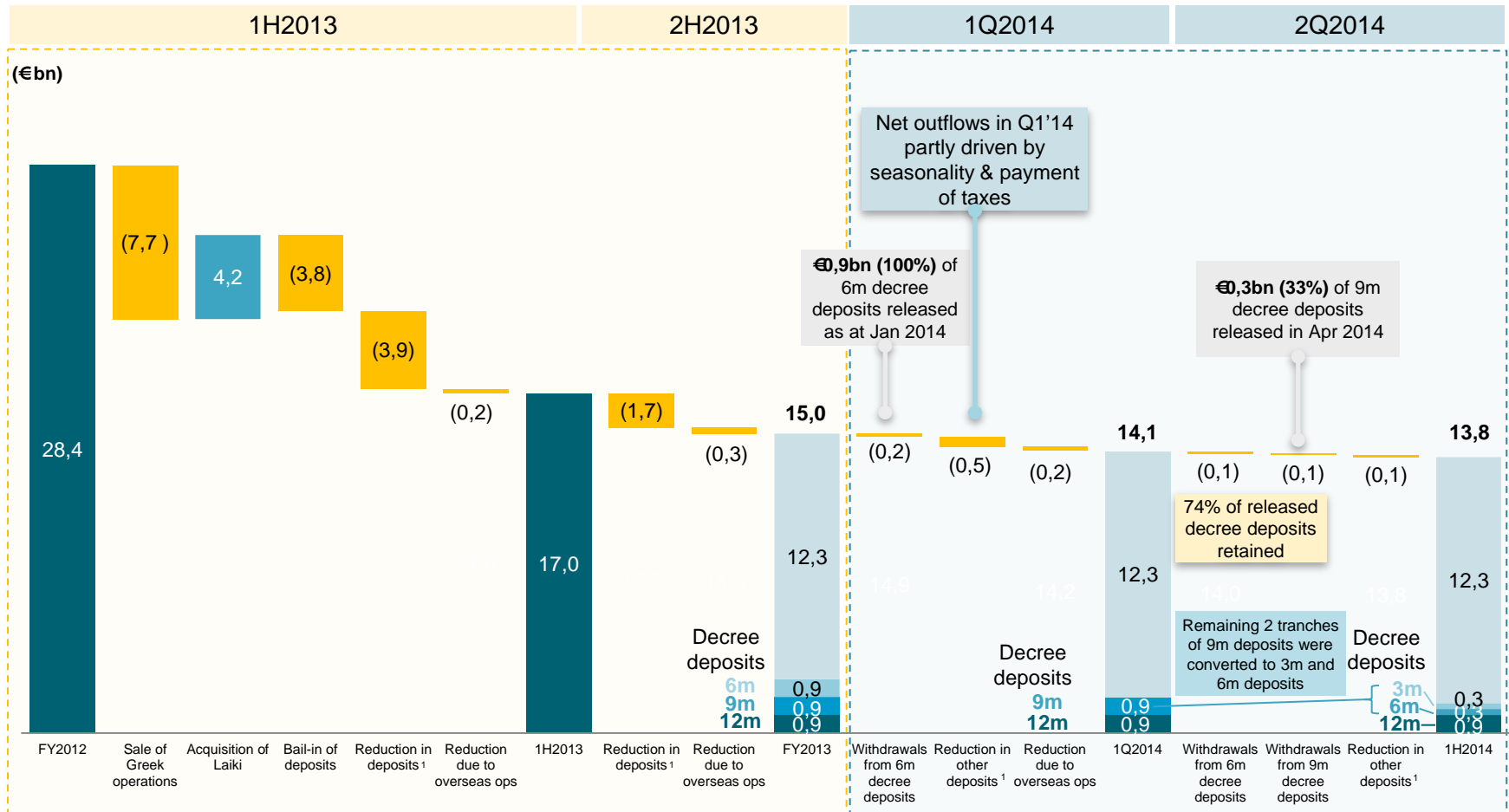
## Loans to deposits ratio



- Group deposits declined by 2% during 2Q2014, compared to a reduction of 6% during 1Q2014
- Deposits in Cyprus dropped by just 2% in 2Q2014 compared to a drop of 6% in 1Q2014
- Deposits in Russia increased by 10% during 2Q2014 reflecting FX fluctuations
- Loans to deposits ratio at 151% at 31 March 2014; Following deleverage actions completed in April and May 2014 the loans to deposits ratio at 30 June 2014 stands at 148%

# Deposit Base Largely Stable Despite Lifting of Controls

Actual outflows were significantly lower than the reduction in deposit base, as part of the reduction was due to repayment of loans



(1) Partially used by customers to repay loans

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**Loan Quality**

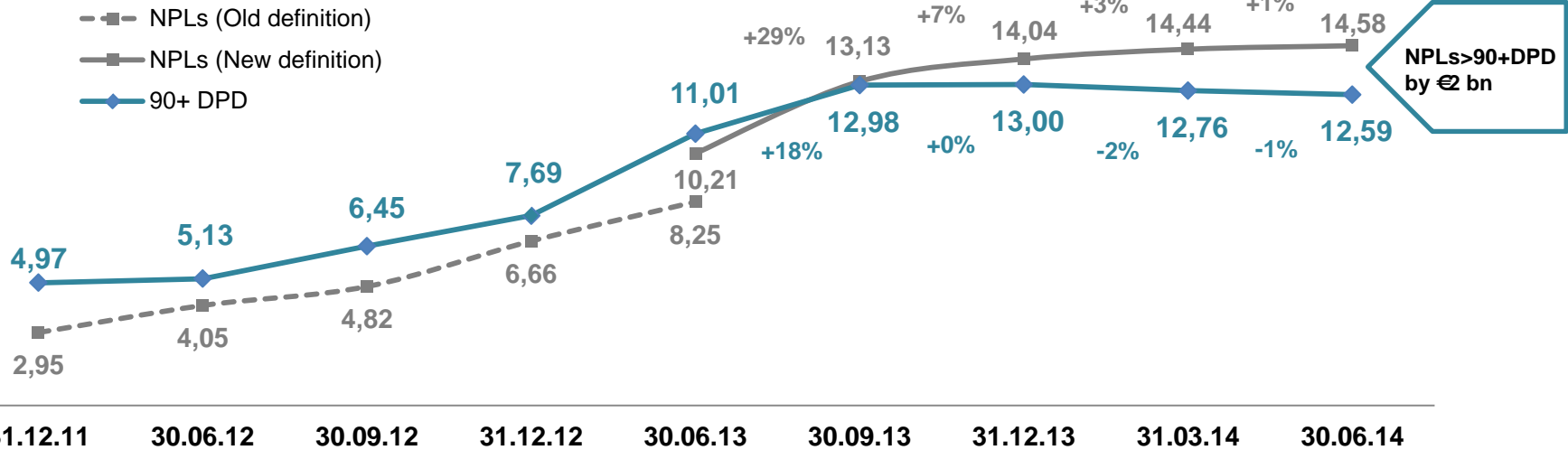
**Key Performance Indicators**

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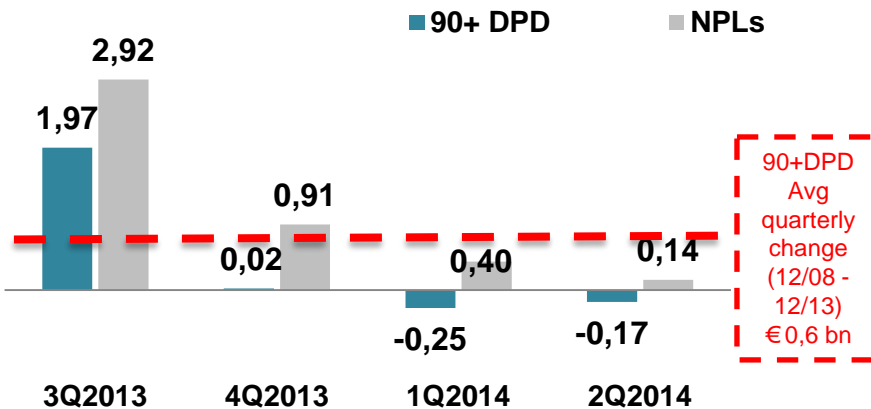
**Additional Information**

# Loan Quality

## Problem Loans (€bn)



## Quarterly change in problem loans (€bn)



- 90+ DPD\* reduced by €247 mn during 1Q2014 and by a further €165 mn during 2Q2014 primarily due to disposal of non-core assets
- Adjusting for the disposal of the Ukrainian operations and the loans in Serbia, 90+ DPD are increased by €0,4 bn reflecting the recessionary conditions and difficult legislative environment
- NPLs continue to rise as restructured loans remain classified as NPLs for longer
- NPLs growth rate decelerated to 1% for 2Q2014 compared to 3% in 1Q2014 and 7% in 4Q2013

\* 90+ DPD are loans with a specific provision (i.e. impaired loans) and loans past-due for more than 90 days but not impaired

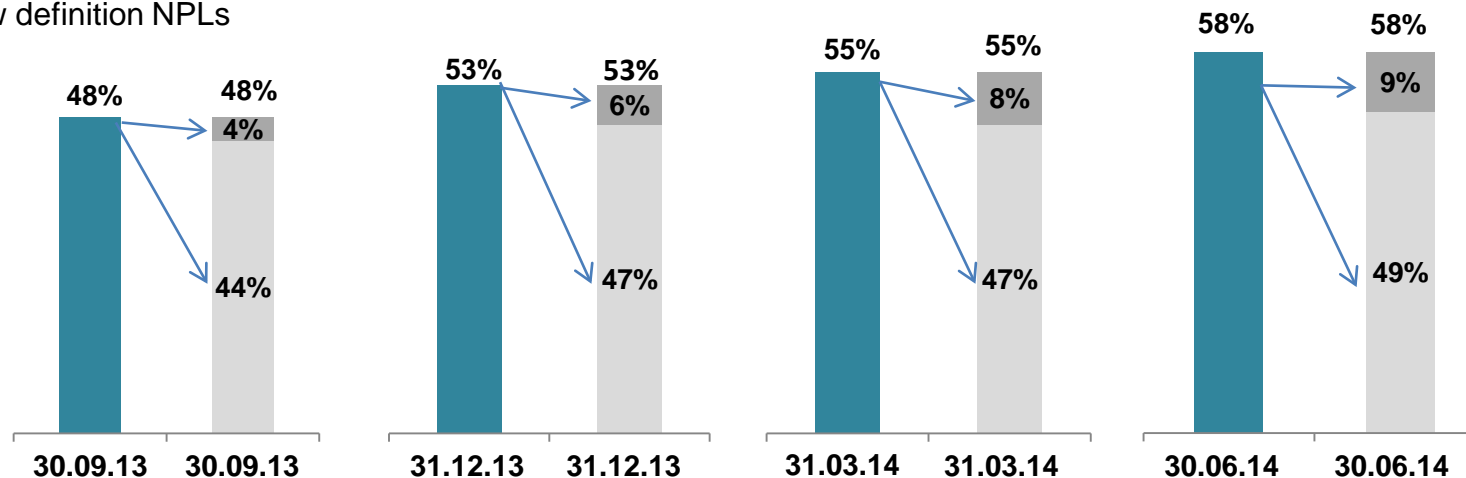
## Trends in Non-performing loans

### NPLs (based on Central Bank of Cyprus rules)

■ Loans restructured and less than 90 days past due

■ Loans more than 90 days past due and Loans restructured and more than 90 days past due

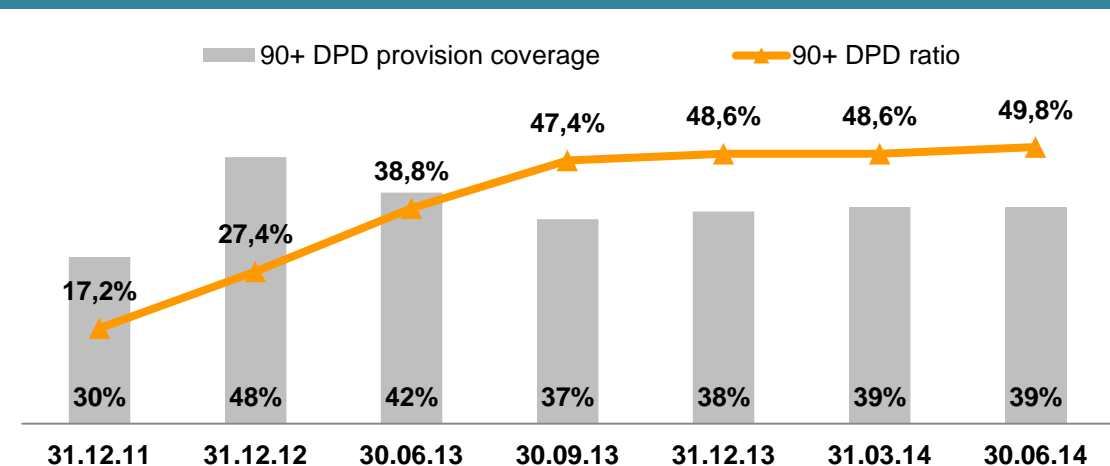
■ New definition NPLs



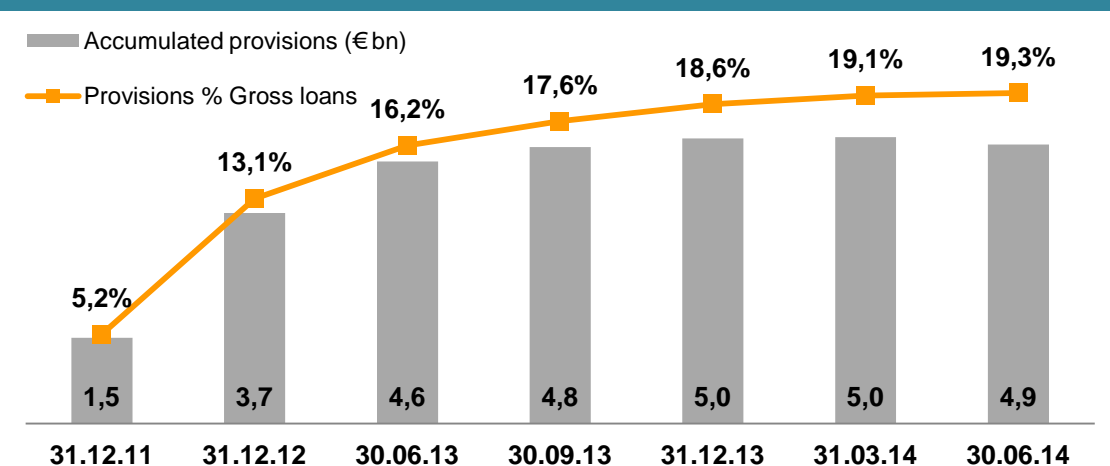
- New definition of NPLs as from 1 July 2013; NPLs ratio at 58% at 30 June 2014
- With restructured loans remaining classified as NPLs for a longer period, there will be a growing difference between 90+ DPD and NPLs in the future
- NPLs provisioning coverage ratio at 33% at 30 June 2014; taking into account tangible collateral, NPLs are fully covered
- At 30 June 2014, the NPLs ratio comprises **Loans restructured and less than 90 days past due** (9% of gross loans) and **Loans more than 90 days past due and Loans restructured and more than 90 days past due** (49% of gross loans)

## Trends in 90+DPD and provisions

### Group loan quality indicators



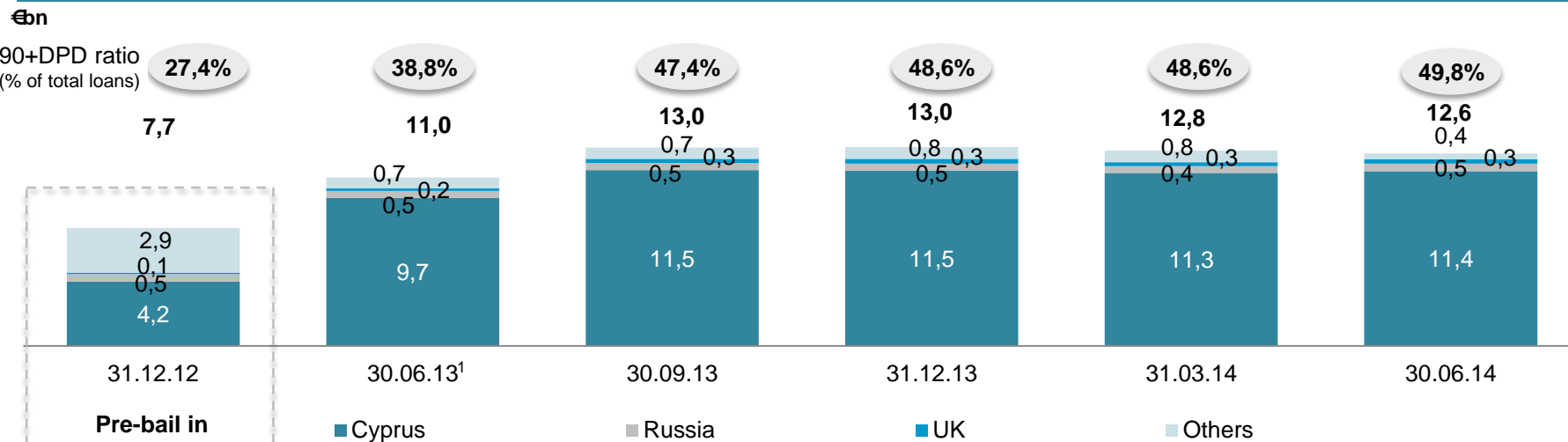
### Accumulated provisions



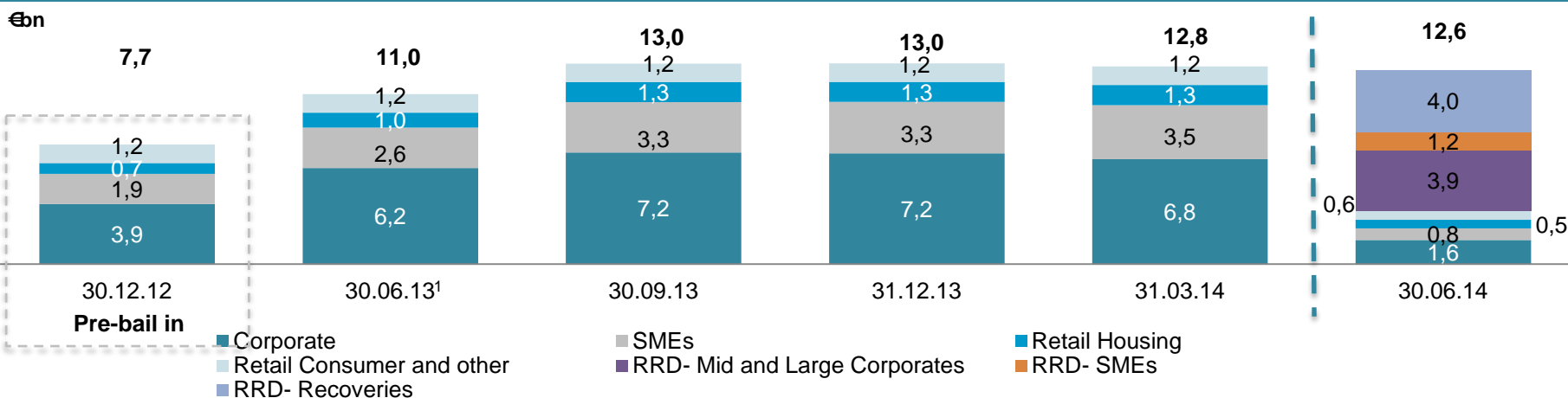
- 90+ DPD ratio at 49,8%
- 90+ DPD provision coverage remained stable at 39%; Taking into account tangible collateral, 90+ DPD are fully covered
- Accumulated provisions at €4,9 bn or 19,3% of gross loans
- Conservative provisioning assessment took into consideration the further expected decline in collateral values following March 2013 events
- Assumptions are made about the future changes in property values in Cyprus, as well as the timing for the realisation of the collateral and for taxes and expenses on the repossession and subsequent sale of the collateral

# Loan Quality

## Group 90+DPD loans by geography



## Group 90+DPD loans by segment (new presentation adopted as of June 2014\*)



(1) Information for Q1 2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013

\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans. No comparative information is available.



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# Key Performance Indicators

| Key Performance Indicators     | Actual        | Actual        | Medium-Term Target |
|--------------------------------|---------------|---------------|--------------------|
|                                | <b>Dec-13</b> | <b>Jun-14</b> | <b>Dec-17</b>      |
| <b>Asset quality</b>           |               |               |                    |
| 90+ DPD coverage ratio         | 38%           | 39%           | >50%               |
| Provisioning charge            | 3,7%          | 2,5%          | <1,5%              |
| 90+ DPD (€ mn)                 | 13.003        | 12.591        | < 10.000           |
| <b>Funding</b>                 |               |               |                    |
| Loans to deposits ratio        | 145%          | 148%          | <150%              |
| <b>Capital</b>                 |               |               |                    |
| CET1 ratio                     | 10,4%*        | 11,3%         | >10%               |
| Leverage ratio (Assets/Equity) | 11,1x         | 10,1x         | <12x               |
| <b>Efficiency</b>              |               |               |                    |
| Cost to income ratio           | 47%           | 38%           | <45%               |
| Net Interest Margin            | 3,54%         | 4,12%         | >2,50%             |
| Number of branches in Cyprus   | 133           | 130           | 125                |
| Group employees in Cyprus      | 4.247         | 4.232         | <4.100             |

- The Group will publish on a quarterly basis selective features of its Restructuring Plan and the KPIs agreed with the Central Bank of Cyprus.
- Broadly remains on track
- 90+ DPD is the KPI most difficult to tackle

\* amended following publication of final transitional provisions by Central Bank of Cyprus

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# Key Takeaways

- **Leading financial institution** in an economy that is on the road to economic recovery
- MoU implementation on track with the **5th Troika review mission being another positive one**
- **Ahead of Restructuring Plan**, with Laiki integration completed with a seamless IT migration in early June 2014
- RRD up and running with **early signs that measures are yielding results**, despite the lack of the appropriate legal infrastructure
- **Second positive quarter** for the Group after seven consecutive quarterly losses
- Near completion of cost efficiency measures; Group **cost to income ratio reduced to around 40%**
- **Deposit base showing signs of stabilization**, with 2Q2014 deposit outflows in Cyprus reduced to just 2%; early release of all blocked decree deposits
- **ELA funding reduced** through deleveraging actions
- **Loan quality challenges remain; 90+ DPD remain stubbornly high**; imperative that the Bank is given the tools to engage effectively with borrowers
- **CET1 ratio improved to 11,3% (transitional basis)** driven by 2Q2014 profitability, which was enhanced by the net profit on disposal of non core assets, and by successful deleveraging efforts
- **Pro-forma CET1 ratio (fully loaded basis) at 15,1%**

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# Key Information and Contact Details

## **Credit Ratings:**

### **Fitch Ratings:**

Long-term Issuer Default Rating: upgraded to "CC" on 4 July 2014

Short-term Issuer Default Rating: upgraded to "C" on 4 July 2014

Viability Rating: affirmed at "cc" on 4 July 2014

### **Moody's Investors Service:**

Long-term deposit ratings: Affirmed at Ca, outlook changed to positive from negative on 26 March 2014

Senior unsecured debt ratings: Upgraded to (P)Ca, no outlook, from (P)C on 26 March 2014

Short-term deposit and commercial paper ratings: Affirmed at Not Prime, no outlook

Standalone BFSR: Affirmed at E, no outlook, equivalent to a BCA of ca

## **Listing:**

ATHEX – BOC, CSE – BOCY, ISIN CY0000100111

Since 19 March 2013, the shares of the Bank have been suspended from trading on ATHEX and CSE

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## **Contacts**

### **Investor Relations**

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# Consolidated Balance Sheet

| €mn  | % change   | 30.06.14      | 31.12.13      |
|--|------------|---------------|---------------|
| Cash and balances with Central Banks                   | -31%       | 859           | 1.240         |
| Placements with banks                                  | -14%       | 1.114         | 1.290         |
| Debt securities, treasury bills and equity investments | +3%        | 3.538         | 3.433         |
| Net loans and advances to customers                    | -8%        | 20.063        | 21.764        |
| Other assets   | +14%       | 2.984         | 2.622         |
| <b>Total assets</b>                                    | <b>-6%</b> | <b>28.558</b> | <b>30.349</b> |

| €mn                                 | % change   | 30.06.14      | 31.12.13      |
|-------------------------------------|------------|---------------|---------------|
| Amounts due to banks                | -12%       | 219           | 196           |
| Funding from Central Banks          | -7%        | 10.185        | 10.956        |
| Repurchase agreements               | -2%        | 583           | 594           |
| Customer deposits                   | -8%        | 13.803        | 14.971        |
| Debt securities in issue            | -          | 5             | 1             |
| Other liabilities                   | +7%        | 944           | 889           |
| Subordinated loan stock             | -          | 5             | 5             |
| <b>Total liabilities</b>            | <b>-7%</b> | <b>25.744</b> | <b>27.612</b> |
| Share capital                       | -          | 4.756         | 4.684         |
| Shares subject to interim orders    | -          | -             | 59            |
| Revaluation and other reserves      | -          | 79            | 72            |
| Accumulated losses                  | -          | (2.087)       | (2.152)       |
| <b>Shareholders' equity</b>         | <b>+3%</b> | <b>2.748</b>  | <b>2.663</b>  |
| Non controlling interests           | -12%       | 66            | 74            |
| <b>Total equity</b>                 | <b>+3%</b> | <b>2.814</b>  | <b>2.737</b>  |
| <b>Total liabilities and equity</b> | <b>-6%</b> | <b>28.558</b> | <b>30.349</b> |

# Loans and Deposits by Geography

| Gross Loans by Geography    |                      |                      |                      |
|-----------------------------|----------------------|----------------------|----------------------|
| €mn                         | 31.12.13             | 31.03.14             | 30.06.14             |
| Cyprus                      | 22.964               | 22.763               | 22.185               |
| UK                          | 1.284                | 1.194                | 1.172                |
| Russia                      | 1.429                | 1.290                | 1.304                |
| Other countries*            | 1.066                | 1.016                | 639                  |
| <b>Group</b>                | <b><u>26.743</u></b> | <b><u>26.263</u></b> | <b><u>25.300</u></b> |
| <b><u>As % of Group</u></b> |                      |                      |                      |
| <i>Cyprus</i>               | 85,9%                | 86,7%                | 87,7%                |
| <i>UK</i>                   | 4,8%                 | 4,5%                 | 4,6%                 |
| <i>Russia</i>               | 5,3%                 | 4,9%                 | 5,2%                 |
| <i>Other countries*</i>     | 4,0%                 | 3,9%                 | 2,5%                 |

\* Other countries: Romania, Ukraine (until March 2014) and Greece

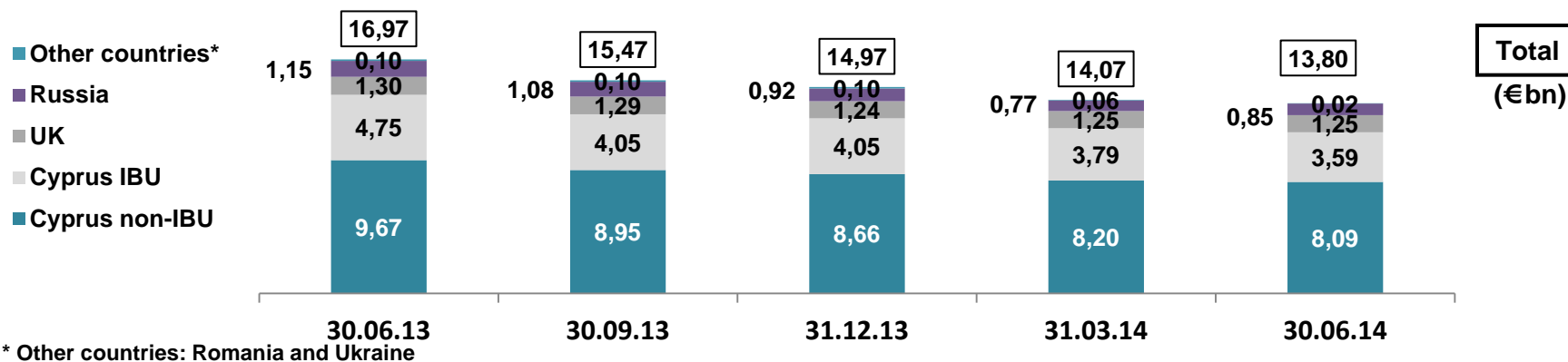
| Deposits by Geography        |                      |                      |                      |
|------------------------------|----------------------|----------------------|----------------------|
| €mn                          | 31.12.13             | 31.03.14             | 30.06.14             |
| Cyprus non-IBU               | 8.658                | 8.196                | 8.094                |
| Cyprus IBU                   | 4.047                | 3.789                | 3.594                |
| <b>Cyprus – Total</b>        | <b>12.705</b>        | <b>11.985</b>        | <b>11.688</b>        |
| UK                           | 1.244                | 1.249                | 1.252                |
| Russia                       | 919                  | 767                  | 845                  |
| Other countries**            | 103                  | 65                   | 18                   |
| <b>Group</b>                 | <b><u>14.971</u></b> | <b><u>14.066</u></b> | <b><u>13.803</u></b> |
| <b><u>As % of Group</u></b>  |                      |                      |                      |
| <i>Cyprus non-IBU</i>        | 57,8%                | 58,3%                | 58,7%                |
| <i>Cyprus IBU</i>            | 27,1%                | 26,9%                | 26,0%                |
| <b><i>Cyprus – Total</i></b> | <b>84,9%</b>         | <b>85,2%</b>         | <b>84,7%</b>         |
| <i>UK</i>                    | 8,3%                 | 8,9%                 | 9,1%                 |
| <i>Russia</i>                | 6,1%                 | 5,4%                 | 6,1%                 |
| <i>Other countries**</i>     | 0,7%                 | 0,5%                 | 0,1%                 |

\*\* Other countries: Romania and Ukraine (until March 2014)

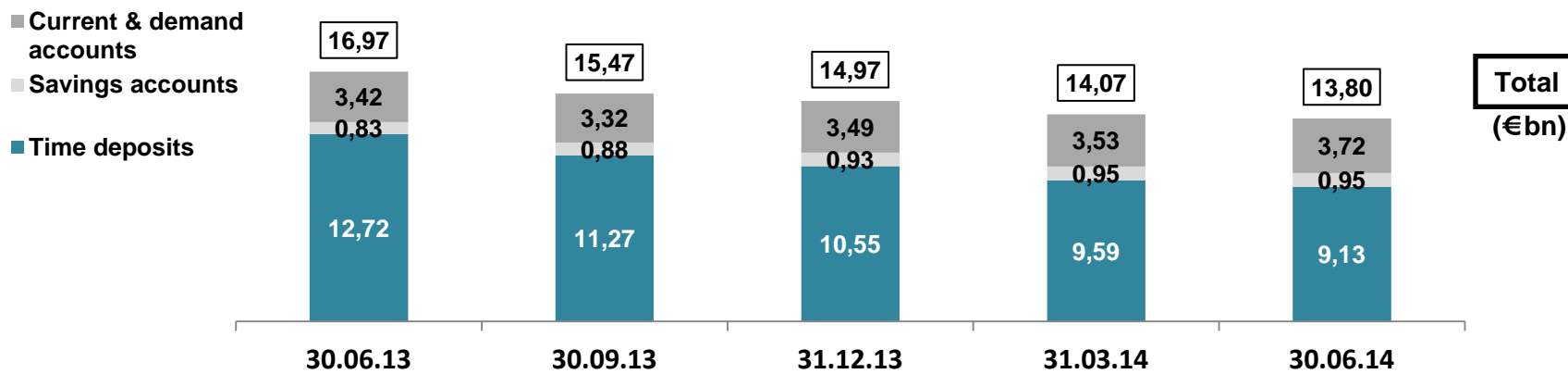


# Analysis of Deposits by Geography and by Type

## Deposits by geography

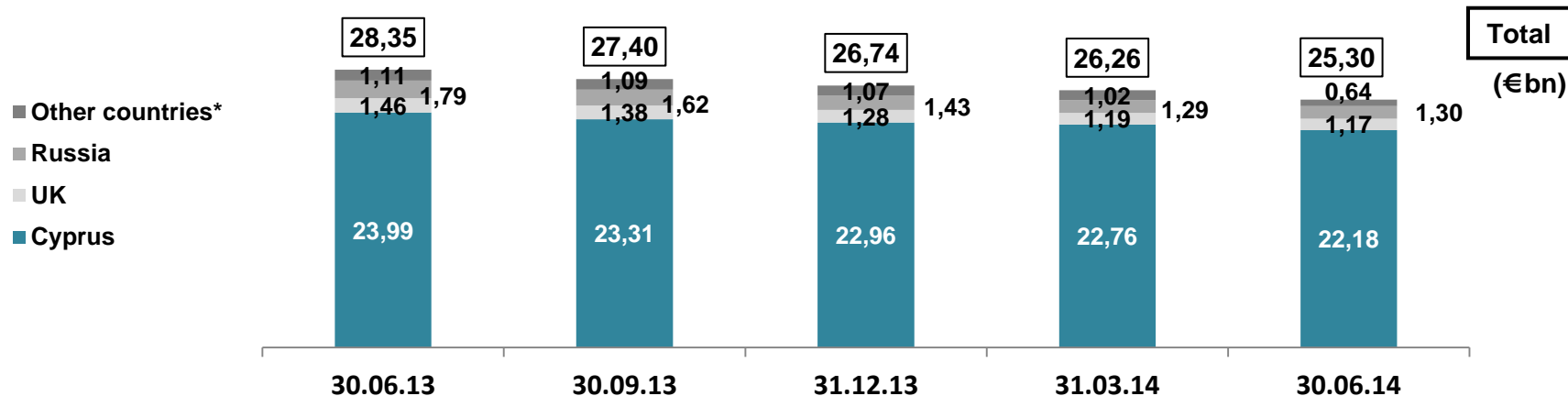


## Deposits by type of deposit



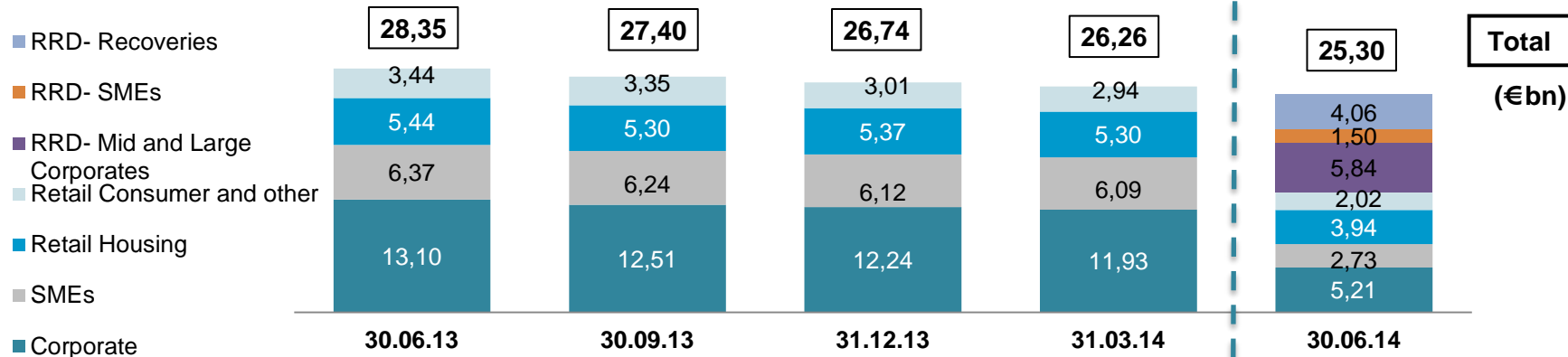
# Analysis of Gross Loans by Geography and by Type

## Gross loans by geography



\*Other countries: Greece, Romania and Ukraine

## Gross loans by type/business line (new presentation adopted as from June 2014\*)



\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans. No comparative information is available.

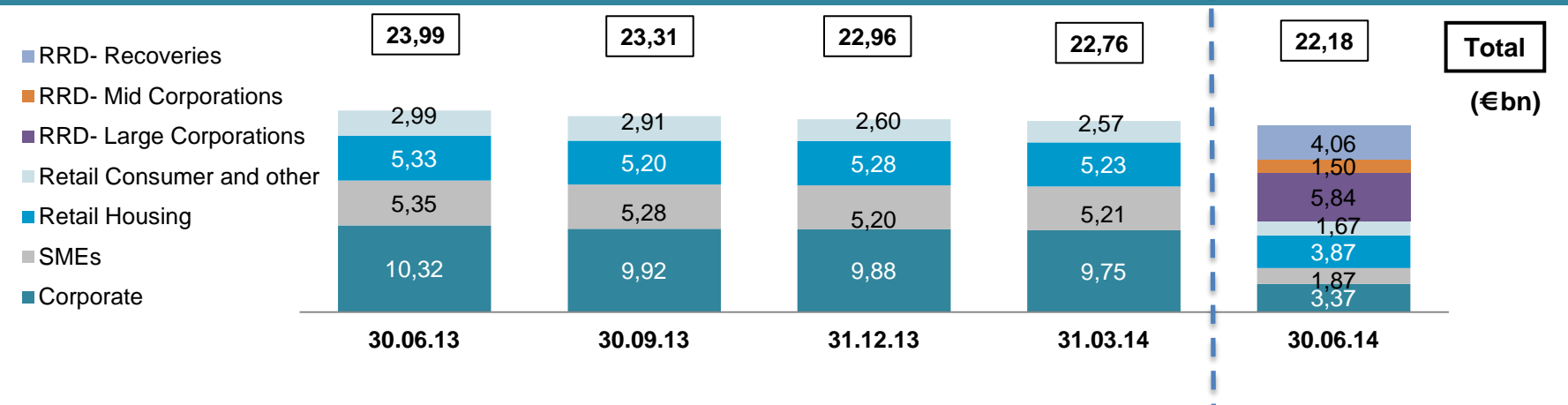
# Cyprus: Summary Income Statement and Key Indicators

| (€mn)  | 1H2014       | 2Q2014      | 1Q2014      | qoq (%)        | 4Q2013      |
|--|--------------|-------------|-------------|----------------|-------------|
| Net interest income  | 487          | 251         | 236         | +7%            | 240         |
| Net fee & commission income  | 75           | 35          | 40          | -10%           | 35          |
| Net foreign exchange income/(losses) and net gains/(losses) from financial instruments | (18)         | (31)        | 13          | n/a            | 36          |
| Insurance income net of insurance claims   | 23           | 11          | 12          | -3%            | 12          |
| Other income /(expenses)   | 5            | 6           | (1)         | n/a            | (17)        |
| <b>Total income</b>  | <b>572</b>   | <b>272</b>  | <b>300</b>  | <b>-9%</b>     | <b>306</b>  |
| Staff costs  | (110)        | (55)        | (55)        | +1%            | (48)        |
| Other operating expenses   | (76)         | (40)        | (36)        | +13%           | (38)        |
| <b>Total expenses</b>  | <b>(186)</b> | <b>(95)</b> | <b>(91)</b> | <b>+6%</b>     | <b>(86)</b> |
| Profit before provisions   | 386          | 177         | 209         | -15%           | 220         |
| Provisions for impairment of loans and advances  | (272)        | (163)       | (109)       | +51%           | (159)       |
| Share of profit/(loss) from associates   | 4            | 2           | 2           | -7%            | (1)         |
| <b>Profit before tax</b>   | <b>118</b>   | <b>16</b>   | <b>102</b>  | <b>-85%</b>    | <b>60</b>   |
| Tax  | (2)          | (1)         | (1)         | -              | -           |
| Profit attributable to non-controlling interests                                       | (0)          | (0)         | (0)         | -              | (1)         |
| <b>Profit after tax and before restructuring costs and discontinued operations</b>     | <b>116</b>   | <b>15</b>   | <b>101</b>  | <b>-86%</b>    | <b>59</b>   |
| <b>Cost to income ratio</b>  | <b>33%</b>   | <b>35%</b>  | <b>30%</b>  | <b>+5 p.p.</b> | <b>28%</b>  |

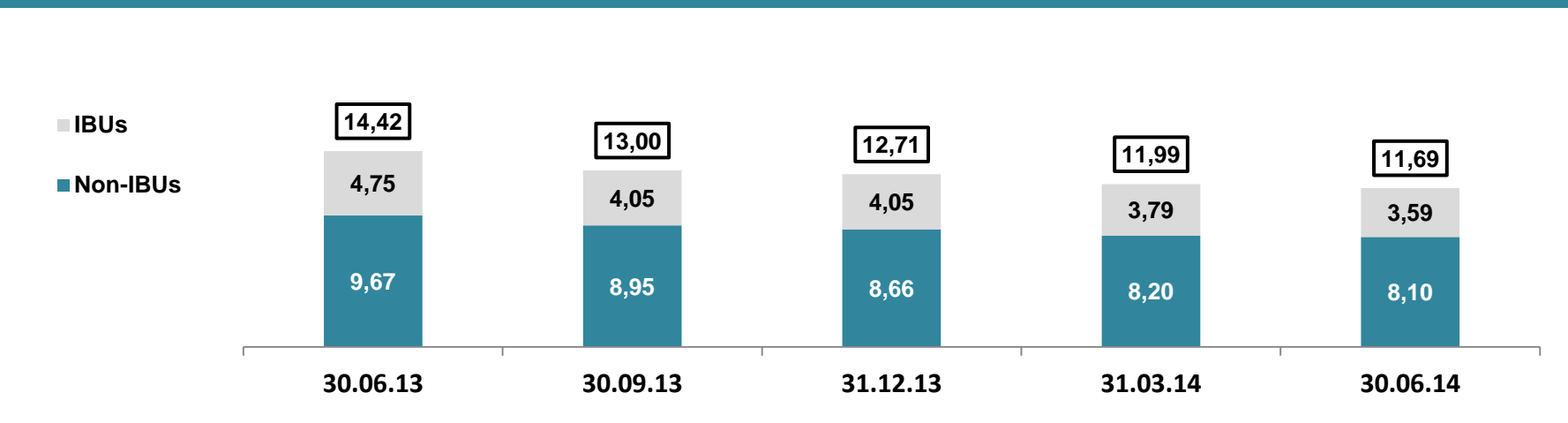
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

# Loans and Deposits in Cyprus

## Gross loans by type/business line (presentation adopted as from June 2014\*)



## Cyprus Deposits (€bn)



\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans.

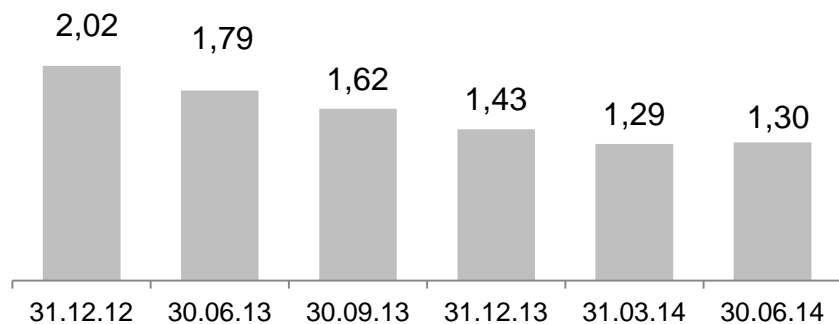
# Russia: Summary Income Statement and Key Indicators

| (€mn)  | 1H2014      | 2Q2014      | 1Q2014      | qoq (%)     | 4Q2013      |
|--|-------------|-------------|-------------|-------------|-------------|
| Net interest income  | 34          | 15          | 19          | -16%        | 22          |
| Net fee & commission income  | 10          | 6           | 4           | +31%        | 7           |
| Net foreign exchange income and net gains from financial instruments             | 2           | 1           | 1           | -           | -           |
| Other income/(expenses)  | -           | -           | -           | -           | (1)         |
| <b>Total income</b>  | <b>46</b>   | <b>22</b>   | <b>24</b>   | <b>-5%</b>  | <b>28</b>   |
| Staff costs  | (18)        | (9)         | (9)         | -7%         | (12)        |
| Other operating expenses   | (19)        | (9)         | (10)        | -3%         | (14)        |
| <b>Total expenses</b>  | <b>(37)</b> | <b>(18)</b> | <b>(19)</b> | <b>-5%</b>  | <b>(26)</b> |
| Profit before provisions   | 9           | 4           | 5           | -8%         | 2           |
| Provisions for impairment of loans and advances                                  | (27)        | (10)        | (17)        | -47%        | (27)        |
| <b>Loss before tax</b>   | <b>(18)</b> | <b>(6)</b>  | <b>(12)</b> | <b>-62%</b> | <b>(25)</b> |
| Tax  | (5)         | (5)         | -           | -           | 2           |
| Loss attributable to non-controlling interest                                    | 8           | 6           | 2           | +120%       | 6           |
| <b>Loss after tax and before restructuring costs and discontinued operations</b> | <b>(15)</b> | <b>(5)</b>  | <b>(10)</b> | <b>-57%</b> | <b>(17)</b> |
| <b>Cost to income ratio</b>  | <b>80%</b>  | <b>80%</b>  | <b>80%</b>  | <b>-</b>    | <b>95%</b>  |

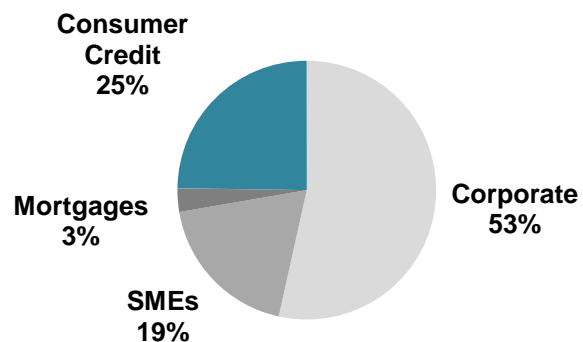
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

# Russian Operations

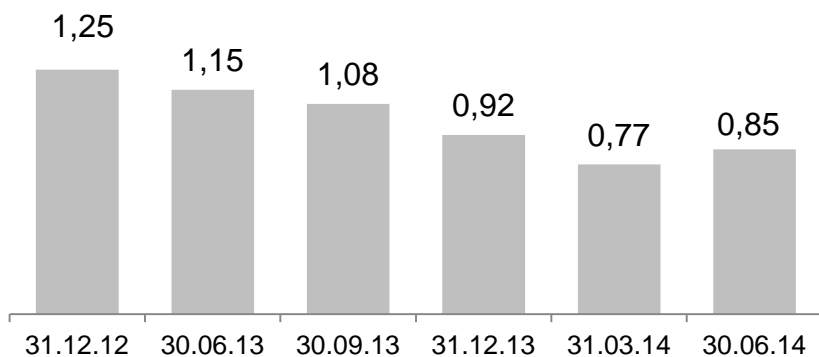
## Russian Loans (€bn)



## Loans by sector



## Russian Deposits (€bn)



# UK: Summary Income Statement and Key Indicators

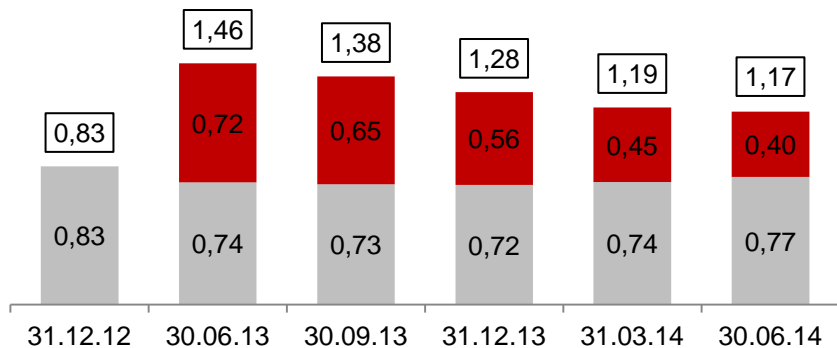
| (€mn)  | 1H2014      | 2Q2014     | 1Q2014      | qoq (%)        | 4Q2013      |
|--|-------------|------------|-------------|----------------|-------------|
| Net interest income  | 16          | 9          | 7           | +11%           | 5           |
| Net fee & commission income  | 2           | 1          | 1           | -7%            | 1           |
| Net foreign exchange income and (losses)/gains from financial instruments        | 1           | 1          | -           | -              | (2)         |
| Other (expenses)/income  | (1)         | (1)        | -           | -              | (0)         |
| <b>Total income</b>  | <b>18</b>   | <b>10</b>  | <b>8</b>    | <b>+1%</b>     | <b>4</b>    |
| Staff costs  | (6)         | (3)        | (3)         | +13%           | (3)         |
| Other operating expenses   | (6)         | (3)        | (3)         | -13%           | (2)         |
| <b>Total expenses</b>  | <b>(12)</b> | <b>(6)</b> | <b>(6)</b>  | <b>+4%</b>     | <b>(5)</b>  |
| Profit before provisions   | 6           | 4          | 2           | +6%            | (1)         |
| Provisions for impairment of loans and advances                                  | (30)        | (9)        | (21)        | -62%           | (5)         |
| <b>Loss before tax</b>   | <b>(24)</b> | <b>(5)</b> | <b>(19)</b> | <b>-72%</b>    | <b>(6)</b>  |
| Tax  | (1)         | (1)        | -           | -              | (1)         |
| <b>Loss after tax and before restructuring costs and discontinued operations</b> | <b>(25)</b> | <b>(6)</b> | <b>(19)</b> | <b>-70%</b>    | <b>(7)</b>  |
| <b>Cost to income ratio</b>  | <b>69%</b>  | <b>69%</b> | <b>70%</b>  | <b>-1 p.p.</b> | <b>127%</b> |

b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

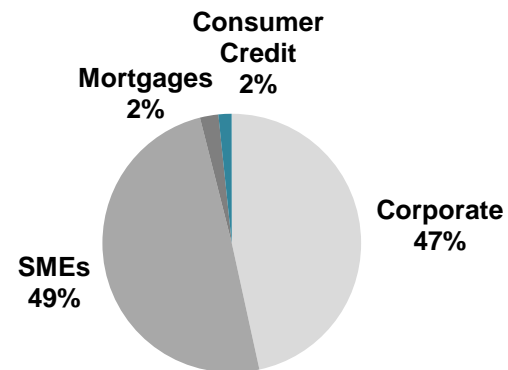
# UK Operations

## UK Loans (€ bn)

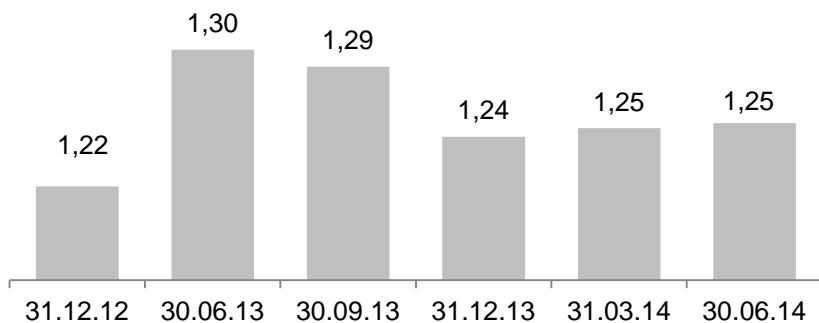
■ ex-Laiki UK loans



## Loans by sector



## UK Deposits (€ bn)





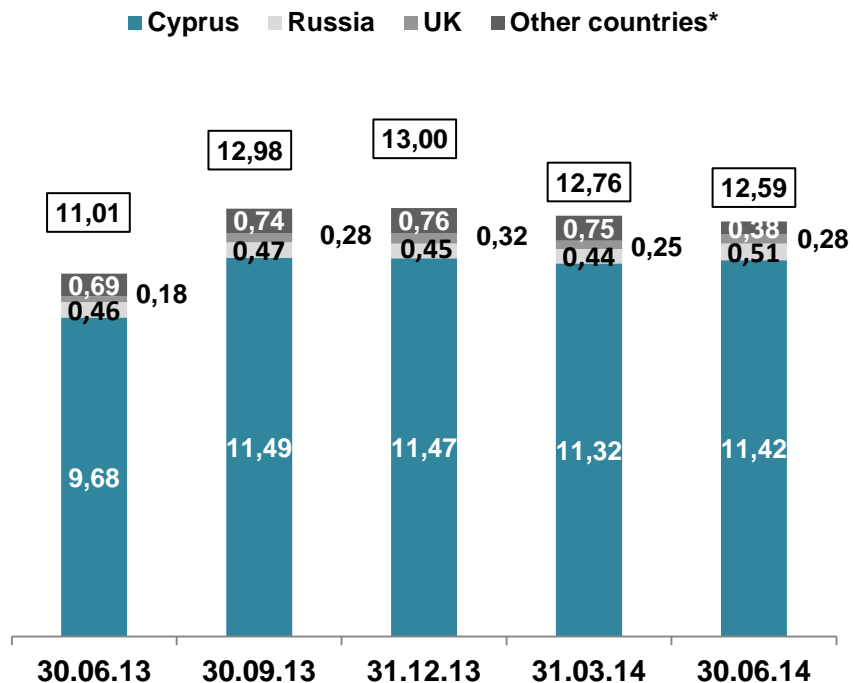
# Other Countries\*: Summary Income Statement

| (€mn)   | 1H2014      | 2Q2014     | 1Q2014     | qoq (%)     | 4Q2013      |
|---|-------------|------------|------------|-------------|-------------|
| Net interest income   | 9           | 4          | 5          | -29%        | 1           |
| Net fee & commission income   | 1           | 1          | -          | -           | -           |
| Net foreign exchange losses and losses from financial instruments                         | (1)         | (1)        | -          | -           | (11)        |
| Insurance income net of insurance claims  | 2           | 1          | 1          | -66%        | 2           |
| Other income/(expenses)   | 3           | 1          | 2          |             | (20)        |
| <b>Total income</b>   | <b>14</b>   | <b>6</b>   | <b>8</b>   | <b>-20%</b> | <b>(28)</b> |
| Staff costs   | (1)         | (1)        | -          | +47%        | (1)         |
| Other operating expenses  | (9)         | (1)        | (8)        | -82%        | (8)         |
| <b>Total expenses</b>   | <b>(10)</b> | <b>(2)</b> | <b>(8)</b> | <b>-75%</b> | <b>(9)</b>  |
| Profit/(loss) before provisions   | 4           | 4          | -          |             | (37)        |
| Provisions for impairment of loans and advances   | -           | (1)        | 1          |             | (38)        |
| Share of profit from associates   | -           | -          | -          |             | 1           |
| <b>Profit/(loss) before tax</b>   | <b>4</b>    | <b>3</b>   | <b>1</b>   |             | <b>(74)</b> |
| Tax   | (2)         | (1)        | (1)        |             | 1           |
| Profit attributable to non-controlling interest   | -           | -          | -          |             | -           |
| <b>Profit/(loss) after tax and before restructuring costs and discontinued operations</b> | <b>2</b>    | <b>2</b>   | <b>-</b>   |             | <b>(73)</b> |

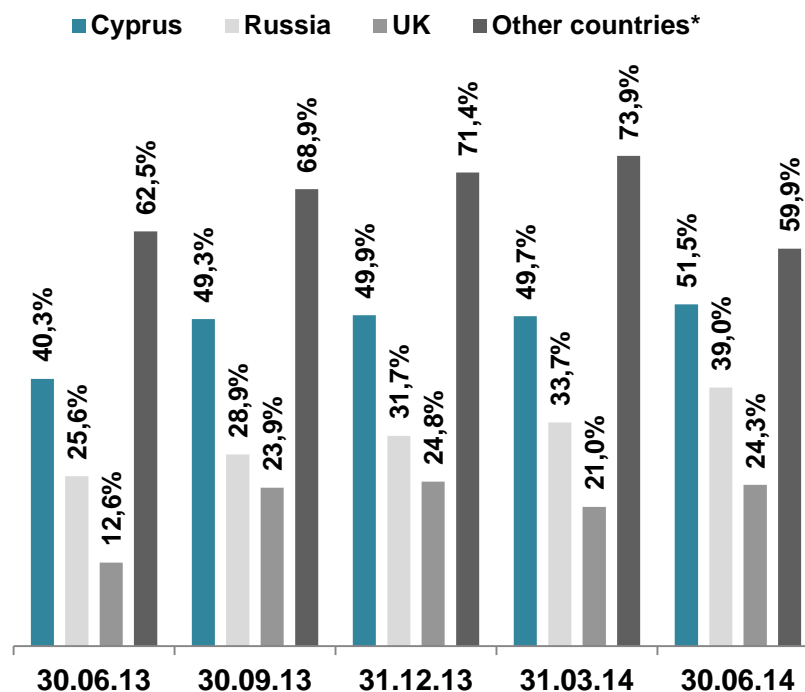
\* Other countries: Romania and Greece

# 90+ DPD by Geography

## 90+ DPD by Geography (€bn)



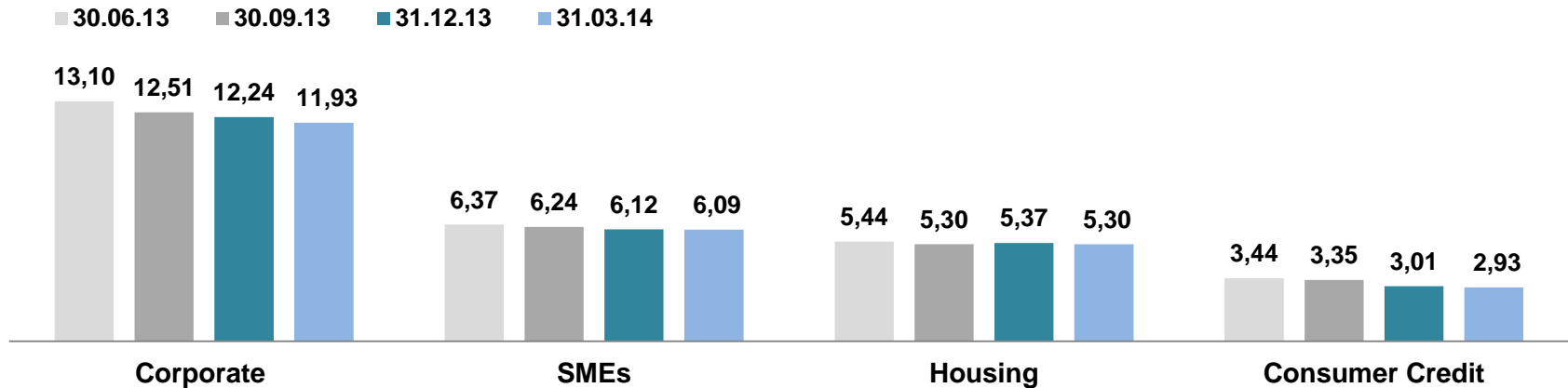
## 90+ DPD ratios by Geography



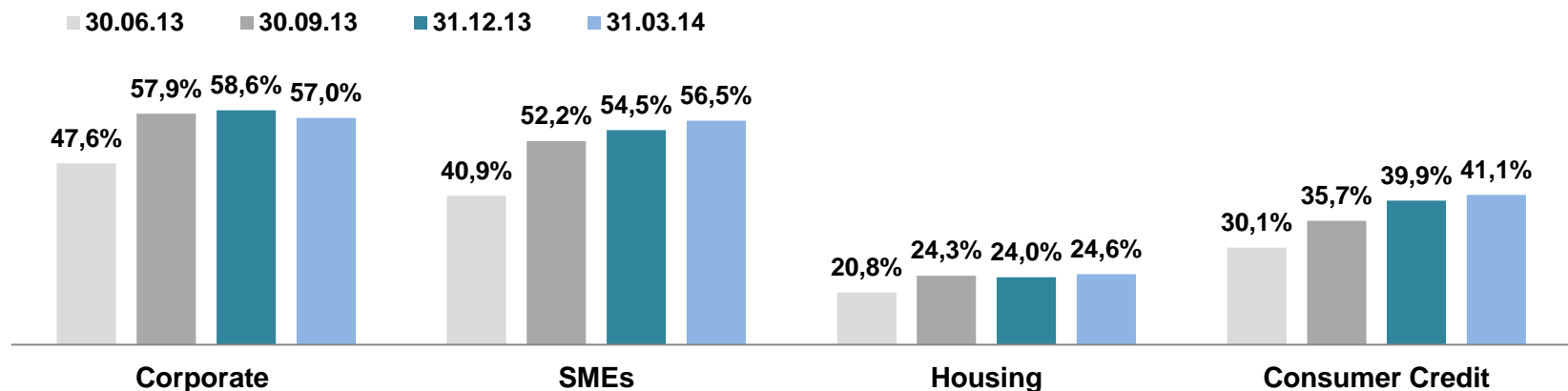
\* Other countries: Romania, Ukraine (until March 2014) and Greece

# Analysis of Loans and 90+ DPD ratios by Type\*

Gross loans by customer type (€bn)



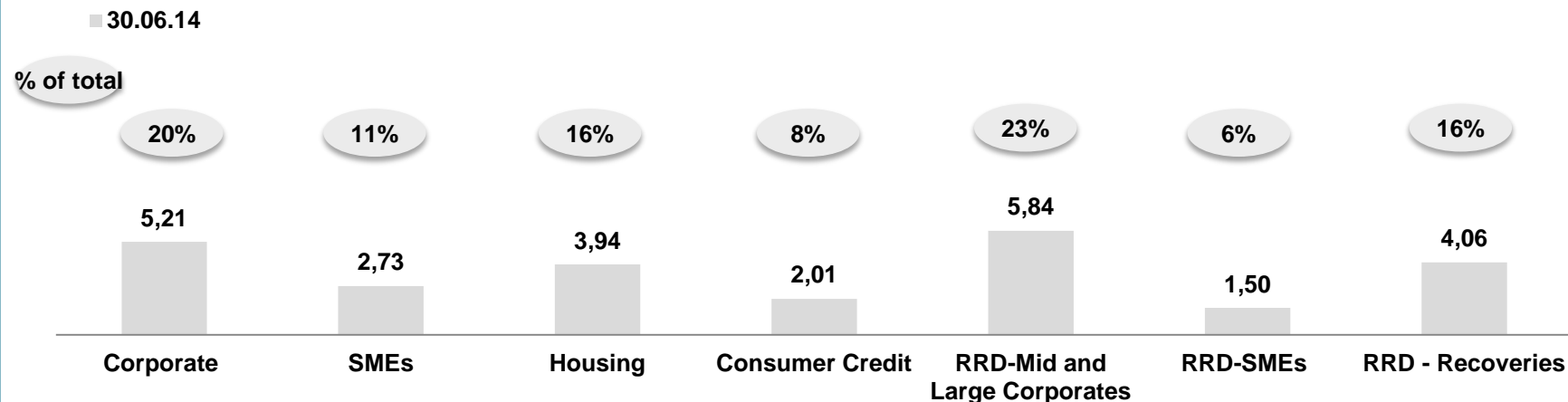
90+ DPD ratios by customer type



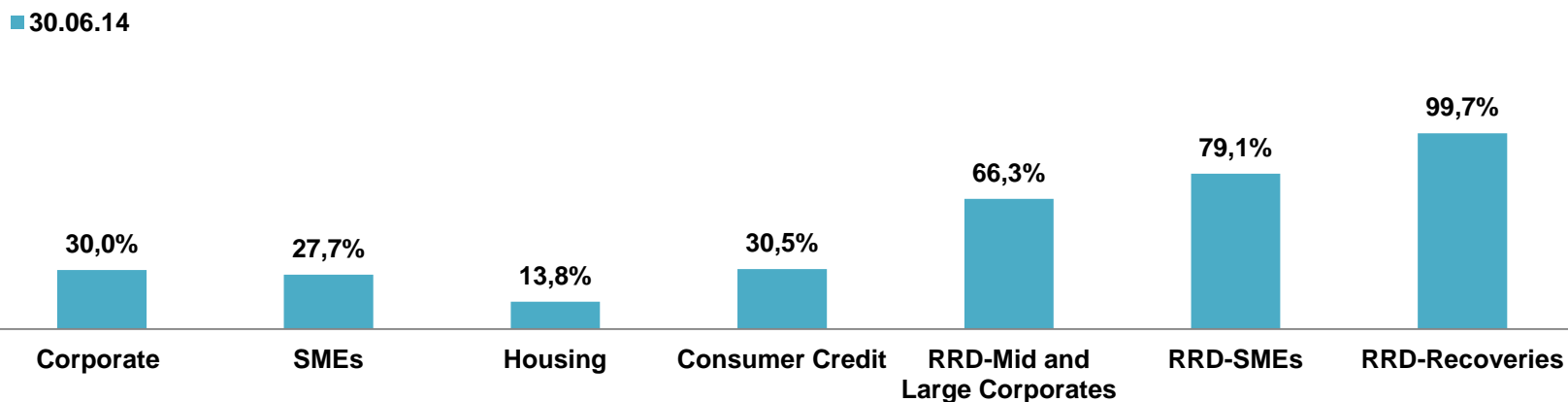
\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans. No comparative information is available.

# Analysis of Loans and 90+ DPD ratios by Business Line\*

## Gross loans by business line (€bn)



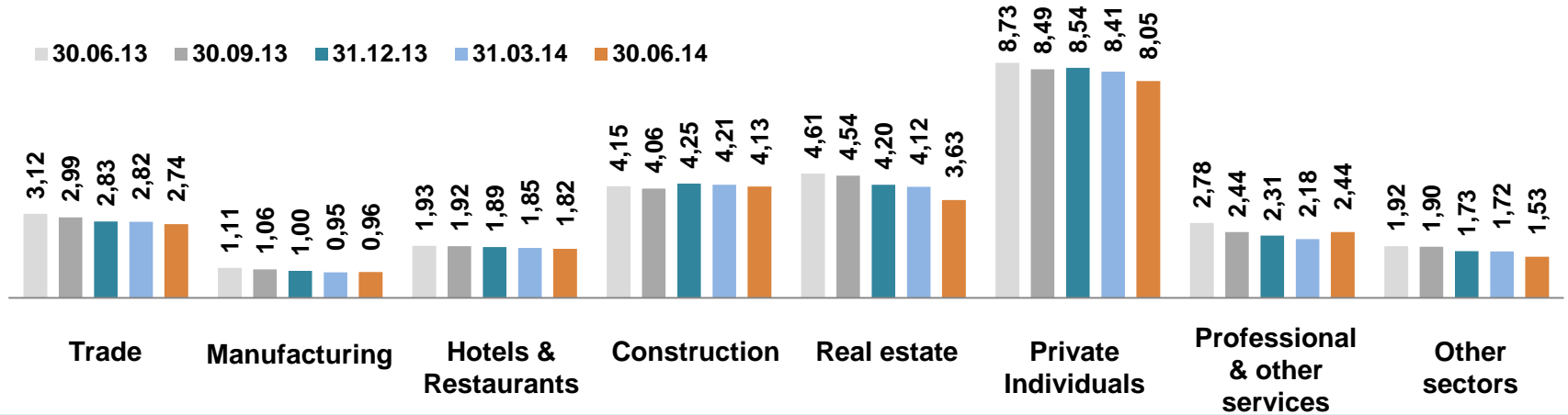
## 90+ DPD ratios by business line



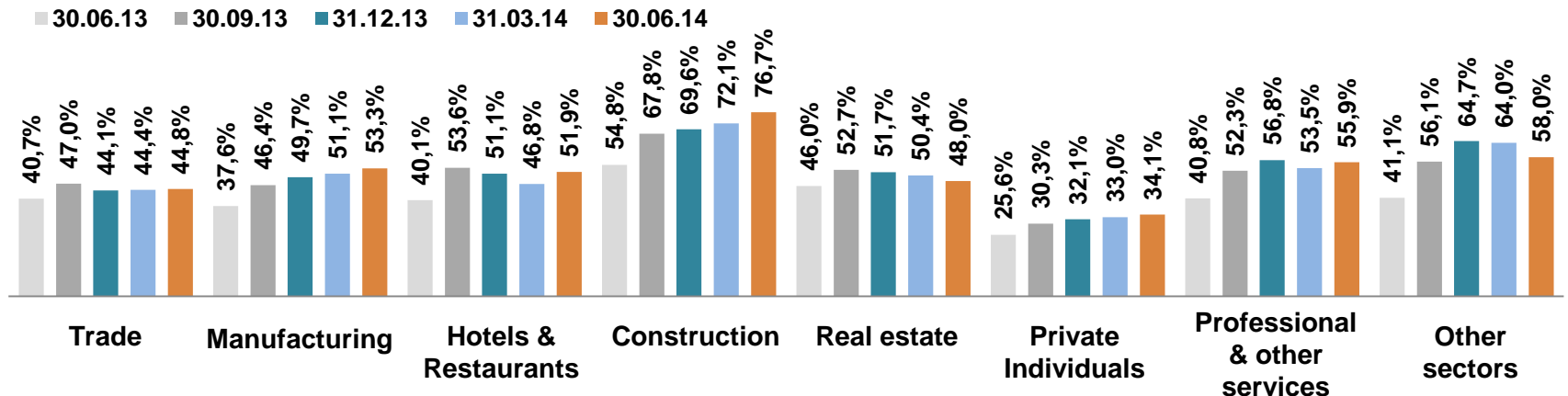
\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans. No comparative information is available.

# Analysis of Loans and 90+ DPD ratios by Economic Activity

Gross loans by economic activity (€bn)

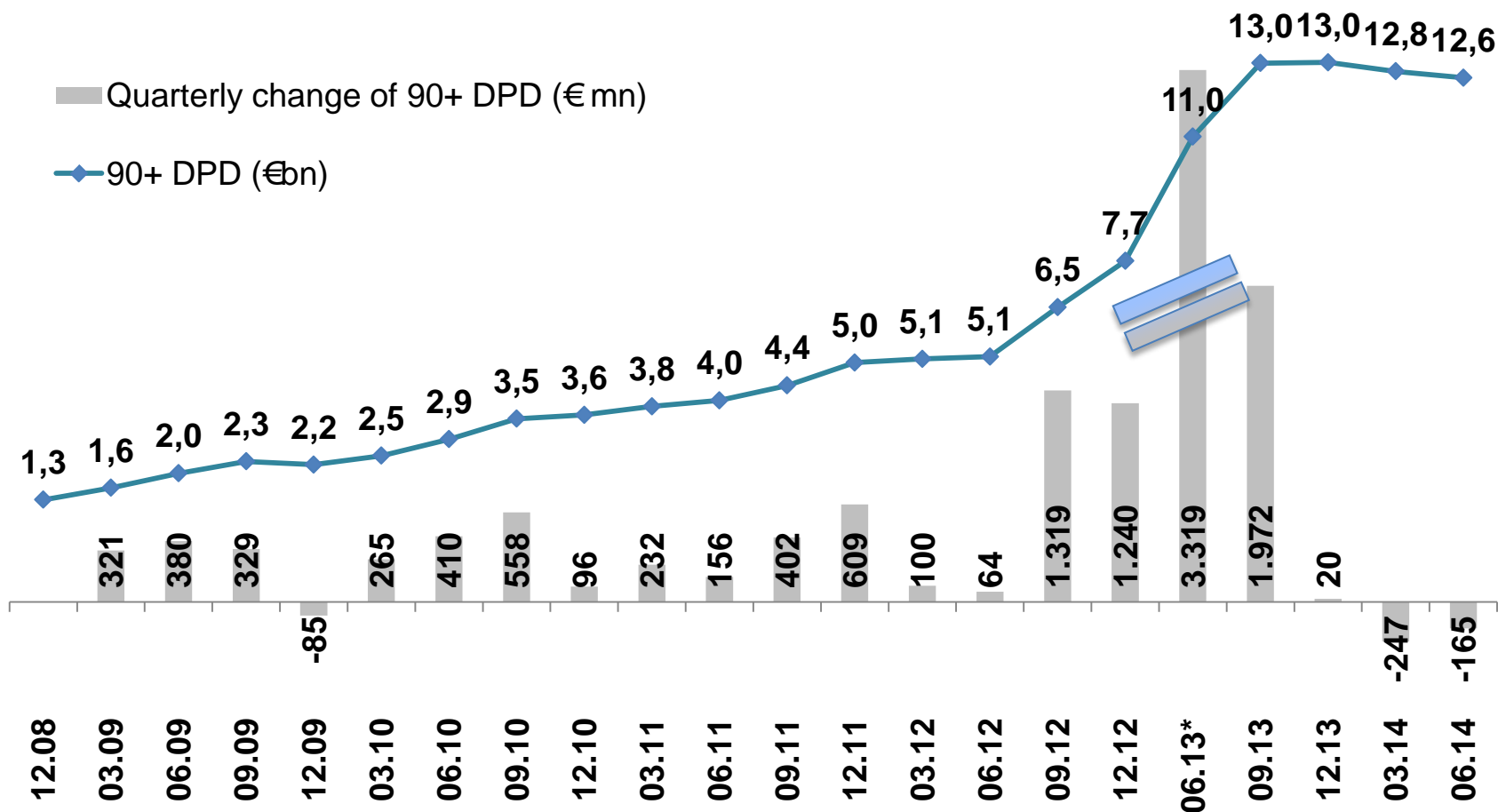


90+ DPD ratios by economic activity



# 90+ DPD and Quarterly Change of 90+ DPD

90+ DPD (€bn) and Quarterly change of 90+ DPD (€mn)



\* Information for 1Q2013 and 2Q2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013.

# Disclaimer

Certain statements, beliefs and opinions in this presentation are forward-looking. Such statements can be generally identified by the use of terms such as “believes”, “expects”, “may”, “will”, “should”, “would”, “could”, “plans”, “anticipates” and comparable terms and the negatives of such terms. By their nature, forward-looking statements involve risks and uncertainties and assumptions about the Group that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. We have based these forward-looking statements on our current expectations and projections about future events. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Readers are cautioned not to place undue reliance on forward-looking statements, which are based on facts known to and/ or assumptions made by the Group only as of the date of this presentation. We assume no obligation to update such forward-looking statements or to update the reasons that actual results could differ materially from those anticipated in such forward-looking statements. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any security in any jurisdiction in the United States, to United States Domiciles or otherwise. The delivery of this presentation shall under no circumstances imply that there has been no change in the affairs of the Group or that the information set forth herein is complete or correct as of any date. This presentation shall not be used in connection with any investment decision regarding any of our securities, which should only be made based on expressly authorised materials from us identified as such, nor in connection with any decision whether or how to vote on any matter submitted to our stockholders. The securities issued by Bank of Cyprus Public Company Ltd have not been, and will not be, registered under the US Securities Act of 1933 (“the Securities Act”), or under the applicable securities laws of Canada, Australia or Japan.