Bank of Cyprus Group

Group Financial Results
for the six months ended 30 June 2015

EUROMONEY AWARDS FOR EXCELLENCE 2015
Bank of Cyprus
The Best Bank in Cyprus 2015

26 August 2015

Bank of Cyprus

1H2015 Group Financial Results – Key Highlights

Improving funding structure; Loans to deposits ratio at 136% (138% at 31 March 2015) and customer deposits accounting for 54% of total assets (51% at 31 March 2015)

Emergency Liquidity Assistance (ELA) reduced by €1 bn during 2Q2015 to €5,9 bn and by further €500 mn post quarter-end to a current level of €5,4 bn; €6 bn ELA reduction since peak

Common Equity Tier 1 capital ratio (transitional basis) increased by 100 basis points to 14,9% (qoq) due to reduced risk weighted assets (RWAs) and organic capital generation

90+ DPD and NPEs were reduced by €143 mn to €12,6 bn (qoq) and by €366 mn to €14,8 bn (qoq) respectively; 90+ DPD ratio at 53% and 90+ DPD provisioning coverage improved to 43%

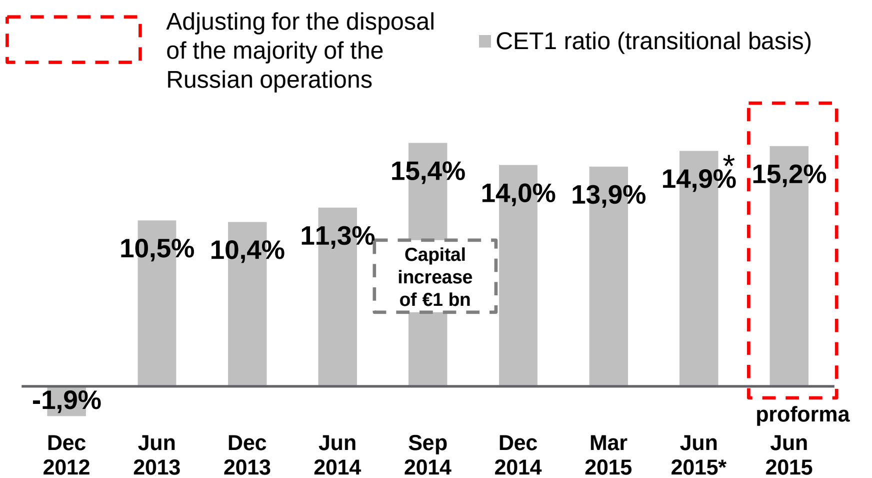
Profit after tax at €60 mn for 1H2015; Profit before provisions and impairments at €169 mn and Profit after tax at €31 mn for 2Q2015;

Post quarter-end, the Bank agreed to sell the majority of its Russian operations; release of RWAs by approx. €600 mn and improvement of CET1 ratio by approx. 33 basis points

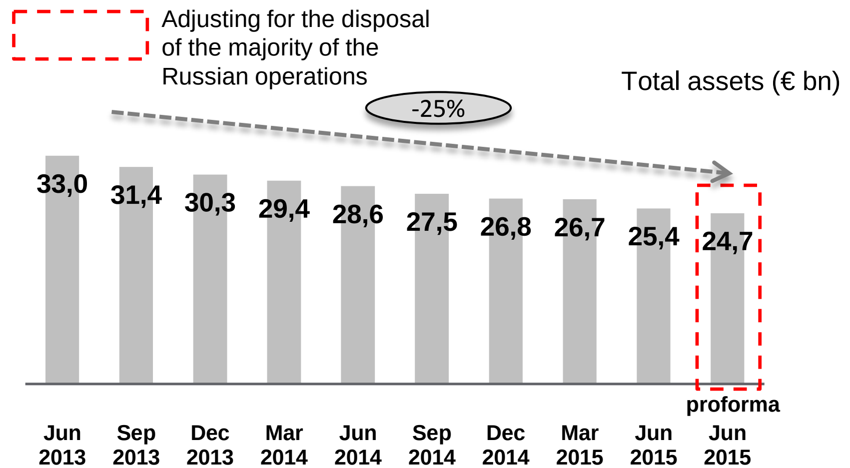
With a deleveraged and de-risked balance sheet, improving funding structure and stabilising asset quality, the Bank is focusing on core business and profitability

BOC Overview

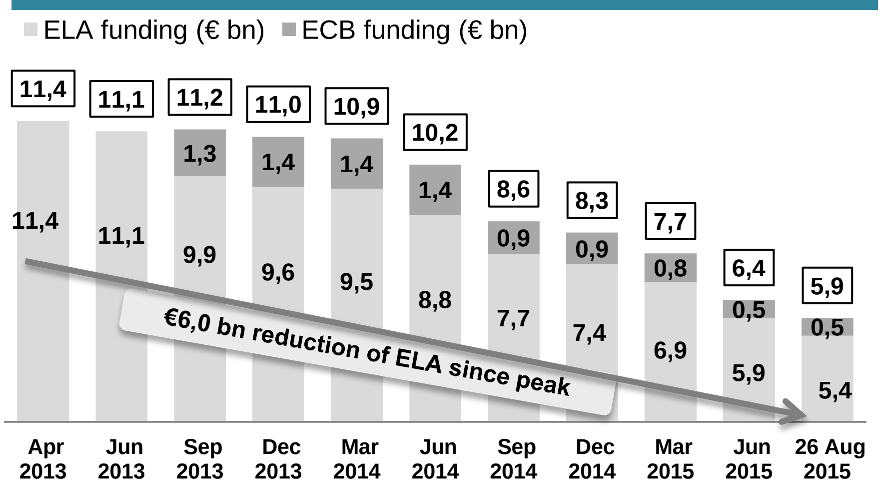
Strengthened capital position



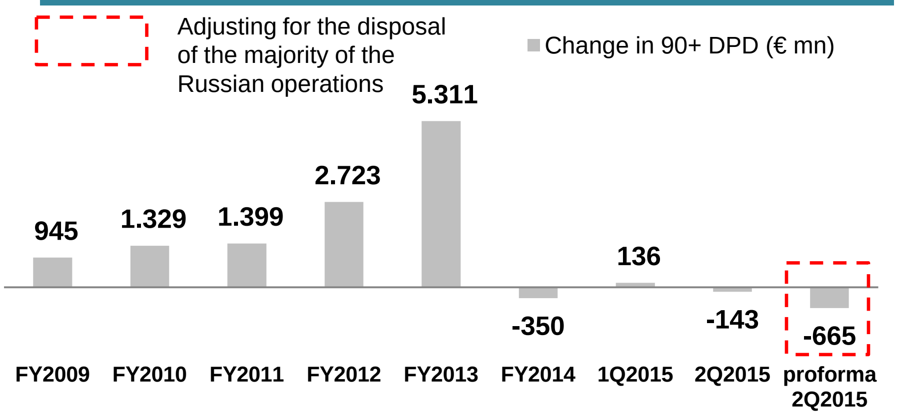
Significant Balance Sheet deleveraging



ELA funding reduced by €6,0 bn since peak



90+ DPD formation slowed down sharply



* CET 1 ratio includes independently verified profits for 1H2015

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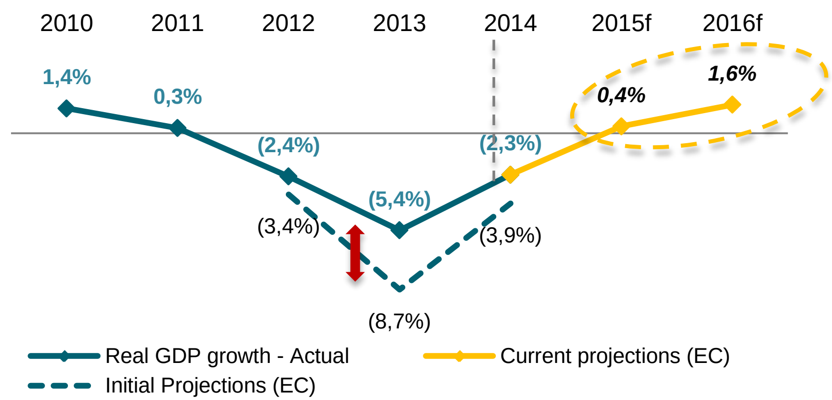
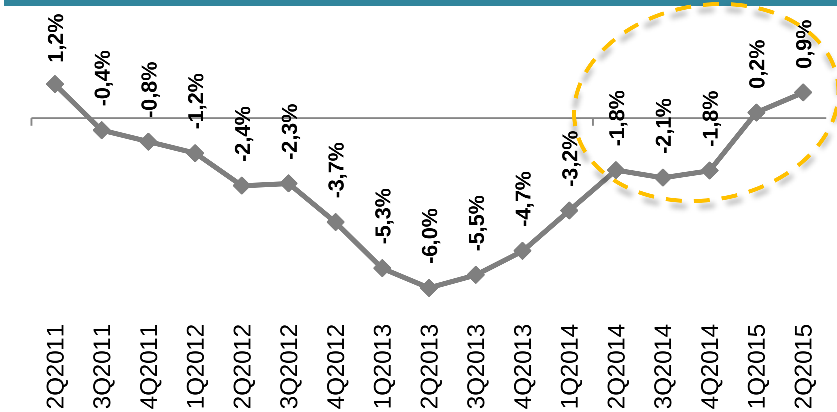
Macroeconomic overview

GDP growth expected to be positive from 2015 – faster recovery than other peripheral countries



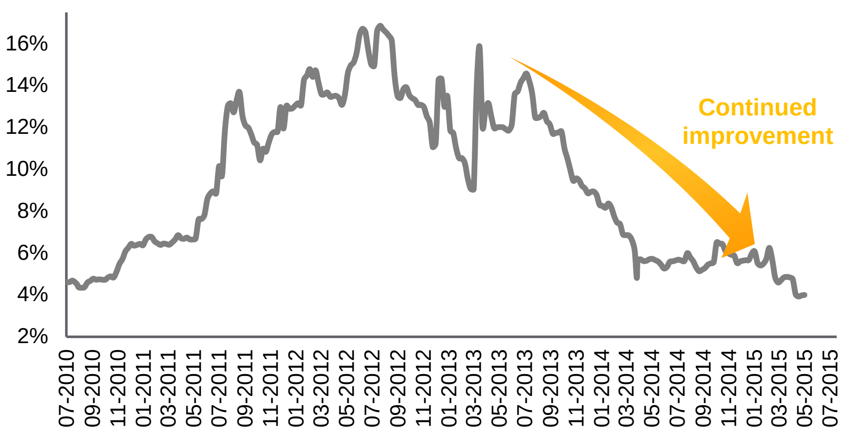
GDP Growth (yoy)



Improved rating and credit outlook as demonstrated by benchmark sovereign bond issue

Yield

2020 Cyprus government bond



- According to the flash estimate published on 14 August 2015, real GDP in 2Q2015 increased by 0,9% over the corresponding quarter of 2014, on a seasonally adjusted basis. This was the second consecutive quarterly increase after fourteen quarters of continuous decline.
- Yields of Cyprus Government bonds have been stable despite the turbulence in Greece, underlying the decoupling of Cypriot economy and banking system

SOURCE: Statistical Service of Republic of Cyprus, European Commission, Bloomberg, IMF and company reports

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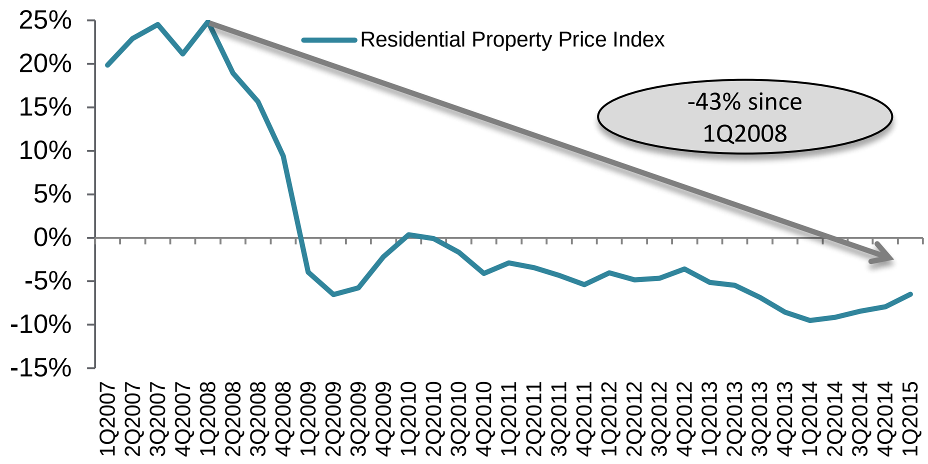
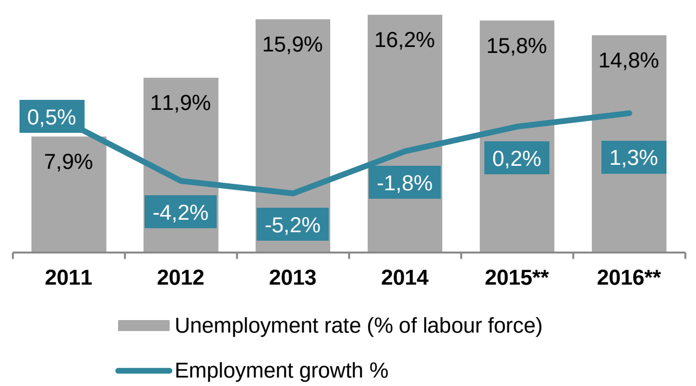
Macroeconomic overview

Tourist Arrivals and Receipts: annual % changes

Evolution of Residential Property Price Index (RPPI) (yoy % change)



Unemployment will ease gradually



- Tourist arrivals for January to July 2015 reached 1,5 mn, recording an increase of 6,5% compared to a similar period the year before, due to increased arrivals from UK and other northern European countries compensating for lower arrivals from Russia.
- During 1Q2015, the RPPI recorded an annual decrease of 7%. RPPI declined by 43% since its peak in 1Q2008
- Unemployment rate projections for 2015 expected to have a small decrease to 15,8% and is expected to ease gradually.

*** Figures for 2015 arrivals are up to July 2015 and receipts are up to May 2015**
**** Figures for 2015 and 2016 are based on European Commission report**
SOURCE: Central Bank of Cyprus, Statistical Service of Republic of Cyprus, European Commission, IMF and company reports.

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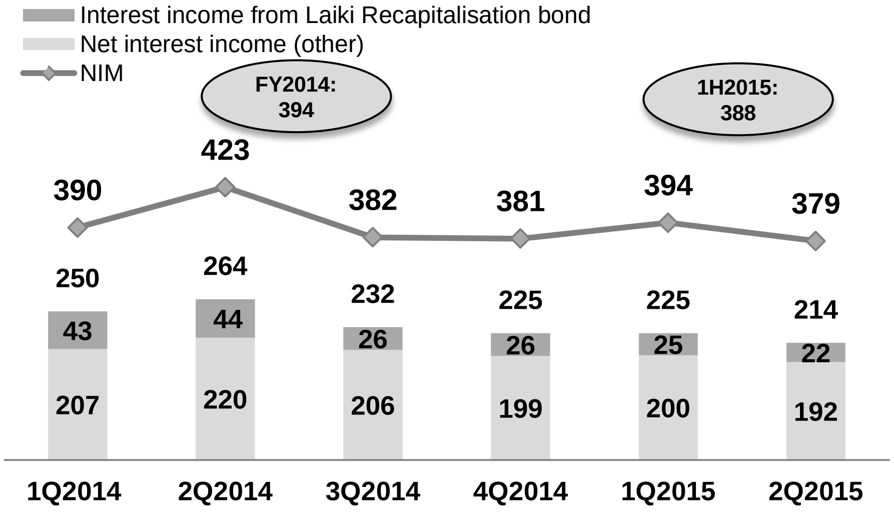
Income Statement Review

	1H2015	1H2014[3]	yoy %	2Q2015	1Q2015	qoq %
Net interest income	439	514	-14%	214	225	-5%
Other income	94	115	-19%	47	47	-
Total income	**533**	**629**	**-15%**	**261**	**272**	**-4%**
Total expenses	**(194)**	**(208)**	**-7%**	**(92)**	**(102)**	**-10%**
Profit before provisions and impairments[1]	**339**	**421**	**-19%**	**169**	**170**	**-**
Provisions for impairment of customer loans	(457)	(289)	58%	(309)	(148)	109%
Gains on derecognition and changes in expected cash flows on acquired loans	230	11	-	187	43	335%
Impairments of other financial and non financial assets	(31)	(34)	-8%	(30)	(1)	-
Share of profit from associates	3	4	-16%	1	2	-
Profit before tax, restructuring costs and discontinued operations	**84**	**113**	**-26%**	**18**	**66**	**-72%**
Tax	(11)	(5)	132%	(2)	(9)	-69%
Loss attributable to non-controlling interests	(0)	(0)	-	(0)	(0)	-
Profit after tax from continuing operations[2]	**73**	**108**	**-32%**	**16**	**57**	**-72%**
Restructuring costs	(21)	(21)	3%	(14)	(7)	61%
Loss from disposal group held for sale/discontinued operations	(33)	(66)	-51%	(12)	(21)	-43%
Net gain on disposal of non-core assets	41	60	-32%	41	-	-
Profit after tax	**60**	**81**	**-26%**	**31**	**29**	**11%**
Net interest margin	**3,88%**	**4,07%**		**3,79%**	**3,94%**	
Cost-to-Income ratio	**36%**	**33%**		**35%**	**38%**	

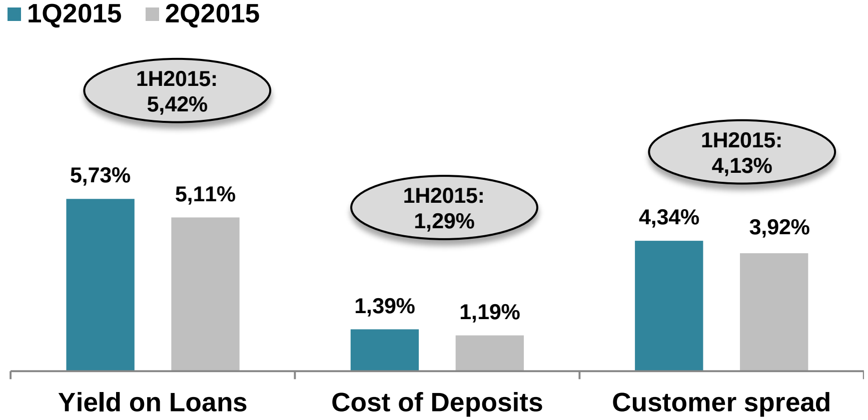
1. Profit before provisions and impairments, gains on derecognition and changes on expected cash flows on acquired loans, restructuring costs and discontinued operations.
2. Profit after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets
3. The 1H2015 is not comparable to the 1H2014 given the significant deleveraging completed since then, including, among others, the partial repayment of the sovereign bond held by the Bank, by the Republic of Cyprus on 1 July 2014.

Net Interest Income and Net Interest Margin

Net Interest Income (€ mn) and Net Interest Margin (bps)



Evolution of Yield of Loans, Cost of Deposits and Customer Spread in Cyprus operations*

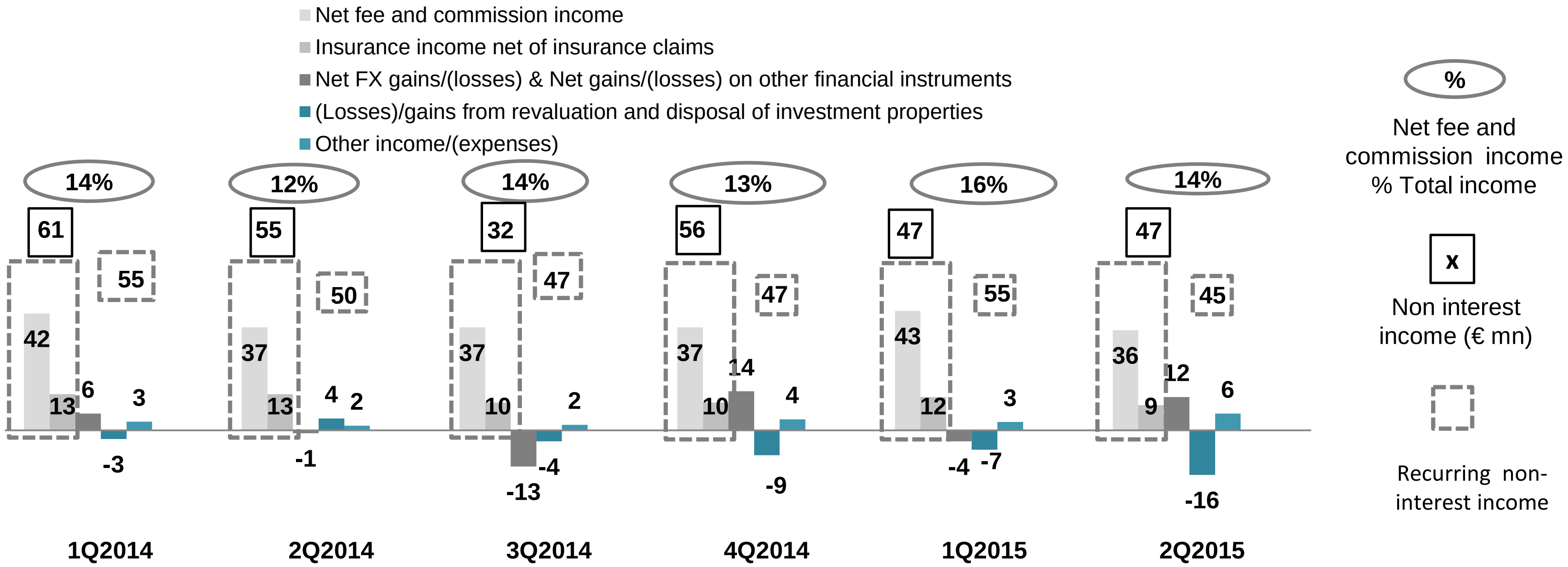


* Includes all currencies

- 2Q2015 Group Net Interest Income (NII) at €214 mn compared to €225 mn for 1Q2015, reflecting the reduction in lending rates in March 2015 and the partial repayment of a bond by the Republic of Cyprus in June 2015; Group Net Interest Margin (NIM) at 3,79% for 2Q2015, compared to 3,94% for 1Q2015
- NII and NIM continue to reflect market conditions in Cyprus and the composition of the Group's funding, with Eurosystem funding accounting for 25% of assets at 30 June 2015. Going forward, the NII will be negatively affected by the early repayment of a bond by the Republic of Cyprus in June 2015, primarily driven by the upfront recognition of the accounting gain
- Customer spread in Cyprus decreased to 3,92% in 2Q2015 compared to 4,34% in 1Q2015 reflecting the impact of the reduction in lending and deposit rates in March 2015.

Analysis of Non-interest income

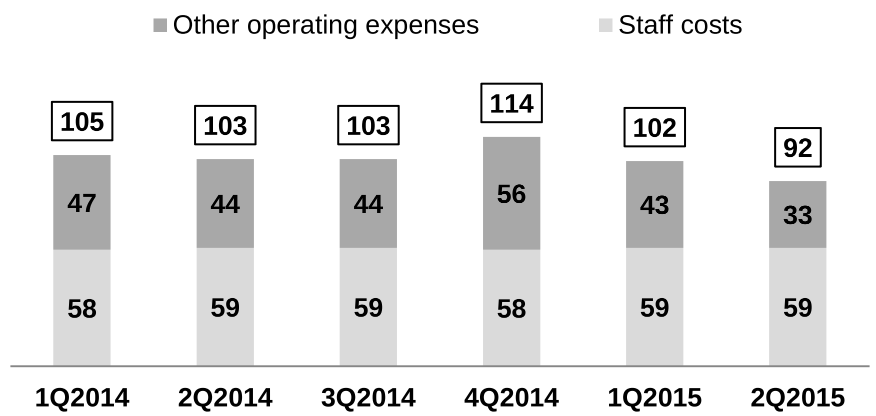
Analysis of Non Interest Income (€ mn)



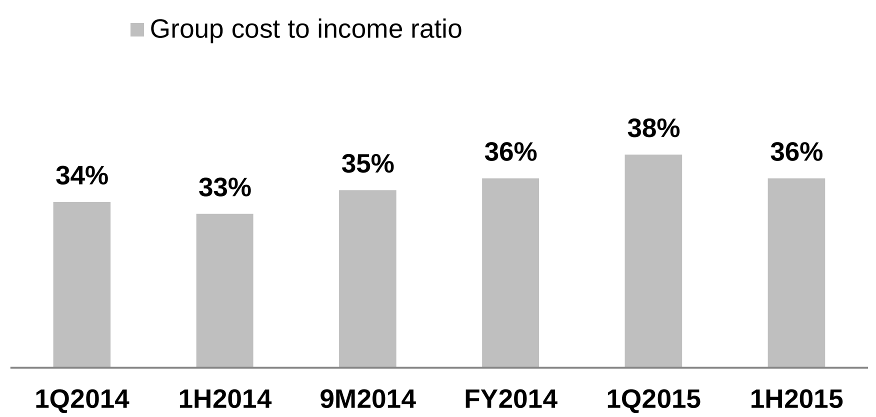
- Non-interest income remained at the same level for 2Q2015 at €47 mn
- Net fee and commission income for 2Q2015 at €36 mn (about 14% of total income); lower compared to 1Q2015 due to seasonality relating to annual charges for banking services provided
- Recurring income from insurance business (average of about €11 mn for the last six quarters) reflecting the Group's leading position in the insurance business in Cyprus; 2Q2015 Insurance income was lower mainly due to revaluation effect of investments
- Average recurring income from fee and commission income and insurance income of about €50 mn for the last six quarters

Total expenses

Total expenses (€ mn)



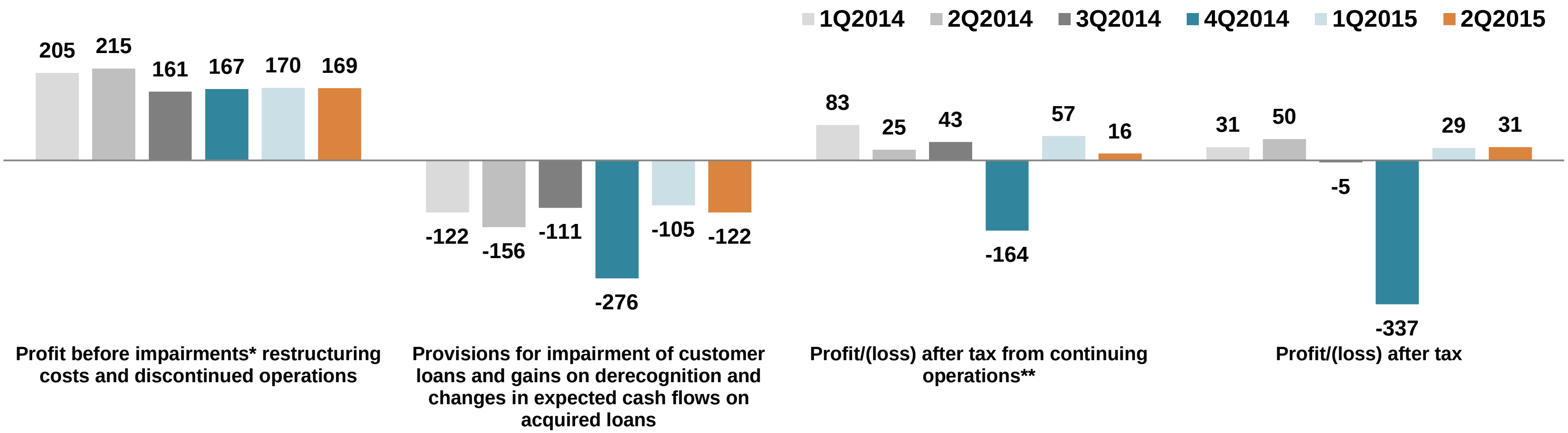
Group Cost to Income Ratio



- Total expenses for 2Q2015 decreased to €92 mn from €102 mn for 1Q2015, driven by the reduction of operating expenses due to lower advertising, consultancy and professional expenses. Operating expenses per quarter, excluding 2Q2015 and 4Q2014 when there were one-off items, are around €45 mn.
- Staff costs for 2Q2015 at €59 mn broadly at the same level as for the previous quarters
- The cost-to-income ratio stood at 36% for 1H2015, compared to 38% for 1Q2015

Group Income Statement Highlights

Group Income Statement Highlights (€ mn)



- Profit before impairments*, restructuring costs and discontinued operations for 2Q2015 at €169 mn, compared to €170 mn for 1Q2015
- Provisions for impairment of customer loans and gains on derecognition and changes in expected cash flows on acquired loans for 2Q2015 at €122 mn, compared to €105 mn for 1Q2015
- Profit after tax from continuing operations for 2Q2015 at €16 mn, compared to a profit for 1Q2015 at €57 mn
- Profit after tax for 2Q2015 at €31 mn, compared to a profit of €29 mn for 1Q2015

* Profit before provisions and impairments, gains on derecognition and changes on expected cash flows on acquired loans, restructuring costs and discontinued operations.

** Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets

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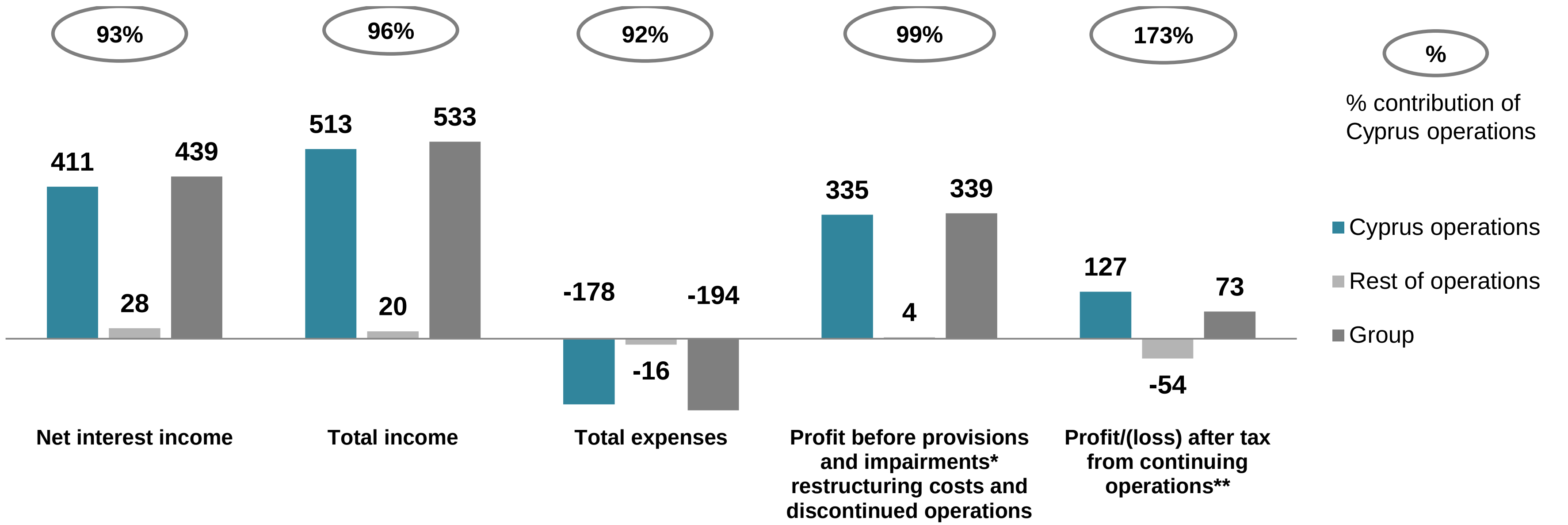
Income Statement Highlights – Group vs Cyprus

1H2015 Cyprus Vs Group performance (€ mn)



- Profit before provisions and impairments* for the Cyprus operations for 1H2015 at €335 mn, compared to a Group total of €339 mn for the same period

- Profit after tax from continuing operations** for the Cyprus operations for 1H2015 at €127 mn, compared to a Group profit of €73 mn for the same period

* Profit before provisions and impairments, gains on derecognition and changes on expected cash flows on acquired loans, restructuring costs and discontinued operations.

** Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets

Bank of Cyprus

Balance Sheet* Deleverage - Shrinking to Strength

€ mn	Jun 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Jun 2015	Change Since Jun 2013
Cash & bank placements	3.012	2.530	2.105	1.973	2.417	2.908	2.748	2.558	-454
Investments	3.413	3.433	3.475	3.538	2.578	2.541	2.401	1.631	-1.782
Net Loans	23.769	21.764	21.234	20.063	19.794	18.632	18.731	18.545	-5.224
Other assets	2.762	2.622	2.564	2.984	2.694	2.708	2.792	2.648	-114
Total assets	***32.956***	***30.349***	***29.378***	***28.558***	***27.483***	***26.789***	***26.672***	***25.382***	***-7.574***
Customer deposits	16.970	14.971	14.066	13.803	13.330	13.169	13.611	13.629	-3.341
ECB funding	-	1.400	1.400	1.400	920	880	800	500	500
ELA	11.107	9.556	9.506	8.785	7.684	7.404	6.900	5.903	-5.204
Interbank funding	983	790	753	802	707	772	808	805	-178
Other liabilities	976	895	894	954	1.057	1.083	1.045	1.026	50
Total equity	2.920	2.737	2.759	2.814	3.785	3.481	3.508	3.519	599
Total liab. & equity	***32.956***	***30.349***	***29.378***	***28.558***	***27.483***	***26.789***	***26.672***	***25.382***	***-7.574***
Balance sheet deleverage qoq		***-2.607***	***-971***	***-820***	***-1.075***	***-694***	***-117***	***-1.290***	
CET1 ratio (transitional basis)	***n/a***	***10,4%***	***10,6%***	***11,3%***	***15,4%***	***14,0%***	***13,9%***	***14,9%***	
Leverage ratio (Assets/Equity)	***11,3x***	***11,1x***	***10,6x***	***10,1x***	***7,3x***	***7,7x***	***7,6x***	***7,2x***	

Net loans reduction driven by disposal of non-core assets and the ongoing deleveraging

Deposit base gradually stabilising

Overall €6,0 bn ELA reduction from peak

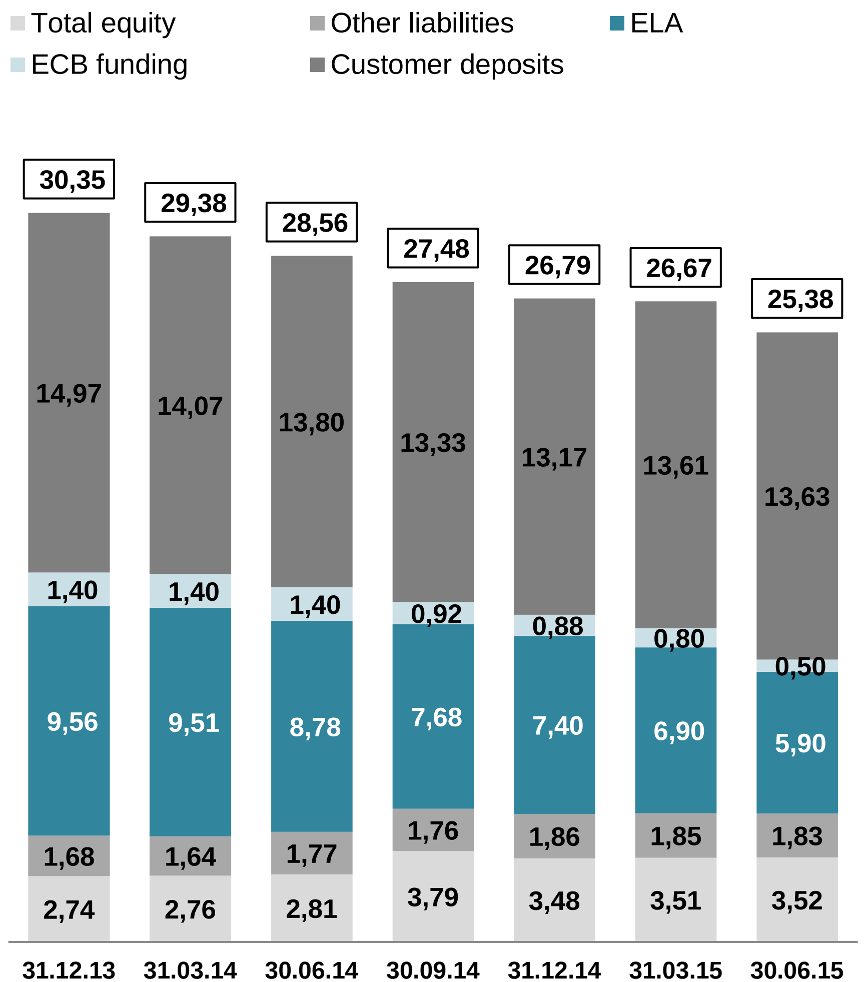
Steady reduction of total assets. Average quarterly reduction at €1bn or 4%

CET1 ratio & Leverage ratio strengthened by share capital increase, deleverage and RWA reduction

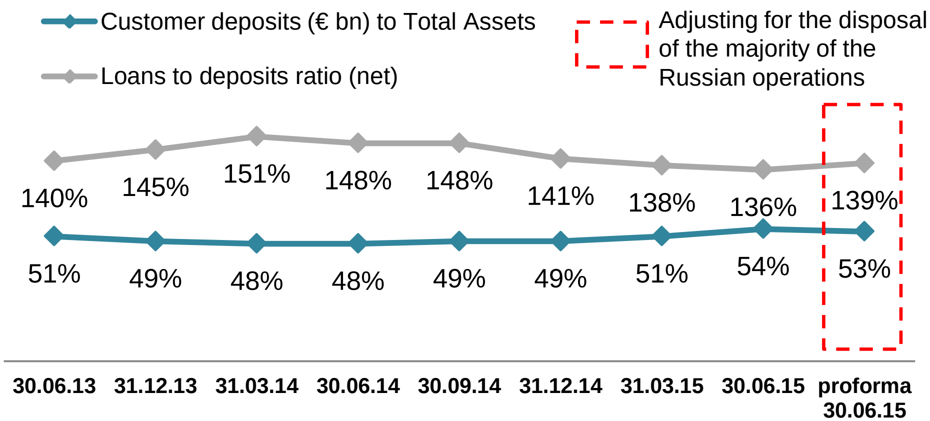
*** Consolidated Balance Sheet – ignoring classification as disposal group held for sale**

Funding Structure

Analysis of Liabilities and Equity (€ bn)



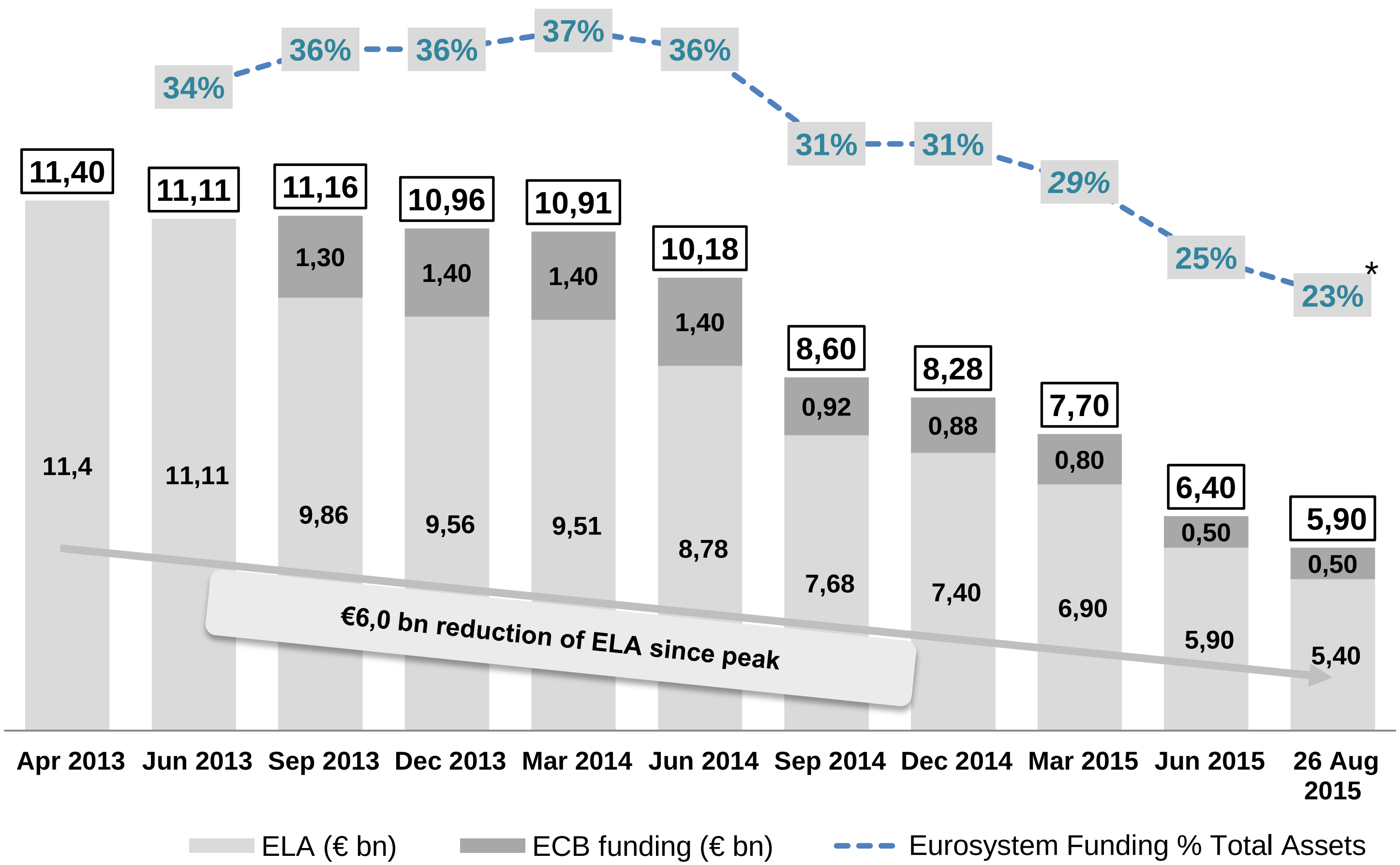
Loans to Deposits ratio



- Further progress in normalising the Bank's funding structure.
- At 30 June 2015, customer deposits and Eurosystem funding accounted for 54% and 25% of assets, respectively.
- Consistent improvement in the loans to deposits ratio (L/D), with L/D ratio improving by 2 p.p. in 2Q2015 to 136%, the lowest level post-bail-in.

Eurosystem Funding Reliance Reducing Fast

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

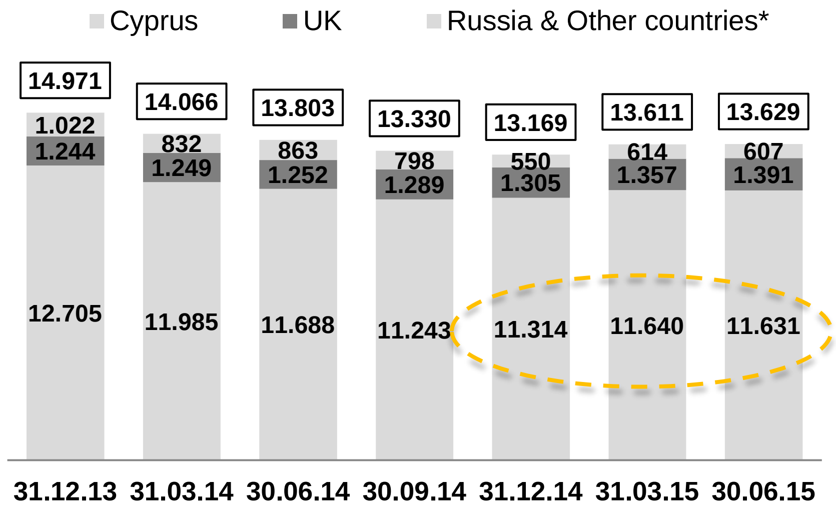


In light of challenging market conditions given recent developments in Greece and Russia, the Bank is maintaining a significant liquidity buffer. Once market conditions are normalised, the Bank expects to proceed with further ELA repayments.

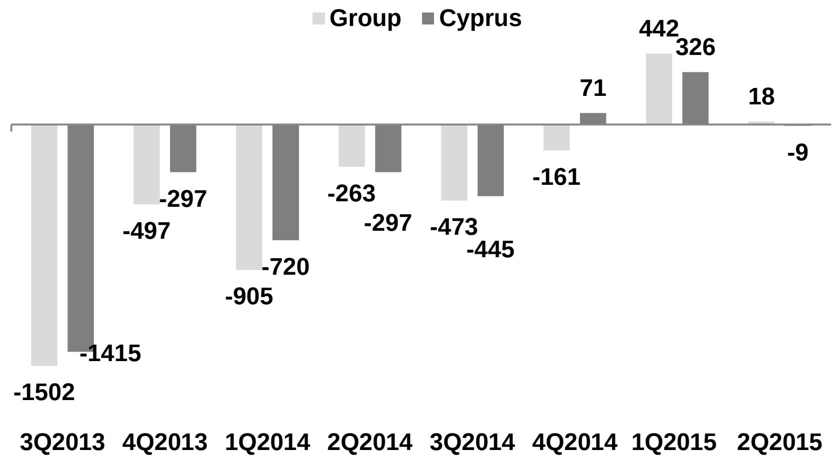
*** Ratio of Eurosystem Funding % Total Assets for 25 August 2015 based on balance sheet as at 30 June 2015**

Customer Deposits

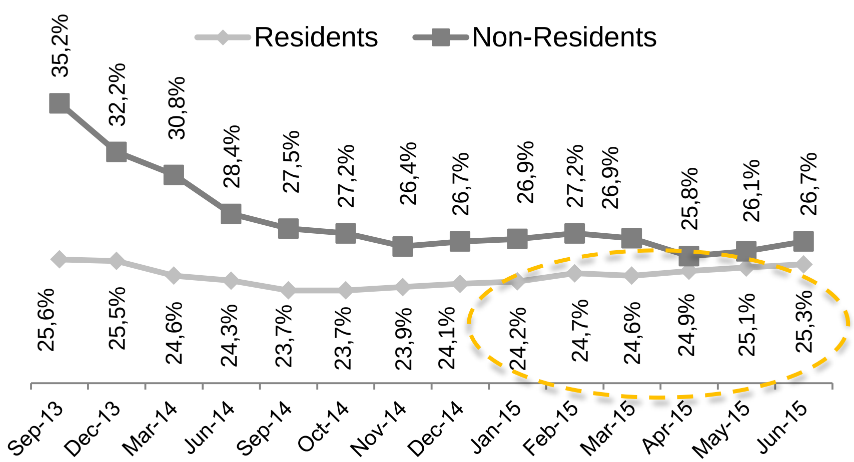
Customer Deposits by Geography (€ mn)



Evolution of Customer deposits** (€ mn)



Deposit market shares in Cyprus

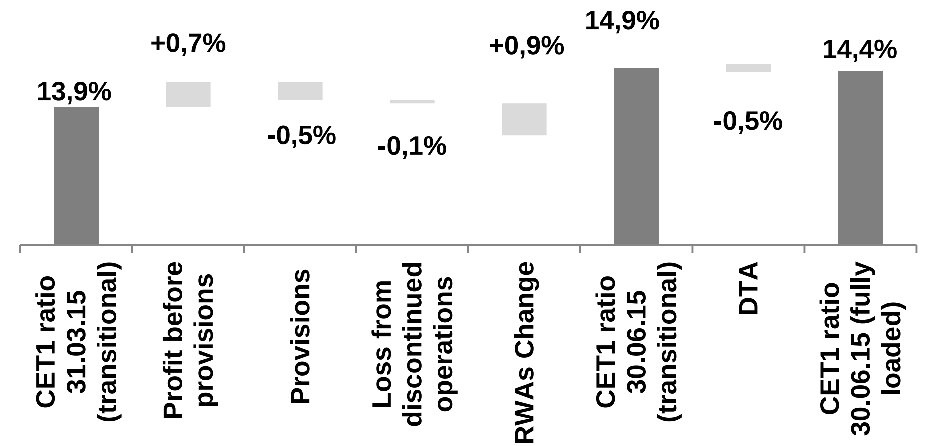


- Group customer deposits totalled €13.629 mn at 30 June 2015. Customer deposits in Cyprus remained relatively stable and stood at €11.631 mn at 30 June 2015, despite the full abolition of capital controls in April 2015 and the recent adverse economic developments in Greece, underlying the decoupling of the Cypriot banking system and economy.
- Deposit market shares in Cyprus for Residents and non-Residents stand at 25,3% and 26,7% respectively

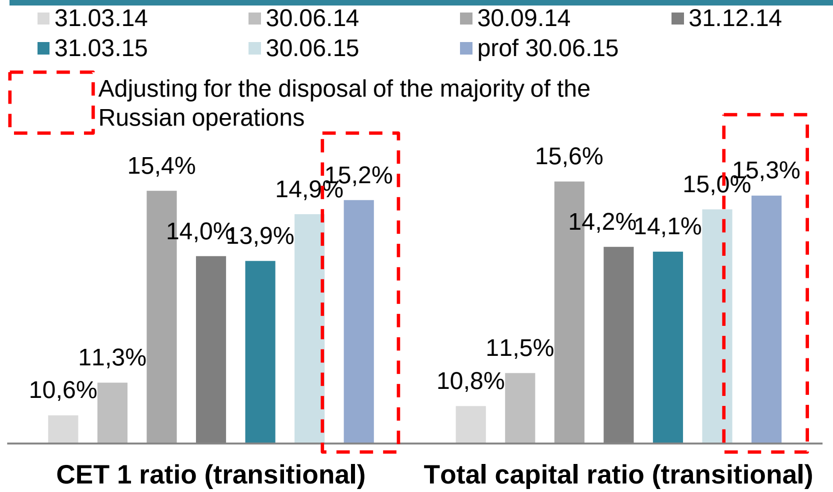
* Other countries comprise Ukraine (until March 2014), Romania and Greece.
** Including deposits of disposal groups held for sale/discontinued operations.

Capital Position

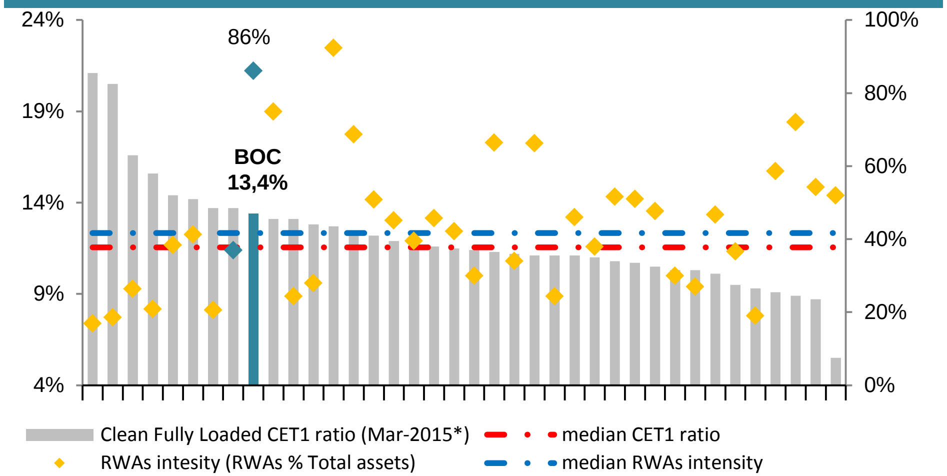
Evolution for CET1 ratio during 2Q2015[1]



Capital Adequacy Ratios



'Clean' Fully Loaded CET1 ratio[2] (March – 2015[3])



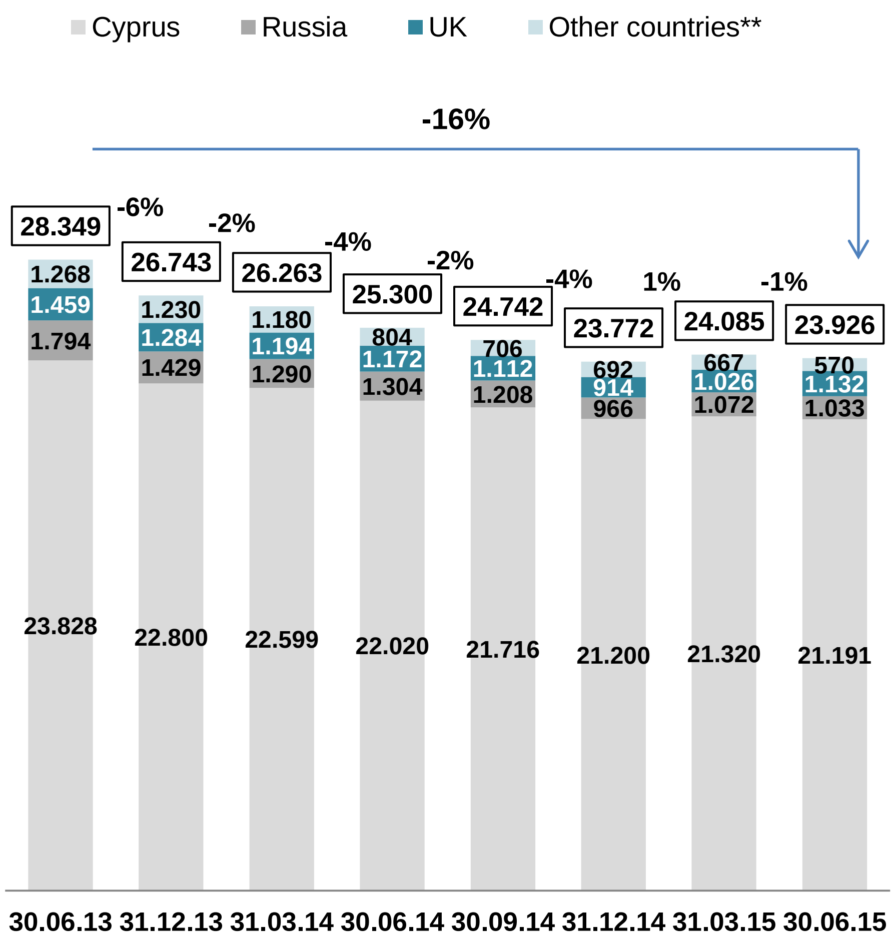
Comprises 38 EU banks covered by Citigroup Research

- CET1 ratio (transitional) at 14,9% at 30 June 2015[1] (compared to 13,9% at 31 March 2015), mainly due to the reduction in RWAs and organic capital generation. The reduction in RWAs was driven by the NPEs reduction and balance sheet deleveraging and the reassessment of credit risk exposures and collaterals to optimise credit risk management and management of RWAs.
- Taking into account the agreement for the sale of the majority of the Russian operations, the pro-forma CET1 ratio (transitional) rises to 15,2%
- CET1 ratio (fully loaded) at 14,4% at 30 June 2015
- Significant RWAs intensity at 86% compared to the average for European banks as at 31 March 2015–(median of 38 banks covered by Citigroup is 42%).

[1] Includes independently verified profits for 1H2015
[2] As per Citigroup Research, Clean Fully Loaded CET1 ratio excludes Deferred Tax Credits, AFS and Danish Compromise Estimated Impact.
[3] Includes data for 9 EU banks as at 31 December 2014 and 29 EU banks as at 31 March 2015

Gross Loans

Gross Loans* by Geography (€ mn)

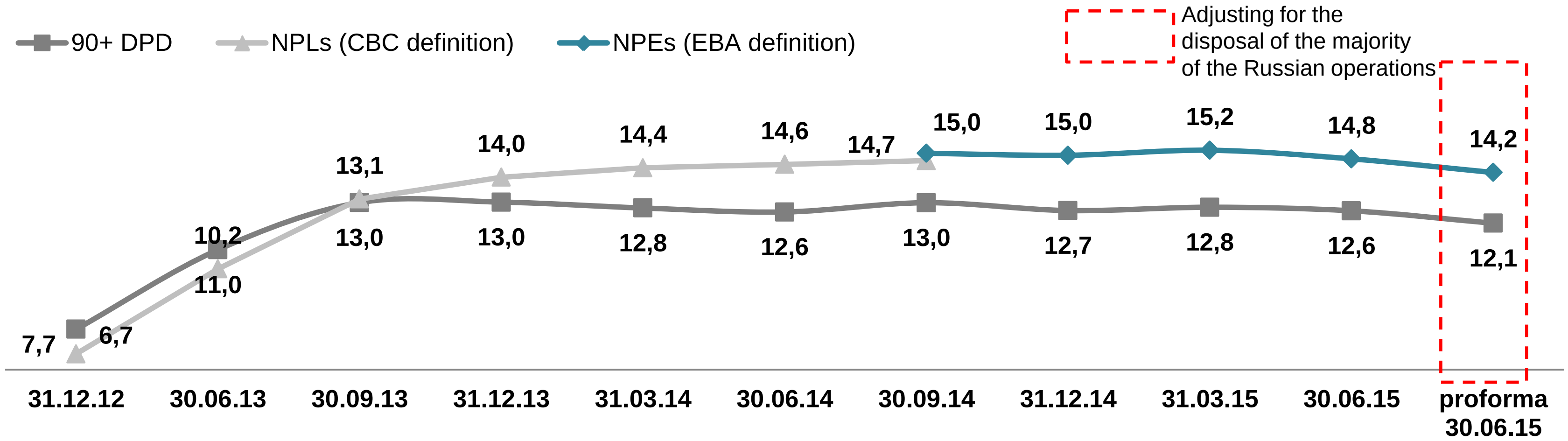


- Group gross loans totalled €23,9 bn at 30 June 2015, compared to €24,1 bn at 31 March 2015. Gross loans in Cyprus totalled €21,2 bn at 30 June 2015, and accounted for 89% of gross loans of the Group.
- Overall, a 16% reduction in Group gross loans since June 2013
- Domestic loan book reduced by 11% since June 2013, reflecting primarily customers' efforts to deleverage by using their deposits to pay down debt

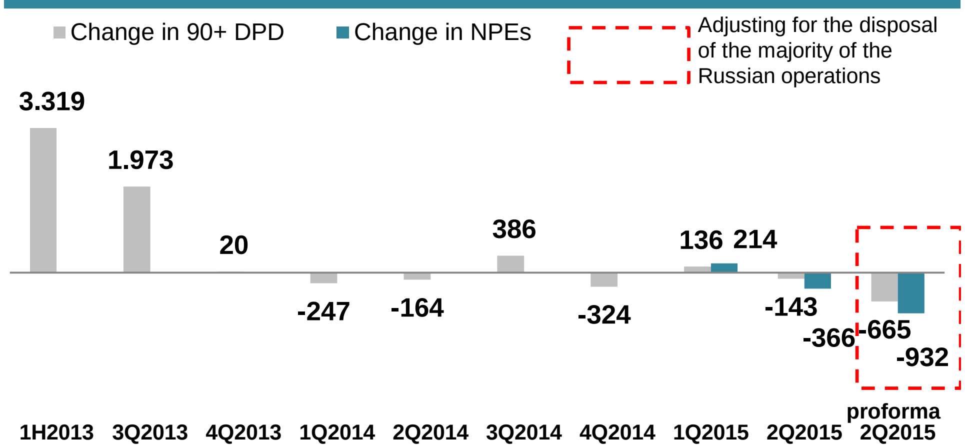
*** Gross loans are reported before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €1,351 mn (compared to €1,545 mn at 31 March 2015), including loans of discontinued operations/disposal group held for sale.**
**** Other countries: Romania, Ukraine (until March 2014) and Greece. Furthermore, certain loans and advances in Romania are included, that previously were reported under Cyprus.**

Credit Risk – Quality of Loan portfolio

Problem Loans (€ bn)



Evolution of 90+ DPD and NPEs (€ mn)

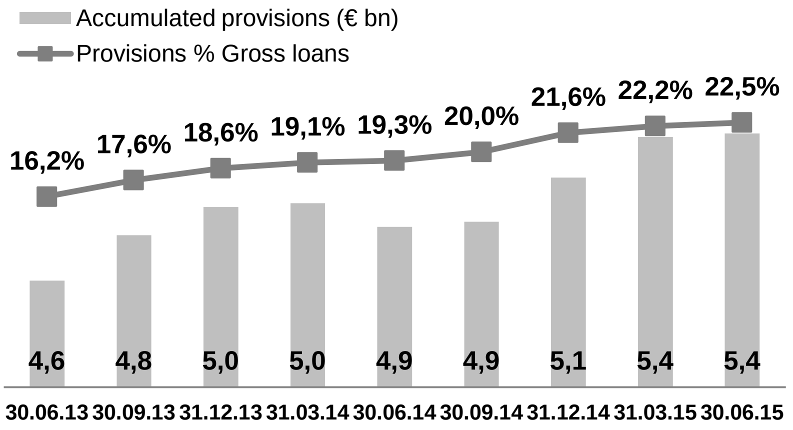


- 90+ DPD[1] decreased by €143 mn during 2Q2015 and totalled €12,6 mn at 30 June 2015
- Non Performing Exposures (NPEs), as per EBA definition, decreased by €366 mn during 2Q2015 and totalled €14,8 bn at 30 June 2015
- The level of NPEs exceeds the level of 90+ DPD, primarily due to the fact that cured performing exposures are required to remain in the NPEs category until specific probation timeframes have elapsed

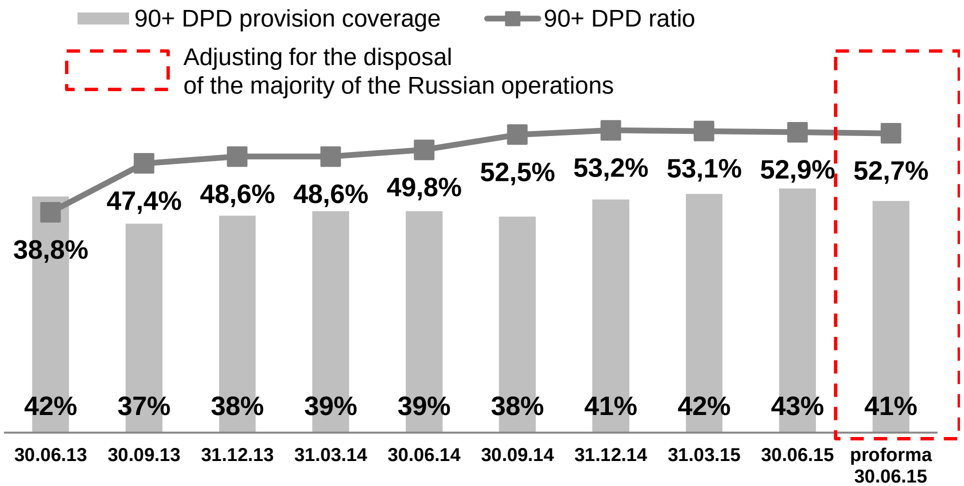
[1] 90+ DPD are loans with a specific provision (i.e. impaired loans) and loans past-due for more than 90 days but not impaired

Credit Risk – Provisions

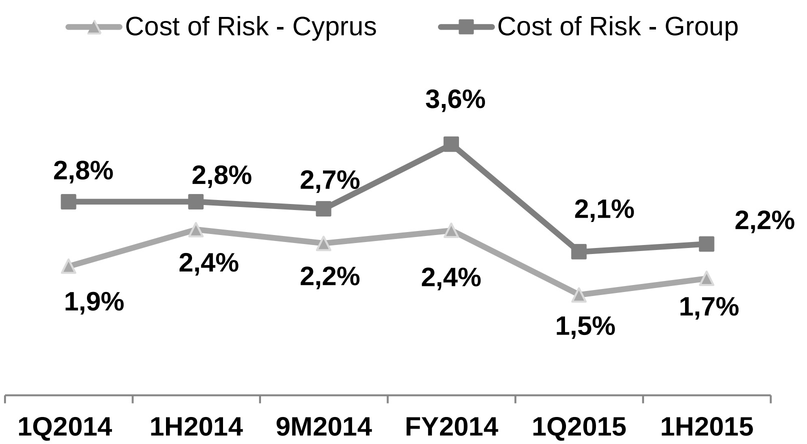
Accumulated provisions



Group loan quality indicators



Cost of risk[1]

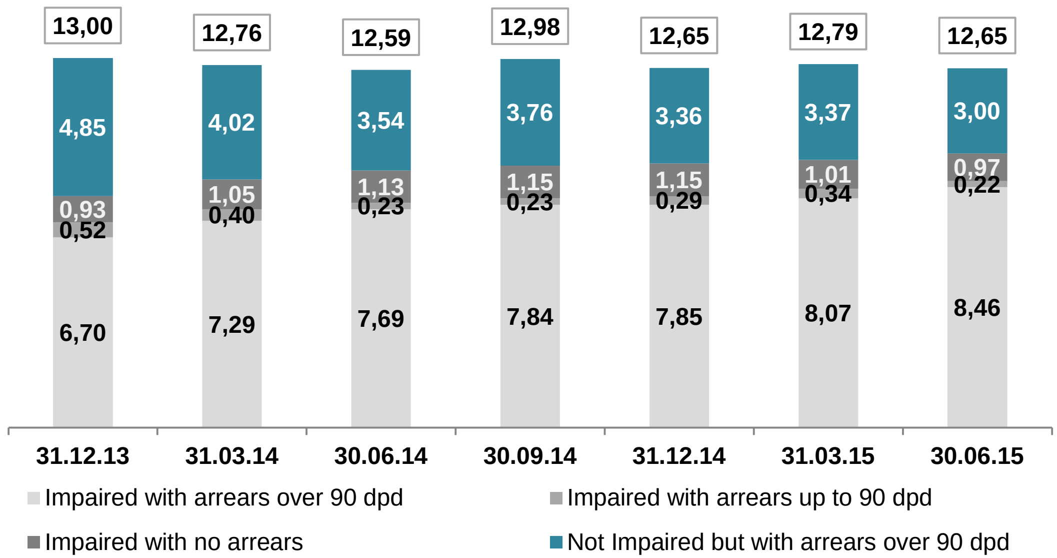


- Accumulated provisions totalled €5,4 bn and accounted for 22,5% of gross loans at 30 June 2015
- The gains on derecognition and changes in expected cash flows relate to a part-reversal of the fair value adjustment on initial recognition relating to loans acquired from Laiki Bank. The reversal is the result of revised expectations of future cash flows compared to the cash flows expected at the time of acquisition. For credit risk monitoring purposes, the fair value adjustment is considered as part of provisions and the Group reviews both of them as a single item
- Group annualised cost of risk for 1H2015 was 2,2%, compared to 2,1% for 1Q2015 and 3,6% for FY2014; Annualised cost of risk for Cyprus for 1H2015 was 1,7%, compared to 1,5% for 1Q2015

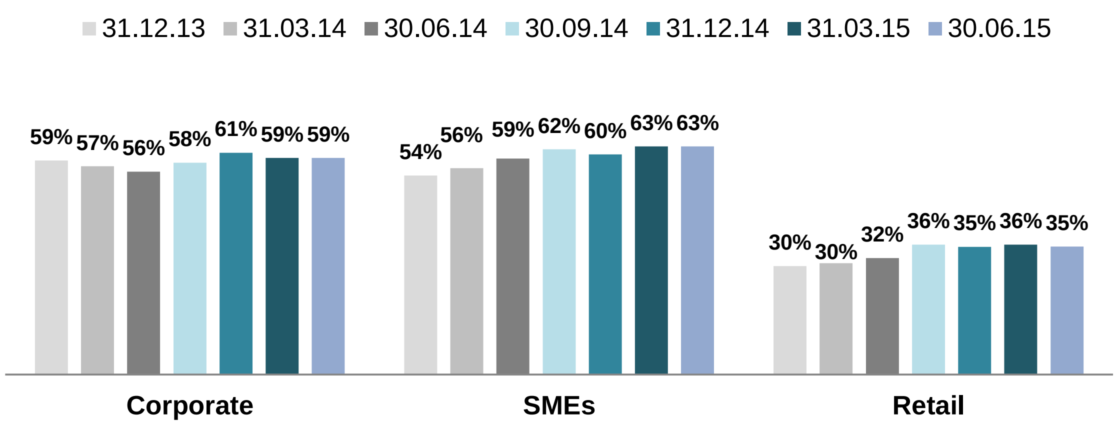
[1] Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €493 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €230 mn) over average gross loans

Credit Risk – 90+ DPD loans by number of days past due

90+ DPD loans by number of days past due (€ bn)



Group 90+ DPD ratios by customer type (€ bn)



- 90+ DPD at €12,65 bn at 30 June 2015 compared to €12,79 bn a quarter earlier.
- Approximately €1 bn of loans classified as impaired have presented no arrears during the last few quarters. The Bank is monitoring the performance of these customers.
- 90+ DPD of Corporate, SMEs and Retail has been relatively stable at 59%, 63% and 35% respectively at 30 June 2015 compared to 31 March 2015

Credit Risk by customer type – 90+ DPD fully covered by provisions & tangible collateral

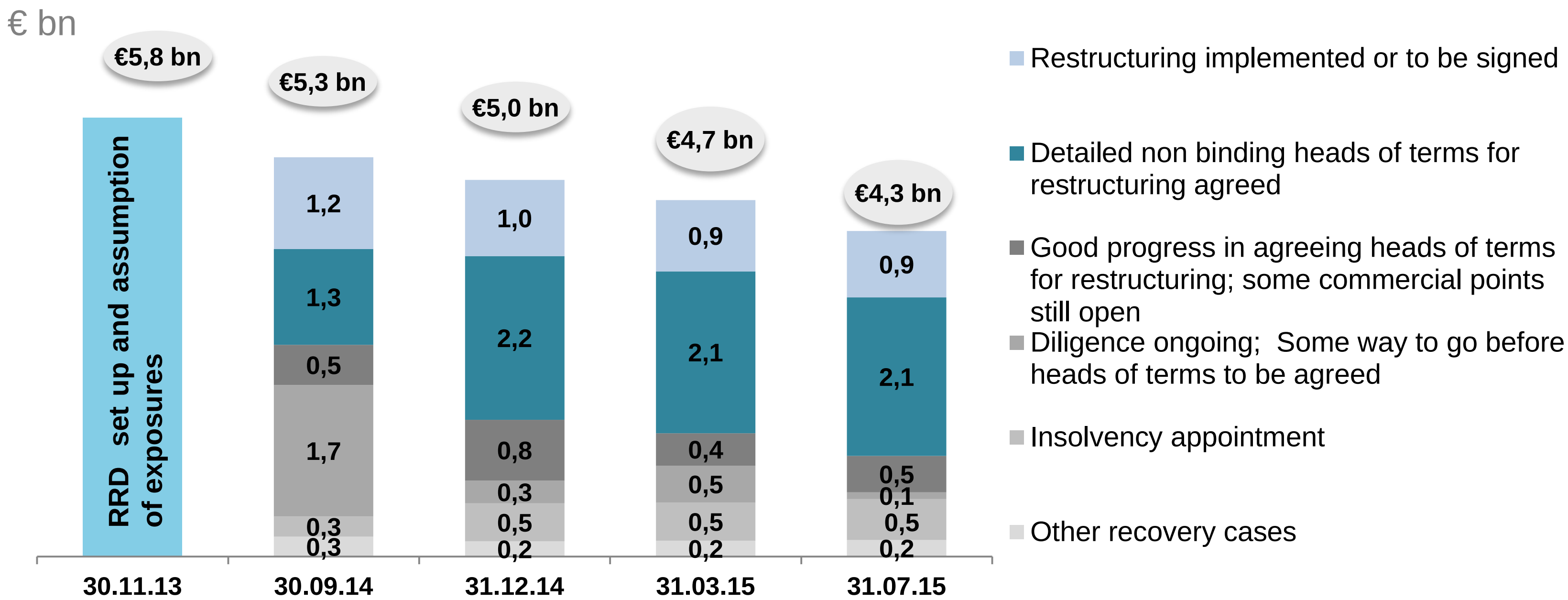
30 June 2015	Corporate	SMEs	Retail - Housing	Retail - Other	Cyprus
	47%	21%	21%	11%	100%
Gross loans (€ bn)	10,1	4,5	4,3	2,3	**21,2**
90+ DPD loans by segment	61,7%	66,7%	26,7%	48,6%	**54,2%**
Loan Loss Reserve (LLR) coverage	43,3%	31,9%	24,5%	50,6%	**39,1%**
Tangible coverage	69,1%	74,7%	80,1%	51,6%	**70,0%**
Total coverage	112,4%	106,6%	104,6%	102,2%	**109,1%**

Significant provision and collateral coverage, with additional comfort from personal guarantees

xx % of total gross loans (Cyprus only)

Restructuring and Recoveries Division

Good progress has been made with Restructuring efforts on top 30 exposures[1] assumed by RRD



- Currently, about €0,9 bn of restructured loans that are managed and monitored by RRD will be transferred to business lines upon satisfactory performance
- Aggregate of top exposures being reduced; approximately €400 mn restructured loans are in the process of being transferred back to business lines

[1] Funded and unfunded exposures. Top 30 exposures assumed by RRD on 30 November 2013 and their progress over time

Overseas non-core operations

Disposing of overseas operations considered as non-core

During 2Q2015 the Bank disposed of its investment in Marfin Diversified Strategy Fund

- Post 30 June 2015, the Bank has reached an agreement to sell the majority of its Russian operations, including Uniastrum Bank. The sale follows a similar disposal in Ukraine and completes the disposal of the Group's overseas banking subsidiaries identified for sale. The sale allows the Group to de-risk its balance sheet by approximately €600 mn and allows the release of risk weighted assets of approximately €600 mn. The sale improves the Group's regulatory capital position, with a positive impact of approximately 33 basis points on the CET 1 ratio.

The non-core overseas operations as at 30 June 2015 were as follows:

- **Greece**: The net exposure comprised **(a)** net on-balance sheet exposures (excluding foreclosed properties) totalling €56 mn (compared to €76 mn at 31 March 2015), **(b)** 637 foreclosed properties with a book value of €199 mn (compared to about 619 foreclosed properties with a book value of €200 mn at 31 March 2015), **(c)** off-balance sheet exposures totalling €133 mn (compared to €154 mn at 31 March 2015) and **(d)** lending exposures to Greek entities in the normal course of business in Cyprus totalling €74 mn, (compared to €89 mn at 31 March 2015) and lending exposures in Cyprus with collaterals in Greece totalling €66 mn at the same level as with previous quarter

- **Romania**: The overall net exposure is €368 mn (compared to €439 mn at 31 March 2015).

- **Russia**: The overall net exposure is €103 mn (compared to €121 mn at 31 March 2015).

Bank of Cyprus

Significant progress made on Group KPIs, with a clear plan of action to achieve medium-term targets

Category	Key performance indicators	Group Dec-2014	Group Jun-2015	Cyprus Jun-2015	Medium-term target (2017) *
Asset quality	90+ DPD coverage	41%	43%	39%	**40%-50%**
	Provisioning charge	3,6%	2,2%**	1,7%	**<1,0%**
Funding	Eurosystem funding % total balance sheet	31%	25%	n.a	**<25%**
Capital	Basel 3 transitional CET1	14,0%	14,9%	n.a	**>12%**
Margins and efficiency	Net interest margin	3,9%	3,9%	3,8%	**~3,25%**
	Fee and commission income/ total income	13%	15%	15%	**Increase**
	Cost to income ratio	36%	36%	35%	**40%-45%**

Key Pillars & Plan of action

1. Reverse trend on overdue loans
- Continue restructuring, capitalising on the foreclosure law
- Seek FDI to enhance business viability
- Re-cycle restructured loans into the lending business for continued support and service

2. Normalise funding; Eliminate ELA
- Boost deposits by leveraging on stronger capital position
- Access Debt Capital Markets on the back of improved ratings, stronger financial soundness and better prospects
- Proceeds from exiting non-core overseas activities

3. Focus on core markets in Cyprus
- Direct lending into promising sectors with a view to funding the recovery of the Cypriot economy
- Further diversify income stream by boosting fee income from new sources in international business and wealth

4. Achieve a lean operating model
- Set-out a digital vision and introduce appropriate technology to enhance product distribution channels
- Introduce technology and processes to reduce operating costs
- Introduce HR policies aimed at enhancing productivity

5. Deliver returns
- Strengthen governance and risk management to deliver appropriate medium-term risk-adjusted returns

*** Medium term target refers to the targets set as per the latest NDR presentation (available on the Group's website).**
**** Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €493 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €230 mn) over average gross loans**

Key Takeaways

- **Leading financial institution** in an economy that is on the road to economic recovery
- **CET1 ratio at 14,9% (transitional basis);** capital position shields the Group from further shocks and helps in regaining trust of counterparties
- Post 30 June 2015 the Bank has reached an agreement for the sale **of the majority of the Russian operations;** The sale allows the Group to de-risk its balance sheet even further and eliminates future potential risks, to release risk weighted assets and therefore improve its CET1 ratio by approx. 33 basis points.
- **Stabilising deposit base**; Loans-to-deposits ratio improved to 136%.
- **ELA reduced by €6,0 bn to €5,4 bn** through deleveraging actions, capital proceeds and customer inflows. Improved funding structure with customer deposits at 54% of total assets compared to 51% at 31 March 2015
- RRD efforts **are yielding results**, with loan quality showing **further signs of stabilisation; 90+ DPD reduced to €12,6 bn, with 90+ DPD provisioning coverage improving to 43%**
- The adoption of the **foreclosure legislation and insolvency framework** coupled with the improved fundamentals of the Cypriot economy is a significant step in enabling the Bank to tackle its delinquent loans and to improve its asset quality.
- **Recurring profitability** stabilising, with profit before provisions at €169 mn and profit after tax at €31 mn for 2Q2015

Key Information and Contact Details

Credit Ratings:

Fitch Ratings:
Long-term Issuer Default Rating: upgraded to "CCC" on 28 April 2015
Short-term Issuer Default Rating: affirmed at "C" on 28 April 2015
Viability Rating: upgraded to “ccc” on 28 April 2015

Moody’s Investors Service:
Baseline Credit Assessment: Affirmed at caa3 on 28 May 2015 (stable outlook)
Short-term deposit ratings: Affirmed at “Not Prime” on 17 November 2014
Long-term deposit ratings: Affirmed at Caa3 on 28 May 2015 (stable outlook)
Counterparty Risk Assessment: Assigned at Caa2(cr) / Not-Prime (cr) on 28 May 2015

Listing:

ATHEX – BOC, CSE – BOCY, ISIN CY0104810110

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Consolidated Balance Sheet

€ mn	% change	30.06.15	31.12.14
Cash and balances with Central Banks	-11%	1.011	1.139
Placements with banks	-13%	1.425	1.647
Debt securities, treasury bills and equity investments	-36%	1.631	2.541
Net loans and advances to customers	-	18.136	18.168
Other assets	-	2.374	2.378
Non current assets and disposal groups classified as held for sale	-12%	805	916
Total assets	**-5%**	**25.382**	**26.789**

Note:
As from the fourth quarter of 2014, the Group's operations in Russia are treated as a disposal group held for sale and results have been presented accordingly as discontinued operations in accordance with IFRSs.

€ mn	% change	30.06.15	31.12.14
Amounts due to banks	+24%	201	162
Funding from Central Banks	-23%	6.403	8.284
Repurchase agreements	-1%	576	580
Customer deposits	+3%	13.027	12.624
Debt securities in issue	-	1	1
Other liabilities	-6%	986	1.046
Non current liabilities and disposal groups classified as held for sale	+9%	669	611
Total liabilities	**-6%**	**21.863**	**23.308**
Share capital	-	892	892
Capital reduction reserve and share premium	-	2.505	2.505
Revaluation and other reserves	+21%	178	147
Accumulated losses	-12%	(69)	(79)
Shareholders' equity	**+1%**	**3.506**	**3.465**
Non controlling interests	-17%	13	16
Total equity	**+1%**	**3.519**	**3.481**
Total liabilities and equity	**-5%**	**25.382**	**26.789**

Consolidated Income Statement

€ mn	2Q2015	1Q2015	4Q2014*	3Q2014*	2Q2014*
Net interest income	**214**	**225**	225	232	264
Net fee and commission income	**36**	**43**	37	37	37
Net foreign exchange gains/(losses) and net gains/(losses) on other financial instruments	**12**	**(4)**	14	(13)	(1)
Insurance income net of insurance claims	**9**	**12**	10	10	13
(Losses)/gains from revaluation and disposal of investment properties	**(16)**	**(7)**	(9)	(4)	4
Other income	**6**	**3**	4	2	2
Total income	**261**	**272**	**281**	**264**	**319**
Staff costs	**(59)**	**(59)**	(58)	(59)	(59)
Other operating expenses	**(33)**	**(43)**	(56)	(44)	(45)
Total expenses	**(92)**	**(102)**	**(114)**	**(103)**	**(104)**
Profit before provisions and impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations	**169**	**170**	**167**	**161**	**215**
Provisions for impairment of customer loans	**(309)**	**(148)**	(306)	(117)	(160)
Gains on derecognition and changes in expected cash flows on acquired loans	**187**	**43**	30	6	4
Impairments of other financial and non-financial assets	**(30)**	**(1)**	(57)	1	(34)
Share of profit/(loss) from associates and joint ventures	**1**	**2**	3	(2)	2
Profit/(loss) before tax, restructuring costs and discontinued operations	**18**	**66**	**(163)**	**49**	**27**
Tax	**(2)**	**(9)**	(1)	(6)	(2)
(Loss) attributable to non - controlling interests	**(0)**	**(0)**	0	(0)	(0)
Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets	**16**	**57**	**(164)**	**43**	**25**
Restructuring costs	**(14)**	**(7)**	(3)	(11)	(16)
Loss from disposal group held for sale / discontinued operations	**(12)**	**(21)**	(157)	(37)	(19)
Net gain/(loss) on disposal of non-core assets	**41**	**-**	(13)	-	60
Profit/(loss) after tax	**31**	**29**	**(337)**	**(5)**	**50**

•Comparative information has been represented. See Note 4.2 to the Mid-year Financial Report for the six months ended 30 June 2015, Comparative information.

Bank of Cyprus

Income Statement bridge for 1H2015

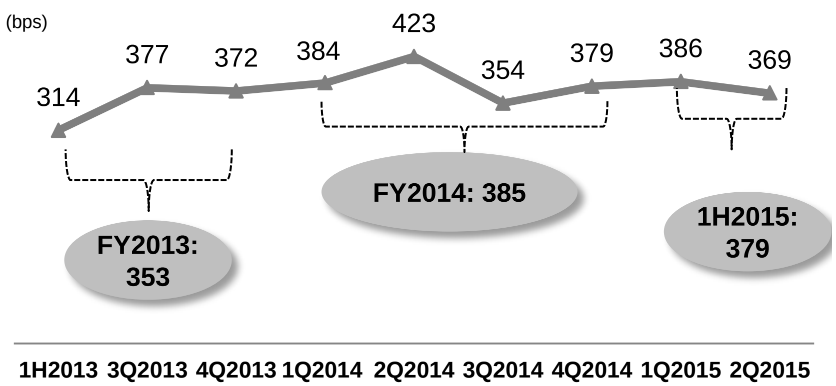
€ mn	Per presentation	Reclassification	Per financial statements
Net interest income	439		439
Net fee and commission income	79		79
Net foreign exchange gains/(losses) and net gains/(losses) on other financial instruments	8	271	279
Insurance income net of insurance claims	21		21
Losses from revaluation and disposal of investment properties	(23)		(23)
Other income	9		9
Total income	**533**		**804**
Total expenses	**(194)**	(21)	**(215)**
Profit before provisions and impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations	**339**		**589**
Provisions for impairment of customer loans	(457)		(457)
Gains on derecognition and changes in expected cash flows on acquired loans	230	(230)	-
Impairments of other financial and non-financial assets	(31)		(31)
Share of profit from associates	3		3
Profit before tax, restructuring costs and discontinued operations	**84**		**104**
Tax	(11)		(11)
Loss attributable to non-controlling interests	(0)		(0)
Profit after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets	**73**		**93**
Restructuring costs	(21)	21	-
Net losses on disposal of non-core assets	(33)		(33)
Profit from disposal group held for sale / discontinued operations, net of minority interest	41	(41)	-
Profit after tax	**60**		**60**

Cyprus Income Statement

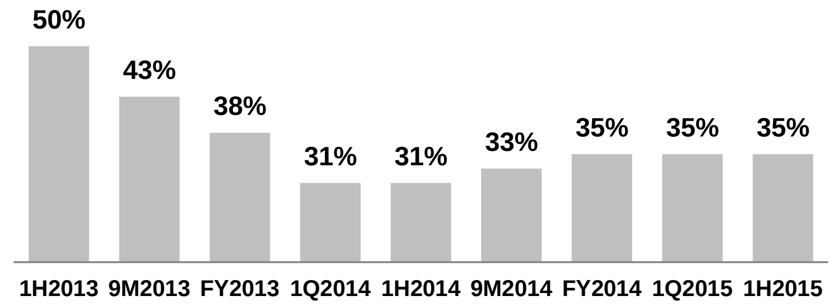
(€ mn)	1H2015	1H2014	2Q2015	1Q2015	4Q2014	3Q2014	2Q2014
Net interest income	411	487	200	211	216	216	251
Net fee & commission income	76	75	34	42	34	35	36
Net FX income/(losses) and net gains/(losses) from financial instruments	7	5	12	(5)	12	(9)	(2)
Insurance income net of insurance claims	20	23	8	12	10	9	12
Other income /(expenses)	(1)	5	(4)	3	(5)	(5)	5
Total income	**513**	**595**	**250**	**263**	**267**	**246**	**302**
Staff costs	(110)	(110)	(55)	(55)	(56)	(55)	(55)
Other operating expenses	(68)	(76)	(31)	(37)	(54)	(38)	(40)
Total expenses	**(178)**	**(186)**	**(86)**	**(92)**	**(110)**	**(93)**	**(95)**
Profit before provisions and impairments	**335**	**409**	**164**	**171**	**157**	**153**	**207**
Provisions for impairment	(410)	(272)	(288)	(122)	(207)	(101)	(163)
Gains on derecognition and changes in expected cash flows on acquired loans	229	11	186	43	30	6	4
Impairment of other financial assets and non financial assets	(20)	(34)	(19)	(1)	(48)	1	(34)
Share of profit from associates	4	4	2	2	3	(2)	2
Profit/(loss) before tax	**138**	**118**	**45**	**93**	**(65)**	**57**	**16**
Tax	(11)	(2)	(3)	(8)	0	(2)	(1)
(Loss)/profit attributable to non-controlling interests	(0)	(0)	(0)	0	1	(0)	(0)
Profit/(loss) after tax and before one off items	**127**	**116**	**42**	**85**	**(64)**	**55**	**15**

Cyprus operations: key driver of Group performance

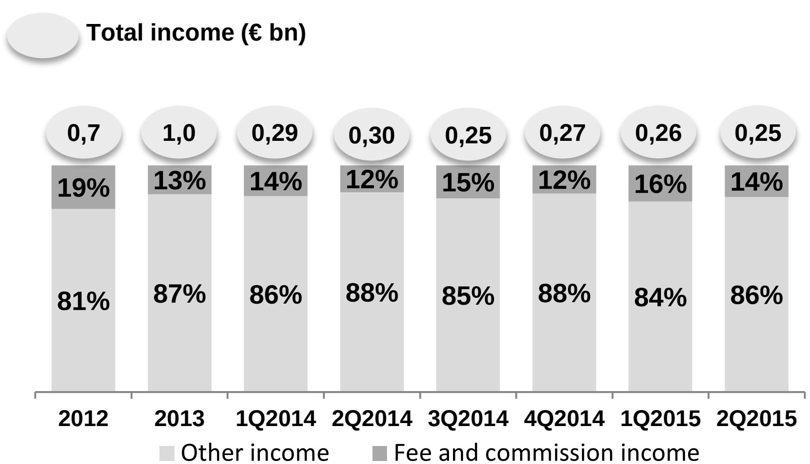
High NIM Cyprus operations – supported by high funding reliance on Eurosystem funding



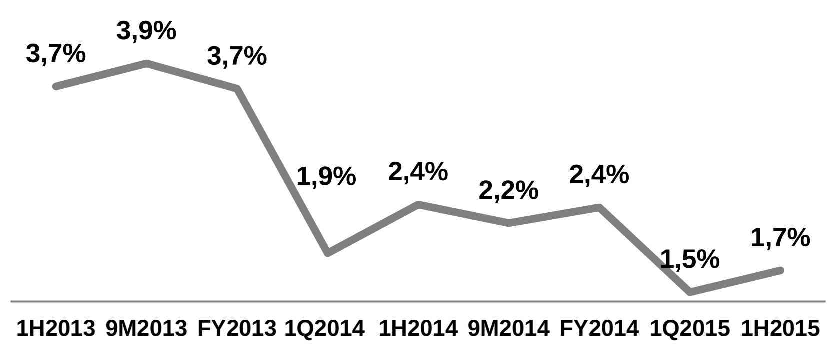
Lower Cost to Income ratio for Cyprus operations



Historical fee and commission income / total income for Cyprus operations



Evolution of Cost of risk* for Cyprus operations



* Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €493 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €230 mn) over average gross loans. Gross loans are before the deduction of the fair value adjustment on initial recognition relating to loans acquired from Laiki Bank.

Summary Income Statement by Geography

(€ mn)	UK		OTHER	
	1H2015	1H2014	1H2015	1H2014
Net interest income	15	15	24	47
Net fee & commission income	3	2	5	11
Net FX income/(losses) and net gains/(losses) from financial instruments	1	1	4	2
Insurance income net of insurance claims	-	-	0	2
Other income /(expenses)	0	0	(2)	5
Total income	**19**	**18**	**31**	**67**
Staff costs	(7)	(6)	(16)	(20)
Other operating expenses	(8)	(6)	(20)	(31)
Total expenses	**(15)**	**(12)**	**(36)**	**(51)**
Profit/(loss) before provisions and impairments	**4**	**6**	**(5)**	**15**
Provisions for impairment	(1)	(30)	(82)	(66)
Gains on derecognition and changes in expected cash flows on acquired loans	1	-	-	-
Impairment of other financial assets and non financial assets	-	-	(12)	-
Share of profit/(loss) from associates	-	-	-	-
Profit/(loss) before tax	**4**	**(24)**	**(99)**	**(51)**
Tax	(1)	0	1	(6)
Profit attributable to non-controlling interests	-	-	8	8
Profit/(loss) after tax and before one off items	**3**	**(24)**	**(90)**	**(49)**

Cyprus: Income Statement by business line

(€ mn)	Consumer Banking	SME Banking	Corporate Banking	International Banking	Wealth & Brokerage & Asset Management	RRD	Other	Total Cyprus
Net interest income	114	32	33	31	3	166	32	411
Net fee & commission income	27	5	4	27	1	7	5	76
Other income /(expenses)	3	0	1	3	2	0	17	26
Total income	**144**	**37**	**38**	**61**	**6**	**173**	**54**	**513**
Total expenses	**(59)**	**(6)**	**(5)**	**(9)**	**(2)**	**(18)**	**(79)**	**(178)**
Profit/(loss) before provisions and impairments	**85**	**31**	**33**	**52**	**4**	**155**	**(25)**	**335**
Provisions for impairment	(5)	1	(15)	(0)	(0)	(392)	1	(410)
Gains on derecognition and changes in expected cash flows on acquired loans	50	24	29	2	2	116	6	229
Impairment of other financial assets	-	-	-	-	-	-	(20)	(20)
Share of profit of associate and Non-Controlling Interest	-	-	-	-	-	-	4	4
Profit/(loss) before tax	**130**	**56**	**47**	**54**	**6**	**(121)**	**(34)**	**138**
Tax	(16)	(7)	(6)	(7)	(1)	15	11	(11)
Profit/(loss) after tax and before one off items	**114**	**49**	**41**	**47**	**5**	**(106)**	**(23)**	**127**
Cost-to-Income ratio	**41%**	**16%**	**14%**	**16%**	**43%**	**10%**	**-**	**35%**

Risk Weighted Assets by Geography – Regulatory Capital

Risk weighted assets by Geography (€ mn)

	30.06.14	30.09.14	31.12.14	31.03.15	30.06.15
Cyprus	19.807	20.296	20.452	20.473	19.607
Russia	1.276	1.203	706	813	708
United Kingdom	616	633	986	1.162	667
Romania	358	316	308	294	318
Greece	381	367	217	181	180
Other[1]	47	48	46	49	47
Total	**22.485**	**22.863**	**22.715**	**22.972**	**21.527**

Risk weighted assets by type of risk (€ mn)

	30.06.14	30.09.14	31.12.14	31.03.15	30.06.15
Credit risk	20.457	20.834	20.625	20.881	19.426
Market risk	5	5	5	6	16
Operational risk	2.023	2.023	2.085	2.085	2.085
Total	**22.485**	**22.863**	**22.715**	**22.972**	**21.527**

Equity and Regulatory Capital (€ mn)

	30.6.14	30.9.14	31.12.14	31.03.15	30.06.15
Shareholders' equity	2.748	3.728	3.465	3.502	3.506
CET1 capital	2.547	3.512	3.191	3.201	3.205[2]
Tier I capital	2.547	3.512	3.191	3.201	3.205
Tier II capital	3	39	42	30	32
Total regulatory capital (Tier I + Tier II)	**2.550**	**3.551**	**3.233**	**3.231**	**3.237**

[1] Other countries include Ukraine, Channel Islands and Netherlands
[2] Includes independently verified profits for 1H2015

Reconciliation of Group Equity to CET 1

(€ mn)	30.06.15
Group Equity per financial statements	3.519
Less : Intangibles and other deductions	(16)
Less: Deconsolidation of insurance and other entities	(222)
Less: Regulatory adjustments (Minority Interest, DTA and other items)	(24)
Less: Revaluation reserves and other unrealised items transferred to Tier II	(52)
CET 1 (transitional)[1]	**3.205**
Less : Adjustments to fully loaded (mainly DTA)	**(114)**
CET 1 (fully loaded)	**3.091**
Risk Weighted Assets	**21.527**
CET 1 ratio (fully loaded)	**14,4%**

[1] **CET 1 ratio includes profits of 1H2015**

Bank of Cyprus

Loans and Deposits by Geography

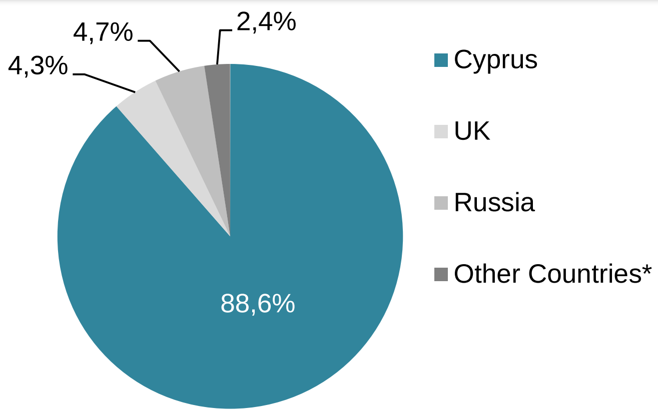
Gross Loans by Geography

€ mn	30.06.14	30.09.14	31.12.14	31.03.15	30.06.15
Cyprus	22.020	21.716	21.200	21.320	21.191
UK	1.172	1.112	914	1.026	1.132
Russia	1.304	1.208	966	1.072	1.033
Other countries*	804	706	692	667	570
Group	**25.300**	**24.742**	**23.772**	**24.085**	**23.926**

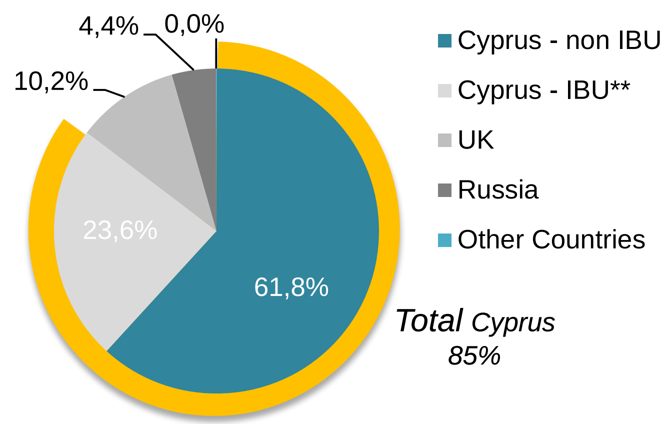
Deposits by Geography

€ mn	30.06.14	30.09.14	31.12.14	31.03.15	30.06.15
Cyprus non-IBU**	8.094	7.785	7.847	8.080	8.421
Cyprus IBU**	3.594	3.458	3.467	3.560	3.210
Cyprus – Total	**11.688**	**11.243**	**11.314**	**11.640**	**11.631**
UK	1.252	1.289	1.305	1.357	1.391
Russia	845	794	545	609	602
Other countries***	18	4	5	5	5
Group	**13.803**	**13.330**	**13.169**	**13.611**	**13.629**

Gross Loans by Geography



Deposits by Geography

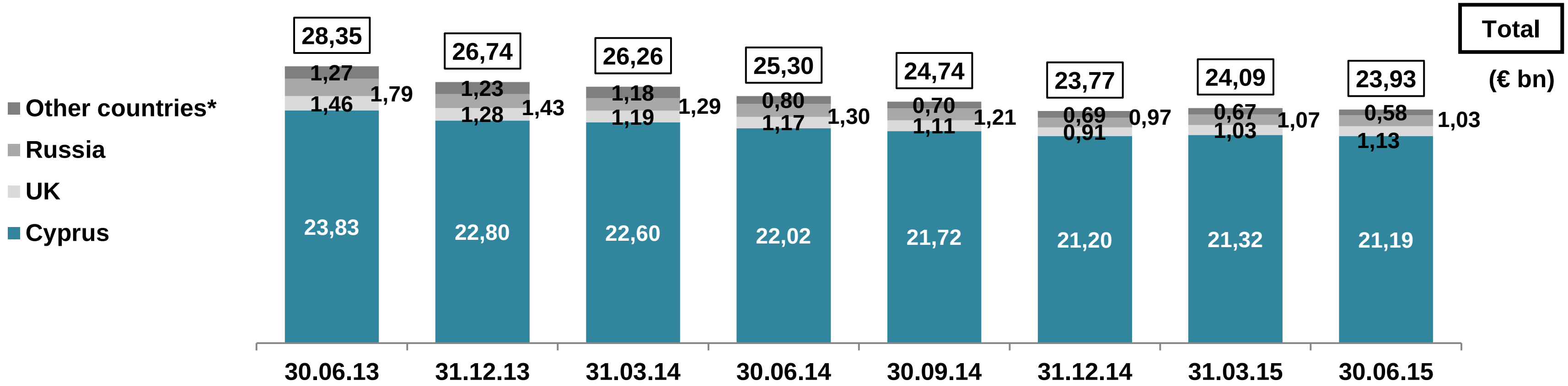


*** Other countries: Romania and Greece**

**** IBU- Division servicing exclusively international activity companies registered in Cyprus and abroad and non-residents**
***** Other countries: Romania and Greece**

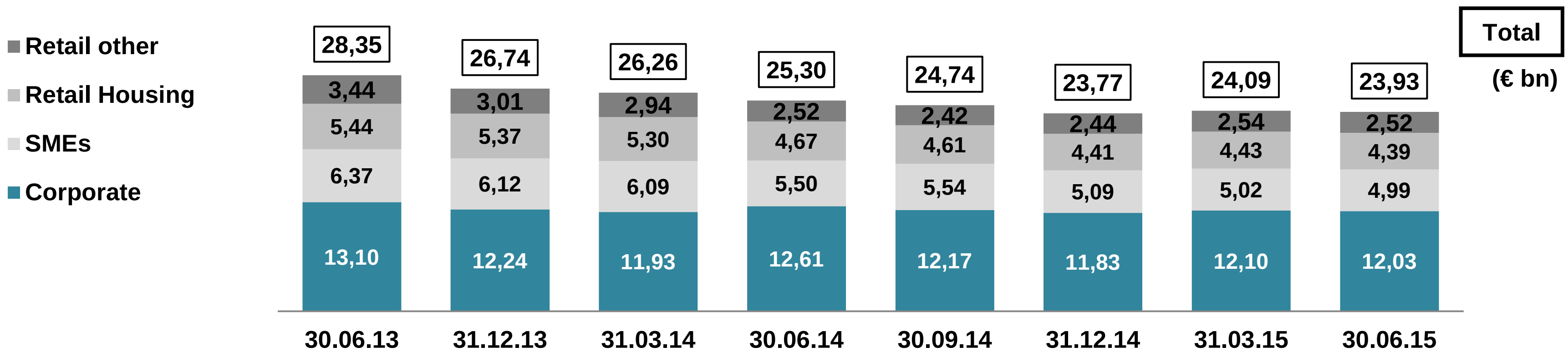
Gross loans by Geography and by Customer Type

Gross loans by geography



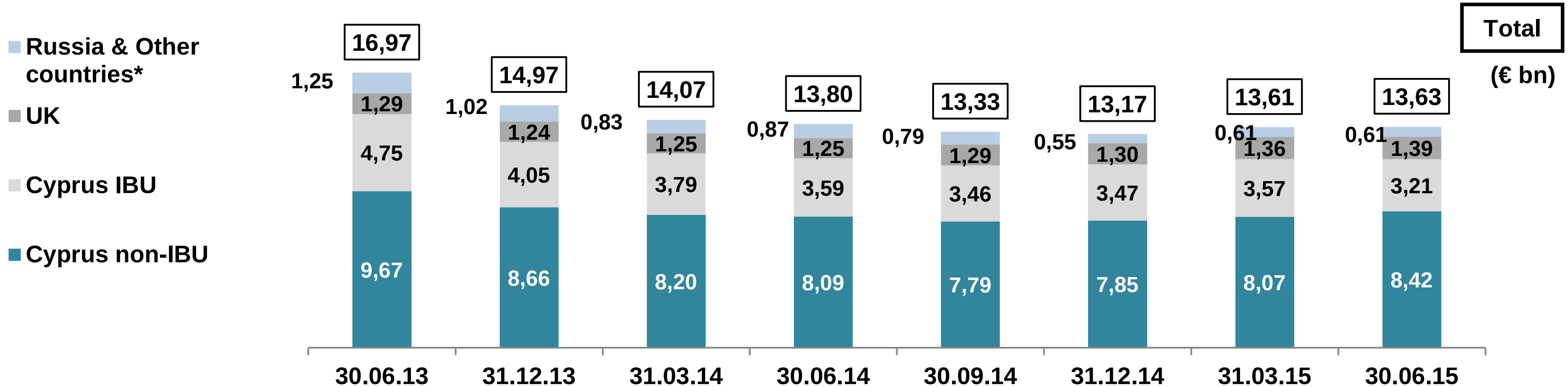
*Other countries: Greece, Romania and Ukraine (until March 2014)

Gross loans by customer type



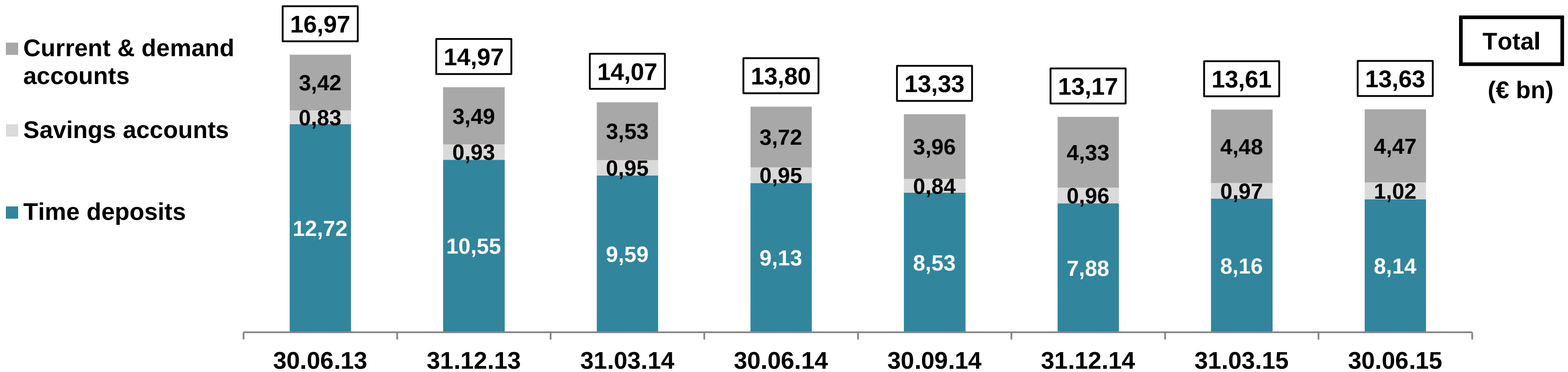
Analysis of Deposits by Geography and by Type

Deposits by geography



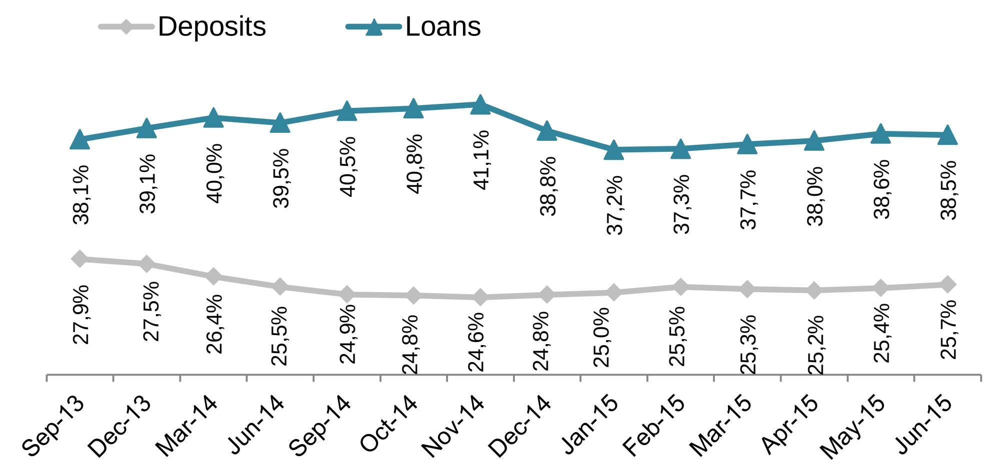
* Other countries: Romania and Ukraine

Deposits by type of deposit



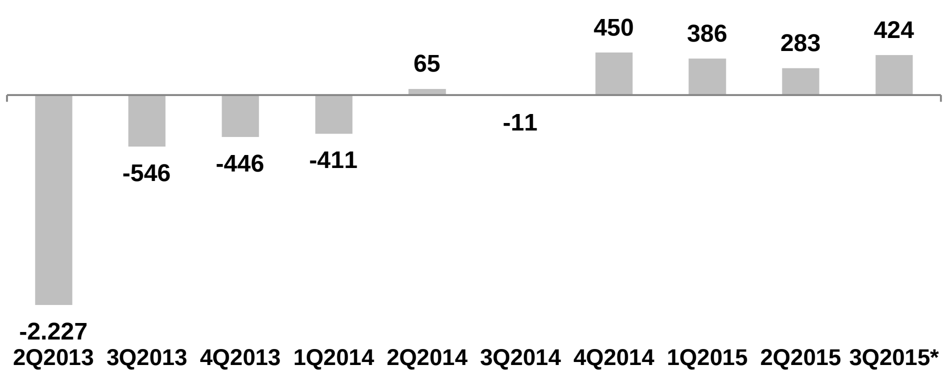
Market Shares and Customer flows in Cyprus

Market share evolution in Cyprus



- Around 1% increase in the Bank's market share in deposits since low of 24,6% in November 2014.
- The Bank's market share in loans has been hovering around 38%

Total customer flows per quarter (€ mn)



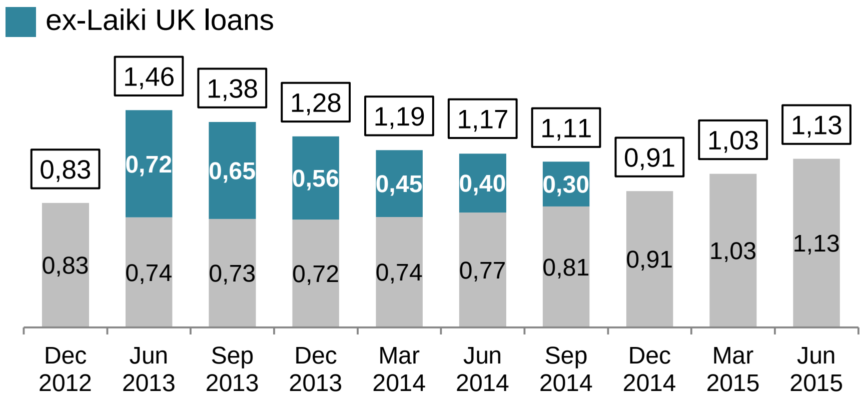
- Customer flows were positive during 2Q2015
- Post full abolition of capital controls in April 2015, customer flows are positive

* Up to 25 August 2015

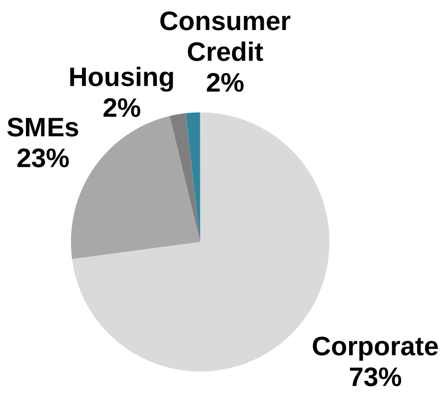
Bank of Cyprus

UK Operations

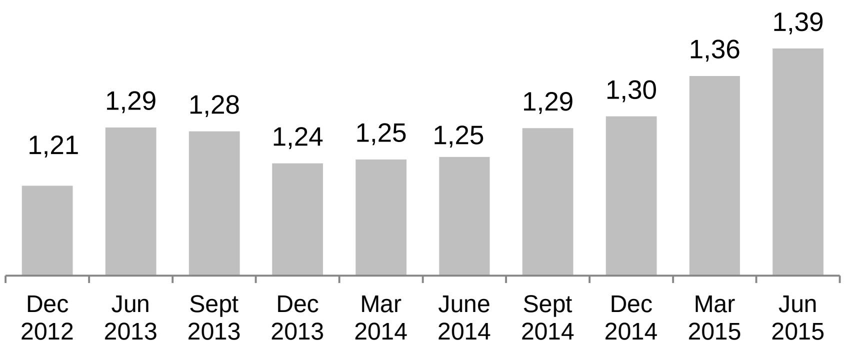
UK Loans (€ bn)



Loans by sector

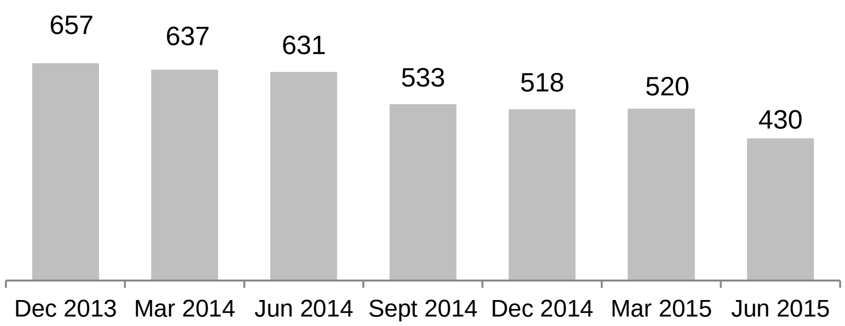


UK Deposits (€ bn)



Overseas Operations – Russia, Romania and Greece

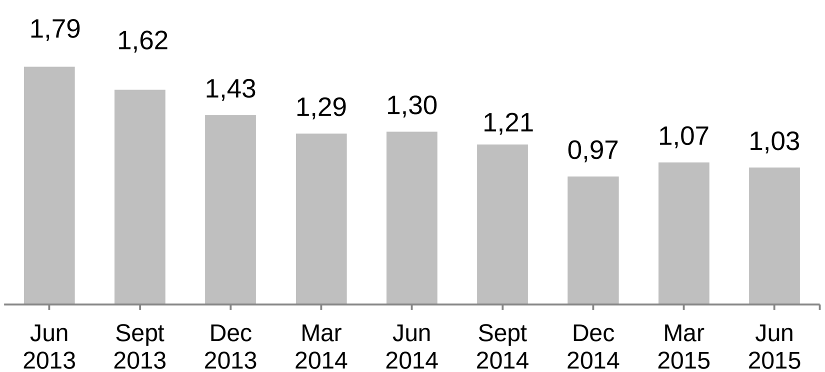
Romanian Gross loans (€ mn)



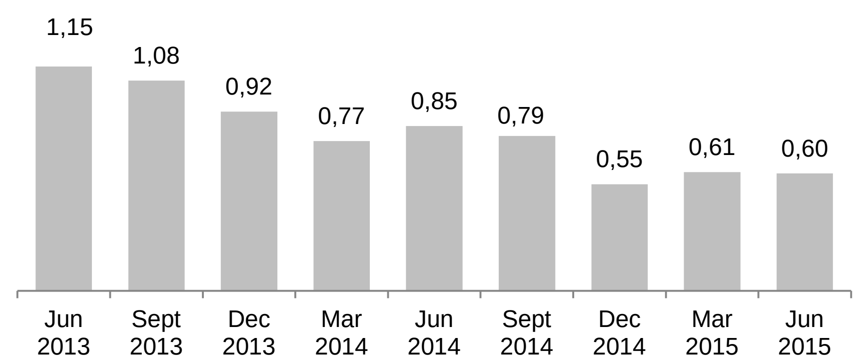
Total exposure in Greece and Romania

Romania € mn	31.12.14	31.03.15	30.06.15
Overall net exposure	520	439	368
Greece € mn	**31.12.14**	**31.03.15[1]**	**30.06.15[1]**
Net Exposure from on balance sheet financial assets	97	76	56
Exposure from off balance sheet financial assets	185	154	133
Foreclosed properties (book value)	179	200	199

Russian Gross loans (€ bn)



Russian Deposits (€ bn)



[1] In addition to the above, in the normal course of business in Cyprus, the Bank has lending exposures to Greek entities amounting to €74 mn as at 30 June 2015, compared to €89 mn as at 31 March 2015 and lending exposures in Cyprus with collaterals in Greece totalling €66 mn, at the same level as the previous quarter end.

Adoption of Foreclosure law and Insolvency framework

Adoption removes the uncertainty of previous months, but implementation risks remains

Foreclosure Law

- Provides for the **holding of private auctions and sales of mortgaged property** by Creditors, **without the involvement of governmental bodies**
- New process expected to shorten significantly the time frame for foreclosing property
- The Bank is assessing the various provisions and expects to be using selectively the new enforcement procedures

Insolvency framework

- Objective is to introduce a proper insolvency regime for both individuals and legal entities
- The aim of the framework is:

For natural persons

- The introduction of the concept of **Consensual** or **Non-Consensual Personal Repayment Schemes** and **Debt Relief Orders** (both subject to satisfaction of certain criteria) through the **appointment of an Insolvency Practitioner**, **maintaining, where feasible, the primary residence**
- the **modernisation of the existing bankruptcy procedures** enabling **bankrupt debtors to reactivate** their economic activity **after 3 years** following their bankruptcy

For legal entities

- The modernisation of the liquidation procedures, and
- The provision of a mechanism through the appointment of an Examiner for the restructuring of debts and finding ways of keeping a company a going concern.

The Bank is assessing the various provisions of the laws, e.g. enforcement rights against guarantors

Key challenges & issues

- Untested process
- Courts not adequately resourced
- Lack of experience in court procedures
- Managing reputational implications
- Implementation of the various provisions of the law

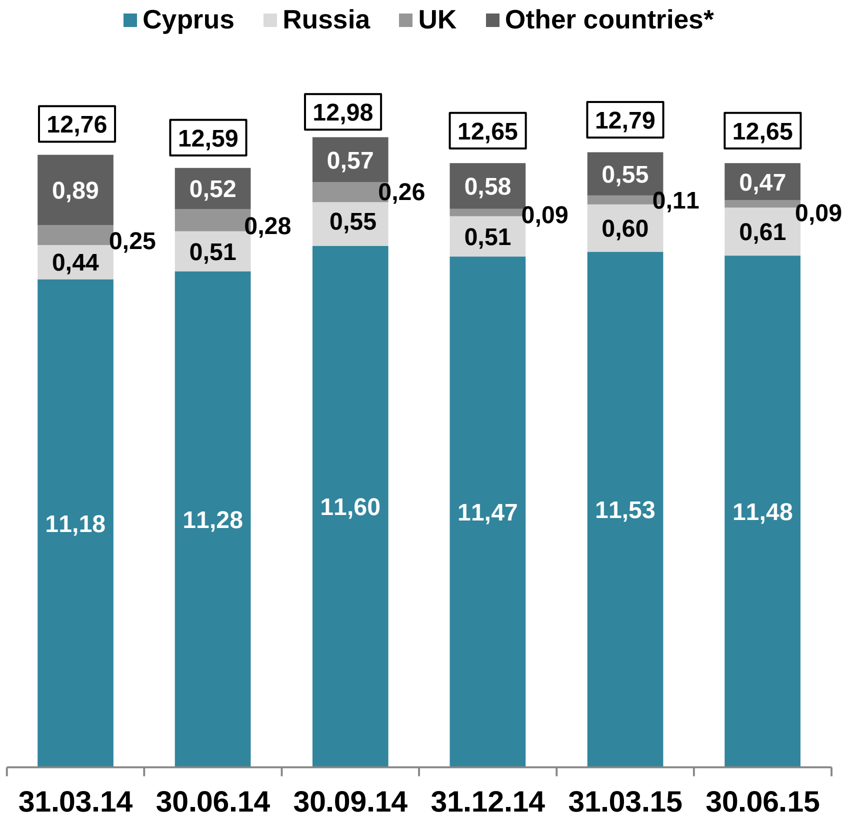
Asset Quality

(€ mn)	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14
A. Gross Loans after Fair value on Initial recognition	**22.575**	**22.540**	**22.206**	**23.136**	**23.685**
Fair value on Initial recognition	1.351	1.545	1.566	1.606	1.615
B. Gross Loans	**23.926**	**24.085**	**23.772**	**24.742**	**25.300**
B1. Loans with no arrears	**10.178**	**10.038**	**10.065**	**10.298**	**10.964**
B2. Loans with arrears but not impaired	**4.105**	**4.627**	**4.413**	**5.222**	**5.285**
Up to 30 DPD	668	662	562	750	919
31-90 DPD	435	596	492	716	826
+ 91-180 DPD	227	344	440	718	674
+ 181-365 DPD	529	758	926	1.058	1.145
+ Over 1 year DPD	2.246	2.267	1.993	1.980	1.721
+ **B3. Impaired Loans**	**9.644**	**9.420**	**9.294**	**9.221**	**9.051**
With no arrears	969	1.006	1.153	1.145	1.133
Up to 30 DPD	91	68	149	66	104
31-90 DPD	121	275	142	168	122
91-180 DPD	167	181	143	233	398
181-365 DPD	489	445	685	828	1.551
Over 1 year DPD	7.807	7.445	7.022	6.781	5.743
= **(90+ DPD)***	**12.646**	**12.789**	**12.653**	**12.977**	**12.591**
90+ DPD ratio (90 + DPD / Gross Loans)	**52,9%**	**53,1%**	**53,2%**	**52,5%**	**49,8%**
Accumulated provisions	**5.381**	**5.354**	**5.140**	**4.948**	**4.879**
Gross loans provision coverage	**22%**	**22%**	**22%**	**20%**	**19%**
90+ DPD provision coverage	**43%**	**42%**	**41%**	**38%**	**39%**

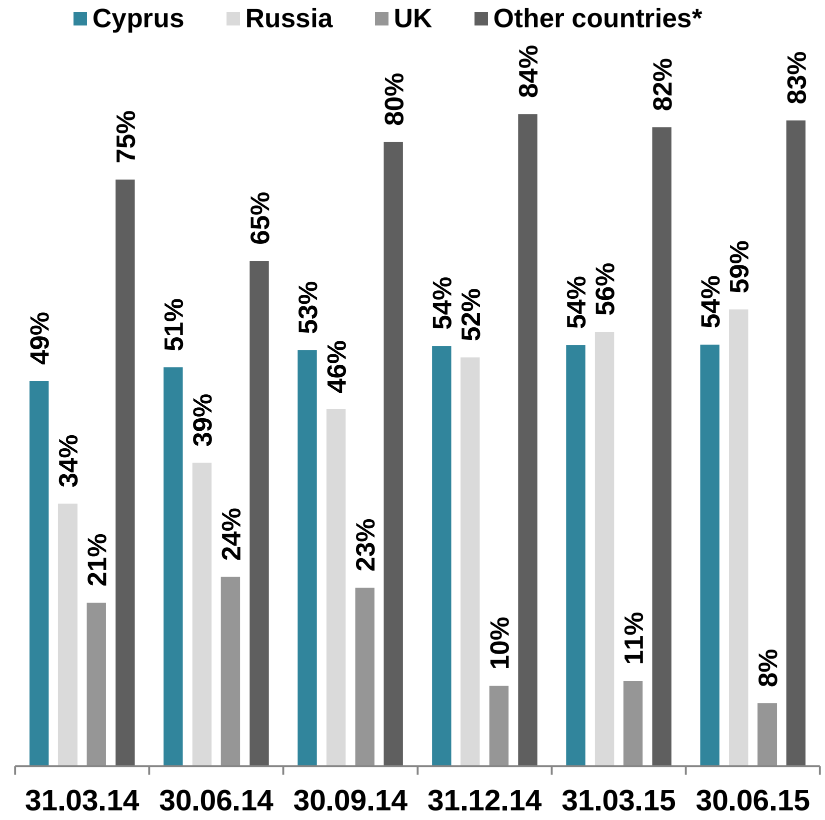
*** Loans in arrears for more than 90 days (90+ DPD) = Loans with arrears over 90 days but not impaired + Impaired Loans**

90+ DPD by Geography

90+ DPD by Geography (€ bn)



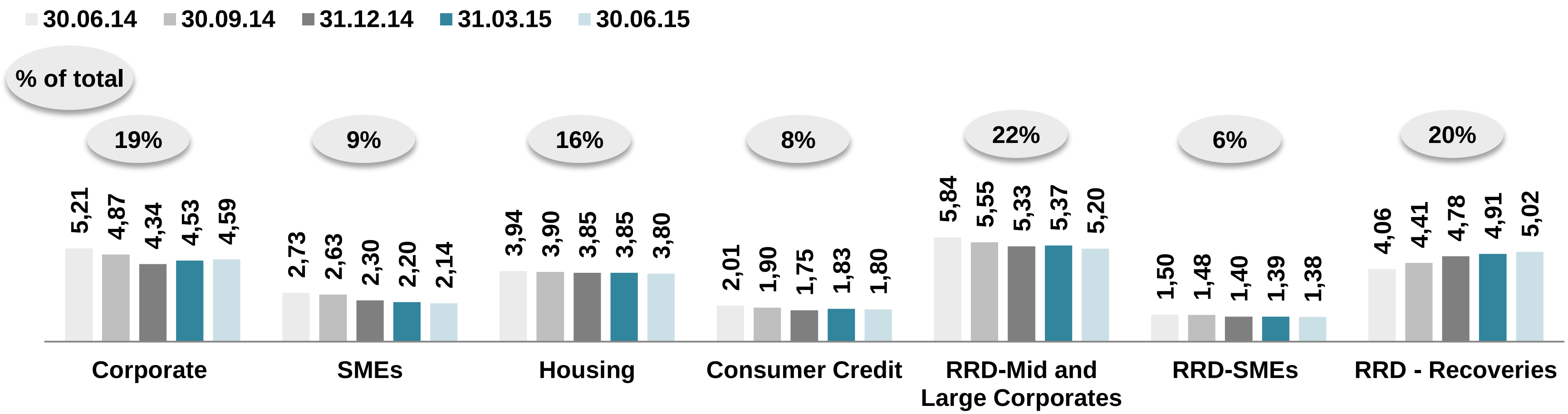
90+ DPD ratios by Geography



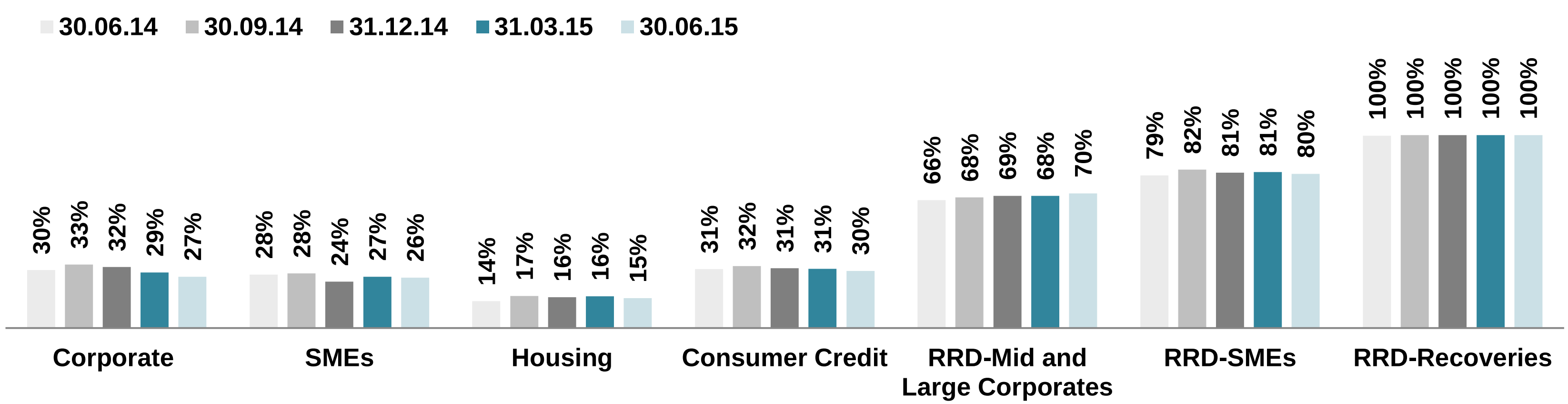
* Other countries: Romania, Ukraine (until March 2014) and Greece

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

Gross loans by business line (€ bn)



90+ DPD ratios by business line

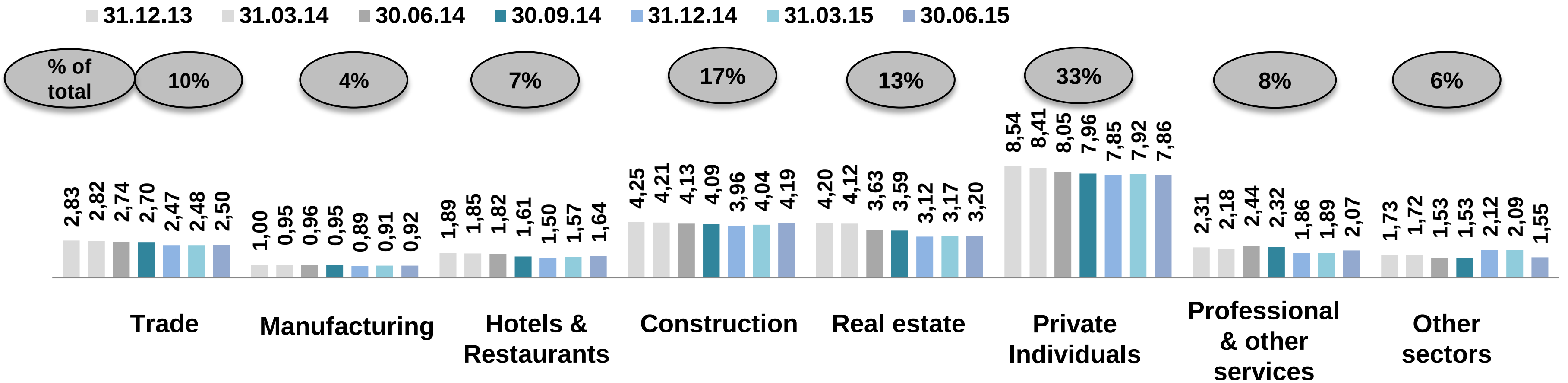


*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans. No comparative information is available prior to June 2014.

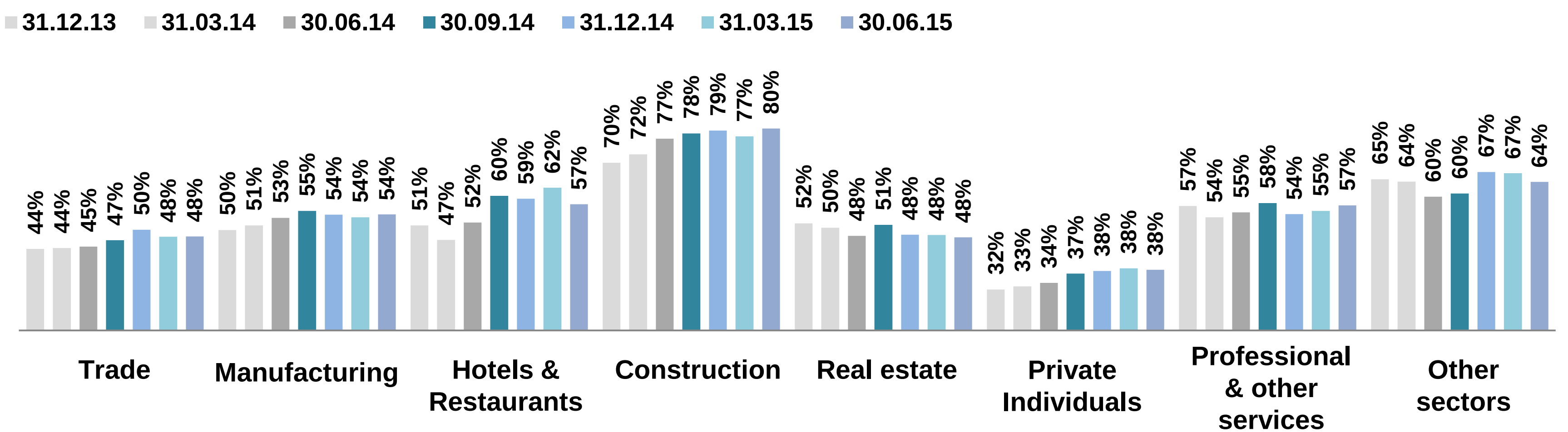
Bank of Cyprus

Analysis of Loans and 90+ DPD ratios by Economic Activity

Gross loans by economic activity (€ bn)

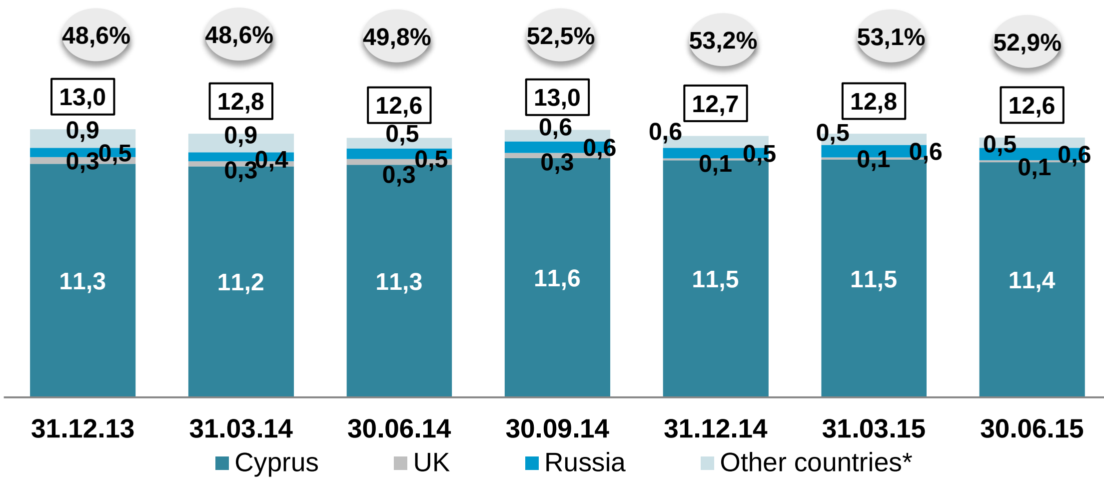


90+ DPD ratios by economic activity

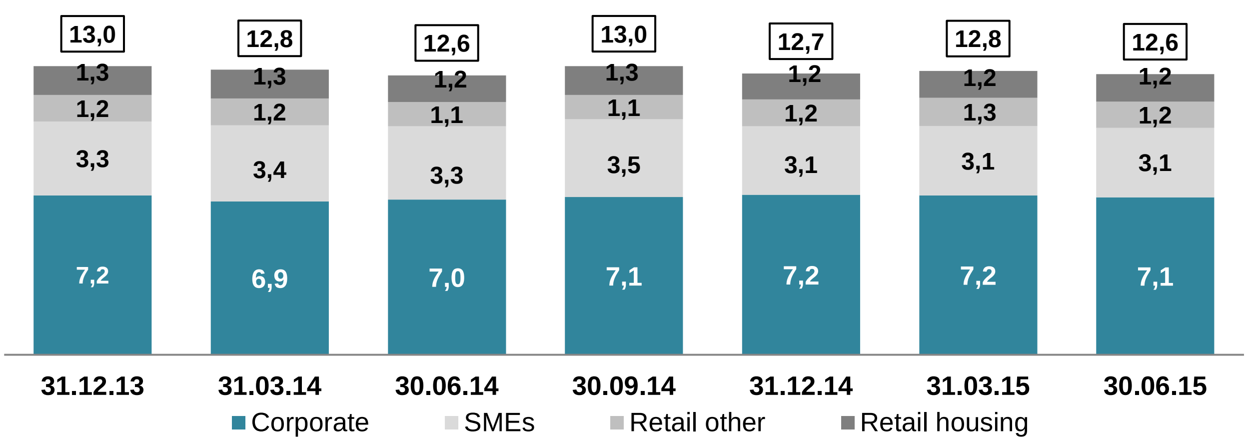


Credit Risk – 90+ DPD by Geography and by customer type

Group 90+ DPD loans by geography (€ bn)



Group 90+ DPD loans by customer type (€ bn)

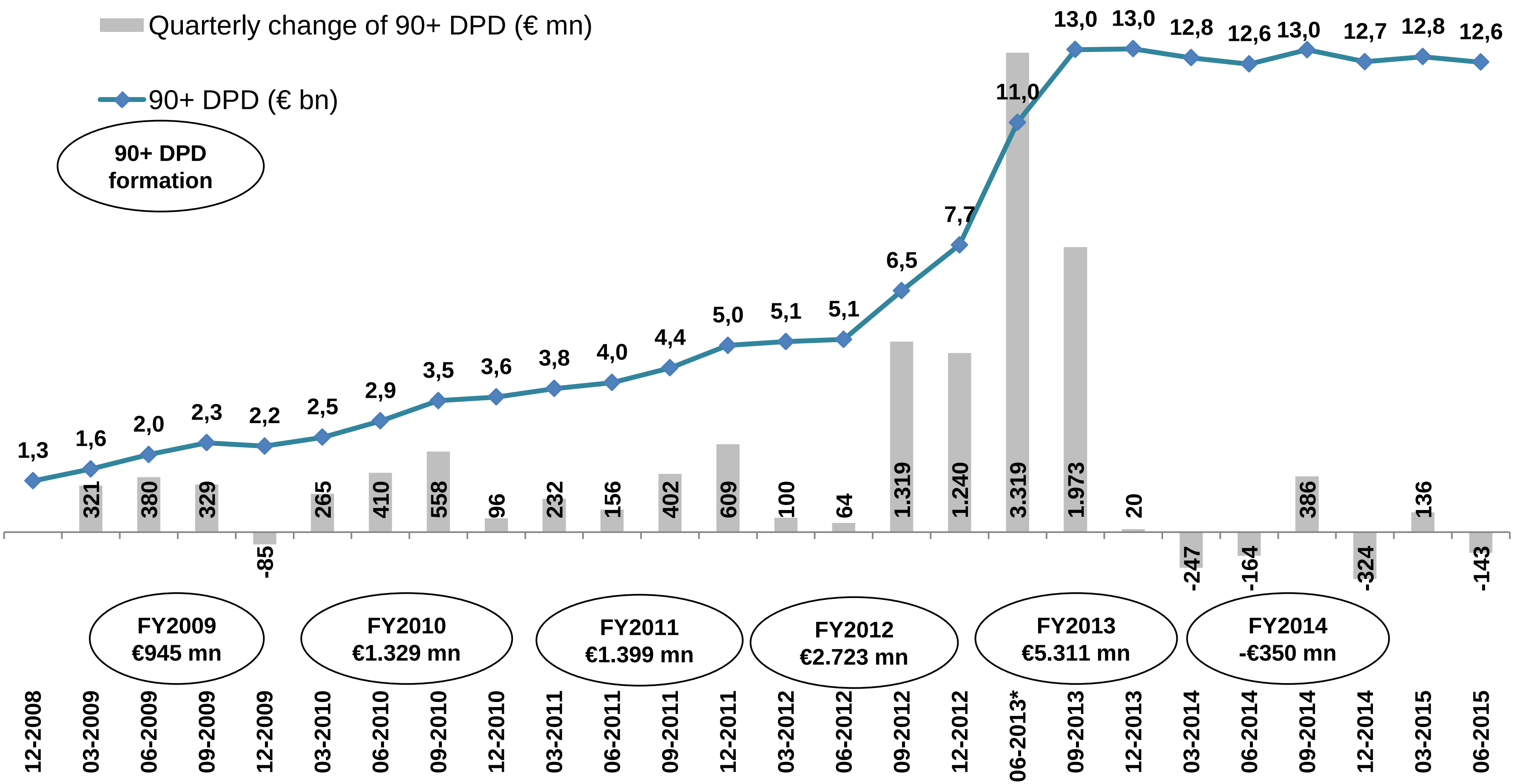


- Group 90+ DPD have stabilised below €13 bn
- 90+ DPD in Cyprus have stabilised at around €11,4 bn
- Adoption of foreclosure legislation and insolvency framework are significant steps in enabling the Bank to tackle its delinquent loans in Cyprus and to improve asset quality.

* Other countries include certain loans and advances in Romania that were previously reported under Cyprus

90+ DPD and Quarterly Change of 90+ DPD

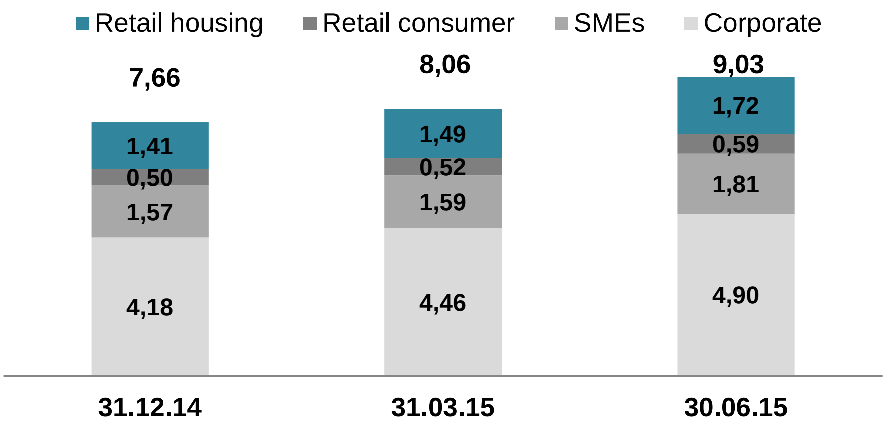
90+ DPD (€ bn) and Quarterly change of 90+ DPD (€ mn)



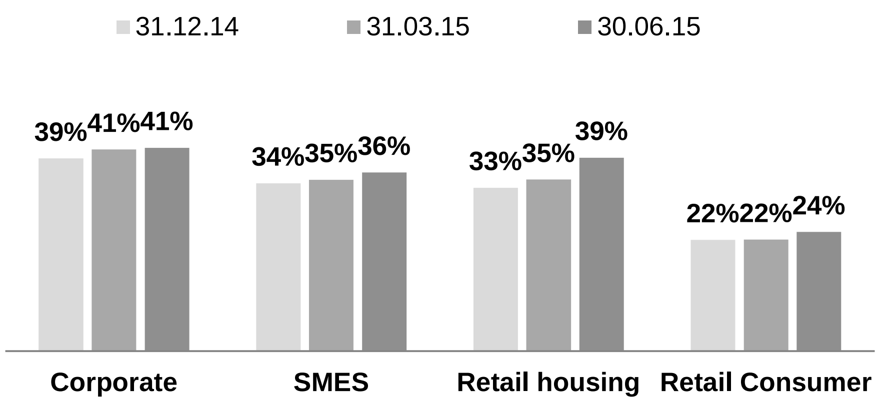
*** Information for 1Q2013 and 2Q2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013.**

Rescheduled Loans

Rescheduled Loans by customer type (€ bn)



Rescheduled loans % gross loans[1] by customer type



Rescheduled Loans

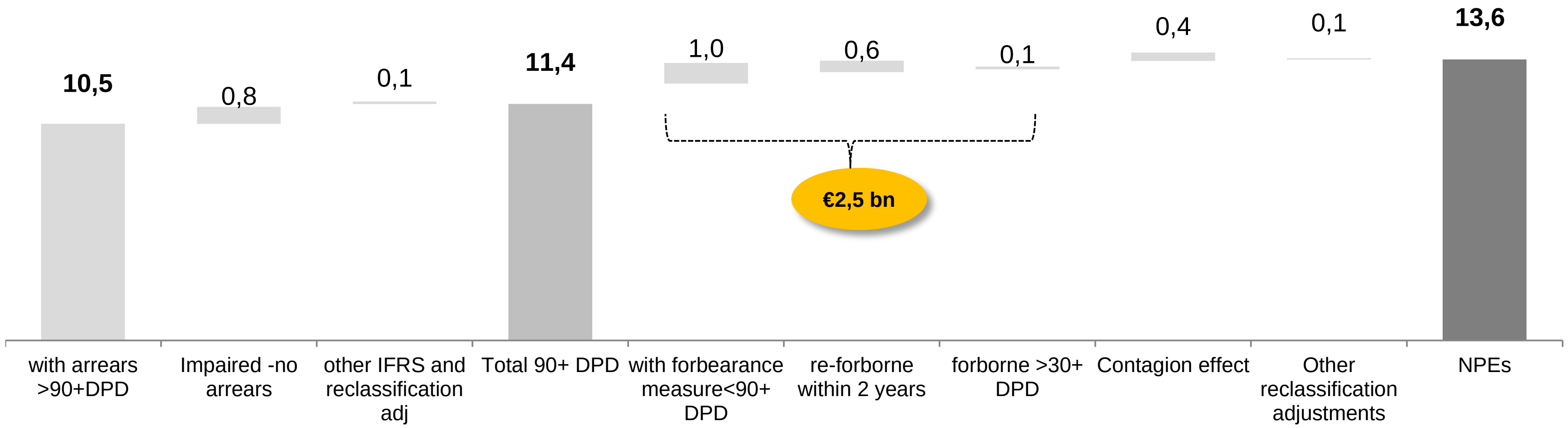
(€ mn)	31.12.14	31.03.15	30.06.15
Loans with no arrears	2.788	2.907	3.532
Loans with arrears but not impaired	1.806	1.887	1.942
Impaired Loans	3.062	3.268	3.556
Total	**7.656**	**8.062**	**9.030**

- Further progress on restructuring activity with Group rescheduled loans totalling €9,03 bn at 30 June 2015 compared to €8,06 bn at 31 March 2015
- Around 39% of rescheduled loans have no arrears post rescheduling. Taking into account only the loans restructured post 31 March 2014, for the Cyprus operations the percentage of rescheduled loans with no arrears increases to 70%
- Higher rescheduling activity observed in corporate (41% at 30 June 2015 at the same level as at 31 March 2015) followed by Retail housing rescheduling activity which increased to 39% compared to 35% at 31 March 2015

[1] Before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €1,351 mn for gross loans and to €611 mn for rescheduled loans (compared to €1,545 mn and €689 mn respectively at 31 March 2015), including loans of discontinued operations/disposal group held for sale.

Credit Risk - Analysis of problem loans

Analysis of problem loans - Cyprus operations (€ bn) (Jun-15)



- The Bank is taking targeted action to address the €2,5 bn of NPE exposures that do not present arrears over 90 days

- The Bank's main focus for addressing the problem loans is the active management of the €10,5 bn of loans with arrears over 90+DPD

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

Provisioning Methodology

Valuation of collateral – A Conservative approach for prudent calculation of provisions

The valuation is a combination of:

- New valuations, from independent valuers for (i) New loans and a 2^{nd} valuation for amounts > €3mn, (ii) performing accounts with exposures over €3 mn every 3 years (iii) Non performing/ restructured accounts with LTV > 50%
- All other cases monitored though the appropriate CBC indices and revalued only in cases where there is a material decline in a specific property
- Introduction of commercial property price index of the CBC for the monitoring of commercial buildings and land
- CBC guidelines are applied to marketable securities in order to ensure the appropriate valuation
- Foreign property mortgaged for facilities in Cyprus is revalued at specified intervals
- Restructuring / Recoveries cases follow separate valuation guidelines

Key highlights of provisioning methodology

Assumptions and Key drivers:

- Older valuations are adjusted/indexed to market values based on RICS's property price index to reflect current market conditions
- Conservative assumptions for taxes and expenses on the repossession and subsequent sale of the collateral
- The timing of recovery from mortgages has been estimated to be 3 years with the exception for specific cases where a different period has been used based on specific facts and circumstances.
- Projection of future property prices based on an internal model reviewed by auditors and external advisors, based on various parameters such as GDP growth, macroeconomic scenario for future changes in property values and other economic fundamentals. The cumulative average future change in property values during this period has been capped at 0% in accordance with the Loan Impairment and Provisioning Directives of 2014 and 2015 of the CBC.

Non-Performing Loans definition

Non-Performing Loans (NPLs) –as per the Central Bank of Cyprus Directive: In accordance with the directive, a loan is considered as non-performing when it shows arrears of more than 90 days or if it has been restructured and at the time of restructuring presented arrears for a period of more than 60 days, regardless of tangible or other collateral or it has been restructured more than 2 times in a period of 18 months. More specifically a NPL is defined as a loan which has arrears (of interest or capital or any other charges) for a period of more than 90 days, an overdraft in excess of its contractual limit on a continuous basis for a period of more than 90 days and a restructured facility which at the time of restructuring was classified as NPL or has arrears/excesses for a period of more than 60 days, or has been restructured more than 2 times in the last 18 months. Restructured loans remain as NPLs for 6 months following the commencement of the new repayment schedule of capital installments or in the case of gradual increasing installments, six months from the first month from which the higher installment is due. In case of lump-sum payments at maturity, the loan remains as NPL until its maturity.

Non-Performing Exposures (NPEs) –as per the EBA definition: In 2014 the European Banking Authority (EBA) published its reporting standards on forbearance and non-performing exposures (NPEs). According to the EBA standards, a loan is considered a non-performing exposure if:

- (i) the debtor 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, for example in case of a write off, a legal action against the borrower, or bankruptcy
- (ii) the exposures are impaired i.e. in cases where there is a specific provision, or
- (iii) there are material exposures which are more than 90 days past due, or
- (iv) there are performing forborne exposures under probation for which additional forbearance measures are extended, or
- (v) there are performing forborne exposures under probation that present more than 30 days past due within the probation period.

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

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