

## Group<sup>1</sup> Financial Results for the six months ended 30 June 2017



**Bank of Cyprus**  
*The Best Bank in Cyprus 2016*

The financial information included in this presentation is neither reviewed nor audited by the Group's external auditors.  
The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2017 have not been audited by the Group's external auditors.

**29 August 2017**

The Group's external auditors have conducted a review of the interim Condensed Consolidated Financial Statements in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. They are presented in Euro (€) and all amounts are rounded as indicated. A comma is used to separate thousands and a dot is used to separate decimals.

(1) The Group Financial Results referred to in this Presentation relate to the consolidated financial results of Bank of Cyprus Holdings Public Limited Company (BOC Holdings), together with its subsidiary the Bank of Cyprus Public Company Limited, the "Bank", and the Bank's subsidiaries. On 18 January 2017, BOC Holdings was introduced in the Group structure as the new holding company. On 19 January 2017, the total issued share capital of BOC Holdings was admitted to listing and trading on the London Stock Exchange and the Cyprus Stock Exchange.

# 1H2017 - Highlights

## Good Progress on NPEs

- Nine consecutive quarters of NPE reduction
- NPEs down by €620 mn qoq (down by 35% since December 2014)
- Coverage at 48%; to exceed 50% by year end; Bank no longer an outlier; coverage now above EU average<sup>1</sup>
- Additional provisions of c.€500 mn concluding the dialogue with the ECB on coverage
- Since 2014, provision coverage increased by 14 p.p (€2.6 bn) without need for new equity

## Capital is sufficient

- CET1 at 12.3% and 11.8% fully loaded
- Total Capital ratio at 13.8%
- 2017 SREP dialogue with ECB advanced
- Additional provisions taken without need for further equity capital

## Strong funding position

- Loan to deposit ratio of 90%
- Deposit balances stable
- Compliance with LCR & NSFR liquidity requirements

## Robust operating performance

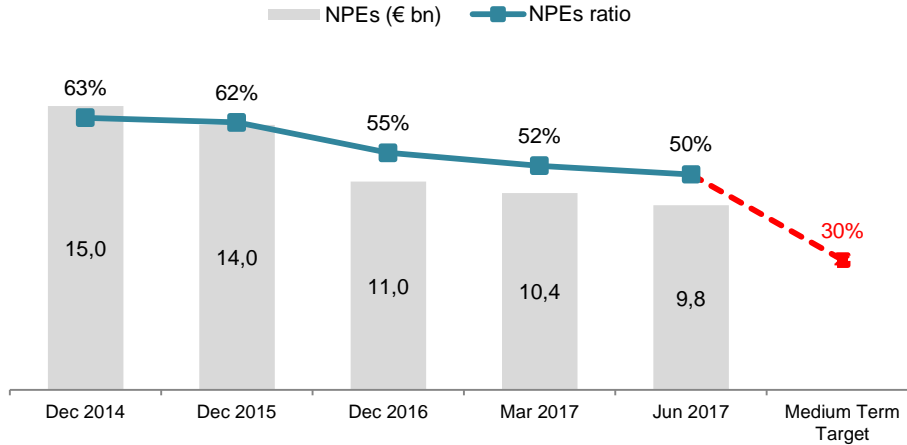
- Consistent quarterly operating profit of €130 mn
- New lending of €1.1 bn in 1H2017, more than double new lending of 1H2016
- NIM of 3.37%; Cost/Income ratio of 42%<sup>2</sup>

## Projecting a more normal 2018

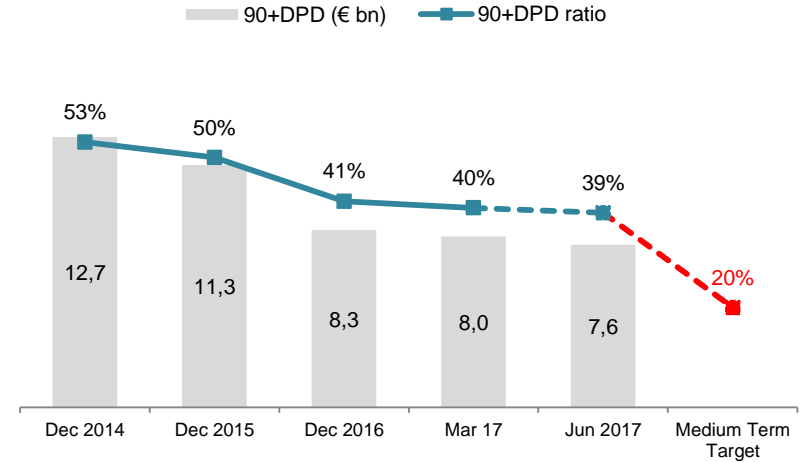
- EPS of c.€0.40
- More normal credit cost (~100 bps in 2018)
- CET 1 >13.0% and Total capital ratio >15.0%
- No equity dividend for 2018
- Potential AT1 issuance

# Good progress on NPEs

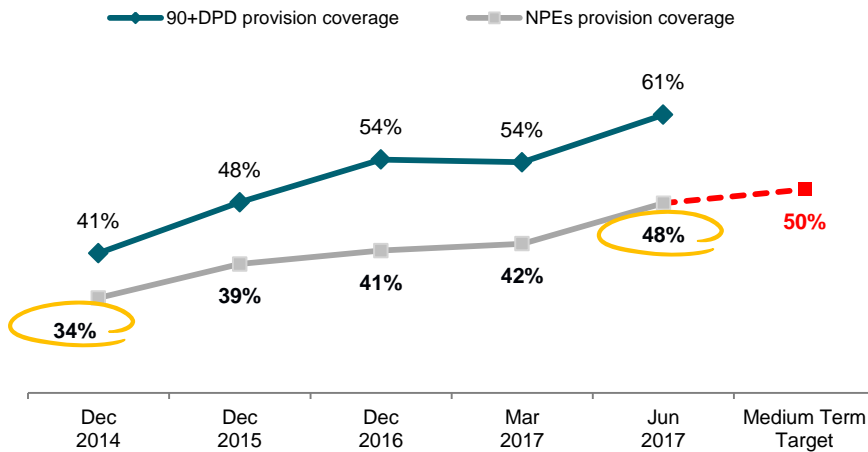
## €1,282 mn reduction in NPEs in 1H2017



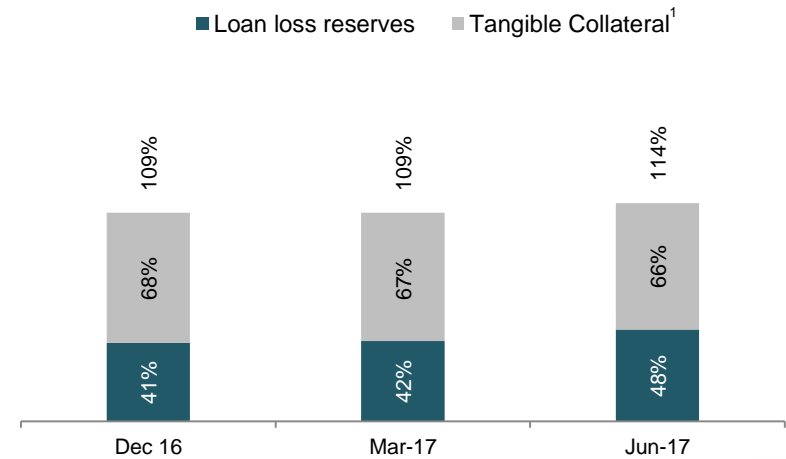
## €748 mn reduction in 90+DPD in 1H2017



## NPE Coverage ratio approaching 50%



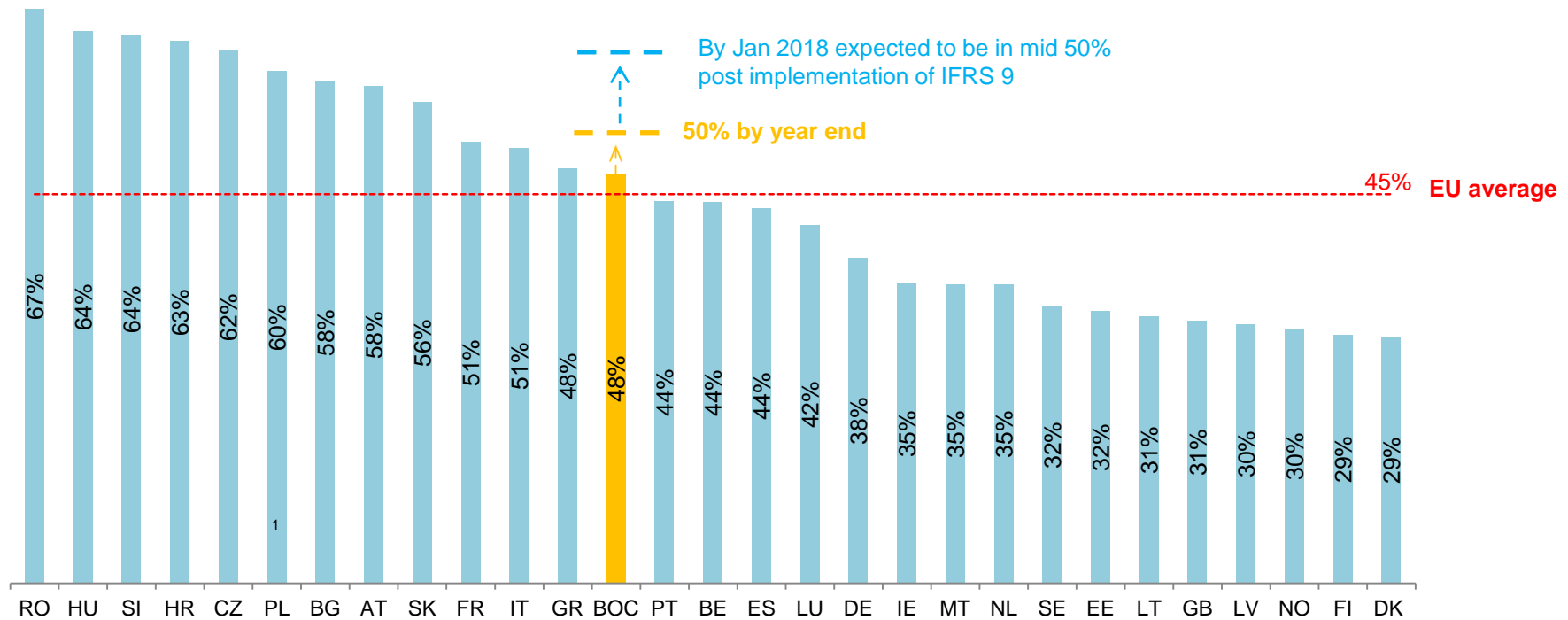
## NPE total coverage at 114% when collateral included



(1) Restricted to Gross IFRS balance

# BOC no longer an outlier: Coverage ratio above EU average

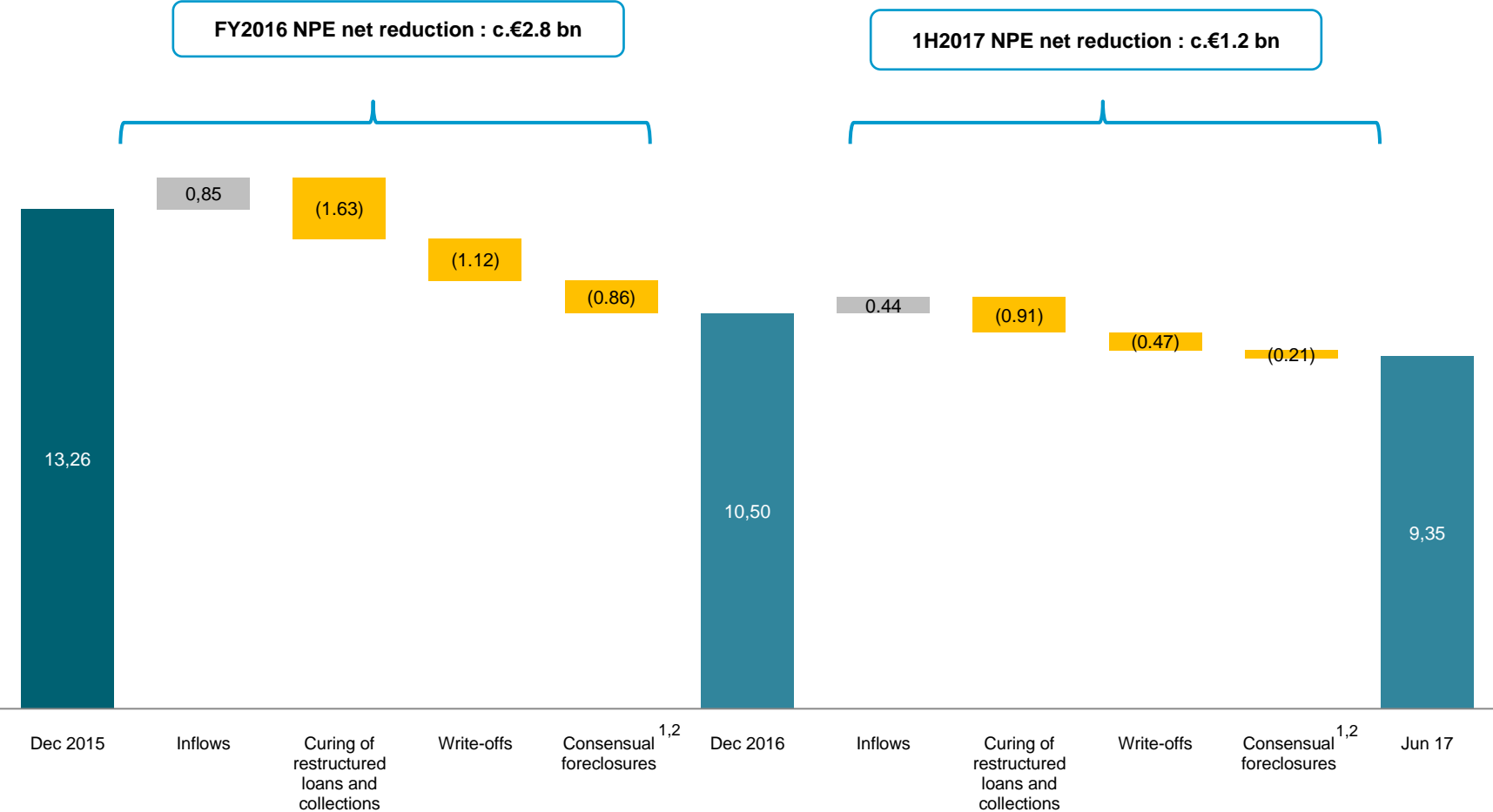
NPEs Provision Coverage ratio expected to exceed 50% by year end



1 Based on EBA Risk Dashboard as at 31 March 2017  
 2 Provision Coverage for BOC relates to NPEs provision coverage as at 30 June 2017

# €1.2 bn NPEs reduction in 1H2017 (Cy)

Reduction continues to be achieved through curing of restructured loans and collections, write offs and consensual foreclosures (DFAs)

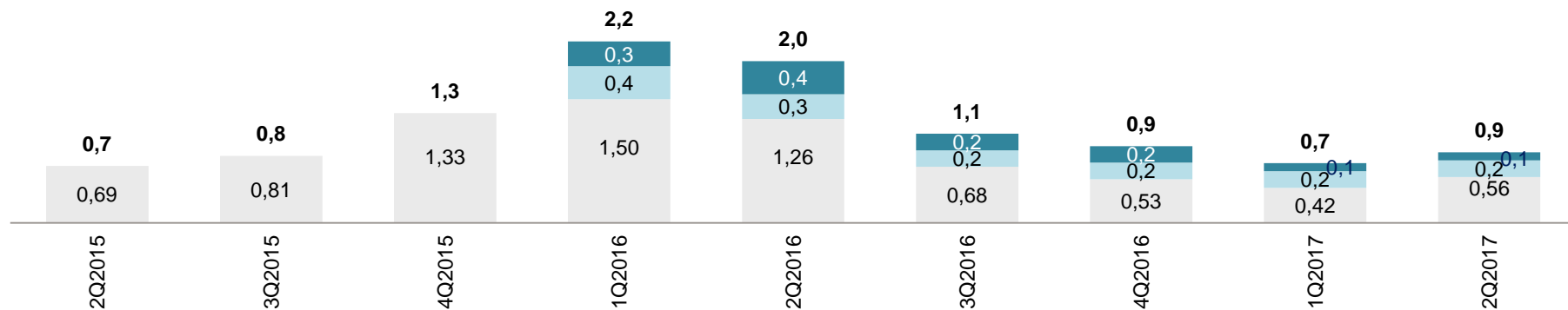


(1) Value of on-boarded assets is set at a conservative 25%-30% discount from open market valuations, by two independent sources  
 (2) Includes debt for asset swaps and debt for equity swap

# Intense restructuring efforts continue; re-default level stable

## Quarterly evolution of restructuring activity (€ bn) (Cy operations)

■ Restructured loans<sup>1</sup> ■ Write offs & non contractual write offs<sup>2</sup> ■ DFAs



## Cohort analysis of restructured<sup>3,4</sup> loans; 76% of restructured loans present no arrears

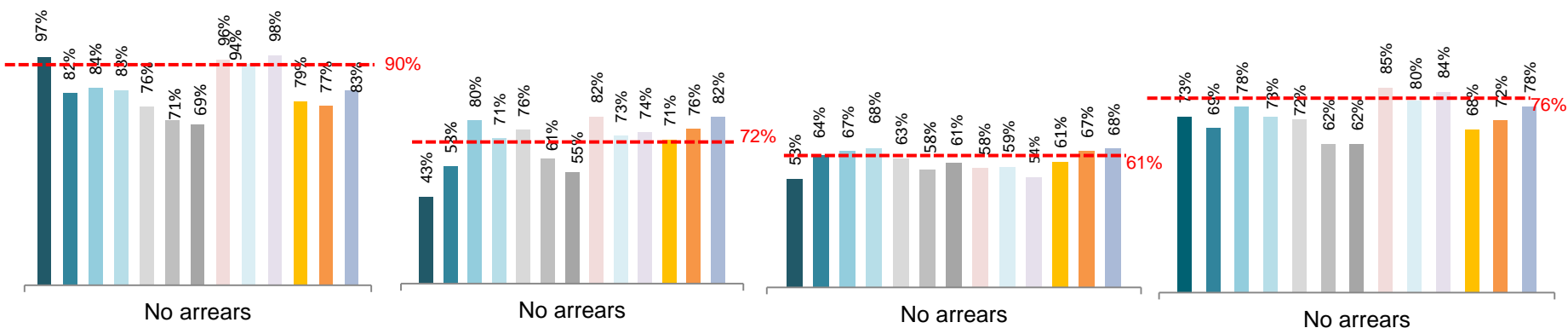
### Corporate

### SMEs

### Retail

### Total Bank – Cyprus

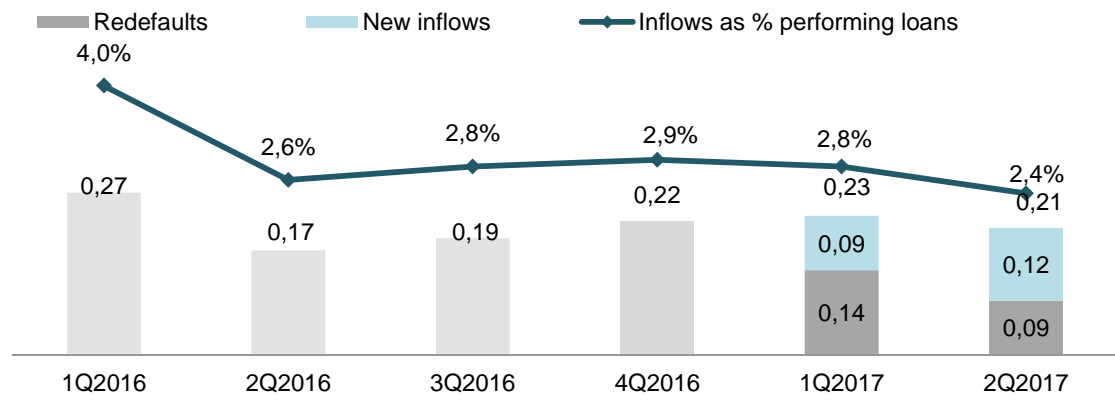
■ 1Q2014 ■ 2Q2014 ■ 3Q2014 ■ 4Q2014 ■ 1Q2015 ■ 2Q2015 ■ 3Q2015 ■ 4Q2015 ■ 1Q2016 ■ 2Q2016 ■ 3Q2016 ■ 4Q2016 ■ 1Q2017



(1) Restructuring activity within quarter as recorded at each quarter end and includes restructurings of 90+ DPD, NPEs, performing loans and re-restructurings  
 (2) Loans together with the associated provisions are written off when there is no realistic prospect of future recovery. Partial write-offs, including non-contractual write-offs, may occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance.  
 (3) Restructured loans post 31 December 2013 excluding write offs & non contractual write offs and DFAs  
 (4) The performance of loans restructured during 2Q2017 is not presented in this graph as it is too early to assess

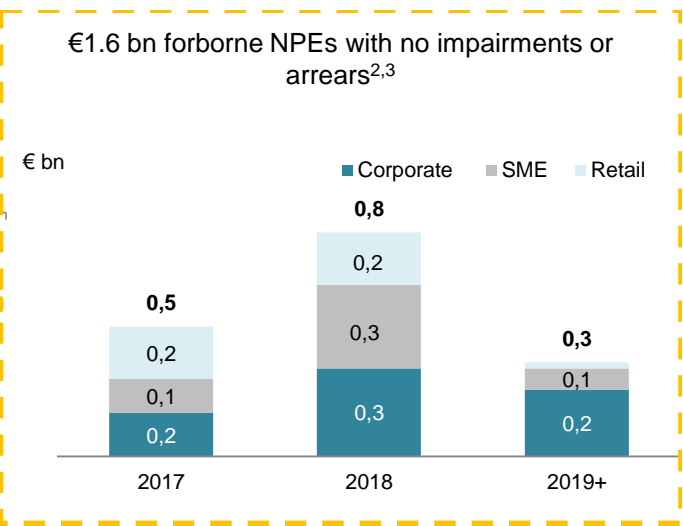
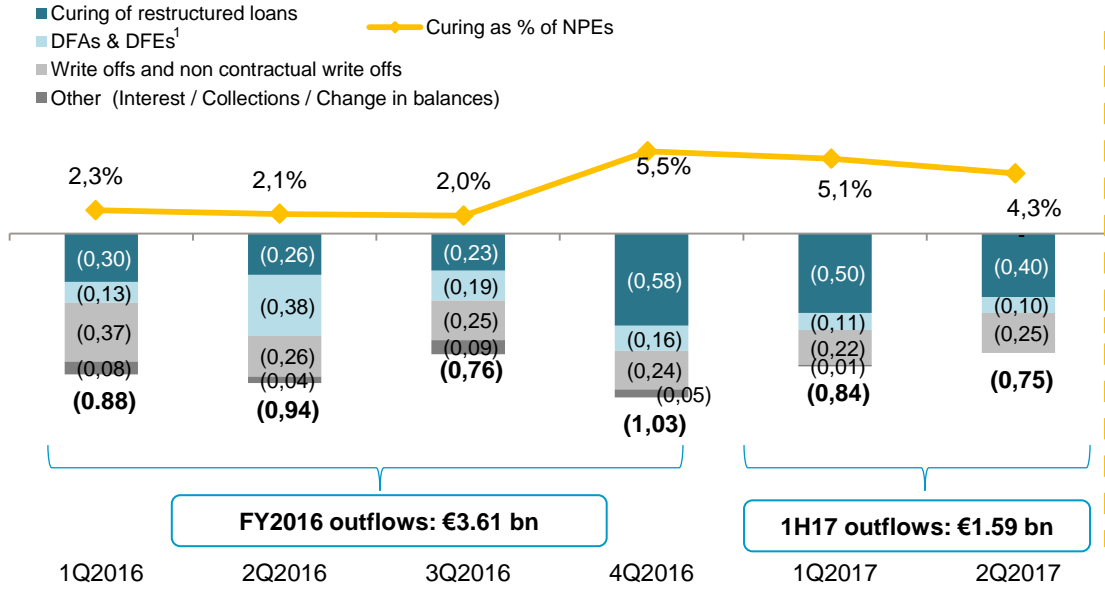
# NPE inflows stabilise; NPEs exits as expected (Cy)

## NPEs inflows (€ bn)



- **Slowing of new inflows confirm:**
  - ✓ quality of new lending
  - ✓ success of prior restructurings
  - ✓ Support by improvement of underlying economic macro

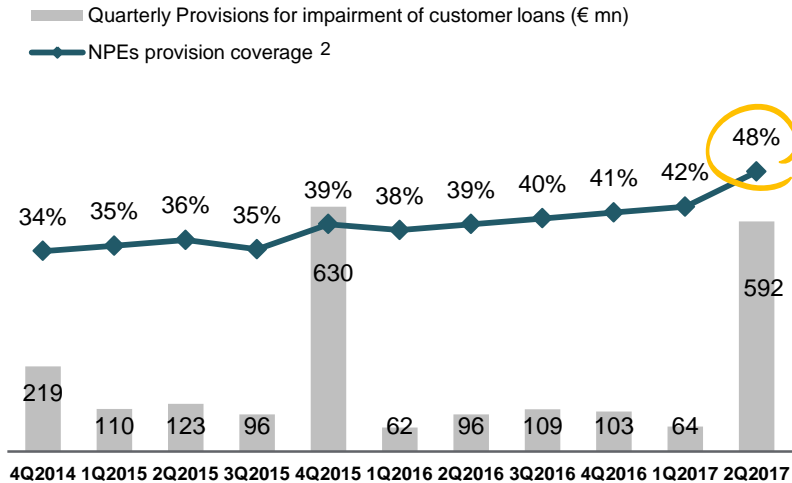
## Outflows of NPEs on curing and exits (€ bn)



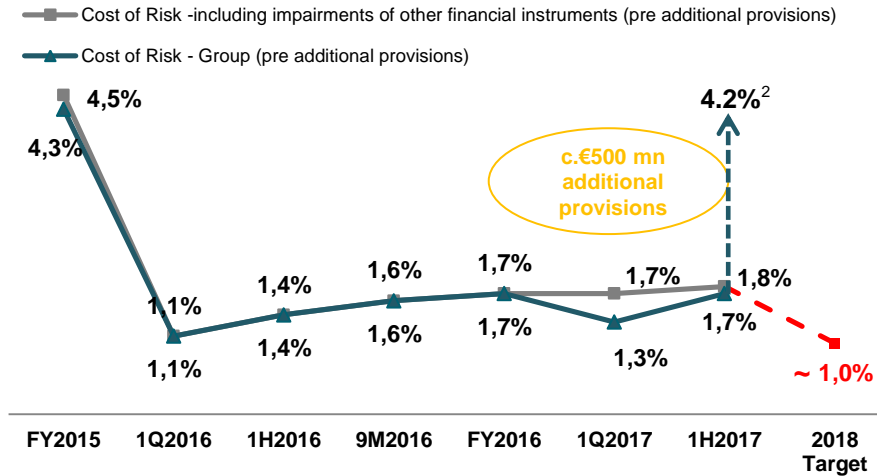
(1) Comprises of debt for asset swaps and debt for equity swap  
 (2) In pipeline to exit NPEs subject to meeting all exit criteria  
 (3) Analysis based on account basis

# NPEs provision coverage approaching 50%

## 14 pp<sup>1</sup> increase in coverage ratio without the need for new equity



## CoR at 4.2% following modifications to provisioning assumptions



## Back-testing of provisions supports past provision adequacy

Back-testing of 12K fully settled customer exposures over the past 10 quarters indicates resolution of cases was within existing provisions

Quarter	Gross Contractual Balance € mn	Surplus/(Gap) in provisions € mn	No. of Customers
1Q2015	6.0	1.4	148
2Q2015	79.2	16.0	242
3Q2015	20.2	0.0	441
4Q2015	65.7	-2.1	551
1Q2016	158.3	0.5	1,276
2Q2016	266.9	12.1	2,298
3Q2016	124.5	13.9	115
4Q2016	71.9	-1.1	2,343
1Q2017	119.2	1.1	2,194
2Q2017	200.9	7.5	2,369
<b>Total</b>	<b>1,112.8</b>	<b>49.4</b>	<b>11,977</b>

## Changes in collective provisioning assumptions:

- Recovery period increased for non-recoveries to 6 years (from average 3 years)
- Average Haircut increased to 32% (from average 9%)

(1) p.p. = percentage points

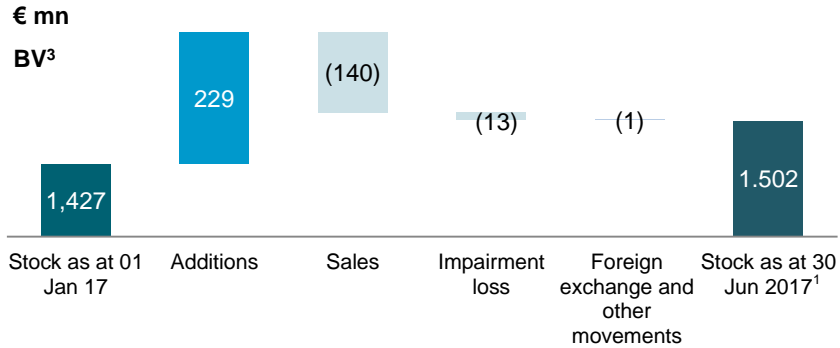
(2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans. Additional provisions of c.€500 mn are included in the calculation of Cost of Risk but are not annualised. Including impairments of other financial instruments, the provisioning charge for 1H2017 was 4.3%.



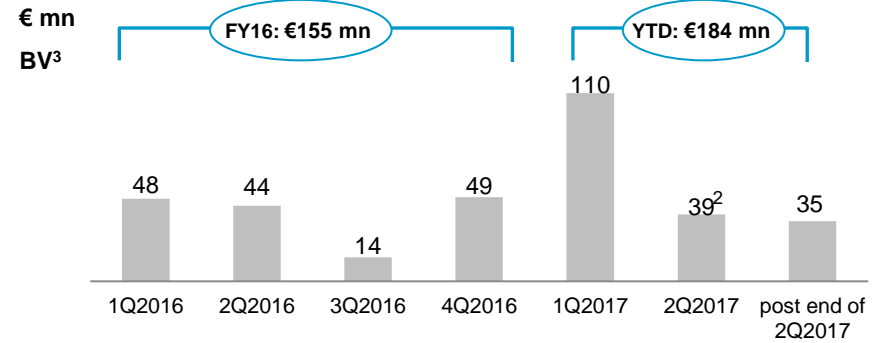
# REMU – the engine for dealing with foreclosed assets

Maintaining inflows; €248 mn sales agreed YTD; REMU profit of €12 mn in 1H2017

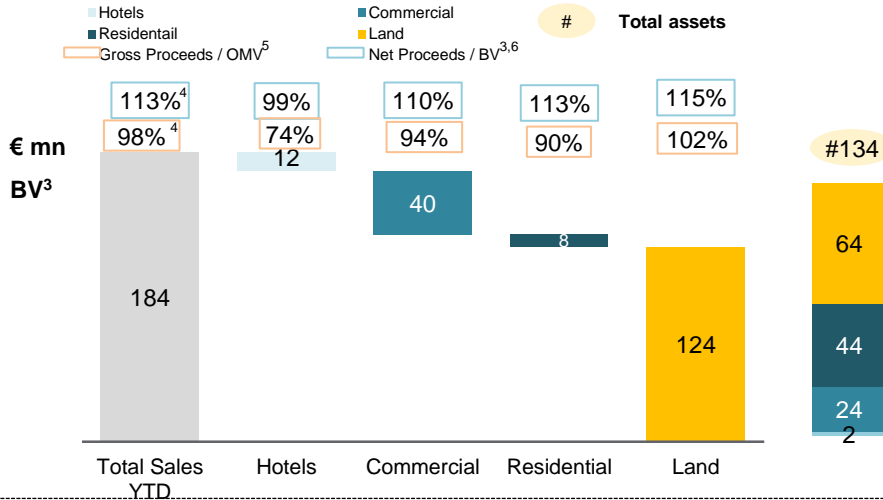
## 1 REMU properties not substantially growing (Group)



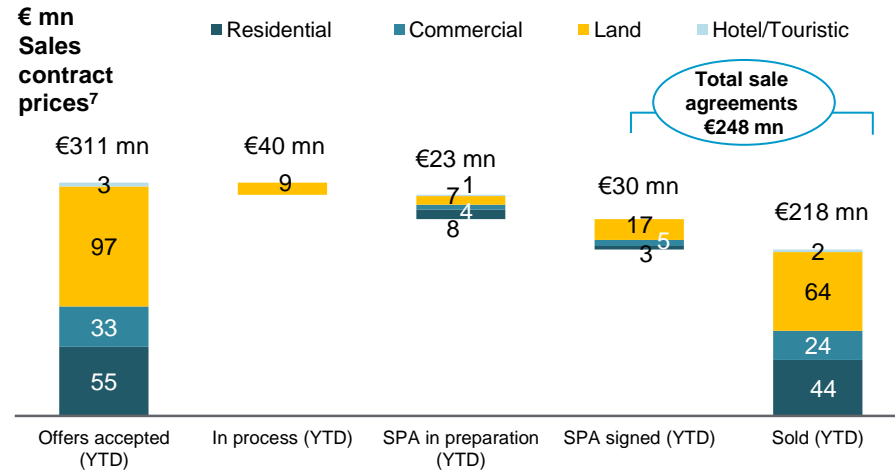
## 2 Sales > €300 mn since REMU established (Cy)



## 3 Prices on average above Book Value (Cy)



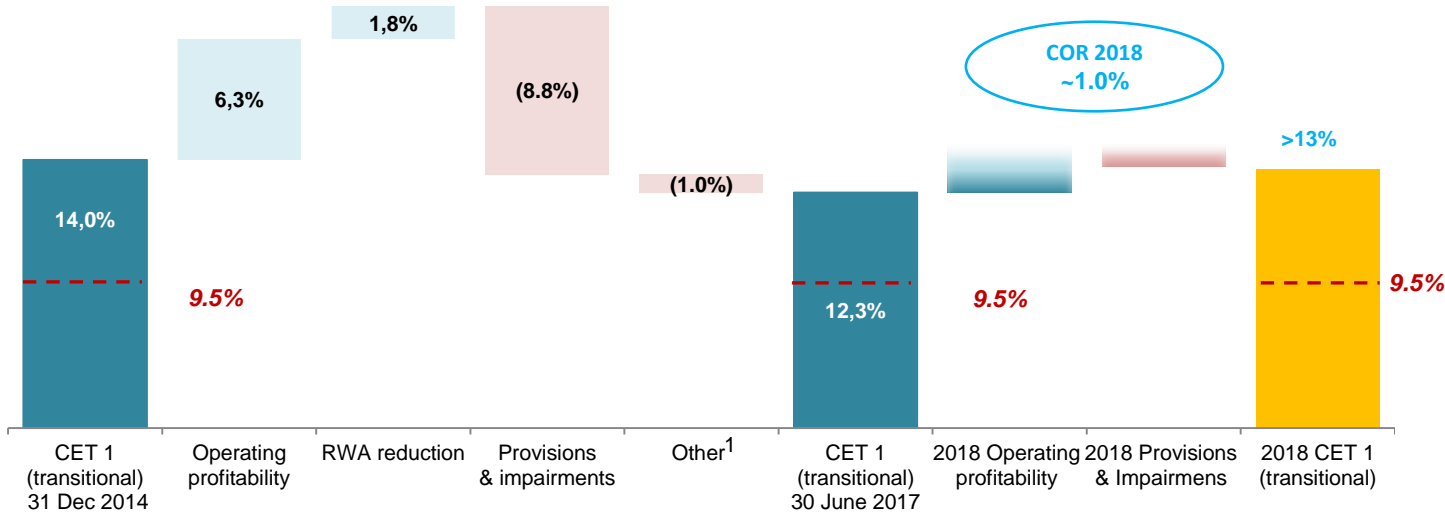
## 4 Year to date sale agreements of €248 mn<sup>5,7</sup> (Cy)



- (1) Total Stock as at 30 June 2017 excludes investment properties and investment properties held for sale
- (2) 2Q2017 sales include a disposal of a property (€10 mn) which was classified in investment properties pre disposal
- (3) BV= book value = Carrying value prior to the sale of property
- (4) Positively affected by 2 major sales. Adjusting for these two sales Gross Proceeds / OMV at 95% and Net Proceeds/BV at 98%
- (5) Proceeds before selling charges and other leakages
- (6) Proceeds after selling charges and other leakages
- (7) Amounts as per SPAs

# Capital ratios remain adequate

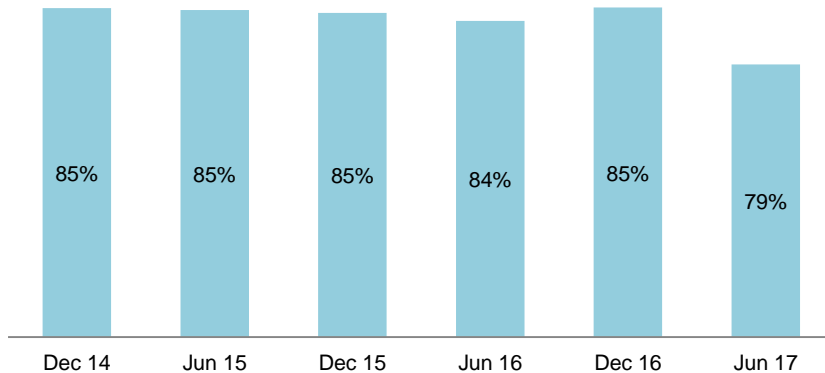
## Organic capital rebuild through operating profitability and b/sheet management



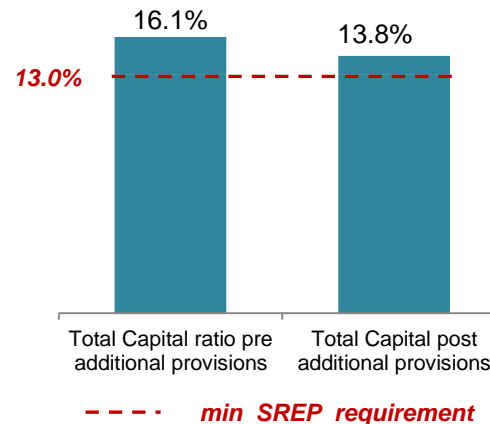
### Drivers of future capital strengthening

- Contain cost of risk
- Reduction of RWA intensity as asset quality improves
- Stable operating profitability

## RWA intensity<sup>2</sup> reducing as asset quality improves



## Rebuild capital position through regained market access

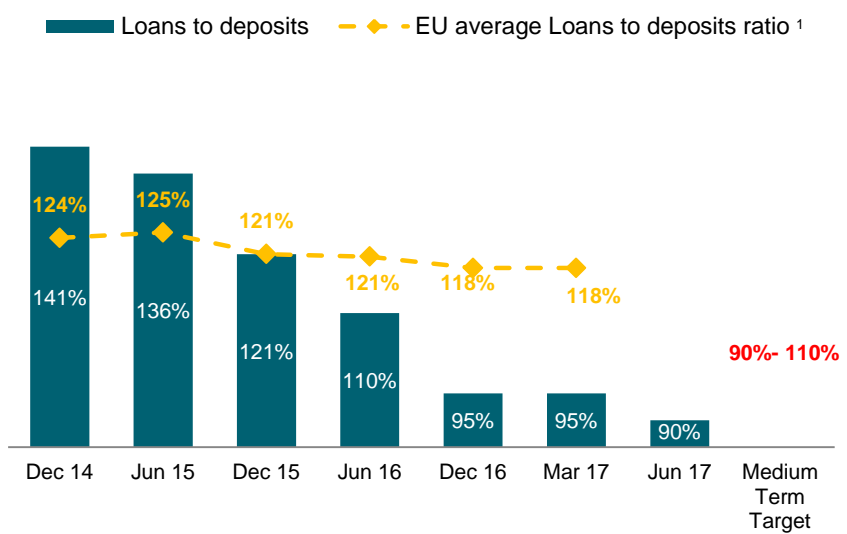


- Potential issuance of up to 1.5% of AT1 and/or Tier 2 in the next 12 months, subject to market conditions

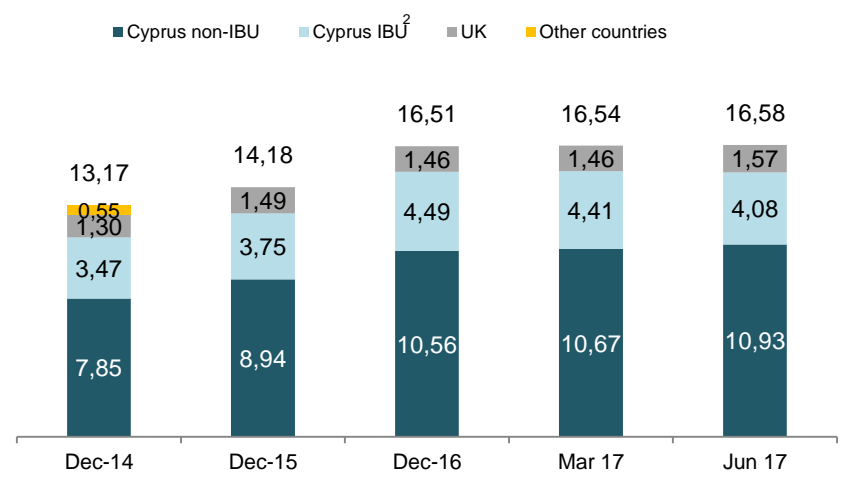
(1) Capital deductions, phase-in adjustments & reserve movements  
 (2) Risk Weighted Assets over Total Assets

# Strong and stable funding position

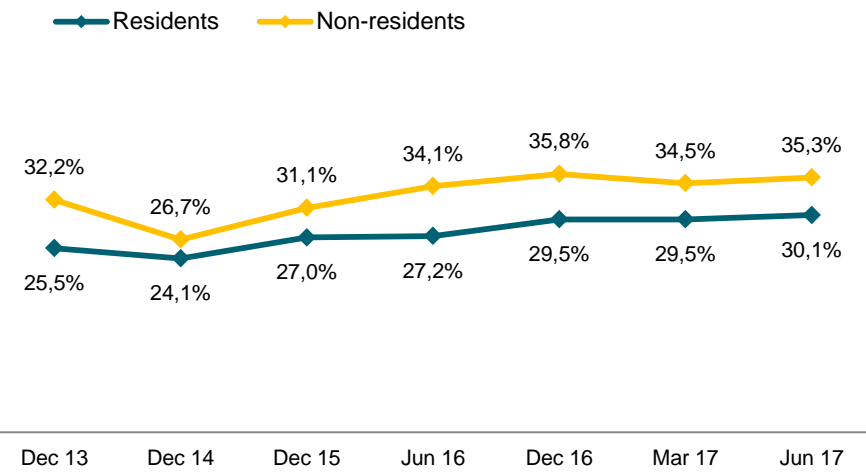
## Maintaining stable deposit balances and loan to deposit ratio



## Group Deposits € bn



## Strong market shares in resident and non-resident deposits



- Focus on deposit mix/cost optimisation
- LCR (Liquidity Coverage Ratio) compliance
- NSFR (Net stable Funding Ratio) compliance at 102%, ahead of introduction in Jan 2018 (min. 100%)
- Not compliance with local CBC liquidity ratios; expected to be abolished pre year end

(1) Based on EBA Risk Dashboard Report, Data as at 31 March 2017  
 (2) International Business Unit

# Operating profitability stabilised; 2Q2017 impacted by additional provisions

€ mn	1H2017	1H2016	2Q2017	1Q2017	qoq %	(1H) yoy%
<b>Net Interest Income</b>	<b>316</b>	<b>360</b>	<b>160</b>	<b>156</b>	<b>2%</b>	<b>-12%</b>
Non interest income	154	122	77	77	0%	27%
<b>Total income</b>	<b>470</b>	<b>482</b>	<b>237</b>	<b>233</b>	<b>2%</b>	<b>-2%</b>
<b>Total expenses</b>	<b>(214)</b>	<b>(202)</b>	<b>(107)</b>	<b>(107)</b>	<b>0%</b>	<b>6%</b>
<b>Profit before provisions and impairments<sup>1</sup></b>	<b>256</b>	<b>280</b>	<b>130</b>	<b>126</b>	<b>3%</b>	<b>-9%</b>
Loan loss provisions <sup>2</sup>	(656)	(158)	(592)	(64)	829%	316%
Impairments of other financial and non financial instruments	(36)	(22)	(4)	(32)	-86%	67%
Provision for litigation and regulatory matters	(35)	0	(18)	(17)	11%	-
<b>Total Provisions and impairments</b>	<b>(727)</b>	<b>(180)</b>	<b>(614)</b>	<b>(113)</b>	<b>450%</b>	<b>306%</b>
Share of profit from associates and joint ventures	4	2	2	2	5%	146%
<b>(Loss)/profit before tax and restructuring costs</b>	<b>(467)</b>	<b>102</b>	<b>(482)</b>	<b>15</b>	<b>-</b>	<b>-</b>
Tax	(72)	(12)	(66)	(6)	939%	490%
Profit/(loss) attributable to NCIs	(1)	(6)	(1)	0	45%	-90%
<b>(Loss)/profit after tax and before restr. costs</b>	<b>(540)</b>	<b>84</b>	<b>(549)</b>	<b>9</b>	<b>-</b>	<b>-</b>
Advisory, VEP and other restr. costs <sup>3</sup>	(14)	(87)	(7)	(7)	-10%	-84%
Net gain on disposal of non-core assets	-	59	-	-	-	-100%
<b>(Loss)/profit after tax</b>	<b>(554)</b>	<b>56</b>	<b>(556)</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Net interest margin</b>	<b>3.37%</b>	<b>3.59%</b>	<b>3.38%</b>	<b>3.33%</b>	<b>+5 bps</b>	<b>-22 bps</b>
<b>Cost-to-Income ratio</b>	<b>46%</b>	<b>42%</b>	<b>45%</b>	<b>46%</b>	<b>-1 p.p.</b>	<b>+4 p.p.</b>
<b>Cost-to-Income ratio adjusted for the special levy and SRF contribution</b>	<b>42%</b>	<b>40%</b>	<b>43%</b>	<b>41%</b>	<b>+2 p.p.</b>	<b>+2 p.p.</b>

## Key Highlights

- **Stable qoq NII at €160 mn**
- **Non-interest income maintained at €77 mn**
- **NIM at 3.37% for 1H2017**
- **Staff cost pressures offset**, by no SRF contribution in 2Q2017
- **Additional provisions of c.€500 mn in 2Q2017 to accelerate de-risking**
- **Provisions for litigation and regulatory matters of €35 mn include** €18 mn relating to litigations for securities issued by the Bank between 2007 and 2011 and to redress provisions for the UK operations in 2Q2017 €17 mn in 1Q2017 mainly due to a fine imposed by the Cyprus Competition Commission in 1Q2017
- **Increased tax charge in 2Q2017 of €66 mn** mainly due to reduction in DTA
- **Loss after tax of €554 mn for 1H2017**

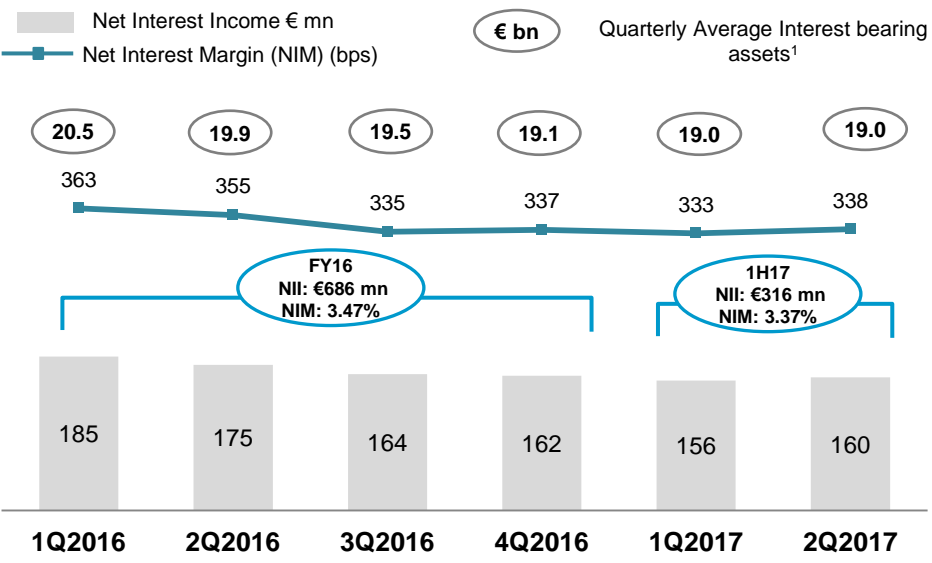
(1) Profit before provisions and impairments, gains/(losses) on derecognition and changes on expected cash flows, restructuring costs and discontinued operations.

(2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans.

(3) Advisory, VEP and other restructuring costs comprise mainly: 1) fees of external advisors in relation to: (i) disposal of operations and non-core assets (ii) customer loan restructuring activities which are not part of the effective interest rate and (iii) the listing on the London Stock Exchange and 2) voluntary exit plan cost.

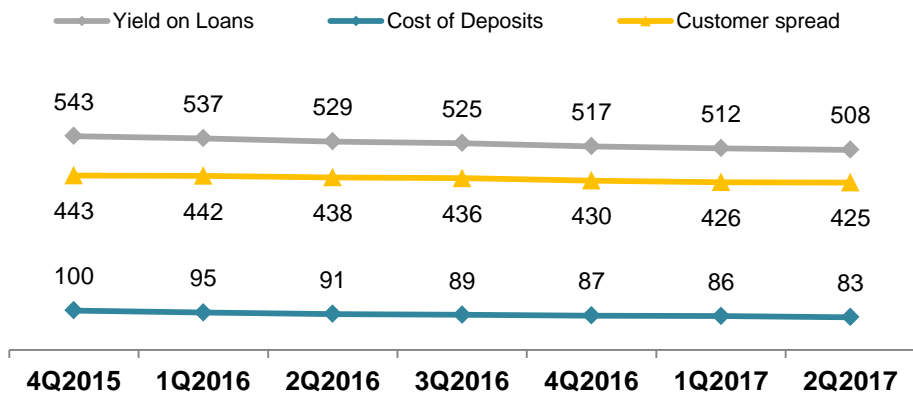
# Stable NIM despite negative interest rate environment

## Net Interest Income and Net Interest Margin



- Net interest income (NII) and net interest margin (NIM) for 1H2017 amounted to €316 mn and 3.37% respectively. NII down by 12% yoy, reflecting the low interest rate environment and the lower volume of loans primarily as a result of the DFAs
- The NII and NIM for 2Q2017 amounted to €160 mn and 3.38% respectively, at similar levels as for 1Q2017
- Average interest earning assets for 1H2017 amounted to €19.0 bn, down by 5% yoy, largely due to DFAs and the elevated provisions charges for 2Q2017. Quarterly average interest earning assets for 2Q2017 amounted to €19.0 bn, at similar levels to the previous quarter.

## Average contractual interest rates<sup>2</sup> (bps) (Cy)



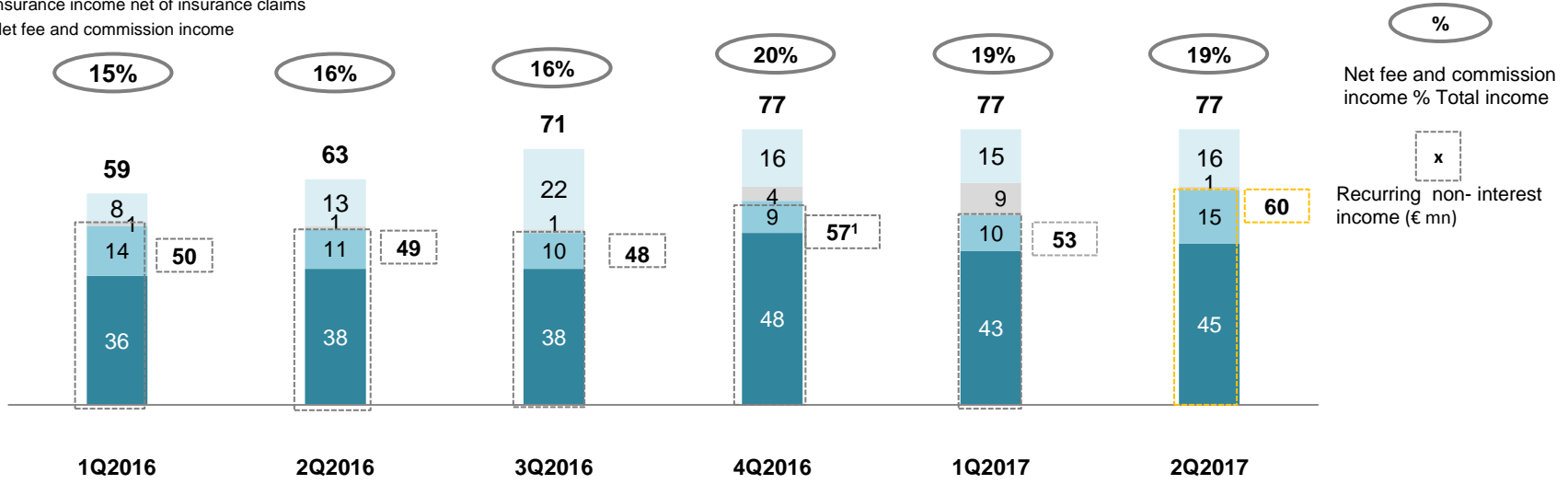
- Customer spread stable at 425 bps in 2Q2017

(1) Interest earning assets include placements with banks and central bank, reverse repurchase agreements, net loans and advances to customers and investments excluding equity and mutual funds.  
 (2) Based on average loan contractual interest rates, before IFRS adjustments

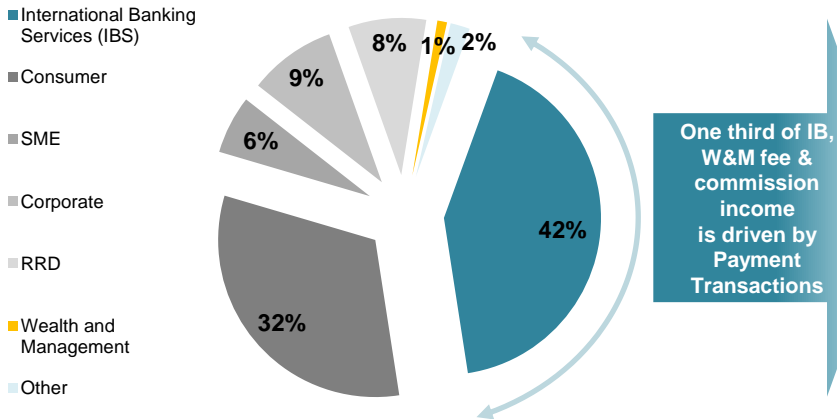
# Fee and Commission Income at 19% of total Income

## Analysis of Non Interest Income (€ mn) – Quarterly

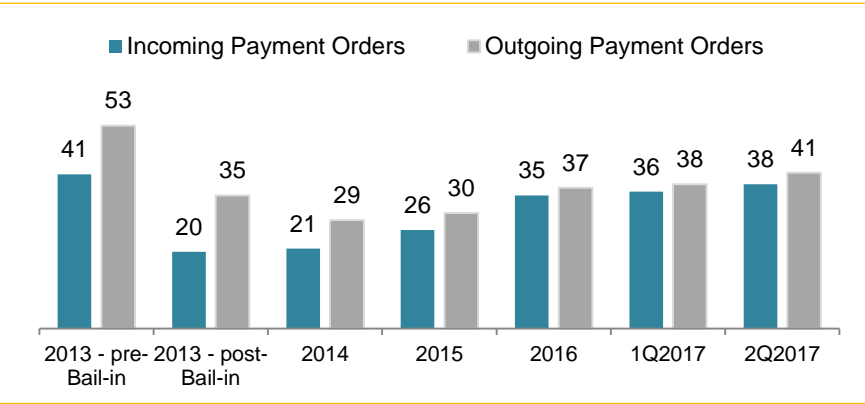
- Net FX gains / (losses) & Net gains/(losses) on other financial instruments, and other income.
- Gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties
- Insurance income net of insurance claims
- Net fee and commission income



## Fee & commission income in Cyprus by business line



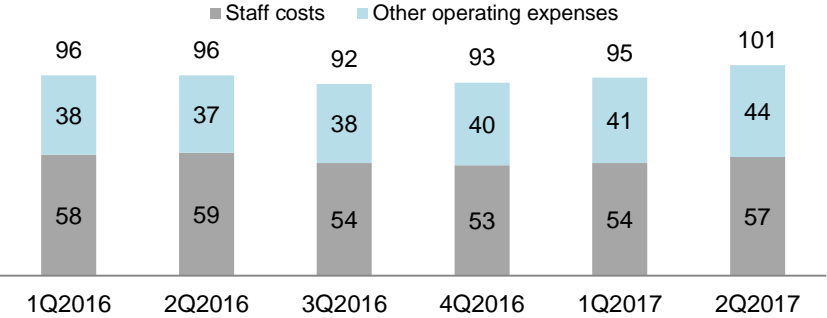
## Payment Transactions are increasing Average Number of Payment Transactions per month (thousands)



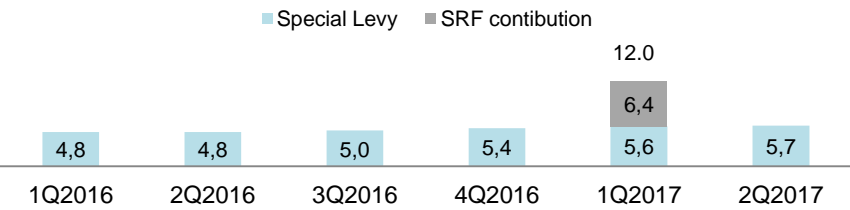
(1) Excluding non-recurring fees of approximately €7 mn

# Total expenses

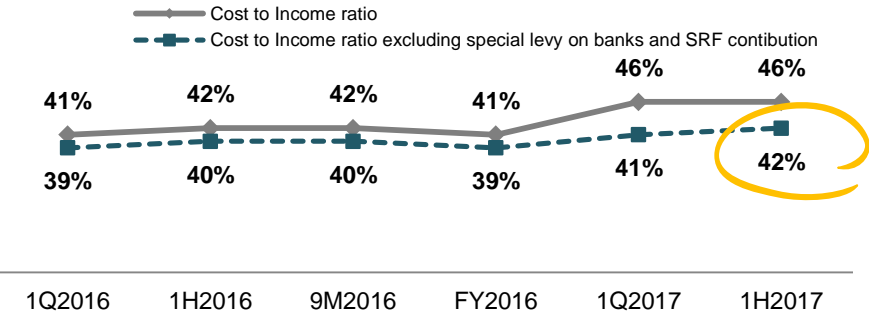
## Total operating expenses (€ mn)



## Special Levy and SRF contribution (€ mn)



## Cost to Income Ratio (C/I ratio)

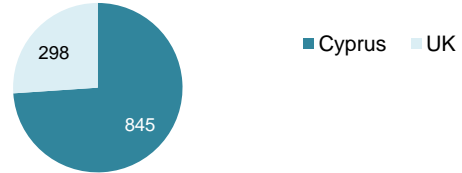


- **Staff costs at €57 mn for 2Q2017, up by 6% qoq**, following the renewal of collective agreement with the Union
- **Other operating expenses at €44 mn for 2Q2017, up by 7% qoq**, primarily due to the increase in advertising and marketing, advisory and other professional fees during 2Q2017
- Special levy and contribution to the SRF for 2Q2017 totalled €6 mn, compared to €12 mn a quarter earlier. The annual contribution to the SRF, was fully booked in 1Q2017, in line with IFRS
- C/I ratio at 46% for 1H2017. **Excluding the special levy and contribution to the SRF, C/I ratio at 42%**, compared to 41% for 1Q2017
- **Actions for focused, targeted cost containment:**
  - Tangible savings through a targeted cost reduction program for operating expenses
  - Introduction of appropriate technology/ processes to enhance product distribution channels and reduce operating costs
  - Introduction of HR policies aimed at enhancing productivity

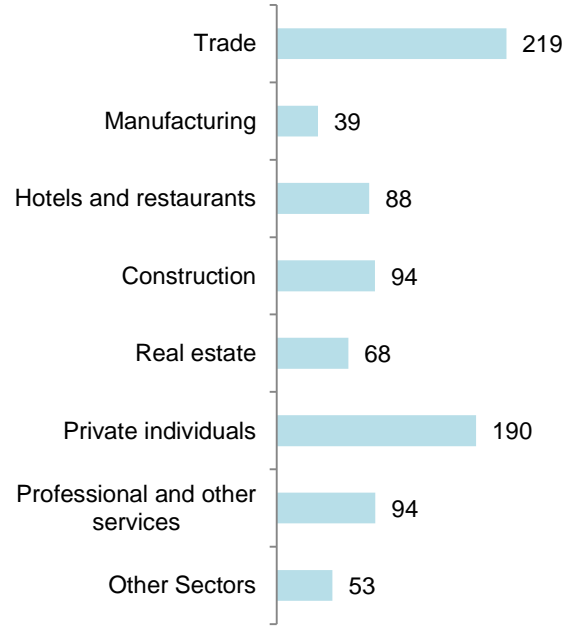
# New lending in 1H2017 more than double the new lending in 1H2016

Focused on new Good Quality Business; Robust new lending, supporting the Cypriot economy

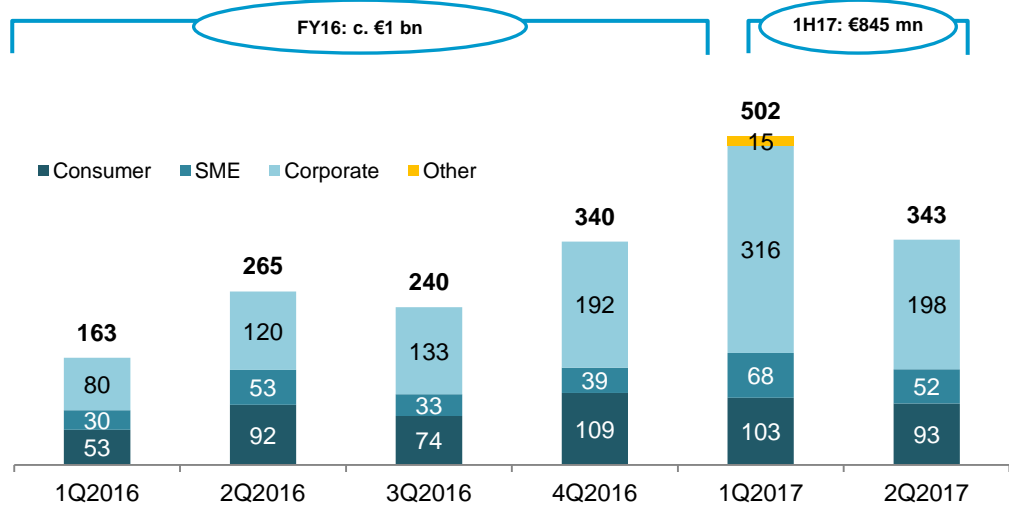
1H2017– Total New Lending of €1.1 bn (Group)



1H2017– New lending by sector (Cy)



1H2017– New lending by business sector (Cy)



- 61% of new lending in Cyprus for 1H2017 relates to Corporate, 23% to Retail and 14% to SME loans
- New lending in FY2017 expected to be significantly higher than FY2016 level



# Good Progress made on Group KPIs

Type	Key performance indicators	Dec-2016	Jun-2017	Medium Term Targets	Preliminary 2018 Guidance <sup>6</sup>
Asset quality	90+ DPD ratio	41%	39%	<20%	<30%
	NPEs ratio	55%	50%	<30%	<40%
	NPEs coverage	41%	48%	>50%	Substantially delivered. Expected to increase to mid-50% by Jan 2018
	Provisioning charge <sup>1</sup>	1.7%	4.2% <sup>2</sup>	<1.0%	~1.0%
Funding	Net Loans % Deposits	95%	90%	90%-110%	<100%
Capital	CET1	14.5%	12.3%	>13% <sup>5</sup>	>13% <sup>5</sup>
	Total capital ratio	14.6%	13.8%	>15% <sup>5</sup>	>15% <sup>5</sup>
Margins and efficiency	Net interest margin	3.5%	3.4%	~3.00%	Downward pressure due to low interest rate environment and L/D dynamics
	Fee and commission income/total income	17% <sup>3</sup>	19%	>20%	Delivered but efforts for further improvement continuing
	Cost to income ratio	41% <sup>4</sup>	46% <sup>4</sup>	40%-45%	Falling revenue puts pressure on C/I
Balance Sheet	Total assets	€22.2 bn	€22.1 bn	>€25 bn	Total assets to reach c.€24 bn by Dec 2018
EPS	EPS (€ cent)	0.71	(124.19)		~€0.40 <sup>6</sup>

- (1) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans  
(2) Including impairments of other financial instruments, the provisioning charge for 1H2017 was 4.3%. Additional provisions of c.€500 mn are included in Cost of Risk but are not annualised  
(3) Excluding non-recurring fees of approximately €7 mn  
(4) Adjusted for the special levy, the cost to income ratio for 1H2017 was 42% compared to 39% for FY2016  
(5) On an IFRS 9 phased-in basis (pre the Proposal of the Council of the European Union)  
(6) Excluding the impact of any unplanned or unforeseen risk reduction trades or macro events

# Key Takeaways

## Good Progress on NPEs

- Nine consecutive quarters of NPE reduction
- NPEs down by €620 mn qoq (down by 35% since December 2014)
- Coverage at 48%; to exceed 50% by year end; Bank no longer an outlier; coverage now above EU average<sup>1</sup>
- Additional provisions of c.€500 mn concluding the dialogue with the ECB on coverage
- Since 2014, provision coverage increased by 14 p.p (€2.6 bn) without need for new equity

## Capital is sufficient

- CET1 at 12.3% and 11.8% fully loaded
- Total Capital ratio at 13.8%
- 2017 SREP dialogue with ECB advanced
- Additional provisions taken without need for further equity capital

## Strong funding position

- Loan to deposit ratio of 90%
- Deposit balances stable
- Compliance with LCR & NSFR liquidity requirements

## Robust operating performance

- Consistent quarterly operating profit of €130 mn
- New lending of €1.1 bn in 1H2017, more than double new lending of 1H2016
- NIM of 3.37%; Cost/Income ratio of 42%<sup>2</sup>

## Projecting a more normal 2018

- EPS of c.€0.40
- More normal credit cost (~100 bps in 2018)
- CET 1 >13% and Total capital ratio >15%
- No equity dividend for 2018
- Potential AT1 issuance

(1) Based on EBA Risk Dashboard as at 31 March 2017

(2) Adjusted for the special levy and SRF contribution

# Key Information and Contact Details

## **Credit Ratings:**

### **Fitch Ratings:**

Long-term Issuer Default Rating: Affirmed to “B-” on 13 April 2017 (stable outlook)

Short-term Issuer Default Rating: Affirmed to “B” on 13 April 2017

Viability Rating: Affirmed to “b-” on 13 April 2017

### **Moody’s Investors Service:**

Baseline Credit Assessment: Upgraded to caa1 on 29 June 2017

Short-term deposit rating: Affirmed at "Not Prime" on 29 June 2017

Long-term deposit rating: Upgraded to Caa1 on 29 June 2017(positive outlook)

Counterparty Risk Assessment: Assigned at B1(cr) / Not-Prime (cr) on 29 June 2017

## **Listing:**

LSE – BOCH, CSE – BOCH/TPKH, ISIN IE00BD5B1Y92

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## **Contacts**

### **Investor Relations**

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Styliani Nicolaou ([styliani.nicolaou@bankofcyprus.com](mailto:styliani.nicolaou@bankofcyprus.com)) Andri Rousou ([andri.rousou@bankofcyprus.com](mailto:andri.rousou@bankofcyprus.com))

### **Finance Director**

Eliza Livadiotou, Tel: +35722 122344, Email: [eliza.livadiotou@bankofcyprus.com](mailto:eliza.livadiotou@bankofcyprus.com)

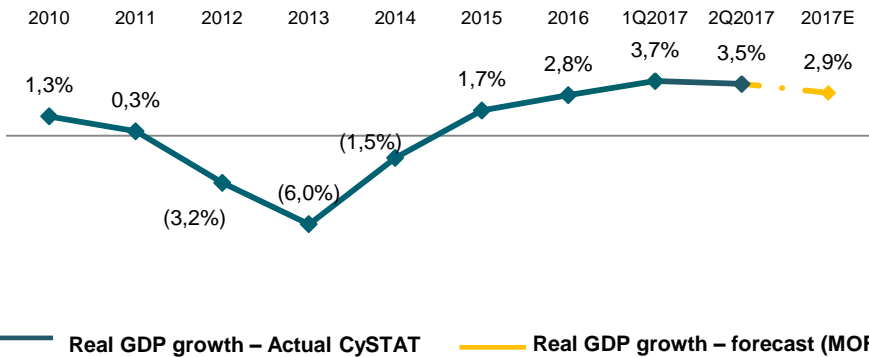
**Visit our website at: [www.bankofcyprus.com](http://www.bankofcyprus.com)**

# Appendix – Macroeconomic overview –

# Cypriot economy on a sustainable growth path

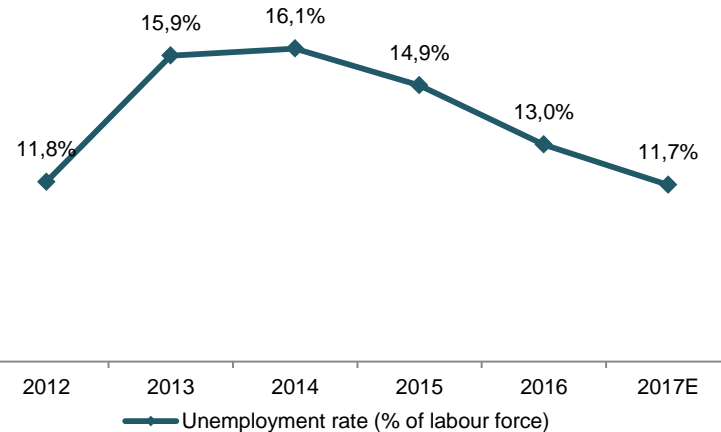
## GDP growth of 3.5% in 2Q2017

### Real GDP growth (%)



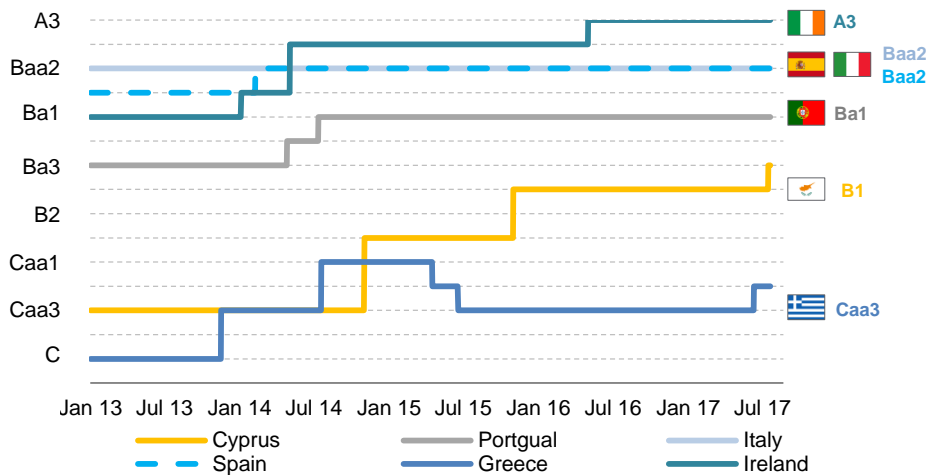
## Falling unemployment rate

### Unemployment rate



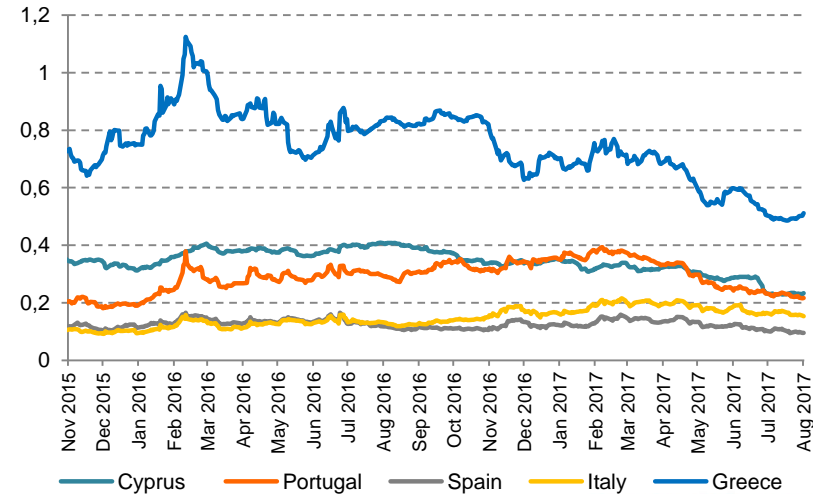
## Credit ratings improving faster than peers...

### Moody's credit ratings



## ...reflected in reduced government bond yields

### Spreads (%)

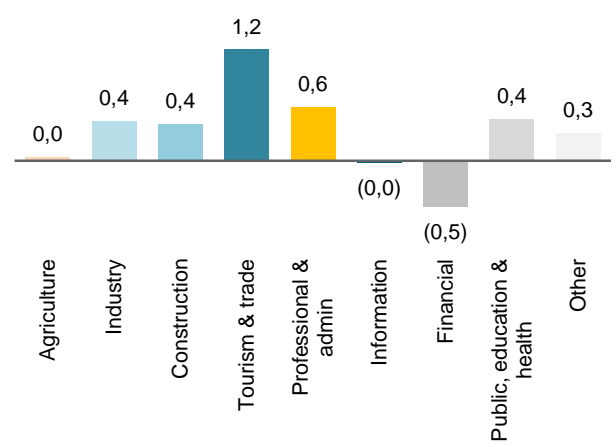


SOURCE: Statistical Service of Republic of Cyprus; Bloomberg; European Commission Winter Forecasts 2017; Ministry of Finance; Calculations by BOC Economic Research

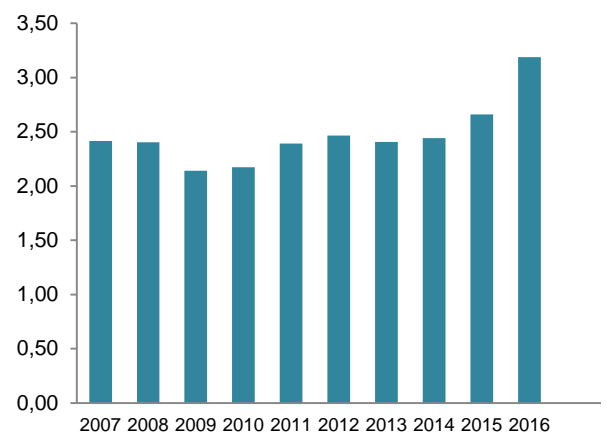
# on the back of improving macro fundamentals

## Tourism and professional services are the leading contributors

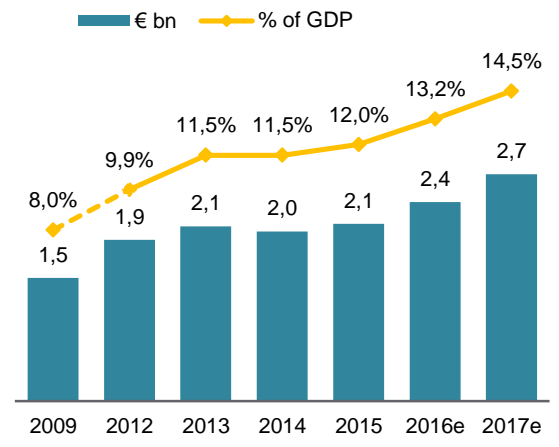
Contribution to 2016 Real GDP growth in percentage points (total 2,8%)



## Tourism arrivals (mn)

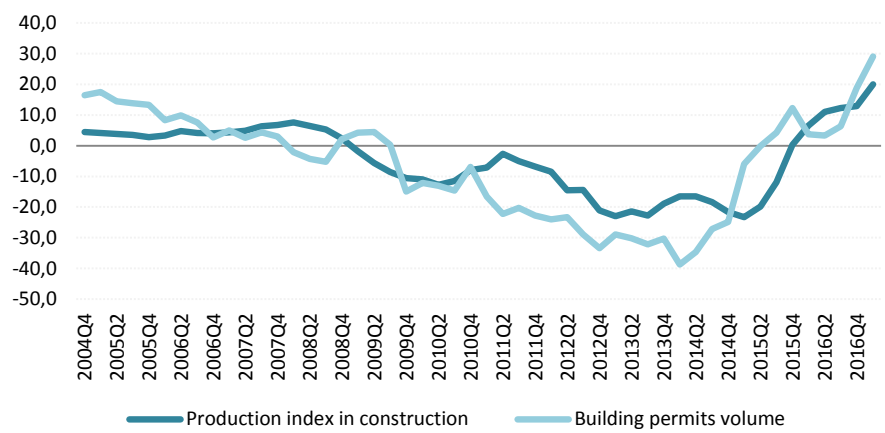


## Tourism Revenues



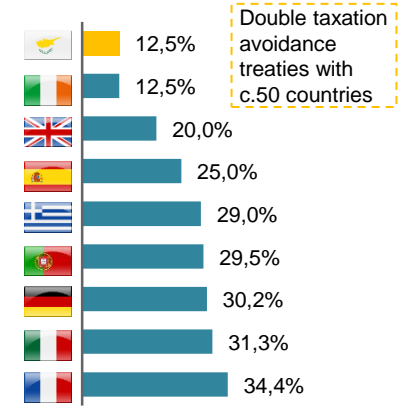
## Construction activity - signs of recovery

% changes year-on-year of yearly moving averages

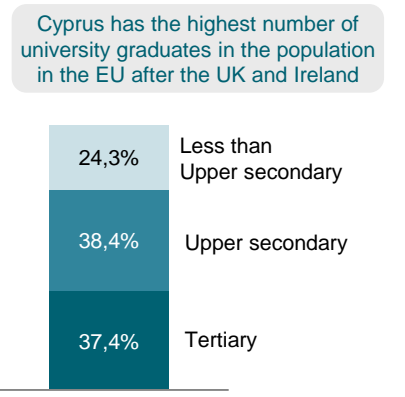


## Support from key business enablers

Corporate tax rate (2016)



Level of education 2016, age 15-64<sup>1</sup>

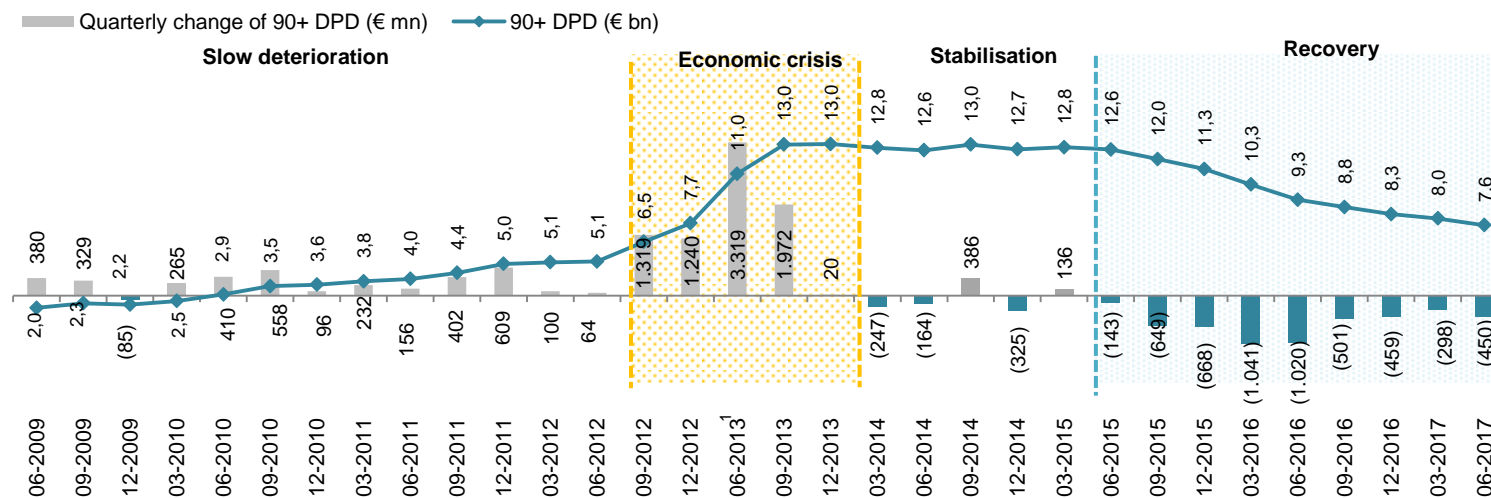


SOURCES: Statistical Service of Republic of Cyprus, Eurostat; Calculations by BOC Economic Research

# Appendix – Additional asset quality slides

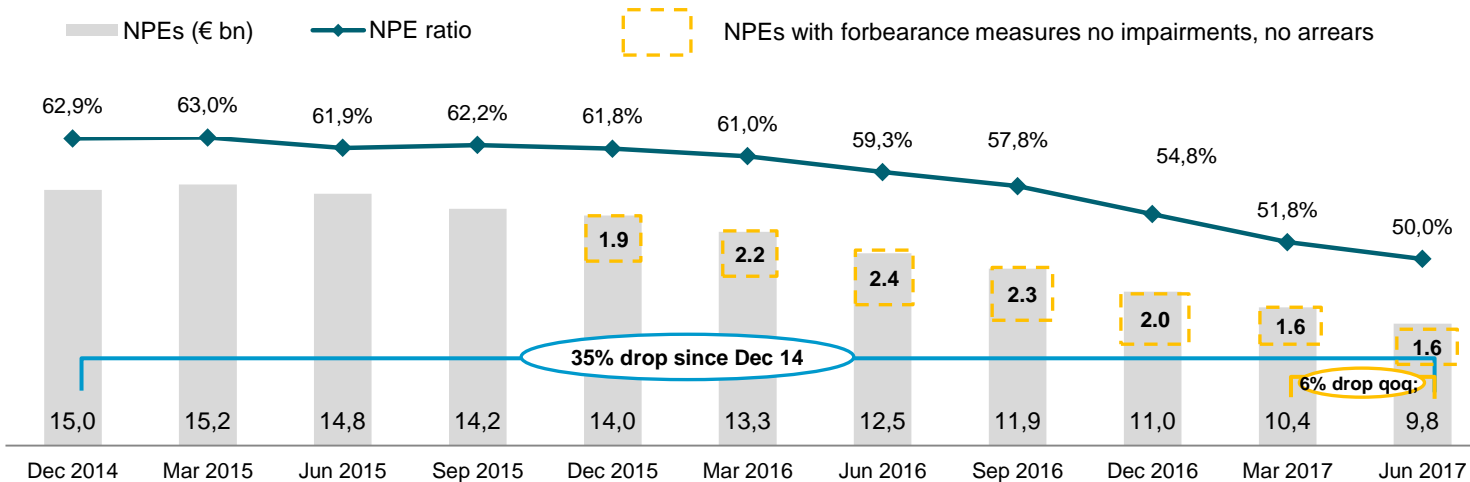
# Ninth consecutive quarter of improving credit quality trends

## High correlation between formation of problem loans & economic cycle



- €748 mn or 9% drop in 90+DPD in 1H2017
- 90+ DPD reduced by 40% since Dec 2014

## NPEs down by €1.3 bn (12%) in 1H2017; down by €620 mn (6%) qoq;



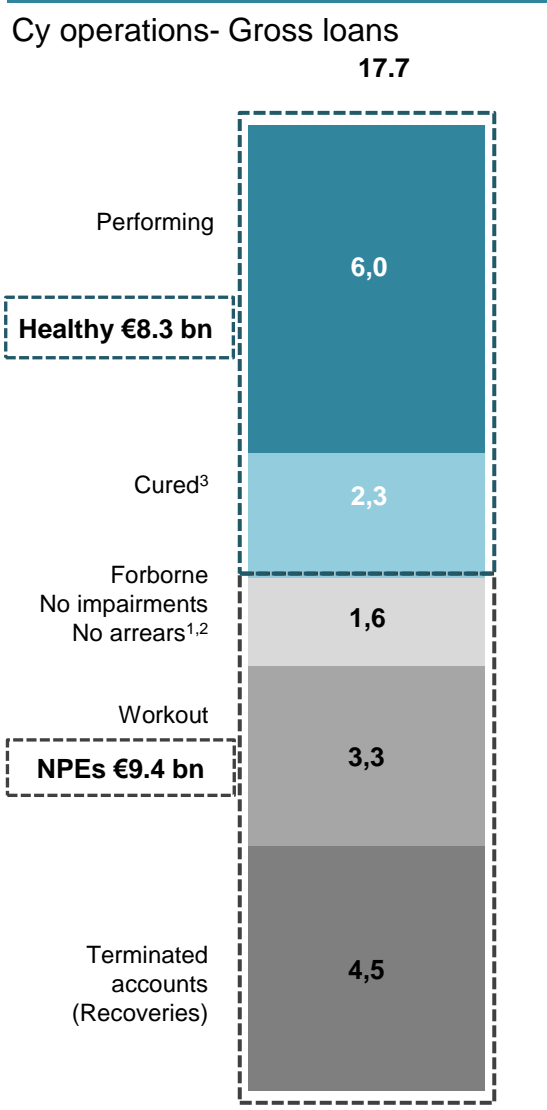
- NPEs reduced by €5.2 bn (35%) since Dec 2014
- NPEs ratio reduced by 12.9 p.p. since Dec 2014

(1) Information for 1Q2013 and 2Q2013 is not available as it was not possible to publish the financial results for the three months ended 31 March 2013  
 (2) Percentage points



# Understanding the Loan portfolio & the Approach to tackle problem loans

## Focus shifting towards NPEs (€ bn)



## Key strategic initiatives to drive further restructurings and exits

**Healthy Portfolio**

- High Quality New Business
- 76% of restructured loans have no arrears

**NPEs**

**Forborne No impairments no arrears<sup>1,2</sup>**

- Watching redefaults & quality of restructurings
- Expect €1.6 bn to exit NPEs in the forthcoming years (see slide 8)
- 47% of this relates to Corporate loans

**Workout**

- c.€300 mn reduction in Terminated accounts in 1H2017
- Increased focus on Retail and SME
- c.€600 mn were transferred to RRD in 2Q2017

**Terminated accounts**

- Focus on realising collateral via consensual & non consensual foreclosures.
- 'Final Solutions' used such as write offs.
- On board assets in REMU at conservative c.25%-30% discount to open market value (OMV)
- Real Estate Management Unit (REMU) realised sales above Book Value (BV)

- **Further refining NPE management framework** to maintain momentum in deleveraging plan
- **Close monitoring to ensure loans exit NPE status**

**Retail:**

- Moving delinquent Retail under the Workout Unit (Restructuring and Recoveries Division (RRD)), to deliver viable restructuring or terminate
- Execute longer term sustainable solutions
- Flexible products to manage specific segments including DFAs and write offs
- Supportive underlying economic macro improvements

**Enhance Retail/SME:**

- Introduce pre-approved restructuring solutions
- Address low value high volume tickets

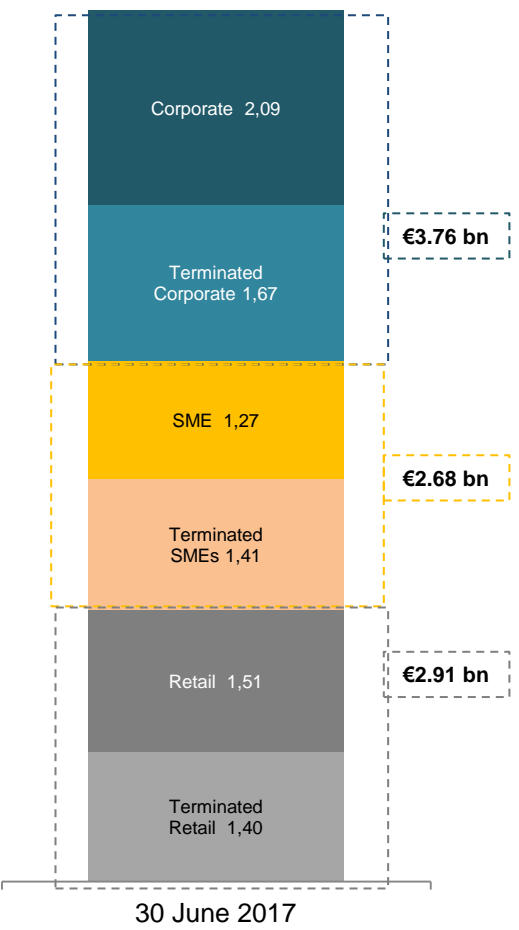
**Foreclosures:** Focus on selling foreclosed assets while continuing to realise collateral

(1) In pipeline to exit NPEs subject to meeting all exit criteria  
 (2) Analysis based on account basis  
 (3) Includes €0.7 bn of restructurings of performing loans

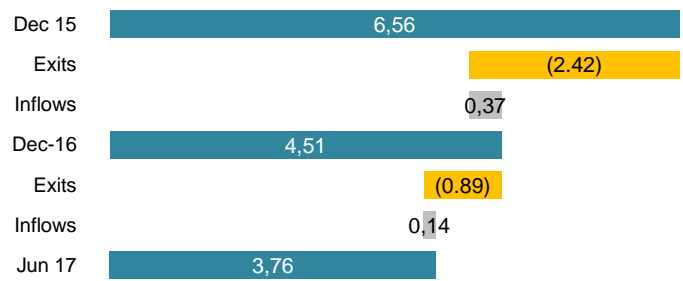
# Continuous progress across all segments

Focus shifts to Retail and SME after intense Corporate attention

NPEs (Cy) €9.35 bn

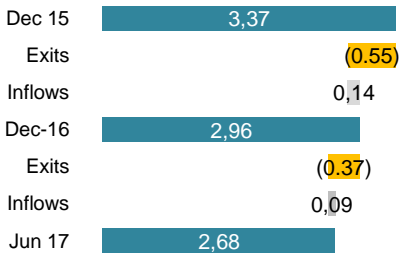


## Corporate



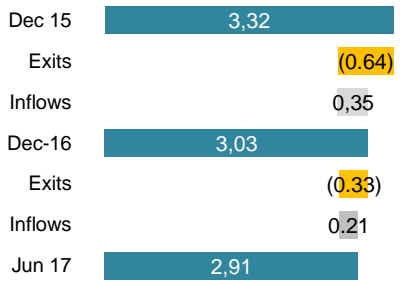
NPE ratio	49.4%
NPE provision coverage	51.2%
NPE total coverage	114.2%

## SME



NPE ratio	68.7%
NPE provision coverage	46.5%
NPE total coverage	118.3%

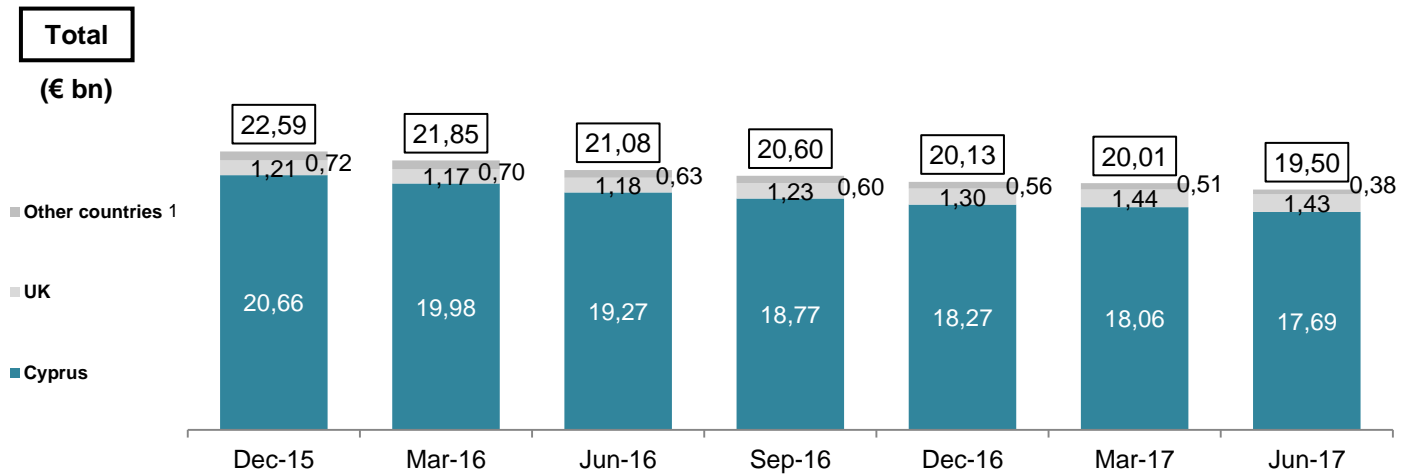
## Retail



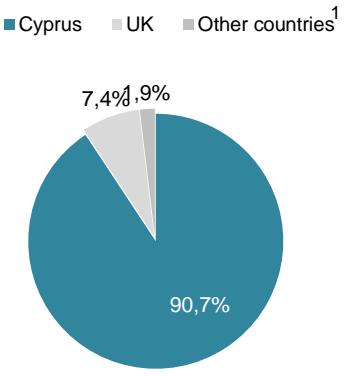
NPE ratio	47.1%
NPE provision coverage	29.1%
NPE total coverage	53.5%
NPE total coverage (Retail Housing)	109.7%

# Gross loans by Geography and by Customer Type

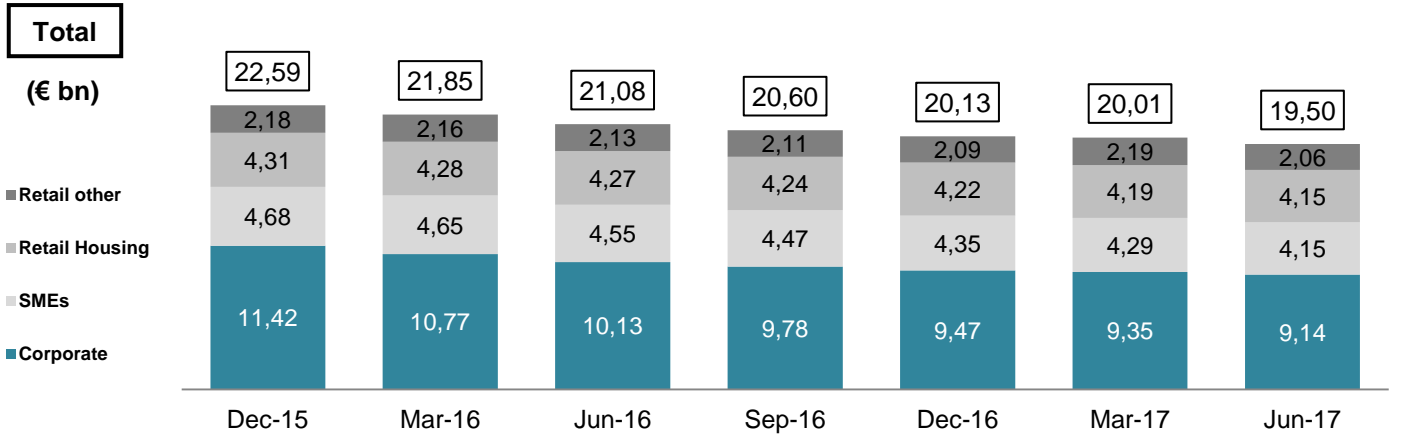
## Gross loans by geography



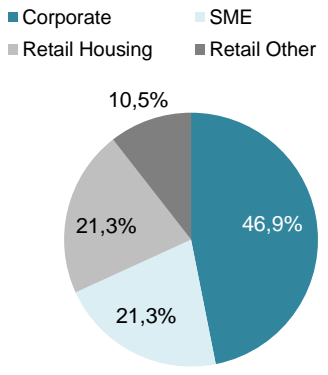
## 30 June 2017 (%)



## Gross loans by customer type



## 30 June 2017 (%)



(1) Other countries: Greece, Russia and Romania

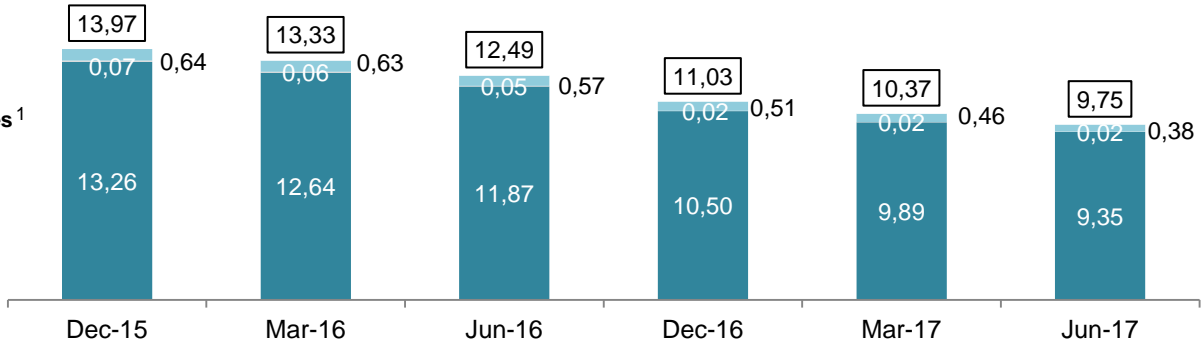
# NPEs by Geography and by Customer Type

## NPEs by geography

**Total**

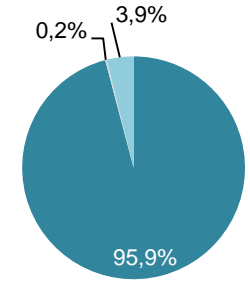
(€ bn)

- Other countries<sup>1</sup>
- UK
- Cyprus



## 30 June 2017 (%)

- Cyprus
- UK
- Other countries<sup>1</sup>

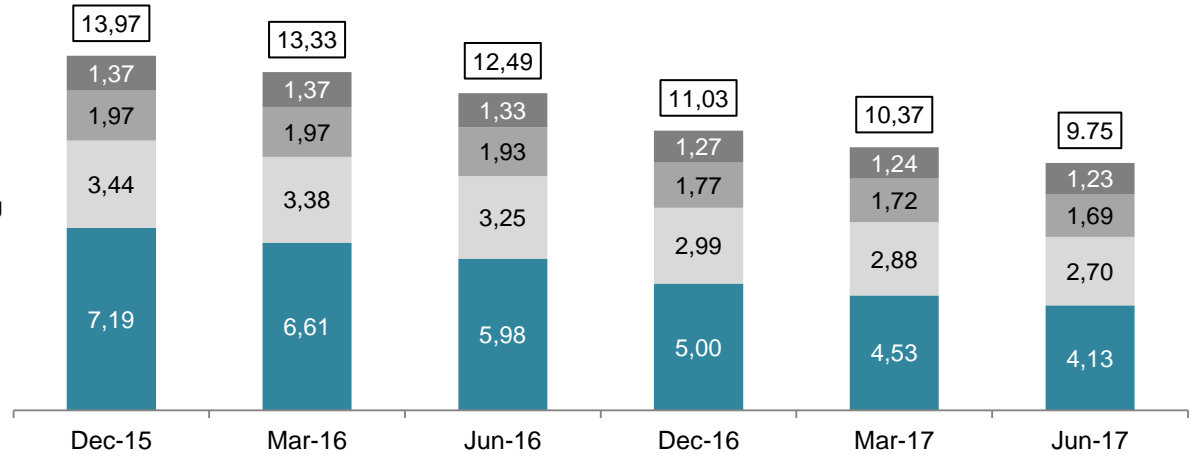


## NPEs by customer type

**Total**

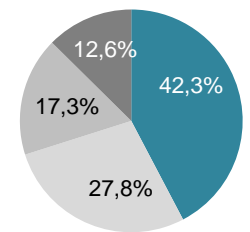
(€ bn)

- Retail Other
- Retail Housing
- SMEs
- Corporate



## 30 June 2017 (%)

- Corporate
- SMEs
- Retail Housing
- Retail Other



(1) Other countries: Greece, Russia and Romania

# Asset Quality- 90+ DPD analysis

(€ mn)	Jun-17	Mar-17	Dec-16	Sept-16	Jun - 16
<b>A. Gross Loans after Fair value on Initial recognition</b>	<b>18,693</b>	<b>19,142</b>	<b>19,202</b>	<b>19,607</b>	<b>20,040</b>
Fair value on Initial recognition	812	869	928	989	1,043
<b>B. Gross Loans</b>	<b>19,505</b>	<b>20,011</b>	<b>20,130</b>	<b>20,596</b>	<b>21,083</b>
<b>B1. Loans with no arrears</b>	<b>11,154</b>	<b>11,126</b>	<b>10,991</b>	<b>10,897</b>	<b>10,879</b>
<b>B2. Loans with arrears but not impaired</b>	<b>2,210</b>	<b>2,283</b>	<b>2,238</b>	<b>2,488</b>	<b>2,607</b>
Up to 30 DPD	468	454	455	587	574
31-90 DPD	322	420	375	344	361
91-180 DPD	217	173	129	146	121
181-365 DPD	201	164	141	144	175
Over 1 year DPD	1,002	1,072	1,138	1,267	1,376
<b>B3. Impaired Loans</b>	<b>6,141</b>	<b>6,602</b>	<b>6,901</b>	<b>7,211</b>	<b>7,597</b>
With no arrears	409	379	472	514	647
Up to 30 DPD	15	18	62	22	25
31-90 DPD	14	50	29	52	41
91-180 DPD	51	42	50	15	95
181-365 DPD	91	82	51	106	123
Over 1 year DPD	5,561	6,031	6,237	6,502	6,666
<b>(90+ DPD)<sup>1</sup></b>	<b>7,561</b>	<b>8,011</b>	<b>8,309</b>	<b>8,768</b>	<b>9,269</b>
<b>90+ DPD ratio (90 + DPD / Gross Loans)</b>	<b>38.8%</b>	<b>40.0%</b>	<b>41.3%</b>	<b>42.6%</b>	<b>44.0%</b>
<b>Accumulated provisions (including fair value adjustment on initial recognition<sup>2</sup>)</b>	<b>4,638</b>	<b>4,334</b>	<b>4,519</b>	<b>4,703</b>	<b>4,875</b>
<b>Gross loans provision coverage</b>	<b>23.8%</b>	<b>21.7%</b>	<b>22.4%</b>	<b>22.8%</b>	<b>23.1%</b>
<b>90+ DPD provision coverage</b>	<b>61.3%</b>	<b>54.1%</b>	<b>54.4%</b>	<b>53.6%</b>	<b>52.6%</b>

(1) Loans in arrears for more than 90 days (90+ DPD) are defined as loans past-due for more than 90 days and those that are impaired (impaired loans are those which are not considered fully collectable and for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition or customers in Debt Recovery).

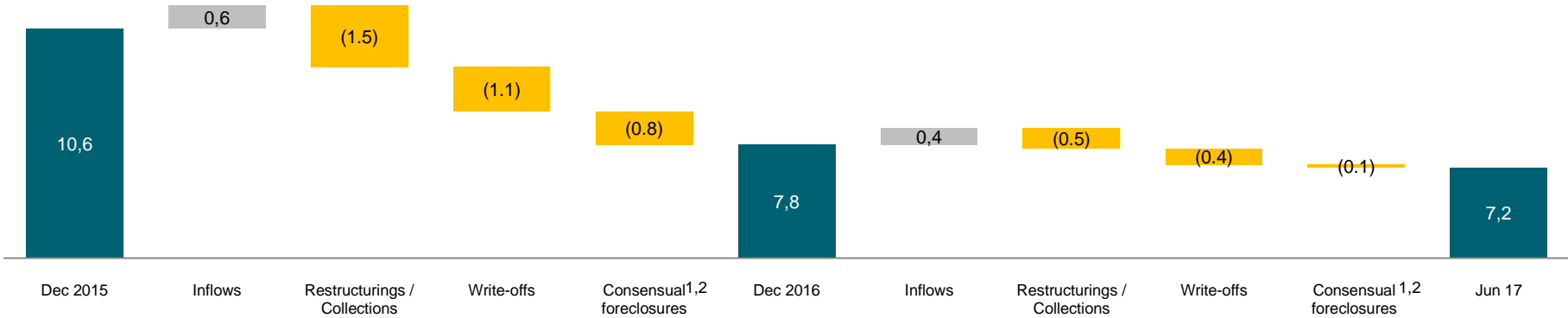
(2) Including the fair value adjustment on initial recognition (difference between the outstanding contractual amount and the fair value of loans acquired from Laiki Bank) and provisions for off-balance sheet exposures.

# Momentum continues in 90+ DPD reduction as inflows are stabilised

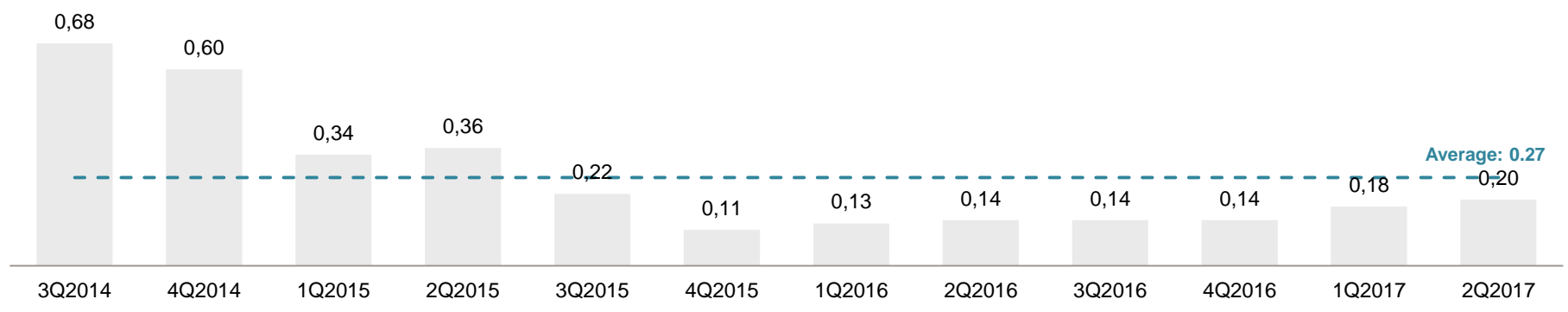
## Additional tools resolve long outstanding loan portfolios (Cyprus operations)

**FY2016: 90+ DPD net reduction : c.€2.8 bn**

**1H2017: 90+ DPD net reduction : c.€0.6 bn**



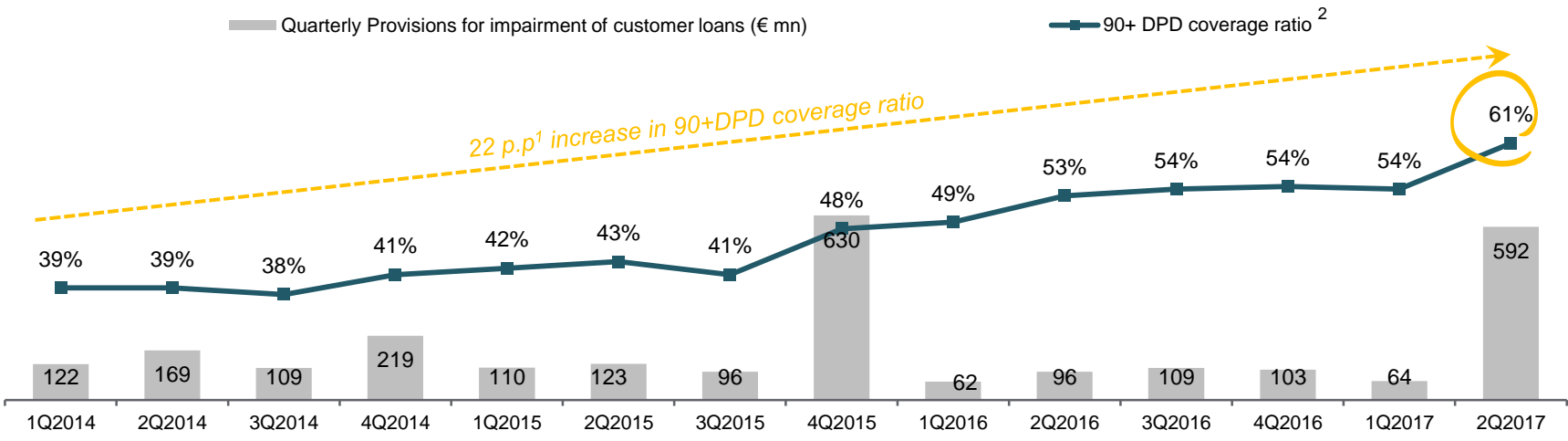
## Stable 90+DPD inflows in Cyprus operations (€ bn)



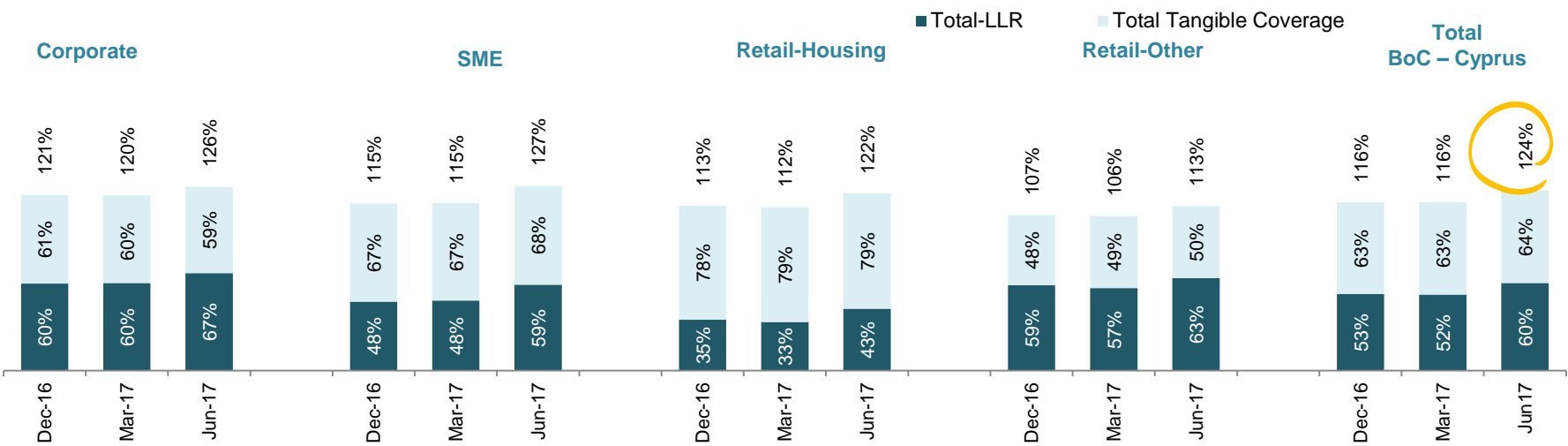
(1) Value of on-boarded assets is set at a conservative 25%-30% discount from open  
 (2) Includes debt for asset swaps and debt for equity swap

# 90+ DPD provision coverage boosted to 61%; Total Coverage (Cy) at 124%

22 pp<sup>1</sup> coverage ratio increase since 1Q14; over €2.6 bn additional provisions



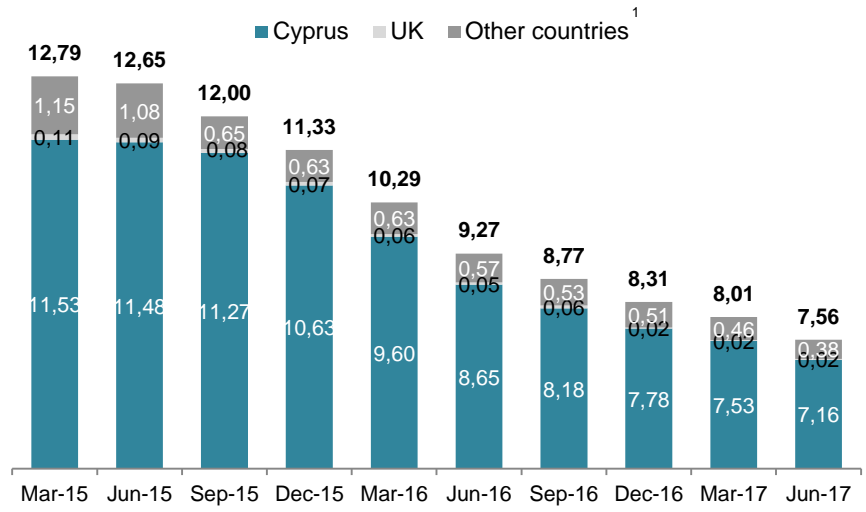
## 90+ DPD fully covered by Provisions and Tangible Collateral (Cyprus Operations)



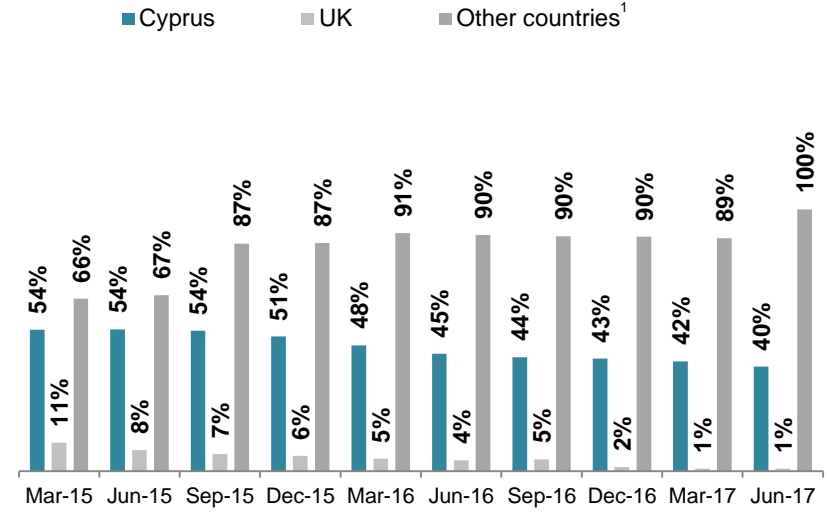
(1) p.p. = percentage points  
 (2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over 90+ DPD  
 (3) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans  
 (4) Pre-provisioning income

# 90+ DPD by Geography and business line

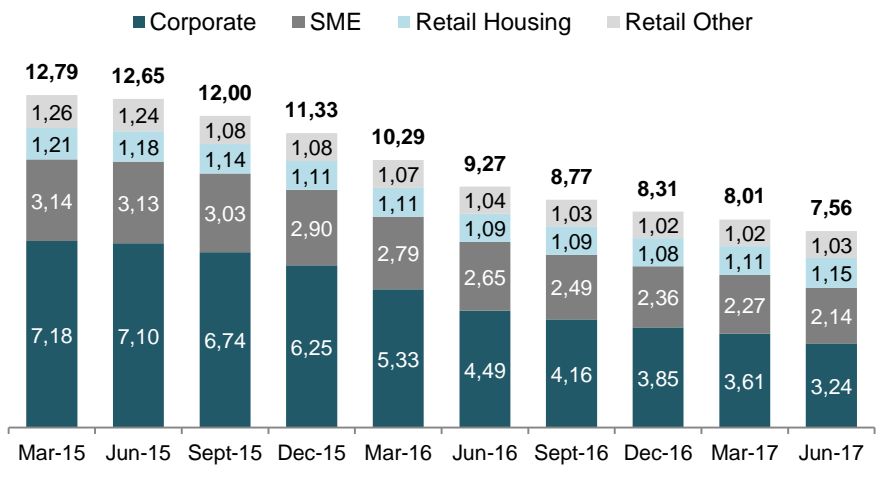
## 90+ DPD by Geography (€ bn)



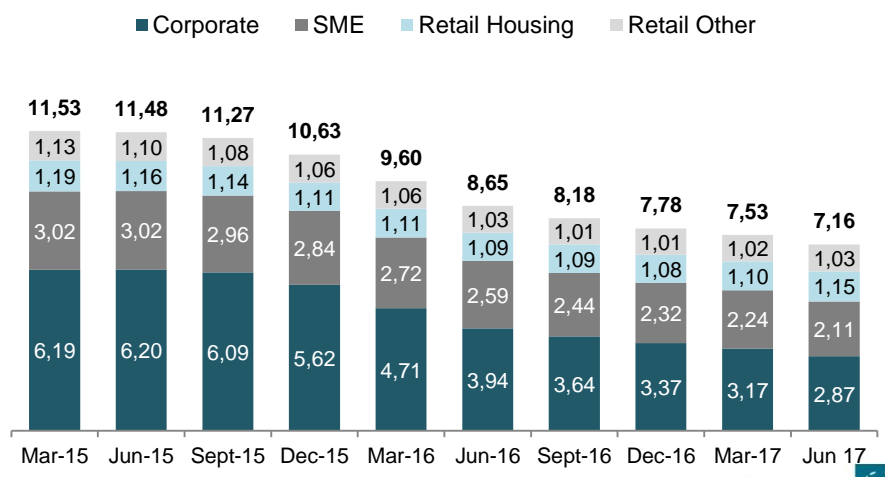
## 90+ DPD ratios by Geography



## 90+ DPD by business line (€ bn)



## Cyprus 90+ DPD by business line (€ bn)



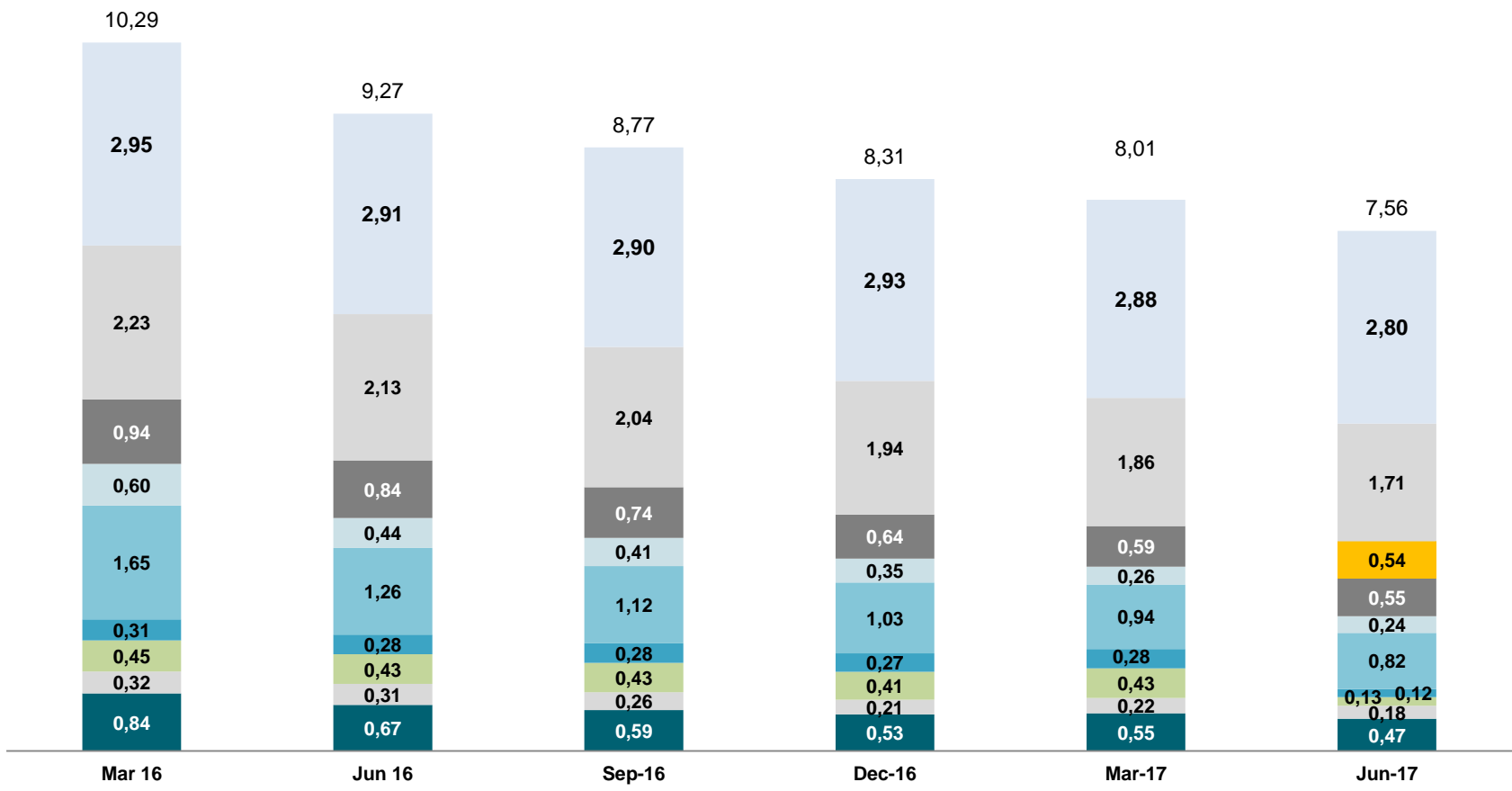
(1) Other countries: Greece, Russia and Romania



# Further Analysis of 90+ DPD by Business Line<sup>1</sup>

## 90+ DPD by business line (€ bn)

- Corporate
- RRD-Major Corporations
- RRD-Recoveries corporates
- SMEs
- RRD- Corporates
- RRD-Recoveries SMEs & Retail
- Housing
- RRD-SMEs
- Consumer Credit
- RRD-Retail<sup>2</sup>

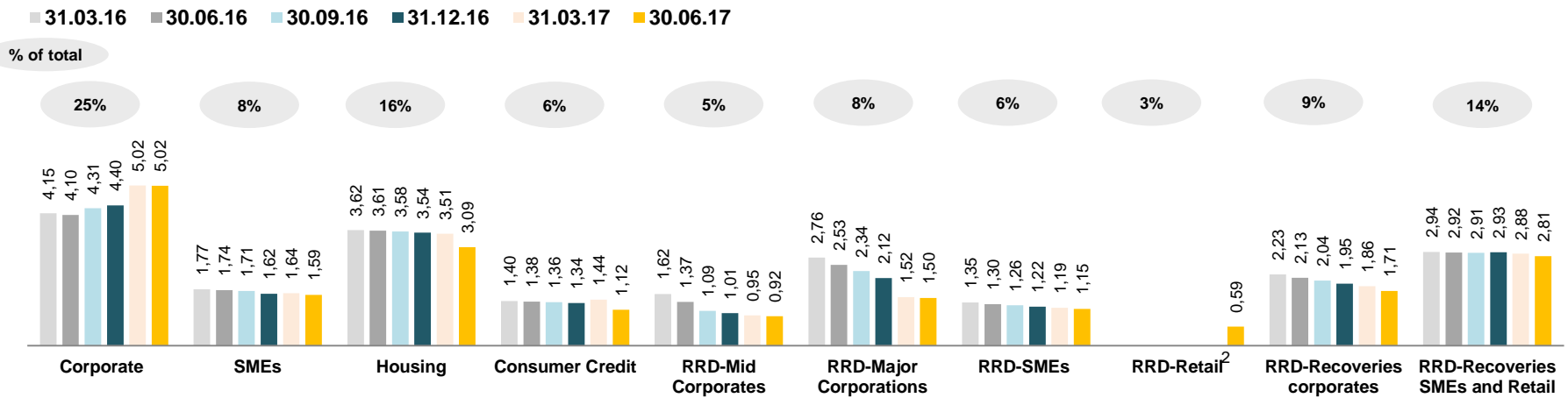


(1) As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the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

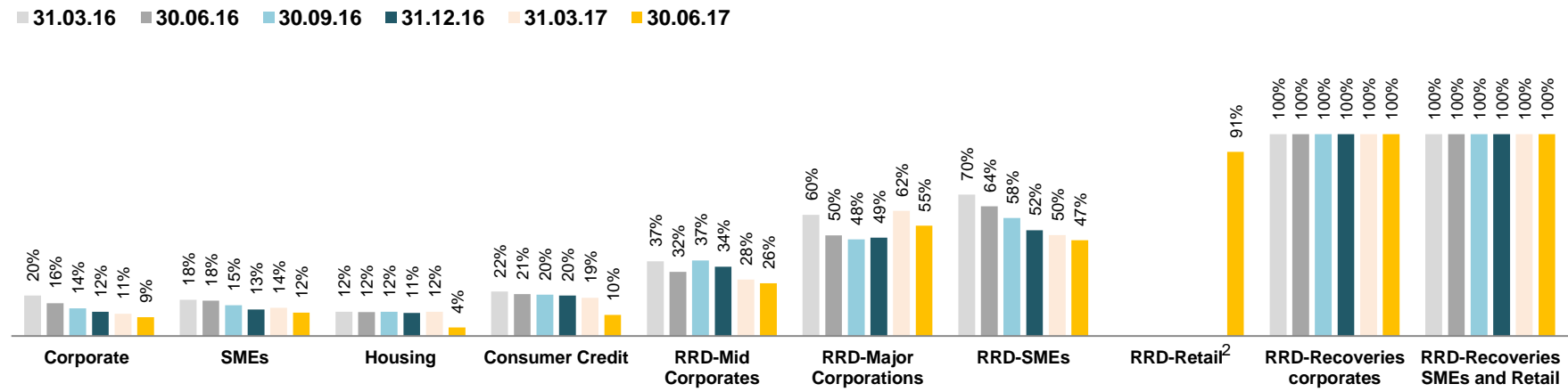
(2) New business line established in April 2017

# Analysis of Loans and 90+ DPD ratios by Business Line<sup>1</sup>

## Gross loans by business line (€ bn)



## 90+ DPD ratios by business line

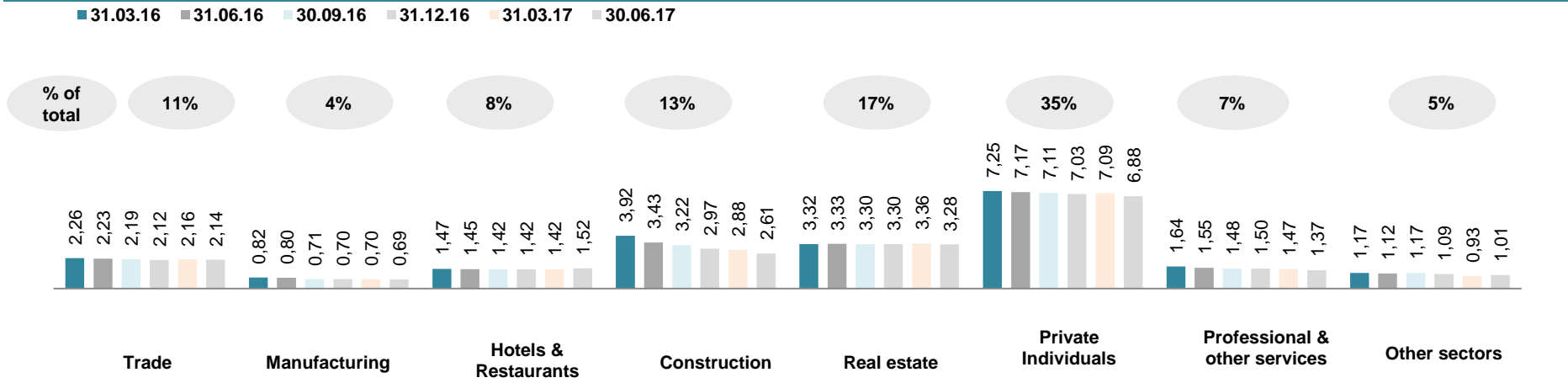


(1) As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the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

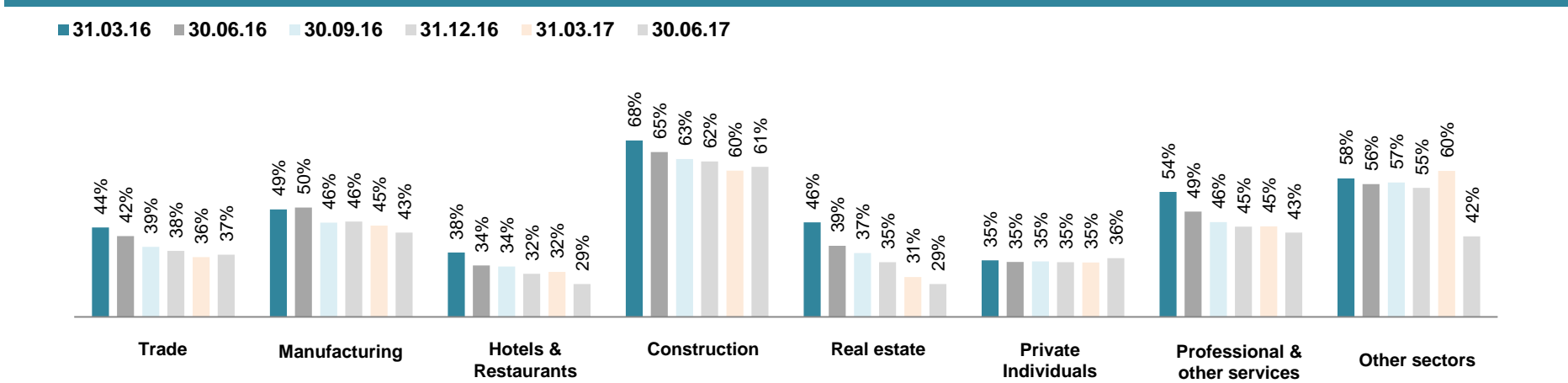
(2) New business line established in April 2017. It includes Retail housing and Retail Other.

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

## Gross loans by economic activity (€ bn)

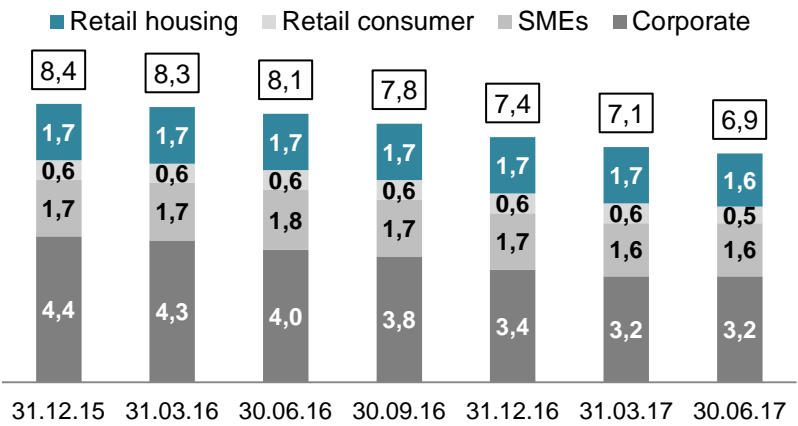


## 90+ DPD ratios by economic activity

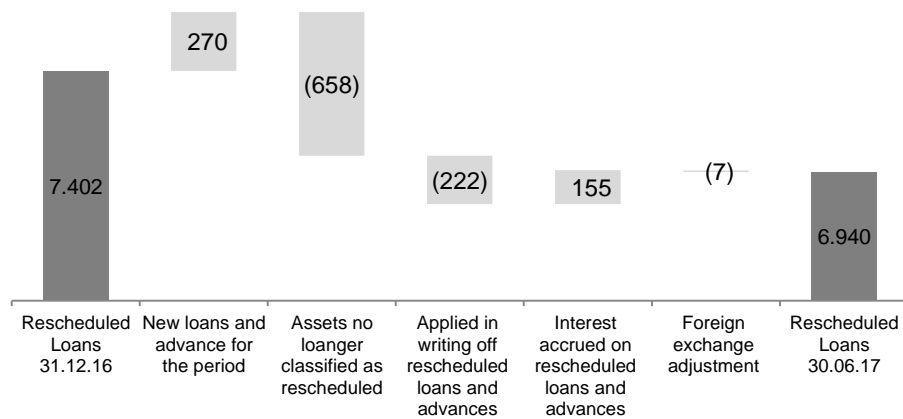


# Rescheduled Loans for the Cyprus Operations

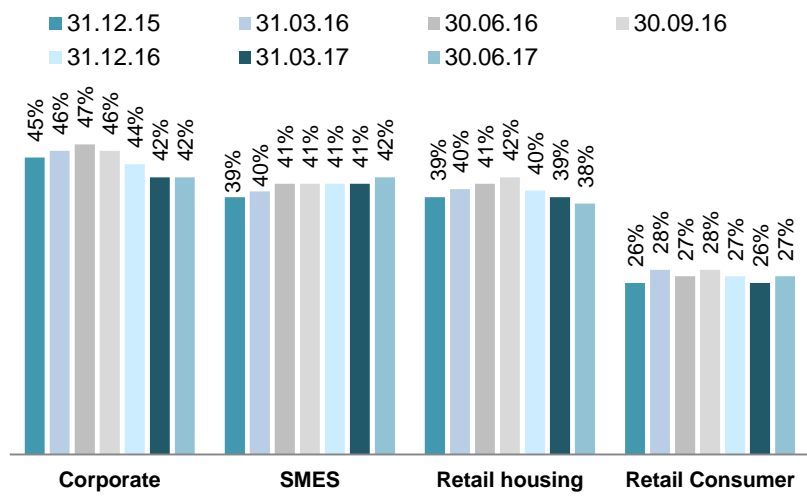
## Rescheduled Loans by customer type (€ bn)



## Rescheduled Loans (€ bn)

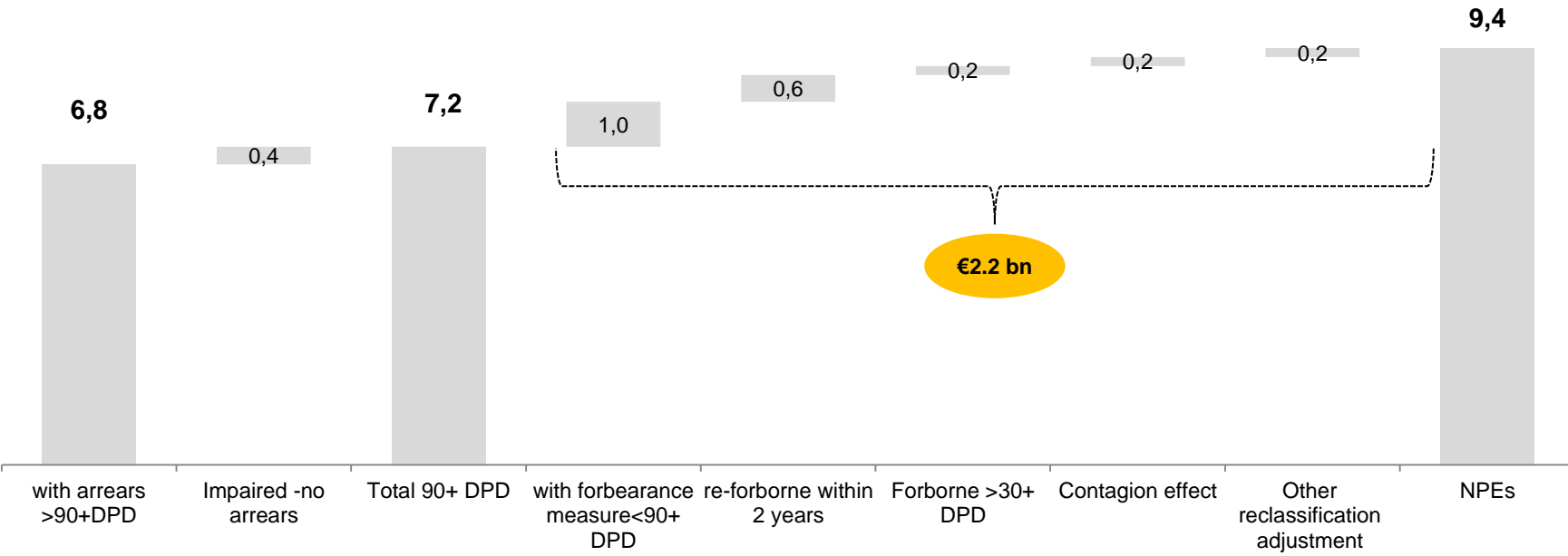


## Rescheduled loans % gross loans<sup>1</sup> by customer type



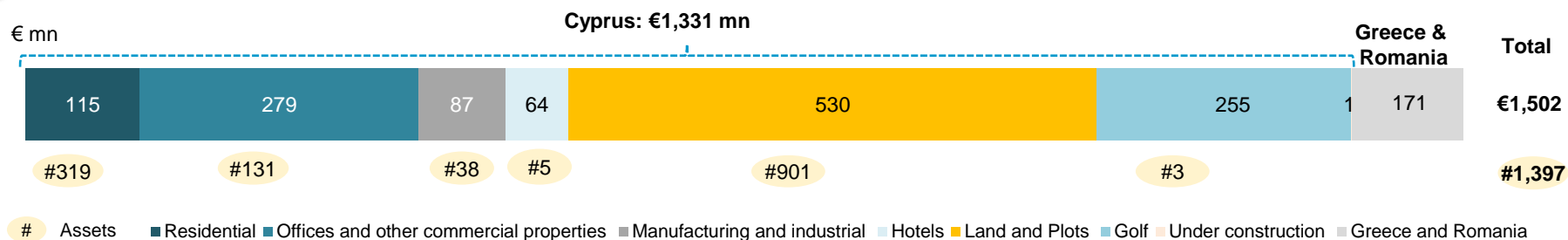
(1) Before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €812 mn for gross loans and to €389 mn for rescheduled loans (compared to €928 mn and €441 mn respectively at 31 December 2016), including loans of discontinued operations/disposal group held for sale.

# Reconciliation of 90+ DPD to NPES Cyprus Operations (€ bn) (Jun 17)



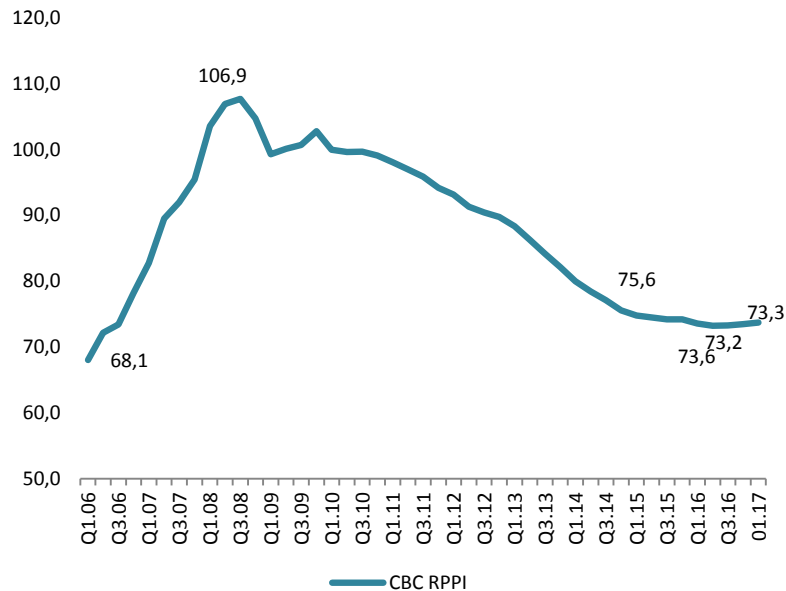
# REMU – the engine for dealing with foreclosed assets

## 5 Assets stock split (carrying value, 30 June 2017, € mn)

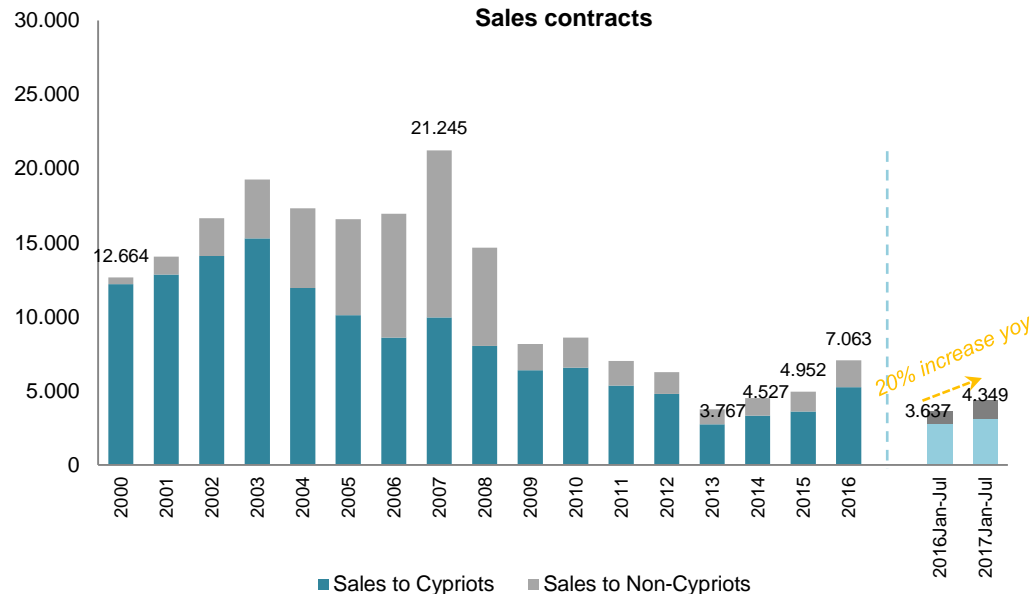


## Encouraging trends in Real Estate Market

Central Bank of Cyprus Residential Property Price Index



Sales contracts



SOURCE: Central Bank of Cyprus, Cyprus Land Registry

# Appendix – Additional financial information

# Consolidated Balance Sheet

€ mn	% change	30.06.17	31.12.16
Cash and balances with Central Banks	54%	2,317	1,506
Loans and advances to banks	-35%	708	1,088
Debt securities, treasury bills and equity investments	36%	918	674
Net loans and advances to customers	-5%	14,913	15,649
Stock of property	5%	1,502	1,427
Other assets	-5%	1,729	1,828
<b>Total assets</b>	<b>0%</b>	<b>22,087</b>	<b>22,172</b>

€ mn	% change	30.06.17	31.12.16
Deposits by banks	-5%	415	435
Funding from central banks	6%	900	850
Repurchase agreements	0%	256	257
Customer deposits	0%	16,584	16,510
Subordinated loan stock	-	257	-
Other liabilities	8%	1,097	1,014
<b>Total liabilities</b>	<b>2%</b>	<b>19,509</b>	<b>19,066</b>
<b>Shareholders' equity</b>	<b>-17%</b>	<b>2,543</b>	<b>3,071</b>
Non controlling interests	2%	35	35
<b>Total equity</b>	<b>-17%</b>	<b>2,578</b>	<b>3,106</b>
<b>Total liabilities and equity</b>	<b>0%</b>	<b>22,087</b>	<b>22,172</b>



# Income Statement Review

€ mn	1H2017	1H2016	2Q2017	1Q2017	qoq %	(1H) yoy%
Net Interest Income	316	360	160	156	2%	-12%
Net fee and commission income	88	74	45	43	4%	19%
Insurance income net of insurance claims	25	25	15	10	34%	-1%
<i>Core income</i>	<i>429</i>	<i>459</i>	<i>220</i>	<i>209</i>	<i>4%</i>	<i>-7%</i>
Other income	41	23	17	24	-23%	78%
<b>Total income</b>	<b>470</b>	<b>482</b>	<b>237</b>	<b>233</b>	<b>2%</b>	<b>-2%</b>
<b>Total expenses</b>	<b>(214)</b>	<b>(202)</b>	<b>(107)</b>	<b>(107)</b>	<b>0%</b>	<b>6%</b>
<b>Profit before provisions and impairments<sup>1</sup></b>	<b>256</b>	<b>280</b>	<b>130</b>	<b>126</b>	<b>3%</b>	<b>-9%</b>
Loan loss provisions <sup>2</sup>	(656)	(158)	(592)	(64)	829%	316%
Impairments of other financial and non financial instruments	(36)	(22)	(4)	(32)	-86%	67%
Provision for litigation and regulatory matters	(35)	0	(18)	(17)	11%	-
<b>Total Provisions and impairments</b>	<b>(727)</b>	<b>(180)</b>	<b>(614)</b>	<b>(113)</b>	<b>450%</b>	<b>306%</b>
Share of profit from associates and joint ventures	4	2	2	2	5%	146%
<b>(Loss)/profit before tax and restructuring costs</b>	<b>(467)</b>	<b>102</b>	<b>(482)</b>	<b>15</b>	<b>-</b>	<b>-</b>
Tax	(72)	(12)	(66)	(6)	939%	490%
Profit/(loss) attributable to NCIs	(1)	(6)	(1)	0	45%	-90%
<b>(Loss)/profit after tax and before restr. costs</b>	<b>(540)</b>	<b>84</b>	<b>(549)</b>	<b>9</b>	<b>-</b>	<b>-</b>
Advisory, VEP and other restr. costs <sup>3</sup>	(14)	(87)	(7)	(7)	-10%	-84%
Net gain on disposal of non-core assets	-	59	-	-	-	-100%
<b>(Loss)/profit after tax</b>	<b>(554)</b>	<b>56</b>	<b>(556)</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Net interest margin</b>	<b>3.37%</b>	<b>3.59%</b>	<b>3.38%</b>	<b>3.33%</b>	<b>+5 bps</b>	<b>-22 bps</b>
<b>Cost-to-Income ratio</b>	<b>46%</b>	<b>42%</b>	<b>45%</b>	<b>46%</b>	<b>-1 p.p.</b>	<b>+4 p.p.</b>
<b>Cost-to-Income ratio adjusted for special levy and SRF contribution</b>	<b>42%</b>	<b>40%</b>	<b>43%</b>	<b>41%</b>	<b>+2 p.p.</b>	<b>+2 p.p.</b>

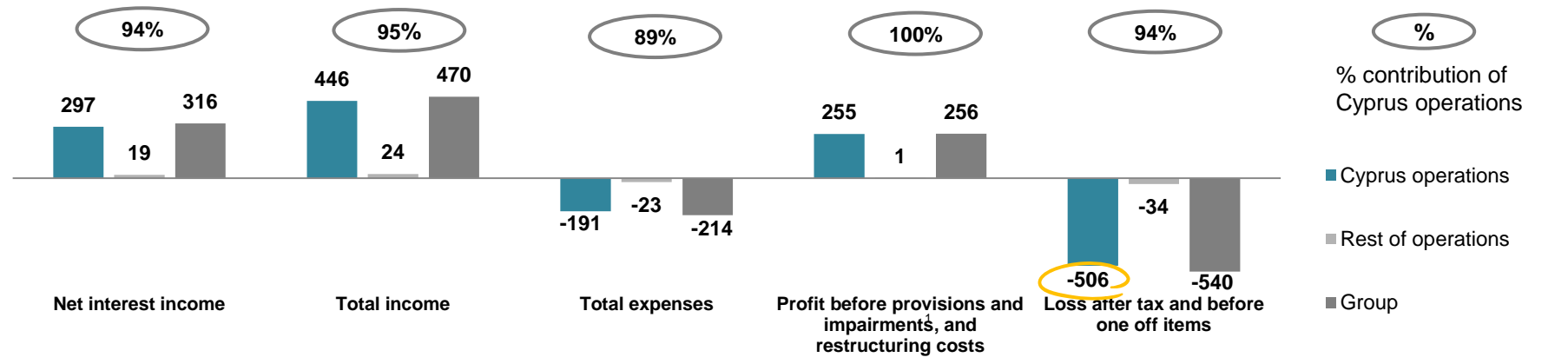
(1) Profit before provisions and impairments, gains/(losses) on derecognition and changes on expected cash flows, restructuring costs and discontinued operations.

(2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans.

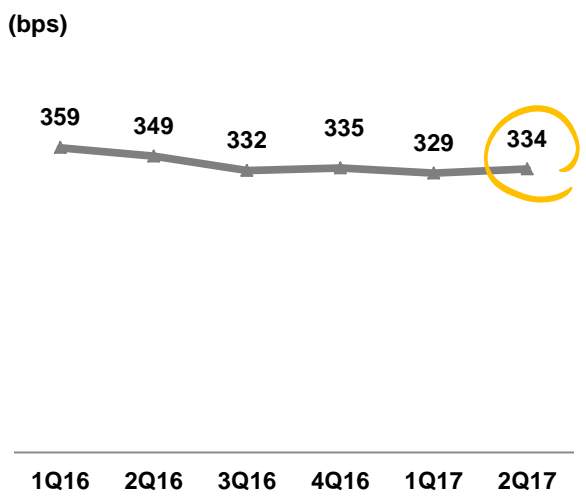
(3) Advisory, VEP and other restructuring costs comprise mainly: 1) fees of external advisors in relation to: (i) disposal of operations and non-core assets (ii) customer loan restructuring activities which are not part of the effective interest rate and (iii) the listing on the London Stock Exchange and 2) voluntary exit plan cost.

# Profitable Core Cypriot business

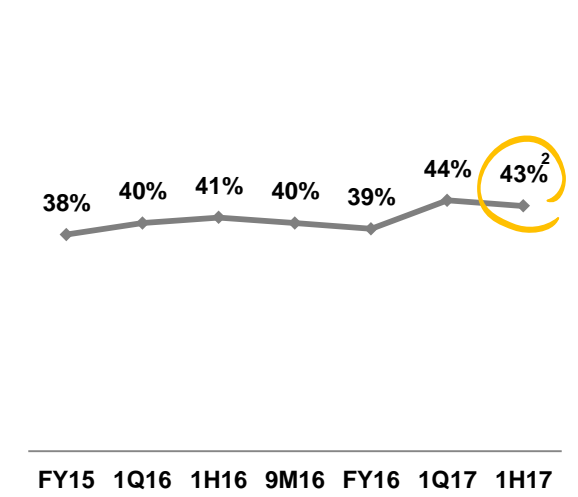
## 1H2017 Cyprus Vs Group performance (€ mn)



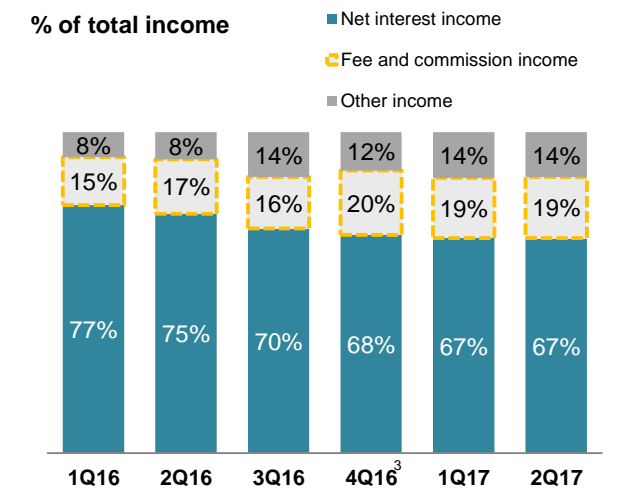
### Stable NIM in Cyprus operations



### Healthy Cost to Income ratio for Cyprus operations



### Improving fee income as a % of revenues



(1) Profit before provisions and impairments, gains/(losses) on loan derecognition and changes on expected cash flows and restructuring costs.  
 (2) Cost to Income ratio includes the special levy and the SRF contribution and excludes the provisions for pending litigation  
 (3) Excluding non-recurring fees of approximately €7 mn.

# Income Statement bridge for 1H2017

€ mn	Underlying basis	Reclassification	Statutory Basis
Net interest income	316		316
Net fee and commission income	88		88
Net foreign exchange gains and net gains on other financial instruments	23		23
Insurance income net of insurance claims	25		25
Net gains from revaluations/disposals of investment properties	10		10
Other income	8		8
<b>Total income</b>	<b>470</b>		<b>470</b>
<b>Total expenses</b>	<b>(214)</b>	<b>(49)</b>	<b>(263)</b>
<b>Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows and restructuring costs</b>	<b>256</b>	<b>(49)</b>	<b>207</b>
Provisions for impairment of customer loans and Gains on derecognition of loans and changes in expected cash flows	(656)		(656)
Impairments of other financial and non-financial assets	(36)		(36)
Provision for litigation and regulatory matters	(35)	35	-
Share of profit from associates	4		4
<b>Loss before tax, restructuring costs and discontinued operations</b>	<b>(467)</b>	<b>(14)</b>	<b>(481)</b>
Tax	(72)		(72)
Loss attributable to non-controlling interests	(1)		(1)
<b>Loss after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets</b>	<b>(540)</b>	<b>(14)</b>	<b>(554)</b>
Advisory and other restructuring costs <sup>1</sup>	(14)	14	-
<b>Loss after tax</b>	<b>(554)</b>		<b>(554)</b>

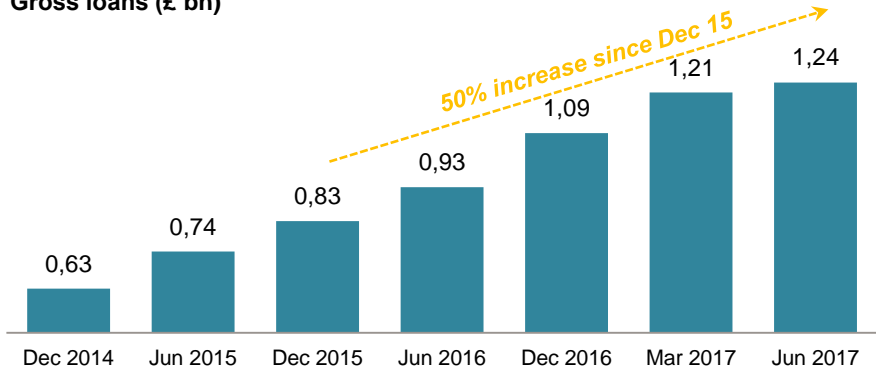
# Cyprus: Income Statement by business line for 1H2017

€ mn	Consumer Banking	SME Banking	Corporate Banking	International Banking	Wealth & Brokerage & Asset Management	RRD	REMU	Insurance	Other	Total Cyprus
Net interest income	114	26	50	36	5	74	(9)	0	1	297
Net fee & commission income	25	5	7	33	1	6	-	(2)	10	85
Other income	2	1	0	4	2	0	12	24	19	64
<b>Total income</b>	141	32	57	73	8	80	3	22	30	446
<b>Total expenses</b>	(57)	(6)	(6)	(13)	(2)	(15)	(4)	(8)	(80)	(191)
<b>Profit/(loss) before provisions and impairments</b>	84	26	51	60	6	65	(1)	14	(50)	255
Provisions for impairment of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	(30)	(29)	0	(7)	0	(574)	-	-	2	(638)
Impairment of other financial and non financial instruments	-	-	-	-	-	-	-	-	(25)	(25)
Provision for litigation and regulatory matters	-	-	-	-	-	-	-	-	(31)	(31)
Share of profits from associates	-	-	-	-	-	-	-	-	4	4
<b>Profit/(loss) before tax</b>	54	(3)	51	53	6	(509)	(1)	14	(100)	(435)
Tax	(7)	0	(6)	(7)	(1)	65	0	(2)	(112)	(70)
Profit attributable to non controlling interest	-	-	-	-	-	-	-	-	(1)	(1)
<b>Profit/(loss) after tax and before one off items</b>	47	(3)	45	46	5	(444)	(1)	12	(213)	(506)

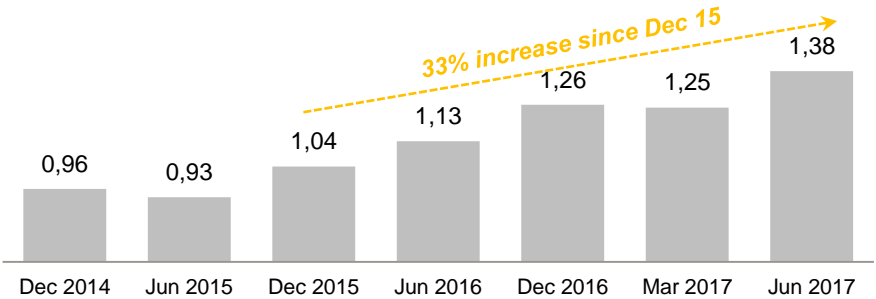
# Careful Expansion of BOC UK operations

## Gross loans and customer deposits

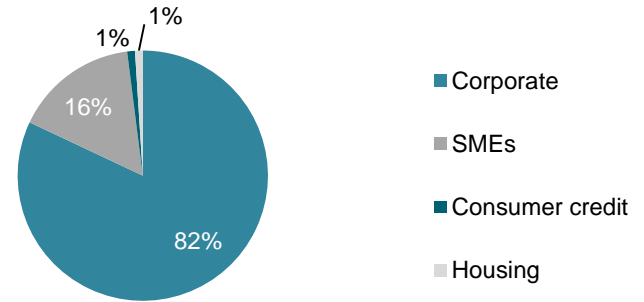
Gross loans (£ bn)



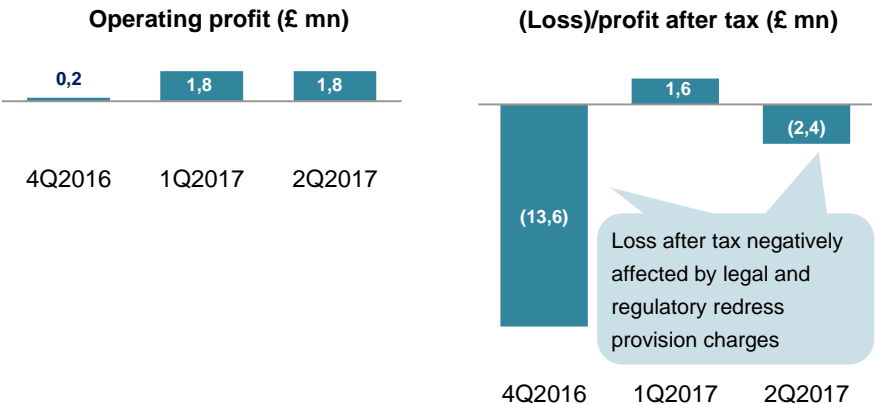
Customer deposits (£ bn)



## Loans by sector at 30 June 2017



## Core operating profitability is rising



- Gross loans and customer deposits in the UK increased by 50% and 33% since Dec 15 to £1.24 bn and to £1.38 bn, respectively
- New lending of £257 mn during 1H2017
- Loss after tax of £2.4 mn for the 2Q2017, negatively affected by legal and regulatory redress provision charges
- Expansion of UK operations that remains consistent with Group's overall credit appetite and regulatory environment

# Risk Weighted Assets – Regulatory Capital

## Risk weighted assets by Geography (€ mn)

	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17
Cyprus	17,845	17,675	17,554	17,336	16,128
Russia	16	15	145 <sup>1</sup>	33	32
United Kingdom	695	725	784	896	869
Romania	195	205	182	178	129
Greece	176	140	190	223	193
Other <sup>2</sup>	41	43	10	15	17
<b>Total RWA</b>	<b>18,968</b>	<b>18,803</b>	<b>18,865</b>	<b>18,681</b>	<b>17,368</b>
<b>RWA intensity(%)</b>	<b>84%</b>	<b>84%</b>	<b>85%</b>	<b>83%</b>	<b>79%</b>

## Risk weighted assets by type of risk (€ mn)

	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17
Credit risk	16,921	16,747	16,862	16,785	15,474
Market risk	7	6	6	7	5
Operational risk	2,040	2,050	1,997	1,889	1,889
<b>Total</b>	<b>18,968</b>	<b>18,803</b>	<b>18,865</b>	<b>18,681</b>	<b>17,368</b>

## Equity and Regulatory Capital (€ mn)

	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17
Shareholders' equity	3,054	3,063	3,071	3,079	2,543
CET1 capital	2,735	2,736	2,728	2,694	2,142
Tier I capital	2,735	2,736	2,728	2,694	2,142
Tier II capital	21	21	21	225	248
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>2,756</b>	<b>2,757</b>	<b>2,749</b>	<b>2,919</b>	<b>2,390</b>

## Reconciliation of Group Equity to CET 1

€ mn	30.06.17
Group Equity per financial statements	2,578
Less: Intangibles and other deductions	(24)
Less: Deconsolidation of insurance and other entities	(216)
Less: Regulatory adjustments (DTA and other items)	(147)
Less: Revaluation reserves and other unrealised items transferred to Tier II	(49)
<b>CET 1 (transitional)</b>	<b>2,142</b>
<b>Less: Adjustments to fully loaded (mainly DTA)</b>	<b>(99)</b>
<b>CET 1 (fully loaded)</b>	<b>2,043</b>
<b>Risk Weighted Assets</b>	<b>17,368</b>
<b>CET 1 ratio (fully loaded)</b>	<b>11.8%</b>
<b>CET 1 ratio (transitional)</b>	<b>12.3%</b>

(1) The increase in Russia RWA is due to one off regulatory adjustments on operational risk in relation to disposed operations where permission to exclude it received from regulators early January 2017

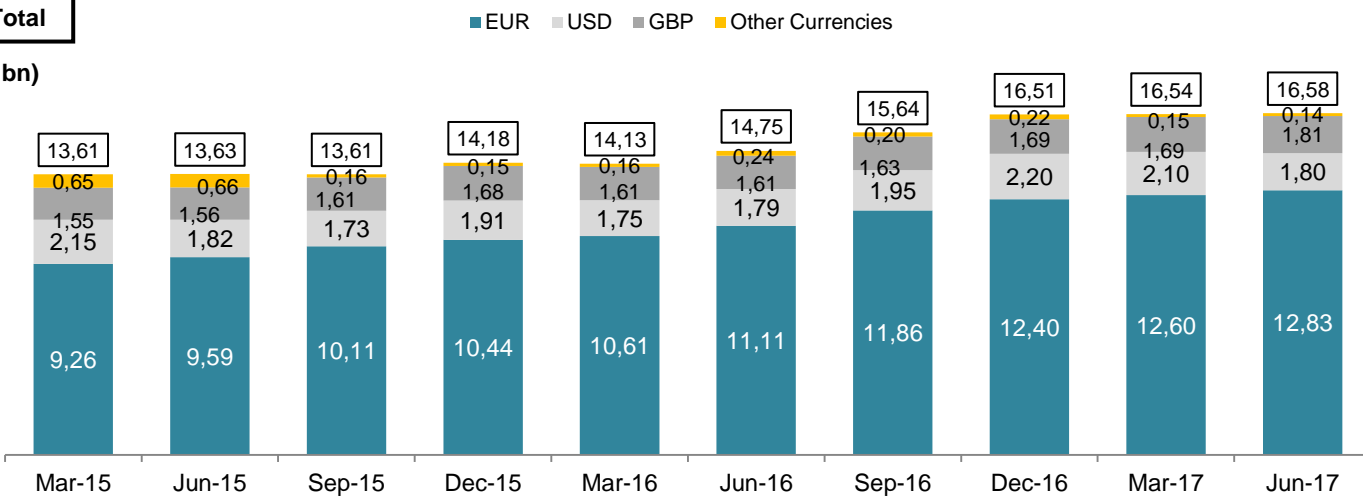
(2) Other countries primarily relates to exposures in Channel Islands

# Analysis of Deposits by Currency and by Type

## Deposits by Currency

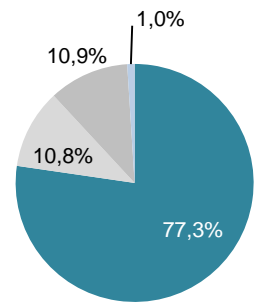
Total

(€ bn)



## 30 June 2017 (%)

EUR USD GBP Other currencies

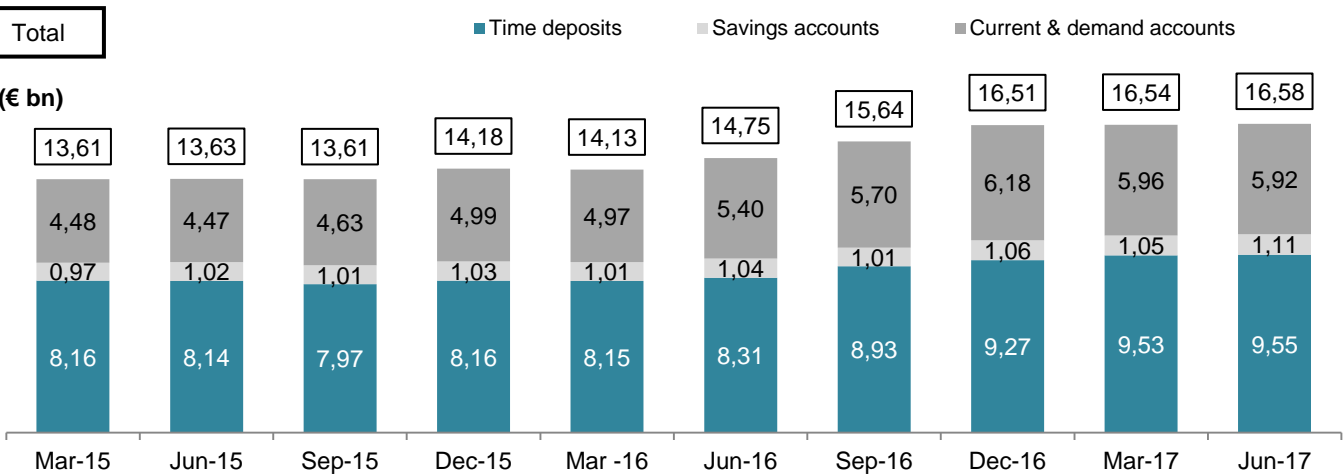


Total Cyprus 90.5%

## Deposits by type of deposits

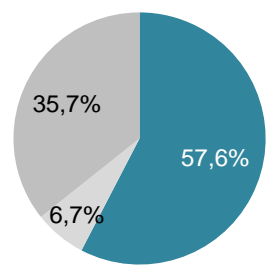
Total

(€ bn)



## 30 June 2017 (%)

Time deposits Savings account Current and demand account



# BOC - Main performance indicators

	Ratios	Group 1H2017
<b>Performance</b>	Net Interest Margin	3.37%
	Cost to income ratio	42% <sup>1</sup>
	Loans to deposits	90%
<b>Asset Quality</b>	90+ DPD / 90+ DPD ratio	€7,561 mn (39%)
	90+ DPD coverage	61%
	Cost of risk (annualised)	4.2% <sup>2</sup>
	Provisions / Gross Loans	23.8%
<b>Capital</b>	Transitional Common Equity Tier 1 capital	2,142
	CET1 ratio (transitional basis)	12.3%
	Total Shareholders' Equity / Total Assets	11.5%

(1) Adjusted for the special levy and the SRF contribution

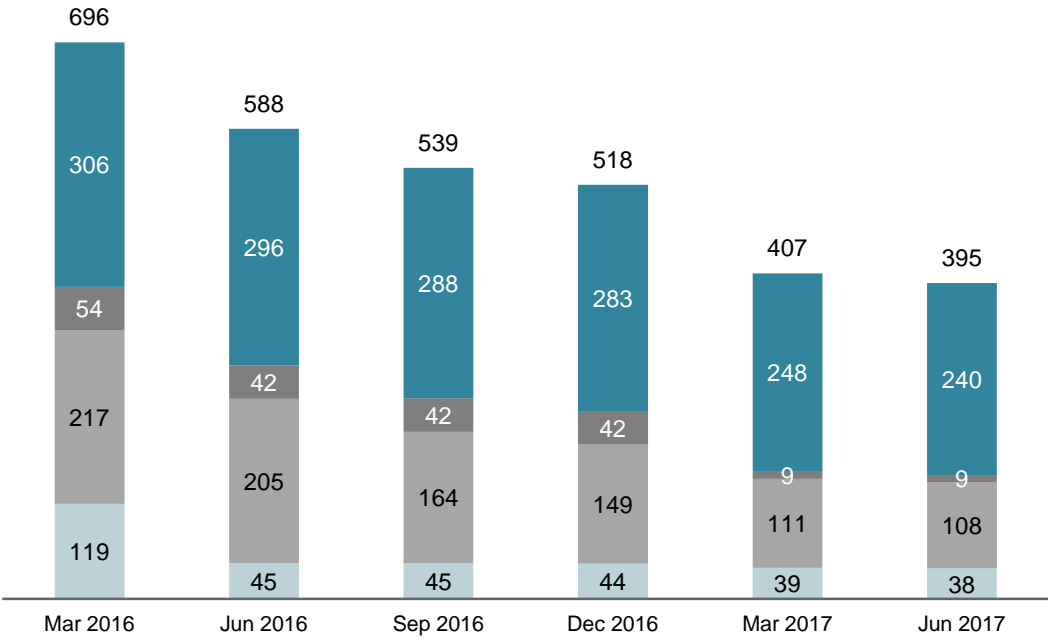
(2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans. Additional provisions of c.€500 mn are included in the calculation of Cost of Risk but are not annualised. Including impairments of other financial instruments, the provisioning charge for 1H2017 was 4.3%.



# Reduction in Overseas Non-Core Exposures

Overseas non-core exposures<sup>1</sup> (€ mn)

- Russia: Net exposure  
■ Serbia: Net exposure
- Romania: Net exposure  
■ Greece: Net exposure



- In addition, at 30 June 2017, there were €173 mn of overseas exposures in Greece (€195 mn as at 31 March 2017) not identified as non-core exposures
- In accordance with Group's strategy to exit from overseas non-core operations, the operations of the Bank of Cyprus branch in Romania are expected to be terminated during 2017, subject to regulatory approvals. The remaining assets and liabilities of the branch will be transferred to other entities of the Group.

(1) Comparatives excluding core exposures  
 (2) Lending exposures to Greek entities in the normal course of business in Cyprus and lending exposures in Cyprus with collaterals in Greece

# Non-Performing Loans definition

**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
- 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 forbore exposures under probation for which additional forbearance measures are extended, or
- v. there are performing forbore exposures under probation that present more than 30 days past due within the probation period.

The exit criteria of NPE forbore are the following:

1. The extension of forbearance measures does not lead to the recognition of impairment or default
2. One year has passed since the forbearance measures were extended
3. There is not, following the forbearance measures, any past due amount or concerns regarding the full repayment of the exposure according to the post forbearance conditions.

**90+DPD:** Loans in arrears for more than 90 days (90+ DPD) are defined as loans past-due for more than 90 days and those that are impaired (impaired loans are those which are not considered fully collectable and for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition or customers in Debt Recovery).

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