Announcement

Group Financial Results for the six months ended 30 June 2016

Nicosia, 30 August 2016

Key Highlights

- Positive momentum continued in 2Q2016
- Problem loans (90+ DPD) down by €1 bn; €2 bn or 18% reduction during 1H2016
- Deposits increased by €619 mn in 2Q2016
- ELA reduced year-to-date by €2,3 bn to €1,5 bn
- CET1 ratio at 14,4%
- Profit before provisions of €135 mn for 2Q2016 directed at increased provisions and impairment charges
- Profit after tax of €6 mn for 2Q2016 and €56 mn for 1H2016

Statement by Bank of Cyprus Group CEO:

"The positive momentum continued in the second quarter of 2016.

We reduced problem loans for a fifth consecutive quarter. We completed €2,8 bn of restructurings in the first half of 2016 and reduced problem loans by €2 bn or 18%. We expect to drive further reductions during the coming quarters. The Bank was responsible for two thirds of the reduction of NPEs in Cyprus since January 2015.

We were pleased to see our deposits grow by €619 mn in the second quarter, a good indication of increasing customer confidence in the Bank. ELA currently stands at €1,5 bn and was reduced by €2,3 bn year to date. Our target remains the full repayment of ELA as soon as possible.

We recorded good underlying operating profitability at €135 mn in the second quarter and we have directed this to support faster derisking of our balance sheet, through increased provisions. Second half of 2016 profits expected to be similarly directed.

The profit after tax for the second quarter was €6 mn and for the six months ended 30 June was €56 mn.

The Group's capital ratio (CET1) stands at 14,4% at 30 June 2016.

We recognise our role in ensuring a sustainable recovery. Since January 2015 we have granted over €1 bn of new loans and we are actively seeking to provide more credit to viable households and consumers."

John Patrick Hourican

Group Profile

Founded in 1899, Bank of Cyprus Group is the leading banking and financial services group in Cyprus. The Group provides a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. The Group operates through a total of 131 branches, of which 125 operate in Cyprus, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4.279 staff worldwide. At 30 June 2016, the Group's Total Assets amounted to €22,7 bn and Total Equity was €3,1 bn.

A. Analysis of the Financial Results for the six months ended 30 June 2016

A.1 Balance Sheet Analysis

A.1.1 Capital Base

Shareholders' equity totalled €3.054 mn at 30 June 2016. The **CET1 ratio**[1] totalled 14,4% at 30 June 2016, compared to 14,3% at 31 March 2016 and to 14,0% at 31 December 2015. Adjusting for Deferred Tax Assets[2], the **CET1 ratio on a fully-loaded basis** totalled 13,6% at 30 June 2016.

A.1.2 Customer Deposits and Loans

Group customer deposits totalled €14.746 mn at 30 June 2016, compared to €14.128 mn at 31 March 2016 and €14.181 mn at 31 December 2015. Customer deposits in Cyprus increased by €621 mn during the quarter and stood at €13.311 mn at 30 June 2016, accounting for 90% of Group customer deposits. The Bank's deposit market share[3] in Cyprus reached 29,0% at 30 June 2016, compared to a low of 24,6% at 30 November 2014.

Customer deposits are the primary source of funding, with their contribution towards the Group's overall funding gradually increasing. Customer deposits accounted for 65% of total assets at 30 June 2016, compared to 62% of total assets at 31 March 2016 and a low of 48% at 31 March 2014. The Loans to Deposits ratio (L/D) improved to 110% at 30 June 2016, compared to 119% at 31 March 2016 and a high of 151% at 31 March 2014.

Group gross loans[4] totalled €21.083 mn at 30 June 2016, compared to €21.849 mn at 31 March 2016 and €22.592 mn at 31 December 2015. The reduction in gross loans is, to a large extent, driven by the restructuring activity, including debt for property and debt for equity swaps. Gross loans in Cyprus totalled €19.274 mn at 30 June 2016 and accounted for 91% of Group gross loans. The Bank is the single largest credit provider in Cyprus with a 41,4% loan market share[5] at 30 June 2016, compared to 40,4% at 31 March 2016. Loans in the UK amounted to €1.179 mn and accounted for 6% of Group total loans, compared to €1.174 mn at 31 March 2016.

A.1.3 Eurosystem Funding

At 30 June 2016, the Bank's Eurosystem funding totalled €3,1 bn, comprising ELA of €2,4 bn and European Central Bank (ECB) funding of €700 mn. Post 30 June 2016, ELA funding was reduced by €900 mn to a current level of €1,5 bn mainly due to increased customer and government deposits. In total, ELA has been reduced by €9,9 bn since its peak of €11,4 bn in April 2013.

After taking into consideration the significant reduction of ELA funding, the Board of Directors decided to proceed with the cancellation of the €1 bn of government guaranteed bonds that were acquired from Laiki in 2013, which was completed on 25 August 2016. These bonds were retained by the Bank and were used as collateral for ELA funding.

A.1.4 Loan portfolio quality

Addressing the asset quality remains the Group's main priority. The main priority of the Bank's Restructuring and Recoveries Division (RRD) is the delivery of asset quality improvement. The new foreclosure legislation and insolvency framework, together with the intensive restructuring and workout activity implemented by RRD, the effective interaction with borrowers and the improving fundamentals of the Cypriot economy, are playing a significant role in reducing the level of problem loans.

[1] Transitional basis; includes audited profits for the six months ended 30 June 2016.
[2] The DTA adjustments relate to Deferred Tax Assets totalling €451 mn and recognised on tax losses totalling €3,6 bn and can be set off against future profits of the Bank until 2028 at a tax rate of 12,5%. Furthermore, there are tax losses of c. €8,5 bn for which no deferred tax asset has been recognised. The recognition of deferred tax assets is supported by the Bank's business forecasts and takes into account the recoverability of the deferred tax assets within their expiry period.
[3] Based on data from the Central Bank of Cyprus.
[4] Gross loans are reported before the 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 €1.043 mn at 30 June 2016 (compared to €1.130 mn at 31 March 2016).
[5] See note 3.

Loans in arrears for more than 90 days (90+ DPD)[6] **were reduced by €1,0 bn** (10% reduction qoq) in 2Q2016. Since December 2014, 90+ DPD were reduced by €3,4 bn or by 27%.The decrease was primarily due to the restructuring activity, including debt for property and debt for equity swaps. 90+ DPD stood at €9.269 mn at 30 June 2016, accounting for 44% of gross loans (90+ DPD ratio), compared to 47% a quarter earlier. 90+ DPD were reduced by €2 bn or by 18% in the first half of 2016. The provisioning coverage ratio of 90+ DPD[7] loans increased to 53% at 30 June 2016. When taking into account tangible collateral at fair value, 90+ DPD loans are fully covered. The provisioning coverage ratio of 90+ DPD, calculated with reference to the contractual balances of customers, totalled 64%[8] at 30 June 2016, compared to 61% at 31 March 2016.

	30.06.2016		31.03.2016	
	(€ mn)	% of gross loans	(€ mn)	% of gross loans
90+ DPD	**9.269**	**44,0%**	**10.289**	**47,1%**
Of which:				
- impaired with no arrears	647	3,1%	860	3,9%
- impaired with arrears less than 90 days	66	0,3%	93	0,4%

Non-performing exposures (NPEs) [9] **as defined by the European Banking Authority (EBA) were reduced by €834 mn or 6%** during 2Q2016 to €12.493 mn at 30 June 2016, accounting for 59% of gross loans. Since December 2014, NPEs were reduced by €2,5 bn or by 16%. The provisioning coverage ratio of NPEs stood at 39% at 30 June 2016, up from 38% at 31 March 2016. The provisioning coverage ratio of NPEs, calculated with reference to the contractual balances of customers, stood at 51%[10] at 30 June 2016, compared to 49% at 31 March 2016. The provisioning coverage ratio of NPEs after excluding the NPEs with forbearance measures, for which no impairments and no arrears existed at 30 June 2016 stood at 48%, compared to 45% at 31 March 2016.

	30.06.2016		31.03.2016	
	(€ mn)	% of gross loans	(€ mn)	% of gross loans
Non-performing exposures (NPEs) as per EBA definition	**12.493**	**59,3%**	**13.327**	**61,0%**
Of which: - NPEs with forbearance measures, no impairments and no arrears	2.436	11,6%	2.181	10,0%

A.1.5 Real Estate Management Unit

The **Real Estate Management Unit (REMU)** was set up at the beginning of this year to on-board assets through debt for property swaps, to manage these assets (including selective investment and development) and to execute exit strategies in order to monetise these assets, thus achieving an accelerated and cheaper foreclosure process. During 1H2016, REMU acquired €691 mn of assets via the execution of debt for property swaps. During the first 6 months of 2016, the Bank completed the disposal of real estate assets amounting to €94 mn. As at 30 June 2016, REMU was managing properties with a total carrying value of €1,1 bn.

A.1.6 Non-core overseas exposures

As part of its **deleveraging strategy**, and through specific, deliberate and well-timed actions, the Bank has managed to reduce its risk profile, to enhance its liquidity position and to improve its capital position.

The remaining non-core overseas exposures at 30 June 2016 are as follows:

- Greece: The net exposure comprised (a) net on-balance sheet exposures (excluding foreclosed properties) totalling €13 mn (compared to €16 mn at 31 March 2016), (b) 639 foreclosed properties with a book value of €164 mn (compared to 640 foreclosed properties with a book value of €168 mn at 31

[6] Loans in arrears for more than 90 days (90+ DPD) are defined as loans past-due for more than 90 days and loans 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 existed at their initial recognition or customers in Debt Recovery).

[7] Provisioning coverage ratio for 90+ DPD is calculated as the sum of accumulated provisions for impairment of customer loans, fair value adjustment on initial recognition and provision for off-balance sheet exposures, over 90+ DPD.

[8] This ratio is calculated by adjusting both the provisions stock and the customer balances to include any unrecognised interest income due on contractual balances.

[9] 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, or (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.

[10] See Note 8.

March 2016), (c) off-balance sheet exposures totalling €119 mn (compared to €122 mn at 31 March 2016) and (d) lending exposures to Greek entities in the normal course of business in Cyprus totalling €81 mn (compared to €87 mn at 31 March 2016) and lending exposures in Cyprus with collaterals in Greece totalling €144 mn (compared to €71 mn at 31 March 2016).

- Romania: The overall net exposure is €262 mn (compared to €274 mn at 31 March 2016).
- Serbia: The overall net exposure is €42 mn (compared to €54 mn at 31 March 2016).
- Russia: The remaining net exposure (on and off balance sheet) in Russia was significantly reduced to €45 mn during the second quarter (down from €119 mn at 31 March 2016) following the full settlement in cash of the deferred component included in the agreement made for the disposal of the Russian operations[11].

As part of the Group's strategy of focusing on its core businesses and markets, the Group decided to close the operations of Bank of Cyprus (Channel Islands) Ltd (BOC CI) and to relocate its business to other Group locations. As at 30 June 2016, the gross loans and deposits of BOC CI amounted to €24,5 mn and €69,4 mn respectively. BOC CI operates through one branch and has one employee.

A.2 Income Statement Analysis

Net interest income (NII) and net interest margin (NIM) for 1H2016 amounted to €360 mn and 3,59% respectively. NII for 2Q2016 was €175 mn and was 5% lower, compared to €185 mn for 1Q2016, reflecting the reduction in customer loan balance primarily as a result of the elevated loan restructuring activity. The NIM for 2Q2016 was at 3,55% compared to 3,63% for 1Q2016.

Non-interest income for 1H2016 was €122 mn, with recurring income comprising net fee and commission income of €74 mn and net insurance income of €25 mn. Non-interest income for 2Q2016 was €63 mn (in line with 1Q2016), with recurring income comprising net fee and commission income of €38 mn and net insurance income of €11 mn. The remaining component of non-interest income (comprising net foreign exchange gains/(losses), net gains/(losses) on other financial instruments, gains/(losses) from revaluation of investment properties and disposal of stock of properties and other income) for 2Q2016 was a net profit of €14 mn, compared to a net profit of €9 mn for 1Q2016.

Total income[12] for 1H2016 amounted to €482 mn, compared to €535 mn for 1H2015 (10% reduction yoy). Total income for 2Q2016 amounted to €238 mn, compared to €244 mn for 1Q2016 (3% reduction qoq) with the reduction of total income primarily reflecting the reduction in NII.

Total expenses for 1H2016 were €202 mn, 58% of which related to staff costs (€117 mn) and 42% to other operating expenses (€85 mn). The cost to income ratio for 1H2016 stood at 42%. Total expenses for 2Q2016 were €103 mn, compared to €99 mn a quarter earlier (5% increase qoq) with staff costs remaining relatively stable. The increase in other operating expenses primarily relates to higher marketing, consultancy and professional expenses and increased provisions for litigation and legal settlements during 2Q2016. Following the completion of the Voluntary Exit Plan (VEP) during the first half of 2016, an annual saving of 12% of personnel expenses is expected. The cost to income ratio for 2Q2016 was 43%, compared to 40% for 1Q2016.

Profit before provisions and impairments[13], advisory, VEP, other restructuring costs and discontinued operations for 1H2016 was €280 mn, compared to €341 mn a year earlier, primarily reflecting the lower level of NII. Profit before provisions and impairments[14], advisory, VEP, other restructuring costs and discontinued operations for 2Q2016 was €135 mn, compared to €145 mn for 1Q2016.

Provisions for impairment of customer loans (continuing operations) net of gains/(losses) on derecognition of loans and changes in expected cash flows for 1H2016 totalled €158 mn. Provisions for impairment of customer loans (continuing operations) net of gains/(losses) on derecognition of loans and changes in expected cash flows for 2Q2016 amounted to €96 mn, compared to €62 mn for 1Q2016. The annualised provisioning charge for 1H2016 accounted for 1,4%[15] of gross loans, compared to 1,1% for

[11] See relevant announcement http://www.bankofcyprus.com/globalassets/investor-relations/press-releases/eng/20150928completionofthesaleofroeng_final.pdf
[12] Total income includes Net Interest Income and Non-Interest Income.
[13] Comprising provisions for impairments of customer loans and impairments of other financial and non-financial assets, net of gains/(losses) on derecognition and changes in expected cash flows.
[14] See Note 13.
[15] That is 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 (as defined in Note 4).

1Q2016. At 30 June 2016, accumulated provisions, including fair value adjustment on initial recognition[16], totalled €4.875 mn[17] (compared to €5.076 mn at 31 March 2016) and accounted for 23,1% of gross loans (compared to 23,2% at 31 March 2016).

Impairments of other financial and non-financial assets for 1H2016 totalled €22 mn. Impairments of other financial and non-financial assets for 2Q2016 totalled €14 mn, compared to €8 mn for 1Q2016. Impairments for 2Q2016 were primarily affected by impairment charges relating to legacy Laiki-related exposures[18] of €12 mn, the reversal of impairment upon the full settlement of receivable included in the agreement for the disposal of the Russian operations[19] of €3 mn and the impairment of stock of properties in Cyprus and Greece of €2 mn.

Profit after tax excluding advisory, VEP, other restructuring costs, discontinued operations and net profit on disposal of non-core assets for 1H2016 totalled €84 mn. Profit after tax excluding advisory, VEP and other restructuring costs, discontinued operations and net profit on disposal of non-core assets for 2Q2016 totalled €17 mn compared to €67 mn in 1Q2016.

Advisory, VEP and other restructuring costs[20] for 1H2016 totalled €87 mn. Advisory, VEP and other restructuring costs for 2Q2016 totalled €70 mn, of which €57 mn related to the VEP and €13 mn to other professional and restructuring costs. Adjusting for the one-off cost of the VEP, restructuring costs remained at similar levels as 1Q2016 (€11 mn for 1Q2016).

Net gains on disposals of non-core assets for 1H2016 of €59 mn primarily relate to the gain on disposal of the investment in Visa Europe.

Profit after tax attributable to the owners of the Bank for 1H2016 was €56 mn. Profit after tax attributable to the owners of the Bank for 2Q2016 totalled €6 mn, compared to a profit of €50 mn for 1Q2016.

B. Outlook

The Group remains on track for implementing its strategic objectives aiming to become **a stronger, safer and a more focused institution capable of supporting the recovery of the Cypriot economy** and delivering appropriate shareholder returns in the medium term.

The key pillars of the Group's strategy are to:

- **Materially reduce** the level of delinquent loans
- **Normalise the funding structure and fully repay ELA funding**
- **Maintain an appropriate capital position** by internally generating capital
- Focus on the **core Cyprus market and on the UK operations**
- **Achieve a lean operating model**
- **Deliver value** to shareholders and other stakeholders

The Group is now focused on its core operations in Cyprus, which account for 91% and 90% of gross loans and customer deposits respectively. The **financial performance of the Group and the economic recovery of Cyprus are mutually reinforced**. The Cypriot economy continues to see strong improvement, particularly against a backdrop of falling unemployment rate, reducing consumer price inflation, improving fiscal environment and improving credit ratings. According to the flash estimate[21] published on 12 August 2016, real GDP in Cyprus increased by 2,7% yoy in the second quarter of 2016 (when seasonally adjusted). The outlook for the Cypriot economy for 2016 remains positive and is underpinned by improving tourist arrivals, and its unique position as a regional centre for business services for companies and investors in the Middle East, Eastern Mediterranean, Russia and Eastern Europe.

However, the direct consequences on Cyprus of the UK referendum to exit the EU, will mostly emanate from tourist activity depending on the extent and durability of depreciation of the British Pound against the Euro, or

[16] 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.
[17] The decrease in accumulated provisions of €201 mn primarily relates to increased restructuring activity for the quarter. (The reduction in the previous quarter amounted to €369 mn).
[18] The ex Laiki exposure relates to legacy Laiki Serbian exposures.
[19] See Note 11.
[20] Advisory, VEP and other restructuring costs comprise mainly: 1) fees of external advisors in relation to: (i) disposal of operations (ii) customer loan restructuring activities which are not part of the effective interest rate and (iii) the contemplated listing on the London stock exchange and 2) voluntary exit plan cost.
[21] Based on the Statistical Service of the Republic of Cyprus.

from a possible economic recession in the UK. The possible loss of UK tourist arrivals may be mitigated at least in part, by increases in arrivals of tourists from other destinations, as tourist traffic may continue to divert away from other regional destinations. Downside risks to growth projections relate to the high level of non-performing loans and the worsening of the external environment.

Tackling the Group's loan portfolio quality is a top priority for management. The Group continues to make steady progress across all asset quality metrics and the strong momentum in the loan restructuring activity continues. The Group has been successful in engineering sustainable restructuring solutions at an average of €1 bn a quarter since January 2015 across the spectrum of its loan portfolio. This has resulted in a reduction of the loans in arrears for more than 90 days (90+ DPD) for fifth consecutive quarter. Overall, Bank of Cyprus is responsible for two thirds of the reduction of NPEs in Cyprus since January 2015, demonstrating the effectiveness of its strategy to tackle non-performing loans via a dedicated RRD division. Further reduction of the Group's 90+ DPD may be expected in the forthcoming quarters, on the back of slower creation of 90+DPD loans, restructuring momentum, implementation of regulatory reforms particularly the insolvency framework, foreclosure law and sale of loans bill, tax incentives to support debt restructuring and the improving economic and operating conditions in Cyprus.

In order to normalise its funding structure and to fully repay ELA, the Bank is **stepping up its efforts to attract deposits**, leveraging on increasing customer confidence towards the Bank and improving macroeconomic conditions. During 1H2016, the Bank introduced new deposit products aimed at attracting local and international depositors. The Bank's strong capital position and overall improvement in its financial position **enhance its funding options and facilitate access to the debt capital markets for wholesale funding,** subject to market conditions and investor appetite. So far, the Bank has been successful in reducing its reliance on ELA funding, with the quantum coming down by €9,9 bn as at today or over 86% since its peak in 2013.

The Bank considers that it is adequately capitalized, taking into account its risk profile, level of non-performing loans, macro economic environment and applicable regulatory requirements. Whilst the Bank considers that its current levels of Common Equity Tier 1 capital are appropriate for its circumstances, the Bank continues to seek opportunities to optimise the level and composition of its liabilities in light of existing and upcoming regulatory requirements, including the Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'). Although the precise calibration and ultimate designation of the Bank's MREL liabilities have not yet been finalised, the Bank continues to consider various funding opportunities (including both senior debt and/or subordinated capital instruments) in anticipation of such requirements and in order to further strengthen its balance sheet.

Strategic focus and reshaping of business model to grow in core Cypriot market are through prudent new lending and developing the UK franchise. Growth in new lending is focused on selected industries that are more in line with the Bank's target risk profile, such as tourism, trade, professional services, information/communication technologies, energy, education and green projects. Management is also focused on developing a lean bank by disposing non-core assets in addition to placing emphasis on diversifying income streams by boosting fee income from international transaction services, wealth management and insurance. The Group's insurance companies, EuroLife and General Insurance of Cyprus operating in the Life and Non-Life sectors respectively, constitute a core pillar of the Group's operations and hold a leading position in the insurance industry. The insurance income net of insurance claims for the 1H2016 amounted to €25 mn compared to €20 mn for 1H2015.

The Group is also aiming to pursue a focused growth strategy in the UK, targeting entrepreneurs and owner-managed businesses. With selective presence in London and Birmingham and a predominantly retail funded franchise, the UK strategy is to support its core proposition in the property market, specifically targeting the professional buy-to-let market and further expanding its mortgage, business and its savings, current accounts and trade-related products for SMEs, professionals and Cypriot residents.

The Bank continues **to have a leading position in the Cypriot banking system**. The Group's strengthened capital position and its improving liquidity, support its efforts to **provide credit to promising sectors of the domestic economy and deliver value to shareholders and other stakeholders.**

C. Key Performance Indicators

The below table shows the Group's performance vis-à-vis the set of Medium Term Targets, including targets relating to 90+ DPD ratio, ELA, Loans to Deposits ratio and Total Assets.

Group Key Performance Indicators		Actual Dec-2015	Actual Jun-2016	Medium-Term Targets
Asset Quality	90+ Days Past Due ratio	50%	44%	**<30%**
	90+ Days Past Due coverage ratio	48%	53%	**>50%**
	Provisioning charge[22] (Cost of Risk) annualised	4,3%	1,4%[23]	**<1,0%**
Funding	ELA % Assets; € bn	16% €3,8 bn	11% €2,4 bn	**Fully Repay**
	Net Loans % Deposits	121%	110%	**100%-120%**
Capital	CET 1 (transitional)[24]	14,0%	14,4%	**>15%**
Efficiency	Net interest margin	3,8%	3,6%	**~3,00%**
	Fee and Commission income / total income	15%	15%	**>20%**
	Cost to Income ratio	40%	42%	**40%-45%**
Balance Sheet	Total assets	€23,3 bn	€22,7 bn	**>€25 bn**

[22] IFRS 9 impact, which is effective as from 1 January 2018, has not been taken into account for the purpose of the targets. Targets are set on the basis of the present regulatory environment.
[23] See Note 15.
[24] See Note 1.

D. Appendix

Interim Condensed Consolidated Income Statement						
€ mn	**1H2016**	**1H2015 represented[25]**	**yoy +%**	**2Q2016**	**1Q2016**	**qoq +%**
Net interest income	360	439	-18%	175	185	-5%
Net fee and commission income	74	79	-7%	38	36	5%
Net foreign exchange gains and net gains on other financial instruments	15	11	39%	9	6	30%
Insurance income net of insurance claims	25	20	22%	11	14	-19%
Gains/(losses) from revaluation and disposal of investment properties and stock of properties	2	(23)	-110%	1	1	-21%
Other income	6	9	-42%	4	2	83%
Total income	**482**	**535**	-10%	**238**	**244**	-3%
Staff costs	(117)	(118)	-1%	(59)	(58)	1%
Other operating expenses	(85)	(76)	12%	(44)	(41)	10%
Total expenses	**(202)**	**(194)**	4%	**(103)**	**(99)**	5%
Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows, restructuring costs and discontinued operations	**280**	**341**	**-18%**	**135**	**145**	-7%
Provisions for impairment of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	**(158)**	**(234)**	**-33%**	**(96)**	**(62)**	53%
Impairments of other financial and non-financial assets	(22)	(31)	-31%	(14)	(8)	71%
Share of profit from associates and joint ventures	2	3	-53%	1	1	1%
Profit before tax, restructuring costs and discontinued operations	**102**	**79**	29%	**26**	**76**	-65%
Tax	(12)	(10)	17%	(4)	(8)	-49%
(Loss)/profit attributable to non-controlling interests	(6)	1	-	(5)	(1)	-
Profit after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets	**84**	**70**	20%	**17**	**67**	-75%
Advisory, VEP and other restructurings costs[26]	(87)	(22)	302%	(70)	(17)	301%
Loss from disposal groups held for sale/discontinued operations	0	(29)	-100%	0	0	-
Net gain on disposal of non-core assets	59	41	45%	59	0	-
Profit after tax	**56**	**60**	**-6%**	**6**	**50**	**-88%**

Key Performance Ratios	**1H2016**	**1H2015**	**yoy +%**	**2Q2016**	**1Q2016**	**qoq +%**
Net Interest Margin (annualised)	3,59%	3,88%	-29 bps*	3,55%	3,63%	-8 bps*
Cost to income ratio	42%	36%	+6 p.p.*	43%	40%	+3 p.p*
Return on average assets (annualised)	0,5%	0,5%	-	0,1%	0,9%	-0,8 p.p*
Return on average equity (annualised)	3,7%	3,4%	+0,3 p.p*	0,8%	6,5%	-5,7 p.p*
Basic earnings/(losses) per share (€ cent)	0,63	0,68	(0,05)	0,07	0,56	(0,49)

* p.p. = percentage points, bps = basis points, 100 basis points = 1 percentage point

[25] See Note 2.32 to the Interim Consolidated Financial Statements for the six months ended 30 June 2016, Comparative information.
[26] See Note 20

Interim Condensed Consolidated Balance Sheet			
€ mn	**30.06.2016**	**31.12.2015**	**±%**
Cash and balances with central banks	1.519	1.423	7%
Loans and advances to banks	1.174	1.314	-11%
Debt securities, treasury bills and equity investments	840	1.009	-17%
Net loans and advances to customers	16.253	17.192	-5%
Other assets	2.883	2.284	26%
Non-current assets and disposal group held for sale	11	49	-76%
Total assets	**22.680**	**23.271**	**-3%**
Deposits by banks	343	242	42%
Funding from central banks	3.101	4.453	-30%
Repurchase agreements	398	368	8%
Customer deposits	14.746	14.181	4%
Debt securities in issue	0	1	-100%
Other liabilities	996	944	5%
Non-current liabilities and disposal group held for sale	0	4	-100%
Total liabilities	**19.584**	**20.193**	**-3%**
Share capital	892	892	0%
Capital reduction reserve and share premium	2.505	2.505	0%
Revaluation and other reserves	240	259	-7%
Accumulated losses	(583)	(601)	-3%
Shareholders' equity	**3.054**	**3.055**	**0%**
Non-controlling interests	42	23	89%
Total equity	**3.096**	**3.078**	**1%**
Total liabilities and equity	**22.680**	**23.271**	**-3%**

Key Balance Sheet figures and ratios	**30.06.2016**	**31.12.2015**	**±%**
Gross loans (€ mn)	21.083	22.592	-7%
Customer deposits (€ mn)	14.746	14.181	4%
Loans to deposits ratio (net)	110%	121%	-11 p.p.*
90+ DPD ratio	44%	50%	-6 p.p.*
90+ DPD provisioning coverage ratio[27]	53%	48%	+5 p.p.*

* p.p. = percentage points, 100 basis points = 1 percentage point

Capital	**30.06.2016**	**31.12.2015**	**±%**
Common Equity Tier 1 capital ratio (CET1) (transitional)[28]	14,4%	14,0%	+0,4 p.p. *
Total capital ratio	14,5%	14,1%	+0,4 p.p.*
Risk weighted assets (€ mn)	18.968	19.666	-4%

* p.p. = percentage points, 100 basis points = 1 percentage point

Notes to the Financial Results of the Group for the six months ended 30 June 2016:

*The **Mid-year Financial Report** for the six months ended 30 June 2016 is available at the Bank of Cyprus Public Company Ltd Registered Office (at 51 Stassinos Street, Ayia Paraskevi, Strovolos, P.O. Box 24884, 1398 Nicosia, Cyprus) and on the Group's website www.bankofcyprus.com (Investor Relations/Financial Results).*

*The **Financial Statements** for the six months ended 30 June 2016 have been audited by the Bank's external auditors.*

The announcement and the presentation of the financial statements for the six months ended 30 June 2016 are available on the Group's website www.bankofcyprus.com (Investor Relations/Financial Results).

[27] See Note 7.
[28] See Note 1.