

## Group Financial Results for the nine months ended 30 September 2015

Overview

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Balance Sheet Review

KPIs – Key Takeaways

Additional Information



23 November 2015

Bank of Cyprus



# 9M2015 Group Financial Results – Key Highlights

90+ DPD were reduced by €649 mn or 5% in 3Q2015 to €12,0 bn, with about half of the reduction relating to the disposal of the Russian operations

Improving funding structure; Customer deposits in Cyprus increased by €527 mn or 5% in 3Q2015 and the loans to deposits ratio (L/D) improved to 132%

Emergency Liquidity Assistance (ELA) has been reduced by €1,6 bn post 30 June 2015 to a current level of €4,3 bn; €7,1 bn or 62% ELA reduction since peak

CET 1 ratio (transitional) improved by 70 bps to 15,6% due to the risk weighted assets reduction following the disposal of the majority of the Russian operations and due to organic capital generation

Ongoing regulatory dialogue with the ECB regarding the Supervisory Review and Evaluation Process (SREP); taking into account its current capital position, the Group does not expect to be required to raise any capital

Profit after tax from continuing operations and Profit after tax of €45 mn and €13 mn for 3Q2015, respectively; Profit after tax of €73 mn for 9M2015

**With the disposal of the majority of the Russian operations, the Bank is now focused on its core Cypriot operations**

**Overview**

**Income Statement Review**

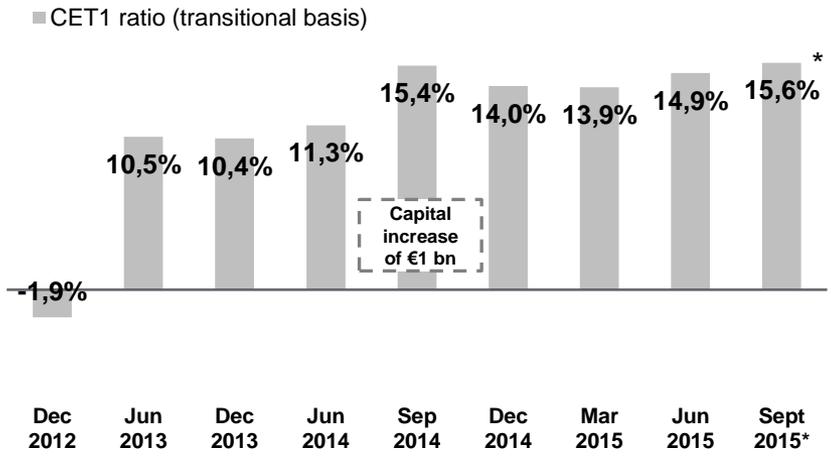
**Balance Sheet Review**

**KPIs – Key Takeaways**

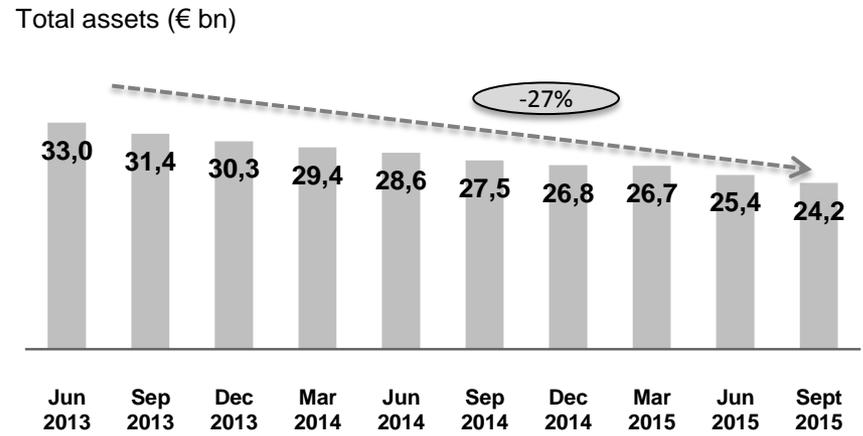
**Additional Information**

# BOC – At a glance

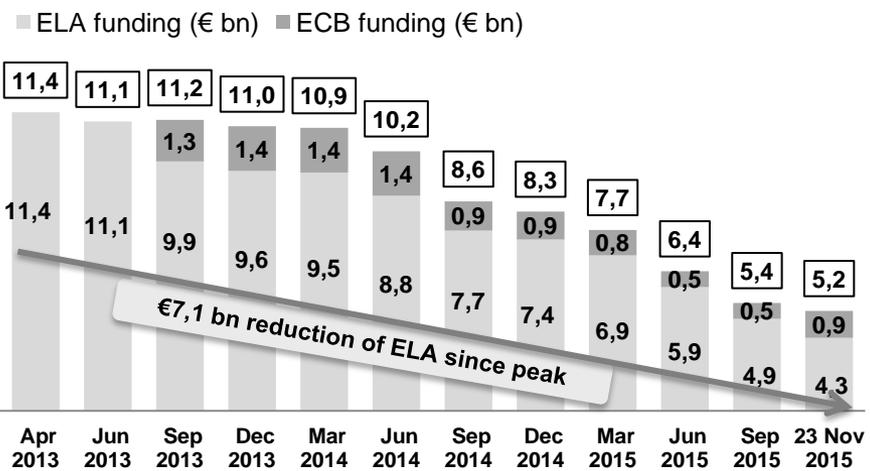
## Strengthened capital position



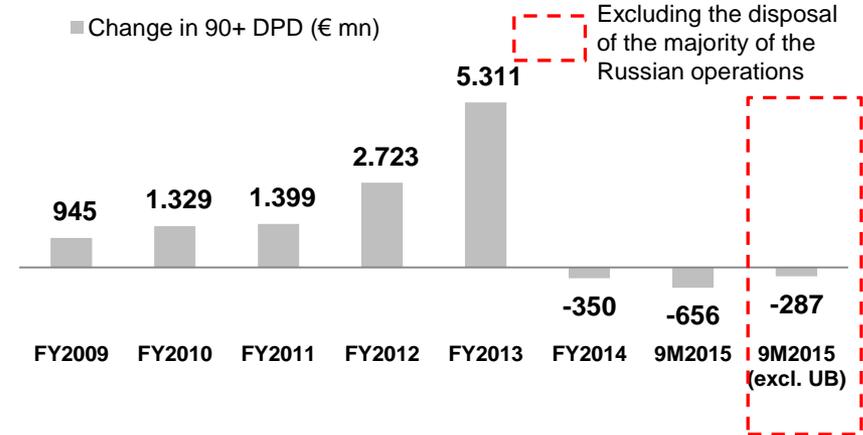
## Significant Balance Sheet deleveraging



## ELA funding reduced by €7,1 bn since peak



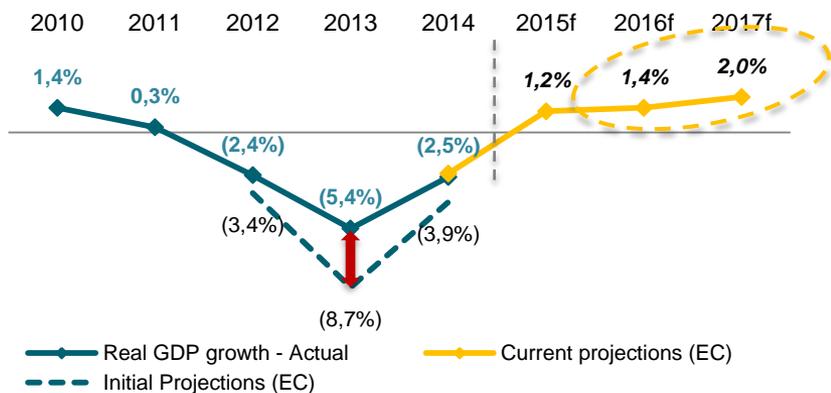
## 90+ DPD formation has reversed



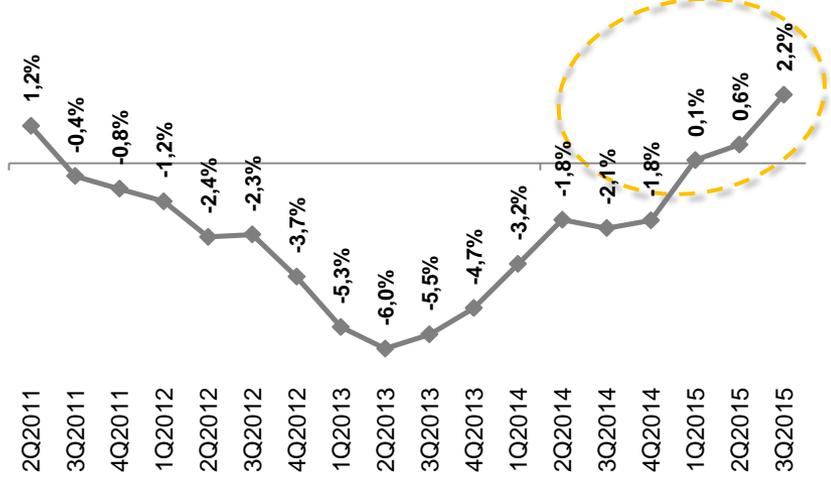
\* CET 1 ratio includes independently verified profits for 9M2015

# Cyprus - 2015 the year of normalisation and growth

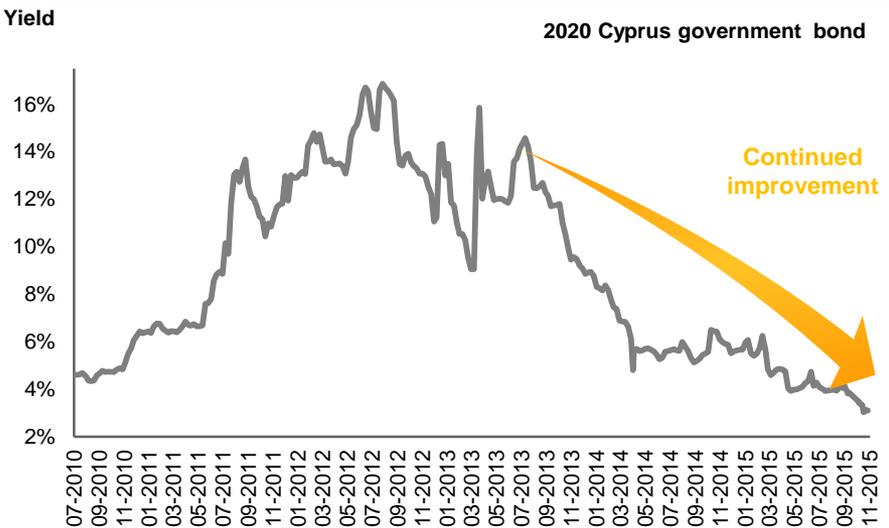
**GDP growth expected to be positive from 2015 – faster recovery than other peripheral countries**



**GDP Growth\* (yoy)**



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



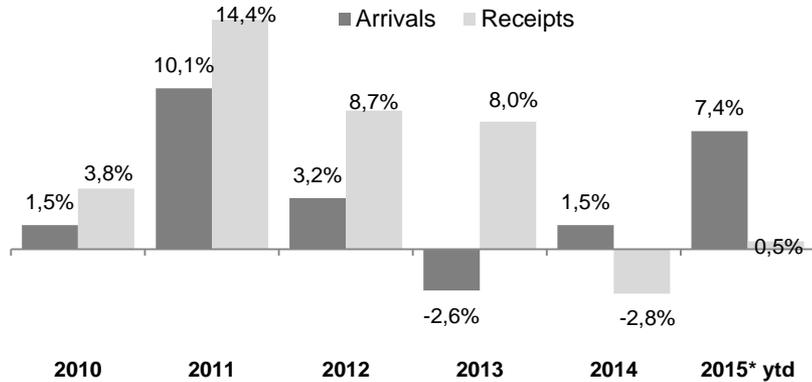
- According to the flash estimate published on 13 November 2015, real GDP in 3Q2015 increased by 2,2% yoy over the corresponding quarter of 2014, on a seasonally adjusted basis. This was the third consecutive quarterly increase after fourteen quarters of continuous decline.
- In October 2015 the Republic of Cyprus tapped the international debt markets for a second time in 2015 with the issuance of a 10 year bond and raised €1 bn (€2 bn in total in 2015) at a yield of 4,25%

\* Data used is based on flash estimates

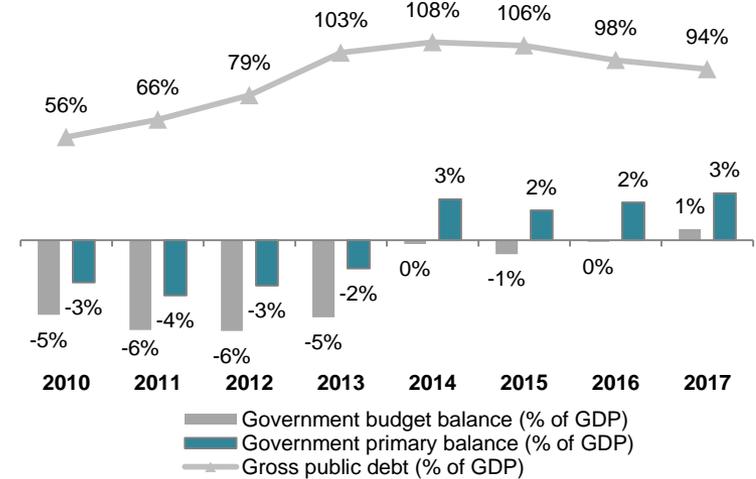
SOURCE: Statistical Service of Republic of Cyprus, European Commission, Bloomberg, IMF and company reports

# Cyprus - 2015 the year of normalisation and growth

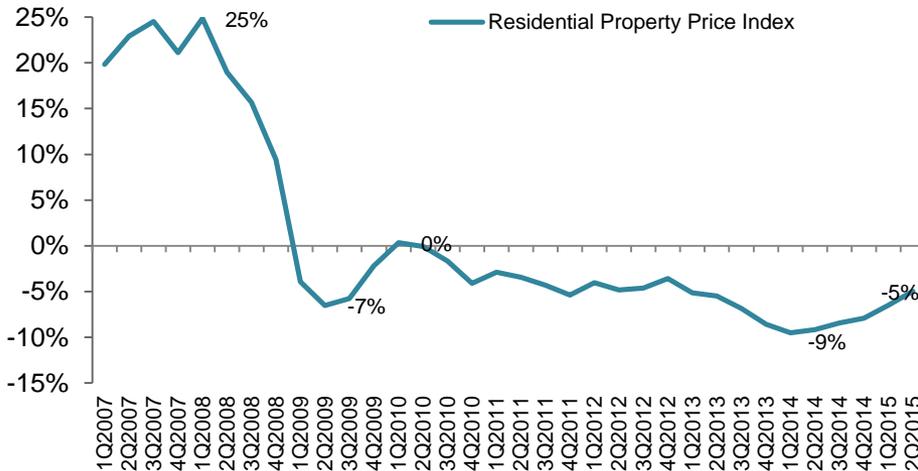
## Tourist Arrivals and Receipts: yoy % changes



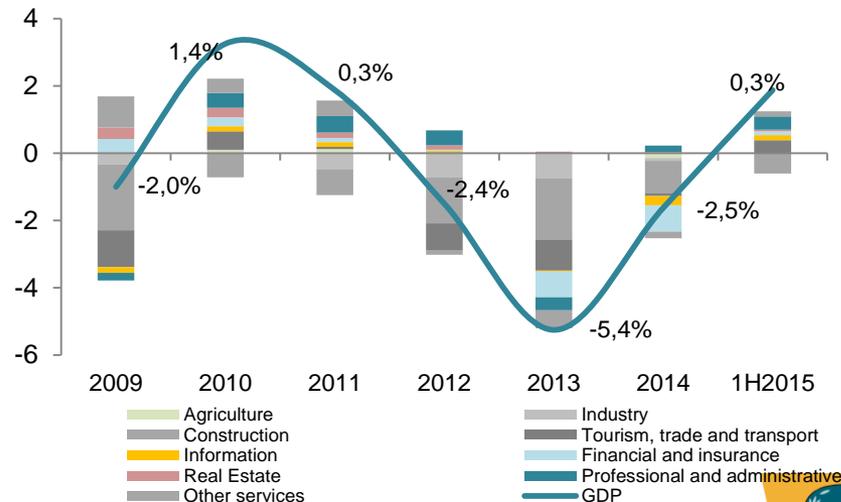
## Government budget and primary balance and public debt as % of GDP



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



## Contribution to GDP growth



\* Data for Tourist arrivals as at 31 October 2015 and for receipts 30 September 2015

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



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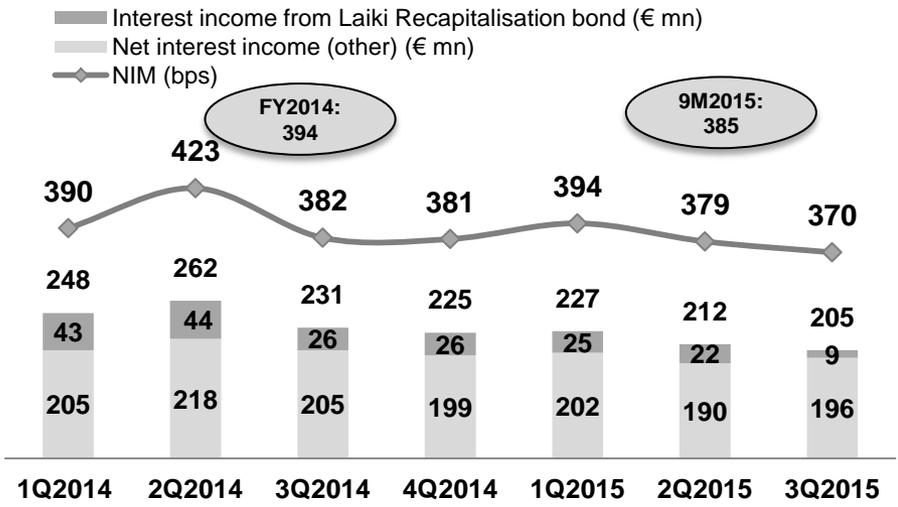
# Income Statement Review

	9M2015	9M2014 <sup>3</sup>	yoy %	3Q2015	2Q2015 <sup>4</sup>	qoq %	1Q2015 <sup>4</sup>
Net interest income	644	743	-13%	205	212	-3%	227
Fees and commission income	115	117	-1%	36	36	0%	43
Insurance income net of insurance claims	32	35	-10%	12	9	35%	11
<i>Core income</i>	<i>791</i>	<i>895</i>	<i>-12%</i>	<i>253</i>	<i>257</i>	<i>-1%</i>	<i>281</i>
Other income	(5)	1	-	(2)	4	-	(7)
<b>Total income</b>	<b>786</b>	<b>896</b>	<b>-12%</b>	<b>251</b>	<b>261</b>	<b>-4%</b>	<b>274</b>
<b>Total expenses</b>	<b>(296)</b>	<b>(312)</b>	<b>-5%</b>	<b>(102)</b>	<b>(92)</b>	<b>11%</b>	<b>(102)</b>
<b>Profit before provisions and impairments<sup>1</sup></b>	<b>490</b>	<b>584</b>	<b>-16%</b>	<b>149</b>	<b>169</b>	<b>-12%</b>	<b>172</b>
Provisions for impairment of customer loans net of gains on loans derecognition and changes in expected cash flows on acquired loans	(329)	(400)	-18%	(96)	(123)	-23%	(110)
Impairments of other financial and non financial assets	(37)	(38)	-1%	(6)	(30)	-80%	(1)
Share of profit from associates	3	2	122%	1	1	-	1
<b>Profit before tax, restructuring costs and discontinued operations</b>	<b>127</b>	<b>148</b>	<b>-14%</b>	<b>48</b>	<b>17</b>	<b>181%</b>	<b>62</b>
Tax	(18)	(10)	76%	(8)	(3)	186%	(7)
Loss attributable to non-controlling interests	6	2	-	5	1	441%	0
<b>Profit after tax from continuing operations<sup>2</sup></b>	<b>115</b>	<b>140</b>	<b>-18%</b>	<b>45</b>	<b>15</b>	<b>195%</b>	<b>55</b>
Restructuring costs	(27)	(32)	-16%	(5)	(14)	-60%	(8)
Loss from disposal group held for sale/discontinued operations	(38)	(92)	-58%	(9)	(11)	-17%	(18)
Net gain/(loss) on disposal of non-core assets	23	60	-61%	(18)	41	-143%	-
<b>Profit after tax</b>	<b>73</b>	<b>76</b>	<b>-3%</b>	<b>13</b>	<b>31</b>	<b>-59%</b>	<b>29</b>
<b>Net interest margin</b>	<b>3,85%</b>	<b>3,99%</b>		<b>3,70%</b>	<b>3,79%</b>		<b>3,94%</b>
<b>Cost-to-Income ratio</b>	<b>38%</b>	<b>35%</b>		<b>41%</b>	<b>35%</b>		<b>37%</b>

1. Profit before provisions and impairments, gains on derecognition and changes on expected cash flows on acquired loans, restructuring costs and discontinued operations. 2. Profit after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets. 3. The 9M2015 is not comparable to the 9M2014 given the significant deleveraging completed since then, including, among others, the partial repayment of the sovereign bond held by the Bank, by the Republic of Cyprus on 1 July 2014, and the disposal of the majority of the Russian operations during 3Q2015. 4. Comparative information has been represented. See Note 4.2 of the Financial Report for the 9 months ended 30 September 2015, Comparative information.

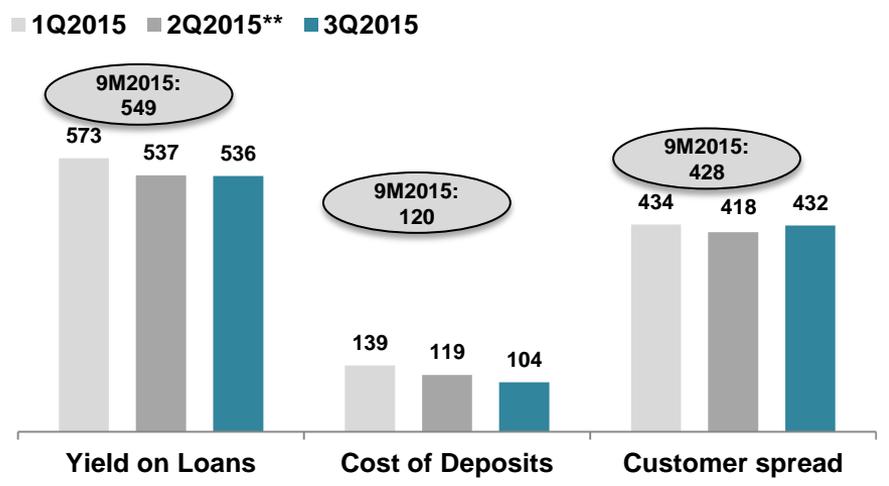
# Net Interest Income and Net Interest Margin

## Net Interest Income and Net Interest Margin



- 3Q2015 Group Net Interest Income (NII) at €205 mn compared to €212 mn for 2Q2015, reflecting the reduction in lending rates in March 2015, the gradual repricing of deposits and the partial repayment of a bond by the Republic of Cyprus in June 2015; Group Net Interest Margin (NIM) remains healthy at 3,70% for 3Q2015, compared to 3,79% for 2Q2015
- Customer spread in Cyprus increased to 432 bps in 3Q2015 compared to 418 bps in 2Q2015, as the repricing of deposits lagged the earlier repricing of loans

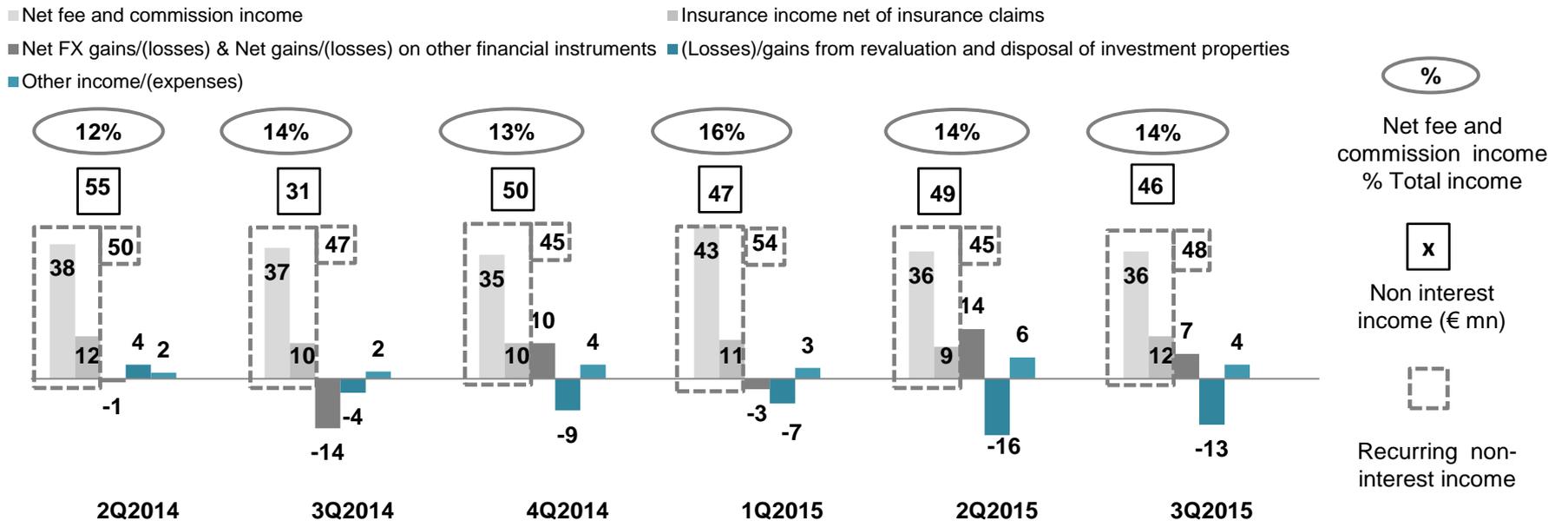
## Evolution of Yield of Loans, Cost of Deposits and Customer Spread in Cyprus operations\* (bps)



\* Includes all currencies  
 \*\* 2Q2015 and year to date 1H2015 that has been adjusted to exclude non recurring items

# Analysis of Non-interest income

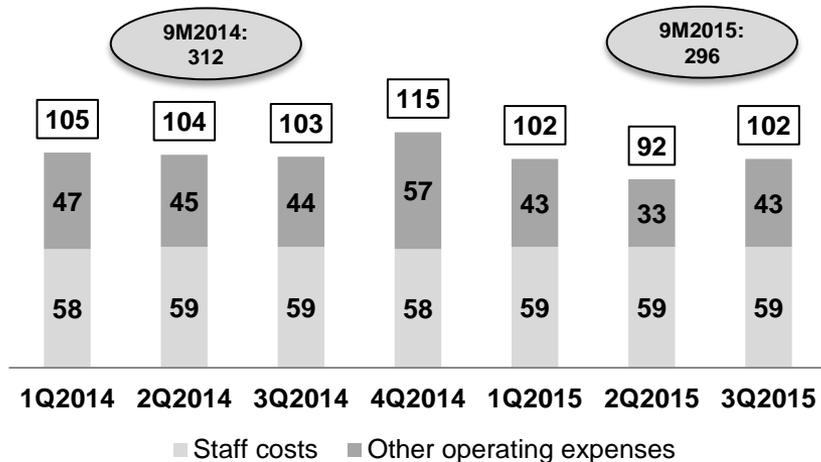
## Analysis of Non Interest Income (€ mn)



- Non-interest income stood at €46 mn for 3Q2015, compared to €49 mn for 2Q2015
- Net fee and commission income remained at the same level for 3Q2015 at €36 mn (about 14% of total income)
- Recurring income from insurance business (average of about €11 mn for the last six quarters) reflecting the Group’s leading position in the insurance business in Cyprus; Insurance income was higher in 3Q2015, as 2Q2015 was negatively affected by a revaluation effect of investments
- Average recurring income from fee and commission income and insurance income of about €48 mn for the last six quarters

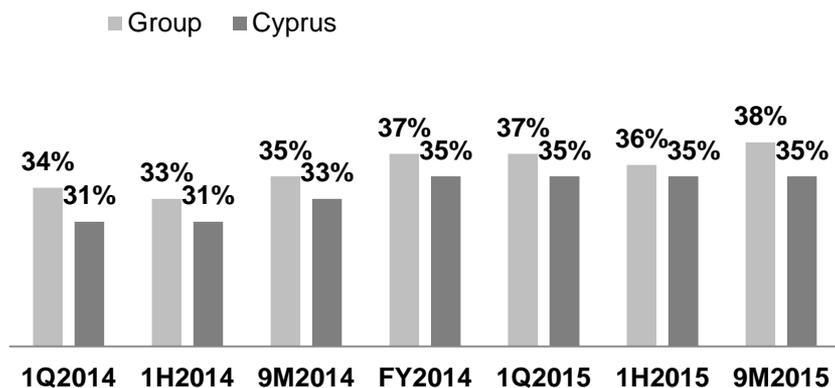
# Total expenses

## Total expenses (€ mn)



- Total expenses for 3Q2015 increased to €102 mn from €92 mn for 2Q2015, but remained in line with previous quarters. 2Q2015 operating expenses were exceptionally lower if compared to previous quarters as a consequence of lower advertising, consultancy and professional expenses that incurred during the quarter. Staff costs for 3Q2015 at €59 mn in line with the previous quarters
- Total expenses for 9M2015 totalled €296 mn compared to €312 mn at 9M2014.
- The cost-to-income ratio for the Group stood at 38% for 9M2015, compared to 36% for 1H2015
- Actions to maintain a lean operating structure include:

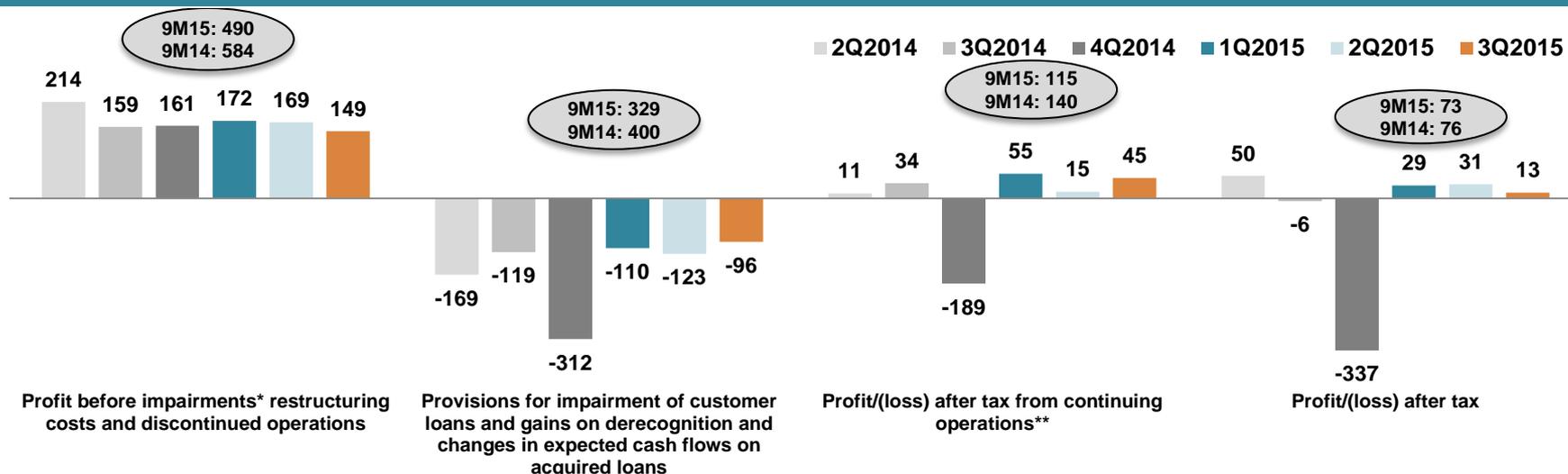
## Group Cost to Income Ratio



- Complete redesign and rationalisation of branches
- Align the IT strategy with business needs
- Digital Transformation
- Improve organisational structure

# Group Income Statement Highlights

## Group Income Statement Highlights (€ mn)



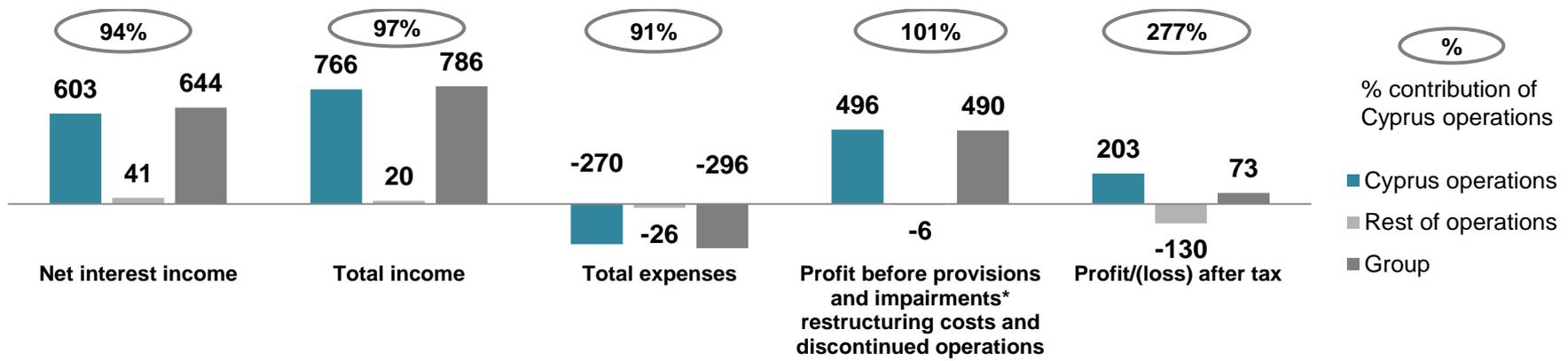
- Profit before impairments\*, restructuring costs and discontinued operations for 9M2015 of €490 mn. Profit before impairments\*, restructuring costs and discontinued operations for 3Q2015 of €149 mn, compared to €169 mn for 2Q2015
- Provisions for impairment of customer loans and gains on derecognition and changes in expected cash flows on acquired loans for 9M2015 of €329 mn. Provisions for impairment of customer loans and gains on derecognition and changes in expected cash flows on acquired loans for 3Q2015 of €96 mn, compared to €123 mn for 2Q2015
- Profit after tax from continuing operations\*\* for 9M2015 of €115 mn. Profit after tax from continuing operations for 3Q2015 at €45 mn, compared to a profit for 2Q2015 at €15 mn
- Profit after tax for 9M2015 at €73 mn. Profit after tax for 3Q2015 of €13 mn, compared to a profit of €31 mn for 2Q2015

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

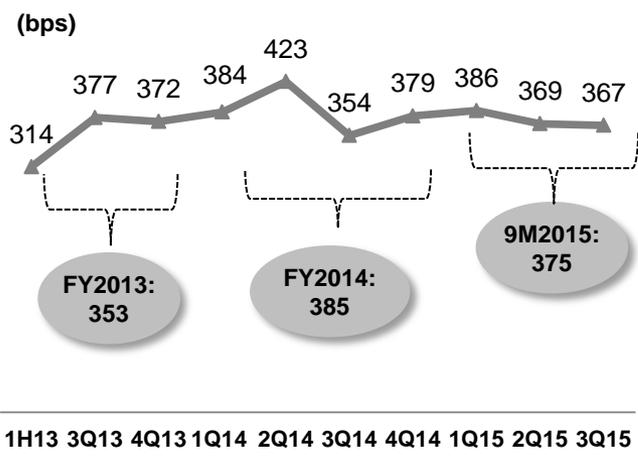
\*\* Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets

# Income Statement Highlights – Group vs Cyprus

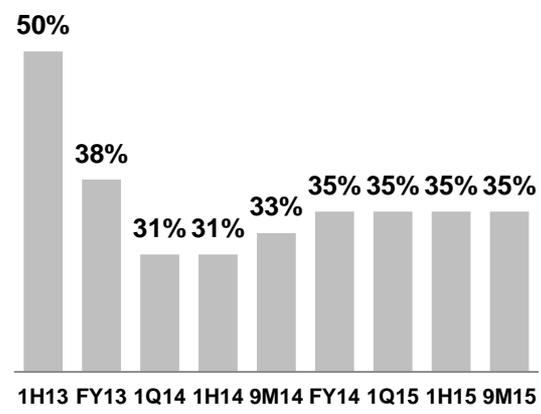
## 9M2015 Cyprus Vs Group performance (€ mn)



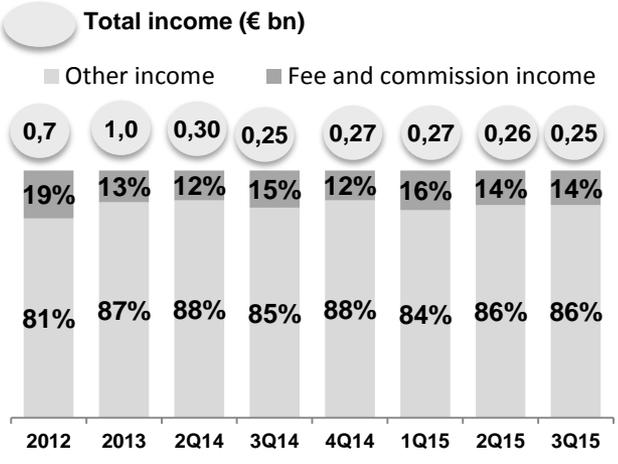
### High NIM in Cyprus operations



### Low Cost to Income ratio for Cyprus operations



### Fee and commission income / total income for Cyprus operations



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

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# Balance Sheet\* Deleverage

Shrinking to Strength strategy is successfully coming to an end

€ mn	Jun 2013	Dec 2013	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Jun 2015	Sep 2015	Change Since Jun 2013
Cash & bank placements	3.012	2.530	1.973	2.417	2.908	2.748	2.558	2.385	-627
Investments	3.413	3.433	3.538	2.578	2.541	2.401	1.631	1.428	-1.985
Net Loans	23.769	21.764	20.063	19.794	18.632	18.731	18.545	17.930	-5.839
Other assets	2.762	2.622	2.984	2.694	2.708	2.792	2.648	2.454	-308
<b>Total assets</b>	<b>32.956</b>	<b>30.349</b>	<b>28.558</b>	<b>27.483</b>	<b>26.789</b>	<b>26.672</b>	<b>25.382</b>	<b>24.197</b>	<b>-8.759</b>
Customer deposits	16.970	14.971	13.803	13.330	13.169	13.611	13.629	13.608	-3.362
ECB funding	-	1.400	1.400	920	880	800	500	501	501
ELA	11.107	9.556	8.785	7.684	7.404	6.900	5.903	4.902	-6.205
Interbank funding	983	790	802	707	772	808	805	691	-292
Other liabilities	976	895	954	1.057	1.083	1.045	1.026	957	-19
Total equity	2.920	2.737	2.814	3.785	3.481	3.508	3.519	3.538	618
<b>Total liab. &amp; equity</b>	<b>32.956</b>	<b>30.349</b>	<b>28.558</b>	<b>27.483</b>	<b>26.789</b>	<b>26.672</b>	<b>25.382</b>	<b>24.197</b>	<b>-8.759</b>
<b>RWA</b>	<b>23.510**</b>	<b>23.530</b>	<b>22.485</b>	<b>22.863</b>	<b>22.715</b>	<b>22.972</b>	<b>21.527</b>	<b>20.717</b>	
<b>RWA intensity</b>	<b>71%</b>	<b>78%</b>	<b>79%</b>	<b>83%</b>	<b>85%</b>	<b>86%</b>	<b>85%</b>	<b>86%</b>	
<b>Balance sheet deleverage qoq</b>		<b>-2.607</b>	<b>-1.791</b>	<b>-1.075</b>	<b>-694</b>	<b>-117</b>	<b>-1.290</b>	<b>-1.185</b>	
<b>CET1 ratio (transitional basis)</b>	<b>n/a</b>	<b>10,4%</b>	<b>11,3%</b>	<b>15,4%</b>	<b>14,0%</b>	<b>13,9%</b>	<b>14,9%</b>	<b>15,6%</b>	
<b>Leverage ratio (Assets/Equity)</b>	<b>11,3x</b>	<b>11,1x</b>	<b>10,1x</b>	<b>7,3x</b>	<b>7,7x</b>	<b>7,6x</b>	<b>7,2x</b>	<b>6,9x</b>	

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

Deposit base gradually stabilising

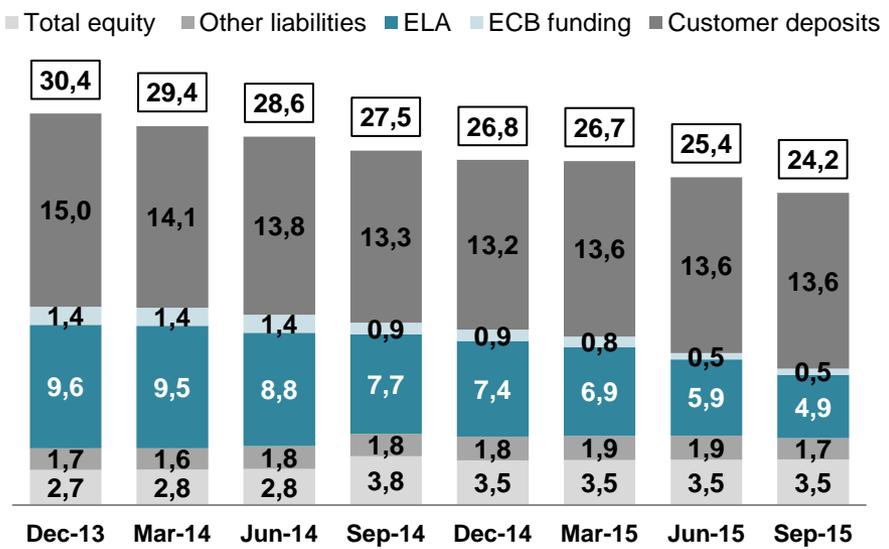
Overall €7,1 bn ELA reduction from peak

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

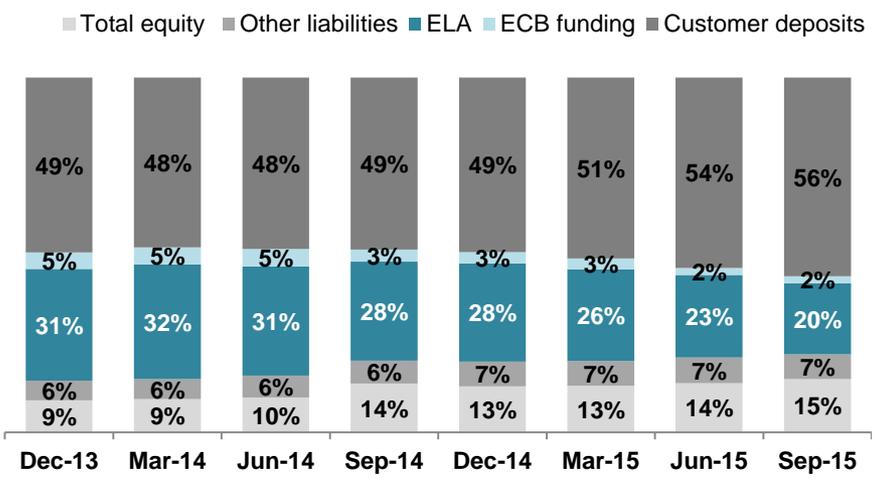
CET1 ratio & Leverage ratio strengthened by share capital increase, deleverage and RWA reduction

# Funding Structure

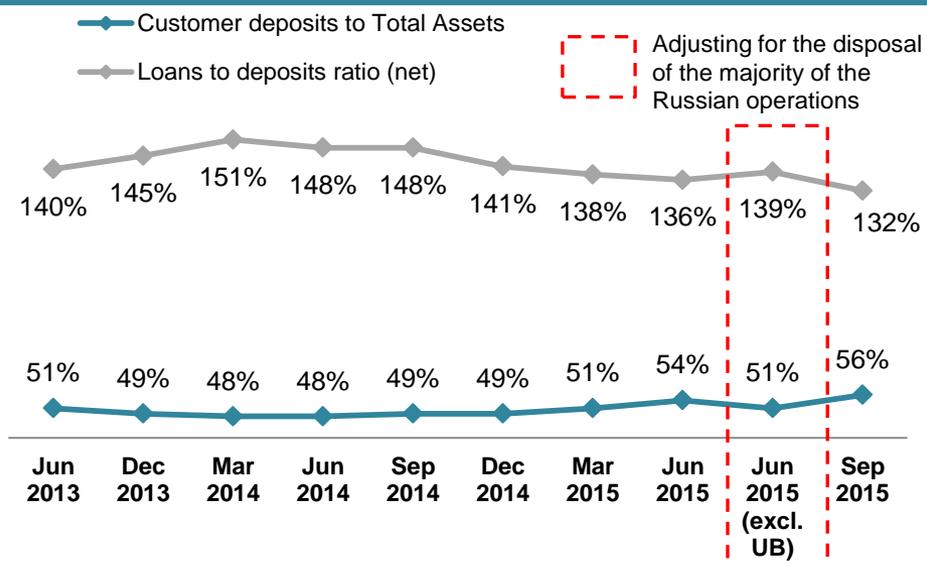
## Analysis of Liabilities and Equity (€ bn)



## Analysis of Liabilities and Equity (%)



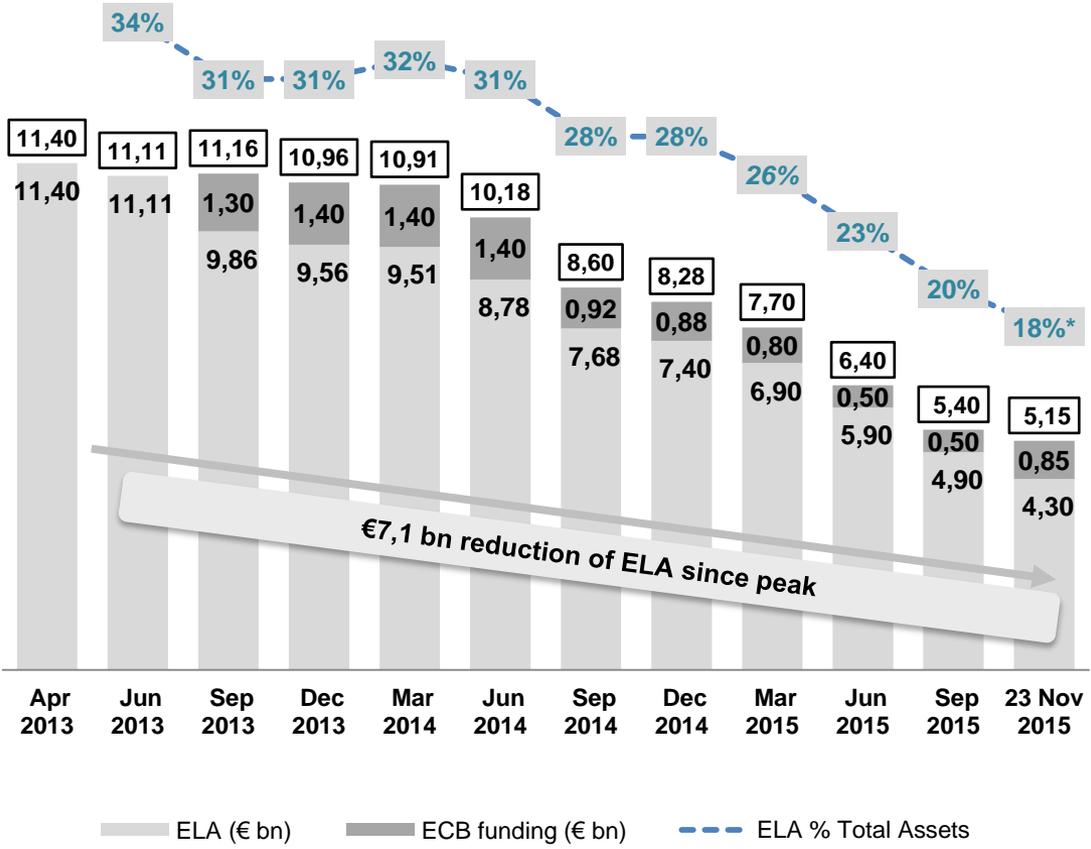
## Loans to Deposits ratio



- Further progress in normalising the Bank's funding structure.
- At 30 September 2015, customer deposits and ELA accounted for 56% and 20% of assets, respectively.
- Consistent improvement in the loans to deposits ratio (L/D), with the L/D ratio improving by 4 p.p. in 3Q2015 to 132%, the lowest level post bail in; Adjusting for the disposal of the majority of the Russian operations, the improvement in the L/D ratio during 3Q2015 was 7 p.p.

# Eurosystem Funding Reliance Reducing Fast

## Continuous reduction of ELA with further potential going forward



## Actions for further ELA reduction

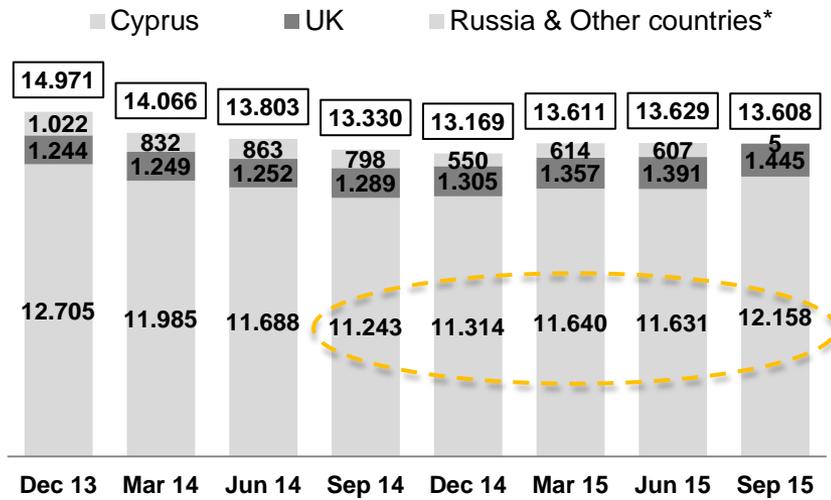
- Issue senior unsecured debt subject to market conditions
- Repos with Counterparties using CyGBs as collateral (currently pledged with the CBC)
- Interbank funding from local banks
- Proceeds from deleveraging
- Securitisation/new covered bond
- Working closely with the CBC so as to enable the use of a pool of retail loans within the ECB's Additional Credit Claims framework
- Continuous efforts to attract customer deposits

• In light of challenging market conditions the Bank is maintaining a significant liquidity buffer.

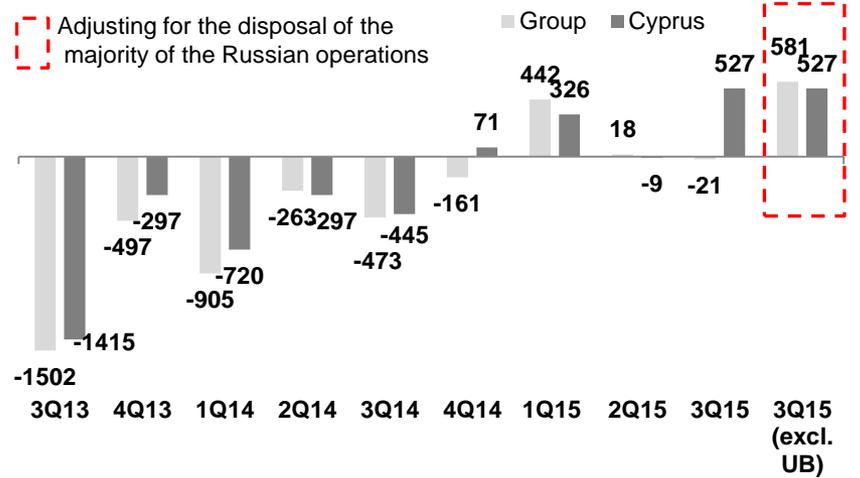
\* Ratio of ELA Funding % Total Assets for 23 November 2015 is based on total assets as at 30 September 2015

# Customer Deposits

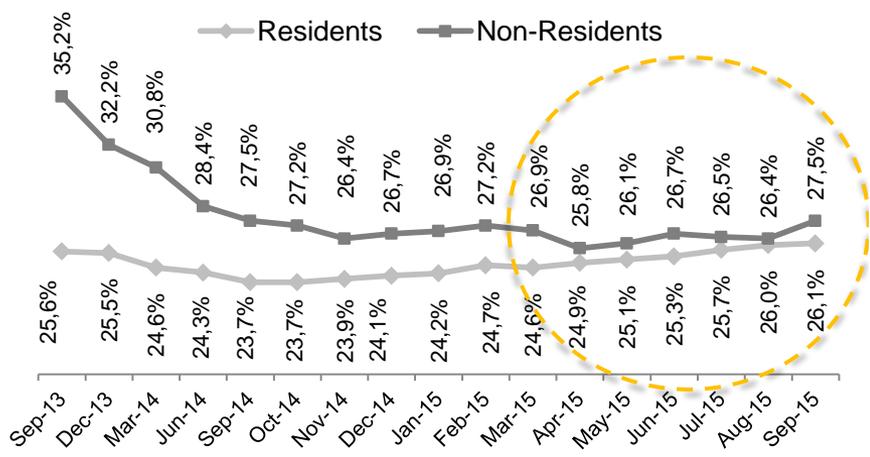
## Customer Deposits by Geography (€ mn)



## Evolution of Customer deposits\*\* (€ mn)



## Deposit market shares in Cyprus

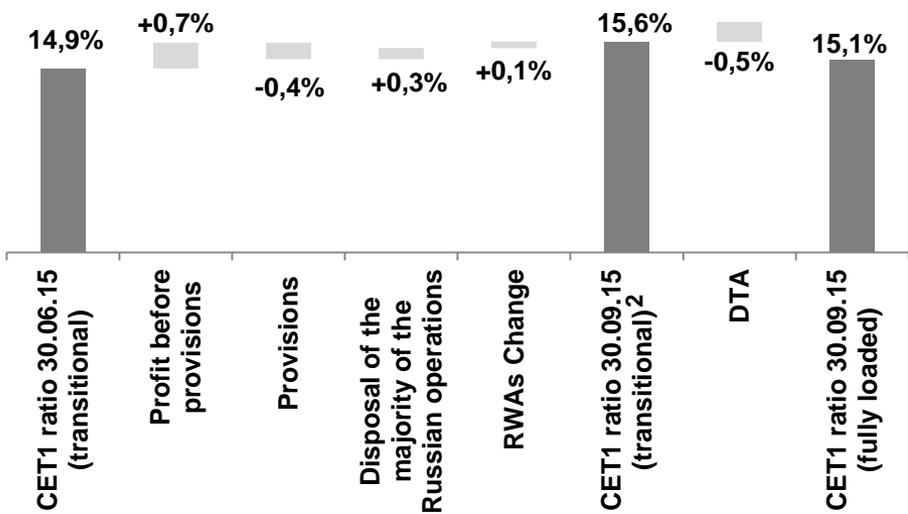


- Group customer deposits totalled €13.608 mn at 30 September 2015. Customer deposits in Cyprus increased by €527 mn during 3Q2015 and stood at €12.158 at 30 September 2015, the highest level post December 2013
- Deposit market shares in Cyprus for Residents and non-Residents reached 26,1% and 27,5% respectively, in September 2015

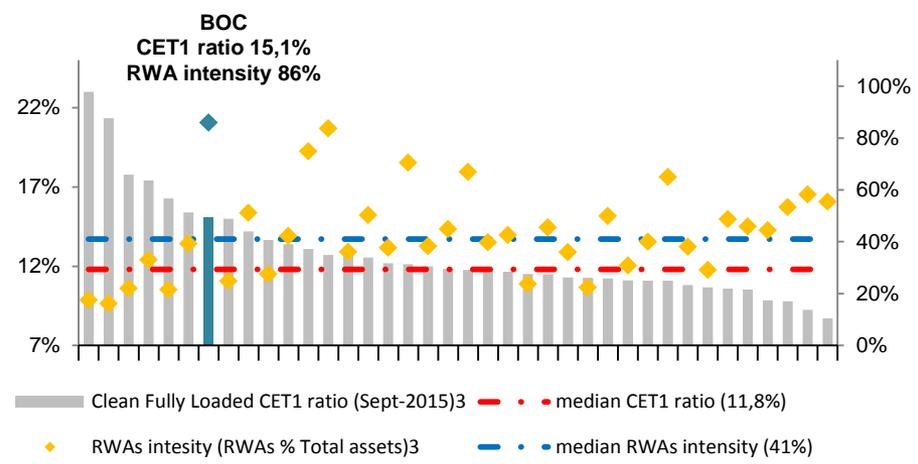
\* Other countries comprise Ukraine (until March 2014), Romania and Greece.  
 \*\* Including deposits of disposal groups held for sale/discontinued operations.

# Capital Position

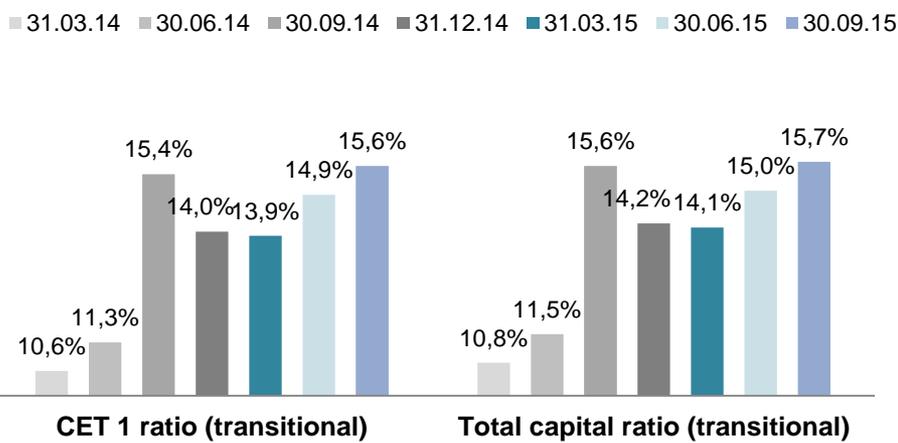
## Evolution for CET1 ratio during 3Q2015<sup>1</sup>



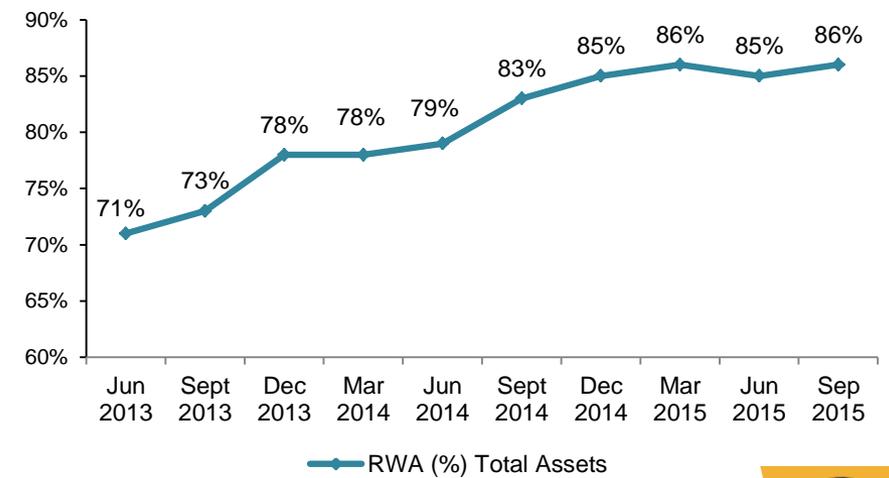
## 'Clean' Fully Loaded CET1 ratio<sup>2</sup> (September – 2015<sup>3</sup>)



## Capital Adequacy Ratios on an improving trend



## RWA intensity one of the highest among EU banks



<sup>1</sup> Includes independently verified profits for 9M2015  
<sup>2</sup> As per Citigroup Research, 'Clean' Fully Loaded CET1 ratio excludes Deferred Tax Credits, AFS and Danish Compromise Estimated Impact.  
<sup>3</sup> Includes data for 3 EU banks as at 31 March 2015, 3 EU banks as at 30 June 2015 and 32 EU banks as at 30 September 2015

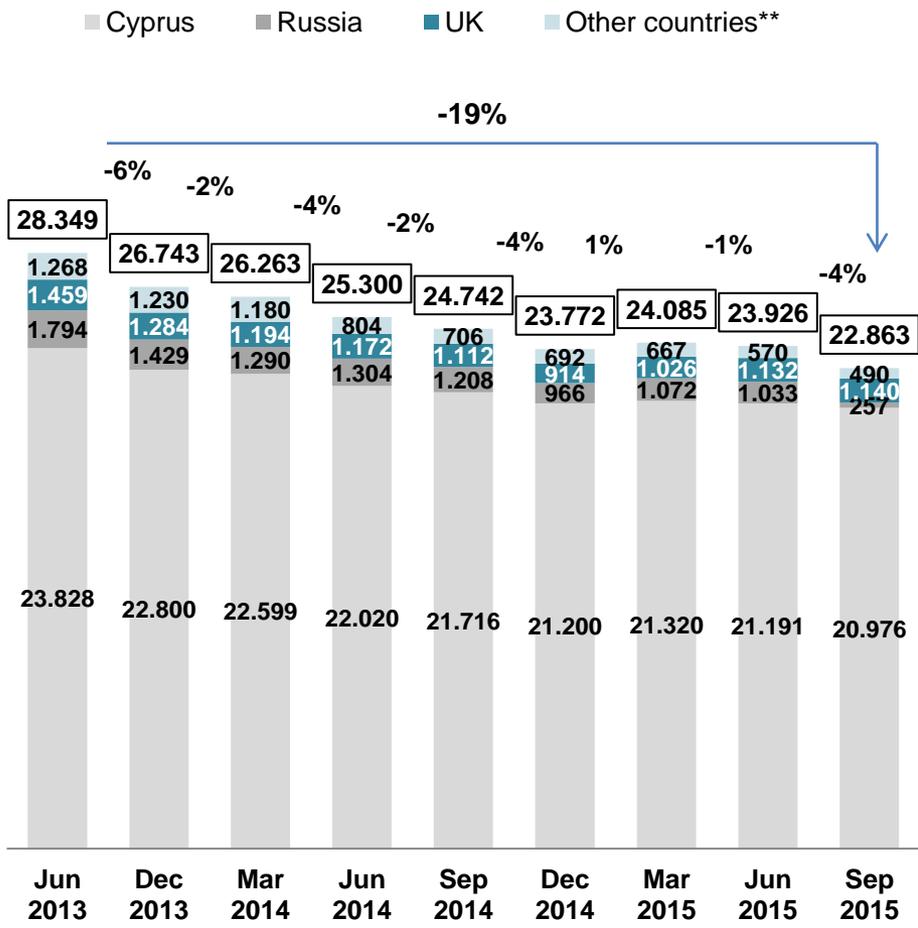
# Capital Position

## SREP Process and onsite inspection

- **Current SREP and onsite inspection process** and related considerations with the ECB expected to be concluded by end-2015.
- The onsite inspection and related draft recommendation letter state that, on the basis of a modified set of assumptions, there is, in the ECB's view, **a provision-related adjustment of around €300 mn for the judgemental (specifically assessed) portfolio and around €700 mn for the statistical (collectively assessed) portfolio**, mostly relating to the recovery value of real estate collateral. **The Group is contesting certain of the assumptions used by ECB for the calculation of the provisions for the credit risk inspection.** The Group has substantially recognised the provisions for the judgmental portfolio reviewed by the ECB and part (around €100 mn) of the provisions for the reviewed statistical portfolio in the 9M2015 results, as part of the normal application of its provisioning methodology. The Group considers that the ECB calculated adjustments do not indicate that the Group is not in compliance with IFRS
- If the impact of the provision-related adjustment calculated by the ECB and which, in the view of the Group, has not been recognised to date amounting to around €600 million was to be considered, **there would be a decrease of 2,4% on CET1 ratio (pre-tax)**
- The Group estimates that ECB's current SREP dialogue and onsite inspection process and related considerations will be concluded by the end of 2015. The CET1 Pillar II add-on capital requirement at 30 September 2015 stands at 5,2% (resulting in a total minimum CET1 of 13,2%) and it may be further reduced by future losses of up to €658 million, up to a CET1 ratio of 8%. The revised Pillar II CET1 capital requirement was preliminarily determined by the ECB to be 3,75%, resulting in a total minimum CET1 of 11,75%. Taking into account the Group's CET1 ratio of 15,6% as at 30 September 2015 and the expectations for the SREP process outcome, even after adjusting for potential additional capital requirements, as a result of the credit risk inspection, **the Group expects to be compliant with both its Pillar I and revised Pillar II add-on capital requirements and therefore does not expect to be required to raise any capital**

# Gross Loans

Gross Loans\* by Geography (€ mn)

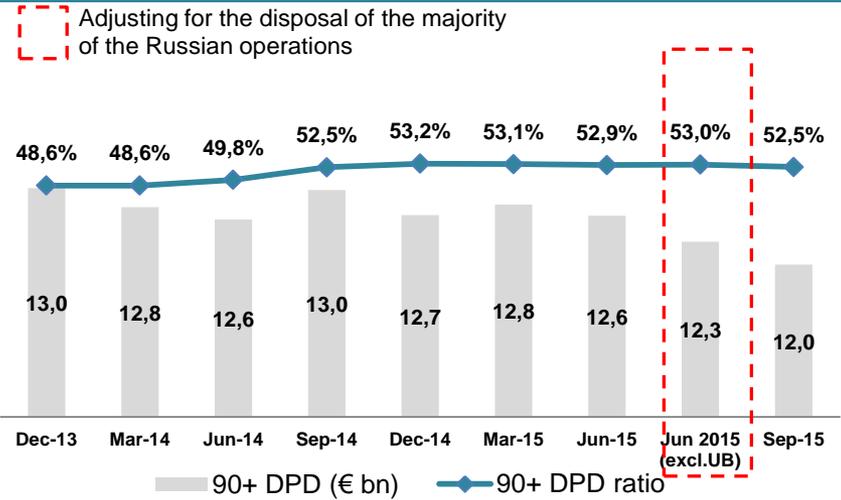


- Group gross loans totalled €22,9 bn at 30 September 2015, compared to €23,9 bn at 30 June 2015. Gross loans in Cyprus totalled €21,0 bn at 30 September 2015, and accounted for 92% of gross loans of the Group.
- Overall, a 19% reduction in Group gross loans since June 2013
- Domestic loan book reduced by 12% since June 2013, reflecting primarily customers' efforts to deleverage by using their deposits to pay down debt

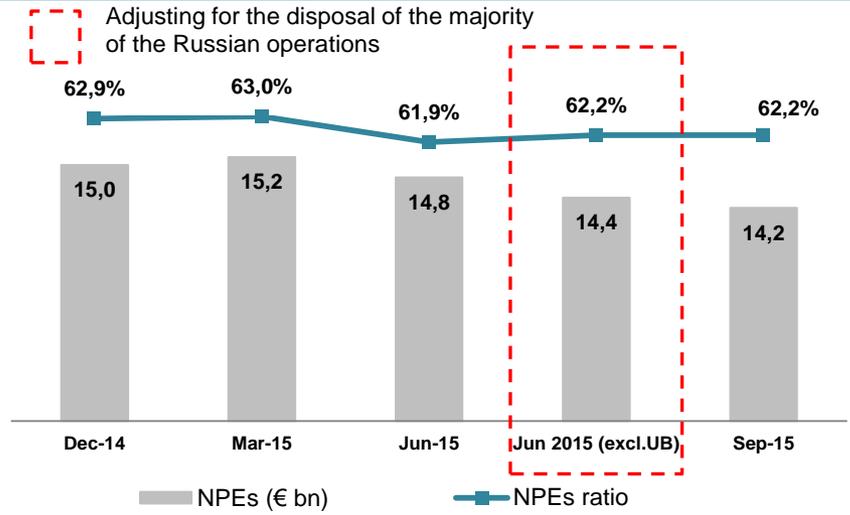
\* Gross loans are reported before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €1.266 mn (compared to €1.351 mn at 30 June 2015), including loans of discontinued operations/disposal group held for sale.  
 \*\* Other countries: Romania, Ukraine (until March 2014) and Greece. Furthermore, certain loans and advances in Romania are included, that previously were reported under Cyprus.

# Credit Risk – Quality of Loan portfolio

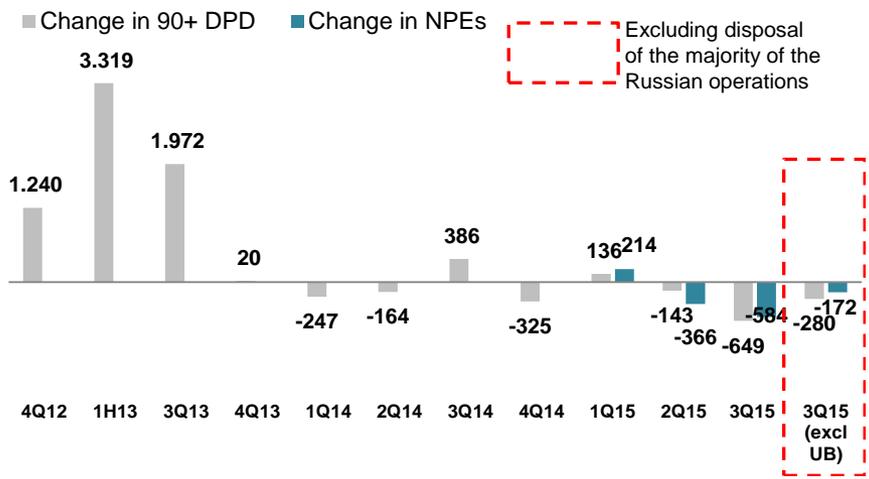
## 90+ DPD Loans



## NPEs



## Evolution of 90+ DPD and NPEs (€ mn)



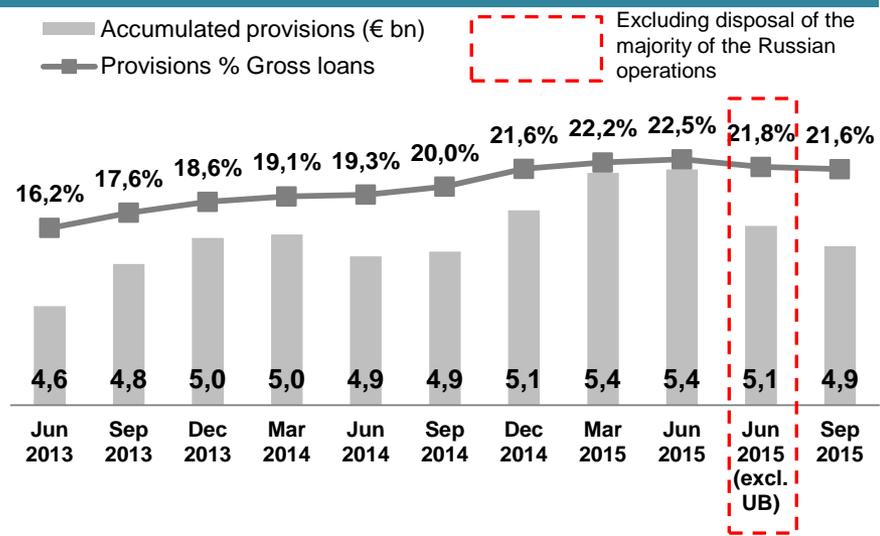
- 90+ DPD<sup>1</sup> decreased by €649 mn during 3Q2015 and totalled €12,0 bn at 30 September 2015. €369 mn of the reduction relates to the disposal of the Russian operations. 90+ DPD ratio stood at 52,5% at 30 September 2015
- Non Performing Exposures (NPEs), as per EBA definition, decreased by €584 mn during 3Q2015 and totalled €14,2 bn at 30 September 2015
- The level of NPEs exceeds the level of 90+ DPD, primarily due to the fact that cured performing exposures are required to remain in the NPEs category until specific probation timeframes have elapsed



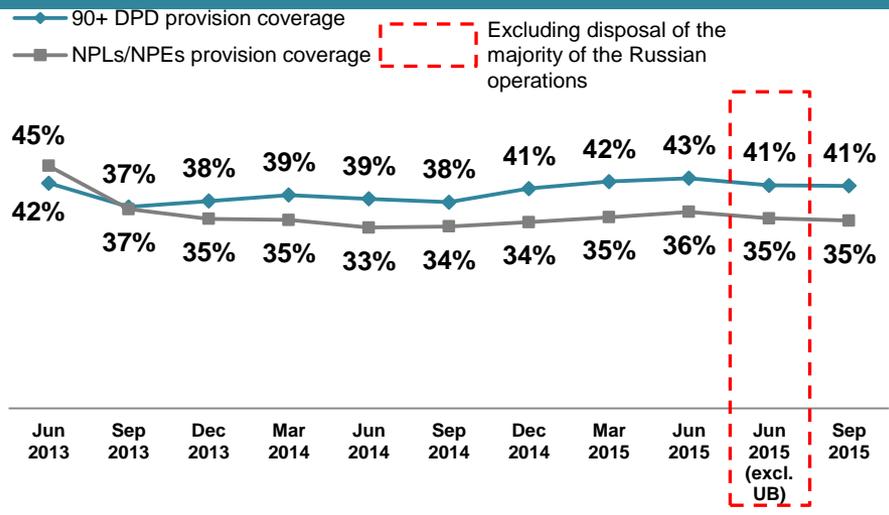
<sup>1</sup> Loans in arrears for more than 90 days (90+ DPD) are defined as loans with a specific provision and loans past-due for more than 90 days, but not impaired.

# Credit Risk – Provisions

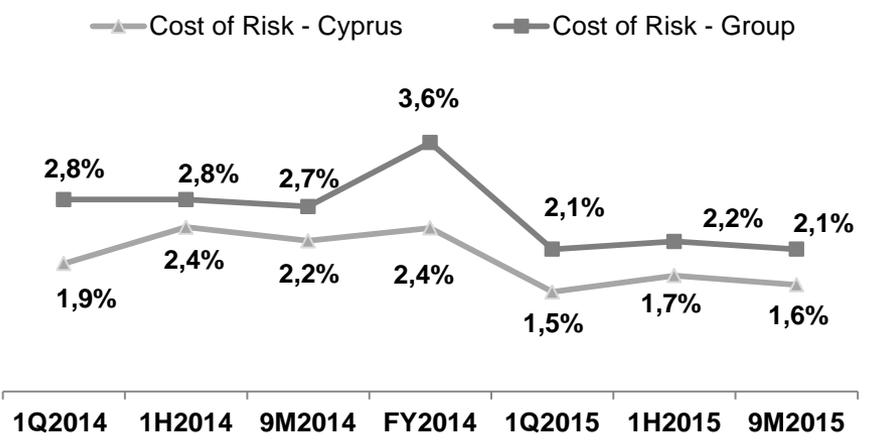
## Accumulated provisions



## Provision coverage ratios



## Cost of risk<sup>1</sup>

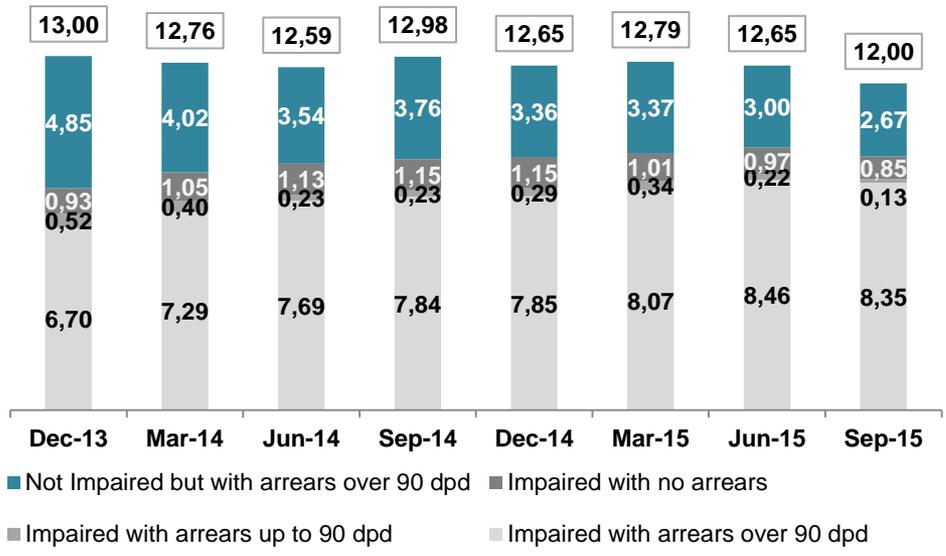


- Accumulated provisions totalled €4,9 bn and accounted for 21,6% of gross loans at 30 September 2015
- The provisioning coverage ratio of 90+ DPD has remained at the same level at 41%, as the previous quarter when adjusting June 2015 results to exclude the Russian operations. The provisioning coverage ratio of 90+ DPD taking into account unrecognised income on contractual customer balances, totalled 52% at 30 September 2015
- The provisioning coverage ratio of NPEs (as defined by EBA) totalled 35% at 30 September 2015
- Group annualised cost of risk for 9M2015 was 2,1%, compared to 2,2% for 1H2015 and 3,6% for FY2014; Annualised cost of risk for Cyprus for 9M2015 was 1,6%, compared to 1,7% for 1H2015

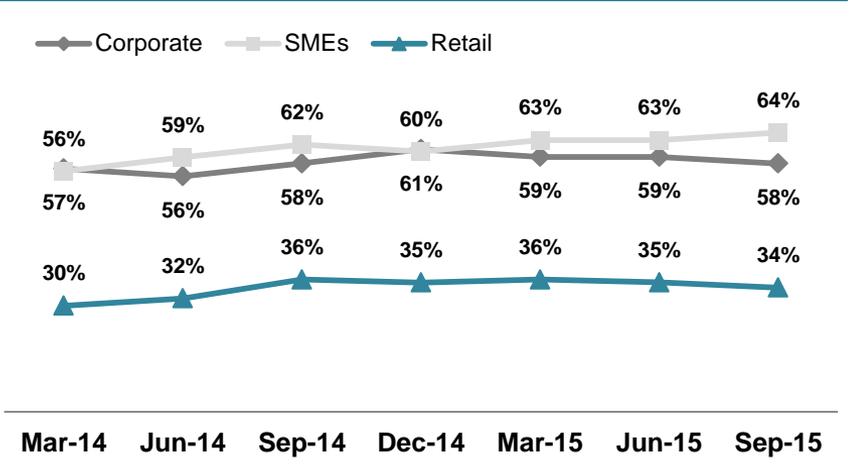
<sup>1</sup> Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €635 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totaling €263 mn) over average gross loans  
<sup>2</sup> This ratio is calculated by adjusting both the provisions stock and the customer balances to include any unrecognized interest income due on contractual balances.

# Credit Risk – 90+ DPD loans by number of days past due and by customer type

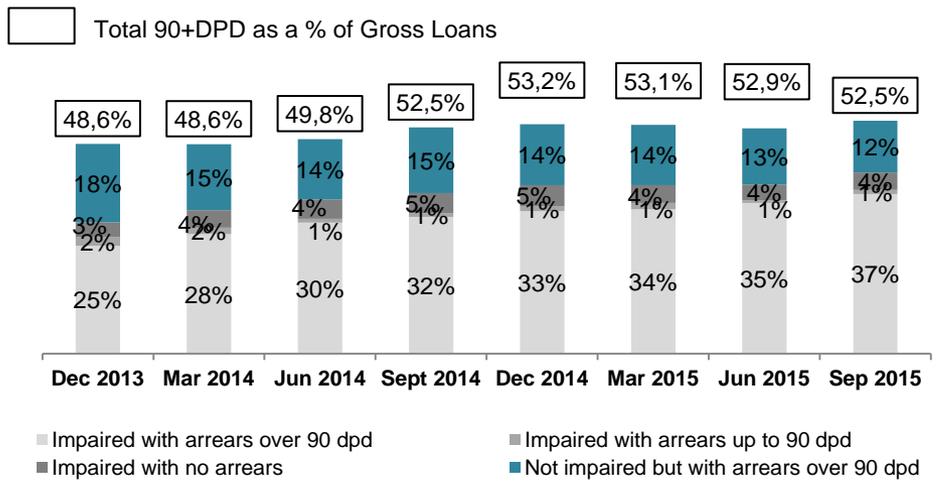
90+ DPD loans by number of days past due (€ bn)



Group 90+ DPD ratios by customer type (%)

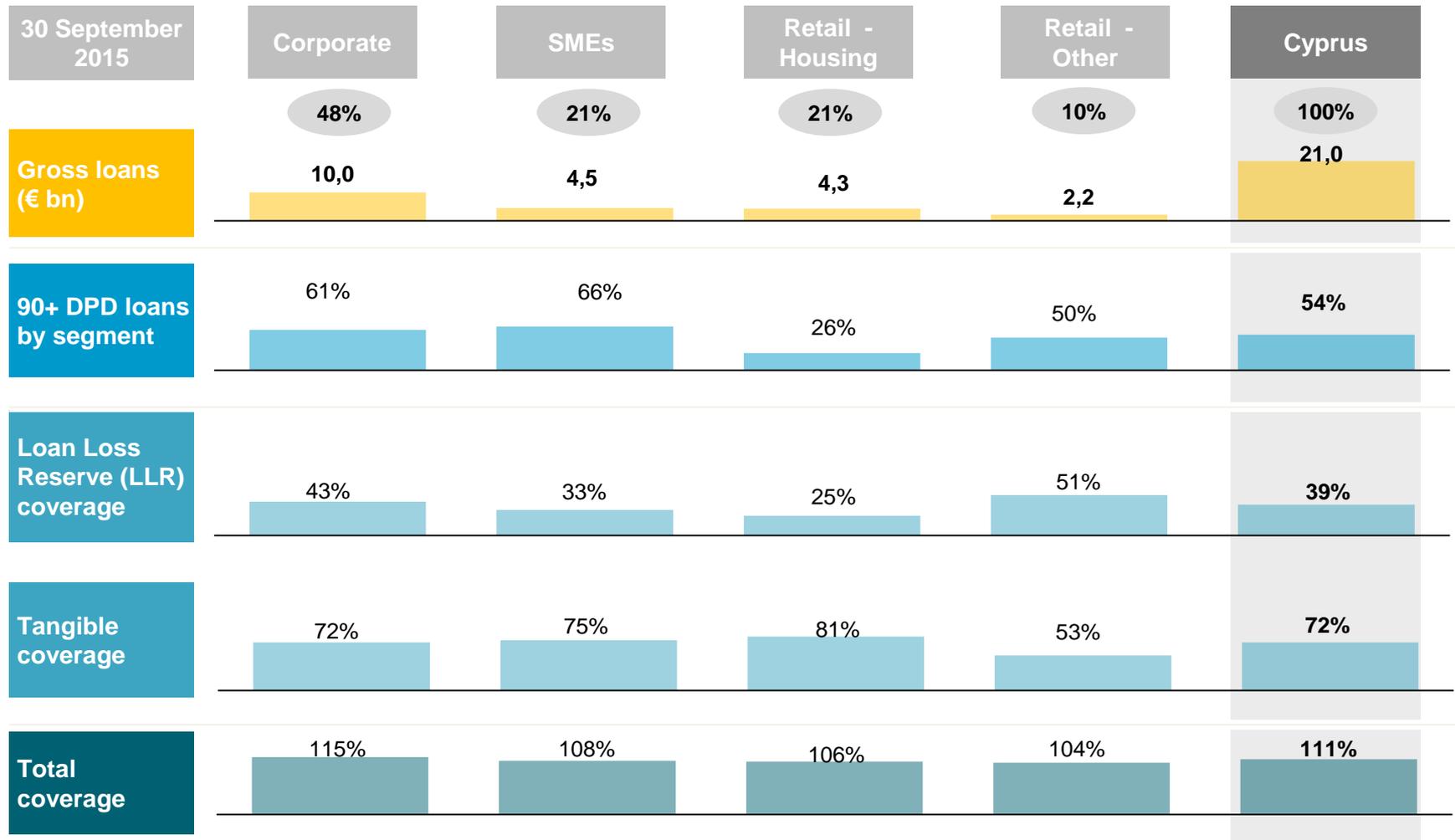


90+ DPD by number of days past due as a % of gross loans



- Approximately €0,9 bn of loans classified as impaired have presented no arrears during the last few quarters. The Bank is monitoring the performance of these customers.
- 90+ DPD ratio of Corporate, SMEs and Retail has been relatively stable at 58%, 64% and 34% respectively at 30 September 2015 compared to 30 June 2015

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



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

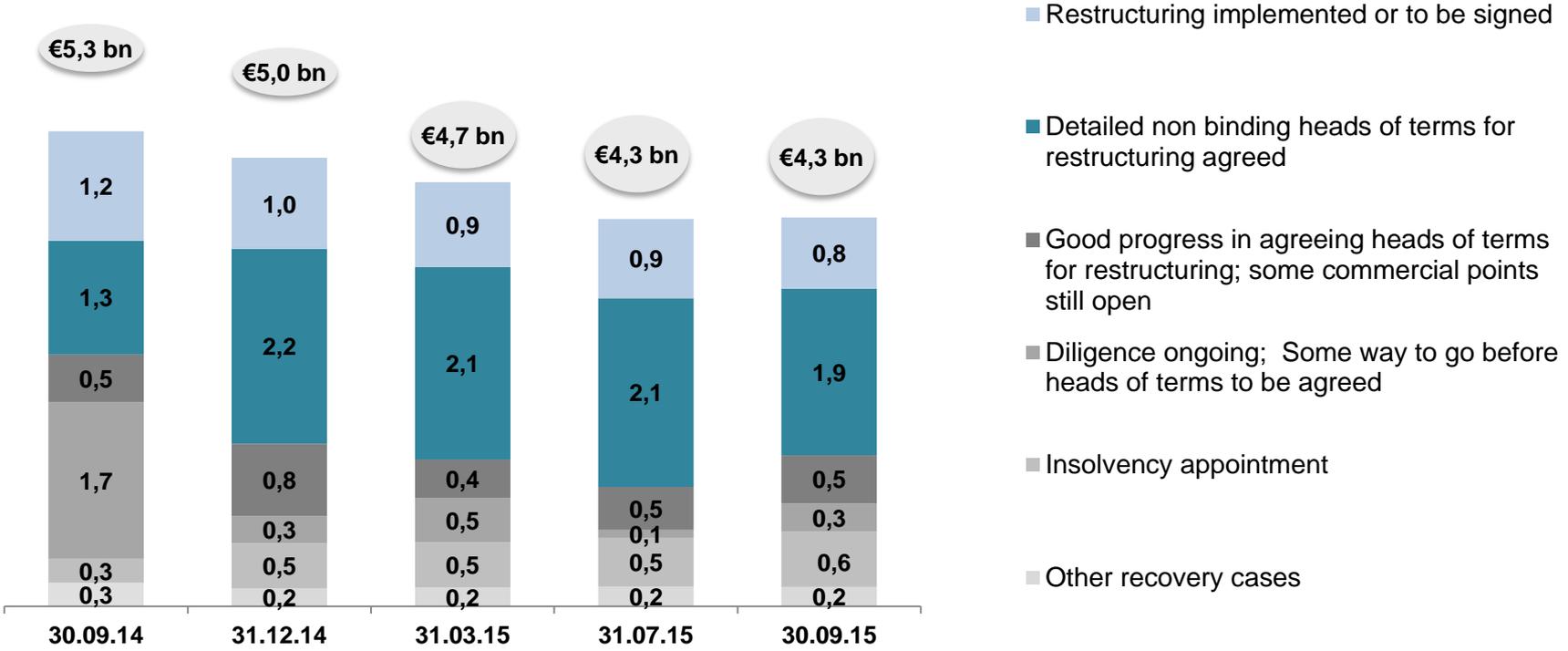
xx % of total gross loans (Cyprus only)



# Restructuring and Recoveries Division

Good progress has been made with Restructuring efforts on top 30 exposures<sup>1</sup> assumed by RRD

€ bn



- Currently, about €0,8 bn of restructured loans that are managed and monitored by RRD will be transferred to business lines upon satisfactory performance

<sup>1</sup> Funded and unfunded exposures. Top 30 exposures assumed by RRD on 30 November 2013 and their progress over time

# Overseas non-core operations

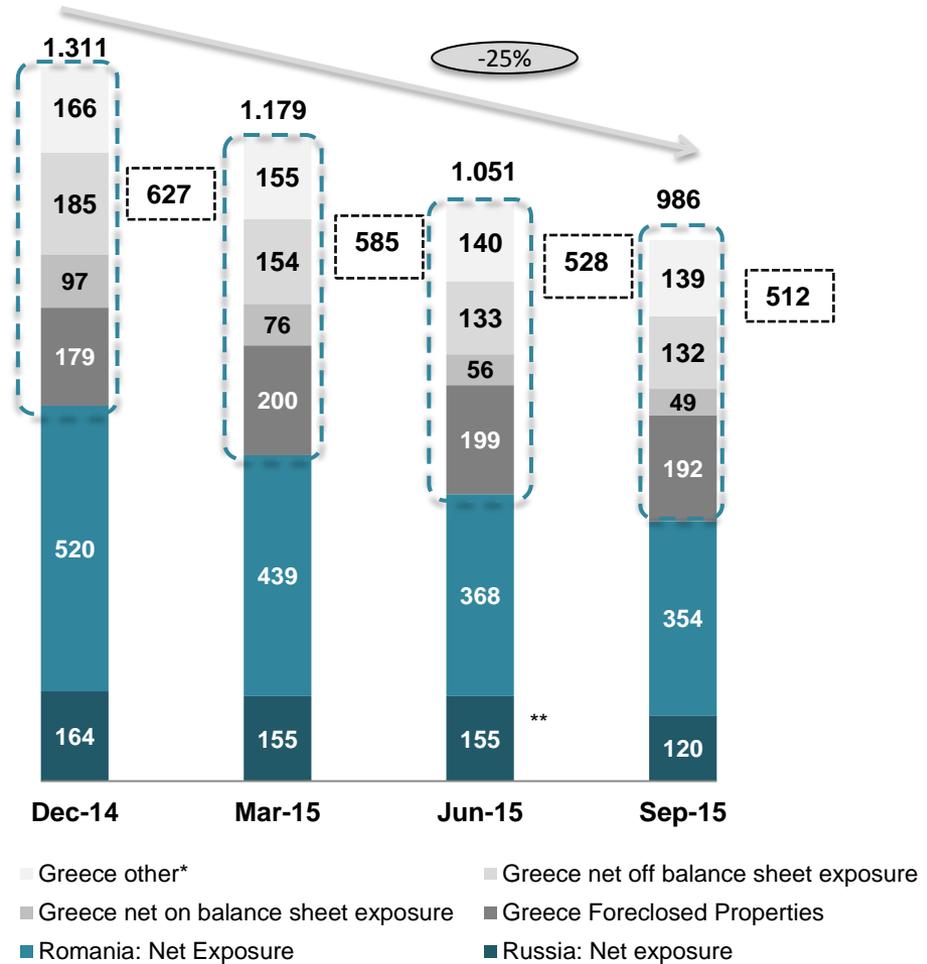
The non-core overseas operations as at 30 September 2015 were as follows:

- Greece:** The net exposure comprised:
- (a) Net on-balance sheet exposures (excluding foreclosed properties) totalling €49 mn;
  - (b) 637 foreclosed properties with a book value of €192 mn;
  - (c) off-balance sheet exposures totalling €132 mn; and
  - (d) lending exposures to Greek entities in the normal course of business in Cyprus totalling €71 mn, and lending exposures in Cyprus with collaterals in Greece totalling €68 mn.

**Romania:** The overall net exposure is €354 mn

**Russia:** Following the disposal of Uniastrum Bank and certain other Russian assets the remaining net exposure (on and off balance sheet) in Russia is €120 mn

Overseas non-core operations (€ mn)



\* Lending exposures to Greek entities in the normal course of business in Cyprus and lending exposures in Cyprus with collaterals in Greece

\*\* As per the completion of the announcement dated 28 September 2015. Comprising €135 mn on-balance sheet and €20 mn off-balance sheet exposures, based on the Group financial results for the six months ended 30 June 2015.

**Overview**

**Income Statement Review**

**Balance Sheet Review**

**KPIs – Key Takeaways**

**Additional Information**

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

Category	Key performance indicators	Group Dec-2014	Group Sep-2015	Cyprus Sep-2015	Medium-term target (2017) *	Key Pillars & Plan of action
Asset quality	90+ DPD coverage	41%	41%	39%	40%-50%	
	Provisioning charge	3,6%	2,1%**	1,6%	<1,0%	<b>2. Normalise funding; Eliminate ELA</b> <ul style="list-style-type: none"> <li>Boost deposits by leveraging on stronger capital position</li> <li>Access Debt Capital Markets on the back of improved ratings, stronger financial soundness and better prospects</li> <li>Proceeds from disposal of non-core operations</li> </ul>
Funding	Eurosystem funding % total balance sheet	31%	22%	n.a	<25%	
Capital	Basel 3 transitional CET1	14,0%	15,6%	n.a	>12%	<b>4. Achieve a lean operating model</b> <ul style="list-style-type: none"> <li>Set-out a digital vision and introduce appropriate technology to enhance product distribution channels</li> <li>Introduce technology and processes to reduce operating costs</li> <li>Introduce HR policies aimed at enhancing productivity</li> </ul>
Margins and efficiency	Net interest margin	3,9%	3,9%	3,7%	~3,25%	
	Fee and commission income/ total income	13%	15%	14%	Increase	
	Cost to income ratio	36%	38%	35%	40%-45%	

\* Medium term target refers to the targets set as per the latest NDR presentation (available on the Group's website).

\*\* Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €635 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €263 mn) over average gross loans

# Key Takeaways

- **Leading financial institution** in an economy that is on the road to economic recovery
- **CET1 ratio at 15,6% (transitional basis)**; capital position shields the Group from further shocks and helps in regaining trust of counterparties; at the same time, we are confident about the outcome of the SREP discussion
- During 3Q2015 the Bank disposed **of the majority of the Russian operations**; With the disposal the Bank completes the disposal of the Group's overseas banking subsidiaries identified for sale.
- **Improving funding structure with an increasing deposit base in Cyprus**; L/D ratio at 132% and customer deposits at 56% of total assets
- **ELA reduced by €7,1 bn to €4,3 bn** through deleveraging actions, capital proceeds and customer inflows.
- **90+ DPD** reduced to €12 bn; a reduction of €649 mn during 3Q2015, out of which €369 mn due to the disposal of the majority of the Russian operations; provision coverage stood at 41% while taking into account the unrecognised interest income calculated with reference to the contractual balances of the customer, the provisioning coverage rises to 52%.
- The adoption of the **foreclosure legislation and insolvency framework** coupled with the improved fundamentals of the Cypriot economy is a significant step in enabling the Bank to tackle its delinquent loans and to improve its asset quality.
- **Recurring profitability** stabilising, Profit after tax from continuing operations and Profit after tax of €115 mn and €73 mn for 9M2015, respectively

**Overview**

**Income Statement Review**

**Balance Sheet Review**

**KPIs – Key Takeaways**

**Additional Information**

# Key Information and Contact Details

## Credit Ratings:

### **Fitch Ratings:**

Long-term Issuer Default Rating: upgraded to "CCC" on 28 April 2015

Short-term Issuer Default Rating: affirmed at "C" on 28 April 2015

Viability Rating: upgraded to "ccc" on 28 April 2015

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

Baseline Credit Assessment: Affirmed at caa3 on 28 May 2015 (stable outlook)

Short-term deposit ratings: Affirmed at "Not Prime" on 17 November 2014

Long-term deposit ratings: Affirmed at Caa3 on 28 May 2015 (stable outlook)

Counterparty Risk Assessment: Assigned at Caa2(cr) / Not-Prime (cr) on 28 May 2015

## Listing:

ATHEX – BOC, CSE – BOCY, ISIN CY0104810110

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### Finance Director

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# Consolidated Balance Sheet

€ mn	% change	30.09.15	31.12.14
Cash and balances with Central Banks	-13%	986	1.139
Placements with banks	-15%	1.399	1.647
Debt securities, treasury bills and equity investments	-44%	1.428	2.541
Net loans and advances to customers	-1%	17.980	18.168
Other assets	-	2.381	2.378
Non current assets and disposal groups classified as held for sale	-97%	23	916
<b>Total assets</b>	<b>-10%</b>	<b>24.197</b>	<b>26.789</b>

## Note:

As from 4Q2014, the Group's operations in Russia are treated as disposal group held for sale and results have been presented accordingly as discontinued operations according to IFRS 5. In September 2015, the Bank completed the sale of the majority of its Russian operations. The part of the operations not disposed of, has ceased to be classified as held for sale and its results are presented as part of the continuing operations.

€ mn	% change	30.09.15	31.12.14
Amounts due to banks	+99%	323	162
Funding from Central Banks	-35%	5.403	8.284
Repurchase agreements	-37%	368	580
Customer deposits	+8%	13.608	12.624
Debt securities in issue	+1%	1	1
Other liabilities	-9%	956	1.046
Non current liabilities and disposal groups classified as held for sale	-	-	611
<b>Total liabilities</b>	<b>-11%</b>	<b>20.659</b>	<b>23.308</b>
Share capital	0%	892	892
Capital reduction reserve and share premium	0%	2.505	2.505
Revaluation and other reserves	+41%	208	147
Accumulated losses	+10%	(87)	(79)
<b>Shareholders' equity</b>	<b>+2%</b>	<b>3.518</b>	<b>3.465</b>
Non controlling interests	+26%	20	16
<b>Total equity</b>	<b>+2%</b>	<b>3.538</b>	<b>3.481</b>
<b>Total liabilities and equity</b>	<b>-10%</b>	<b>24.197</b>	<b>26.789</b>

# Consolidated Income Statement

€ mn	3Q2015	2Q2015*	1Q2015*	4Q2014*	3Q2014*
Net interest income	205	212	227	225	231
Net fee and commission income	36	36	43	35	37
Insurance income net of insurance claims	12	9	11	10	10
<i>Core income</i>	<i>253</i>	<i>257</i>	<i>281</i>	<i>270</i>	<i>278</i>
Other income	(2)	4	(7)	6	(16)
<b>Total income</b>	<b>251</b>	<b>261</b>	<b>274</b>	<b>276</b>	<b>262</b>
Staff costs	(59)	(59)	(59)	(59)	(59)
Other operating expenses	(43)	(33)	(43)	(56)	(44)
<b>Total expenses</b>	<b>(102)</b>	<b>(92)</b>	<b>(102)</b>	<b>(115)</b>	<b>(103)</b>
<b>Profit before provisions and impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations</b>	<b>149</b>	<b>169</b>	<b>172</b>	<b>161</b>	<b>159</b>
Provisions for impairment of customer loans net of gains on derecognition and changes in expected cash flows on acquired loans	(96)	(123)	(110)	(312)	(119)
Impairments of other financial and non-financial assets	(6)	(30)	(1)	(57)	1
Share of profit/(loss) from associates and joint ventures	1	1	1	3	(3)
<b>Profit/(loss) before tax, restructuring costs and discontinued operations</b>	<b>48</b>	<b>17</b>	<b>62</b>	<b>(205)</b>	<b>38</b>
Tax	(8)	(3)	(7)	(1)	(6)
Profit attributable to non - controlling interests	5	1	0	17	2
<b>Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets</b>	<b>45</b>	<b>15</b>	<b>55</b>	<b>(189)</b>	<b>34</b>
Restructuring costs	(5)	(14)	(8)	(4)	(11)
Loss from disposal group held for sale / discontinued operations	(9)	(11)	(18)	(131)	(28)
Net (loss)/gain on disposal of non-core assets	(18)	41	-	(13)	-
<b>Profit/(loss) after tax</b>	<b>13</b>	<b>31</b>	<b>29</b>	<b>(337)</b>	<b>(5)</b>

\*Comparative information has been represented. See Note 4.2 of the Financial Report for the 9 months ended 30 September 2015, Comparative information.

# Income Statement bridge for 9M2015

€ mn	Per presentation	Reclassification	Per financial statements
Net interest income	644		644
Net fee and commission income	115		115
Net foreign exchange gains/(losses) and net gains/(losses) on other financial instruments	18	41	59
Insurance income net of insurance claims	32		32
Losses from revaluation and disposal of investment properties	(36)		(36)
Other income	13		13
<b>Total income</b>	<b>786</b>		<b>827</b>
<b>Total expenses</b>	<b>(296)</b>	<b>(27)</b>	<b>(323)</b>
<b>Profit before provisions and impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations</b>	<b>490</b>		<b>504</b>
Provisions for impairment of customer loans	(592)		(592)
Gains on derecognition and changes in expected cash flows on acquired loans	263		263
Impairments of other financial and non-financial assets	(37)		(37)
Share of profit from associates	3		3
<b>Profit before tax, restructuring costs and discontinued operations</b>	<b>127</b>		<b>141</b>
Tax	(18)		(18)
Loss attributable to non-controlling interests	6		6
<b>Profit after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets</b>	<b>115</b>		<b>129</b>
Restructuring costs	(27)	27	-
Net gains on disposal of non-core assets	23	(23)	-
Loss from disposal group held for sale / discontinued operations, net of minority interest	(38)	(18)	(56)
<b>Profit after tax</b>	<b>73</b>		<b>73</b>

# Cyprus Income Statement

(€ mn)

	9M2015	9M2014	3Q2015	2Q2015	1Q2015	4Q2014	3Q2014
Net interest income	603	704	192	200	211	216	216
Net fee & commission income	110	111	34	34	42	34	35
Insurance income net of insurance claims	31	33	11	8	12	10	9
<i>Core income</i>	<i>744</i>	<i>848</i>	<i>237</i>	<i>242</i>	<i>265</i>	<i>260</i>	<i>260</i>
Other income /(expenses)	22	(10)	16	8	(2)	7	(14)
<b>Total income</b>	<b>766</b>	<b>858</b>	<b>253</b>	<b>250</b>	<b>263</b>	<b>267</b>	<b>246</b>
Staff costs	(164)	(165)	(54)	(55)	(55)	(56)	(55)
Other operating expenses	(106)	(114)	(38)	(31)	(37)	(54)	(38)
<b>Total expenses</b>	<b>(270)</b>	<b>(279)</b>	<b>(92)</b>	<b>(86)</b>	<b>(92)</b>	<b>(110)</b>	<b>(93)</b>
<b>Profit before provisions and impairments</b>	<b>496</b>	<b>579</b>	<b>161</b>	<b>164</b>	<b>171</b>	<b>157</b>	<b>153</b>
Provisions <sup>1</sup>	(254)	(373)	(73)	(102)	(79)	(177)	(95)
Impairment of other financial assets and non financial assets	(26)	(33)	(6)	(19)	(1)	(48)	1
Share of profit/(loss) from associates	3	2	0	1	2	3	(2)
<b>Profit/(loss) before tax</b>	<b>219</b>	<b>175</b>	<b>82</b>	<b>44</b>	<b>93</b>	<b>(65)</b>	<b>57</b>
Tax	(16)	(4)	(6)	(2)	(8)	0	(2)
Profit/(loss) attributable to non-controlling interests	0	(0)	0	(0)	0	1	(0)
<b>Profit/(loss) after tax and before one off items</b>	<b>203</b>	<b>171</b>	<b>76</b>	<b>42</b>	<b>85</b>	<b>(64)</b>	<b>55</b>

1. Provisions for impairment of customer loans and gains on derecognition and changes in expected cash flows on acquired loans

# Cyprus: Income Statement by business line

(€ mn)	Consumer Banking	SME Banking	Corporate Banking	International Banking	Wealth & Brokerage & Asset Management	RRD	Other	Total Cyprus
Net interest income	187	52	52	46	5	221	40	603
Net fee & commission income	41	7	6	36	1	11	8	110
Other income /(expenses)	4	0	0	5	3	0	41	53
<b>Total income</b>	<b>232</b>	<b>59</b>	<b>58</b>	<b>87</b>	<b>9</b>	<b>232</b>	<b>89</b>	<b>766</b>
<b>Total expenses</b>	<b>(90)</b>	<b>(9)</b>	<b>(8)</b>	<b>(16)</b>	<b>(4)</b>	<b>(24)</b>	<b>(119)</b>	<b>(270)</b>
<b>Profit/(loss) before provisions and impairments</b>	<b>142</b>	<b>50</b>	<b>50</b>	<b>71</b>	<b>5</b>	<b>208</b>	<b>(30)</b>	<b>496</b>
Provisions for impairment of customer loans net of gains on derecognition and changes in expected cash flows on acquired loans	20	34	27	(1)	(4)	(340)	10	(254)
Impairment of other financial assets	-	-	-	-	-	-	(26)	(26)
Share of profits from associates	-	-	-	-	-	-	3	3
<b>Profit/(loss) before tax</b>	<b>162</b>	<b>84</b>	<b>77</b>	<b>70</b>	<b>1</b>	<b>(132)</b>	<b>(43)</b>	<b>219</b>
Tax	(19)	(11)	(10)	(9)	(1)	17	17	(16)
<b>Profit/(loss) after tax and before one off items</b>	<b>143</b>	<b>73</b>	<b>67</b>	<b>61</b>	<b>0</b>	<b>(115)</b>	<b>(26)</b>	<b>203</b>

Cost-to-Income ratio

39%

16%

14%

18%

42%

10%

-

Bank of Cyprus



# Summary Income Statement by Geography

(€ mn)	UK		OTHER	
	9M2015	9M2014	9M2015	9M2014
Net interest income	23	26	35	65
Net fee & commission income	4	3	9	17
Insurance income net of insurance claims	-	-	1	2
Other income /(expenses)	0	1	(6)	13
<b>Total income</b>	<b>27</b>	<b>30</b>	<b>39</b>	<b>97</b>
Staff costs	(11)	(9)	(24)	(29)
Other operating expenses	(12)	(9)	(30)	(45)
<b>Total expenses</b>	<b>(23)</b>	<b>(18)</b>	<b>(54)</b>	<b>(74)</b>
<b>Profit/(loss) before provisions and impairments</b>	<b>4</b>	<b>12</b>	<b>(15)</b>	<b>18</b>
Provisions <sup>1</sup>	7	(28)	(125)	(131)
Impairment of other financial assets and non financial assets	-	-	(11)	(5)
Share of profit from associates	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>11</b>	<b>(16)</b>	<b>(151)</b>	<b>(113)</b>
Tax	(1)	(1)	0	(10)
Profit attributable to non-controlling interests	-	-	15	16
<b>Profit/(loss) after tax and before one off items</b>	<b>10</b>	<b>(17)</b>	<b>(136)</b>	<b>(107)</b>

1. Provisions for impairment of customer loans and gains on derecognition and changes in expected cash flows on acquired loans

# Risk Weighted Assets by Geography – Regulatory Capital

## Risk weighted assets by Geography (€ mn)

	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15
Cyprus	20.296	20.452	20.473	19.607	19.551
Russia	1.203	706	813	708	30
United Kingdom	633	986	1.162	667	663
Romania	316	308	294	318	253
Greece	367	217	181	180	173
Other <sup>1</sup>	48	46	49	47	47
<b>Total RWA</b>	<b>22.863</b>	<b>22.715</b>	<b>22.972</b>	<b>21.527</b>	<b>20.717</b>
<b>RWA intensity(%)</b>	<b>83%</b>	<b>85%</b>	<b>86%</b>	<b>85%</b>	<b>86%</b>

## Equity and Regulatory Capital (€ mn)

	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15
Shareholders' equity	3.728	3.465	3.502	3.506	3.518
CET1 capital	3.512	3.191	3.201	3.205	3.231 <sup>2</sup>
Tier I capital	3.512	3.191	3.201	3.205	3.231
Tier II capital	39	42	30	32	22
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>3.551</b>	<b>3.233</b>	<b>3.231</b>	<b>3.237</b>	<b>3.253</b>

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

	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15
Credit risk	20.835	20.625	20.881	19.426	18.793
Market risk	5	5	6	16	44
Operational risk	2.023	2.085	2.085	2.085	1.880
<b>Total</b>	<b>22.863</b>	<b>22.715</b>	<b>22.972</b>	<b>21.527</b>	<b>20.717</b>

<sup>1</sup> Other countries include Ukraine, Channel Islands and Netherlands

<sup>2</sup> Includes independently verified profits for 9M2015

# Reconciliation of Group Equity to CET 1

<b>(€ mn)</b>	<b>30.09.15</b>
Group Equity per financial statements	3.538
Less : Intangibles and other deductions	(16)
Less: Deconsolidation of insurance and other entities	(229)
Less: Regulatory adjustments (Minority Interest, DTA and other items)	(24)
Less: Revaluation reserves and other unrealised items transferred to Tier II	(38)
<b>CET 1 (transitional)<sup>1</sup></b>	<b>3.231</b>
<b>Less : Adjustments to fully loaded (mainly DTA)</b>	<b>(108)</b>
<b>CET 1 (fully loaded)</b>	<b>3.123</b>
<b>Risk Weighted Assets</b>	<b>20.717</b>
<b>CET 1 ratio (fully loaded)</b>	<b>15,1%</b>
<b>CET 1 ratio (transitional)<sup>1</sup></b>	<b>15,6%</b>

<sup>1</sup> CET 1 ratio includes independently verified profits of 9M2015

# BOC- Main performance indicators

30 September 2015	Ratios	Group 9M2015
<b>Performance</b>	ROAA**	0,4%
	ROE **	2,8%
	Net Interest Margin	3,85%
	Cost to income ratio	38%
	Loans to deposits	132%
<b>Asset Quality</b>	90+ DPD (€ mn)/ 90+ DPD ratio	11.998 (52,5%)
	90+ DPD coverage	41%
	Cost of risk**	2,1%*
	Provisions / Gross Loans	21,6%
<b>Capital</b>	Transitional Common Equity Tier 1 capital (€ mn)	3,231
	CET1 ratio (transitional basis) (%)	15,6%
	Total Equity / Total Assets	14,5%

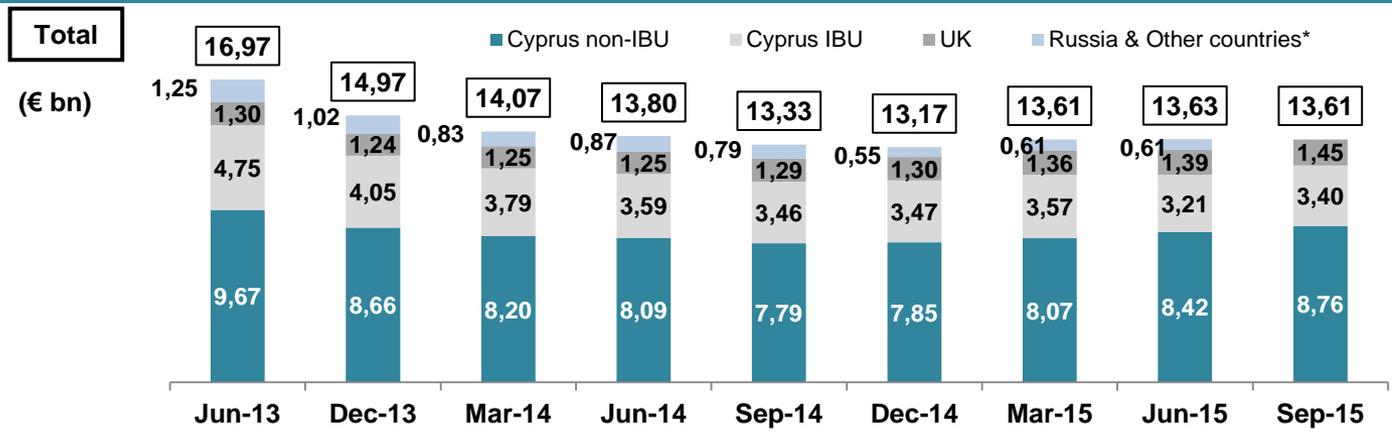
	Shareholder's Equity (€ mn)	Intangible assets (€ mn)	# shares ( mn )	Book Value per share	Tangible Book Value per share
31/12/2013	2.663	131	4.684	0,57	0,54
31/03/2014	2.689	130	4.700	0,57	0,54
30/06/2014	2.748	135	4.756	0,58	0,55
30/09/2014	3.728	135	8.922	0,42	0,40
31/12/2014	3.465	127	8.922	0,39	0,37
31/03/2015	3.502	130	8.923	0,39	0,38
30/06/2015	3.506	128	8.923	0,39	0,38
30/09/2015	3.518	131	8.923	0,39	0,38

\* Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €635 mn) net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €263 mn) over average gross loans

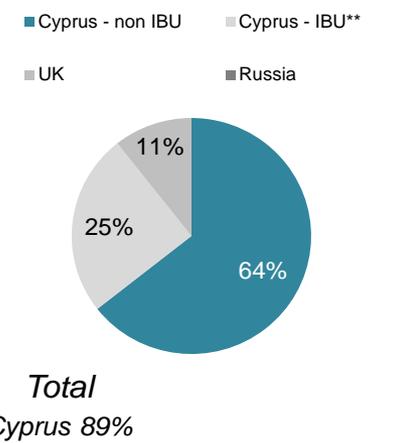
\*\* Annualised figures

# Analysis of Deposits by Geography and by Type

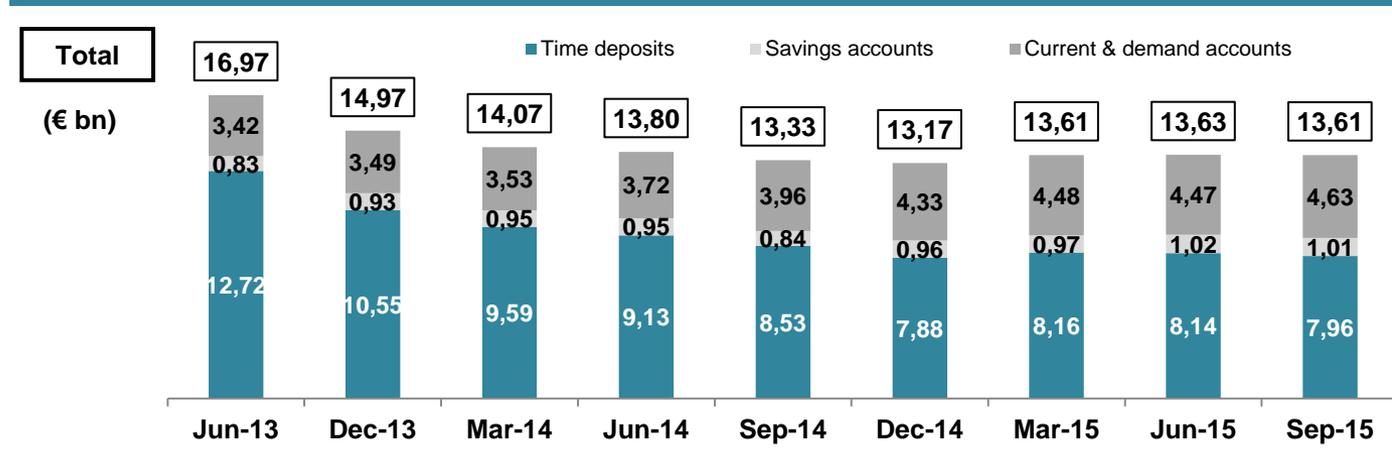
## Deposits by geography



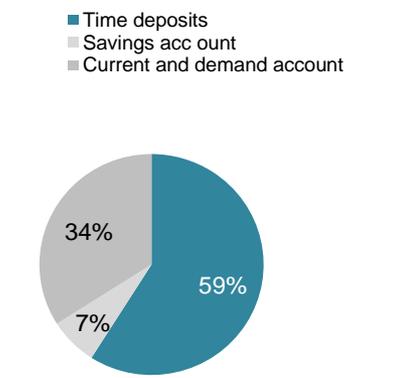
## 30 September 2015 (%)



## Deposits by type of deposits



## 30 September 2015 (%)



\* Other countries: Romania and Ukraine (until March 2014)  
 \*\* IBU- Division servicing exclusively international activity companies registered in Cyprus and abroad and non-residents

# Analysis of Deposits by sector for Cyprus operations

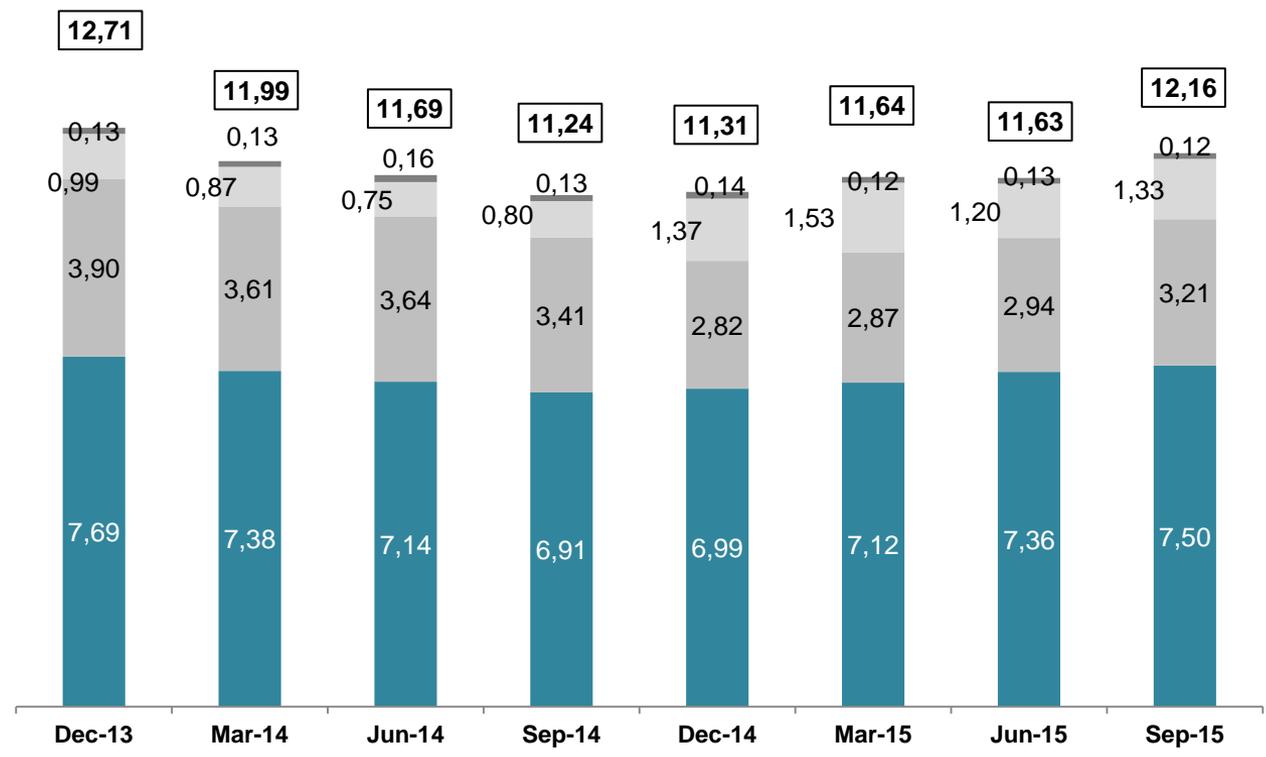
## Deposits by sector as per CBC classification for Cyprus operations

30 September 2015 (%)

**Total**

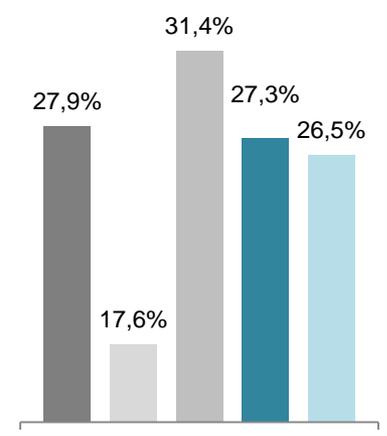
(€ bn)

- Households
- Non financial corporations
- Other financial corporations
- General Governments



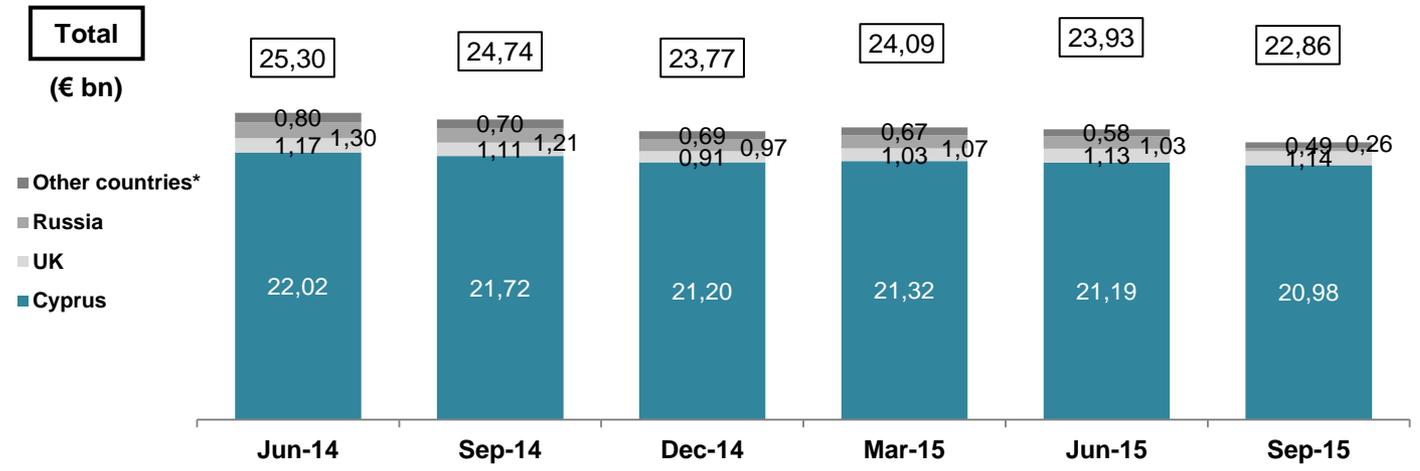
### Market Shares

- General Governments
- Other financial corporations
- Non financial corporations
- Households
- Total market shares

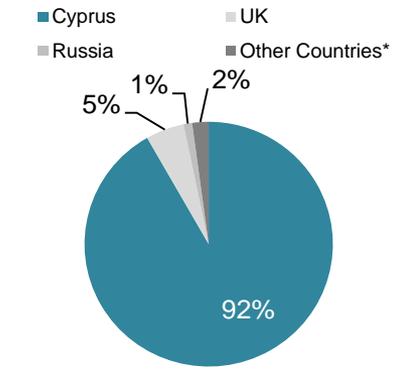


# Gross loans by Geography and by Customer Type

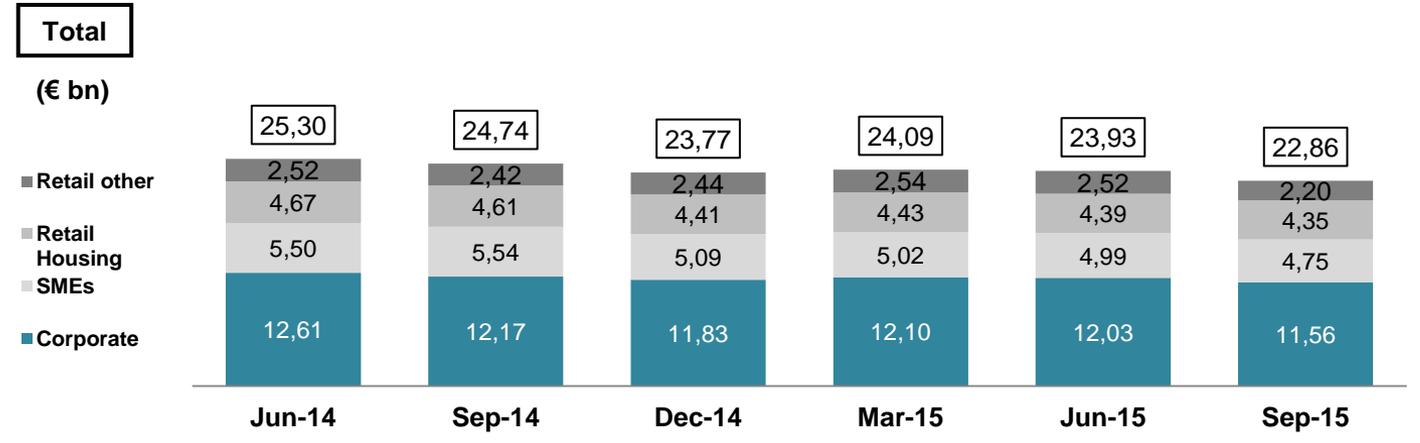
## Gross loans by geography



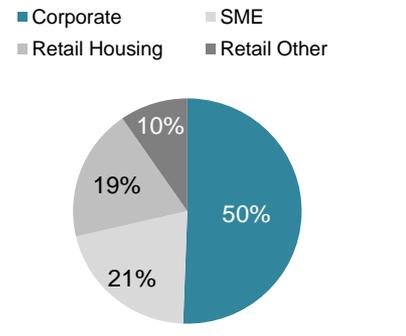
## 30 September 2015 (%)



## Gross loans by customer type



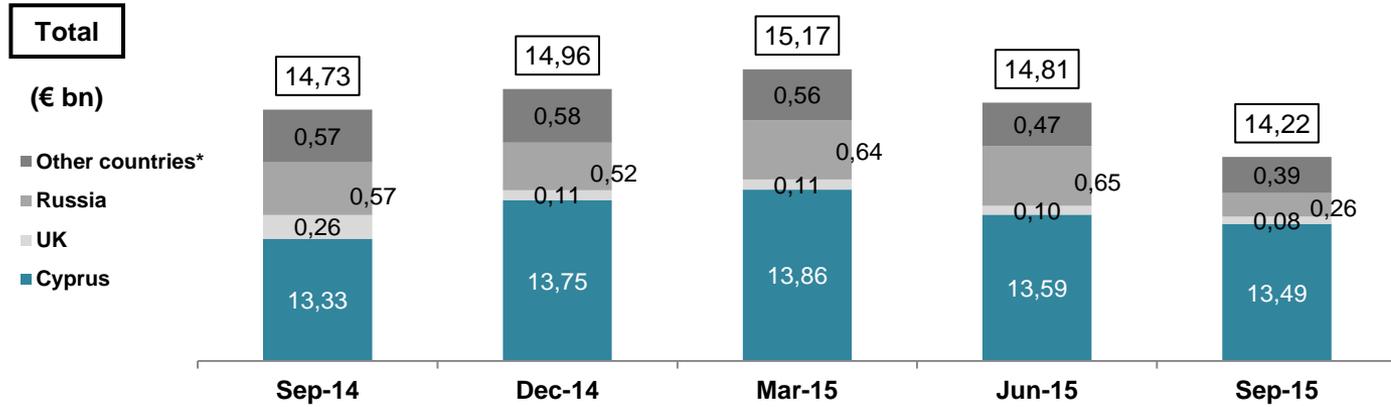
## 30 September 2015 (%)



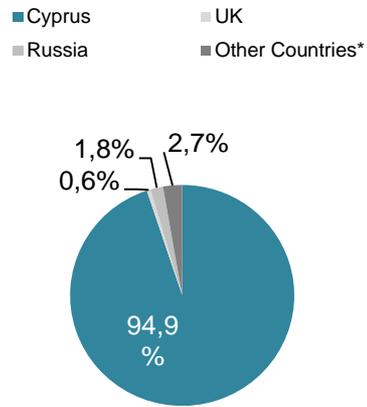
\*Other countries: Greece, Romania and Ukraine (until March 2014)

# NPEs by Geography and by Customer Type

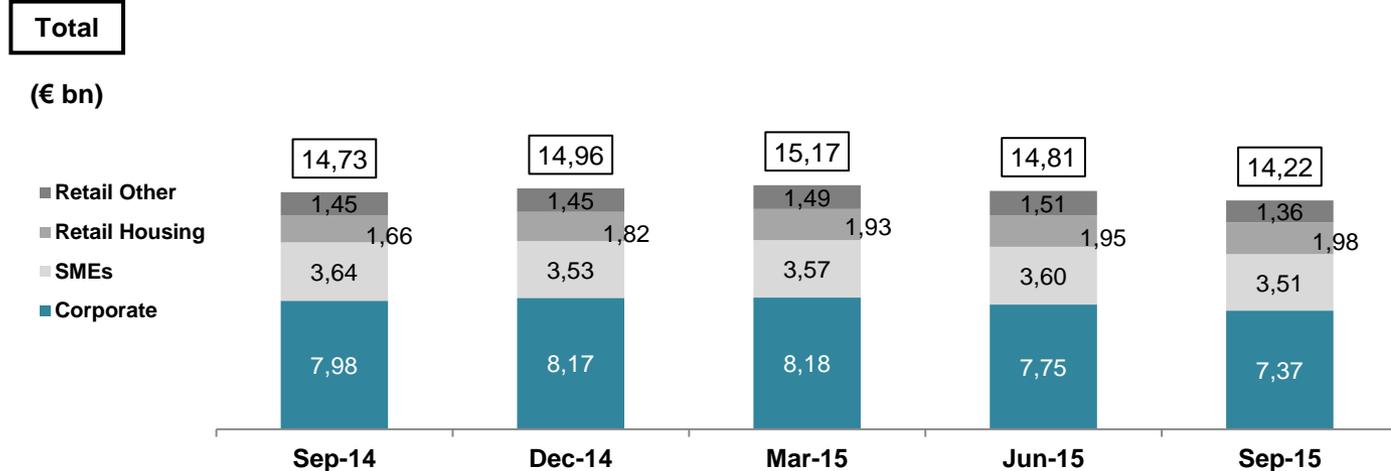
## NPEs by geography



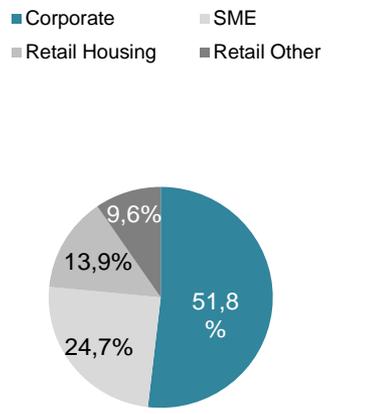
## 30 September 2015 (%)



## NPEs by customer type



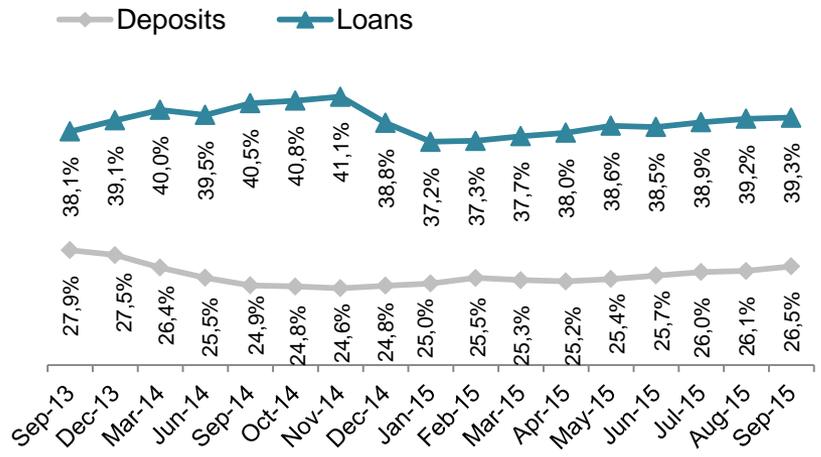
## 30 September 2015 (%)



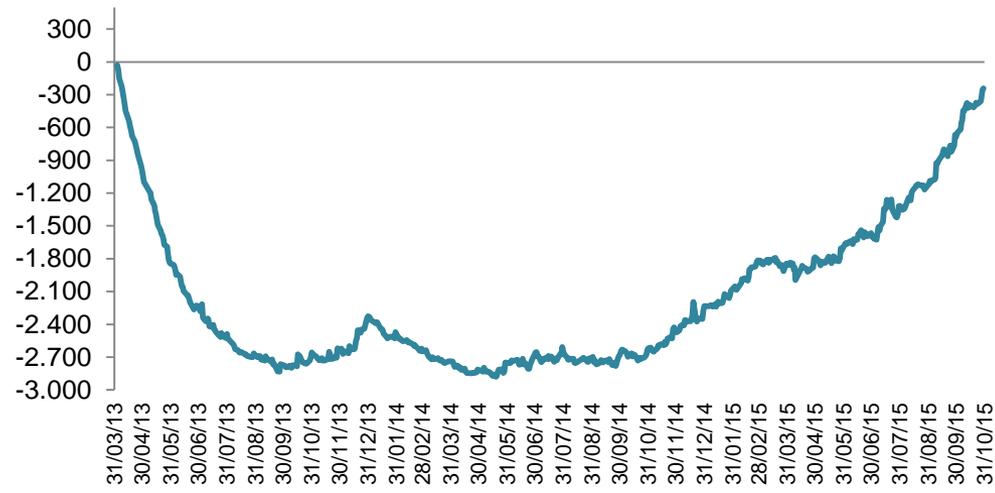
\*Other countries: Greece and Romania

# Market Shares and Customer flows in Cyprus

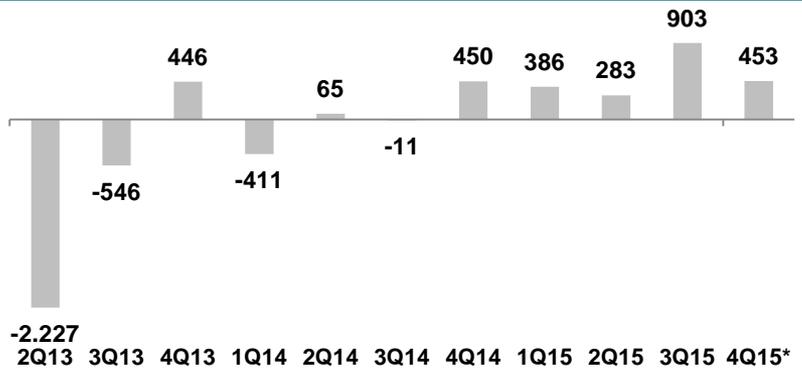
Market share evolution in Cyprus



Cumulative Customer flows (€ mn)



Total customer flows per quarter (€ mn)



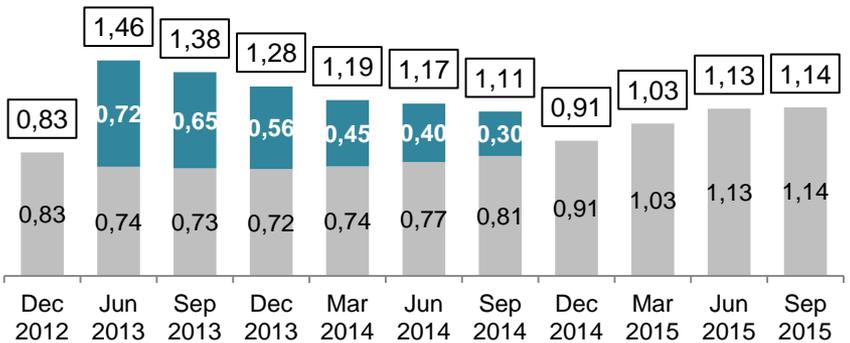
- Around 2% increase in the Bank’s market share in deposits since low of 24,6% in November 2014.
- The Bank’s market share in loans has been hovering around 39%
- Positive net customer flows\*\* per quarter since 4Q2014 despite full abolition of capital controls in April 2015 and the recent adverse economic developments in Greece, underlying the decoupling of the Cypriot banking system and economy.
- Net customer flows\*\* of €2,5 bn post 3Q2014 indicate a return of confidence by customers towards the Bank

\* Up to 23 November 2015  
 \*\* Customer flows are defined as the difference between changes in the stock of customer deposits and changes in the stock of gross customer loans, taking into account, among others, provisions, write offs, accrued interest, fair value adjustments and foreign exchange fluctuations.

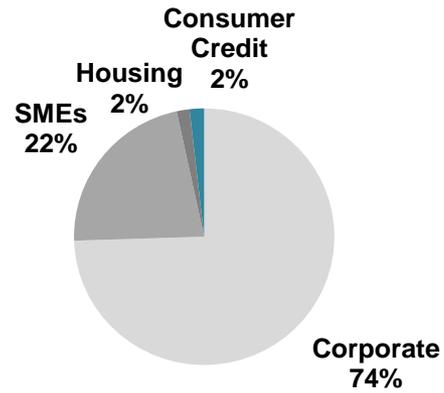
# UK Operations

## UK Loans (€ bn)

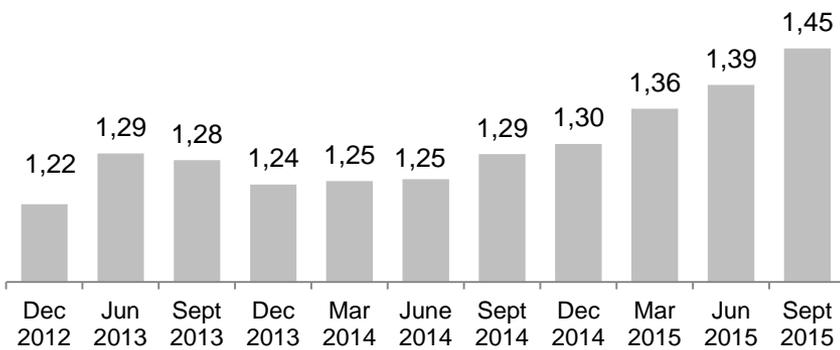
■ ex-Laiki UK loans



## Loans by sector



## UK Deposits (€ bn)

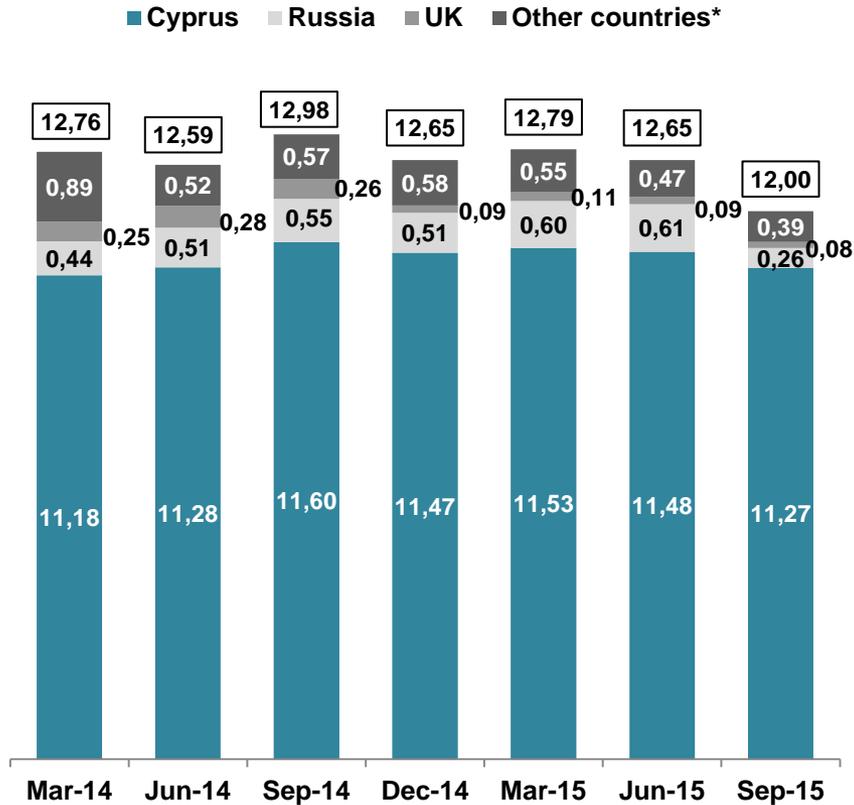


# Asset Quality

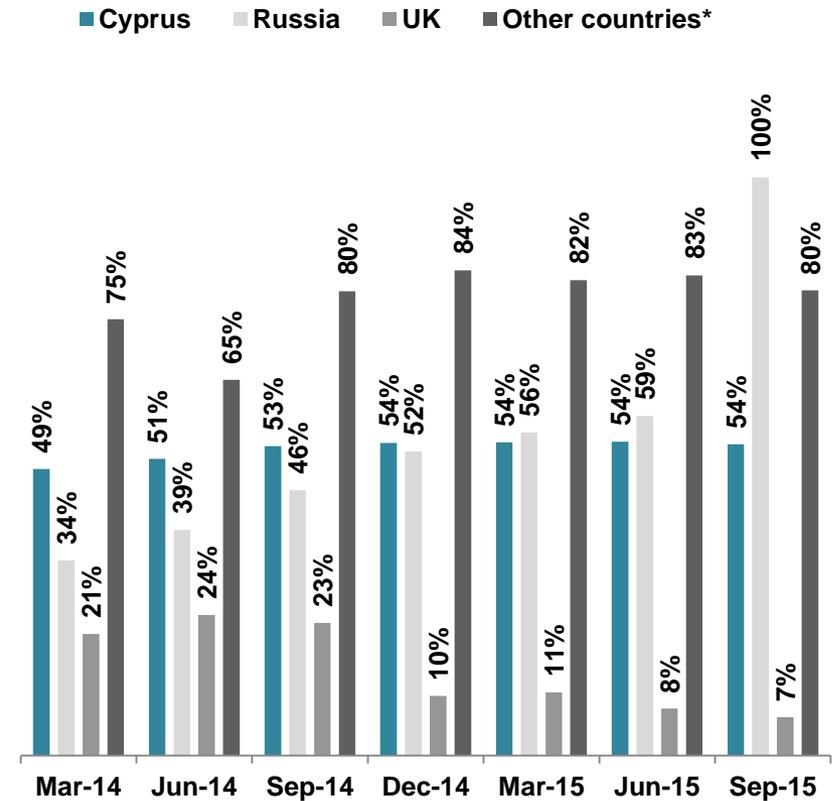
(€ mn)	Sept-15	Jun-15	Mar-15	Dec-14	Sep-14
<b>A. Gross Loans after Fair value on Initial recognition</b>	<b>21.597</b>	<b>22.575</b>	<b>22.540</b>	<b>22.206</b>	<b>23.136</b>
Fair value on Initial recognition	1.266	1.351	1.545	1.566	1.606
<b>B. Gross Loans</b>	<b>22.863</b>	<b>23.926</b>	<b>24.085</b>	<b>23.772</b>	<b>24.742</b>
<b>B1. Loans with no arrears</b>	<b>9.925</b>	<b>10.178</b>	<b>10.038</b>	<b>10.065</b>	<b>10.298</b>
<b>B2. Loans with arrears but not impaired</b>	<b>3.611</b>	<b>4.105</b>	<b>4.627</b>	<b>4.413</b>	<b>5.222</b>
Up to 30 DPD	585	668	662	562	750
31-90 DPD	355	435	596	492	716
+ 91-180 DPD	200	227	344	440	718
+ 181-365 DPD	374	529	758	926	1.058
+ Over 1 year DPD	2.097	2.246	2.267	1.993	1.980
+ <b>B3. Impaired Loans</b>	<b>9.327</b>	<b>9.644</b>	<b>9.420</b>	<b>9.294</b>	<b>9.221</b>
With no arrears	848	969	1.006	1.153	1.145
Up to 30 DPD	66	91	68	149	66
31-90 DPD	60	121	275	142	168
91-180 DPD	152	167	181	143	233
181-365 DPD	464	489	445	685	828
Over 1 year DPD	7.737	7.807	7.445	7.022	6.781
= <b>(90+ DPD)*</b>	<b>11.998</b>	<b>12.646</b>	<b>12.789</b>	<b>12.653</b>	<b>12.977</b>
<b>90+ DPD ratio (90 + DPD / Gross Loans )</b>	<b>52,5%</b>	<b>52,9%</b>	<b>53,1%</b>	<b>53,2%</b>	<b>52,5%</b>
<b>Accumulated provisions</b>	<b>4.933</b>	<b>5.381</b>	<b>5.354</b>	<b>5.140</b>	<b>4.948</b>
<b>Gross loans provision coverage</b>	<b>21,6%</b>	<b>22,5%</b>	<b>22,2%</b>	<b>21,6%</b>	<b>20,0%</b>
<b>90+ DPD provision coverage</b>	<b>41,1%</b>	<b>42,5%</b>	<b>41,9%</b>	<b>40,6%</b>	<b>38,1%</b>

# 90+ DPD by Geography

## 90+ DPD by Geography (€ bn)



## 90+ DPD ratios by Geography



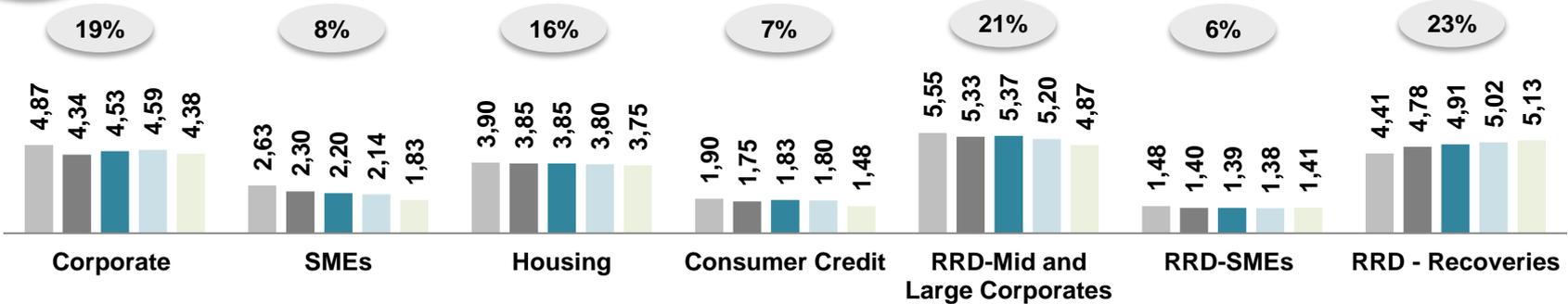
\* Other countries: Romania, Ukraine (until March 2014) and Greece

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

## Gross loans by business line (€ bn)

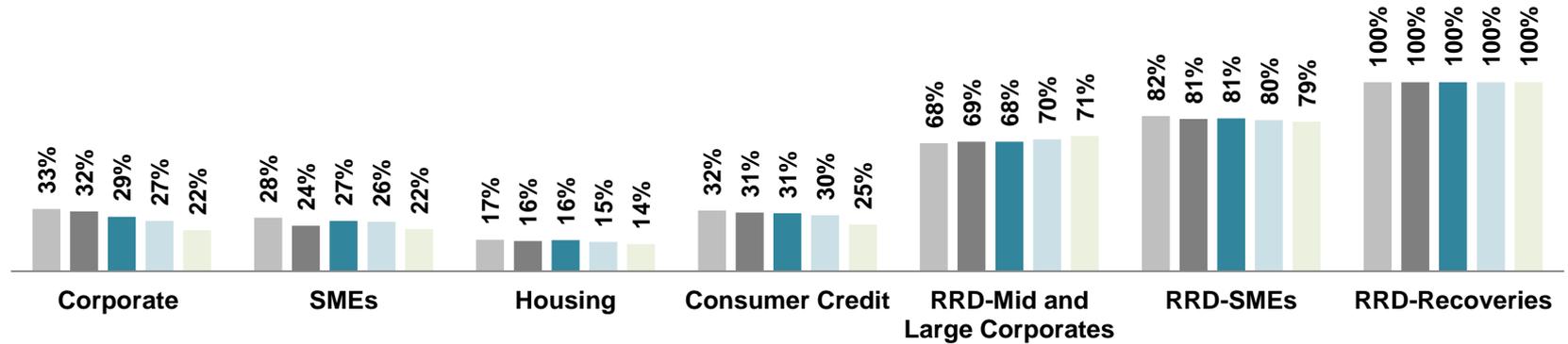
■ 30.09.14 ■ 31.12.14 ■ 31.03.15 ■ 30.06.15 ■ 30.09.15

% of total



## 90+ DPD ratios by business line

■ 30.09.14 ■ 31.12.14 ■ 31.03.15 ■ 30.06.15 ■ 30.09.15



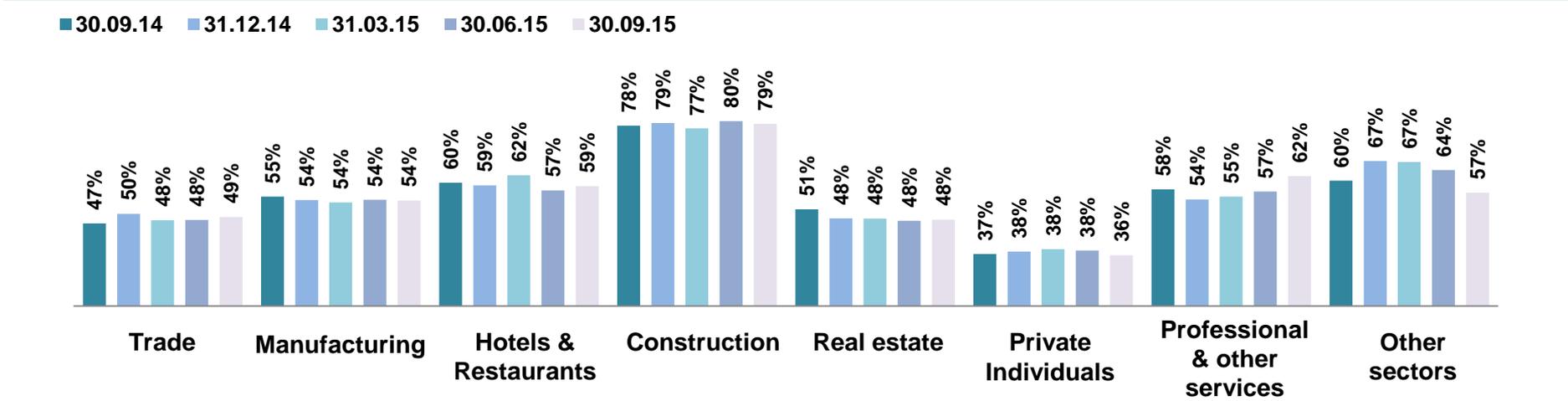
\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management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

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

## Gross loans by economic activity (€ bn)

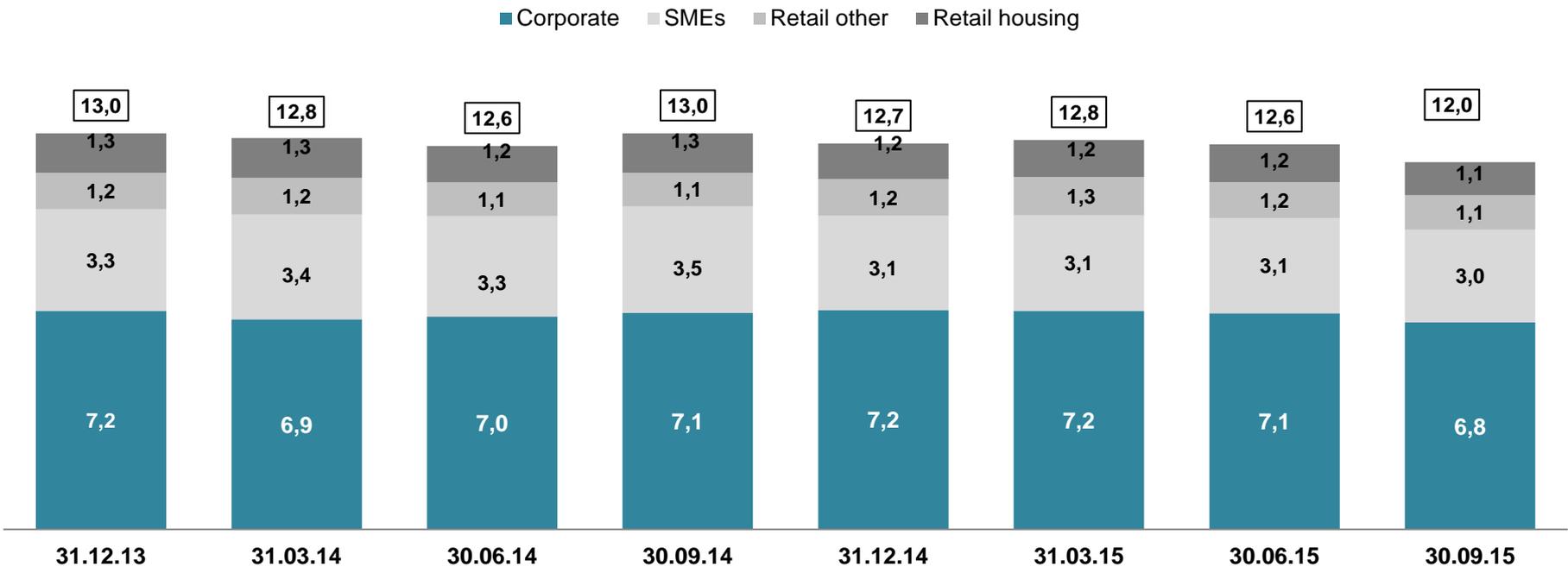


## 90+ DPD ratios by economic activity



# Credit Risk – 90+ DPD by customer type

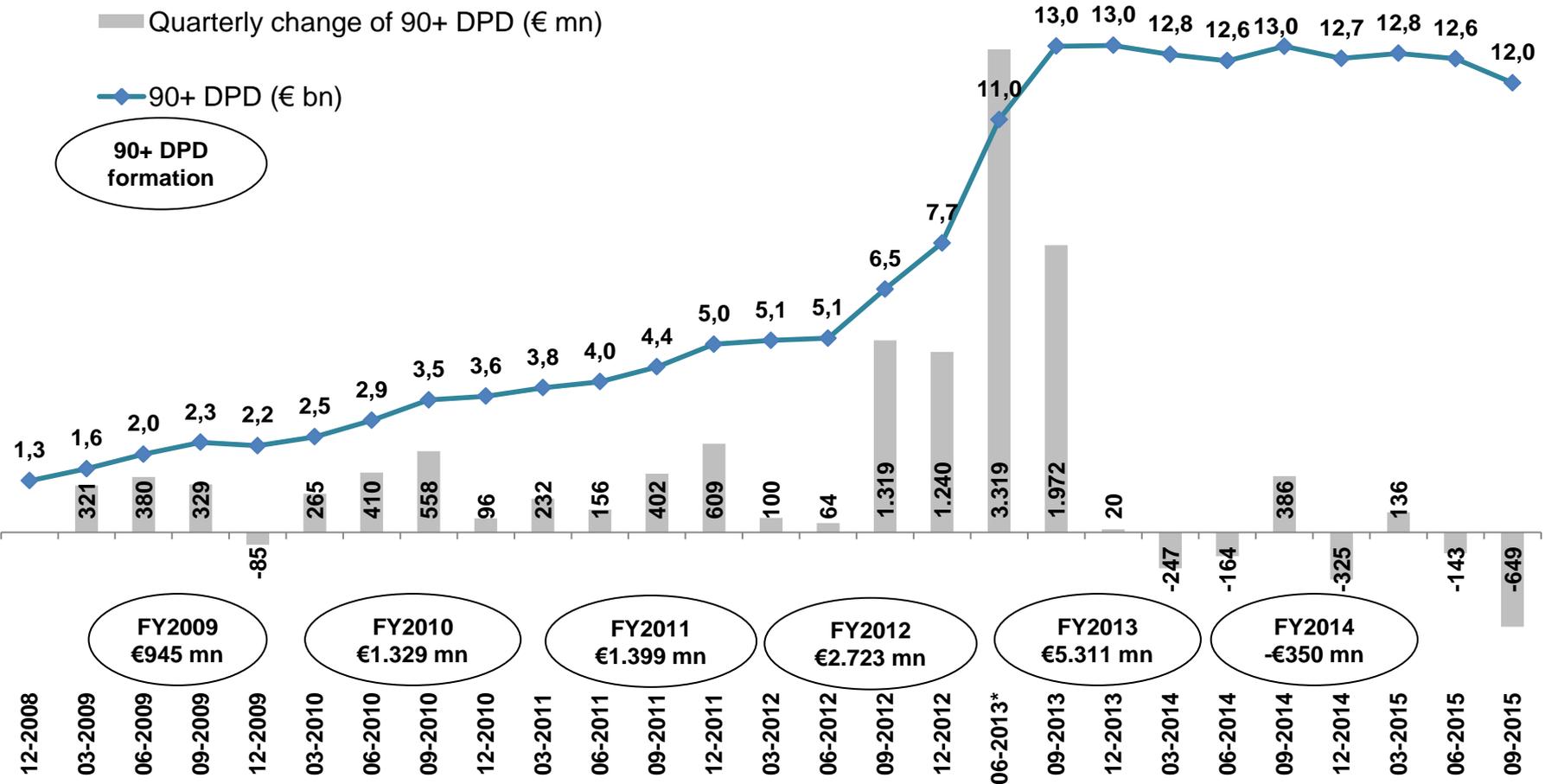
Group 90+ DPD loans by customer type (€ bn)



- Group 90+ DPD have reduced to €12,0 bn
- Adoption of foreclosure legislation and insolvency framework are significant steps in enabling the Bank to tackle its delinquent loans in Cyprus and to improve asset quality.

# 90+ DPD and Quarterly Change of 90+ DPD

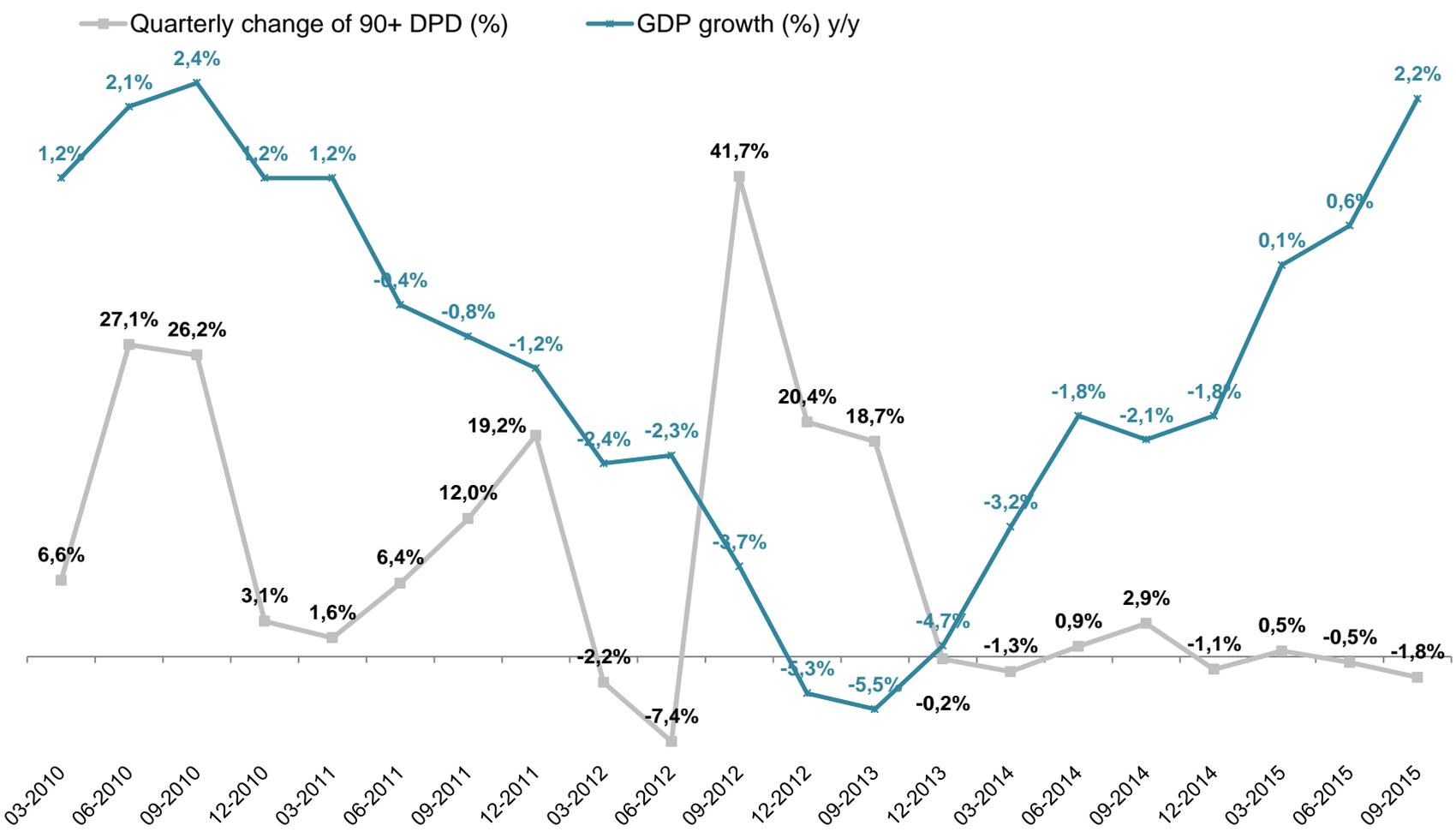
90+ DPD (€ bn) and Quarterly change of 90+ DPD (€ mn)



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

# 90+ DPD in Cyprus and GDP growth

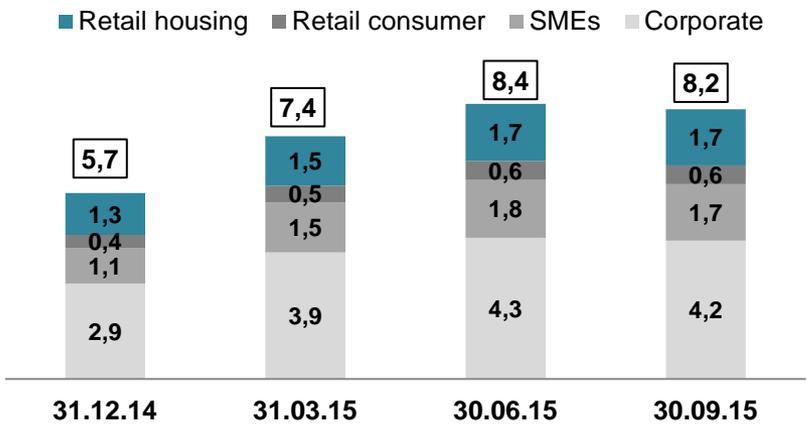
Correlation between quarterly change of 90+ DPD (%) and GDP growth (%)



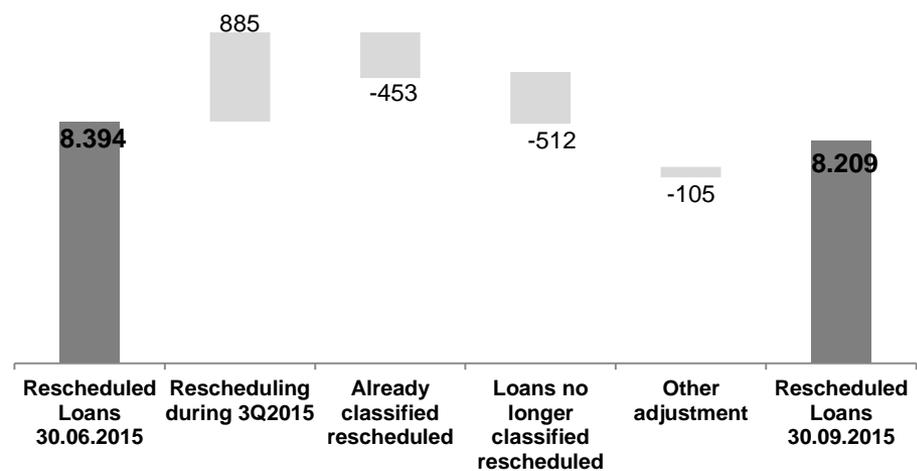
\* Information for 1Q2013 and 2Q2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013

# Rescheduled Loans for the Cyprus operations

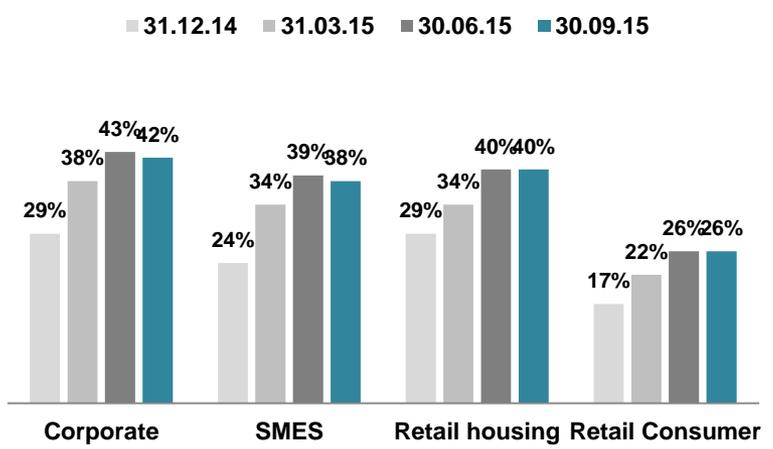
## Rescheduled Loans by customer type (€ bn)



## Rescheduled Loans (€ bn)



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

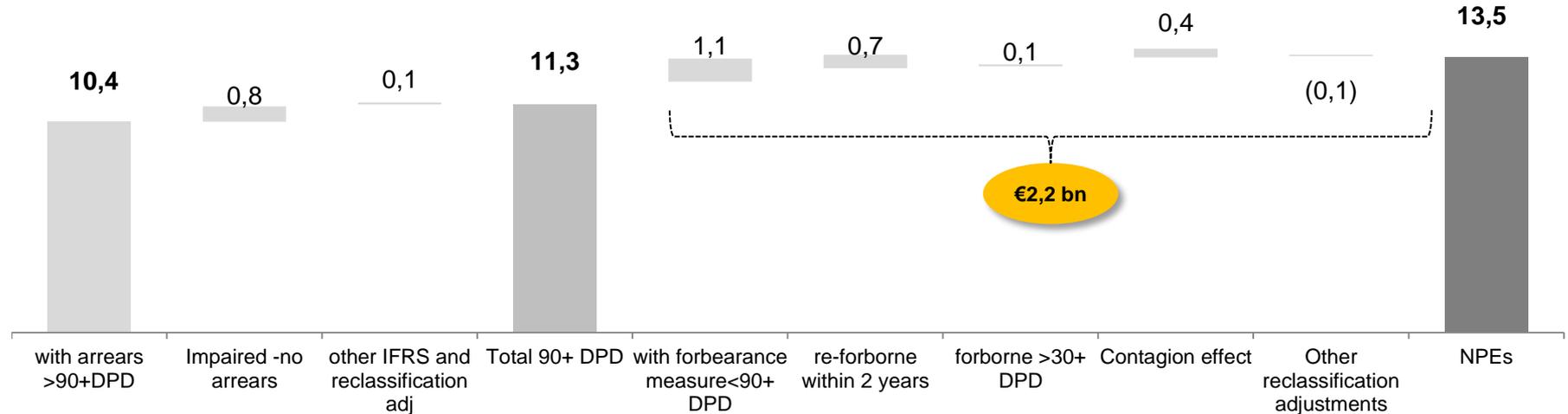


- Taking into account only the loans restructured post 31 March 2014, for the Cyprus operations the percentage of rescheduled loans with no arrears increases to 67%
- Higher rescheduling activity observed in corporate (42% at 30 September 2015 compared to 43% at 30 June 2015) followed by Retail housing rescheduling activity of 40% and SMEs rescheduling of 38%

<sup>1</sup> Before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €1,266 mn for gross loans and to €548 mn for rescheduled loans (compared to €1,351 mn and €611 mn respectively at 30 June 2015), including loans of discontinued operations/disposal group held for sale.

# Credit Risk - Analysis of problem loans

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



- The Bank is taking targeted action to address the €2,2 bn of NPE exposures that do not present arrears over 90 days
- The Bank's main focus for addressing the problem loans is the active management of the €10,4 bn of loans with arrears over 90+DPD

# Credit Risk - Collateral values

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

### The valuation is a combination of:

- New valuations, from independent valuers for (i) New loans and a 2<sup>nd</sup> valuation for amounts > €3mn, (ii) performing accounts with exposures over €3 mn every 3 years (iii) Accounts restructured with LTV > 50%, 1 year for commercial, 3 years for residential properties
- Continuous effort to revalue our mortgaged properties following the collateral cleansing project. As at 30/09/2015, 35% of valuations are current compared to 30% in December 2014

## Key highlights of provisioning methodology

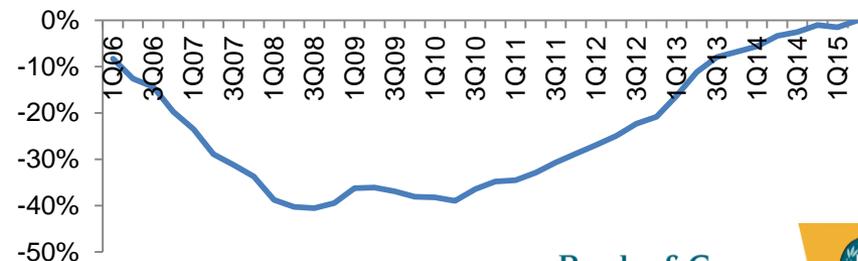
### Assumptions and Key drivers:

- Older valuations are adjusted/indexed to market values based on RICS's property price index to reflect current market conditions
- The timing of recovery from mortgages has been estimated to be 3 years with the exception for specific cases where a different period has been used based on specific facts and circumstances.
- Back-testing of provisioning methodology: 5.000 properties were used in our sample which were re-valued in 2015 (actual valuation). Comparison of the actual valuation versus theoretical index value (based on RICS). Average difference of 2,1% (slightly higher drop assumed in RICS)

### Type of Collateral

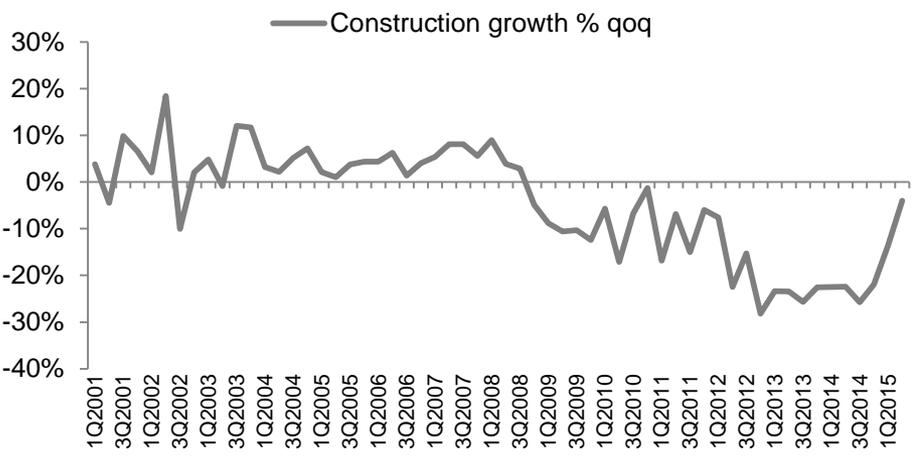
as at 30/09/2015	Retail	Business	Corporate	RRD	Total
Cash	3%	4%	3%	1%	3%
Bank Guarantees	2%	1%	4%	1%	2%
Mortgages	87%	93%	85%	94%	89%
Contract of sales	6%	1%	1%	0%	3%
Fixed / Floating charge	0%	0%	0%	1%	0%
Shares / Debentures	0%	0%	3%	1%	1%
Vehicles	1%	0%	0%	0%	1%
Other	1%	1%	4%	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Adjustment needed for old valuations to bring them to current market values based on RICS property price index

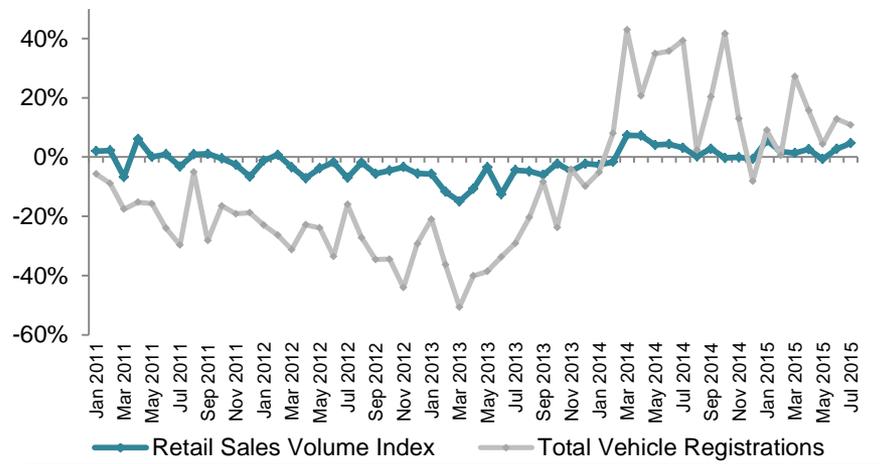


# Macroeconomic overview

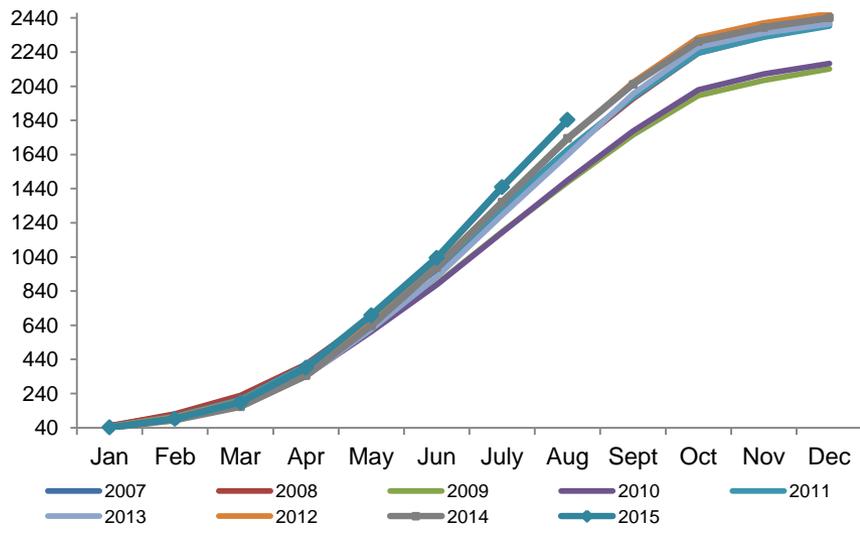
## Construction growth % qoq



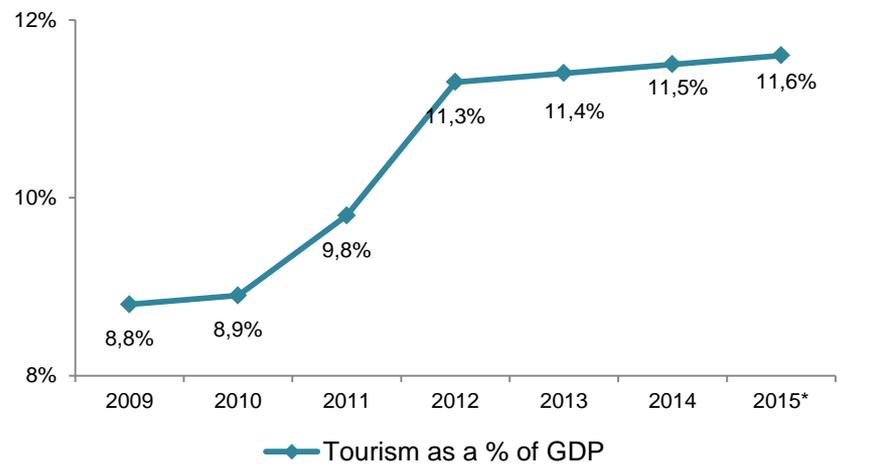
## Indicators of private consumption (annual percentage change)



## Accumulative tourist arrivals per year in 000's



## Revenues from Tourism as % of GDP

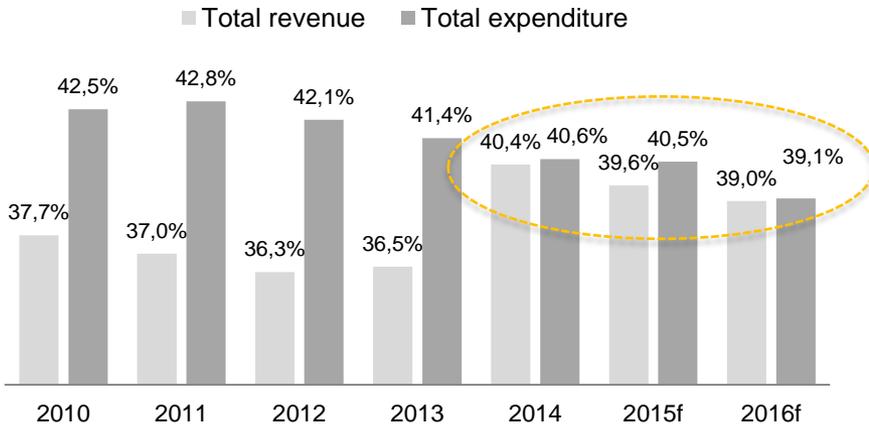


\* 2015 tourist revenue projections based on BOC estimates

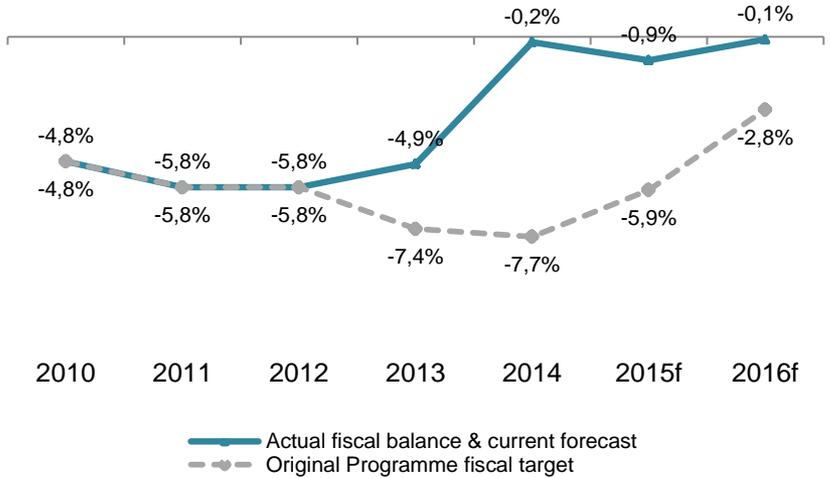
SOURCE: Statistical Service of Republic of Cyprus, European Commission, Bloomberg, IMF and company reports

# Macroeconomic overview

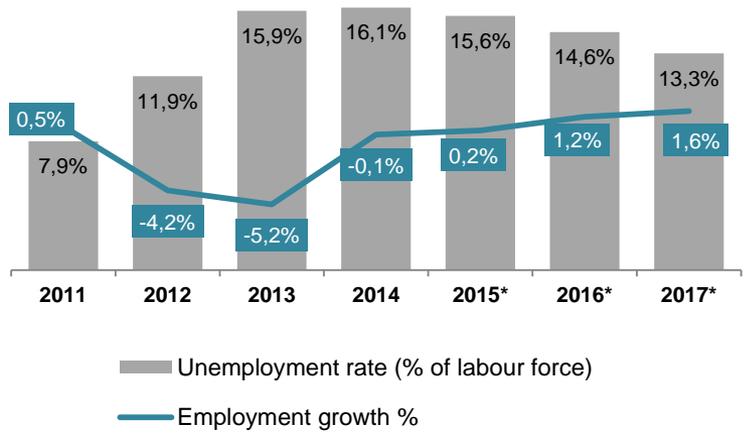
**Total Government revenue vs expenditure (% of GDP)**



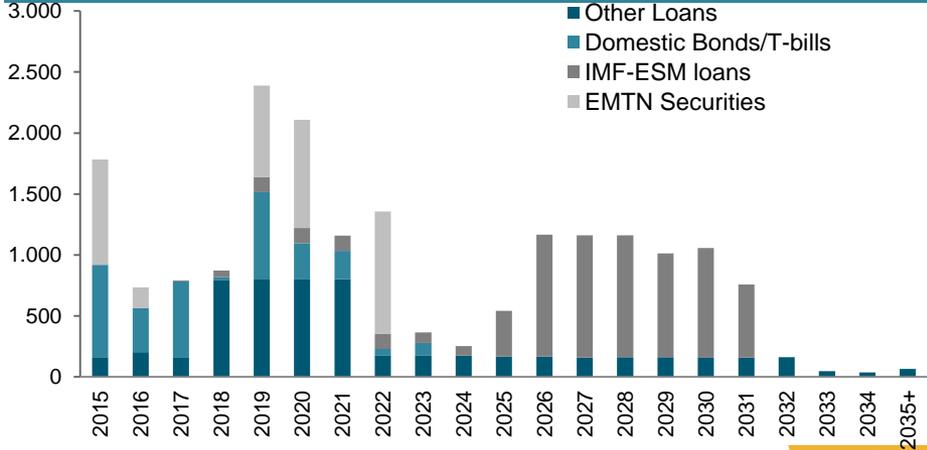
**Prudent fiscal policy delivers strong results (% of GDP)**



**Unemployment will ease gradually**



**Maturity profile of Cyprus Government Debt (€ mn)**



\* Figures for 2015, 2016 and 2017 are based on European Commission report

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

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

**-90+DPD:** Loans in arrears for more than 90 days (90+ DPD) are defined as loans with a specific provision and loans past-due for more than 90 days, but not impaired.

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