

## Group Financial Results for the quarter ended 31 March 2015

**Two Years After**

**Income Statement Review**

**Balance Sheet Review**

**Key Performance Indicators**

**Key Takeaways**

**Additional Information**

**29 May 2015**

# 1Q2015 Group Financial Results – Key Highlights

Customer inflows continued during 2015;  
Loans to Deposits ratio improved to 138% from 141% at 31 December 2014

Emergency Liquidity Assistance (ELA) reduced to a current level of €6,4 bn from €11,4 bn at 30 April 2013; further reductions once market conditions normalise

Appropriately capitalised with Common Equity Tier 1 capital (CET1) ratio at 13,9%

Profit after tax from continuing operations €57 mn and Profit after tax €29 mn

Further progress on loan quality stabilisation; 90+ DPD stabilised below €13 bn and provision coverage improved to 42%; Adoption of foreclosure/insolvency framework are significant steps in enabling the Bank to tackle its delinquent loans

Appropriately capitalised, with stabilising deposit base and asset quality and improving core profitability

## Two Years After

Income Statement Review

Balance Sheet Review

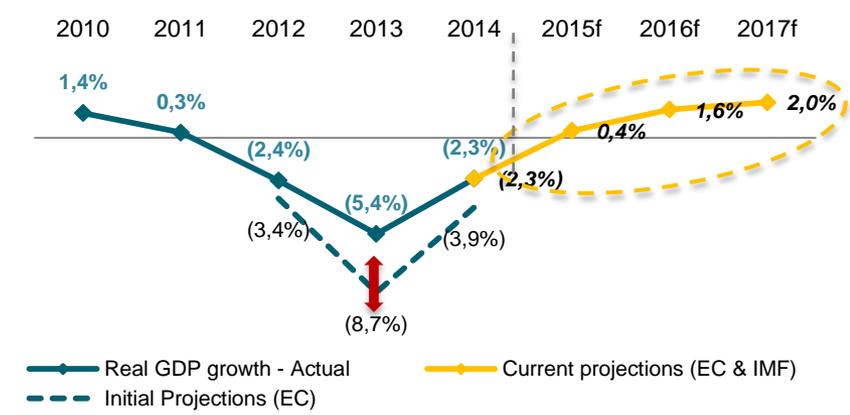
Key Performance Indicators

Key Takeaways

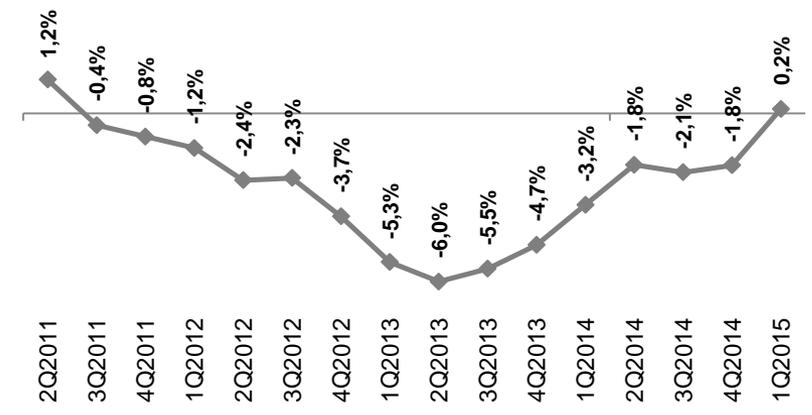
Additional Information

# Two Years After: Cyprus economy on recovery path...

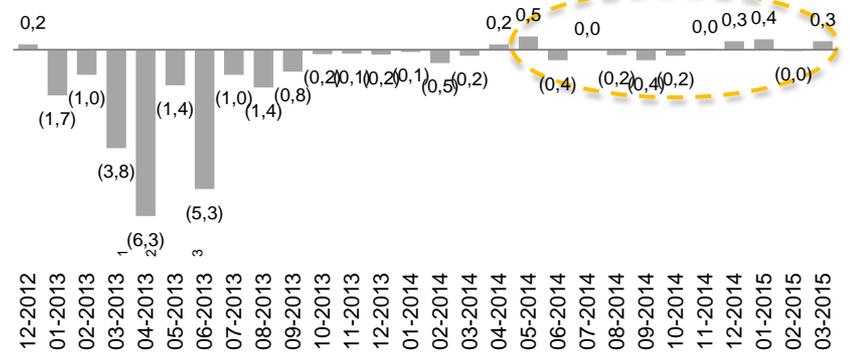
**GDP growth expected to be positive from 2015 – faster recovery than other peripheral countries**



**GDP Growth (yoy)**



**Banking system deposits outflow arrested (€ bn)**

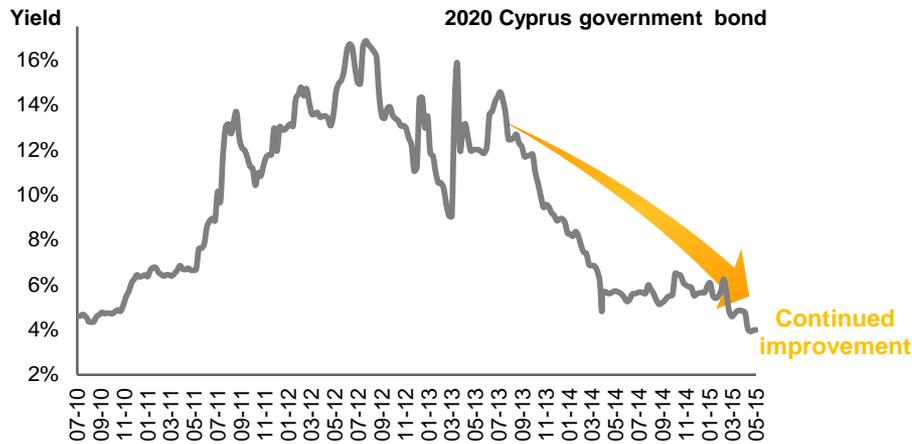


- According to initial estimates, an increase was recorded in real GDP for 1Q2015 after 14 quarters of consecutive decrease; GDP<sup>4</sup> increased by 1,6% qoq and by 0,2% yoy
- Banking system recorded deposit inflows during 1Q2015; Capital controls fully abolished in April 2015

(1) Includes impact of bail-in of BoC – 37,5% of uninsured deposits (>€100k) converted to equity  
 (2) Includes impact of Laiki resolution - €3,9 bn  
 (3) Includes impact of bail-in of BoC – additional 10% of uninsured deposits converted to equity  
 (4) Seasonally and working day adjusted

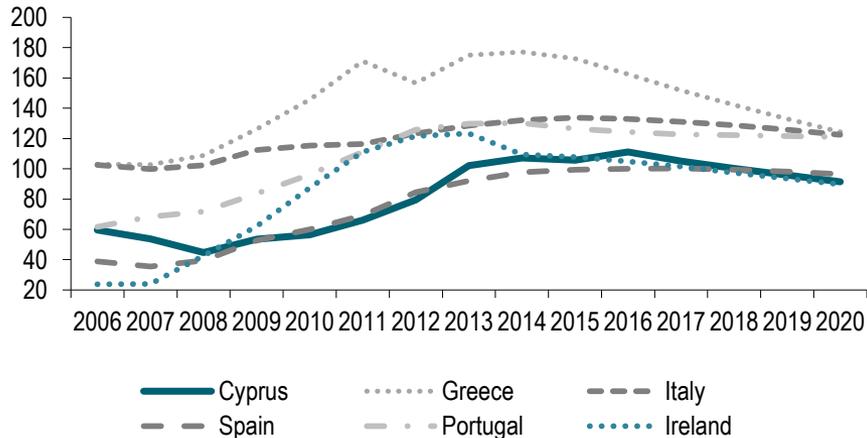
# Two Years After: ...supported by the Sovereign return to capital markets

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



Agency	Rating	Last action	Outlook	Rating date	Previous rating
Moody's	B3	Upgrade	Stable	14-Nov-14	Caa3
S&P	B+	Affirmed	Positive	27-Mar-15	B
Fitch	B-	Affirmed	Positive	24-Apr-15	B-
DBRS	B (low)	Affirmed	Stable	5-Dec-14	CCC

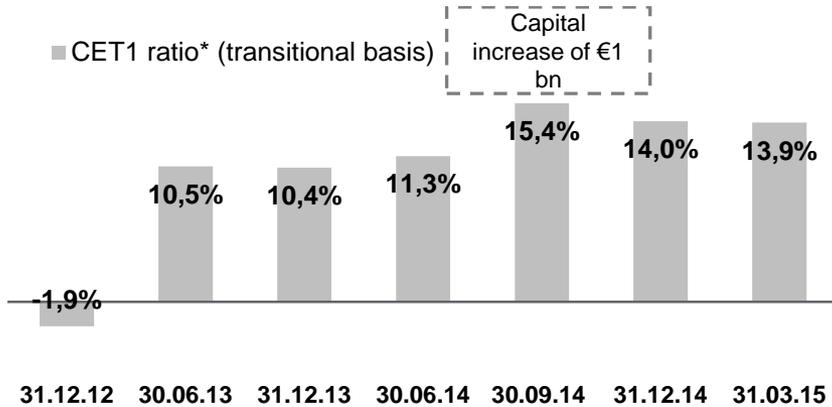
## General government debt / GDP (%)



- Cyprus tapped international debt markets twice since bail-out by Troika. 1<sup>st</sup> issue of €750 mn in July 2014 and 2<sup>nd</sup> issue of €1 bn in May 2015
- Both issues were oversubscribed by around two times, indicating significant increase in confidence towards the Cypriot economy; Important milestone for Cyprus' economic recovery
- Recently adopted Foreclosure and Insolvency framework is a significant step towards the positive conclusion of the 6th review of the country's economic adjustment program by Troika; Cyprus may benefit from QE Program of the ECB

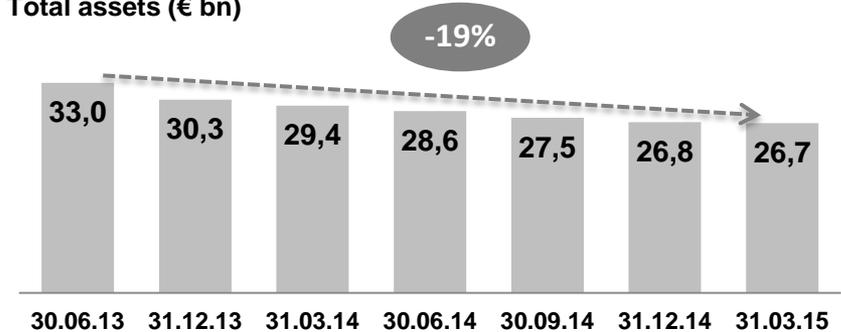
# Two Years After: BOC Group

## Bank appropriately capitalised



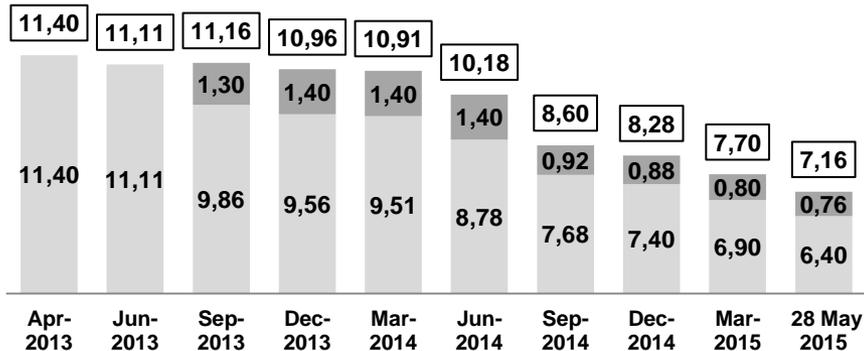
## Significant Balance Sheet deleveraging

### Total assets (€ bn)



## ELA funding reduced by €5,0 bn since peak

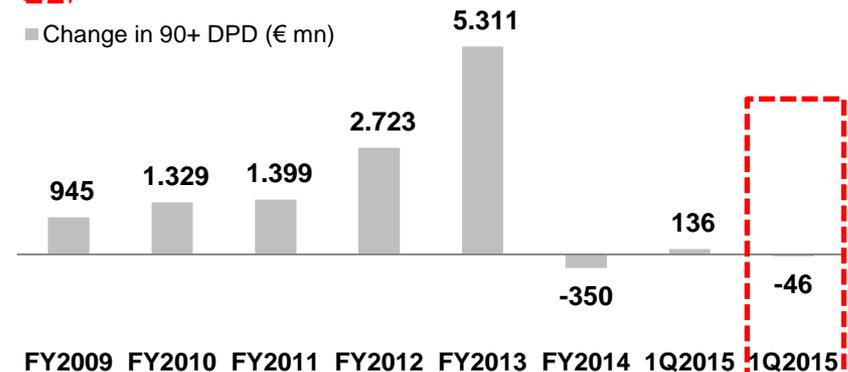
### ■ ELA funding (€ bn) ■ ECB funding (€ bn)



## 90+ DPD formation slowed down sharply

### ■ In constant currencies

### ■ Change in 90+ DPD (€ mn)



\* CET 1 ratio includes unaudited profits amounting to €15 mn for the quarter

**Two Years After**

**Income Statement Review**

**Balance Sheet Review**

**Key Performance Indicators**

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# Income Statement Review

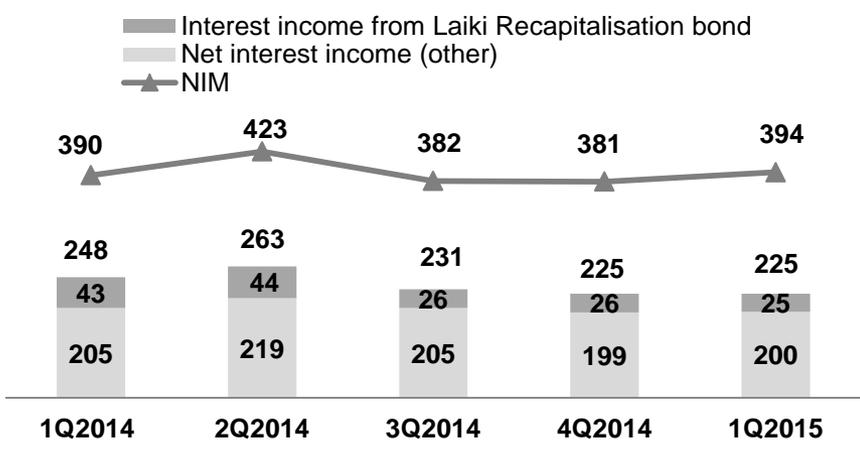
	1Q2015	4Q2014	qoq change %	1Q2014	yoy change %
Net interest income	225	225	0%	248	-9%
Other income	47	56	-16%	61	-23%
<b>Total income</b>	<b>272</b>	<b>281</b>	<b>-3%</b>	<b>309</b>	<b>-12%</b>
<b>Total expenses</b>	<b>(102)</b>	<b>(114)</b>	<b>-11%</b>	<b>(105)</b>	<b>-3%</b>
<b>Profit before provisions and other items<sup>1</sup></b>	<b>170</b>	<b>167</b>	<b>2%</b>	<b>204</b>	<b>-17%</b>
Provisions for impairment of customer loans	(148)	(248)	-40%	(130)	+15%
Gains on derecognition and changes in expected cash flows on acquired loans	43	29	+48%	8	-
Impairments of other financial and non financial assets	(1)	(57)	-99%	(0)	-
Share of profit/(loss) from associates	2	3	-43%	2	-14%
<b>Profit/(loss) before tax, restructuring costs and discontinued operations</b>	<b>66</b>	<b>(106)</b>	<b>-</b>	<b>84</b>	<b>-29%</b>
Tax	(9)	(1)	-	(2)	-
(Loss)/profit attributable to non-controlling interests	(0)	0	-	(0)	-
<b>Profit/(loss) after tax from continuing operations<sup>2</sup></b>	<b>57</b>	<b>(107)</b>	<b>-</b>	<b>82</b>	<b>-37%</b>
Restructuring costs	(7)	(3)	102%	(5)	79%
Loss from disposal group held for sale/discontinued operations	(21)	(214)	-90%	(46)	-55%
Net loss on disposal of non-core assets	-	(13)	-	-	-
<b>Profit/(loss) after tax</b>	<b>29</b>	<b>(337)</b>	<b>-</b>	<b>31</b>	<b>-28%</b>
<b>Net interest margin</b>	<b>3,94%</b>	<b>3,81%</b>	<b>+13 bps</b>	<b>3,90%</b>	<b>+4 bps</b>
<b>Cost-to-Income ratio</b>	<b>38%</b>	<b>41%</b>	<b>-3 p.p</b>	<b>34%</b>	<b>+4 p.p</b>

- 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

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

# Net Interest Income and Net Interest Margin

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

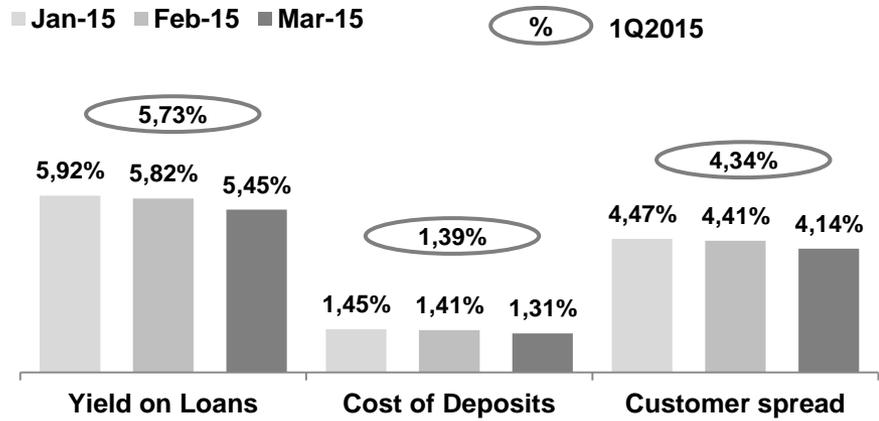


- 1Q2015 Group Net Interest Income (NII) at €225 mn; Group Net Interest Margin (NIM) at 3,94%, compared to 3,81% for 4Q2014

- NII and NIM continue to reflect market conditions in Cyprus and the composition of the Group's funding, with Eurosystem funding accounting for 29% of assets as at 31 March 2015.

- Following CBC's decision to reduce the deposit interest rate cap ceiling from 3% to 2% above market rates, the Bank lowered its base rate lending rates in March 2015 by 1%, with lower lending rates expected to help economic activity

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



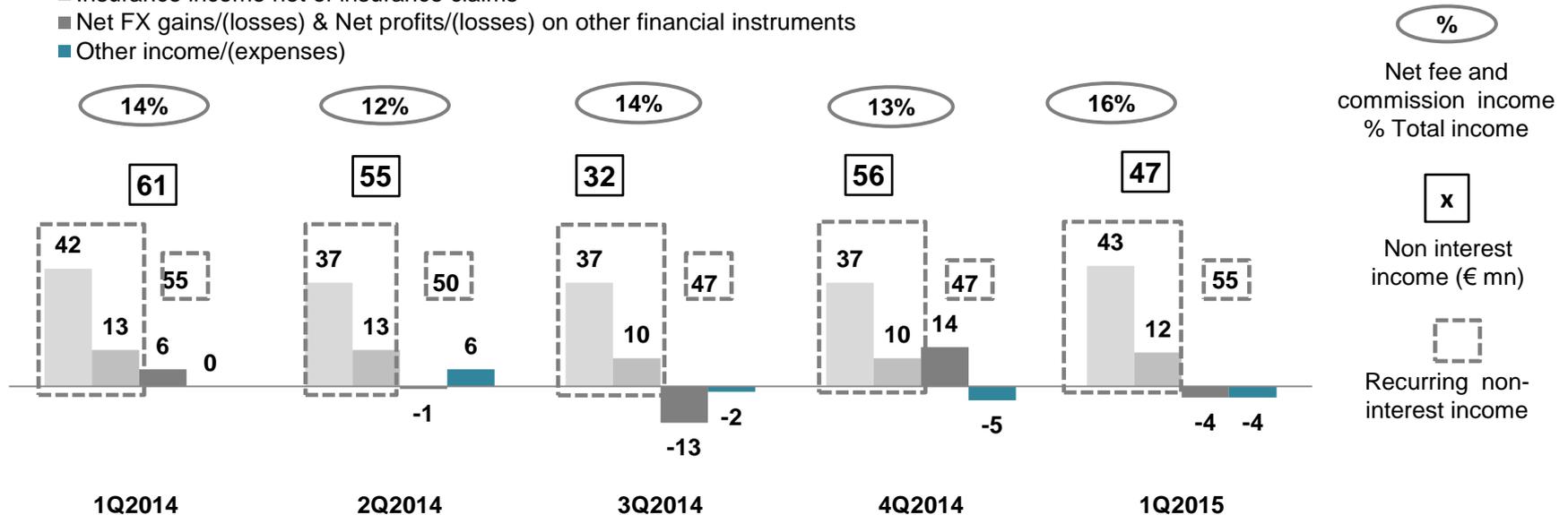
- Customer spread in Cyprus at 4,34% for 1Q2015

\* It relates to all currencies

# Analysis of Non-interest income

## Analysis of Non Interest Income (€ mn)

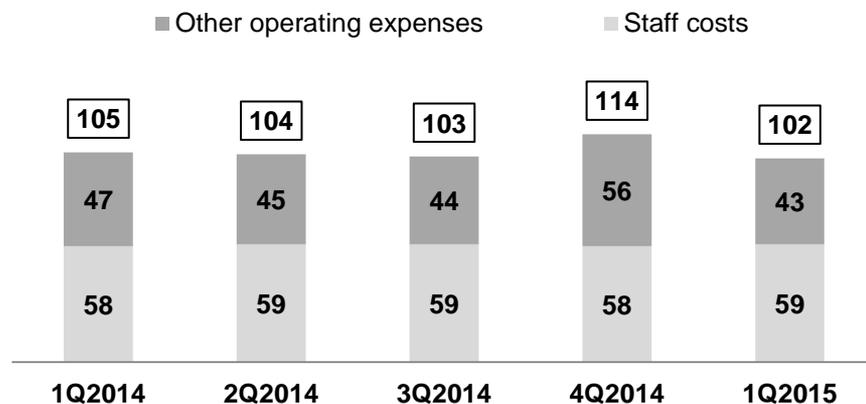
- Net fee and commission income
- Insurance income net of insurance claims
- Net FX gains/(losses) & Net profits/(losses) on other financial instruments
- Other income/(expenses)



- Non-interest income for 1Q2015 of €47 mn, compared to €56 mn for 4Q2014
- Net fee and commission income of €43 mn for 1Q2015 (about 16% of total income); First quarter fee and commission income reflecting seasonality relating to annual charges for banking services provided
- Recurring income from insurance business (average of about €12 mn for the last five quarters) reflecting the Group's leading position in the insurance business in Cyprus;
- Average recurring income from fee and commission income and insurance income of about €51 mn per quarter

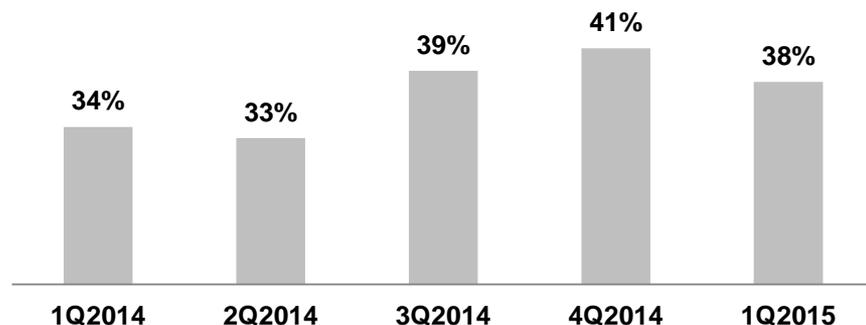
# Total expenses

## Total expenses (€ mn)



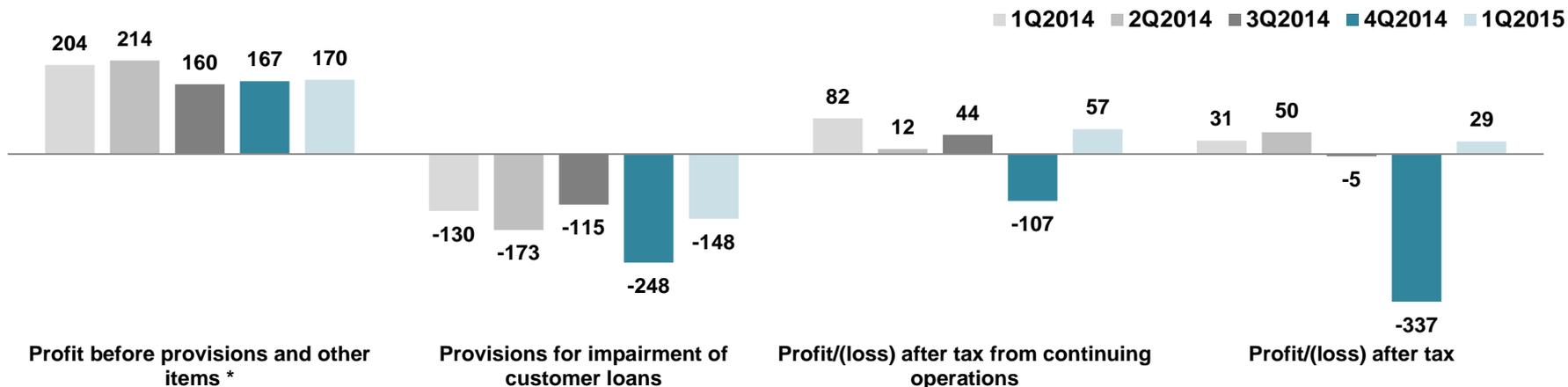
- Total expenses for 1Q2015 decreased to €102 mn from €114 mn for 4Q2014, mainly due to higher operating expenses in Cyprus for 4Q2014, due to advertising, regulatory and ECB Comprehensive Assessment related costs, listing costs, and other advisory fees
- Staff costs for 1Q2015 at €59 mn broadly at the same level as for the previous quarters
- The cost-to-income ratio for 1Q2015 stands at 38% compared to 41% for the 4Q2014, partly due to increased other operating expenses during 4Q2014

## Group Cost to Income Ratio



# Group Income Statement Highlights

## Group Income Statement Highlights (€ mn)

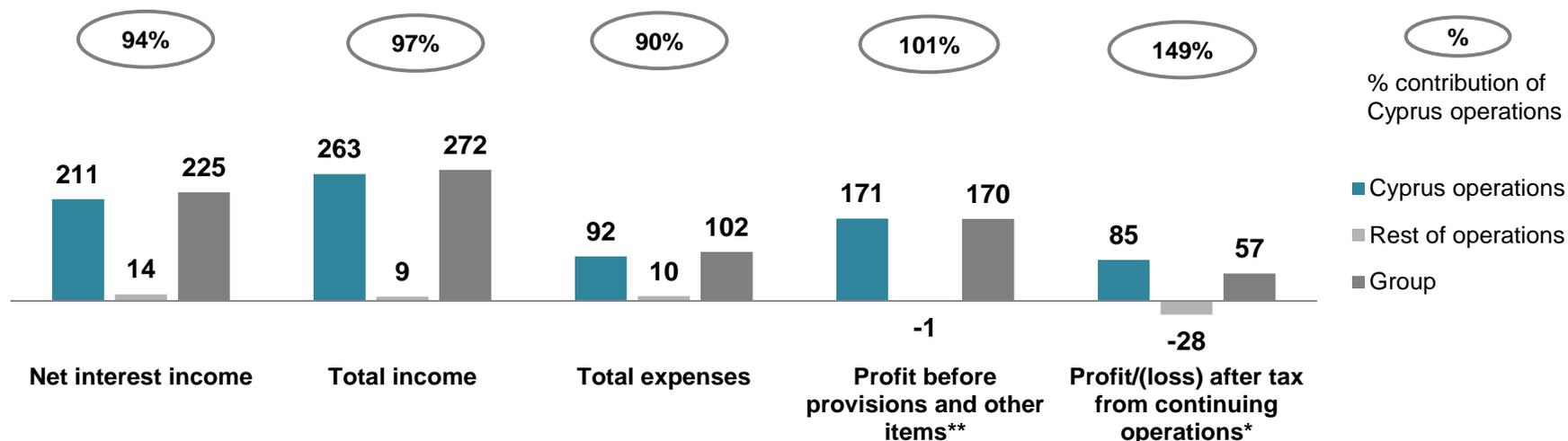


- Profit before impairments, restructuring costs and discontinued operations for 1Q2015 of €170 mn, compared to €167 mn for 4Q2014
- Provisions for impairment of customer loans for 1Q2015 of €148 mn, compared to an average of €139 mn for the first three quarters of 2014
- Profit after tax from continuing operations for 1Q2015 of €57 mn, compared to a loss of €107 mn for 4Q2014
- Profit after tax for 1Q2015 of €29 mn, compared to a loss of €337 mn for 4Q2014

\* other items relate to impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations

# Income Statement Highlights – Group vs Cyprus

## 1Q2015 Cyprus Vs Group performance (€ mn)



- Profit before provisions and impairments for the Cyprus operations of €171 mn for 1Q2015, compared to a Group total of €170 mn for the same period
- Profit after tax from continuing operations\* for the Cyprus operations of €85 mn for 1Q2015, compared to a Group profit of €57 mn for the same period

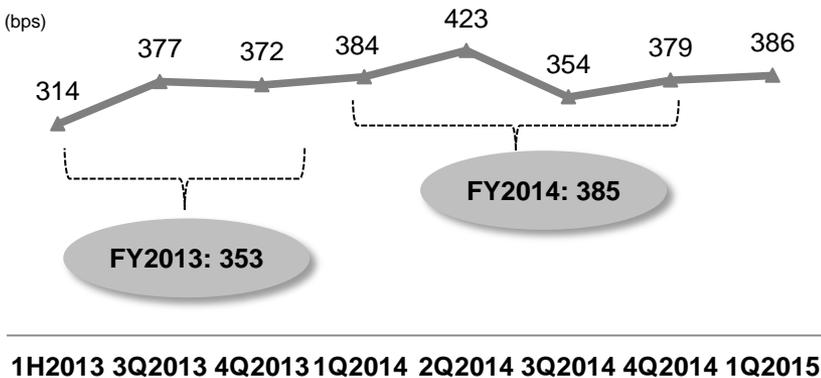
## Cyprus operations are the main engine for Group profitability

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

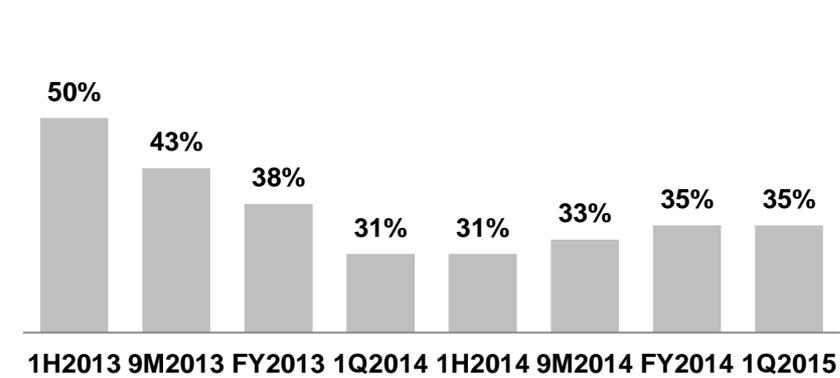
\*\*other items relate to impairments, gains on derecognition and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations

# Cyprus operations: key driver of Group performance

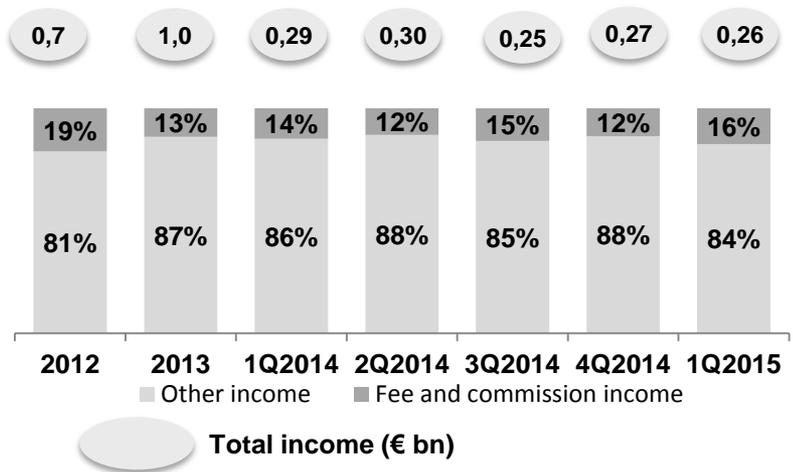
## High NIM Cyprus operations – supported by high funding reliance on Eurosystem funding



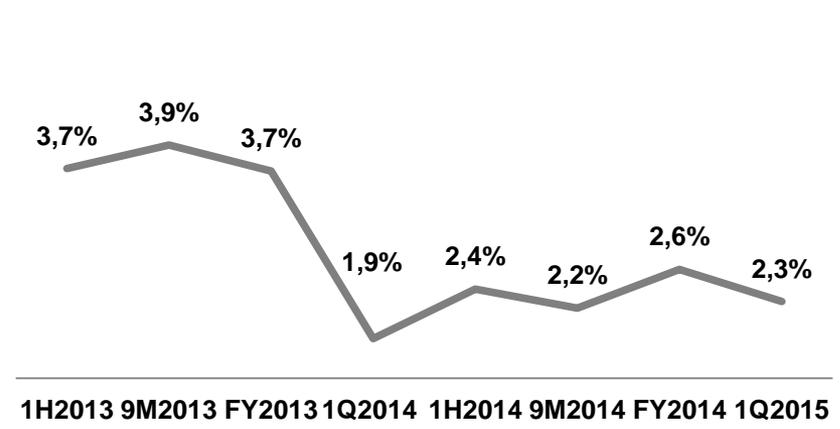
## Lower Cost to Income ratio for Cyprus operations



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



## Evolution of Cost of risk\* for Cyprus operations



\* Cost of risk for the Cyprus operations has been calculated as provisions for impairment of loans / average gross loans. Gross loans are before the deduction of the fair value adjustment on initial recognition relating to loans acquired from Laiki Bank.

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# Balance Sheet\* Deleverage - Shrinking to Strength

€ mn	Jun 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Change Since Jun 2013
Cash & bank placements	3.012	2.530	2.105	1.973	2.417	2.908	2.748	-264
Investments	3.413	3.433	3.475	3.538	2.578	2.541	2.401	-1.012
Net Loans	23.769	21.764	21.234	20.063	19.794	18.632	18.731	-5.038
Other assets	2.762	2.622	2.564	2.984	2.694	2.708	2.792	30
<b>Total assets</b>	<b>32.956</b>	<b>30.349</b>	<b>29.378</b>	<b>28.558</b>	<b>27.483</b>	<b>26.789</b>	<b>26.672</b>	<b>-6.284</b>
Customer deposits	16.970	14.971	14.066	13.803	13.330	13.169	13.611	-3.359
ECB funding	-	1.400	1.400	1.400	920	880	800	-
ELA	11.107	9.556	9.506	8.785	7.684	7.404	6.900	-4.207
Interbank funding	983	790	753	802	707	772	808	-175
Other liabilities	976	895	894	954	1.057	1.083	1.045	69
Total equity	2.920	2.737	2.759	2.814	3.785	3.481	3.508	588
<b>Total liab. &amp; equity</b>	<b>32.956</b>	<b>30.349</b>	<b>29.378</b>	<b>28.558</b>	<b>27.483</b>	<b>26.789</b>	<b>26.672</b>	<b>-6.284</b>

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

Deposit reduction less than reduction in net loans

Overall €5,0 bn ELA reduction as at today from peak

**Balance sheet deleverage qoq**

**-1.048 -971 -820 -1.075 -694 -117**

Steady reduction of total assets

**CET1 ratio (transitional basis)**

**n/a 10,4% 10,6% 11,3% 15,4% 14,0% 13,9%**

CET1 ratio and Leverage ratio strengthened by Share Capital Increase and deleverage

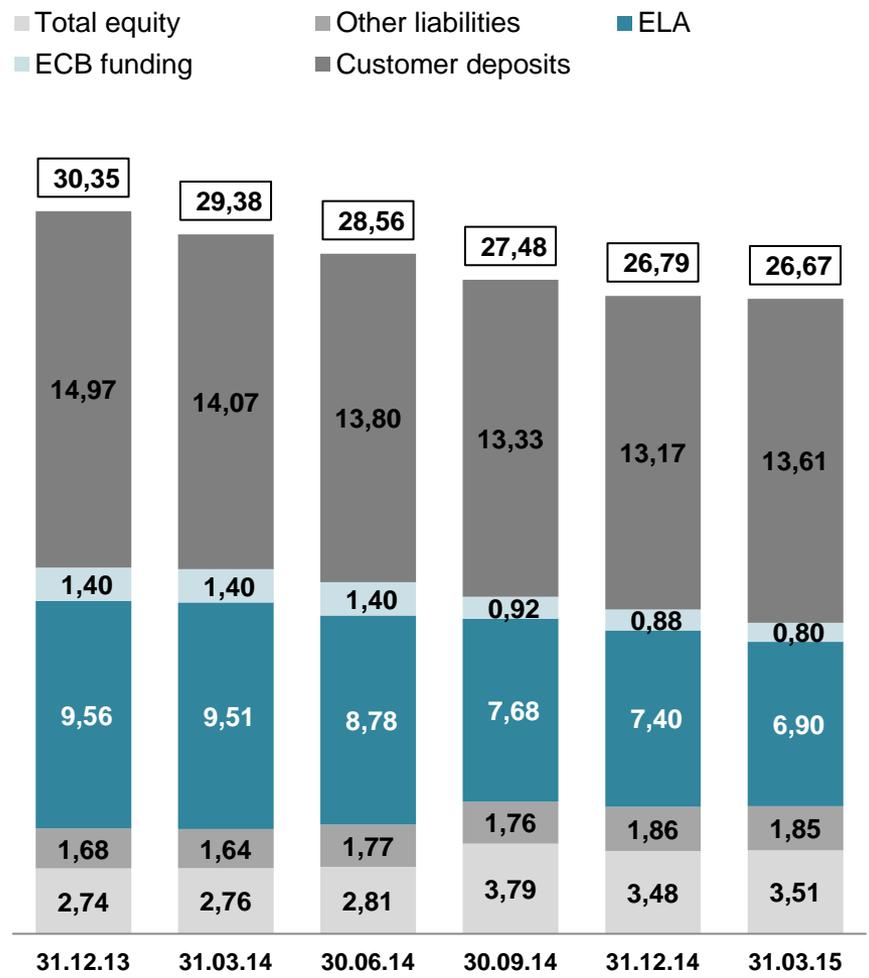
**Leverage ratio (Assets/Equity)**

**11,3x 11,1x 10,6x 10,1x 7,3x 7,7x 7,6x**

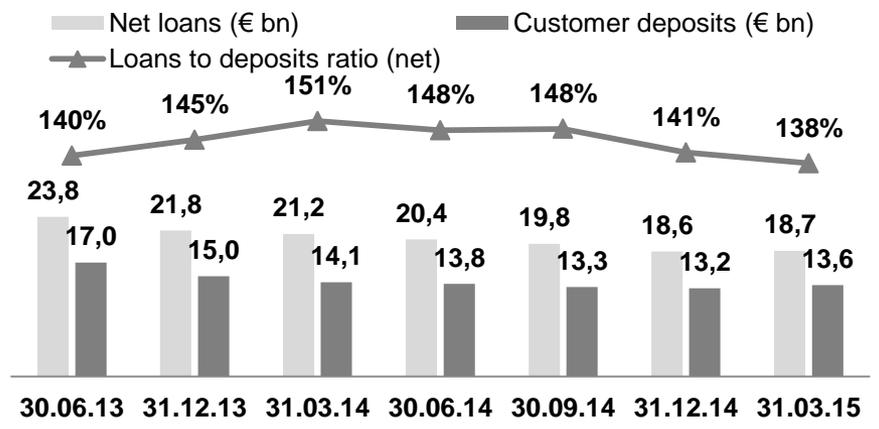
\* Consolidated Balance Sheet – ignoring classification as disposal group held for sale

# Funding Structure

## Analysis of Liabilities and Equity (€ bn)



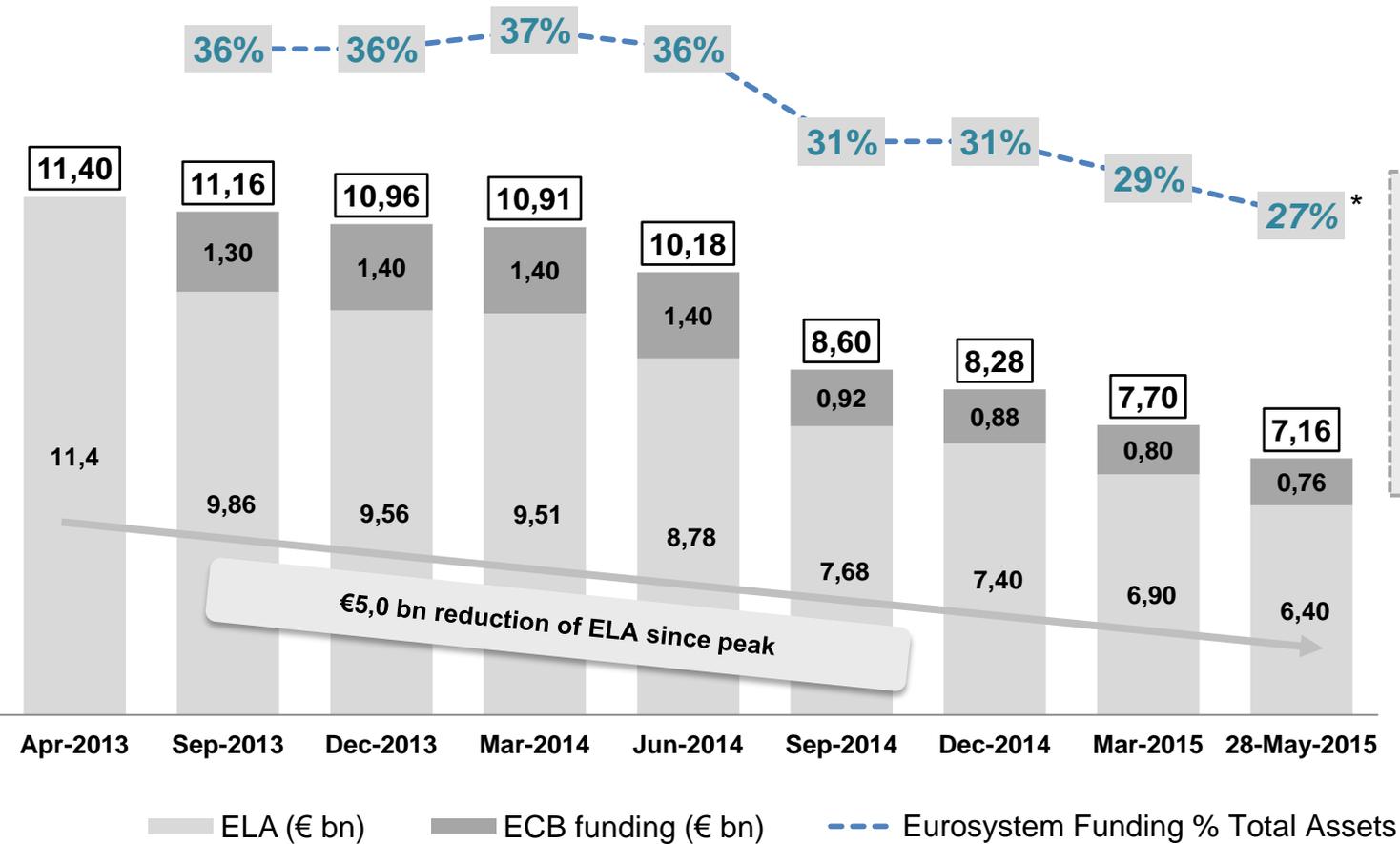
## Loans to Deposits ratio



- Further progress in normalising the Bank's funding structure.
- At 31 March 2015, customer deposits and Eurosystem funding accounted for 51% and 29% of assets, respectively.
- Consistent improvement in the loans to deposits ratio. Loans to deposits ratio improved by 3% in 1Q2015 to 138%, the lowest level post-bail-in

# Eurosystem Funding Reliance Reducing Fast

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

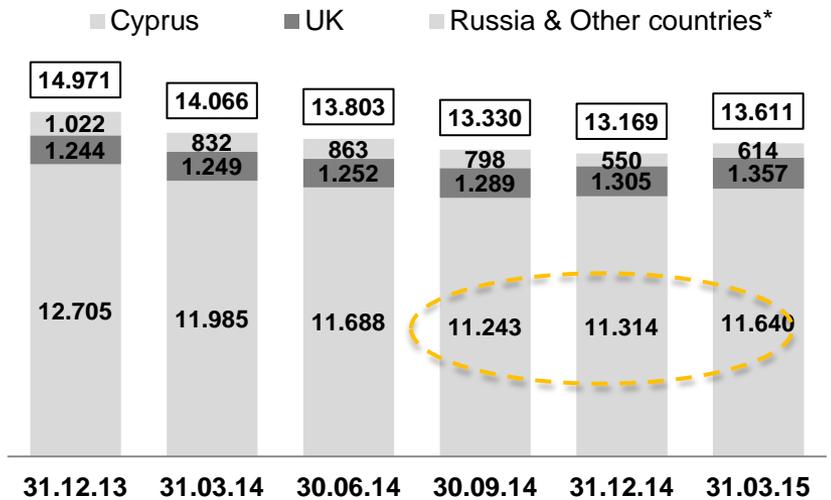


In light of challenging market conditions given recent developments in Greece and Russia, the Bank is maintaining an increased liquidity buffer. Once market conditions are normalised, the Bank will proceed with further ELA repayments.

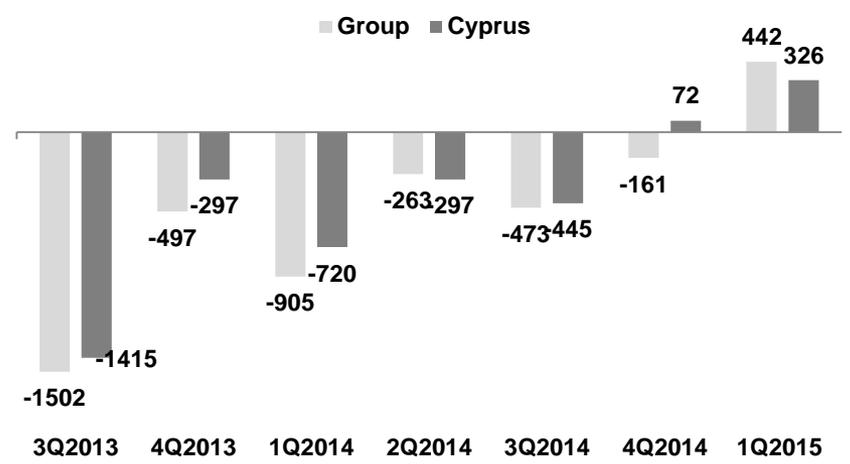
\* Ratio of Eurosystem Funding % Total Assets for 28 May 2015 based on balance sheet as at 31 March 2015

# Customer Deposits

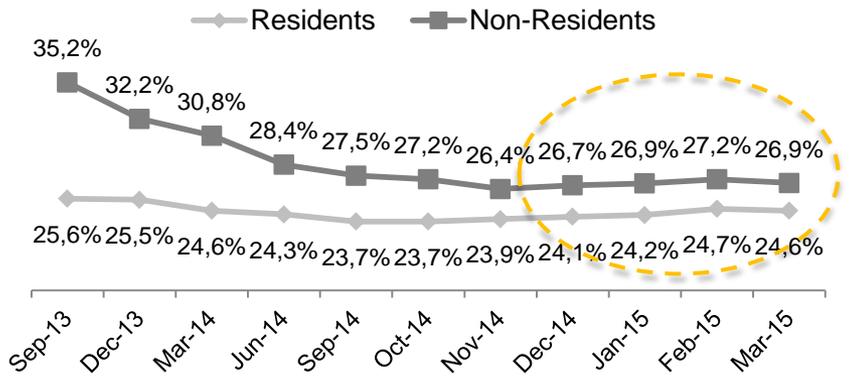
## Customer Deposits by Geography (€ mn)



## Evolution of Customer deposits (€ mn)



## Deposit market shares in Cyprus

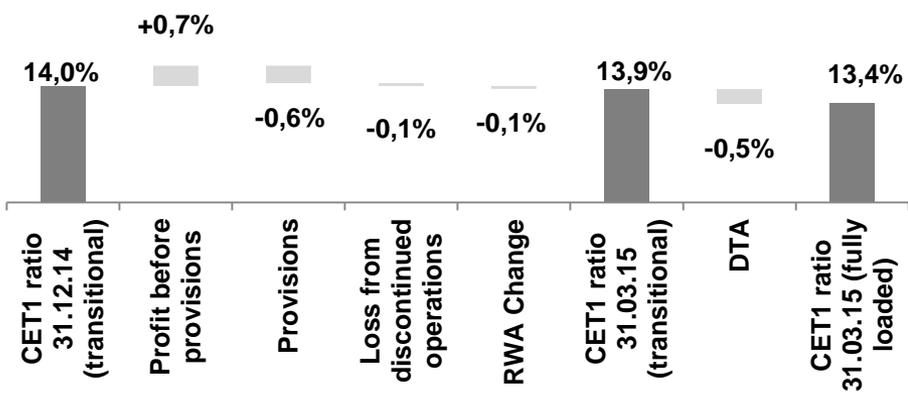


- Group customer deposits increased by €442 mn in 1Q2015. In constant exchange rates, Group customer deposits slightly decreased by €30 mn during 1Q2015, whereas customer deposits in Cyprus increased further by €32 mn
- Deposit market shares in Cyprus for Residents and non Residents stand at 24,6% and 26,9% respectively

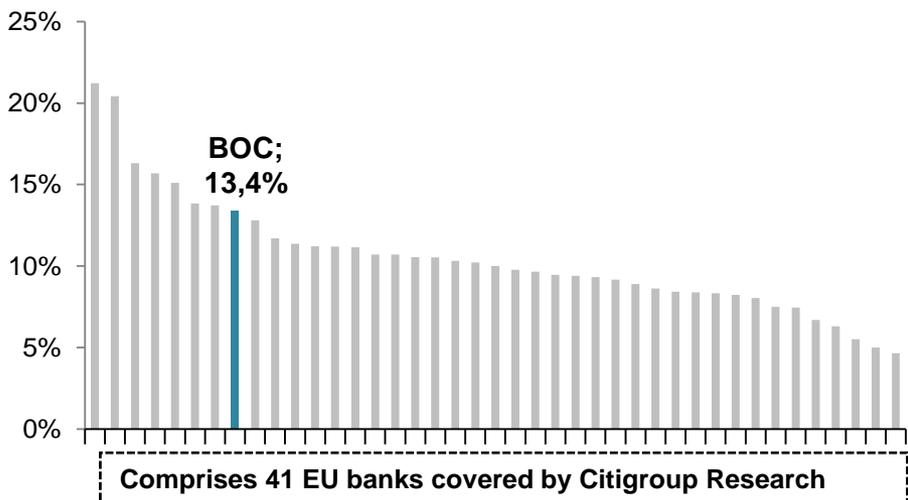
\* Other countries comprise Ukraine (until March 2014) , Romania and Greece.  
 \*\* Including deposits of disposal groups held for sale/discontinued operations.

# Capital Position

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

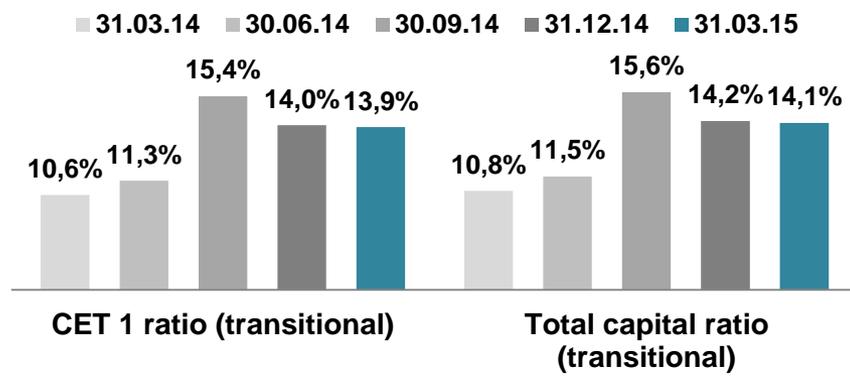


## “Clean” Fully Loaded CET1 ratio<sup>2</sup> (Dec-14)



<sup>1</sup> Includes unaudited profits amounting to €15 mn for the quarter  
<sup>2</sup> As per Citigroup Research, Clean Fully Loaded CET1 ratio excludes Deferred Tax Credits, AFS and Danish Compromise Estimated Impact.

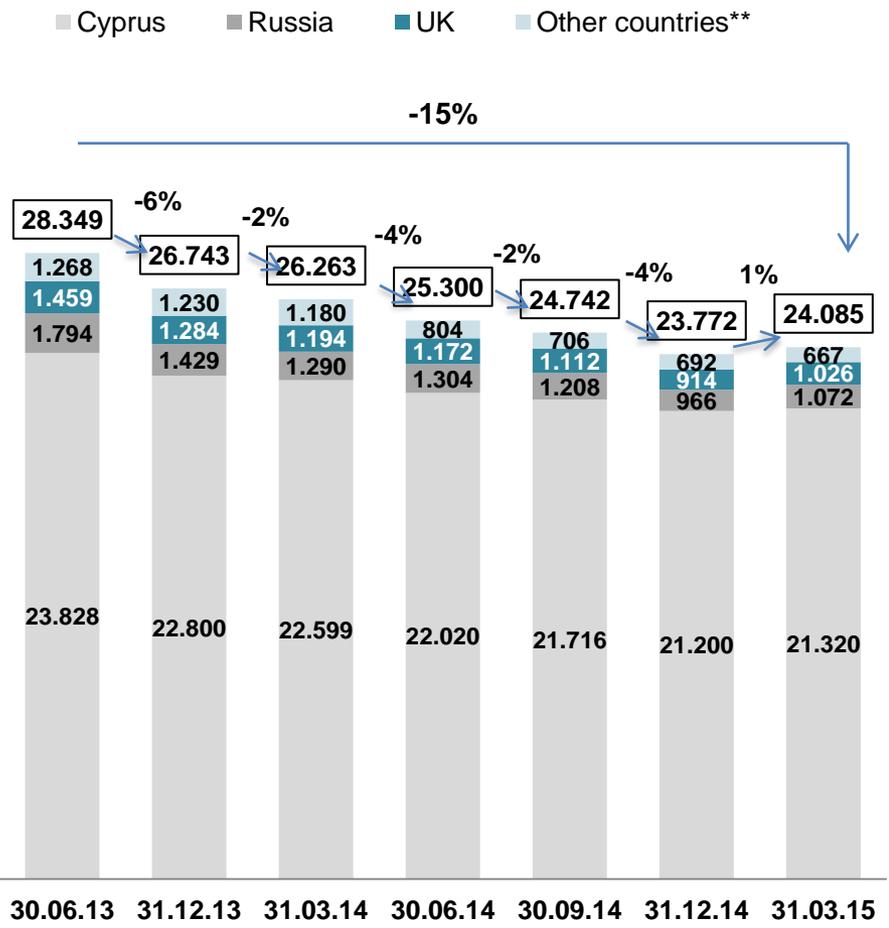
## Capital Adequacy Ratios



- CET1 ratio (transitional) at 13,9% at 31 March 2015<sup>1</sup> (compared to 14,0% at 31 December 2014), positively affected by the profit of the period, but negatively affected by the increase in risk weighted assets primarily due to fluctuations in foreign exchange rates
- CET1 ratio (fully loaded) at 13,4% at 31 March 2015
- The Group’s capital position as at 31 March 2015 exceeds its Pillar I and Pillar II add-on capital requirements, providing a loss absorbing buffer to the Group.

# Gross Loans

## Gross Loans by Geography (€ mn)

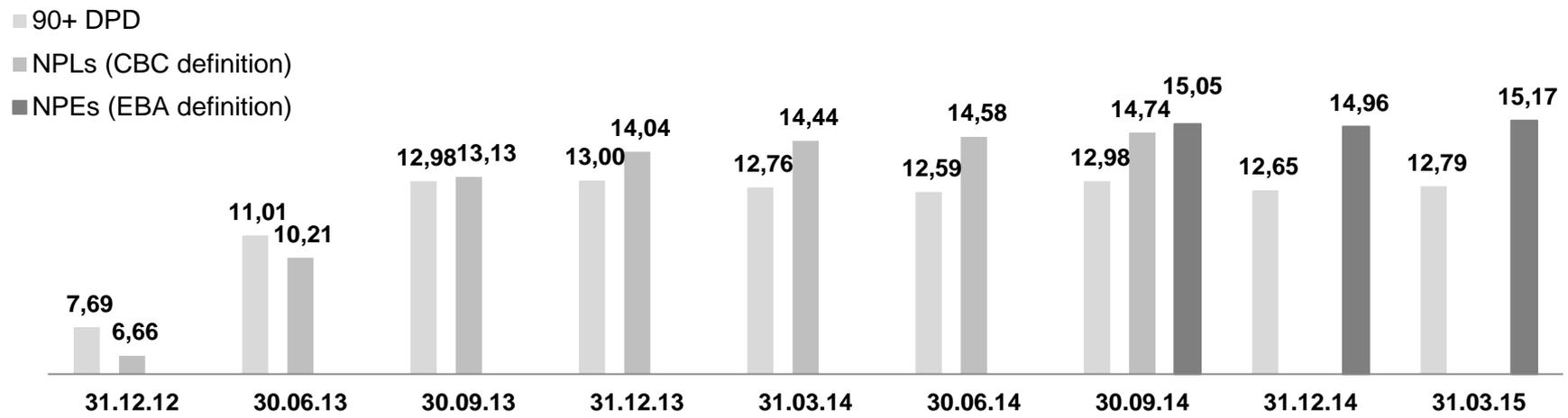


- Gross Loans\* were increased by €313 mn in 1Q2015 primarily affected by fluctuations in exchange rates.
- In constant exchange rates gross loans were reduced by €87 mn in 1Q2015
- Overall, a 15% reduction in Group gross loans since June 2013
- Domestic loan book reduced by 11% since June 2013, reflecting primarily customers' efforts to deleverage by using their deposits to pay down debt

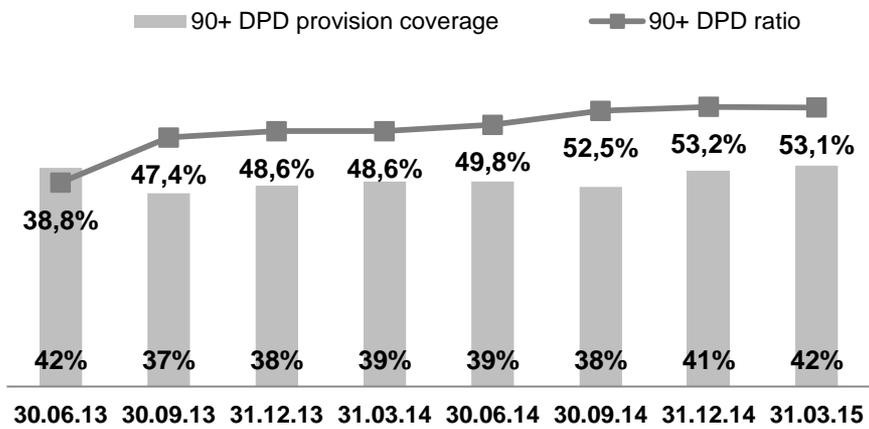
\*Gross loans are reported before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €1.545 mn (compared to €1,566 bn at 31 December 2014), including loans of discontinued operations/disposal group held for sale.  
 \*\* Other countries: Romania, Ukraine (until March 2014) and Greece. Furthermore, certain loans and advances in Romania are included, that previously were reported under Cyprus.

# Credit Risk – Quality of Loan portfolio

## Problem Loans (€ bn)



## Group loan quality indicators

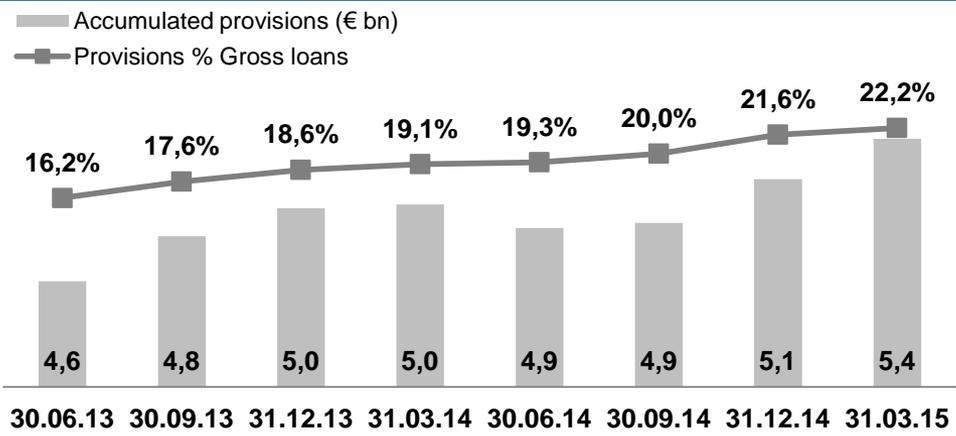


- 90+ DPD\* increased by €136 mn during 1Q2015 due to fluctuations in exchange rates. In constant currencies 90+ DPD decreased by €46 mn in 1Q2015.
- Non Performing Exposures (NPEs), as EBA definition, totalled €15,17 bn and accounted for 63% of gross loans
- 90+ DPD ratio at 53,1%; 90+ DPD provision coverage at 42%, compared to 41% as at 31 December 2014; Taking into account tangible collateral at fair value, 90+ DPD are fully covered

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

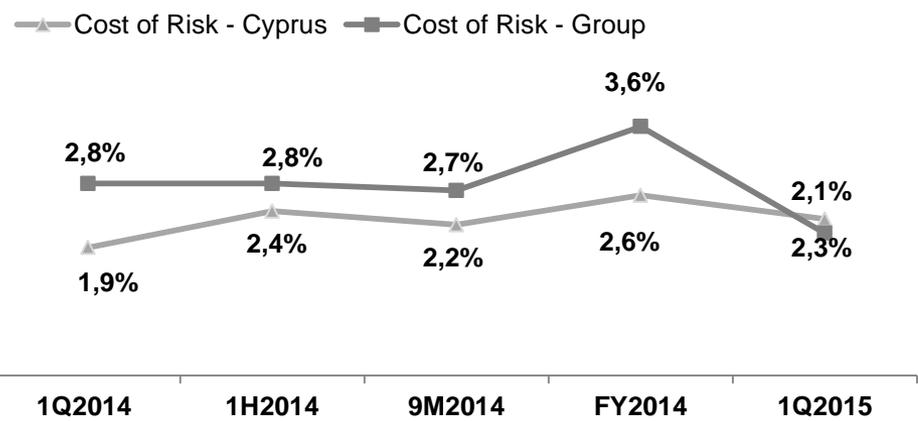
# Credit Risk – Provisions

## Accumulated provisions



- Accumulated provisions increased to €5,4 bn or 22,2% of gross loans mainly due to additional provisions for the Cypriot operations

## Cost of risk\*

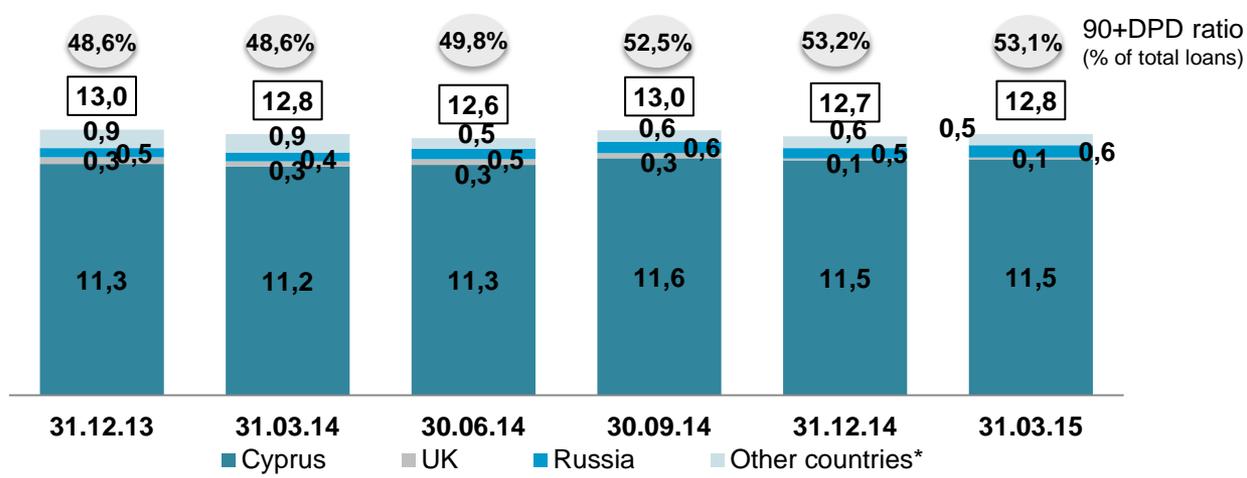


- Annualised cost of risk for the Group reduced to 2,1% for 1Q2015, compared to 3,6% for FY2014
- Annualised cost of risk for Cyprus significantly lower at 1,9%, compared to 3,6% for FY2014, with the elevated provisioning charge for 4Q2014 relating to the methodological alignments and changes in certain estimates, following the completion of the review of the AQR results

\* Calculated as the provisions for impairment of customer loans, including provisions of discontinued operations, (in total €171 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €43 mn) over average gross loans

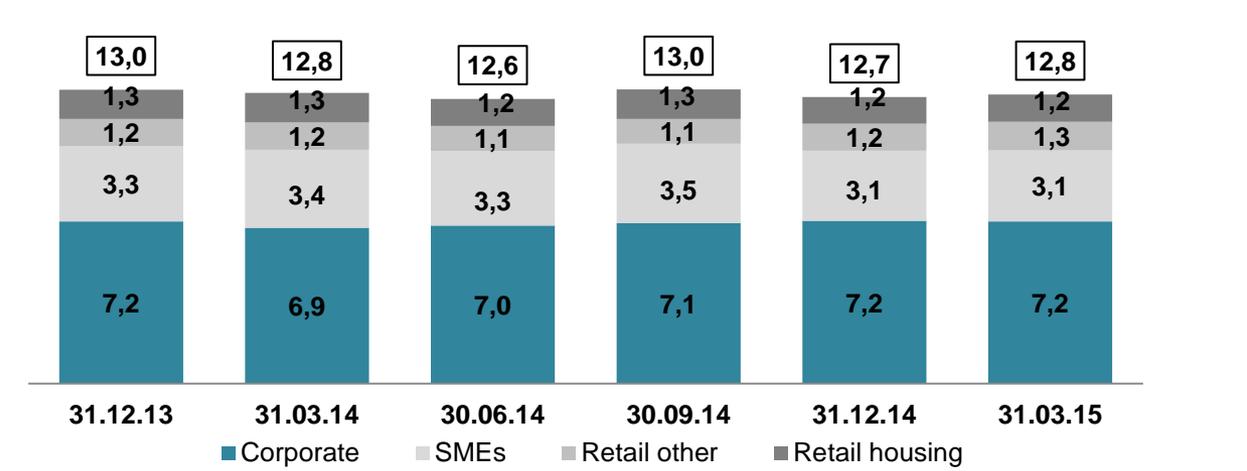
# Credit Risk – 90+ DPD by Geography and by customer type

Group 90+ DPD loans by geography (€ bn)



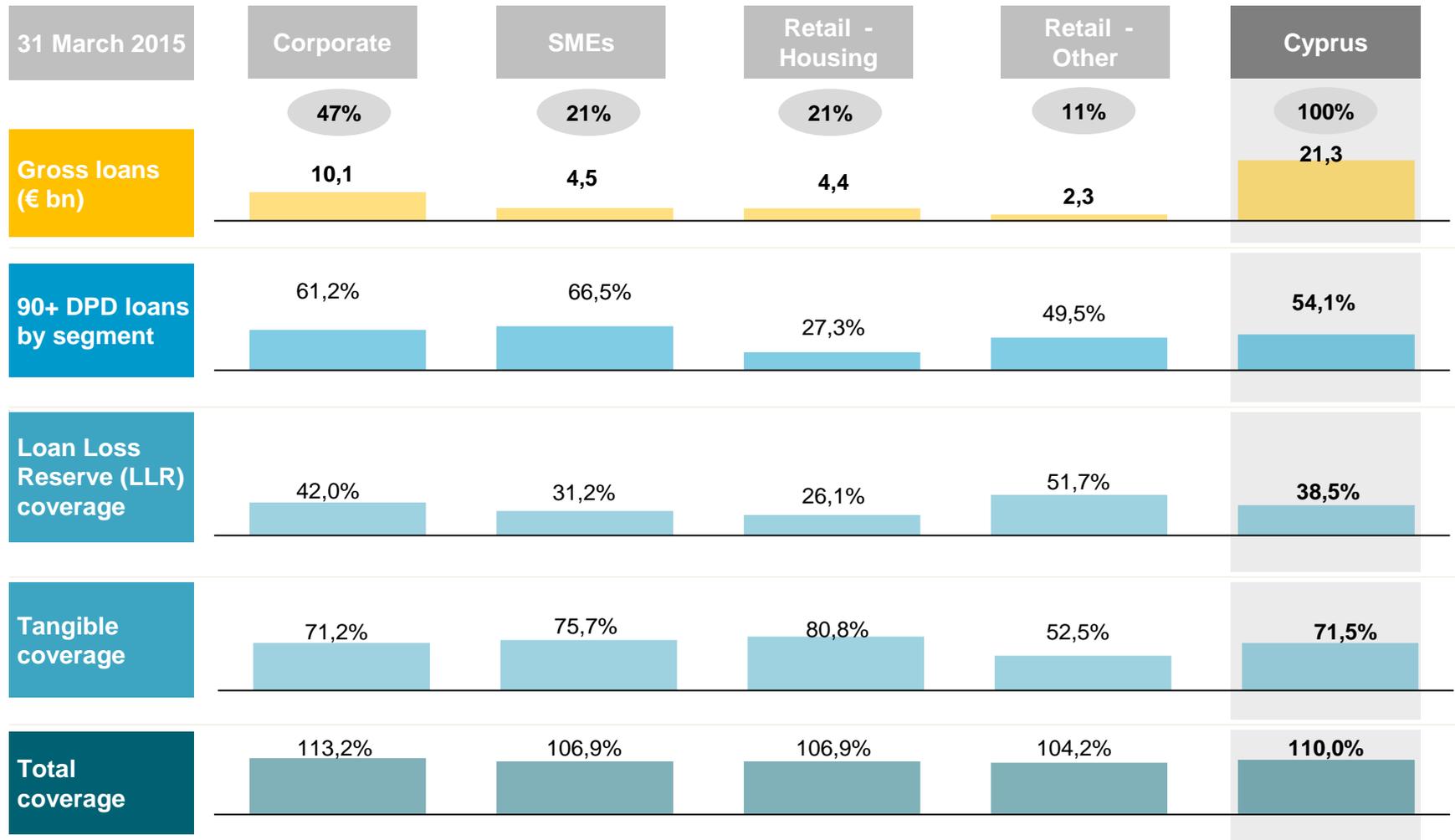
- Group 90+ DPD have stabilised below €13 bn
- 90+ DPD in Cyprus have stabilised at around €11,5 bn
- Adoption of foreclosure legislation and insolvency framework are significant steps in enabling the Bank to tackle its delinquent loans in Cyprus and to improve asset quality.

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



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

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

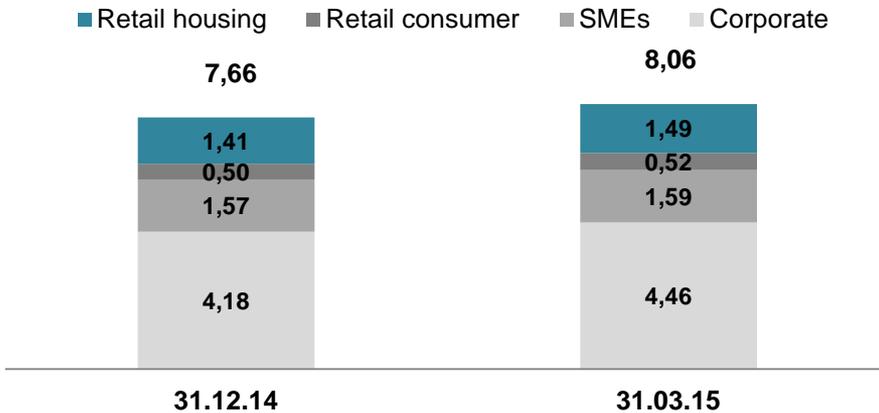


Significant provision and collateral coverage, with additional comfort from personal guarantees

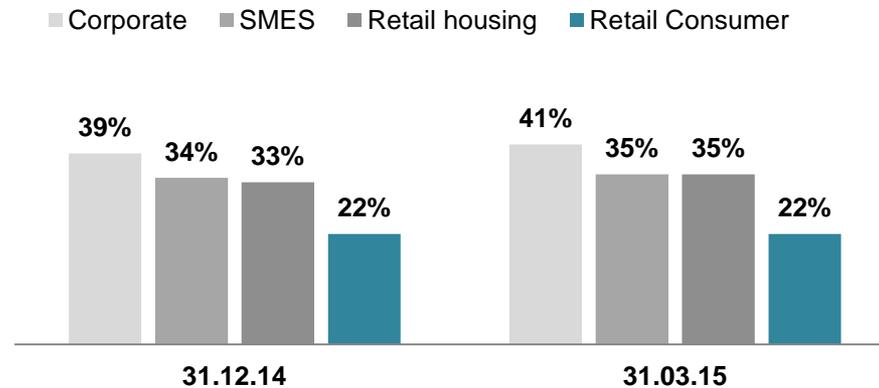
xx % of total gross loans (Cyprus only)

# Rescheduled Loans

## Rescheduled Loans by customer type (€ bn)



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



## Rescheduled Loans

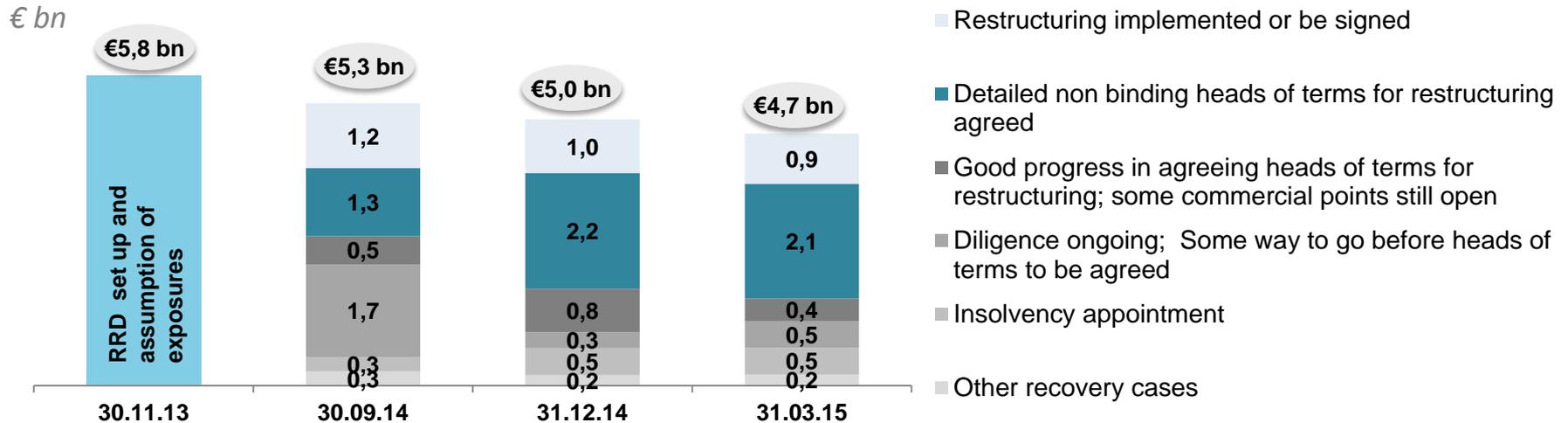
(€ mn)	Dec-14	Mar-15
Loans with no arrears	2.788	2.907
Loans with arrears but not impaired	1.806	1.887
Impaired Loans	3.062	3.268
<b>Total</b>	<b>7.656</b>	<b>8.062</b>

- Group rescheduled loans totalled to €8,06 bn at 31 March 2015 compared with €7,66 bn at 31 December 2014
- Around 36% of rescheduled loans have no arrears post rescheduling
- Higher rescheduling activity observed in corporate sector (41% as at 31 March 2015) followed by Retail housing and SMEs sectors (35% each as at 31 March 2015)

<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 €1.545 mn for gross loans and to €689 mn for rescheduled loans (compared to €1.566 mn and €658 mn respectively at 31 December 2014), including loans of discontinued operations/disposal group held for sale.

# Restructuring and Recoveries Division

Good progress has been made with Restructuring efforts of top exposures<sup>1</sup>



- Aggregate of top exposures being reduced mainly due to:
  - Disposal of loans/assets (about 56%)
  - Loans that have been restructured and are being transferred back to business lines (about 17%)
  - Repayments/cancellation of undrawn facilities (about 27%)
- Currently, about €0,9 bn of restructured loans are managed and monitored by RRD and will be transferred to business lines upon satisfactory performance

<sup>1</sup> funded and unfunded exposures

# Adoption of Foreclosure Law and Insolvency framework

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

## Foreclosure Law

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

## Insolvency framework

- Objective is to introduce a proper insolvency regime for both individuals and legal entities in Cyprus
- The aim of the law is the **modernization of the existing bankruptcy procedures** that will **enable bankrupt debtors to reactivate their economic activity after three years** following bankruptcy
- Appointment of **Insolvency Practitioners**
  - examine and agree (upon meeting certain criteria) the repayment of Creditors and maintaining, to the extent possible, the primary residence
  - **Consensual or Non Consensual Personal Repayment Schemes**
- The Bank is assessing the various provisions of the law, i.e. enforcement rights to guarantors

## Key challenges & issues

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

# Overseas non-core operations

## Disposing of overseas operations considered as non-core

- As part of its deleveraging strategy, and through specific, deliberate and well-timed actions, the Bank continues to reduce its risk profile, to enhance its liquidity position and to improve its capital position through the disposal of operations that are considered as non-core.
- Post 31 March 2015 the Bank disposed of its investment in Marfin Diversified Strategy Fund Plc
- The non-core overseas operations as at 31 March 2015 are as follows:
  - **Greece<sup>1</sup>**: The net exposure comprised (a) net on-balance sheet exposures (excluding foreclosed properties) totalling €76 mn (compared to €97 mn at 31 December 2014), (b) 619 foreclosed properties with a book value of €200 mn (compared to about 600 foreclosed properties with a book value of €179 mn at 31 December 2014), and (c) off-balance sheet exposures totalling €154 mn (compared to €185 mn at 31 December 2014).
  - **Romania**: The overall net exposure is €439 mn (compared to €520 mn at 31 December 2014).
  - **Russia**: The overall net exposure is €121 mn (compared to €130 mn at 31 December 2014). As from 4Q2014 the Group's operations in Russia are treated as a disposal group held for sale and results have been presented accordingly as discontinued operations.

<sup>1</sup> In addition to the above, in the normal course of business in Cyprus, the Bank has lending exposures to Greek entities amounting to €89 mn

**Two Years After**

**Income Statement Review**

**Balance Sheet Review**

**Key Performance Indicators**

**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 Mar-2015	Cyprus Mar-2015	Medium-term target (2017) *	Key Pillars & Plan of action	
Asset quality	90+ DPD coverage	41%	42%	38%	40%-50%	1. Reverse trend on overdue loans	<ul style="list-style-type: none"> <li>Continue restructuring, capitalising on the foreclosure law</li> <li>Seek FDI to enhance business viability</li> <li>Re-cycle restructured loans into the lending business for continued support and service</li> </ul>
	Provisioning charge	3,6%**	2,1%**	2,3%	<1,0%		2. Normalise funding; Eliminate ELA
Funding	Eurosystem funding % total balance sheet	31%	29%	n.a.	<25%	3. Focus on core markets in Cyprus	<ul style="list-style-type: none"> <li>Direct lending into promising sectors with a view to funding the recovery of the Cypriot economy</li> <li>Further diversify income stream by boosting fee income from new sources in international business and wealth</li> </ul>
Capital	Basel 3 transitional CET1	14,0%	13,9%	n.a.	>12%		4. Achieve a lean operating model
Margins and efficiency	Net interest margin	3,9%	3,9%	3,9%	~3,25%	5. Deliver returns	<ul style="list-style-type: none"> <li>Strengthen governance and risk management to deliver appropriate medium-term risk-adjusted returns</li> </ul>
	Fee and commission income/ total income	13%	16%	16%	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 €171 mn), net of gains on derecognition and changes in expected cash flows on acquired loans (totalling €43 mn) over average gross loans

**Two Years After**

**Income Statement Review**

**Balance Sheet Review**

**Key Performance Indicators**

**Key Takeaways**

**Additional Information**

# Key Takeaways

- **Leading financial institution** in an economy that is on the road to economic recovery
- **CET1 ratio at 13,9% (transitional basis)**; capital position shields the Group from further shocks and helps in regaining trust of counterparties
- **Stabilising deposit base**, with two consecutive quarterly increases in deposits in Cyprus since bail-in; Loans-to-deposits ratio improved to 138%
- **ELA reduced to €6,4 bn** through deleveraging actions, capital proceeds and customer inflows
- RRD's efforts **are yielding results**, with loan quality showing **further signs of stabilisation; 90+ DPD stabilised below €13 bn, with 90+ DPD provisioning coverage improving to 42%**
- **Foreclosure and insolvency framework** allow the effective management of problem loans
- **Recurring profitability** stabilising, with profit before provisions at €170 mn and profit after tax from continuing operations at €57 mn

**Two Years After**

**Income Statement Review**

**Balance Sheet Review**

**Key Performance Indicators**

**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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## Contacts

### Investor Relations

Tel: +35722122239, Email: [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com)

Constantinos Pittalis, Investor Relations Manager, Tel: +35722122466, Email: [constantinos.pittalis@bankofcyprus.com](mailto:constantinos.pittalis@bankofcyprus.com)

Annita Pavlou, ([annita.pavlou@bankofcyprus.com](mailto:annita.pavlou@bankofcyprus.com)) Elena Hadjikyriacou, ([elena.hadjikyriacou@bankofcyprus.com](mailto:elena.hadjikyriacou@bankofcyprus.com))

Marina Ioannou, ([marina.ioannou@bankofcyprus.com](mailto:marina.ioannou@bankofcyprus.com)) Styliani Nicolaou, ([styliani.nicolaou@bankofcyprus.com](mailto:styliani.nicolaou@bankofcyprus.com))

### Chief Financial Officer

Eliza Livadiotou, Tel: +35722122344, Email: [eliza.livadiotou@bankofcyprus.com](mailto:eliza.livadiotou@bankofcyprus.com)

### Finance Director

Dr. Chris Patsalides, Tel: +35722122456, Email: [christakis.patsalides@bankofcyprus.com](mailto:christakis.patsalides@bankofcyprus.com)

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# Consolidated Balance Sheet

€ mn	% change	31.03.15	31.12.14
Cash and balances with Central Banks	-13%	987	1.139
Placements with banks	-2%	1.614	1.647
Debt securities, treasury bills and equity investments	-6%	2.400	2.541
Net loans and advances to customers	0%	18.258	18.168
Other assets	+3%	2.456	2.378
Non current assets and disposal groups classified as held for sale	+4%	957	916
<b>Total assets</b>	<b>0%</b>	<b>26.672</b>	<b>26.789</b>

**Note:**

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

€ mn	% change	31.03.15	31.12.14
Amounts due to banks	+10%	178	162
Funding from Central Banks	-7%	7.703	8.284
Repurchase agreements	+3%	595	580
Customer deposits	+3%	13.002	12.624
Debt securities in issue	+2%	1	1
Other liabilities	-4%	1.004	1.046
Subordinated loan stock	-	-	-
Non current liabilities and disposal groups classified as held for sale	+11%	681	611
<b>Total liabilities</b>	<b>-1%</b>	<b>23.164</b>	<b>23.308</b>
Share capital	0%	892	892
Capital reduction reserve and share premium	0%	2.506	2.505
Revaluation and other reserves	+8%	159	147
Accumulated losses	+31%	(55)	(79)
<b>Shareholders' equity</b>	<b>+1%</b>	<b>3.502</b>	<b>3.465</b>
Non controlling interests	-61%	6	16
<b>Total equity</b>	<b>+1%</b>	<b>3.508</b>	<b>3.481</b>
<b>Total liabilities and equity</b>	<b>0%</b>	<b>26.672</b>	<b>26.789</b>

# Consolidated Income Statement

€ mn	1Q2015	4Q2014	3Q2014	2Q2014	1Q2014
Net interest income	225	225	231	263	248
Net fee and commission income	43	37	37	37	42
Net foreign exchange gains/(losses) and net profits/(losses) on other financial instruments	(4)	14	(13)	(1)	6
Insurance income net of insurance claims	12	10	10	13	13
Other income/(expenses)	(4)	(5)	(2)	6	0
<b>Total income</b>	<b>272</b>	<b>281</b>	<b>263</b>	<b>318</b>	<b>309</b>
Staff costs	(59)	(58)	(59)	(59)	(58)
Other operating expenses	(43)	(56)	(44)	(45)	(47)
<b>Total expenses</b>	<b>(102)</b>	<b>(114)</b>	<b>(103)</b>	<b>(104)</b>	<b>(105)</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>170</b>	<b>167</b>	<b>160</b>	<b>214</b>	<b>204</b>
Provisions for impairment of customer loans	(148)	(248)	(115)	(173)	(130)
Gains on derecognition and changes in expected cash flows on acquired loans	43	29	6	4	8
Impairments of other financial and non-financial assets	(1)	(57)	1	(33)	(0)
Share of profit/ (loss) from associates and joint ventures	2	3	(2)	2	2
<b>Profit/(loss) before tax, restructuring costs and discontinued operations</b>	<b>66</b>	<b>(106)</b>	<b>50</b>	<b>14</b>	<b>84</b>
Tax	(9)	(1)	(6)	(2)	(2)
(Loss)/profit attributable to non - controlling interests	(0)	0	(0)	(0)	(0)
<b>Profit /(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets</b>	<b>57</b>	<b>(107)</b>	<b>44</b>	<b>12</b>	<b>82</b>
Restructuring costs	(7)	(3)	(12)	(16)	(5)
Loss from disposal group held for sale / discontinued operations	(21)	(214)	(37)	(6)	(46)
Net gain(loss) on disposal of non-core assets	-	(13)	-	60	-
<b>Profit/(Loss) after tax</b>	<b>29</b>	<b>(337)</b>	<b>(5)</b>	<b>50</b>	<b>31</b>

As from the fourth quarter of 2014, the Group's operations in Russia are treated as a disposal group held for sale and results have been presented accordingly as discontinued operations in accordance with IFRS. Hence comparatives for the earlier financial quarters of 2014 and FY2013 have been re-presented. In order to better reflect its operating results, the Group changed its presentation for impairments of assets and for gains on derecognition and changes in expected cash flows on loans acquired. Specifically, impairments of other financial and non-financial assets and gains on derecognition and changes in expected cash flows on loans acquired from Laiki Bank are presented in line with provisions for impairment of customer loans. Comparatives have been reclassified accordingly to conform with changes in the presentation of the current period.

# Income Statement bridge for 1Q2015

€ mn	Per financial statements	Reclassification	Per presentation
Net interest income	225		225
Net fee and commission income	43		43
Net foreign exchange gains(losses) and net profits (losses) on other financial instruments	39	(43)	(4)
Insurance income net of insurance claims	12		12
Other expenses	(4)		(4)
<b>Total income</b>	<b>315</b>	<b>(43)</b>	<b>272</b>
<b>Total expenses</b>	<b>(109)</b>	<b>7</b>	<b>(102)</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>206</b>	<b>(36)</b>	<b>170</b>
Provisions for impairment of customer loans	(148)		(148)
Gains on derecognition and changes in expected cash flows on acquired loans	0	43	43
Impairments of other financial and non-financial assets	(1)		(1)
Share of profit from associates	2		2
<b>Profit before tax, restructuring costs and discontinued operations</b>	<b>59</b>	<b>7</b>	<b>66</b>
<b>Tax</b>	<b>(9)</b>		<b>(9)</b>
Loss attributable to non-controlling interests	0		0
<b>Profit after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets</b>	<b>50</b>	<b>7</b>	<b>57</b>
Restructuring costs	0	(7)	(7)
Net gains on disposal of non-core assets	-		-
Loss from disposal group held for sale / discontinued operations, net of minority interest	(21)		(21)
<b>Profit after tax</b>	<b>29</b>		<b>29</b>

# Income Statement by Geography

(€ mn)	CYPRUS		UK		RUSSIA	
	1Q2015	4Q2014	1Q2015	4Q2014	1Q2015	4Q2014
Net interest income	211	216	8	5	7	10
Net fee & commission income	42	34	1	2	2	2
Net FX income/(losses) and net gains/(losses) from financial instruments	(5)	12	0	0	3	(2)
Insurance income net of insurance claims	12	10	-	-	-	-
Other income /(expenses)	3	(5)	0	0	0	1
<b>Total income</b>	<b>263</b>	<b>267</b>	<b>9</b>	<b>7</b>	<b>12</b>	<b>11</b>
Staff costs	(56)	(56)	(4)	(4)	(6)	(6)
Other operating expenses	(36)	(54)	(4)	(5)	(6)	(10)
<b>Total expenses</b>	<b>(92)</b>	<b>(110)</b>	<b>(8)</b>	<b>(9)</b>	<b>(12)</b>	<b>(16)</b>
<b>Profit before provisions and impairments</b>	<b>171</b>	<b>157</b>	<b>1</b>	<b>(2)</b>	<b>0</b>	<b>(5)</b>
Provisions for impairment	(122)	(207)	(1)	(2)	(25)	(189)
Gains on derecognition and changes in expected cash flows on acquired loans	43	30	-	-	-	-
Impairment of other financial assets and non financial assets	(1)	(48)	-	-	-	-
Share of profit/(loss) from associates	2	3	-	-	-	-
<b>Profit before tax</b>	<b>93</b>	<b>(65)</b>	<b>0</b>	<b>(4)</b>	<b>(25)</b>	<b>(194)</b>
Tax	(8)	0	(0)	(0)	0	(9)
Profit attributable to non-controlling interests	0	1	-	-	5	43
<b>Profit after tax and before one off items</b>	<b>85</b>	<b>(64)</b>	<b>0</b>	<b>(4)</b>	<b>(20)</b>	<b>(160)</b>

# 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	54	18	17	15	2	82	23	211
Net fee & commission income	16	2	2	17	0	3	2	42
Other income /(expenses)	1	0	0	2	1	0	6	10
<b>Total income</b>	<b>71</b>	<b>20</b>	<b>19</b>	<b>34</b>	<b>3</b>	<b>85</b>	<b>31</b>	<b>263</b>
<b>Total expenses</b>	<b>(29)</b>	<b>(3)</b>	<b>(3)</b>	<b>(7)</b>	<b>(1)</b>	<b>(12)</b>	<b>(37)</b>	<b>(92)</b>
<b>Profit before provisions and impairments</b>	<b>42</b>	<b>17</b>	<b>16</b>	<b>27</b>	<b>2</b>	<b>73</b>	<b>(6)</b>	<b>171</b>
Provisions for impairment	(27)	(5)	(2)	(9)	(1)	(78)	0	(122)
Gains on derecognition and changes in expected cash flows on acquired loans	15	5	10	1	(0)	7	5	43
Impairment of other financial assets	-	-	-	-	-	-	(1)	(1)
Share of profit of associate and Minority Interest	-	-	-	-	-	-	2	2
<b>Profit before tax</b>	<b>30</b>	<b>17</b>	<b>24</b>	<b>19</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>93</b>
Tax	(2)	(2)	(3)	(2)	(0)	(3)	4	(8)
<b>Profit after tax and before one off items</b>	<b>28</b>	<b>15</b>	<b>21</b>	<b>17</b>	<b>1</b>	<b>(1)</b>	<b>4</b>	<b>85</b>

Cost-to-Income ratio

41%

15%

13%

21%

46%

9%

35%

# Risk Weighted Assets by Geography – Regulatory Capital

## Risk weighted assets by Geography (€ mn)

	31.03.14	30.06.14	30.09.14	31.12.14	31.03.15
Cyprus	20.124	19.807	20.296	20.452	20.473
Russia	1.318	1.276	1.203	706	813
United Kingdom	976	616	633	986	1.162
Romania	369	358	316	308	294
Greece	240	381	367	217	181
Other <sup>1</sup>	223	47	48	46	49
<b>Total</b>	<b>23.249</b>	<b>22.485</b>	<b>22.863</b>	<b>22.715</b>	<b>22.972</b>

## Equity and Regulatory Capital (€ mn)

	30.6.14	30.9.14	31.12.14	31.03.15
Shareholders' equity	2.748	3.728	3.465	3.502
CET1 capital <sup>2</sup>	2.547	3.512	3.191	3.201
Tier I capital	2.547	3.512	3.191	3.201
Tier II capital	3	39	42	30
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>2.550</b>	<b>3.551</b>	<b>3.233</b>	<b>3.231</b>

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

	31.03.14	30.06.14	30.09.14	31.12.14	31.03.15
Credit risk	21.418	20.457	20.834	20.625	20.881
Market risk	54.	5	5	5	6
Operational risk	2.058	2.023	2.023	2.085	2.085
<b>Total</b>	<b>23.530</b>	<b>22.485</b>	<b>22.863</b>	<b>22.715</b>	<b>22.972</b>

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

<sup>2</sup>Includes unaudited profits amounting to €15 mn for the quarter

# Reconciliation of Group Equity to CET 1

(€ mn)	31.03.15
Group Equity per financial statements	3.508
Less : Intangibles and other deductions	(16)
Less: Deconsolidation of insurance and other entities	(218)
Less: Regulatory adjustments (Minority Interest, DTA and other items)	(23)
Less: Revaluation reserves and other unrealised items transferred to Tier II	(50)
<b>CET 1 (transitional)<sup>1</sup></b>	<b>3.201</b>
<b>Less : Adjustments to fully loaded (mainly DTA)</b>	<b>(118)</b>
<b>CET 1 (fully loaded)</b>	<b>3.083</b>
<b>Risk Weighted Assets</b>	<b>22.972</b>
<b>CET 1 ratio (fully loaded)</b>	<b>13,4%</b>

<sup>1</sup>CET 1 ratio includes unaudited profits amounting to €15 mn for the quarter

# Loans and Deposits by Geography

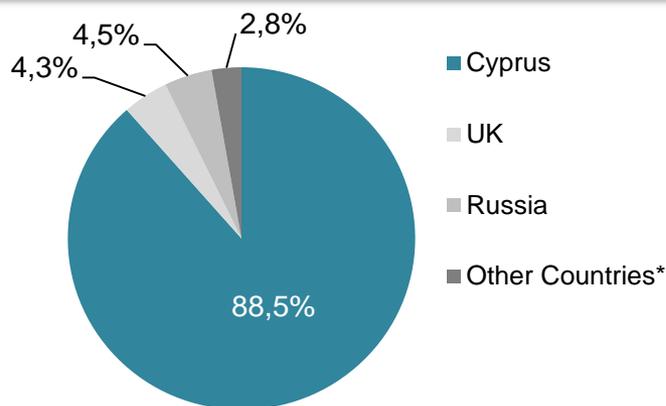
## Gross Loans by Geography

€ mn	30.06.14	30.09.14	31.12.14	31.03.15
Cyprus	22.020	21.716	21.200	21.320
UK	1.172	1.112	914	1.026
Russia	1.304	1.208	966	1.072
Other countries*	804	706	692	667
<b>Group</b>	<b><u>25.300</u></b>	<b><u>24.742</u></b>	<b><u>23.772</u></b>	<b><u>24.085</u></b>

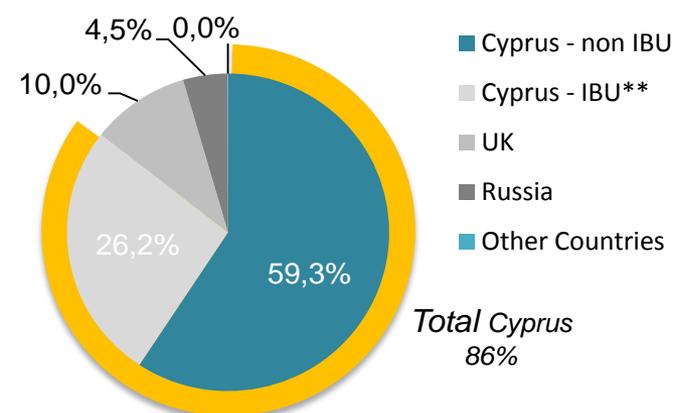
## Deposits by Geography

€ mn	30.06.14	30.09.14	31.12.14	31.03.15
Cyprus non-IBU**	8.094	7.785	7.847	8.081
Cyprus IBU**	3.594	3.458	3.467	3.560
<b>Cyprus – Total</b>	<b>11.688</b>	<b>11.243</b>	<b>11.314</b>	<b>11.641</b>
UK	1.252	1.289	1.305	1.356
Russia	845	794	545	609
Other countries***	18	4	5	5
<b>Group</b>	<b><u>13.803</u></b>	<b><u>13.330</u></b>	<b><u>13.169</u></b>	<b><u>13.611</u></b>

## Gross Loans by Geography



## Deposits by Geography

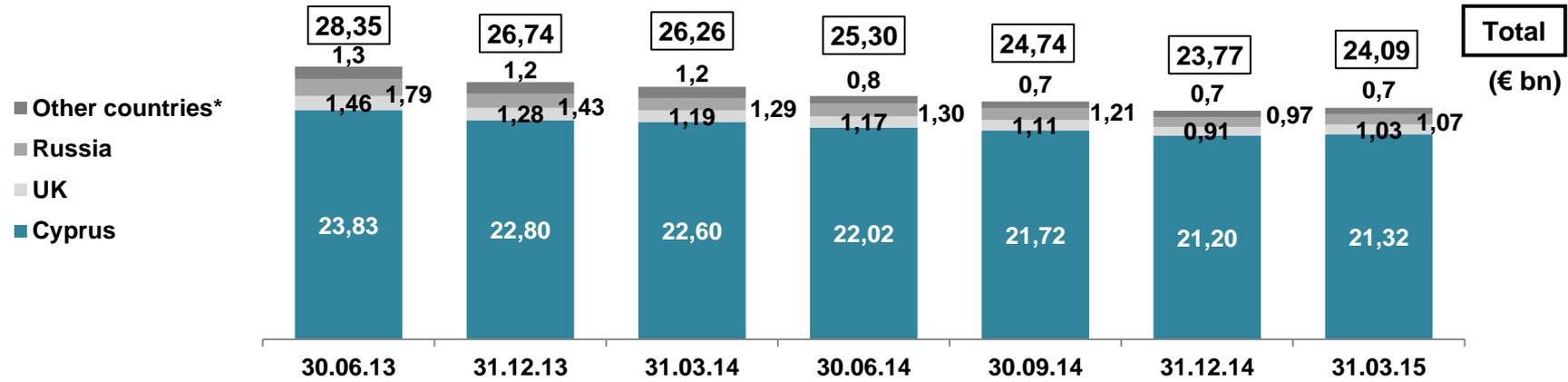


\* Other countries: Romania, Ukraine (until March 2014) and Greece

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

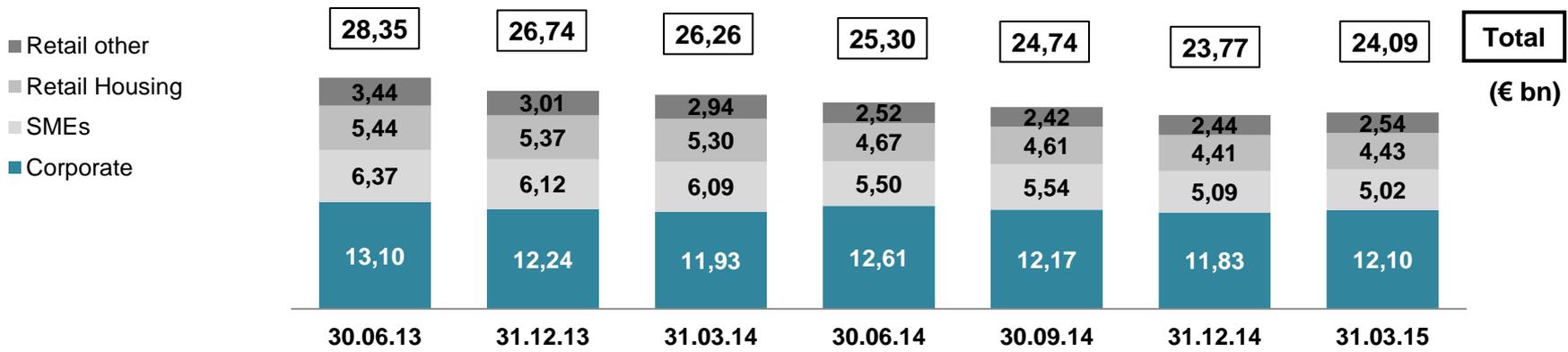
# Gross loans by Geography and by Customer Type

## Gross loans by geography



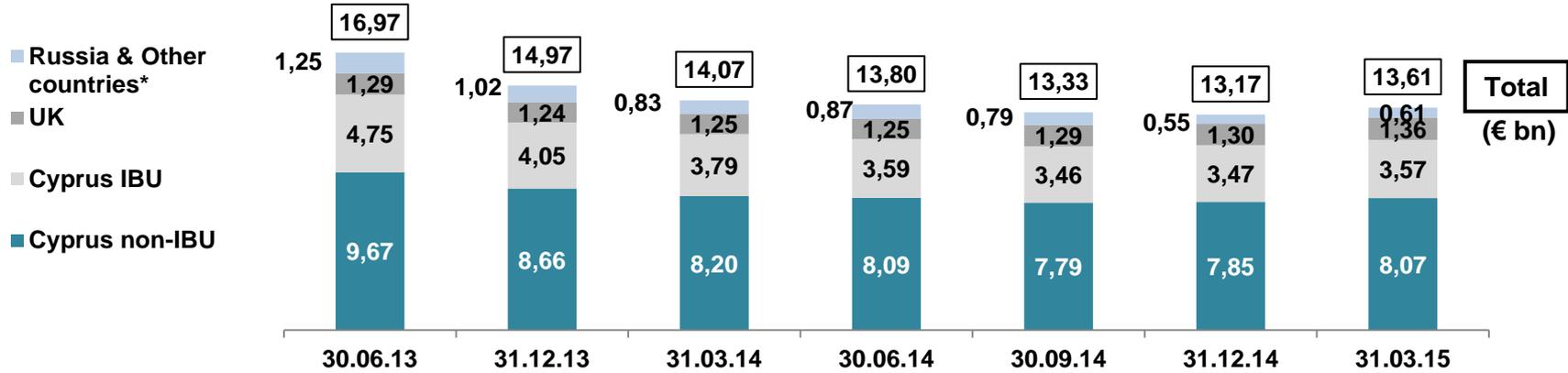
\*Other countries: Greece, Romania and Ukraine (until March 2014)

## Gross loans by customer type



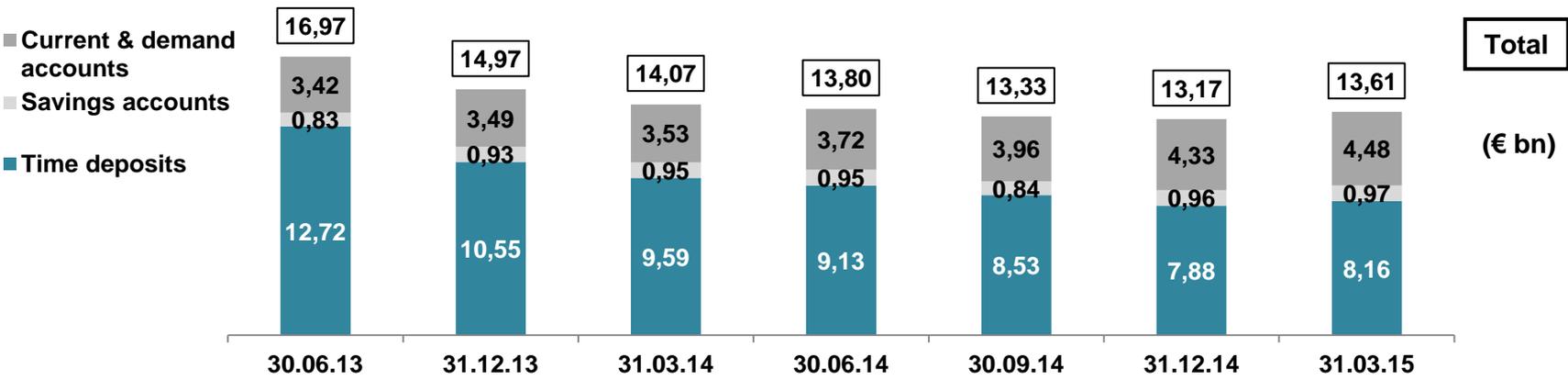
# Analysis of Deposits by Geography and by Type

## Deposits by geography



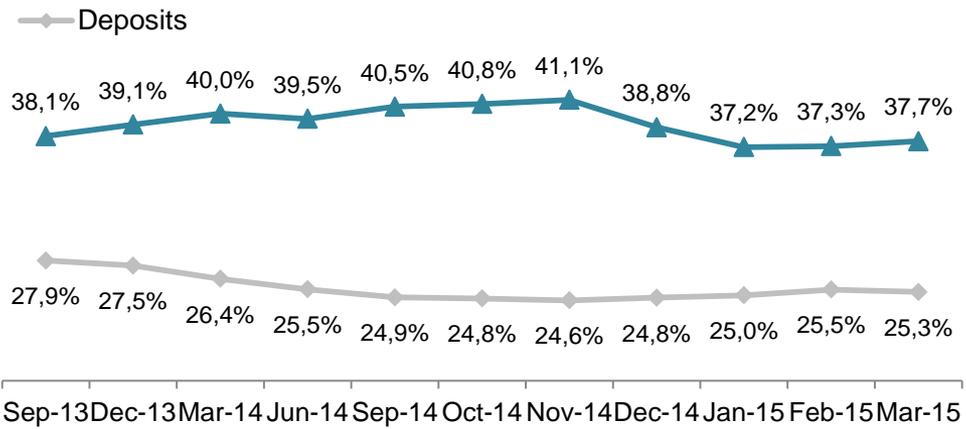
\* Other countries: Romania and Ukraine

## Deposits by type of deposit



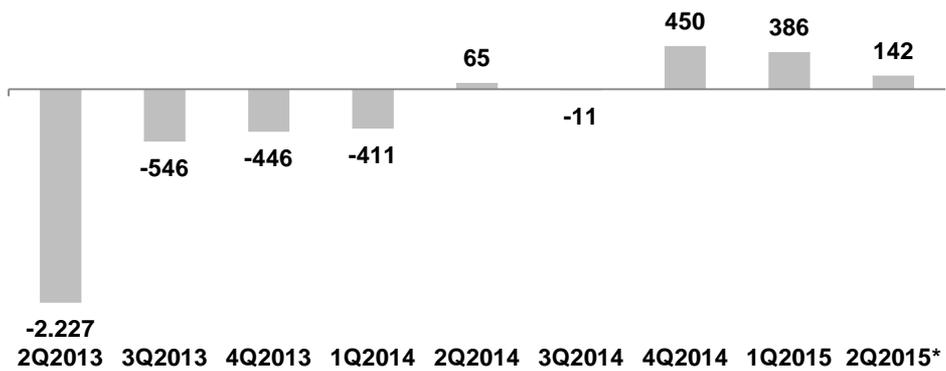
# Market Shares and Customer flows in Cyprus

## Market share evolution in Cyprus



- Around 1% increase in the Bank's market share in deposits since the bottom.
- The Bank's market share in loans has been hovering around 38%

## Total customer flows per quarter (€ mn)



- Customer flows were positive during 1Q2015
- Post full abolition of capital controls in April 2015, customer flows are positive

\* Up to 28 May 2015

# Cyprus: Summary Income Statement

€ mn	1Q2015	4Q2014	3Q2014	2Q2014	1Q2014
Net interest income	211	216	216	251	236
Net fee and commission income	42	34	35	36	40
Net foreign exchange gains/(losses) and net profits/(losses) on other financial instruments	(5)	12	(9)	(2)	6
Insurance income net of insurance claims	12	10	9	12	12
Other income/(expenses)	3	(5)	(5)	5	(1)
<b>Total income</b>	<b>263</b>	<b>267</b>	<b>246</b>	<b>302</b>	<b>293</b>
Staff costs	(56)	(56)	(55)	(55)	(55)
Other operating expenses	(36)	(54)	(38)	(40)	(36)
<b>Total expenses</b>	<b>(92)</b>	<b>(110)</b>	<b>(93)</b>	<b>(95)</b>	<b>(91)</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>171</b>	<b>157</b>	<b>153</b>	<b>207</b>	<b>202</b>
Provisions for impairment of customer loans	(122)	(207)	(101)	(163)	(109)
Gains on derecognition and changes in expected cash flows on acquired loans	43	30	6	4	7
Impairments of other financial and non-financial assets	(1)	(48)	1	(34)	(0)
Share of profit from associates	2	3	(2)	2	2
<b>Profit/(loss) before tax, restructuring costs and discontinued operations</b>	<b>93</b>	<b>(65)</b>	<b>57</b>	<b>16</b>	<b>102</b>
Tax	(8)	0	(2)	(1)	(1)
Profit/(loss) attributable to non - controlling interests	0	1	(0)	(0)	(0)
<b>Profit/(loss) after tax and before restructuring costs, discontinued operations and net profit on disposal of non-core assets</b>	<b>85</b>	<b>(64)</b>	<b>55</b>	<b>15</b>	<b>101</b>

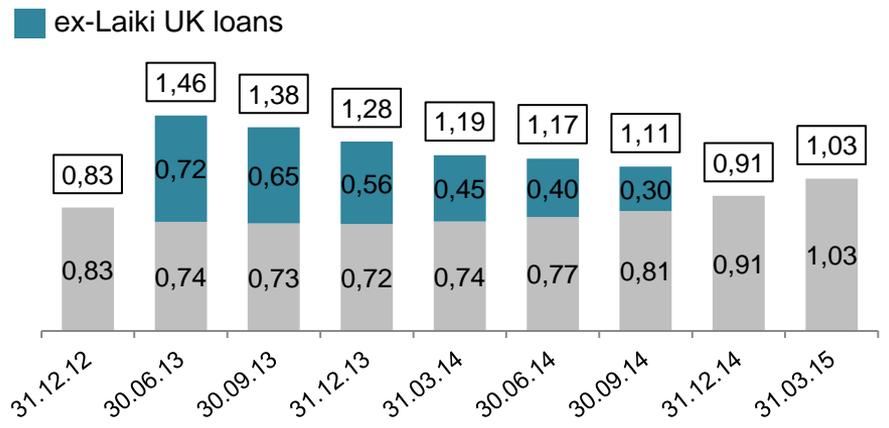
# UK: Summary Income Statement

(€ mn))	1Q2015	4Q2014	3Q2014	2Q2014	1Q2014
Net interest income	7	5	10	9	7
Net fee & commission income	1	2	1	1	1
Net foreign exchange income and (losses)/gains from financial instruments	0	0	-	1	-
Other income /(expenses)	1	0	1	(1)	-
<b>Total income</b>	<b>9</b>	<b>7</b>	<b>12</b>	<b>10</b>	<b>8</b>
Staff costs	(4)	(3)	(3)	(3)	(3)
Other operating expenses	(4)	(6)	(3)	(3)	(3)
<b>Total expenses</b>	<b>(8)</b>	<b>(9)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>
<b>Profit /(loss) before provisions</b>	<b>1</b>	<b>(2)</b>	<b>6</b>	<b>4</b>	<b>2</b>
Provisions for impairment of loans and advances	(1)	(2)	2	(9)	(21)
<b>Profit/(loss) before tax</b>	<b>0</b>	<b>(4)</b>	<b>8</b>	<b>(5)</b>	<b>(19)</b>
Tax	(0)	(0)	-	(1)	-
<b>Profit/ (loss) after tax and before restructuring costs and discontinued operations</b>	<b>0</b>	<b>(4)</b>	<b>8</b>	<b>(6)</b>	<b>(19)</b>

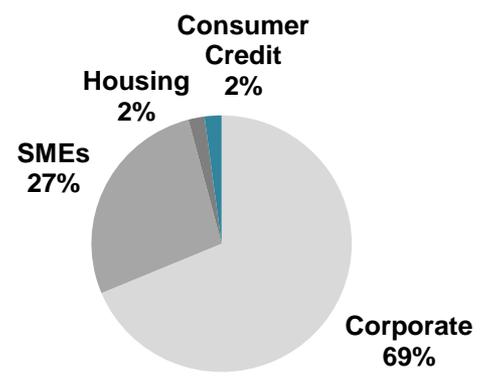
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

# UK Operations

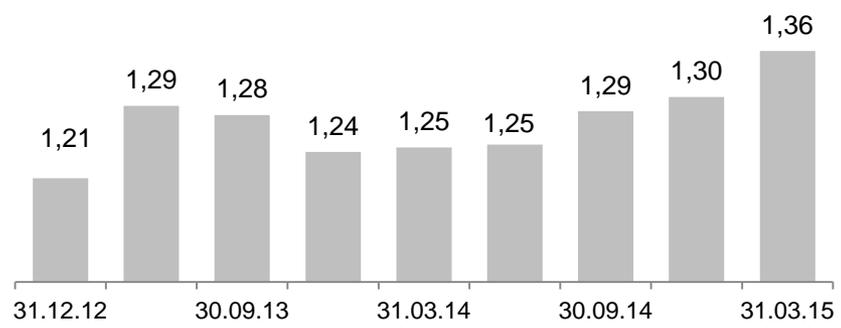
## UK Loans (€ bn)



## Loans by sector

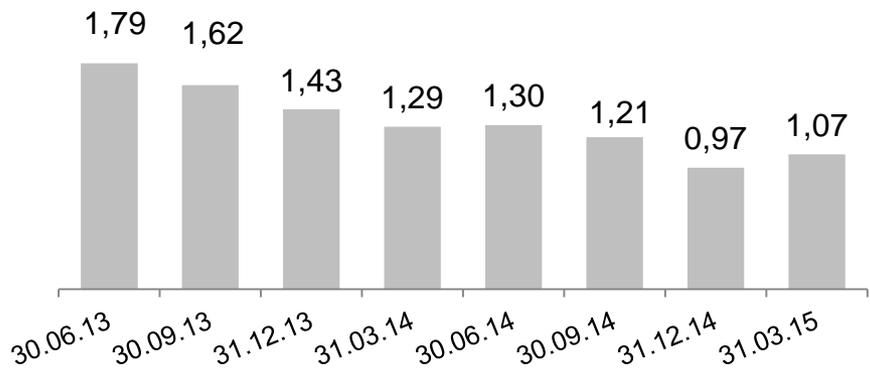


## UK Deposits (€ bn)



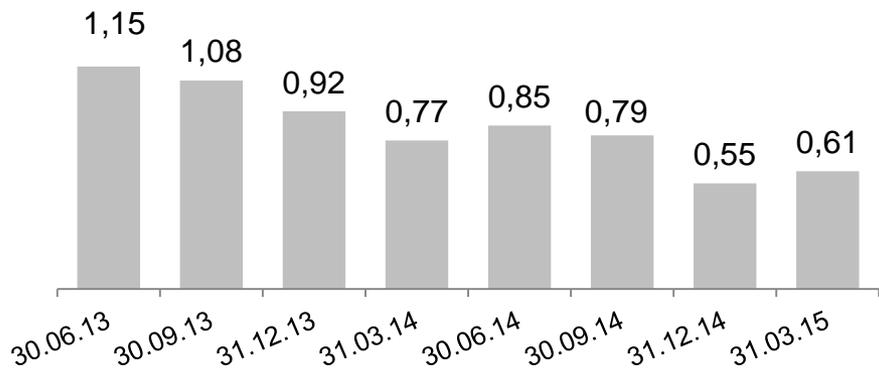
# Russian Operations

## Russian Loans (€ bn)



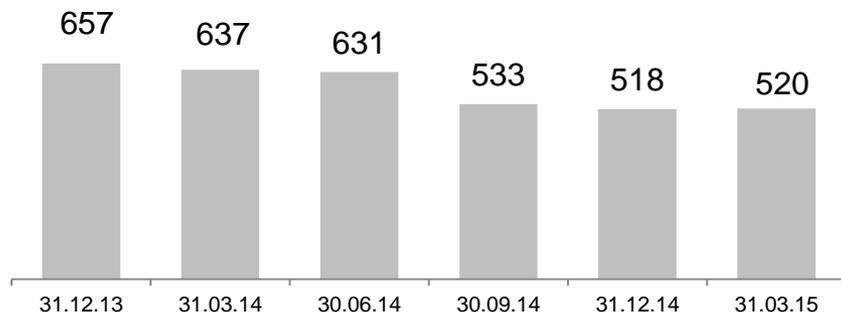
- Loss from disposal group held for sale/ discontinued operations for 1Q2015 was €21 mn, of which a loss of €20 mn relates to the Russian operations (compared to a net loss of €214 mn for 4Q2014, of which a loss of €246 mn related to the Russian operations)

## Russian Deposits (€ bn)



# Overseas Operations – Romania & Greece

## Romanian Gross loans (€ mn)



- The Bank has decided to gradually run down the Romanian operations (over a period of 3 years from 2015-2017) and to proceed with piecemeal sales of selected loans
- The overall net exposure in Romania is €439 mn (compared to €520 mn at 31 December 2014).

## Total exposure in Greece

€ mn	31.12.14	31.3.15 <sup>1</sup>
Net Exposure from on balance sheet financial assets	97	76
Exposure from off balance sheet financial assets	185	154
Foreclosed properties (book value)	179	200

<sup>1</sup> In addition to the above, in the normal course of business in Cyprus, the Bank has lending exposures to Greek entities amounting to €89 mn as at 31 March 2015.

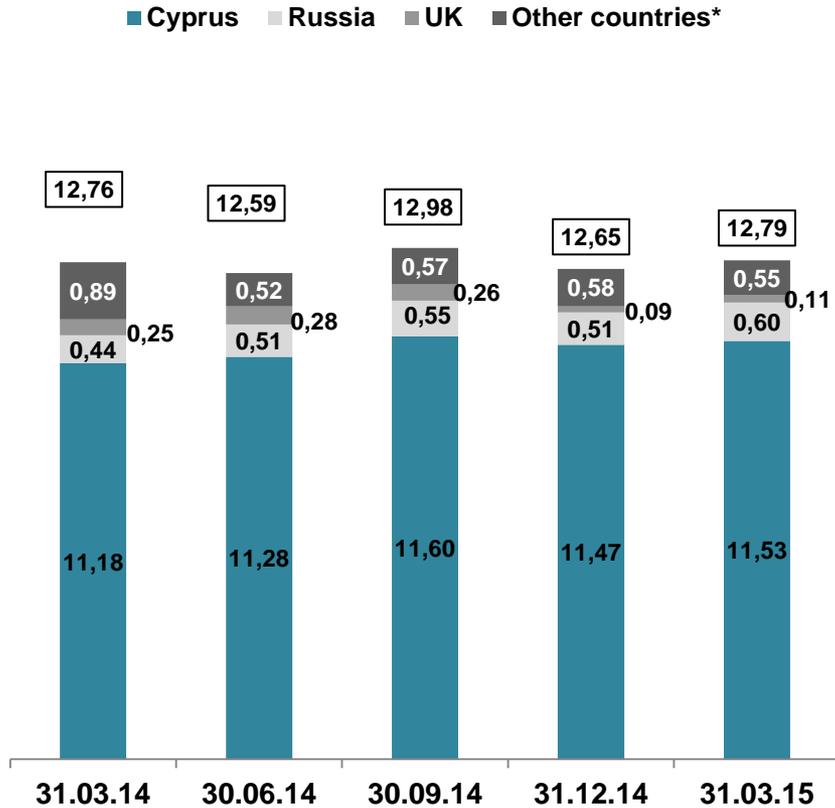
# Asset Quality

(€ mn)	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
<b>A. Gross Loans after Fair value on Initial recognition</b>	<b>22.540</b>	<b>22.206</b>	<b>23.136</b>	<b>23.685</b>	<b>24.450</b>
Fair value on Initial recognition	1.545	1.566	1.606	1.615	1.813
<b>B. Gross Loans</b>	<b>24.085</b>	<b>23.772</b>	<b>24.742</b>	<b>25.300</b>	<b>26.263</b>
<b>B1. Loans with no arrears</b>	<b>10.038</b>	<b>10.065</b>	<b>10.298</b>	<b>10.964</b>	<b>11.491</b>
<b>B2. Loans with arrears but not impaired</b>	<b>4.627</b>	<b>4.413</b>	<b>5.222</b>	<b>5.285</b>	<b>6.037</b>
Up to 30 DPD	662	562	750	919	865
31-90 DPD	596	492	716	826	1.151
+ 91-180 DPD	344	440	718	674	682
+ 181-365 DPD	758	926	1.058	1.145	1.635
+ Over 1 year DPD	2.267	1.993	1.980	1.721	1.704
<b>+ B3. Impaired Loans</b>	<b>9.420</b>	<b>9.294</b>	<b>9.221</b>	<b>9.051</b>	<b>8.735</b>
With no arrears	1.006	1.153	1.145	1.133	1.051
Up to 30 DPD	68	149	66	104	53
31-90 DPD	275	142	168	122	344
91-180 DPD	181	143	233	398	317
181-365 DPD	445	685	828	1.551	1.495
Over 1 year DPD	7.445	7.022	6.781	5.743	5.475
<b>= (90+ DPD)*</b>	<b>12.789</b>	<b>12.653</b>	<b>12.977</b>	<b>12.591</b>	<b>12.756</b>
<b>90+ DPD ratio (90 + DPD / Gross Loans )</b>	<b>53,1%</b>	<b>53,2%</b>	<b>52,5%</b>	<b>49,8%</b>	<b>48,6%</b>
<b>Accumulated provisions</b>	<b>5.354</b>	<b>5.140</b>	<b>4.948</b>	<b>4.879</b>	<b>5.029</b>
<b>Gross loans provision coverage</b>	<b>22%</b>	<b>22%</b>	<b>20%</b>	<b>19%</b>	<b>19%</b>
<b>90+ DPD provision coverage</b>	<b>42%</b>	<b>41%</b>	<b>38%</b>	<b>39%</b>	<b>39%</b>

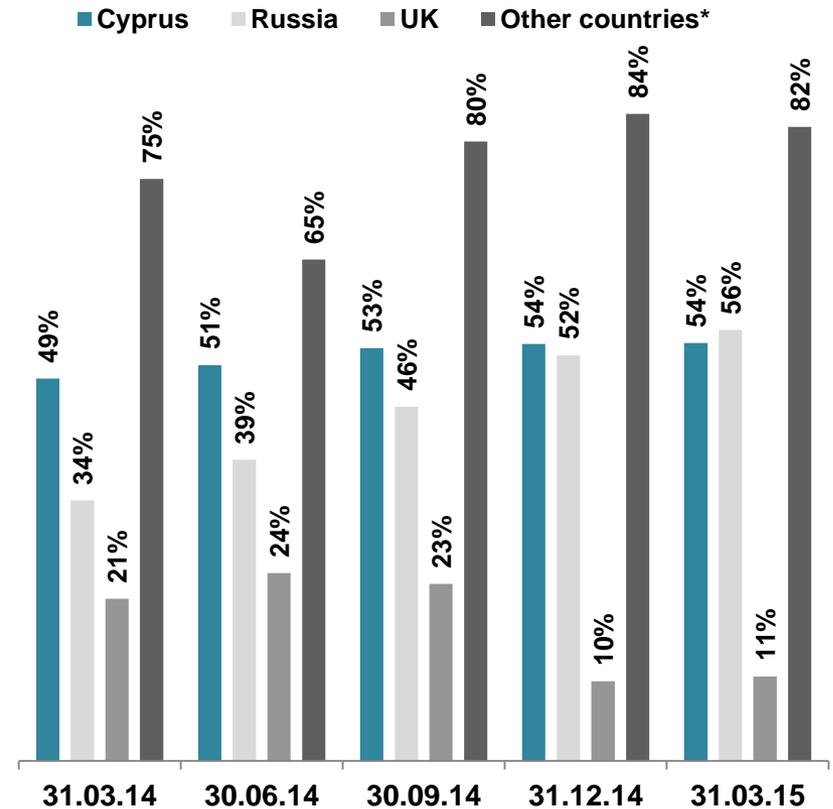
\* Loans in arrears for more than 90 days (90+ DPD) = Loans with arrears over 90 days but not impaired + Impaired Loans

# 90+ DPD by Geography

## 90+ DPD by Geography (€ bn)



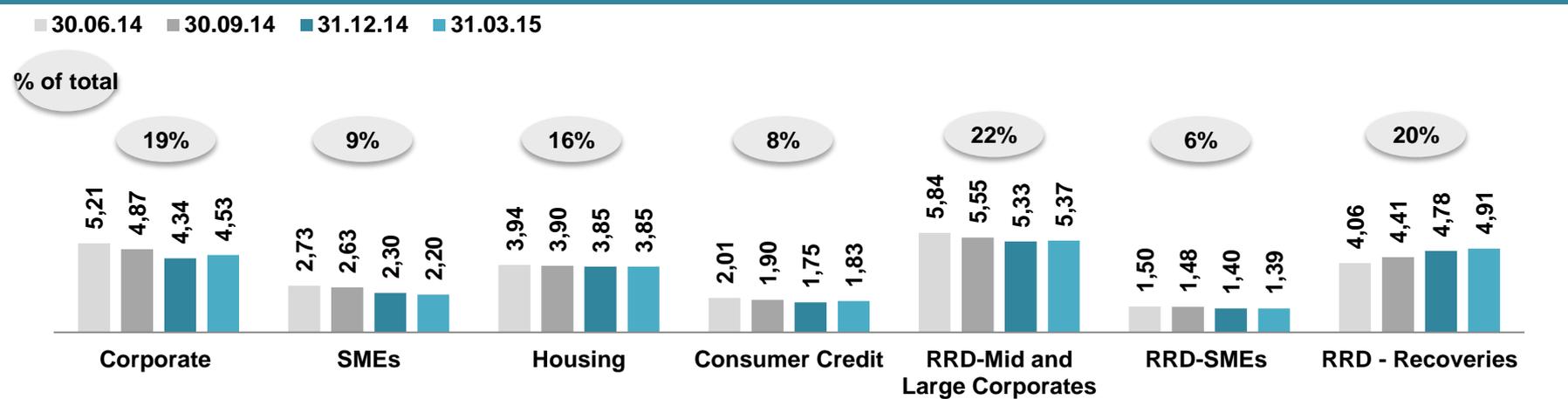
## 90+ DPD ratios by Geography



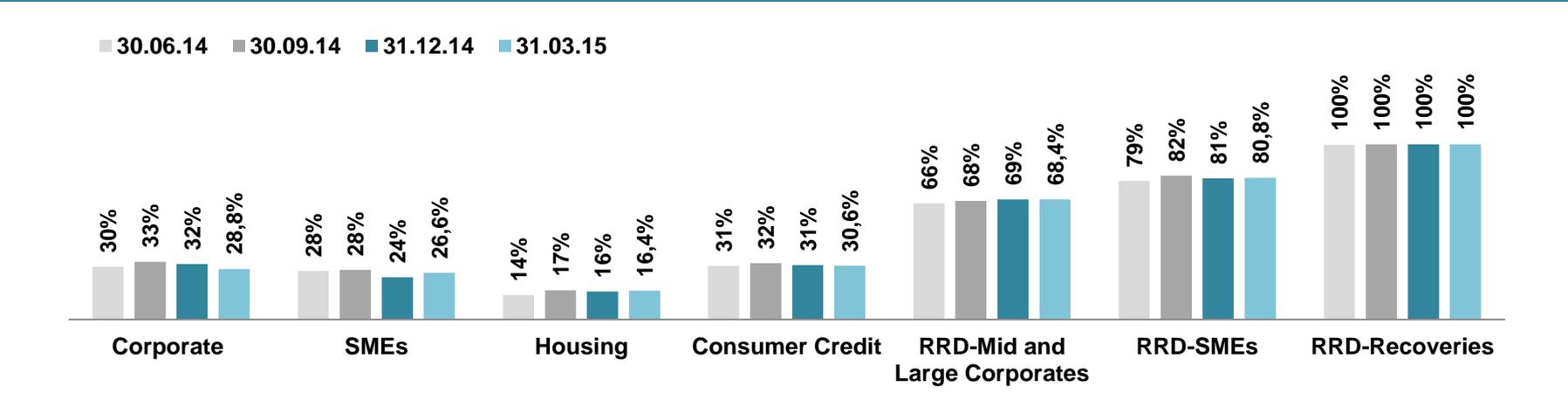
\* Other countries: Romania, Ukraine (until March 2014) and Greece

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

## Gross loans by business line (€ bn)



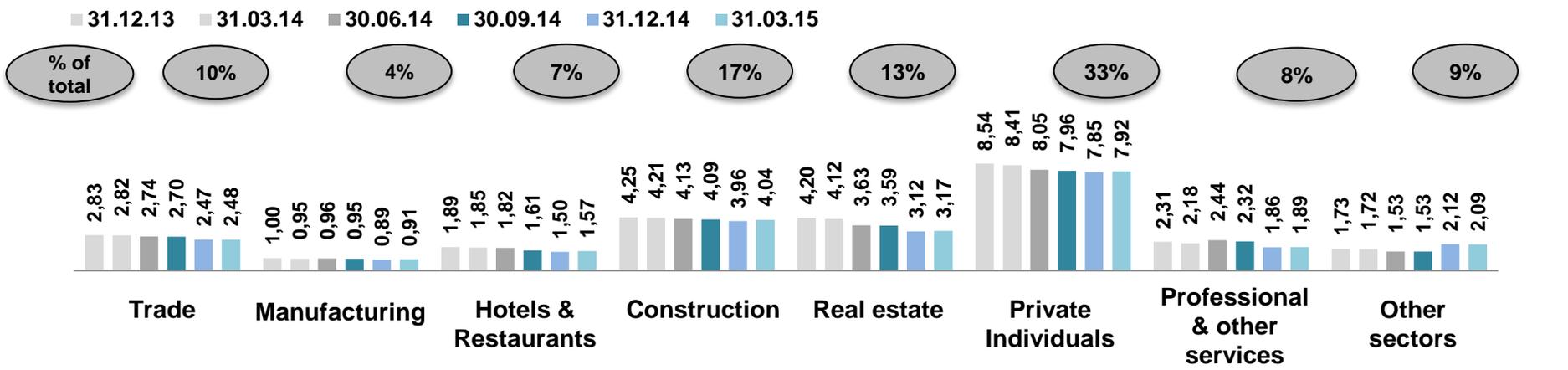
## 90+ DPD ratios by business line



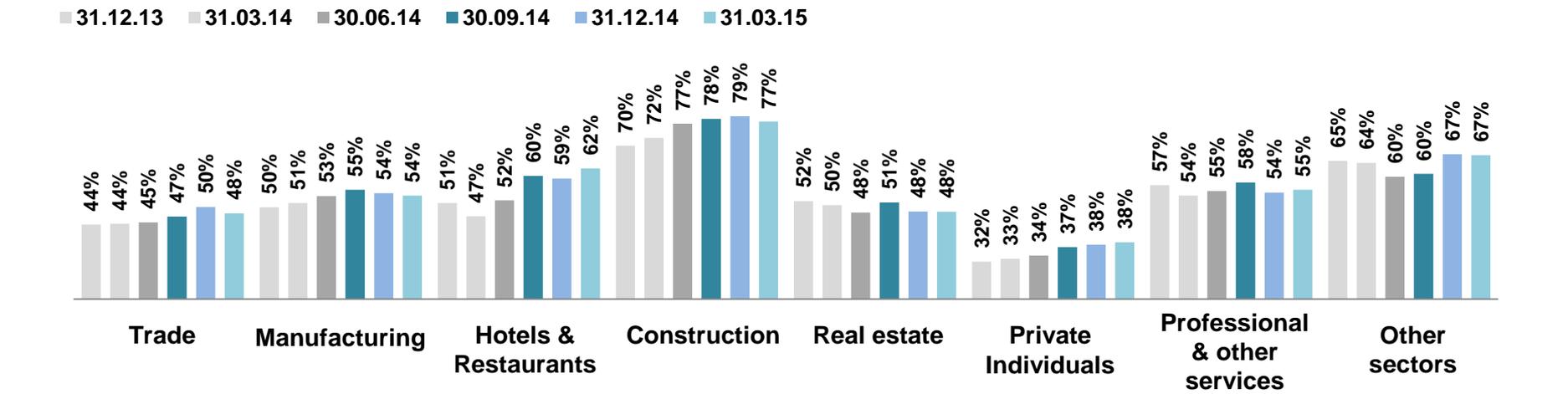
\*As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management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

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

## Gross loans by economic activity (€ bn)

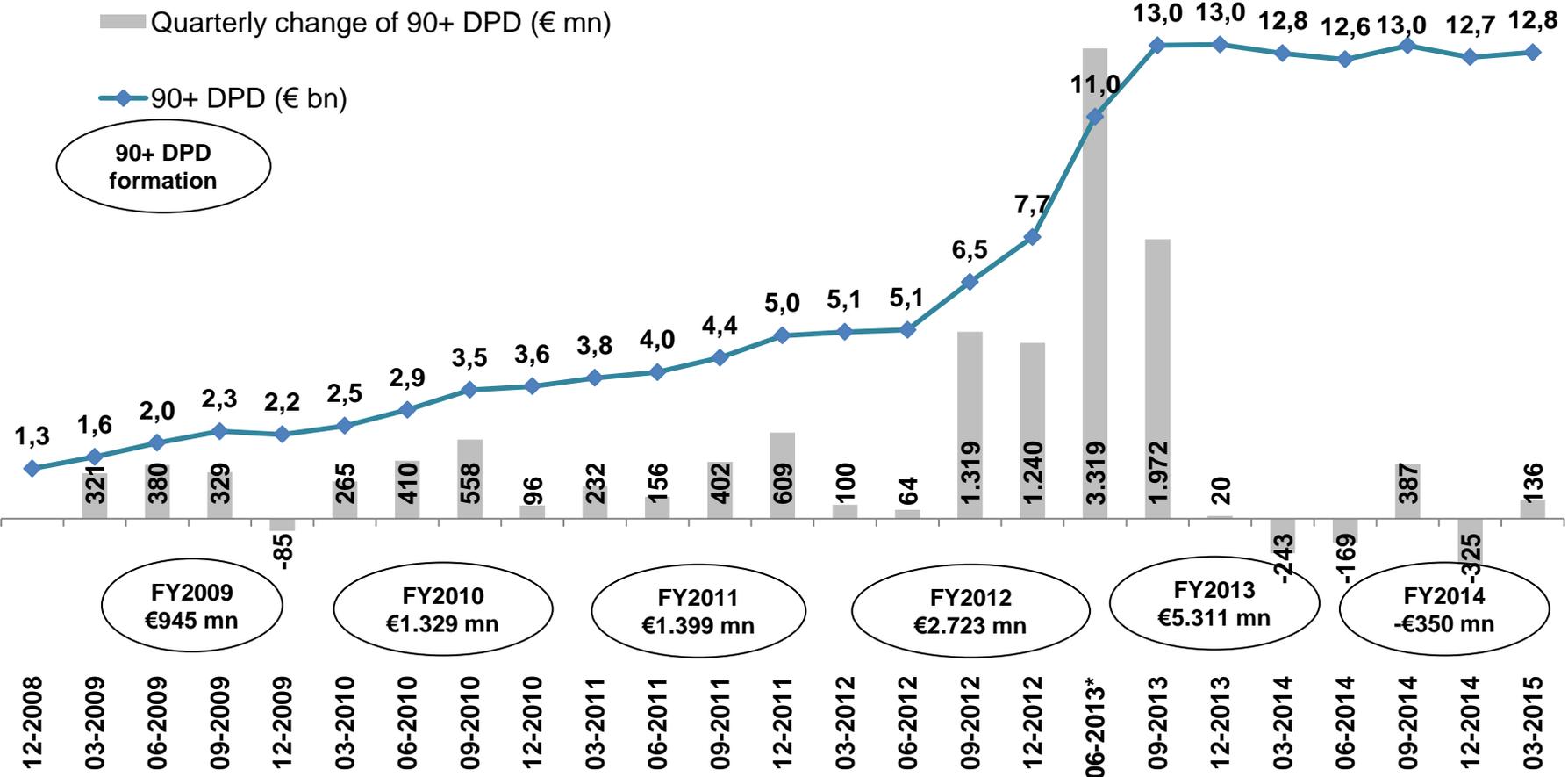


## 90+ DPD ratios by economic activity



# 90+ DPD and Quarterly Change of 90+ DPD

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



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

# Non-Performing Loans definition

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

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

- (i) the debtor is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due, for example in case of a write off, a legal action against the borrower, or bankruptcy
- (ii) the exposures are impaired i.e. in cases where there is a specific provision, or
- (iii) there are material exposures which are more than 90 days past due, or
- (iv) there are performing forborne exposures re-restructured within a 2 year probation period, or
- (v) there are performing forborne exposures under probation (2 years) that present more than 30 days past due after the restructuring date.

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

# Disclaimer

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