

# Bank of Cyprus Group

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Financial Results 1H 2011 – Highlights

Income Statement and Balance Sheet Review

Performance by Geographic Market

Strategic Priorities and 2011 Target

Appendices

## Financial Results for 1<sup>st</sup> Half 2011

30 August 2011

# Disclaimer

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**Financial Results 1H 2011 – Highlights**

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# **Financial Results 1H 2011 - Highlights**

# 1H11 Financial Highlights

**Healthy balance sheet and capital base combined with strong liquidity and continued improving underlying performance**

## Increasing recurring profitability

- 1H11 Net Interest Income €553 mn (+11% yoy)
- 1H11 Profit before provisions €377 mn\* (+15% yoy)
- 1H11 Profit after tax excluding the special tax on banks in Cyprus (€9 mn in 1H11) €165 mn\* (+1% yoy)
- 1H11 Profit after tax €155 mn\* (-4% yoy)
  - Loss after tax including GGBs impairment €112 mn

## Greek Government Bonds (GGBs)

- Based on the current terms of the plan for GGBs exchange, the Group intends to participate with the exchange of €1.076 mn bonds (nominal value)
  - Eligible bonds impaired by 26%
- Upon completion of GGB exchange and based on current terms of the plan, the **impact on equity is expected to be only about €20 mn**

## Strong liquidity

- Group loans to deposits ratio at 86% (peers\*\* at 120%)
- Liquid assets of €11,6 bn\*\*\* (28% of total assets)
- Reduced ECB funding to €1,4 bn (-58% yoy)
- Minimal debt repayments in the next two years

\* Excluding the impairment of the Greek Government Bonds

\*\* Weighted average of major Greek and Cypriot banks using 31 March 2011 data

\*\*\* €1,2bn are pledged as collateral for repo transactions

# 1H11 Financial Highlights

## Capital position

- Including GGBs impairment, Tier 1 capital ratio at 11,6% and Core Tier 1 capital ratio at 8,0%
- Total capital ratio at 12,0%
- Post the completion of the GGB exchange plan the Tier 1 ratio is estimated at 11,9% and the Core Tier 1 ratio at 8,3%
- Successfully passed the European Banking Authority (EBA) stress test
  - Ranked 24<sup>th</sup> out of 90 banks in the adverse scenario with mitigating factors already completed

## Asset quality

- NPLs ratio at 8,2%
- NPLs provisioning coverage at 54%
- NPLs coverage at 116% taking into account tangible collateral

## Key performance indicators<sup>1</sup>

- Return on equity at 11,2%
- Cost to income ratio at 48,9% compared to 51,9% in 1H10
- 1H11 Net Interest Margin at 2,78%; 16bps higher than 1H10

# Impairment of Greek Government Bonds

- Under the current conditions, Bank of Cyprus, intends to participate in the plan for the exchange of Greek Government bonds
  - The book value of the bonds that are eligible under the plan amount to €1.076 mn nominal value
  - The Group has impaired the eligible bonds by 26%
  - Impairment for Available-for-Sale based on market prices as at 30 June 2011
  - Impairment for Held-to-Maturity and Loans and Receivables based on the Net Present Value of the future cash flows according to the terms of the plan
- As a result, the Group has incurred an impairment charge after tax in the profit and loss of €268 mn in the second quarter of 2011
  - €171 mn of the €268 mn transferred to the profit and loss from the revaluation reserve
  - Therefore the impact on total capital is €97 mn
  - The Group estimates that upon the completion of the exchange of the GGBs there could be a gain of €77 mn and therefore the impact on the total capital could be reduced from €97 mn to only about €20 mn

Details of GGBs eligible for exchange				
In € mn	Nominal value	Impairment before tax	Book value after impairment	Transfer from reserves
<b>AFS</b>	400	161	239	161
<b>L&amp;R</b>	425	78	326	10
<b>HTM</b>	247	42	204	-
<b>Total of impaired bonds</b>	<b>1.072</b>	<b>281</b>	<b>769</b>	<b>171</b>
<b>FVTPL</b>	4			
<b>Total of eligible bonds</b>	<b>1.076</b>			

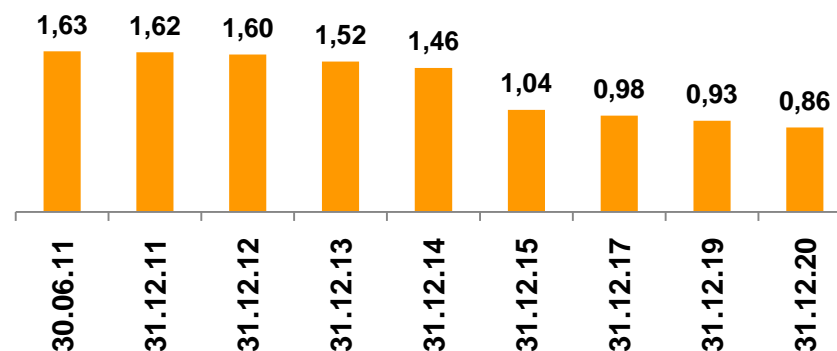
# Greek Government Bonds

- Total GGB portfolio as at 30 June 2011 of €1.629 mn book value
- At 30 June 2011, GGBs not eligible for exchange amount to €857mn book value (€1.025 mn nominal value)
  - Classified as Loans and Receivables
  - Have not been written down
- GGBs book value to nominal value at 78% at 30 June 2011
  - GGBs eligible for exchange impaired at 26% of nominal value
- Average life of GGBs is 11 years with about 36% maturing by end-2015

## Total GGBs portfolio at 30 June 2011

	Classification € mn	Classification (%)
AFS + FVTPL	242	15%
HTM	204	13%
L&R	1.183	72%
<b>Total</b>	<b>1.629</b>	<b>100%</b>

## GGBs remaining balances (€ bn)





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# **Income Statement and Balance Sheet Review**

# Profit and Loss

(€ mn)	1H11	1H10	1H11 v 1H10 (%)	2Q11	1Q11	2Q11 v 1Q11 (%)
Net interest income	553	496	+11%	277	276	+1%
Net fee & commission income	113	112	+1%	57	56	+1%
FX income and net gains from financial instruments	26	37	-30%	21	5	+283%
Insurance income net of insurance claims	32	30	+6%	15	17	-11%
Other income	13	6	+141%	11	2	+338%
<b>Total income</b>	<b>737</b>	<b>681</b>	<b>+8%</b>	<b>381</b>	<b>356</b>	<b>+7%</b>
<b>Total expenses</b>	<b>360</b>	<b>353</b>	<b>+2%</b>	<b>176</b>	<b>184</b>	<b>-5%</b>
<b>Profit before provisions</b>	<b>377</b>	<b>328</b>	<b>+15%</b>	<b>205</b>	<b>172</b>	<b>+19%</b>
Provisions	183	146	+26%	104	79	+33%
Share of loss of associates	(1)	(2)	-74%	(1)	0	
<b>Profit before tax</b>	<b>193</b>	<b>180</b>	<b>+7%</b>	<b>100</b>	<b>93</b>	<b>+7%</b>
Taxation	38	22	+67%	17	21	-24%
Non-controlling interest loss/(profit)	0	(5)		1	(1)	
<b>Profit after tax excluding GGBs impairment</b>	<b>155</b>	<b>163</b>	<b>-4%</b>	<b>84</b>	<b>71</b>	<b>+18%</b>
Loss from GGBs impairment (after tax)	(268)	-	-	(268)	-	-
<b>Profit after tax including GGBs impairment</b>	<b>(112)</b>	<b>163</b>	<b>-169%</b>	<b>(183)</b>	<b>71</b>	<b>-358%</b>
Cost to Income Ratio	48,9%	51,9%	-3,0 p.p.	46,2%	51,8%	-5,6 p.p.
Return on Equity	11,2%	13,6%	-2,8 p.p.	11,9%	10,2%	+1,7 p.p.

## Profit and Loss highlights

Profit and Loss highlights **excluding** the GGBs impairment

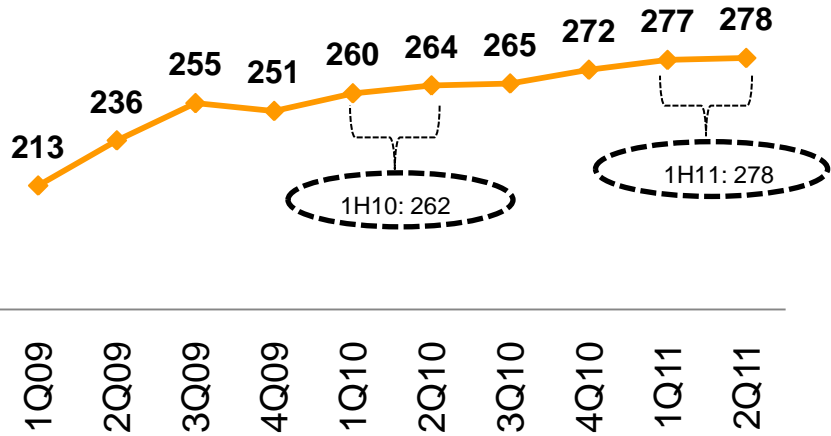
Amounts in € mn	1H11	1H10	Change
Operating Income	737	681	+8%
<b>Profit before provisions</b>	<b>377</b>	<b>328</b>	<b>+15%</b>
Profit before tax	193	180	+7%
<b>Profit after tax and excluding special tax levy on Cypriot banks</b>	<b>165</b>	<b>163</b>	<b>+1%</b>
<b>Profit after tax</b>	<b>155</b>	<b>163</b>	<b>-4%</b>

Profit and Loss highlights **including** the GGBs impairment

Amounts in € mn	1H11	1H10	Change
Operating Income	456	681	-33%
<b>Profit before provisions</b>	<b>96</b>	<b>328</b>	<b>-71%</b>
Profit before tax	(88)	180	-149%
<b>Profit after tax</b>	<b>(112)</b>	<b>163</b>	<b>-169%</b>

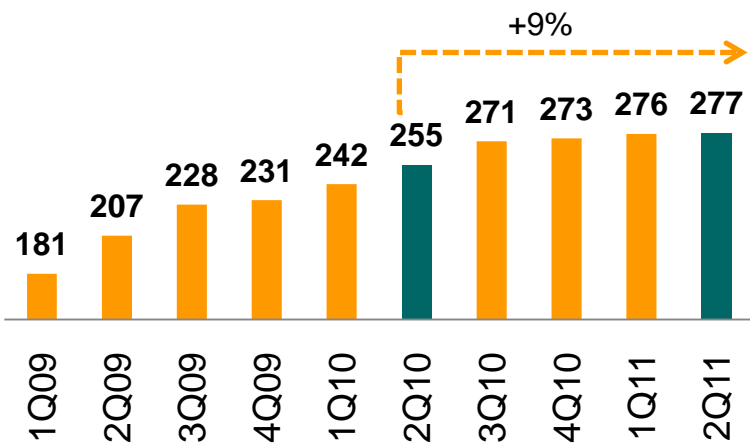
# Higher Interest Margins and Increasing Net Interest Income

Group Net Interest Margin (bp)

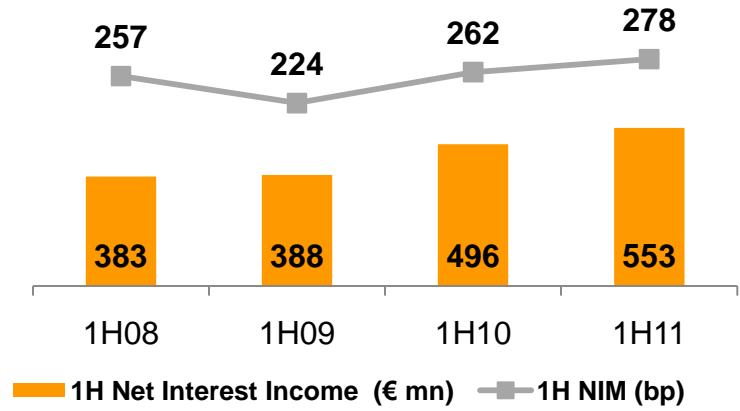


- 1H11 Group NIM at 2,78%, an increase of 16 basis points compared to 1H10 (2,62%)
- 2Q11 Net Interest Income at €277 mn (+9% yoy and +1% qoq)
- 1H11 Net Interest Income €553 mn which is an increase of 11% yoy

Quarterly Net Interest Income (€ mn)

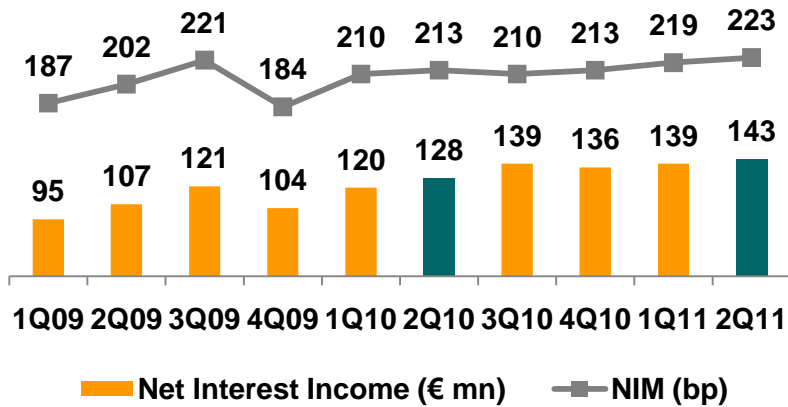


1H Net Interest Income and NIM



# Solid Net Interest Income and Net Interest Margin trends in main markets

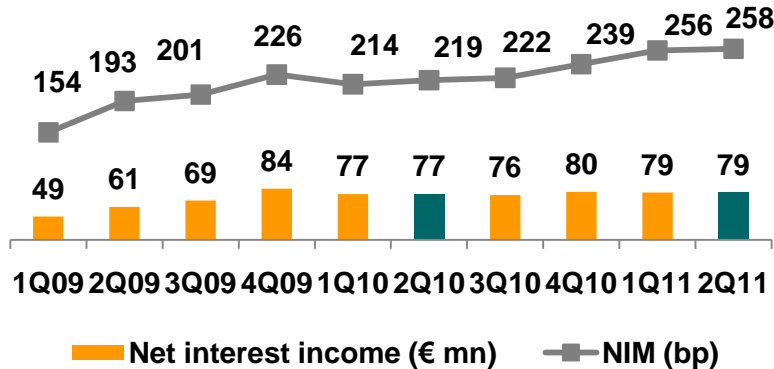
Net Interest Income and NIM - Cyprus



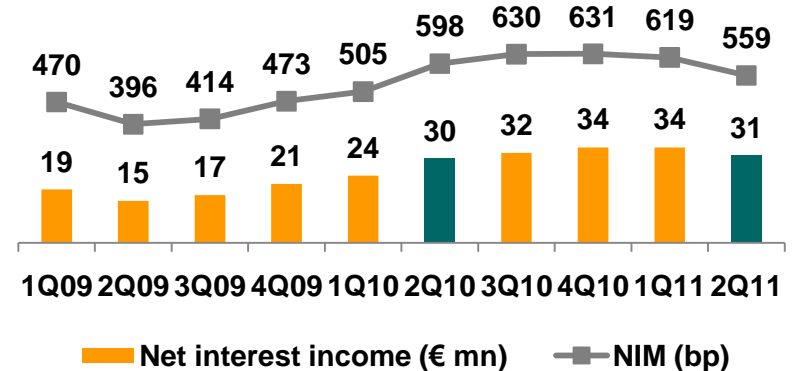
Increasing Net Interest Income and Net Interest Margin in main markets

- Cyprus – 1H11 NII at €282 mn (+14% yoy)
- Greece – 1H11 NII at €158 mn (+3% yoy)
- Russia – 1H11 NII at €65 mn (+21% yoy)

Net Interest Income and NIM - Greece

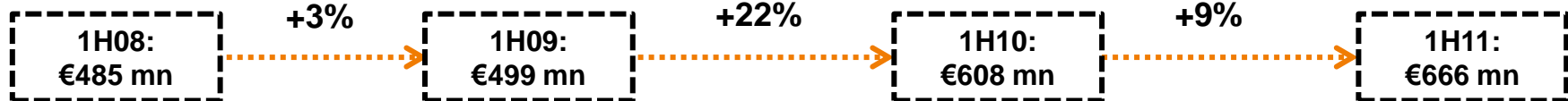
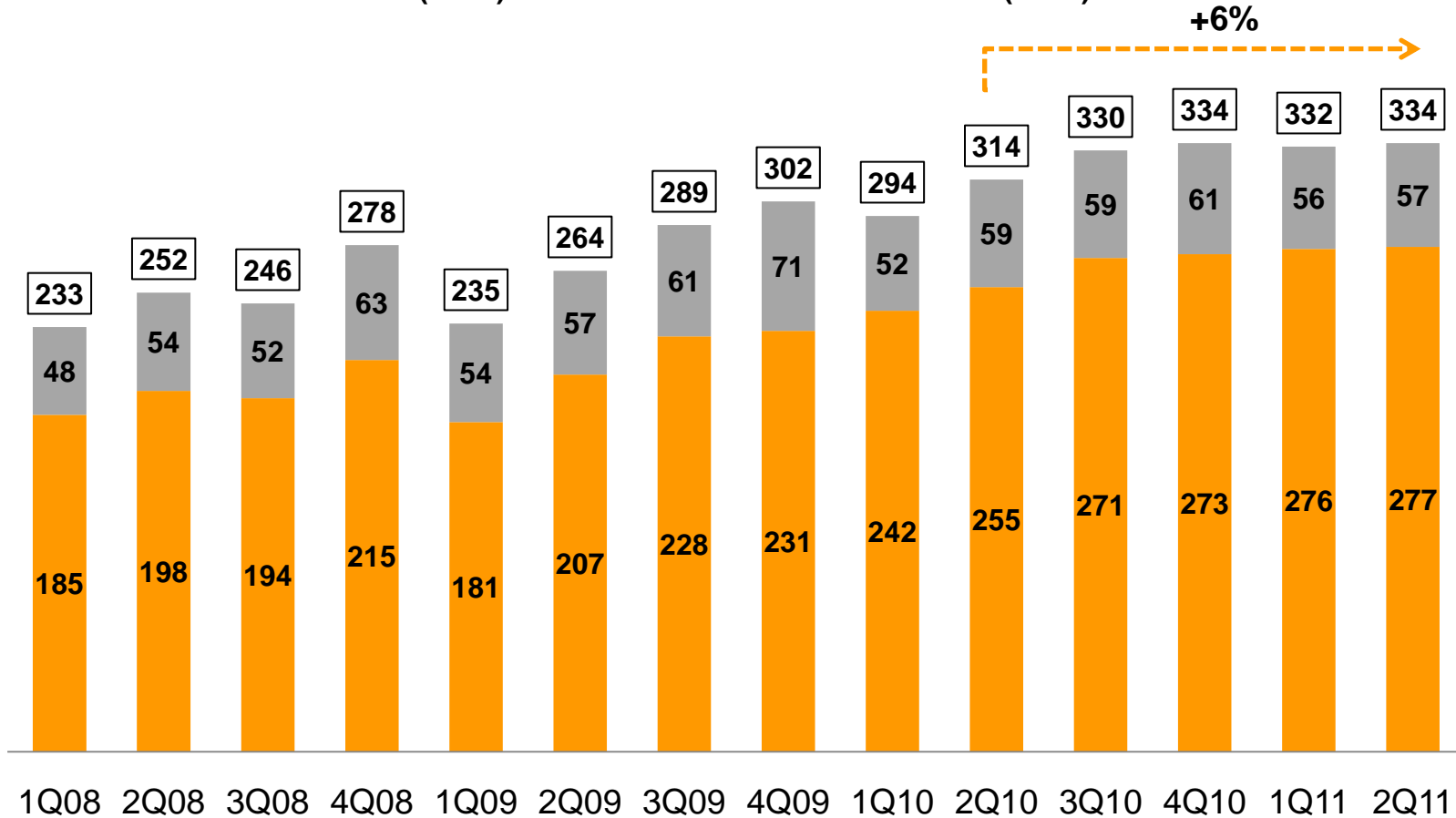


Net Interest Income and NIM - Russia



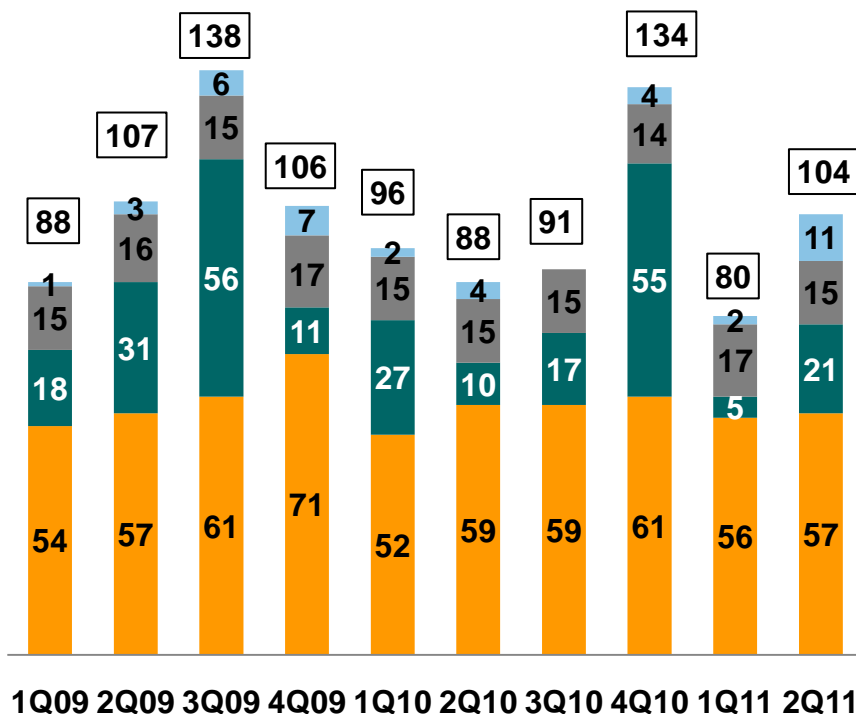
# Increasing recurring income

■ Net interest income (€ mn)    ■ Fee and commission income (€ mn)



# Analysis of Non interest income

- Fee and commission income
- FX income and Net gains from financial instruments
- Insurance income
- Other income

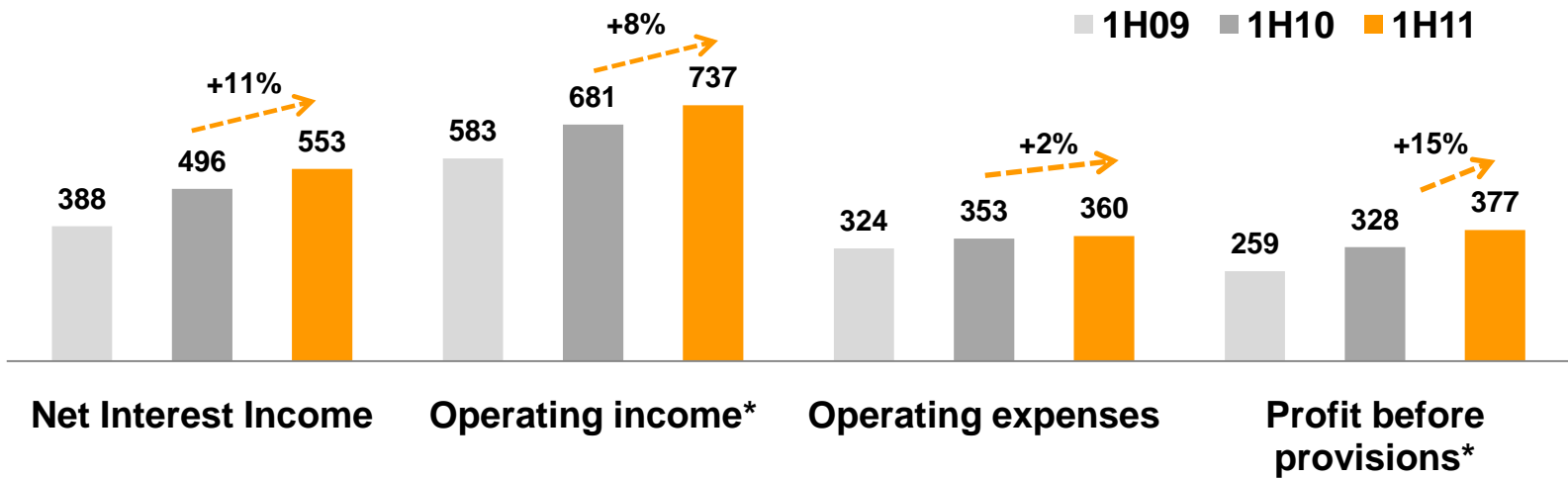


- Fee and commission income flat
- FX income lower in 1H11 (€6 mn in 1H11, compared to €18 mn in 1H10)
- Gains from financial instruments flat compared to 1H11 (€20 mn in 1H11 and €19 mn in H10)



# Increased Pre-provision Profitability and High Efficiency

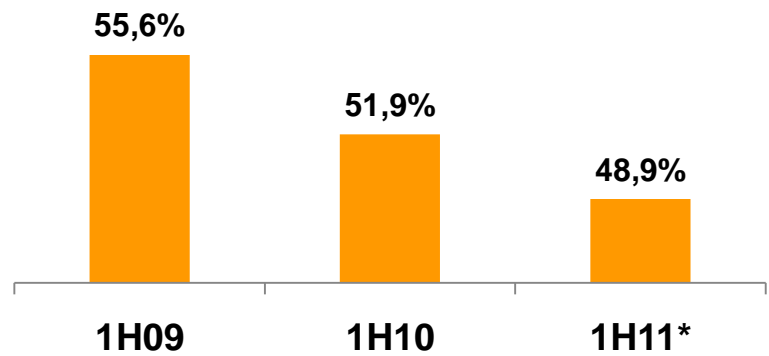
## Profit & Loss highlights (€ mn)



- Higher recurring income and contained cost growth lead to increased pre-provision profitability

- 1H11 Pre-provision income at €377 mn\* (+15% yoy)
- 1H11 Cost-to-income ratio at 48,9%\* compared to 51,9% in 1H10

## Cost to Income ratio (%)

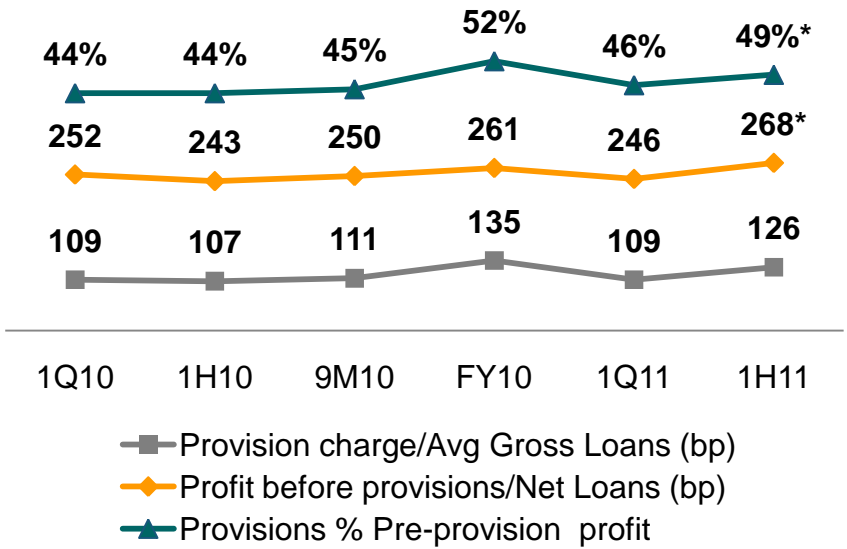


\* Excluding the impact from the impairment of GGBs

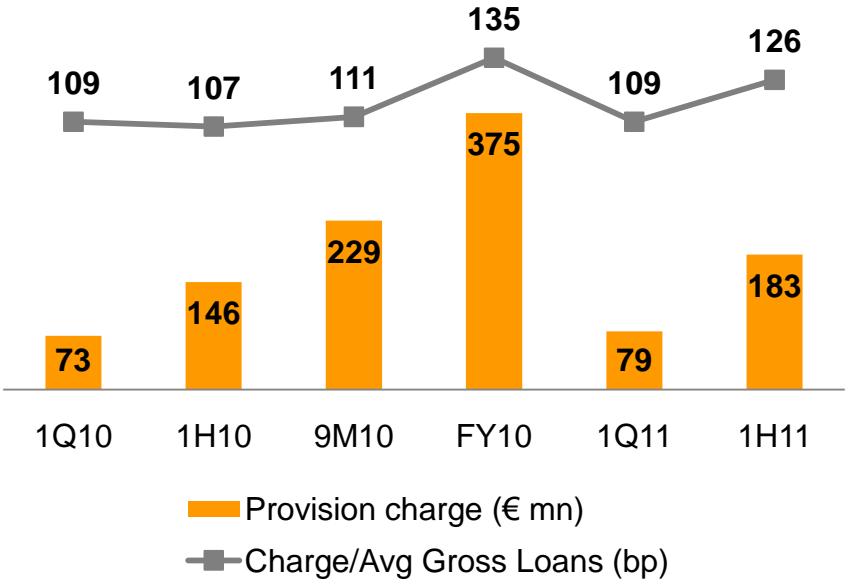


# High Ability to Manage Through Credit Cycle Due to Increased Pre-provision Profit Margin

Pre-provision profit margin



Provision charge

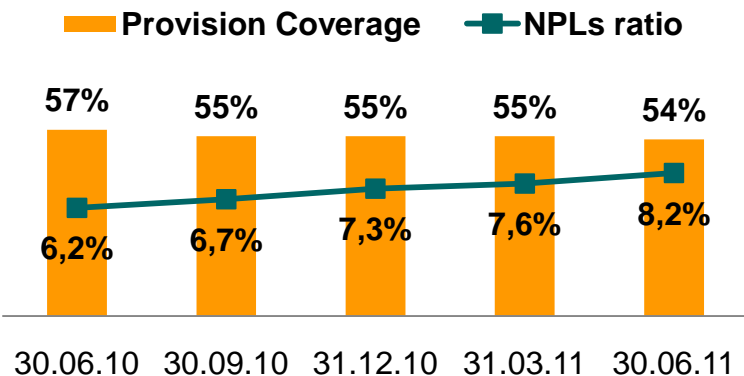


- Capacity to absorb provisions remains high
- Pre-provision profit margin at 268 basis points\* or 2,1 times higher than provision charge for 1H11

- Credit costs remain high due to challenging credit conditions
  - 1H11 provision charge of €183 mn (+26% yoy)
  - 1H11 credit costs 126 basis points compared to 107 basis points in 1H10

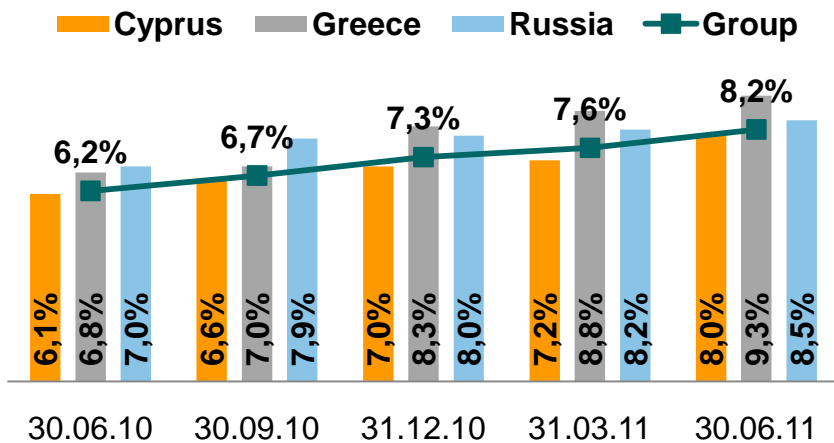
# Adequate loan quality

## Group NPLs ratio and Provision coverage

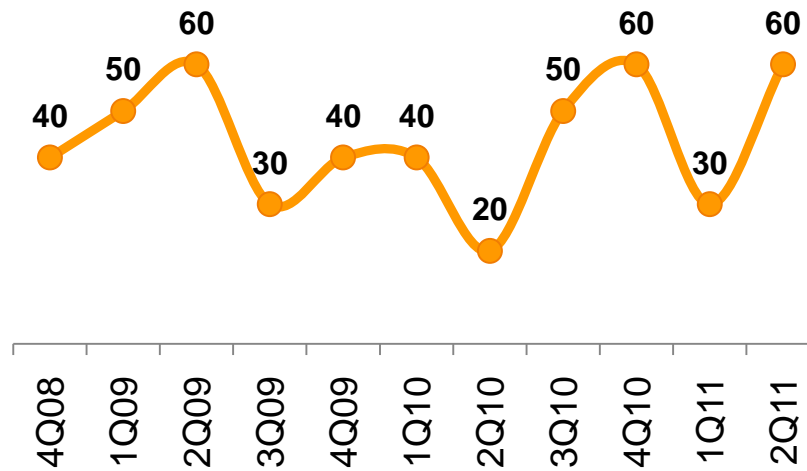


- Adequate loan quality
  - Group NPLs ratio at 8,2%, up by 60 basis points in 2Q11
- Adequate provision coverage at 54%
- NPLs coverage increases to 116% taking into account tangible collateral

## NPLs ratio in main markets



## Quarterly increase of NPLs ratio (bps)

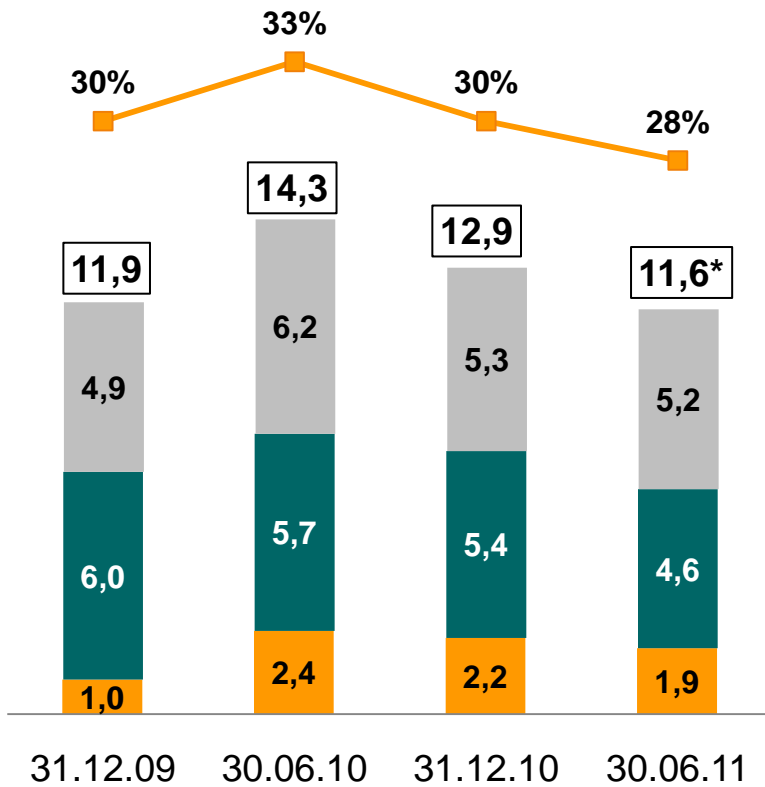


# Balance Sheet Overview

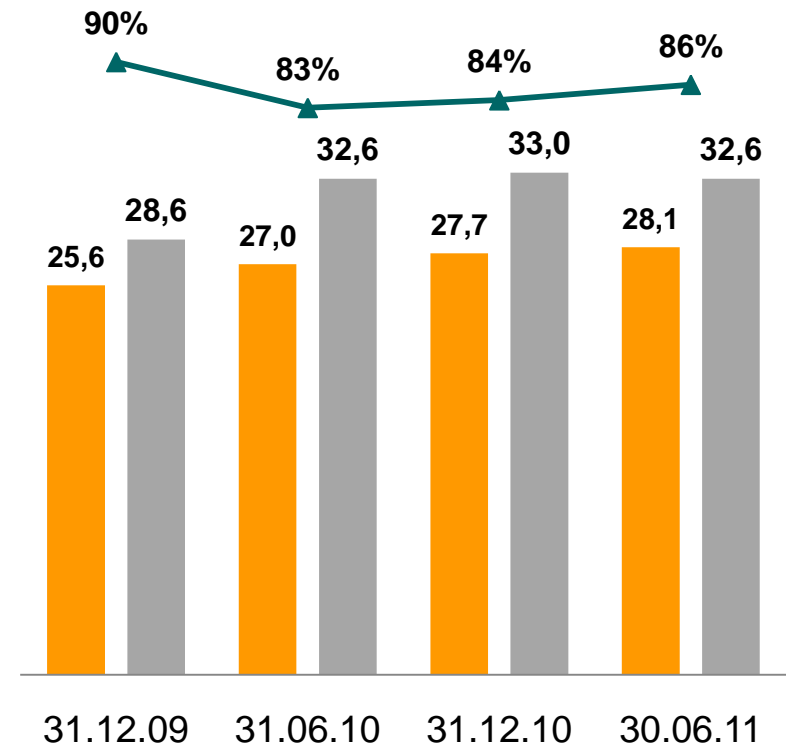
€ mn	% yoy	30.06.11	30.06.10	31.12.10
Cash and balances with central banks	-18%	1.909	2.337	2.242
Placements with banks and reverse repurchase agreements	-20%	4.605	5.788	5.385
Debt securities, Treasury bills and equity investments	-18%	5.115	6.201	5.346
Net loans and advances to customers	+4%	28.135	26.968	27.725
Other assets	+4%	1.986	1.903	1.940
<b>Total assets</b>	<b>-3%</b>	<b>41.750</b>	<b>43.197</b>	<b>42.638</b>
Amounts due to banks and repurchase agreements	-33%	3.918	5.861	4.620
Customer deposits	+0%	32.643	32.554	32.953
Debt securities in issue	-1%	88	89	84
Other liabilities	+1%	1.297	1.282	1.222
Subordinated loan stock	-88%	116	946	931
Non-controlling interests	-1%	91	92	91
<b>Shareholders' equity</b>	<b>+52%</b>	<b>3.597 *</b>	<b>2.373</b>	<b>2.737</b>

# Solid Balance Sheet Structure: Healthy Liquidity and Balanced Business Expansion

Liquid Assets \* (€ bn)



Balanced business expansion

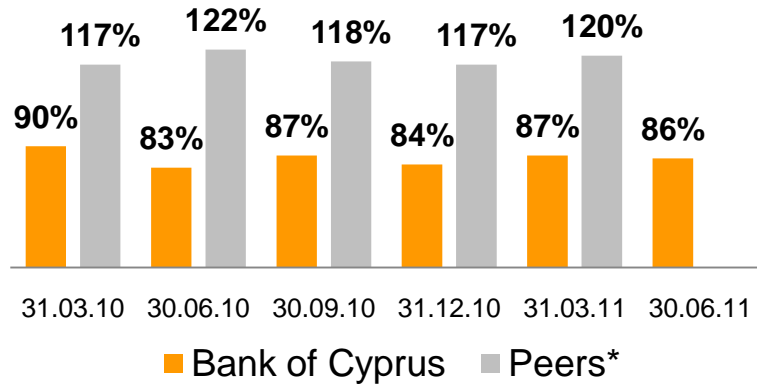


- Cash/Central Bank
- Bank Placements
- Debt Securities, T-Bills
- Liquid Assets % Total Assets

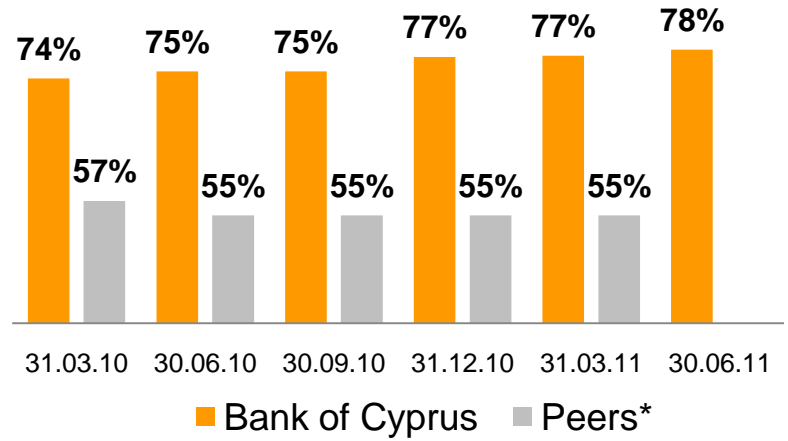
- Net Loans (€ bn)
- Customer Deposits (€ bn)
- ▲— Net Loans % Customer Deposits

# Solid Funding Structure: Strong Deposit Franchise and Limited Dependence on Wholesale Funding

Net Loans % Customer deposits

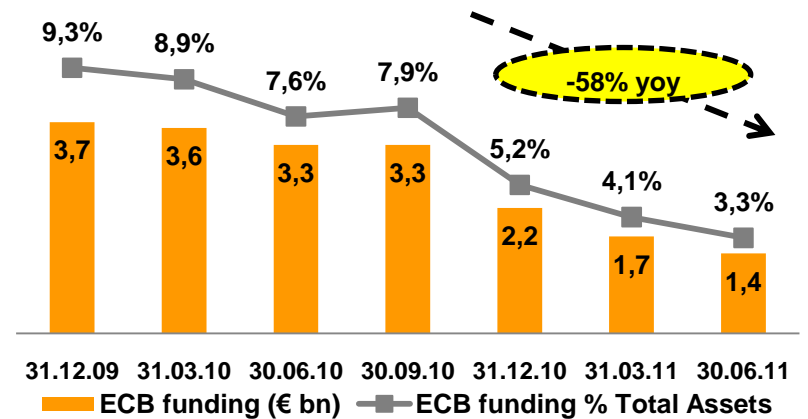


Customer deposits % Total Assets



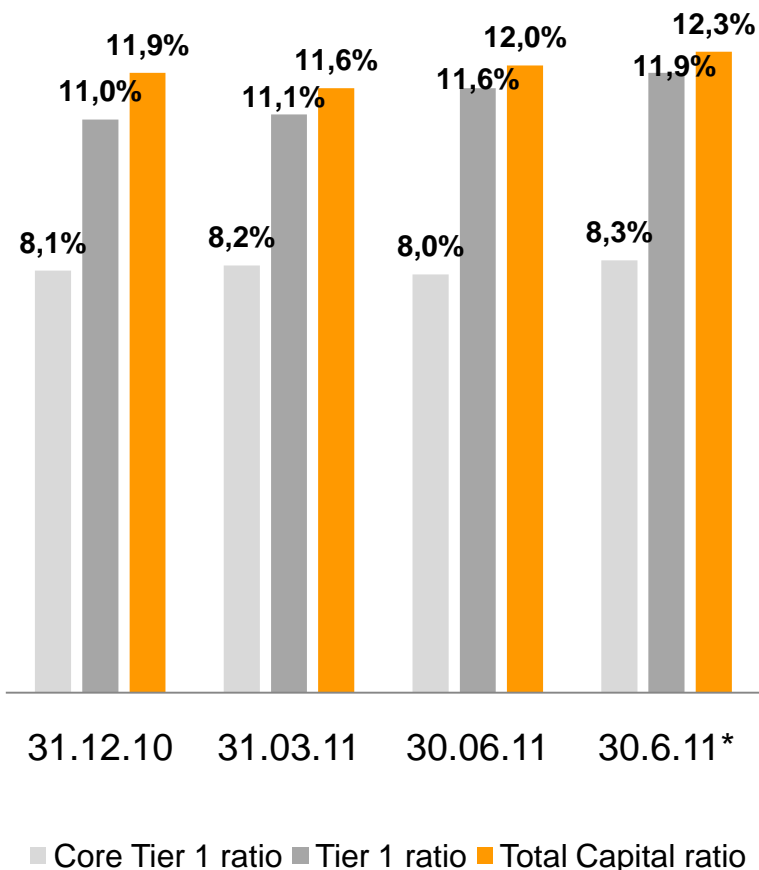
- **Healthy liquidity; one of the best loans/deposits ratios in Europe at 86%**
  - Cyprus L/D ratio 68%, Greece L/D ratio 111%
- **Primarily deposit funded: 78% of assets funded by customer deposits**
- **Limited reliance on wholesale funding and minimal repayments: €200 mn repaid in May 2011 and only €23 mn due in 2012 (first call date) and €85 mn due in 2013**
- **ECB funding reduced by 58% yoy**
- **Completion of issue of €700mn covered bond, a second issue of covered bonds in the short term**

ECB Funding



# Healthy capital position

## Capital adequacy ratios

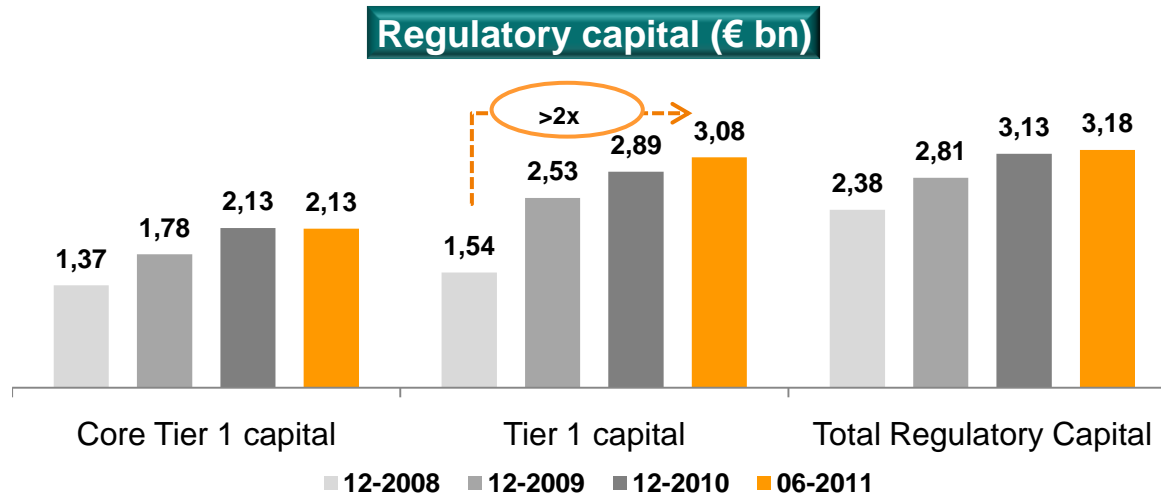


- Capital position strengthened with issue of Convertible Enhanced Capital Securities of €890 mn completed in May 2011
  - 11,6% Tier-1 ratio
  - 12,0% Total Capital ratio
- Upon the completion of GGBs exchange, the Core Tier 1 capital ratio is estimated to increase to 8,3% and the Tier 1 capital ratio to 11,9%
- Successfully passed the European Banking Authority (EBA) stress test
  - Ranked 24<sup>th</sup> out of 90 banks in adverse scenario with mitigating factors already completed

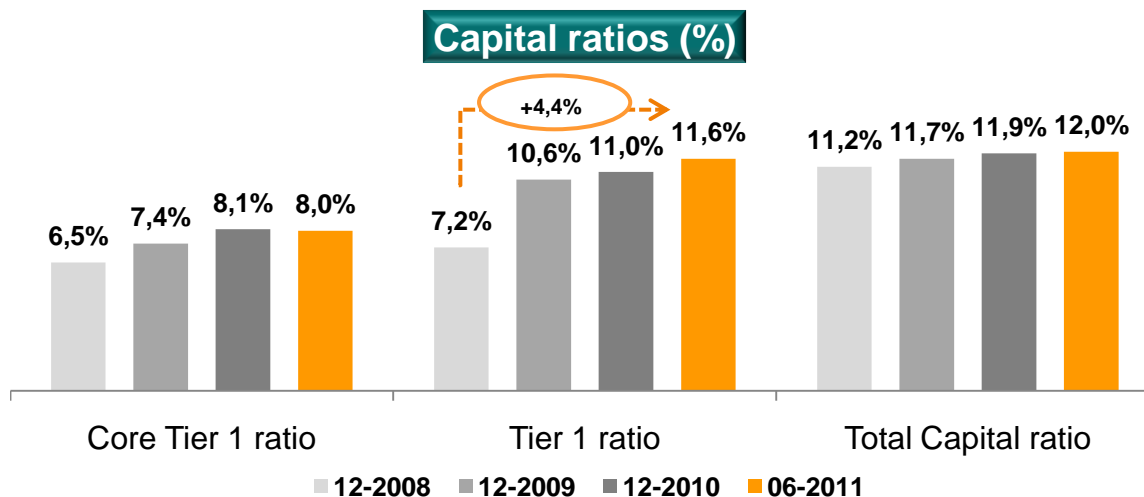
(€ mn)	31.12.10	31.03.11	30.06.11
Shareholder's equity	2.737	2.841	3.597
Core Tier I capital	2.134	2.160	2.127
Hybrid capital (Tier I)	752	765	954
Tier I capital	2.886	2.925	3.081
Tier II capital	243	126	97
Total regulatory capital	3.129	3.051	3.178
Risk weighted assets	26.277	26.388	26.493

# Evolution of capital position

- Regulatory Tier 1 capital has more than doubled since Dec-08 (€3,08 bn vs €1,54 bn)



- Tier 1 capital ratio increased by 440 basis points since Dec-08 to 11,6%



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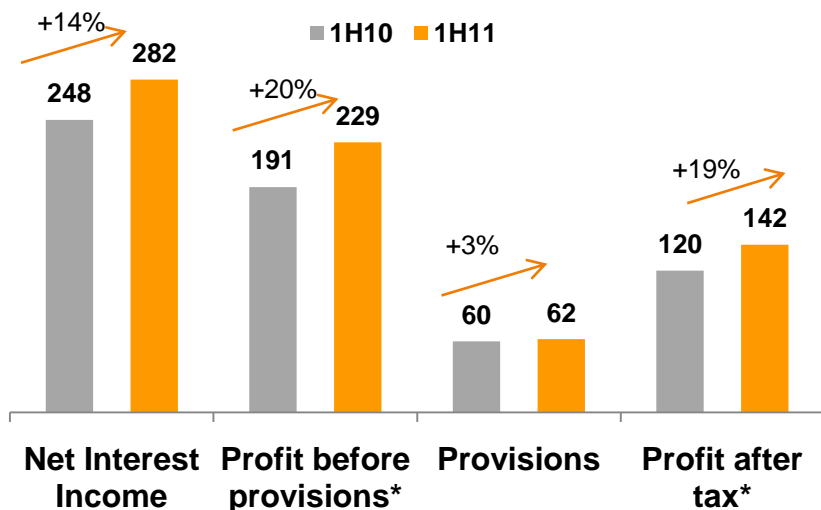
**Appendices**

# Performance by Geographic Market

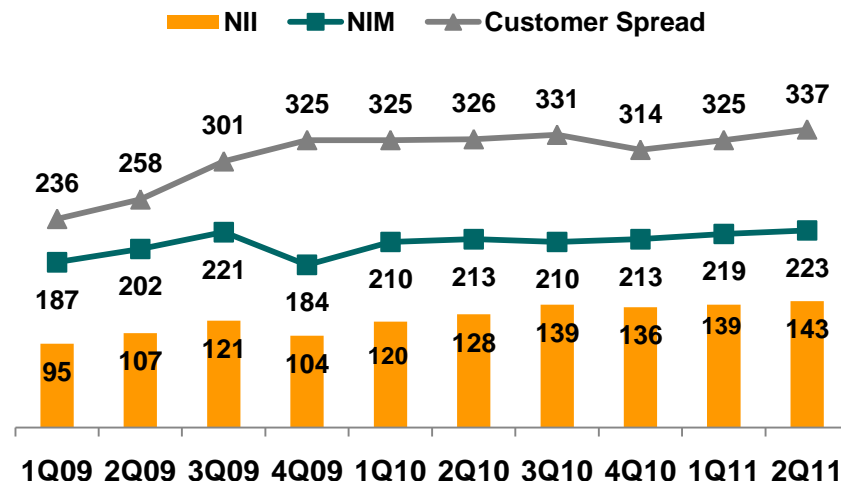


# Resilient Cypriot operations

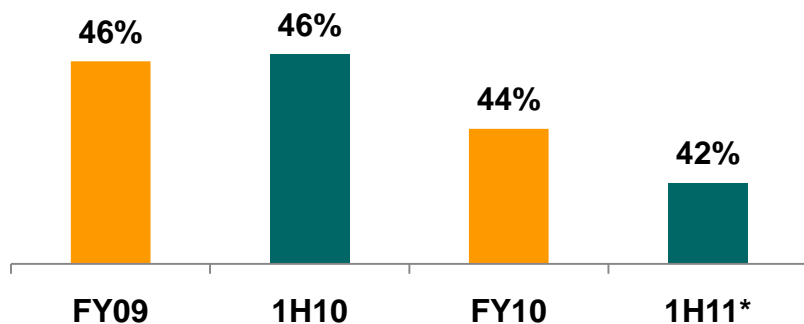
Profit & Loss Highlights (€ mn)



Cyprus NII (€ mn), NIM and Spread (bp)



Cost to Income ratio (%)



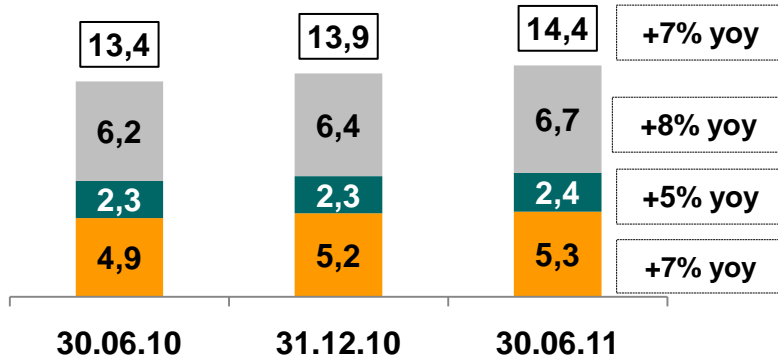
1H11 Cyprus profitability affected by:

- Strong increase of net interest income (+14% yoy)
- Higher NIM (1H11: 2,21% vs 1H10: 2,11%)
- +20% yoy increase in Profit before Provisions\*
- Profit after tax at €142mn\* (+19% yoy)

# Leading financial institution in Cyprus with an unrivalled deposit franchise

## Gross Loans (€bn)

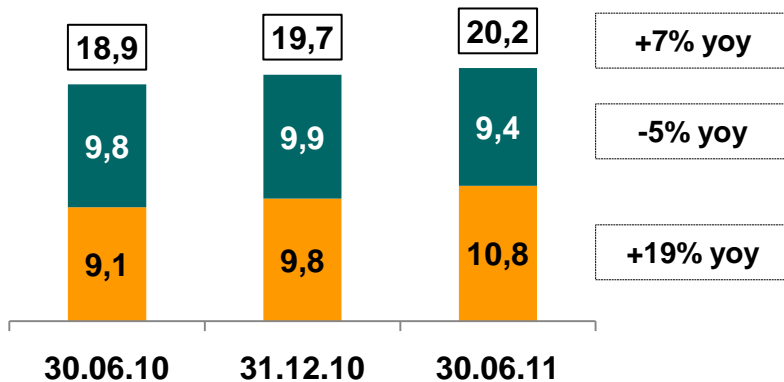
■ Retail ■ SMEs ■ Corporate



- A strong deposit franchise benefiting from a flight to quality
- A leading deposit market share of 31,5% (equal to the combined share of 2<sup>nd</sup> and 3<sup>rd</sup> largest banks); a 3,4% percentage points expansion of market share since December 2009
- Loan and deposit increase of 7% yoy

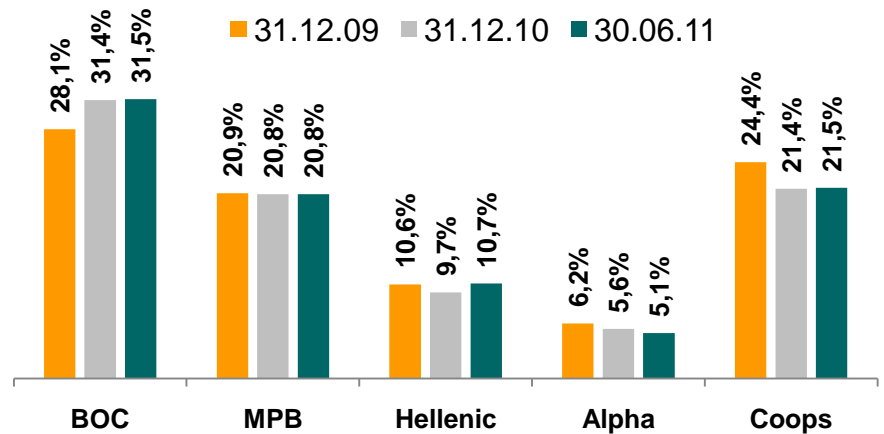
## Deposits (€bn)

■ Non-IBUs ■ IBUs



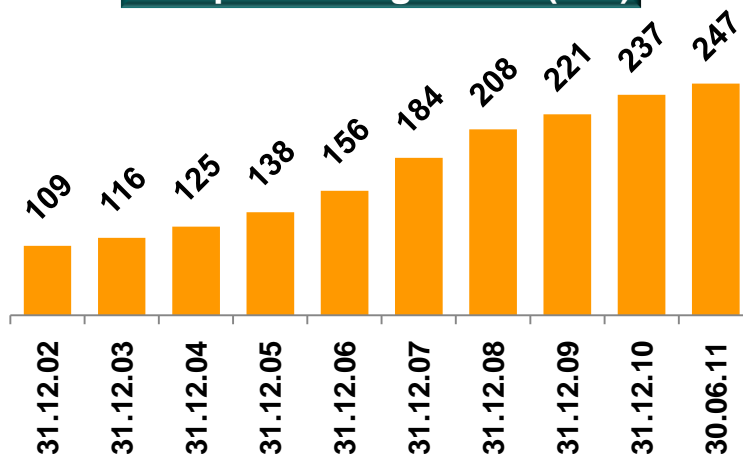
## Deposit market share (%)

■ 31.12.09 ■ 31.12.10 ■ 30.06.11



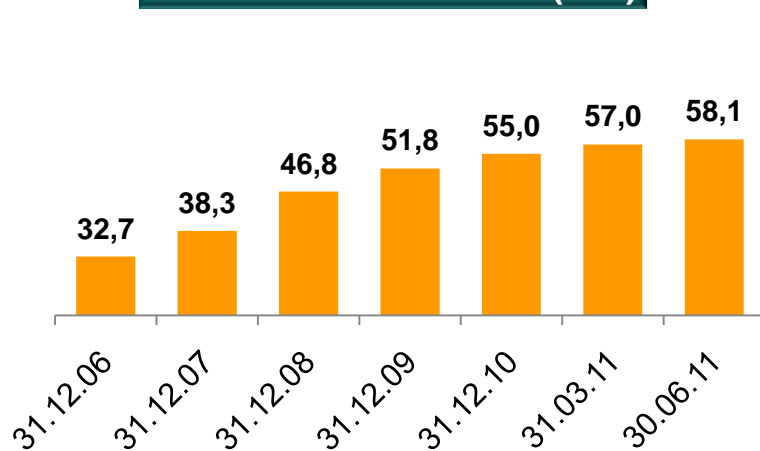
# Market leader in International Business Sector

## Companies Registered (000)



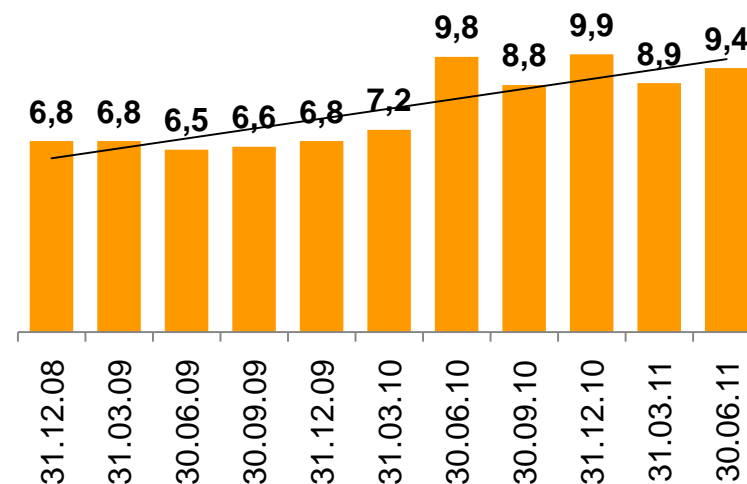
Source: Cyprus Registrar of Companies

## Active IBU Customers (000)



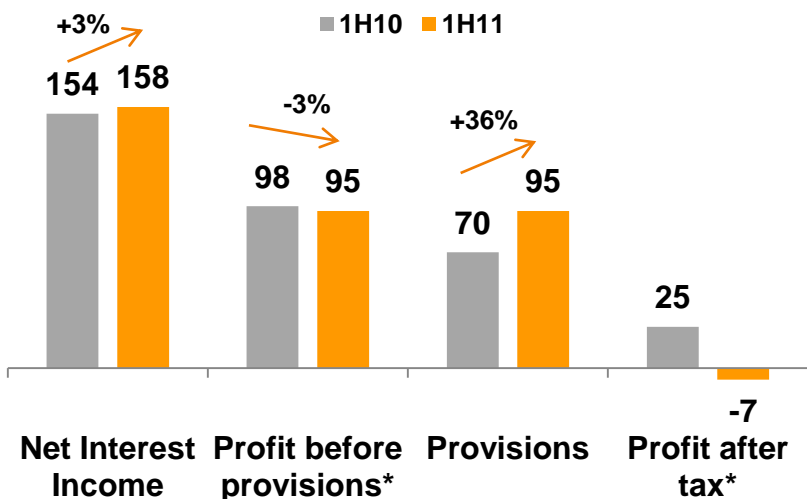
- Leading IBU position provides a growing clientele and an expanding deposit base
- 42% leading market share in foreign currency deposits
- Presence in Eastern Europe to boost further the IBU sector
- Sector continues to expand; Registered companies in Cyprus increased by 4% during first six months of 2011

## IBU Deposits (€ bn)

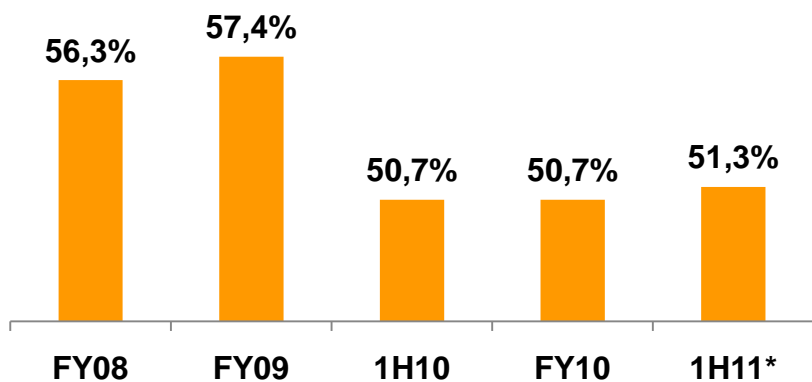


# Facing a challenging market

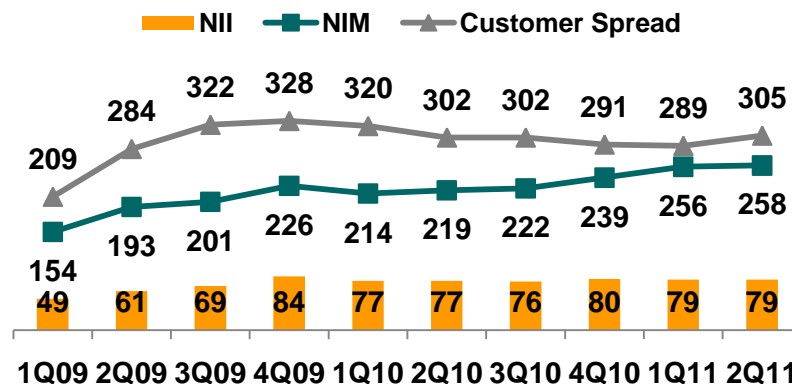
## Profit & Loss Highlights (€mn)



## Cost to Income ratio (%)



## Greece NII (€mn), NIM and Spread (bp)



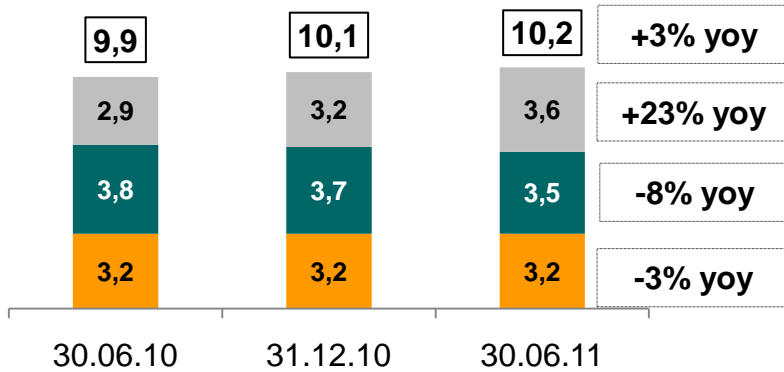
1H11 Greece profitability affected by:

- Increase in net interest income (+3% yoy)
- Higher NIM (1H11: 2,57% vs 1H10: 2,17%; +40 bps)
- Higher provisions (+36%)

# Managing portfolio through difficult economic conditions

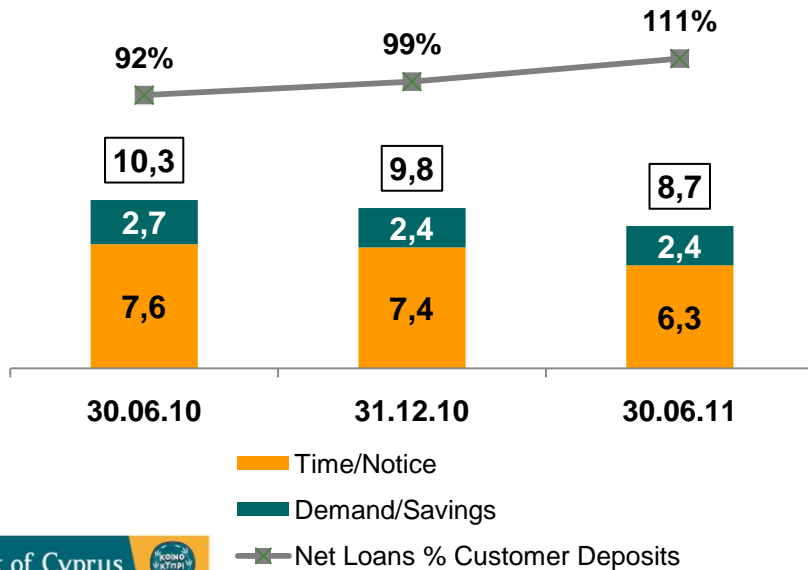
## Gross Loans (€ bn)

■ Retail ■ SMEs ■ Corporate

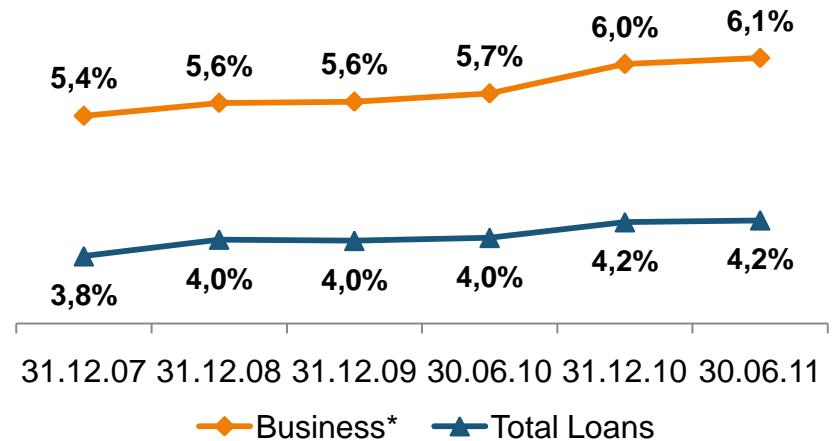


- Loans to deposits ratio 111%
- Selective increase in Corporate loans, (+23% yoy), reduction in SMEs and Retail
- Loans market share at 4,2% at end of June 2011

## Deposits (€bn) and L/D ratio (%)



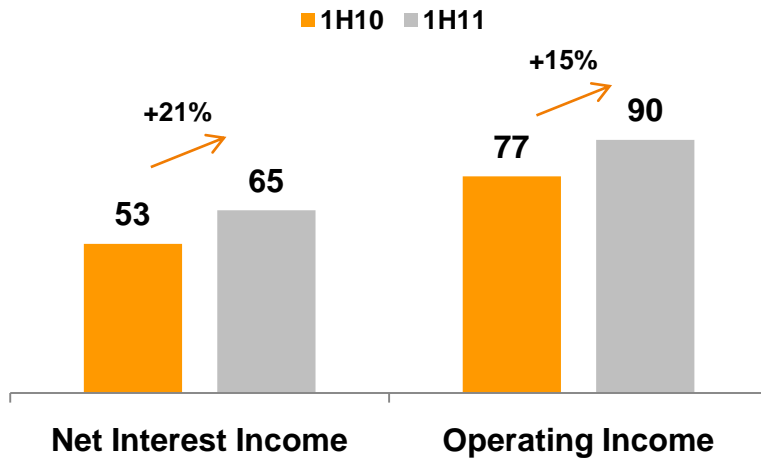
## Evolution of market shares



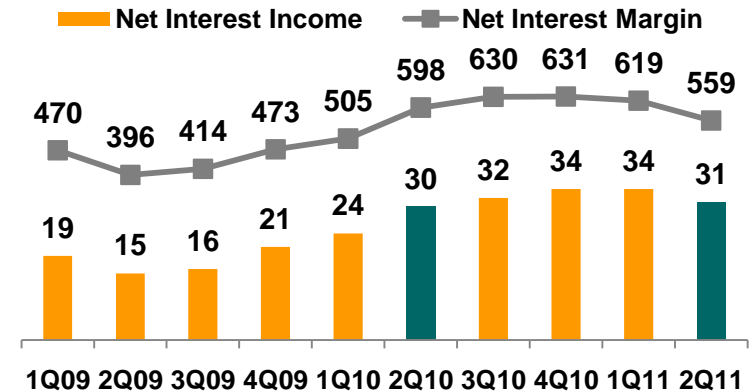
\*Business Loans include Corporate and SME loans

# Performance to benefit from business expansion

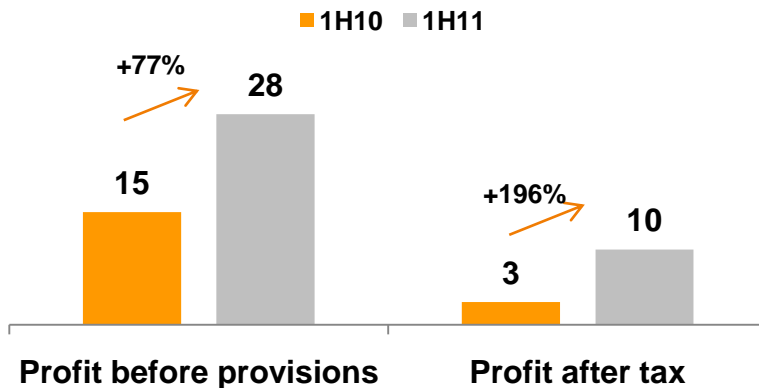
## Profit and Loss Highlights (€ mn)



## Russia NII (€ mn) & NIM (bp)



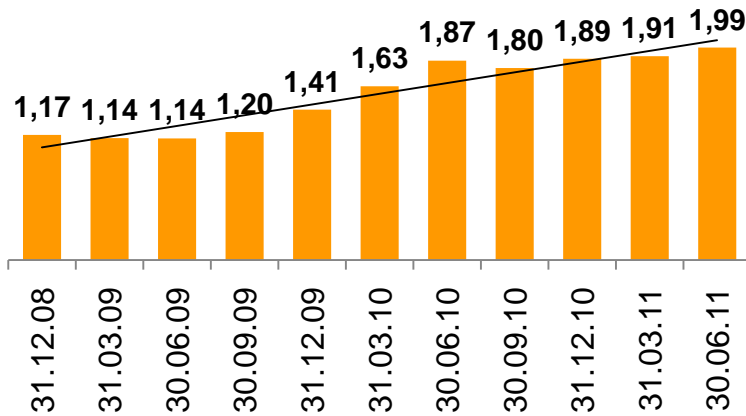
## Improved bottom-line profitability (€ mn)



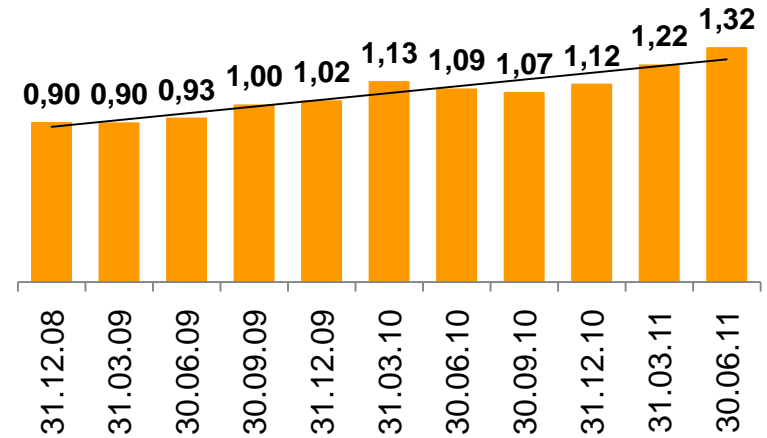
- Continuous improvement in Net Interest Income – 1H11 NII +21% yoy
- NIM 1H11 at 588 basis points an increase of 35 basis points versus 1H10
- Higher income along with cost containment, leading to higher bottom-line profitability
  - Profit before provisions +77% to €28 mn
  - Profit after tax €10 mn compared to €3 mn in 1H10

# Continuing business expansion

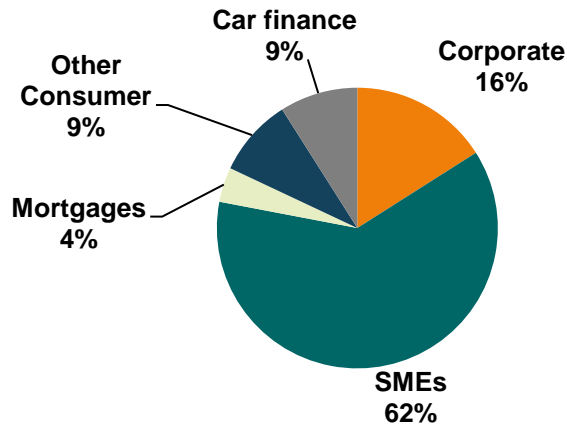
Gross Loans (€ bn)



Customer Deposits (€ bn)



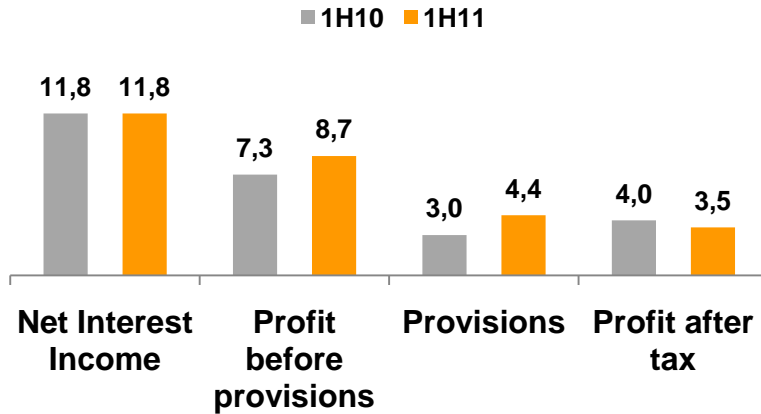
Loan diversification



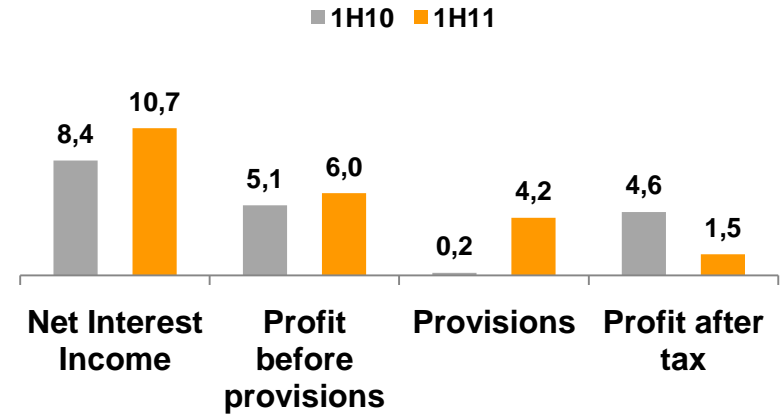
- Business expansion continued in 1H11
- Strong increase in deposits (+21% yoy, +28% yoy in local currency)
- Increase in loans (+6% yoy, +12% yoy in local currency)

# Resilient EE operations

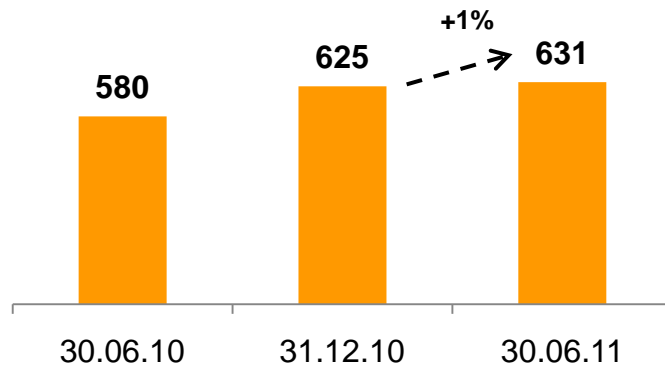
**Profit and Loss Highlights Romania (€ mn)**



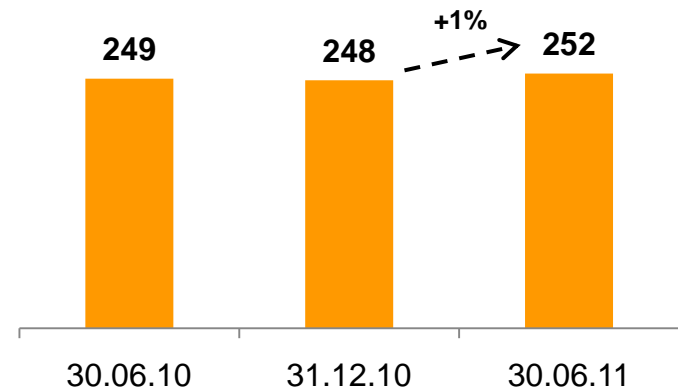
**Profit and Loss Highlights Ukraine (€ mn)**



**Romania Loans (€ mn)**



**Ukraine loans (€ mn)**





**Financial Results 1Q 2011 – Highlights**

**Income Statement and Balance Sheet Review**

**Performance by Geographic Market**

**Strategic Priorities and 2011 Target**

**Appendices**

# **Strategic priorities and 2011 Target**

# Strategic priorities for 2011

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## Balance sheet strength

**Safeguard healthy liquidity**

**Maintain strong capital adequacy**

**Achieve satisfactory profitability**

**Manage risks effectively**

## 2011 Target

**The Group expects to achieve significant net profitability, including the impact from the implementation of the GGB exchange plan, based on the current terms of the plan**

# Key information and contact details

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## **Credit Ratings:**

Fitch: BBB- / F-2 / bb

Moody's : Ba1 / NP / D-

## **Listing:**

ATHEX – BOC

CSE – BOCY

ISIN CY0000100111

## **Participation in indices:**

CSE General Index , FTSE/CySE 20

FTSE/ATHEX Top 20

FTSE Med 100, MSCI Greece Index,

FTSE New EU

DJ STOXX EU Enlarged TMI

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[www.bankofcyprus.com](http://www.bankofcyprus.com)

**Financial Results 1Q 2011 – Highlights**

**Income Statement and Balance Sheet Review**

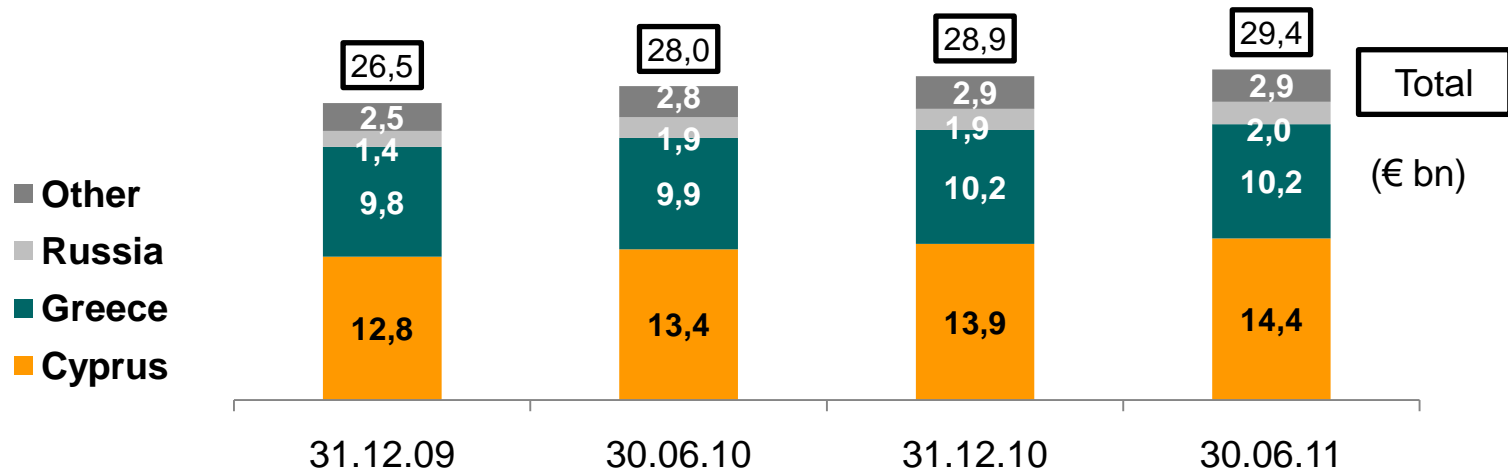
**Performance by Geographic Market**

**Strategic Priorities and 2011 Target**

**Appendices**

# Appendices

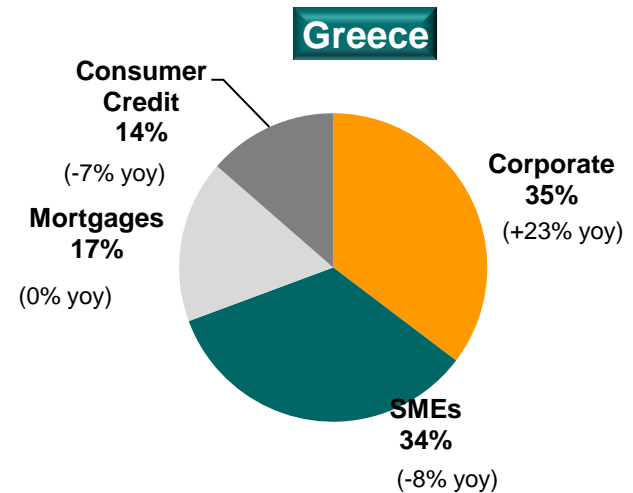
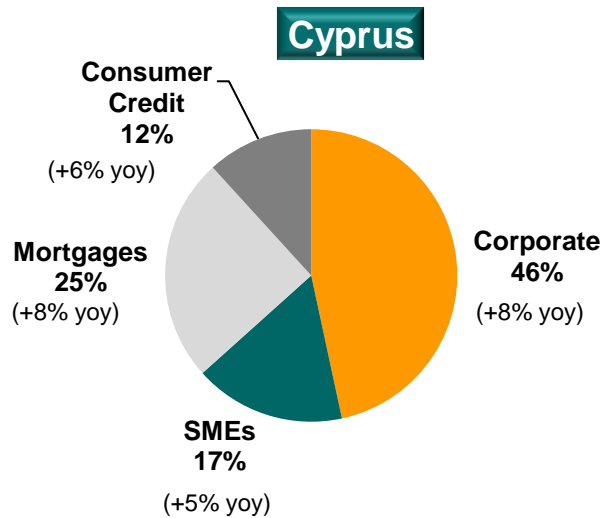
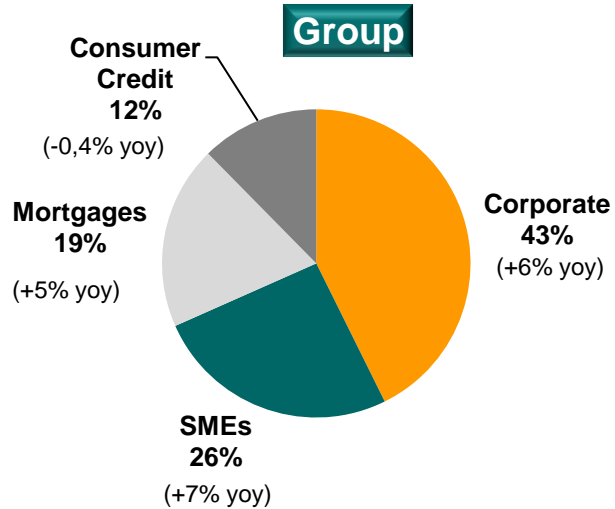
# Gross Loans by Geography



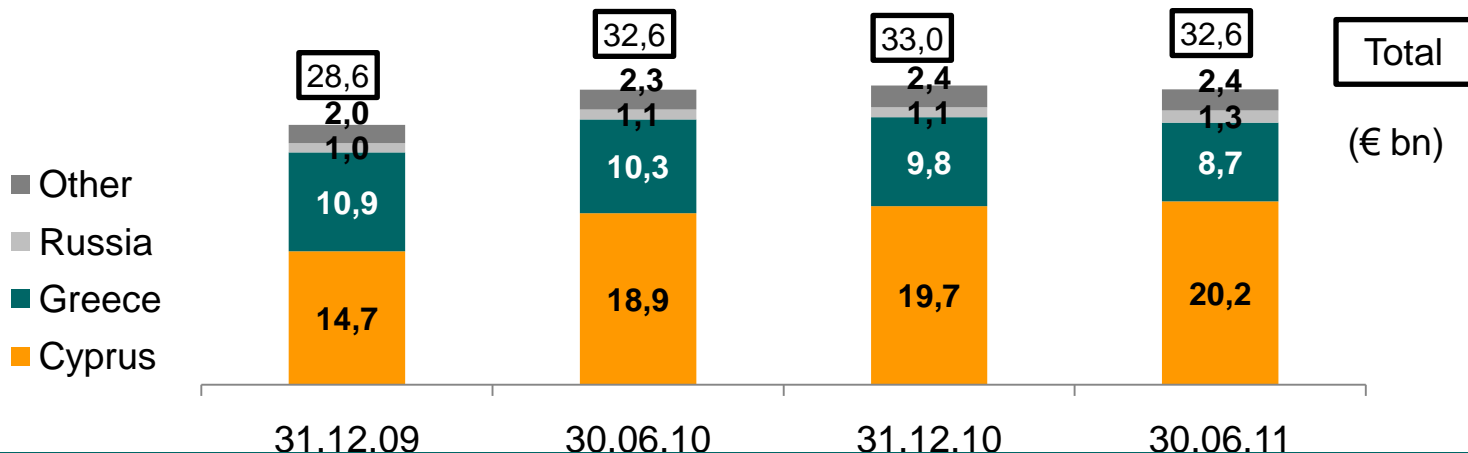
	30.06.10 (Eur mn)	As % of total	30.06.11 (Eur mn)	As % of total	YoY (%)	Market Share (%)
<b>Cyprus</b>	<b>13.413</b>	<b>48%</b>	<b>14.392</b>	<b>49%</b>	<b>+7%</b>	<b>28,5%</b>
<b>Greece</b>	<b>9.905</b>	<b>35%</b>	<b>10.166</b>	<b>35%</b>	<b>+3%</b>	<b>4,2%</b>
<b>Russia</b>	<b>1.874</b>	<b>7%</b>	<b>1.991</b>	<b>7%</b>	<b>+6%</b>	
<b>Other Countries</b>	<b>2.761</b>	<b>10%</b>	<b>2.892</b>	<b>9%</b>	<b>+5%</b>	
<b>TOTAL</b>	<b>27.953</b>		<b>29.441</b>		<b>+5%</b>	
United Kingdom	1.153		997		-14%	
Australia	779		1.011		+30%	
Romania	580		631		+9%	
Ukraine	249		252		+1%	

Other countries: Australia, Romania, Ukraine and United Kingdom

# Gross Loans Segmental Diversification



# Customer Deposits by Geography



	30.06.10 (Eur mn)	As % of total	30.06.11 (Eur mn)	As % of total	YoY (%)	Market Share (%)
<b>Cyprus</b>	18.938	58%	20.213	62%	+7%	31,5%
<b>Greece</b>	10.335	32%	8.713	27%	-16%	4,1%
<b>Russia</b>	1.088	3%	1.322	4%	+21%	
<b>Other Countries</b>	2.193	7%	2.395	7%	+9%	
<b>TOTAL</b>	32.554		32.643		+0%	
<b>United Kingdom</b>	1.376		1.183		-14%	
<b>Australia</b>	631		998		+58%	
<b>Romania</b>	139		174		+26%	
<b>Ukraine</b>	47		41		-13%	

Other countries: Australia, Romania, Ukraine and United Kingdom

# Cyprus: Summary profit & loss and key indicators

Excluding the impact from the impairment of GGBs in 2Q11

(€ mn)	1H11	1H10	y/y %	2Q11	q/q %
Net interest income	282	248	+14%	143	+3%
Net fee & commission income	64	61	+5%	31	-7%
Foreign exchange income and gains from financial instruments	20	19	+3%	19	
Insurance income net of insurance claims	26	25	+5%	12	-15%
Other income	4	2	+74%	3	+139%
<b>Total income</b>	<b>396</b>	<b>355</b>	<b>+12%</b>	<b>208</b>	<b>+10%</b>
Personnel expenses	110	111	-1%	50	-16%
Other operating expenses	57	53	+7%	31	+17%
<b>Total expenses</b>	<b>167</b>	<b>164</b>	<b>+2%</b>	<b>81</b>	<b>-6%</b>
Profit before provisions	229	191	+20%	127	+24%
Provisions	62	60	+3%	33	+14%
Share of (loss)/profit of associate	--	-2	-74%	-1	
Profit before tax	167	129	+29%	93	+27%
Taxation	26	14	+78%	12	-9%
Non-controlling interest loss/(gain)	1	5	-69%	2	
<b>Profit after tax</b>	<b>142</b>	<b>120</b>	<b>+19%</b>	<b>83</b>	<b>+37%</b>
Net Interest Margin (NIM)	2,21%	2,11%	+10 b.p.	2,23%	+4 b.p.
Return on Equity (ROE)	23,7%	21,8%	+1,9 p.p.		
Cost/Income Ratio	42,2%	46,2%	-4,0 p.p.	39,1%	-6,5 p.p.



# Greece: Summary profit & loss and key indicators

Excluding the impact from the impairment of GGBs in 2Q11

(€ mn)	1H11	1H10	y/y %	2Q11	q/q %
Net interest income	158	154	+3%	79	+0%
Net fee & commission income	25	26	-3%	14	+17%
Foreign exchange income and gains from financial instruments	3	13	-77%	0	-81%
Insurance income net of insurance claims	6	5	+10%	3	+6%
Other income	4	1	+161%	3	+245%
<b>Total income</b>	<b>196</b>	<b>199</b>	<b>-2%</b>	<b>99</b>	<b>+2%</b>
Personnel expenses	59	59	0%	29	-1%
Other operating expenses	42	42	-1%	20	-13%
<b>Total expenses</b>	<b>101</b>	<b>101</b>	<b>-1%</b>	<b>49</b>	<b>-6%</b>
Profit before provisions	95	98	-3%	50	+11%
Provisions	95	70	+36%	57	+48%
Share of profit/(loss) of associate	--	--	--	--	--
Profit before tax	0	28	-100%	-7	-199%
Taxation	7	3	+129%	1	-77%
Non-controlling interest loss/(gain)	--	--	--	--	--
<b>Profit after tax</b>	<b>-7</b>	<b>25</b>	<b>-128%</b>	<b>-8</b>	<b>-813%</b>
Net Interest Margin (NIM)	2,57%	2,17%	+40 b.p.	2,58%	+2 b.p.
Return on Equity (ROE)	-2%	7,5%	-9,5 p.p.		
Cost/Income Ratio	51,3%	50,7%	+0,6 p.p.	49,2%	-4,2 p.p.

# Russia: Summary profit & loss and key indicators

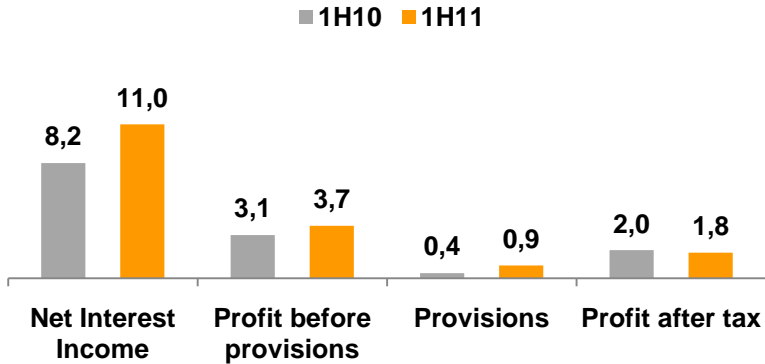
(€ mn)	1H11	1H10	y/y %	2Q11	q/q %
Net interest income	65	53	+21%	31	-7%
Net fee & commission income	17	19	-12%	9	+13%
Foreign exchange income and gains from financial instruments	3	4	-21%	2	+41%
Insurance income net of insurance claims	--	--	--	--	--
Other income	5	1	+340%	4	+754%
<b>Total income</b>	<b>90</b>	<b>77</b>	<b>+15%</b>	<b>46</b>	<b>+7%</b>
Personnel expenses	33	33	+1%	16	-8%
Other operating expenses	29	29	-2%	15	+4%
<b>Total expenses</b>	<b>62</b>	<b>62</b>	<b>+0%</b>	<b>31</b>	<b>-2%</b>
Profit before provisions	28	15	+77%	16	+32%
Provisions	15	9	+54%	8	+30%
Share of profit/(loss) of associate	--	--	--	--	--
Profit before tax	13	6	+114%	7	+33%
Taxation	2	3	-24%	1	+59%
Non-controlling interest loss/(gain)	-1	--	--	-1	--
<b>Profit after tax</b>	<b>10</b>	<b>3</b>	<b>+196%</b>	<b>5</b>	<b>+26%</b>
Net Interest Margin (NIM)	5,88%	5,53%	+35 b.p.	5,59%	-60 b.p.
Return on Equity (ROE)	10,8%	3,7%	+7,1 p.p.		
Cost/Income Ratio	69,2%	80,0%	-10,8 p.p.	66,2%	-6,3 p.p.

## Other countries: Summary profit & loss and key indicators

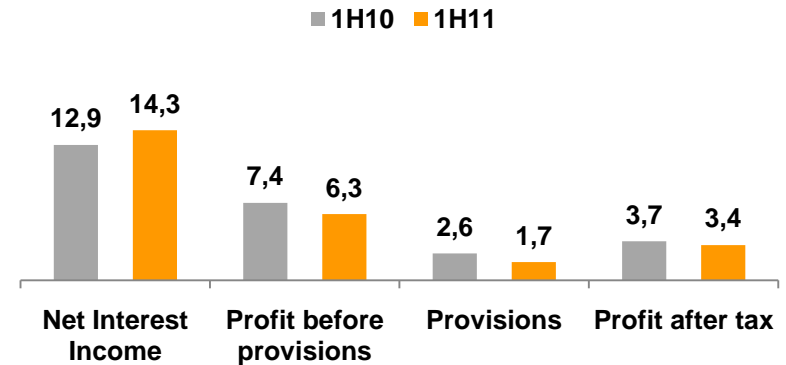
(€ mn)	1H11	1H10	y/y %	2Q11	q/q %
Net interest income	48	41	+16%	24	-2%
Net fee & commission income	6	6	+10%	3	-9%
Foreign exchange income and gains from financial instruments	0	1	-88%	0	-163%
Insurance income net of insurance claims	--	--	--	--	--
Other income	1	1	+31%	1	--
<b>Total income</b>	<b>55</b>	<b>49</b>	<b>+14%</b>	<b>28</b>	<b>0%</b>
Personnel expenses	17	14	+20%	8	-3%
Other operating expenses	14	12	+19%	8	+5%
<b>Total expenses</b>	<b>31</b>	<b>26</b>	<b>+19%</b>	<b>16</b>	<b>+1%</b>
Profit before provisions	24	23	+8%	12	-1%
Provisions	11	6	+85%	6	+25%
Share of (loss)/profit of associate	--	--	--	--	--
<b>Profit before tax</b>	<b>13</b>	<b>17</b>	<b>-20%</b>	<b>6</b>	<b>-19%</b>
Taxation	3	3	+34%	2	-7%
Non-controlling interest loss/(gain)	0	0	--	--	--
<b>Profit after tax</b>	<b>10</b>	<b>14</b>	<b>-29%</b>	<b>4</b>	<b>-22%</b>
Net Interest Margin (NIM)	2,60%	2,52%	+8 b.p.	2,58%	-5 b.p.
Return on Equity (ROE)	10,7%	16,0%	-5,3 p.p.		
Cost/Income Ratio	55,4%	52,9%	+2,5 p.p.	55,7%	+5 b.p.

# Operations in Australia and United Kingdom

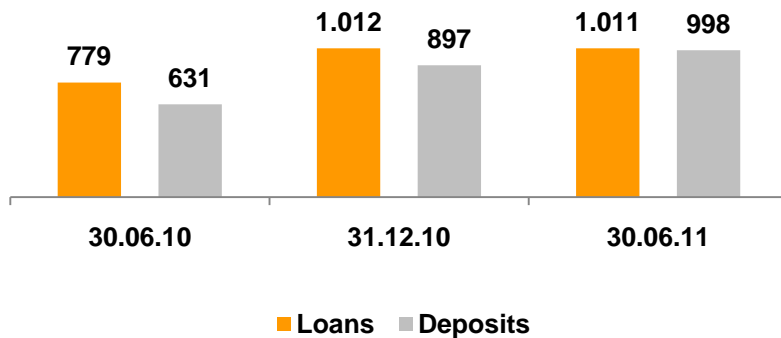
## Profit and Loss Highlights Australia (€ mn)



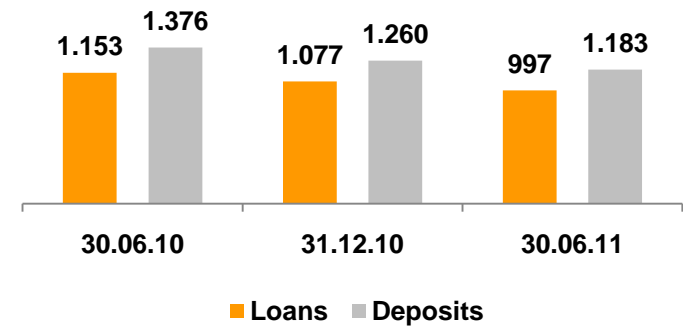
## Profit and Loss Highlights UK (€ mn)



## Australia Loans and Deposits (€ mn)

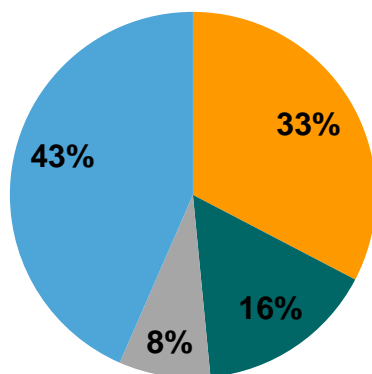


## UK Loans and Deposits (€ mn)



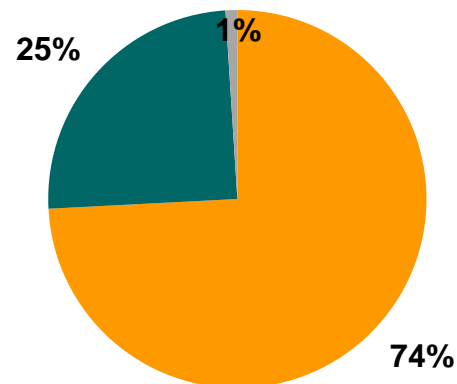
# Securities Portfolio

## Portfolio by rating



■ Aaa-Aa3 
 ■ A1-A3 
 ■ Baa1-Baa3 
 ■ <Baa3

## Portfolio by issuer



■ Gvt and Gvt guaranteed 
 ■ Financial Institutions  
■ Corporate

- Average life of securities portfolio is 6,7 years
- Average rating of securities portfolio is Baa3; excluding GGBs, the average rating is A1