

## **Financial Results 2006 and Strategy & Targets for 2007-2009**

**7 February 2007**

**Financial results 2006 - Highlights**

**Delivering on our strategy**

**2007-2009 Strategic direction**

**Financial targets 2007-2009**

***Appendix: Detailed financial information***

# Disclaimer

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# Financial Results 2006 - Highlights

**Financial results 2006 - Highlights**

**Delivering on our strategy**

**2007-2009 Strategic direction**

**Financial targets 2007-2009**

***Appendix: Detailed financial information***

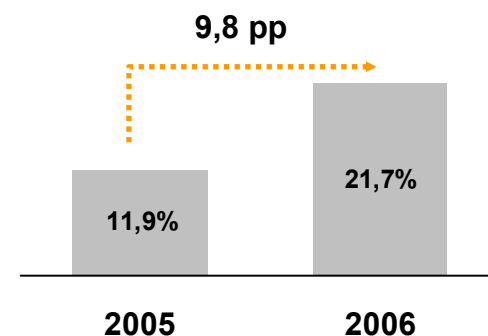
The base currency of all amounts included in the presentation is Cyprus Pounds. The conversion into Euros was made using the exchange rate prevailing on 31 December 2006 of €1=C£0,5782.

# A spectacular improvement in profitability and efficiency driven by core profits...

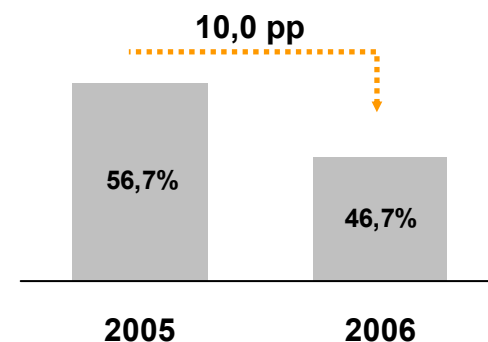
## Income & Expense Analysis (€mm)

	2005	2006	Change
Net interest income	484	620	+28%
Fee & commission income	155	175	+13%
Net operating income from insurance operations	40	46	+13%
Other operating income	46	77	+69%
<b>Total income</b>	<b>725</b>	<b>918</b>	<b>+27%</b>
<b>Total expenses</b>	<b>411</b>	<b>429</b>	<b>+4%</b>
<b>Profit before provisions</b>	<b>314</b>	<b>489</b>	<b>+56%</b>
<b>Provisions</b>	<b>157</b>	<b>101</b>	<b>-36%</b>
<b>Profit before tax</b>	<b>157</b>	<b>388</b>	<b>+148%</b>
<b>Profit after tax</b>	<b>125</b>	<b>317</b>	<b>+153%</b>

## Return on equity

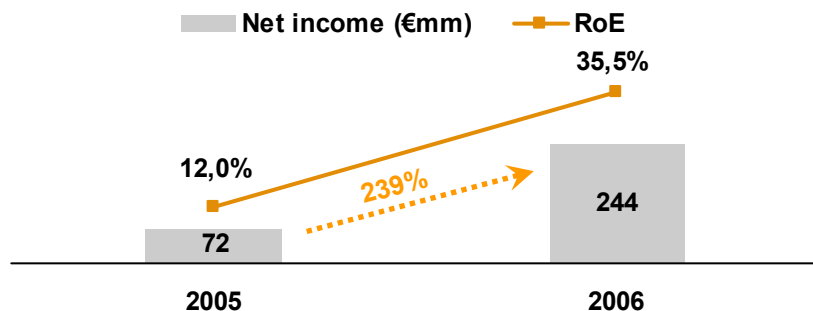


## Cost/income

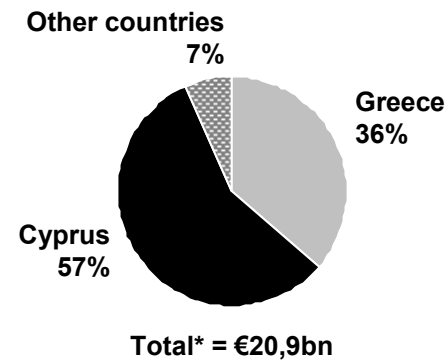


# ... underpinned by strong performance across BOC's diversified business

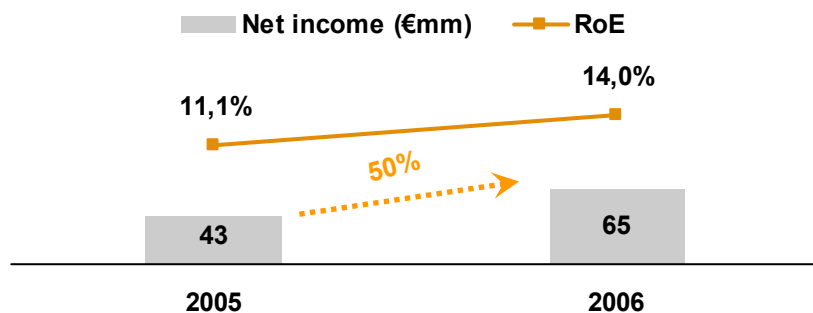
## Cyprus



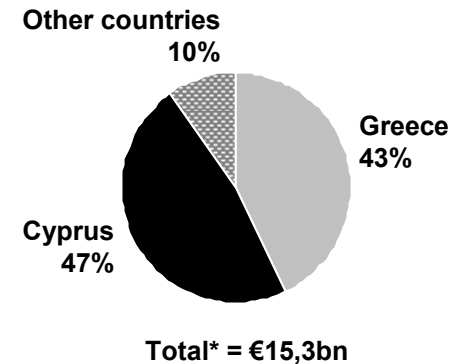
## Customer deposits



## Greece



## Customer loans



\* As at 31 December 2006

# Strong cash flow generation funding growth and returns to our shareholders

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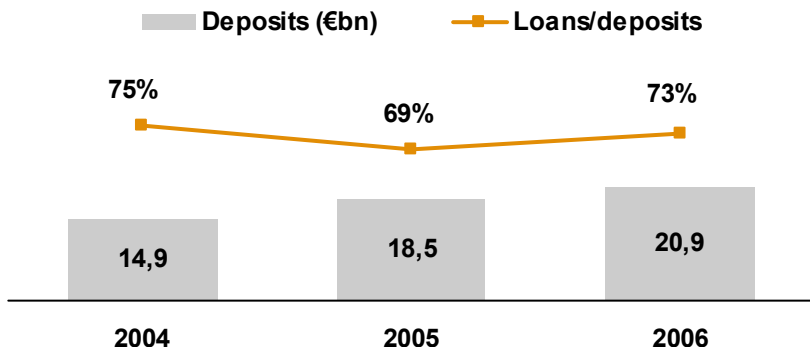
- **Final dividend of C£0,10 (€0,17) per share**
- **Total dividend of C£0,17 (€0,29) per share**  
(incl. interim dividend already paid)
  - **143% increase from 2005**
- **Important dates**
  - **Annual General Meeting 6 June 2007**
  - **Ex-dividend date on 11 June 2007**
  - **Payment date on 26 June 2007**
- **Dividend reinvestment plan at 10% discount**

# Balance Sheet overview

€mm	2005	2006	% growth
Cash and balances with central banks	1.058	1.181	+12%
Placements with banks	4.459	4.300	-4%
Debt securities, T-bills, equity investments	3.519	4.060	+15%
Net loans to customers	12.079	14.468	+20%
Other assets	1.026	1.178	+15%
<b>Total assets</b>	<b>22.141</b>	<b>25.187</b>	<b>+14%</b>
Amounts due to banks	307	452	+47%
Customer deposits	18.548	20.927	+13%
Debt securities in issue	550	750	+36%
Other liabilities	788	940	+19%
Subordinated loan stock	631	553	-12%
<b>Shareholders' equity</b>	<b>1.317</b>	<b>1.565</b>	<b>+19%</b>

# Strong liquidity and capital position to fund profitable growth

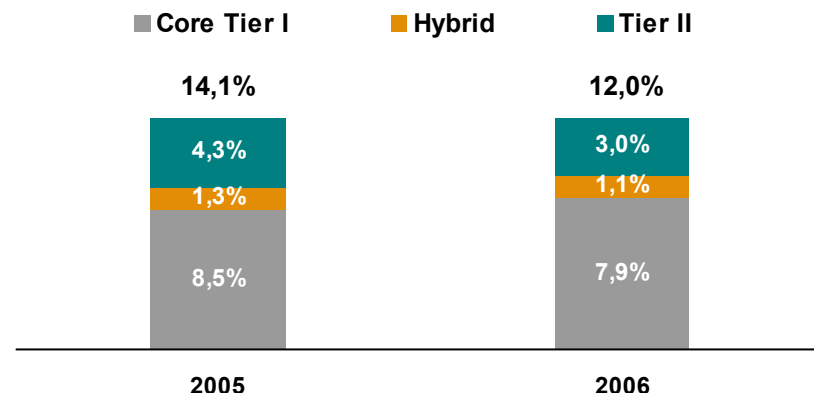
## Liquidity overview



- Strong core Tier I position with upside potential from non-core asset disposals
- Scope for further leverage through non-equity capital instruments

- Strong deposit base and flows
- Flexibility to grow loan portfolio across our geographies
- Expected relaxation of high liquidity requirement on foreign currency deposits of Cyprus operations

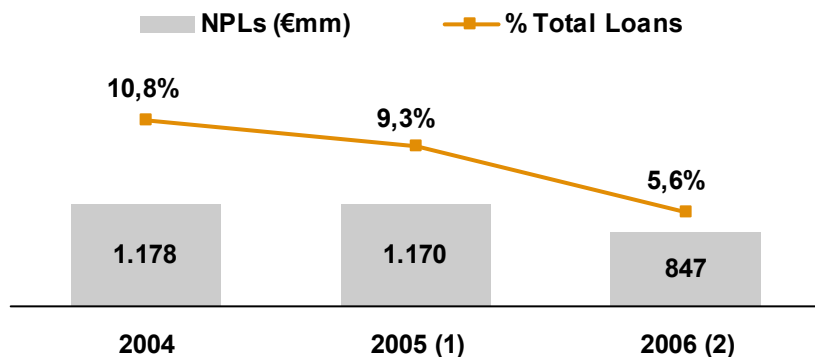
## Capital adequacy





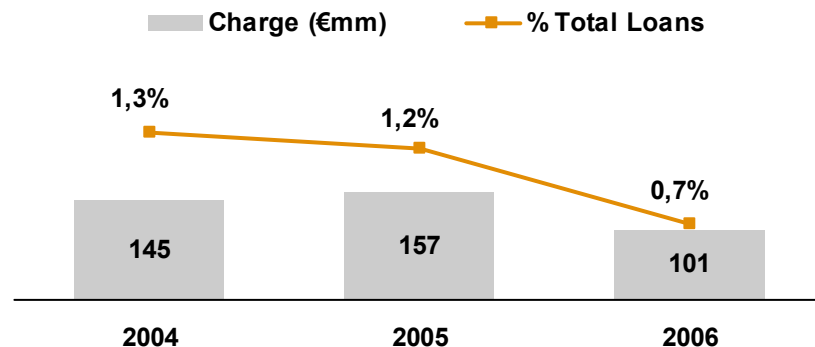
# Spectacular improvement in asset quality

## NPLs Development (1)

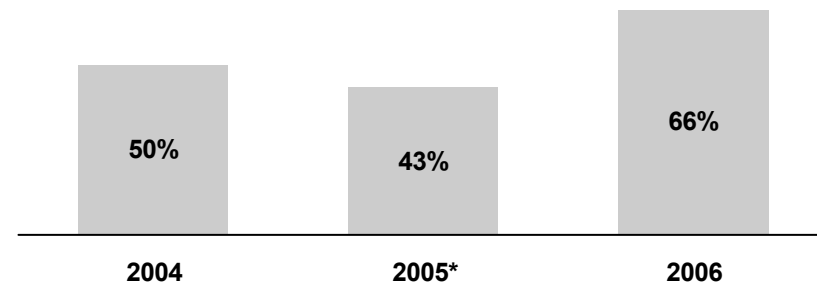


- Efficient improvement of loan portfolio quality
- Absolute NPL reduction
- Increased provision coverage
  - Higher degree of confidence on adequacy of current provisioning levels
- Normalisation of P&L charges from previous peak levels

## Provision Charge



## Provision Coverage (2)



(1) Stringent NPL classification criteria (3 months) as from 1 January 2006.

(2) The remainder of the NPLs is fully covered by tangible collateral.

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# **Delivering On Our Strategy**

## ***1 Jan 2005 – 31 Dec 2006***

**Financial results 2006 - Highlights**

**Delivering on our strategy**

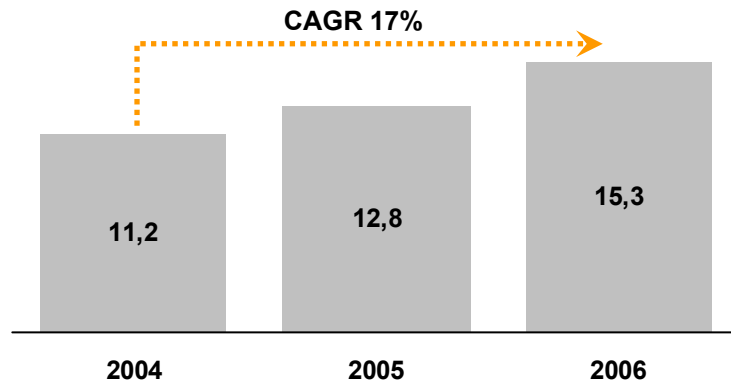
**2007-2009 Strategic direction**

**Financial targets 2007-2009**

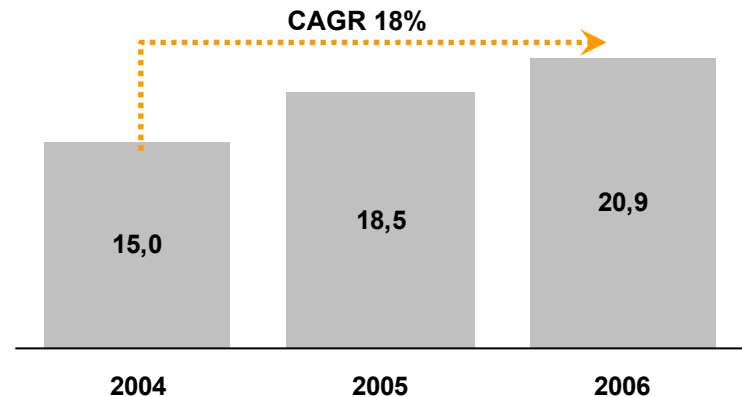
***Appendix: Detailed financial information***

# Bank of Cyprus management delivered growth and managed risks across the board

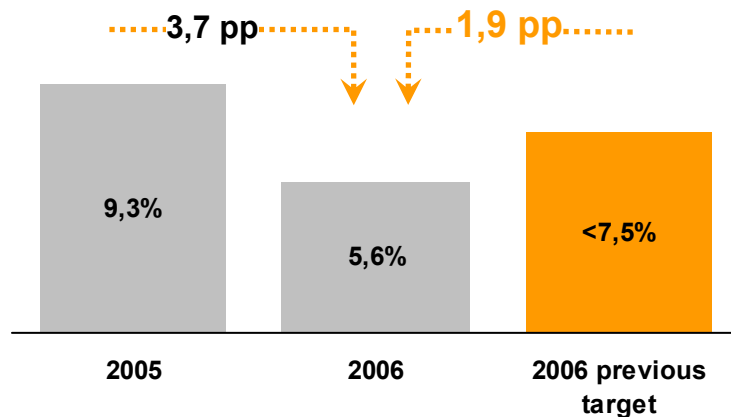
## Loans (€bn)



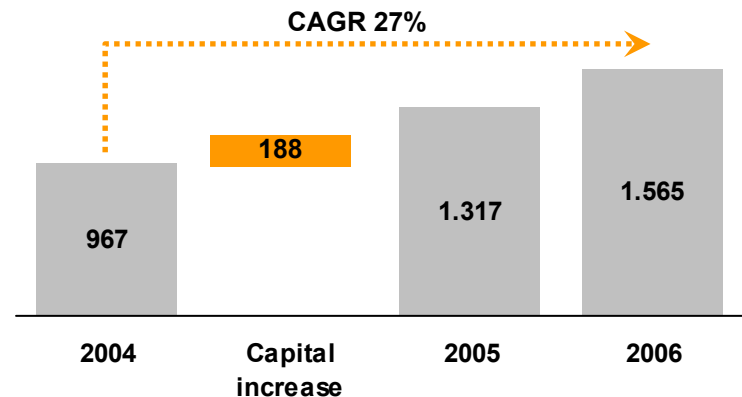
## Deposits (€bn)



## NPL ratio

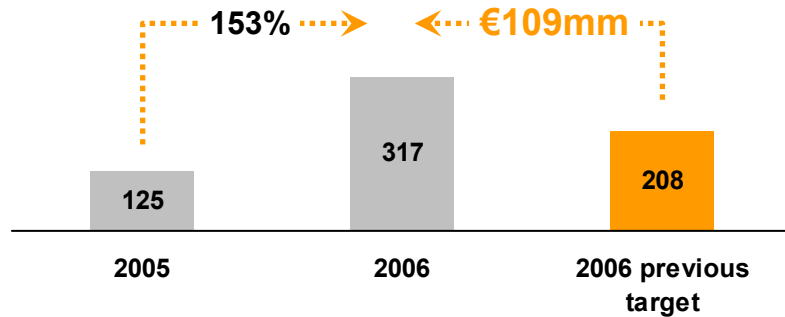


## Shareholders' equity (€mn)

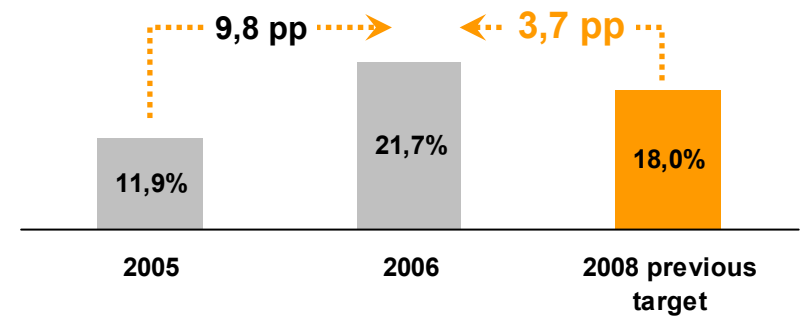


# ... delivering on its targets well ahead and well in excess of plan

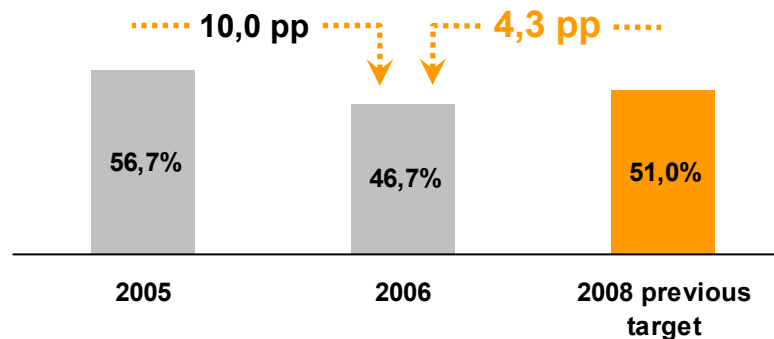
## Profit after tax (€mm)



## Return on equity



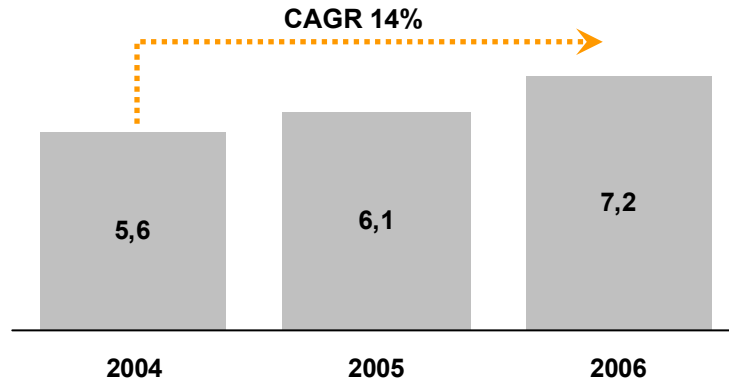
## Cost to income ratio



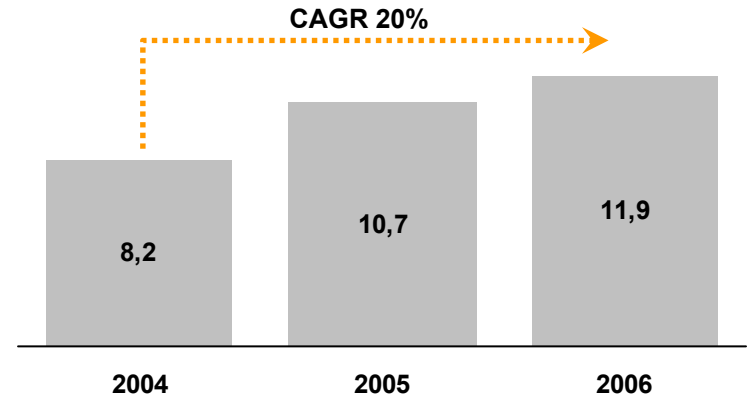
**First pillar:  
Strengthen and restructure  
Cypriot operations**

# Growth: Further enhanced our leading position

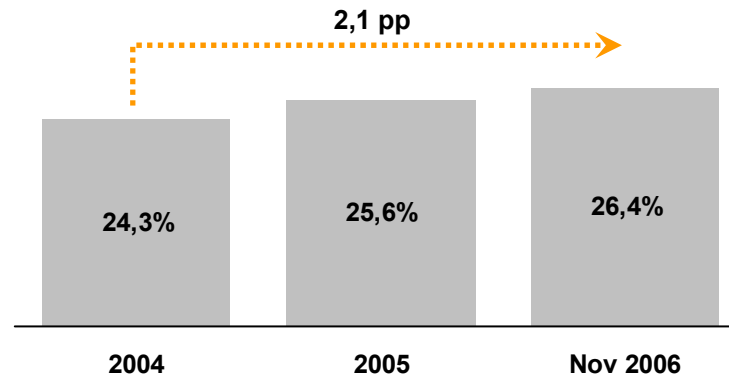
## Loans (€bn)



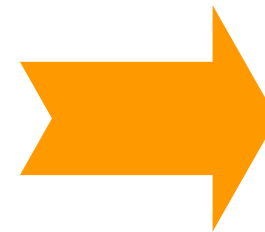
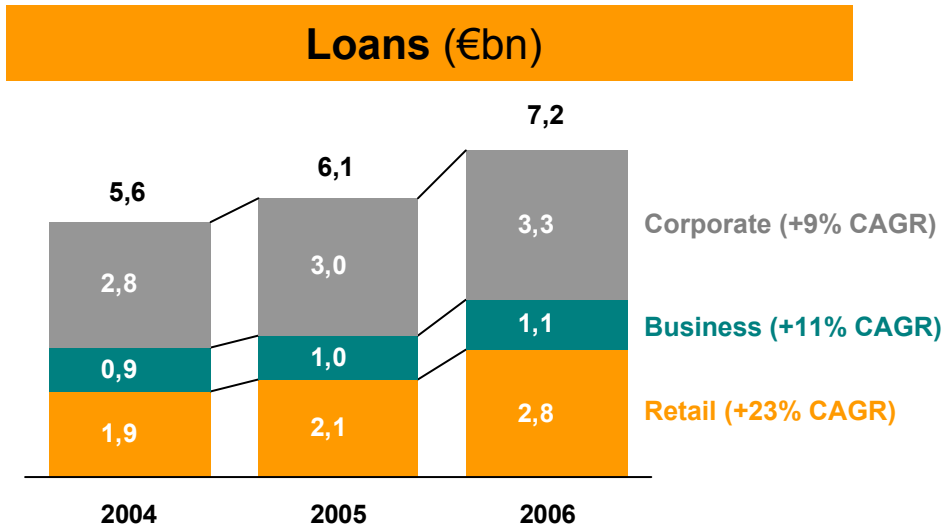
## Deposits (€bn)



## Market share gain in lending despite leading position



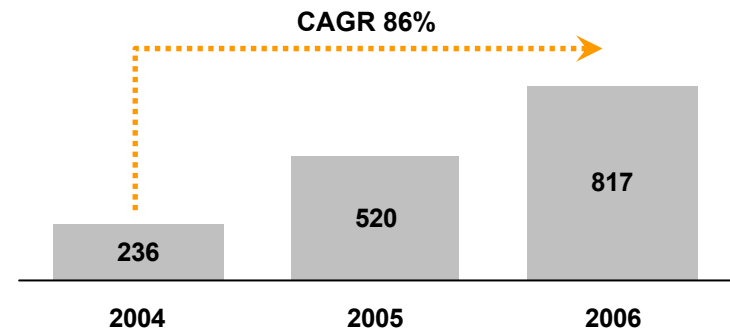
# Targeted growth of high margin business



**Retail drives  
our lending  
growth**

- **Successful targeting of retail sector**
- **13.200 new retail clients in 2006**
- **Capturing long-term clients**
- **Mortgage loan book  
61% GAGR (2004-2006)**

## Mortgage loan disbursements (€mm)



# Profitability supported by high double digit top line growth

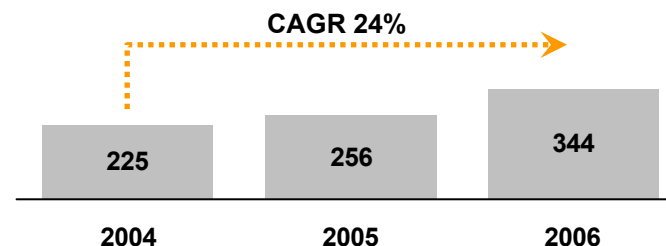
Cyprus

Greece

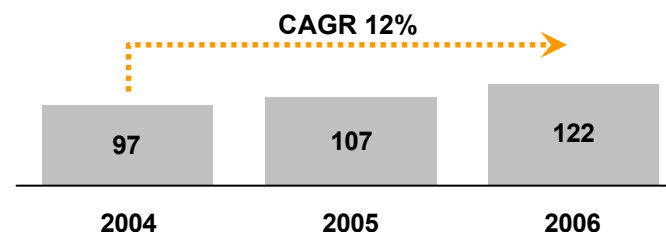
New markets

- Innovative products
  - Branch restructuring
  - Increase in front-line employees
  - 20.000 new customers in 2006
- 
- Leveraging on leading position to increase cross-selling
  - Introduction of new charges

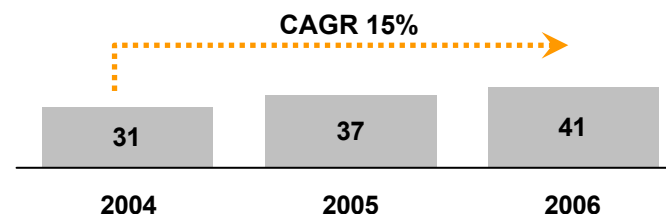
## Net interest income (€mm)



## Fees and commissions (€mm)



## Income from insurance business (€mm)





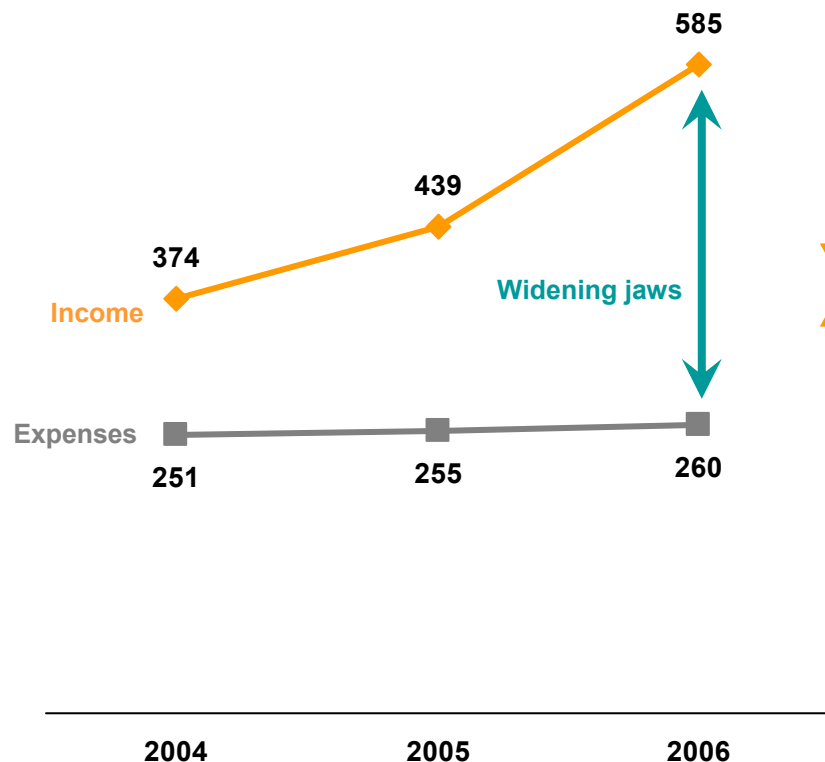
# Profitability: Spectacular efficiency improvement

Cyprus

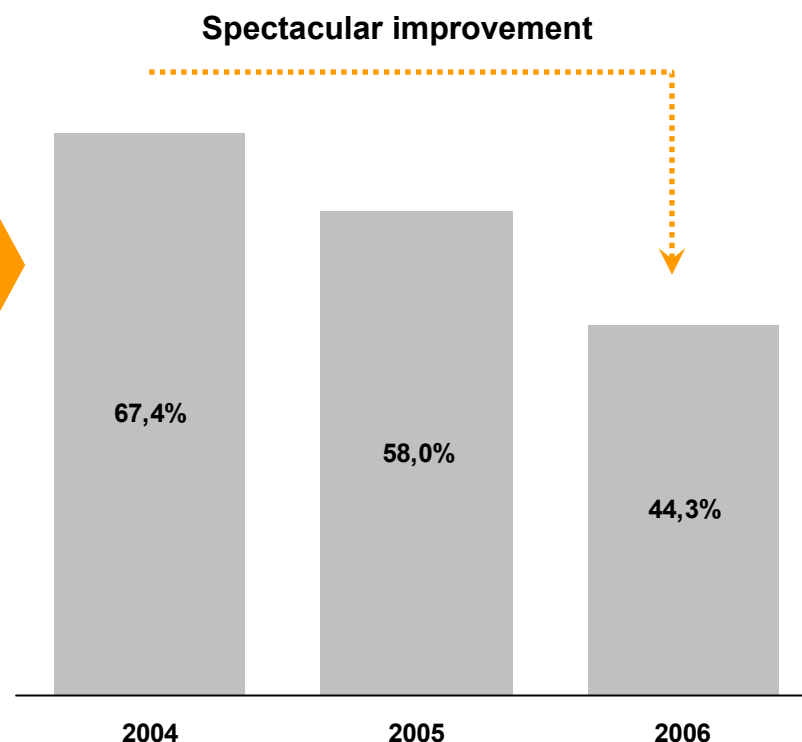
Greece

New markets

## Income vs. expense growth (€mm)



## Cost to income ratio



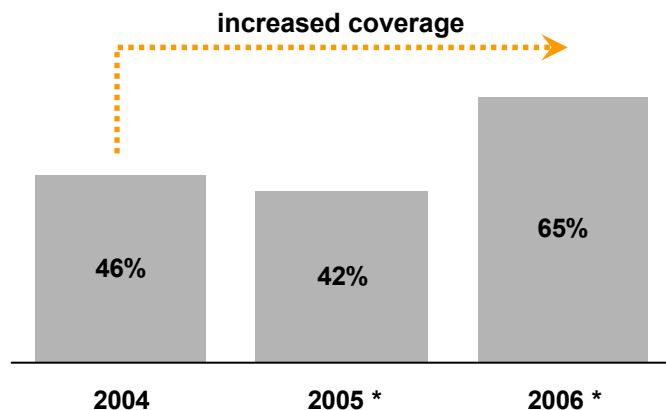
# Asset quality: Stricter credit control and effective work-outs

Cyprus

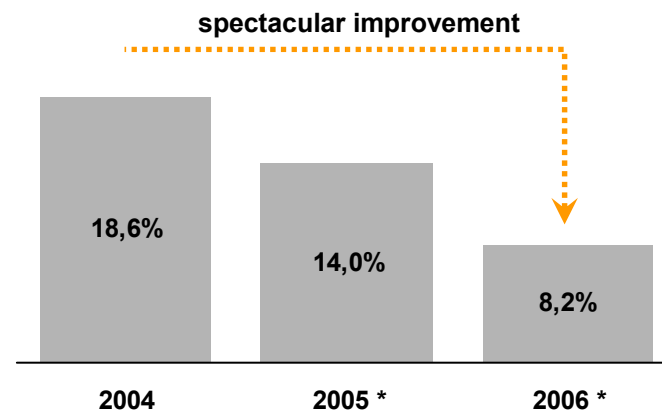
Greece

New markets

## Provision coverage <sup>(1)</sup>



## NPLs <sup>(2)</sup> / Total loans



### Notes:

- (1) The remainder balance of NPLs is fully covered by tangible collateral.
- (2) As of 1 January 2006, the criteria for classifying loans as NPLs have changed to include all loans in arrears for longer than 3 months. In addition the NPL classification is applied to all other loans of the customers who have a specific facility as non-performing.
- \* All ratios have been calculated based on the 3 months arrears rule.

# **Second pillar: Accelerated profitable expansion in Greece**

# Balanced growth and increased customer acquisitions...

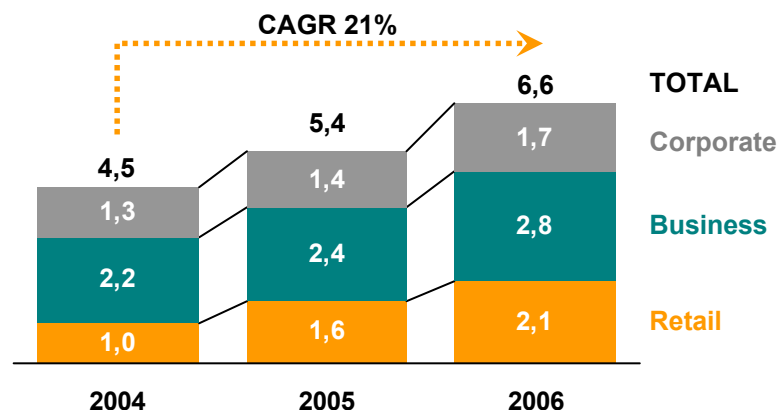
Cyprus

Greece

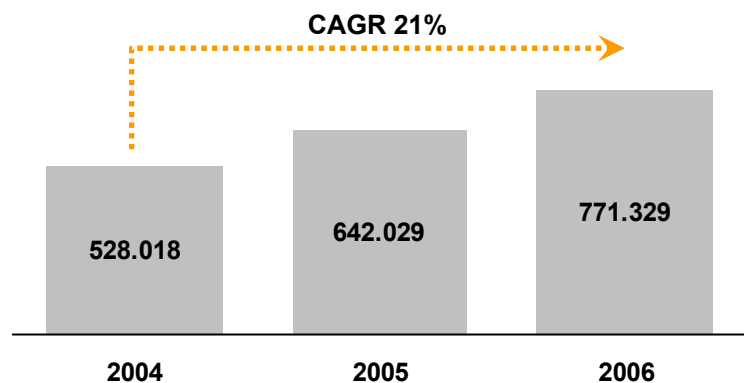
New markets

- Retail and business sectors are main drivers of lending growth
- Deposit growth remains strong despite widening of deposit spread
- Inflow of new customers

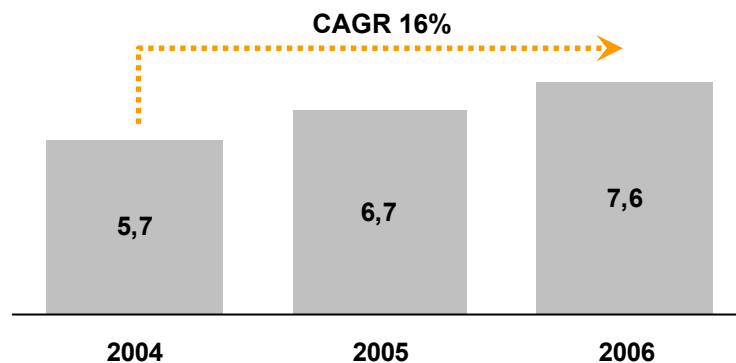
## Greek loan book (€bn)



## Number of active customers



## Greek deposit book (€bn)



# ... supported by an expanding and maturing branch network

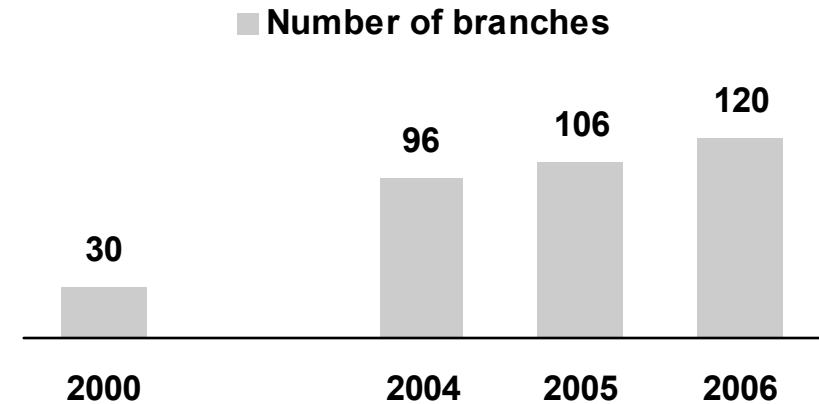
Cyprus

Greece

New markets



## Branch network development



- Network covers all districts in Greece
- 24 new branches in last two years
- Network is still very young
  - < 3 years old  
31% of network
  - < 5 years old  
50% of network

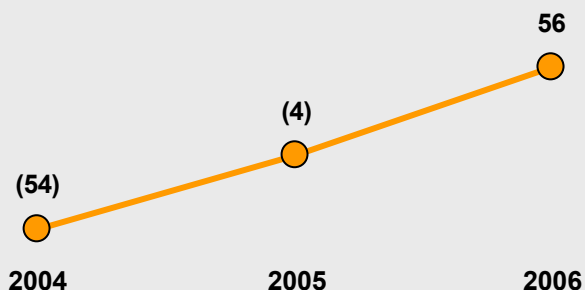
# Profitability: Increasing revenue generation through maturing client relationships

Cyprus

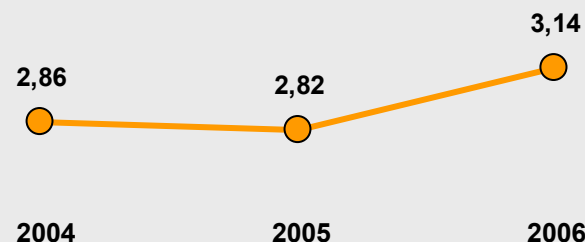
Greece

New markets

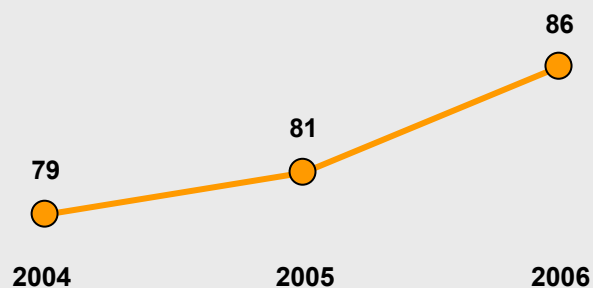
## Widening deposit spread (bp below Euribor)



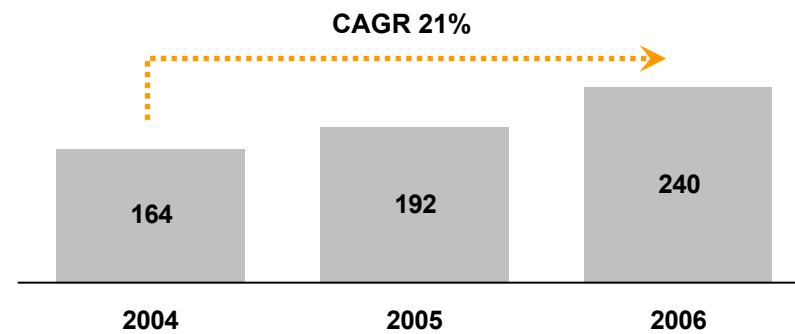
## Rising NIM of Greek operations (%)



## Loans to deposit ratio (%)



## Rising NII of Greek operations (€mm)



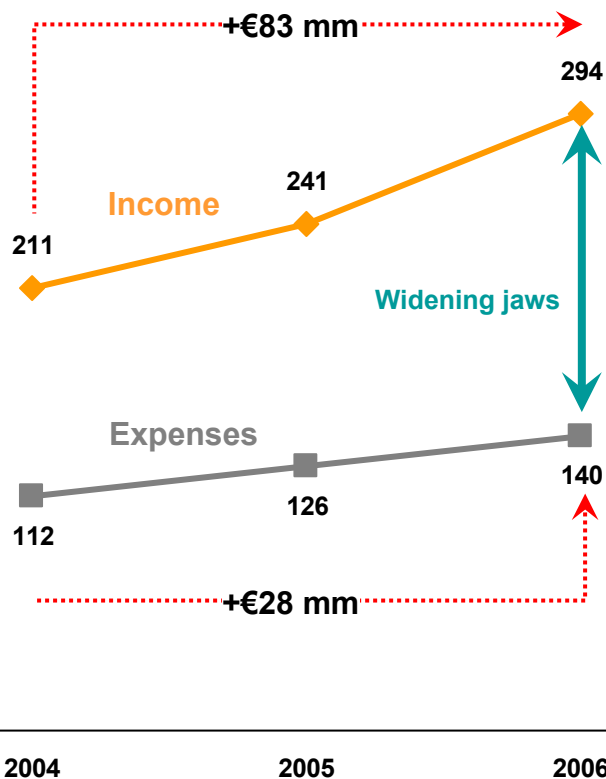
# Profitability: Efficiency improvement despite expanding network

Cyprus

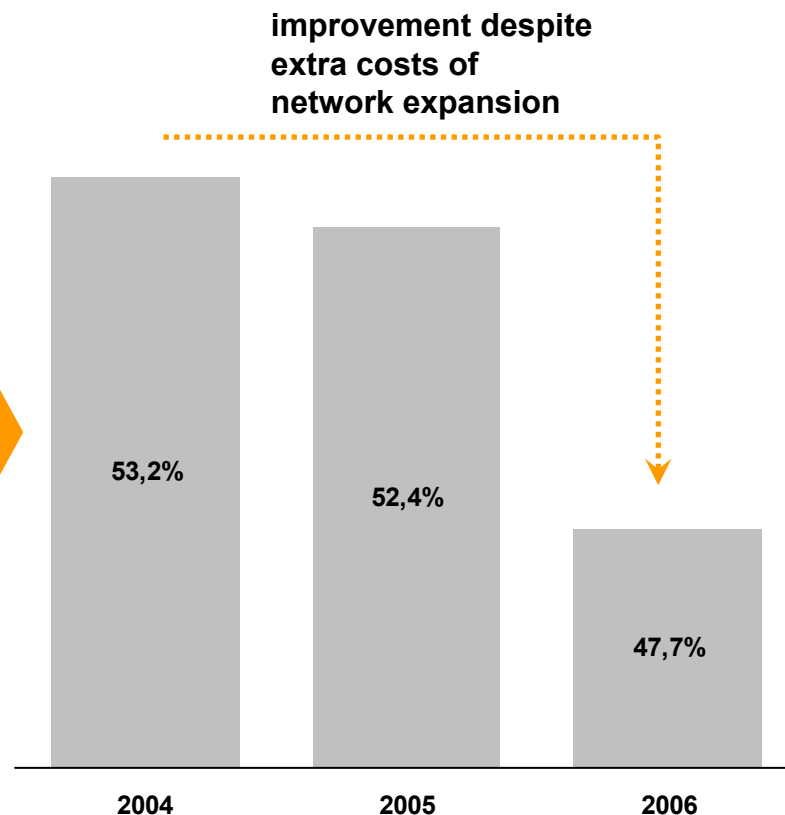
Greece

New markets

## Income vs. expense growth (€mm)



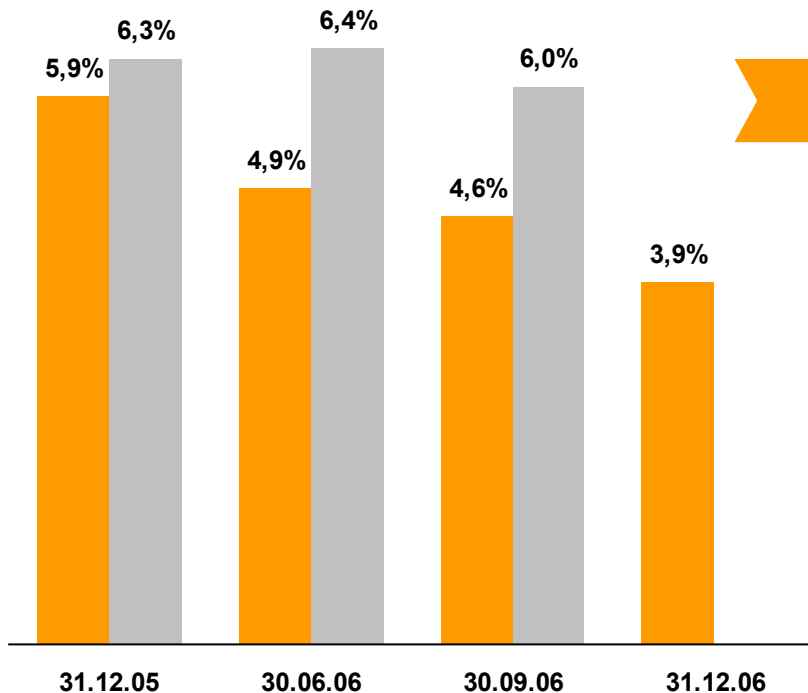
## Cost to income ratio



# Asset quality: Remains strong despite loan growth

## NPLs/ Total loans

■ Bank of Cyprus ■ Greek banking system



**Strict credit risk management provides comfort for further growth:**

- Credit scoring
- Credit rating
- Segregation of sanctioning from credit risk
- Continuous monitoring

Source: Bank of Greece (Monetary Survey); NPLs are loans in arrear for  $\geq 3$  months for both Bank of Cyprus and Greek banking system



## **Third pillar: Entering new markets**

# Romania: Infrastructure for expansion established

## Licenses already granted

- Leasing subsidiary
- Full banking license

## Executive team

- Appointed all key managers

## Total staff hired

- 35 people

## Premises & network

- Acquired head office premises
  - Bucharest (Dorobanti)

## Leasing

- Became operational in early January 2007
- Loan applications already in hand and examined

## Initial focus

- SMEs
- Corporate
- High net-worth individuals

# Russia: Accelerated set-up completion

## License

- Completed the first two stages (most important) (out of 4)
- Expect to complete license procedures in 2007

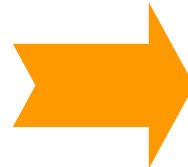
## Premises

- Rented premises
- Refurbishment to be completed in April 2007

## Executive team

- Appointed all key managers
  - General Manager
  - Business Development Manager
  - Operations Manager
  - Corporate Manager
  - Legal Manager
  - Finance Manager
  - Treasurer
- 20 staff in total already hired

Pre-marketing in progress



**ENCOURAGING RESULTS**

**Fourth pillar:  
Maximise synergies  
across geographies**

# Realising cross-border synergies and creating centres of excellence

## Projects already completed

- **Single SWIFT department for the Group (across all geographies)**
- **Group reconciliation of the ATMs (Cyprus and Greece)**
- **Common payment system**
- **Common internet banking platform for the UK, Romania and Russia with hosting in Cyprus**
- **Common core systems platform for the UK, Australia, Romania and Russia with hosting in Cyprus**
- **Treasury front office**

## Potential projects

- **Information technology platform**
  - Common core systems for Cyprus and Greece (commencement in 2007)
  - Single ATM and card processing systems – common ATM network for Cyprus and Greece
  - Common Treasury back office
  - Group monitoring of internet security (Cyprus, Greece and the UK)
- **Certain product manufacturing**

**Euro introduction to accelerate synergies extraction**

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# 2007-2009 Strategic Direction

Financial results 2006 - Highlights

Delivering on our strategy

**2007-2009 Strategic direction**

Financial targets 2007-2009

*Appendix: Detailed financial information*

# Key strategic directions 2007-2009

## Cyprus

### Domestic banking

- Benefit from strong economic growth and European Monetary Union entry
- Market share gains in targeted product areas
- Further efficiencies realisation

### International banking

- Deepening product set
- Benefit from fast expanding market

## Greece

- Further increase of network to 190 branches by 2009 to enhance penetration
- Improved revenue generation through maturing of client relationships
- Enhanced cross-selling

## New markets

- Market with:
  - Solid macroeconomic fundamentals
  - Positive banking sector prospects
  - Large population
  - Brand recognition of Bank of Cyprus
- Accelerated market entry to be also supported by acquisitions
- Aim to repeat Greek success story

**First direction:**

**Cyprus -**

**Benefit from our leading position and  
exceptional banking sector  
fundamentals**

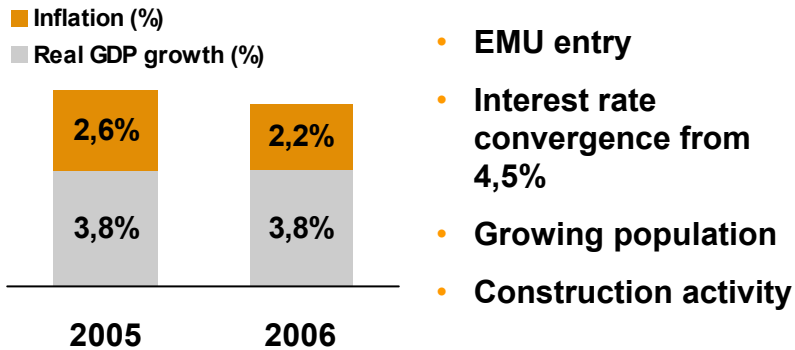


# Reap opportunities offered in the Cyprus market

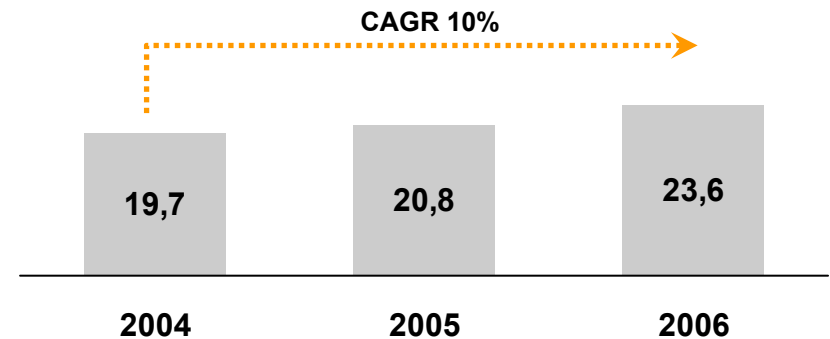
	Cypriot domestic banking	Cypriot international banking
Operating environment	<ul style="list-style-type: none"><li>✓ High real GDP growth</li><li>✓ Positive EMU entry impact</li><li>✓ Banking sector restructuring</li></ul>	<ul style="list-style-type: none"><li>✓ Undisputed intermediary country status for investments in Russia</li><li>✓ Increasing Russian FDI</li><li>✓ Targeting new countries and offering new services</li></ul>
BOC strategic position	<ul style="list-style-type: none"><li>✓ Unique brand name and proven cross-selling</li><li>✓ Most extensive distribution network</li><li>✓ Efficiency gains opportunities</li></ul>	<ul style="list-style-type: none"><li>✓ Long standing presence</li><li>✓ Deepening product offering</li></ul>

# Outstanding banking sector fundamentals offering opportunities for focused banks

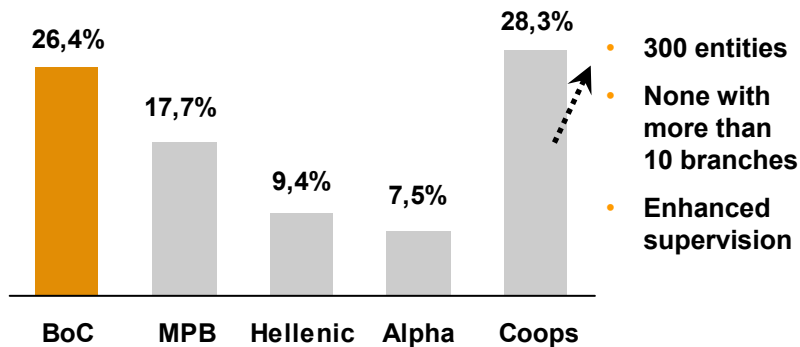
## Strong macroeconomic growth



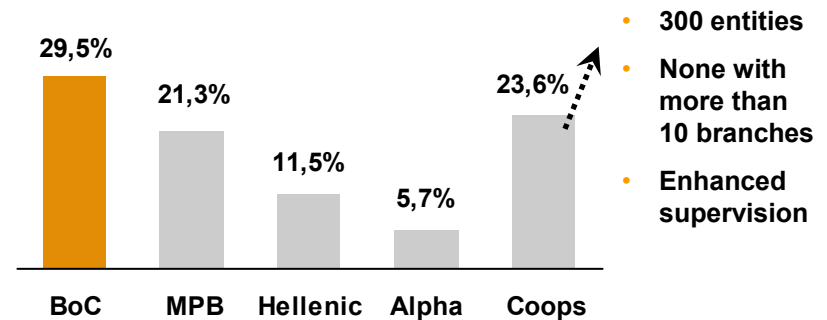
## System loan growth (to residents) (€bn)



## Loan market shares



## Deposit market shares



Source: Central Bank of Cyprus (all market shares as of 30 November 2006)

# Bank of Cyprus targets high net income growth

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## Top line growth

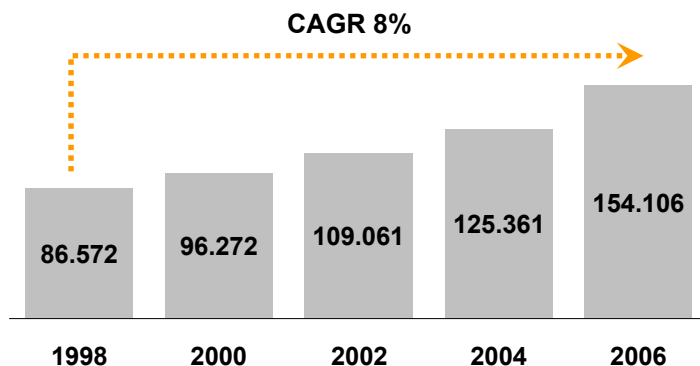
- **Strong volume growth**
- **To be accelerated by market shares gains through**
  - **New flexible tailor made products (flexible repayment patterns, pre-approved loans)**
  - **New products catering for macroeconomic environment (EMU entry, fixed rates)**
  - **Special emphasis on small businesses which are catered for by the branch network**
  - **Targeted marketing efforts (customer specific marketing)**
  - **Improvement of sales effort of branch network through further centralisations**

## Operating cost control

- **Continuing review of opportunities for enhanced efficiency**
- **Natural attrition of personnel and replacement with younger employees**
- **Branch back office centralisation**

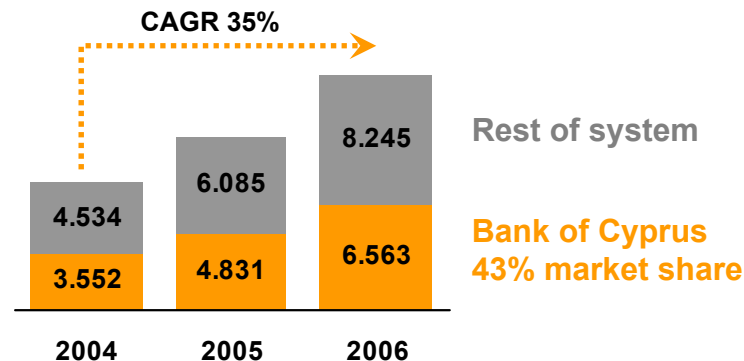
# Enhancing leading position in profitable international business sector

## Companies registered in Cyprus



Source: Cyprus Registrar of Companies

## Foreign currency deposits (€mn)

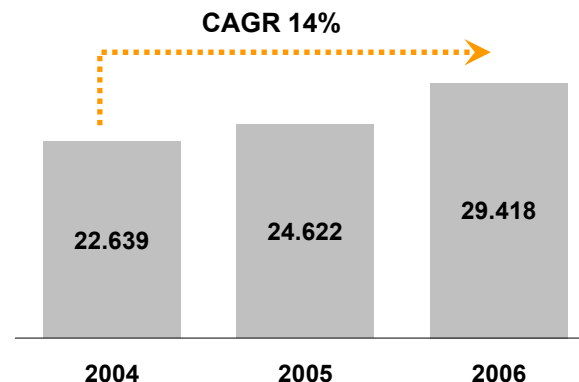


Source: Central Bank of Cyprus (all amounts at end-October)

## Bank of Cyprus is leader in sector

- 43% market share
- 4 IBUs in 4 cities
- 170 skilled employees
- 30.000 client relationships including very large Russian corporates
  - Inbound and outbound payments (>315.000 payments = 29% increase)
  - Cash and liquidity management services
  - Foreign exchange

## Bank of Cyprus (Number of International Business customers)



# International banking background

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## Tax advantages

- Lowest corporate tax rate (10%) in the EU
- No taxation on capital gains
- No withholding tax on dividends received (subject to certain conditions)
- No withholding tax on payment of dividends, interest, royalties to non-residents (for stays <182 days in Cyprus per annum)

## Advantageous double tax treaty with Russia & ex-CIS countries

- 5% tax rate on dividends received in Cyprus from Russian companies
- No withholding tax on interest or royalties received in Cyprus from Russian/ex-CIS countries

## Well educated and multilingual human capital

- Coupled with strong legal and accounting infrastructure

## Advanced banking infrastructure modelled on British system

## Highly developed telecommunications infrastructure

## EU membership

- Safe and efficient centre to conduct business with Russia and Eastern Europe

**Second direction:**  
**Consolidate position in  
Greek banking market**

# High banking sector growth opportunities in the years to come...

**Lower penetration than EU and high GDP**

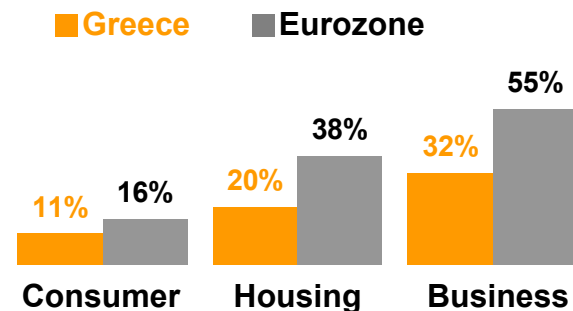
**growth support double digit growth**

- Real GDP growth: 3,8% for 2007
- Loans/ GDP
  - 64% vs. Eurozone 109%
- Branch penetration per 100k inhabitants
  - Greece 32 branches
  - Eurozone 54 branches

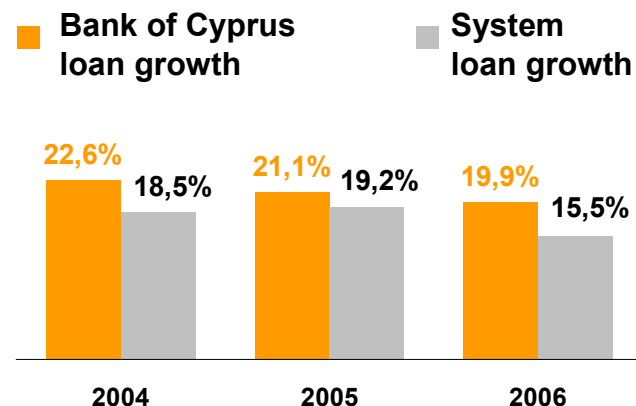
## Our competitive advantages

- Highly efficient cost structure and operational set-up
- Young and motivated personnel
- High quality of service
- Innovative and flexible products
- Healthy loans to deposits ratio

## Financial services penetration (Loans as a % of GDP)



## Track record of market share gains



Source: Bank of Greece, Bank of Cyprus

# Through an expanding and maturing branch network

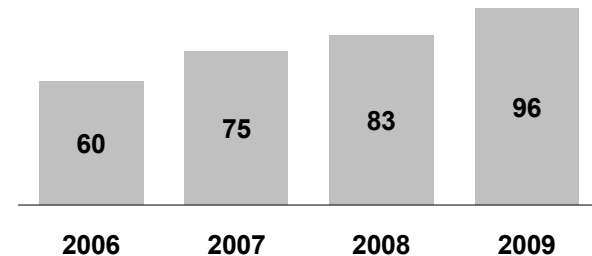
## 70 new branches over next 3 years

- Increase visibility
- Higher customer acquisition capacity
- Lower operating costs due to sufficient head office capacity
- Accelerate market share gains

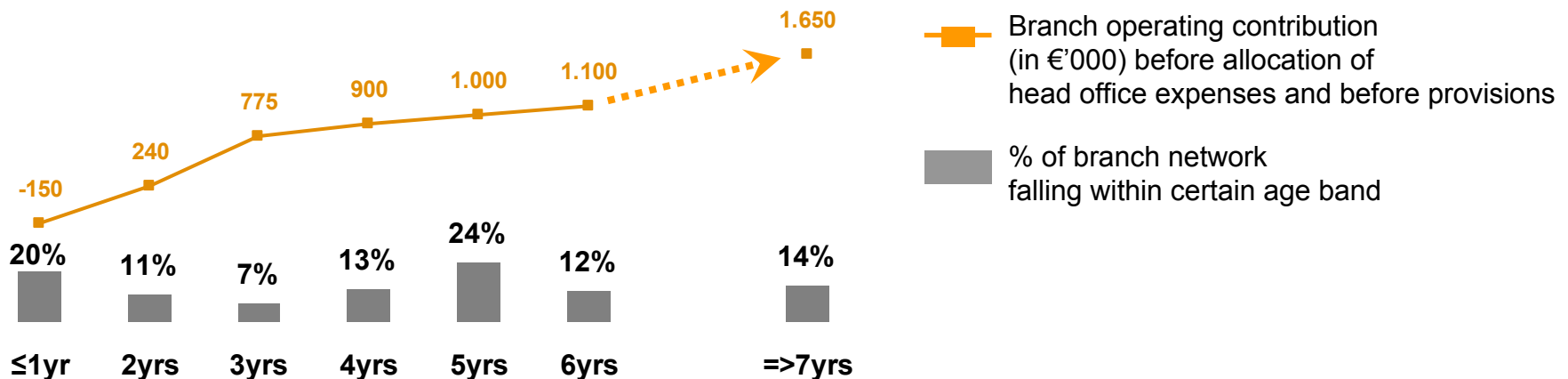
## Another 36 branches reach maturity by 2009

- Maturing of relationships along with branches (increase deposit spread and cross-selling opportunities)

## “Mature” branches (≥5 years old)



## Profitability increase as network matures

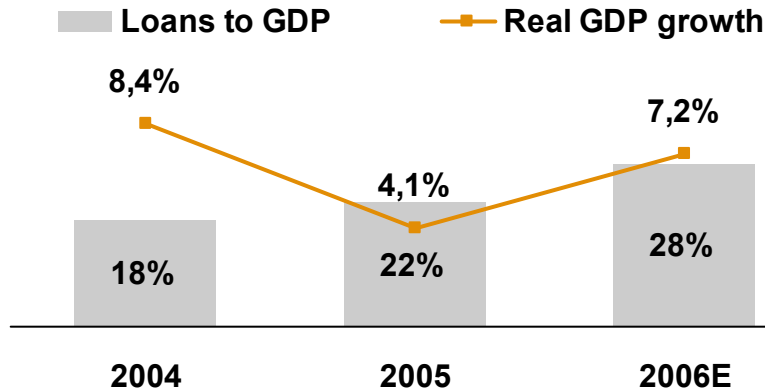




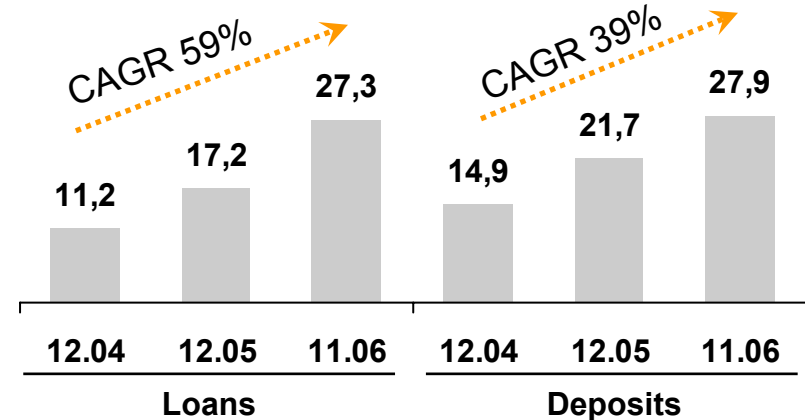
**Third direction:  
Accelerated entry  
in Romania and Russia**

# Romanian macroeconomic and banking environment

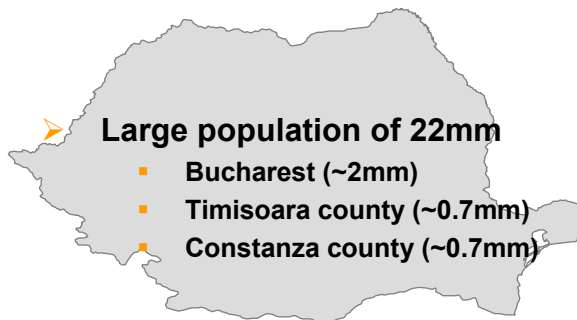
## Strong economic fundamentals



## Strong credit demand (€bn)



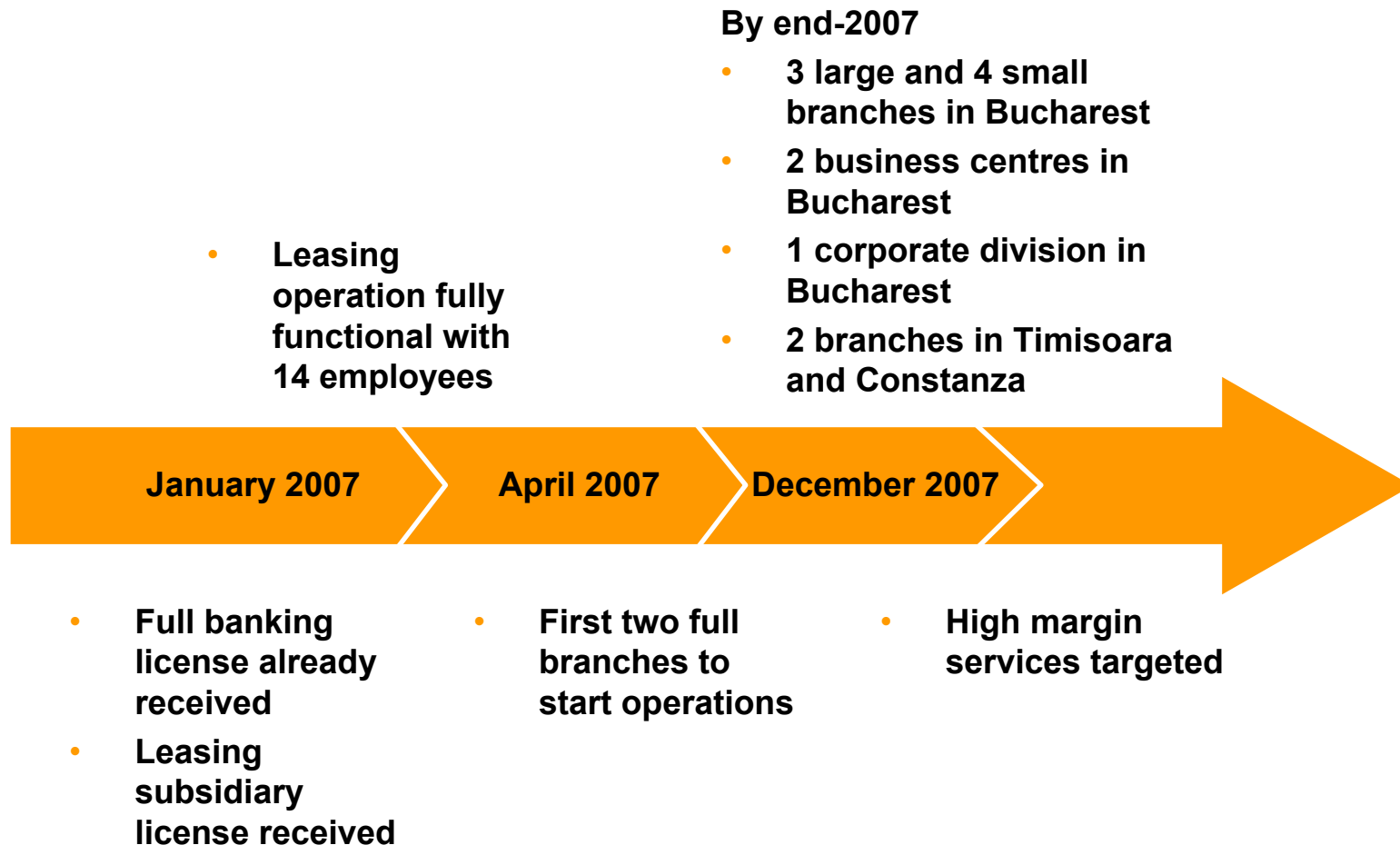
## Supportive demographics...



- Spreads remain well above European average level
- EU membership facilitates quality regulation and supervision

Source: National Bank of Romania, National Institute of Statistics (INSSE)

# Romanian 2007 roll-out plan



# Our Romanian strategy

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## Personalised service...

- Fostered through a flexible and fast adapting culture
- Offer tailor made financing and other solutions

## ...achieved through

- Recruitment of the right people
- Proper training
- High internal standards
- Continuous adaptation to market trends
- Fostering a customer oriented culture among staff

## Centralised operations departments

- Minimise time and costs

## Customer targeting and sales

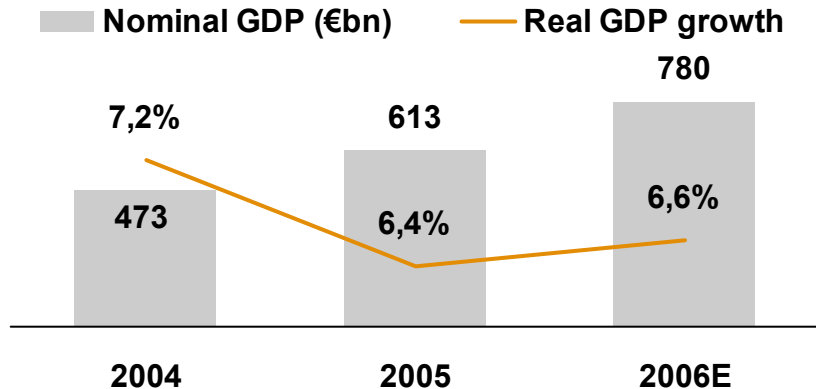
- Build on existing client relationships
- Target leaders in preferred business sectors
- Competitive but “calculated” pricing
  - Appealing for a determined period of time
- Internet banking in late 2007
- ATM network membership to start with
  - Subsequently develop own ATM network

## Second stage expansion

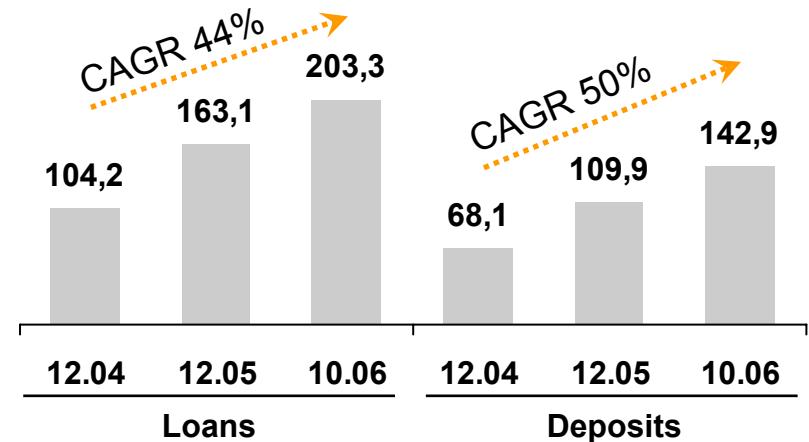
- Private banking
- Alternative channels like brokers and vendors

# Russian macroeconomic and banking environment

## Strong economic fundamentals



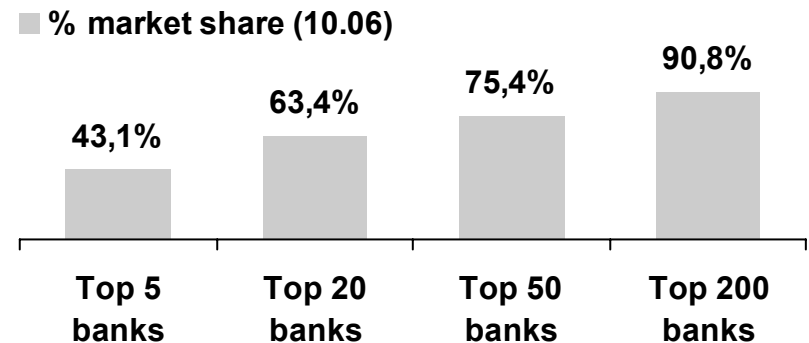
## Strong credit demand (€bn)



## Supportive demographics...



## ...and banking sector landscape



Source: Central Bank of the Russian Federation statistical bulletin (November 2006), Federal Statistical Service of Russia, Historical data provided by RosStat, 2006 data estimated by Economist Intelligence Unit

# Our Russian expansion strategy

- **Key operating personnel already hired**
- **Management team appointed**
- **Fully operational corporate centre in Moscow**
- **Stage 1**
  - **Expansion of corporate lending book to “known” clients of Bank of Cyprus**
  - **Initially in Moscow, at later stage in St Petersburg**
  - **Full business banking offering**
    - Trade finance
    - Letters of guarantee
    - Corporate deposits
    - Money transfers
    - Foreign exchange

**January 2007**

**1<sup>st</sup> half 2007**

**2008**

**2009**

- **Stage 2**
  - **Selected SME lending**
  - **Evaluate expansion into leasing**
  - **Evaluate direct retail strategy in metropolitan areas**

# Acquisitions to be also considered

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- **Acquisitions to be considered to accelerate entering the target markets and bring forward current expansion plan**
- **Acquisitions should provide:**
  - **Alternative branch locations**
  - **Qualified management and personnel**
  - **Solid banking infrastructure**
- **Bank of Cyprus already evaluates opportunities**
- **Strong cash flow of Cyprus operations and excess capital to be used to fund transactions**

# Financial Targets 2007-2009

Financial Results 2006 - Highlights

Delivering on our strategy

2007-2009 Strategic Direction

**Financial targets 2007-2009**

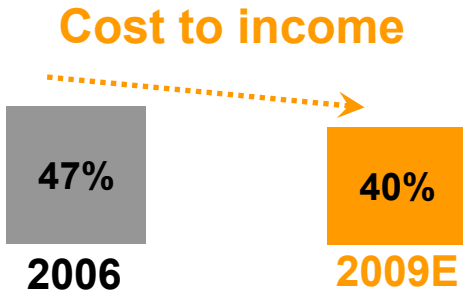
*Appendix: Detailed financial information*

**The targets and assumptions outlined in this section of the presentation assume that no acquisitions are made by Bank of Cyprus Group**

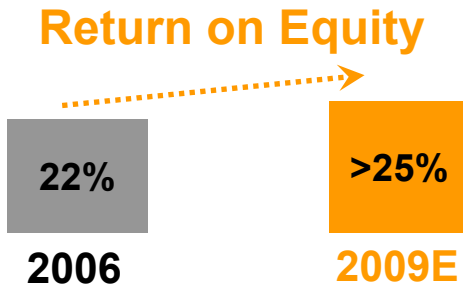


# Financial targets 2007-2009

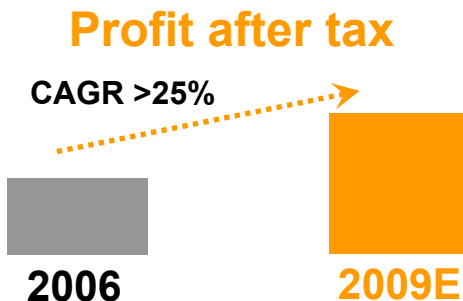
- Widen “jaws”



- Improve profitability

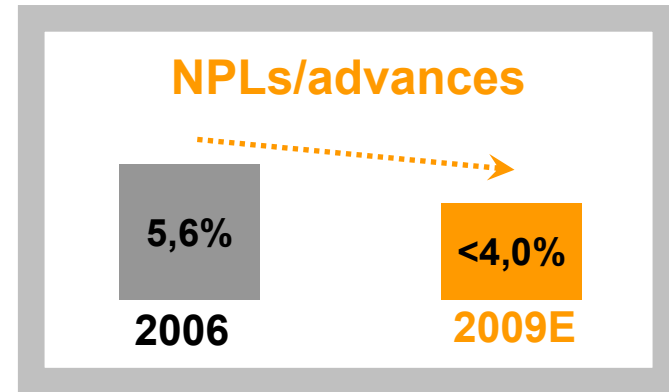
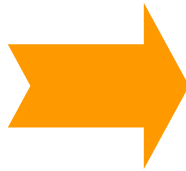


- Increase shareholder value

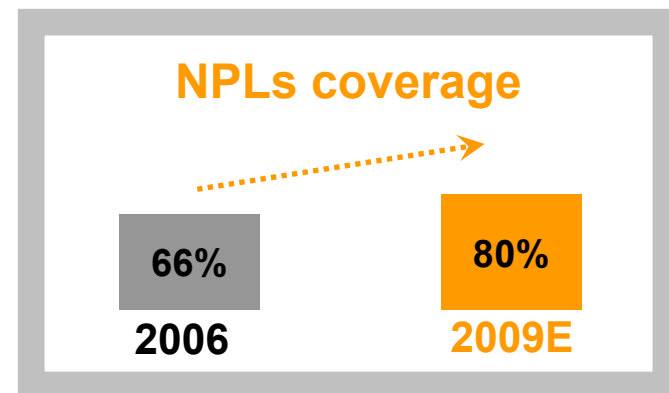
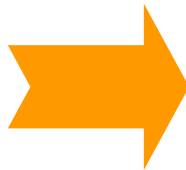


# Financial targets 2007-2009 for loan quality

- Quality lending
- Efficient monitoring of advances

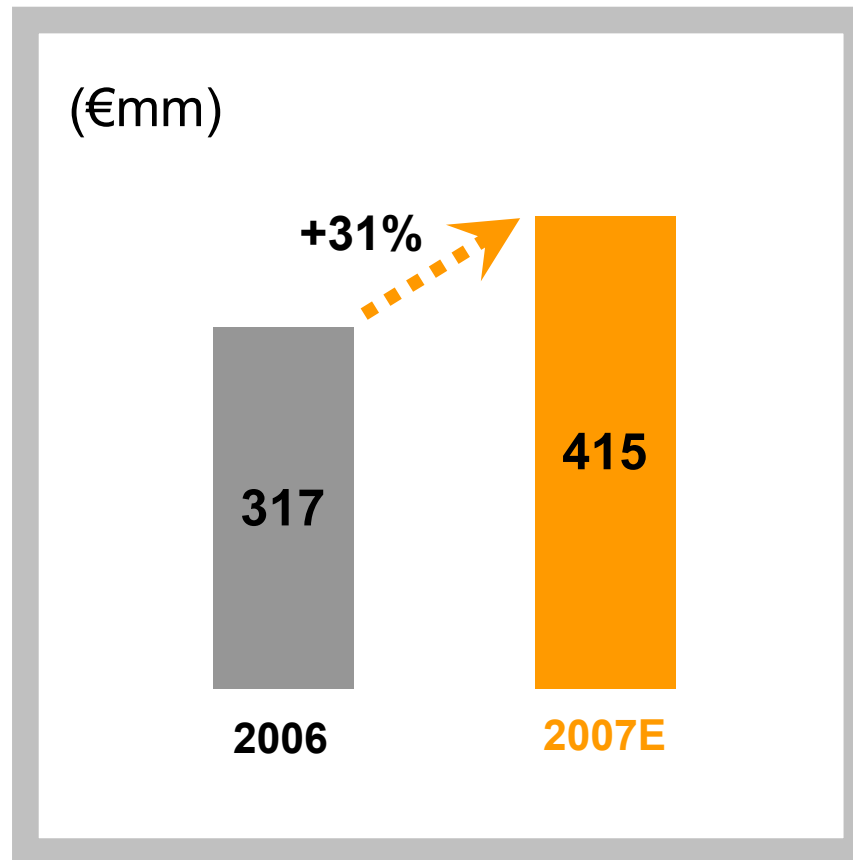


- Increased provision coverage



# Profit target for 2007

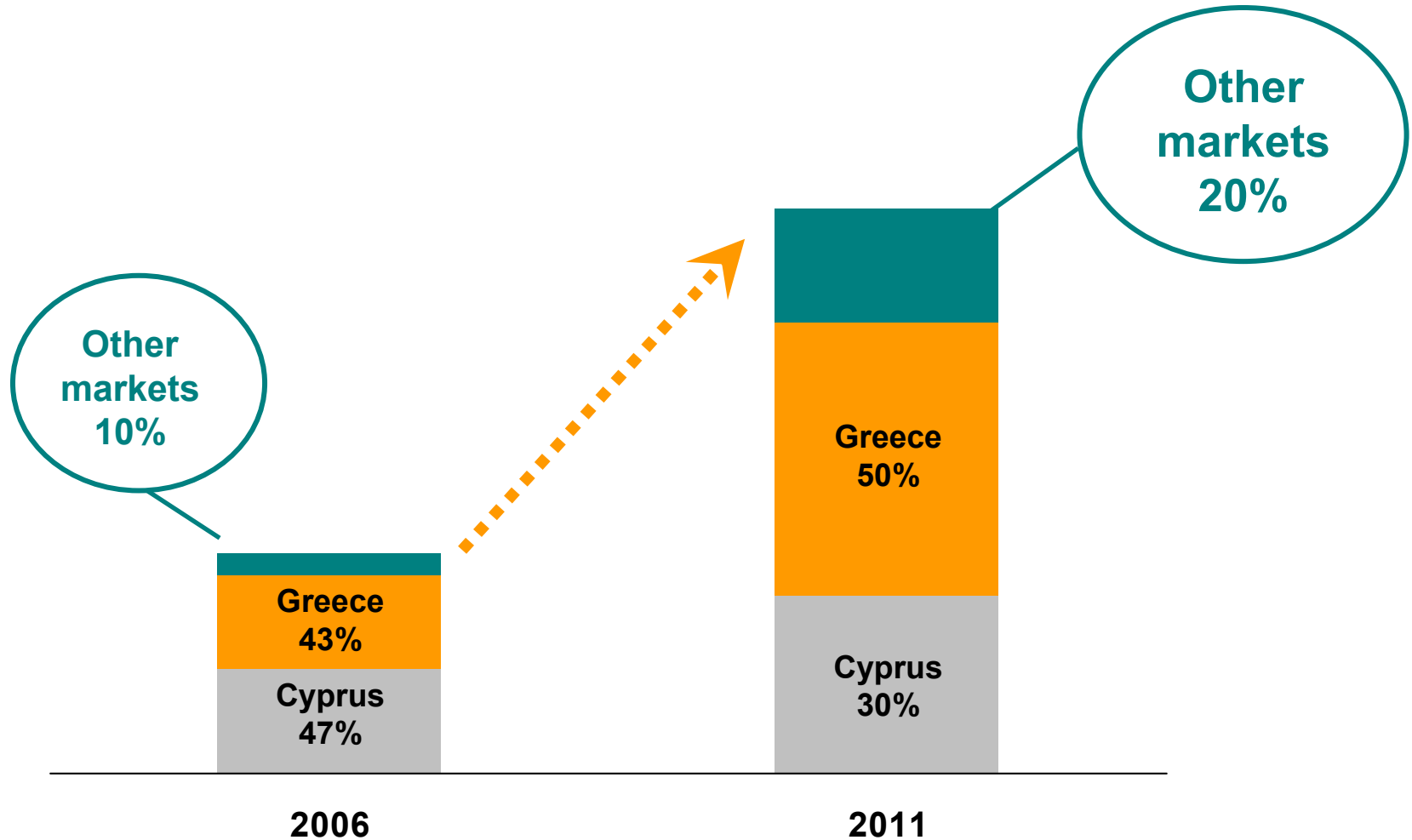
**Profit After Tax  
to increase by  
31%**



# Main assumptions of 2007-2009 financial plan

	2007-2009 CAGR	
<b>Growth</b>		<b>Increase the loans to deposits ratio by 12 percentage points</b>
• Loans	21%	<b>No issue of new shares</b>
• Deposits	15%	
• Risk weighted assets	21%	<b>Increase in net interest margin</b>
		• Greece through increase in deposit spread
<b>Income</b>		• Entry into new higher margin geographies
• Net interest income	18%	
• Total income	16%	
<b>Expenses</b>		
• Total expenses	9%	

# Expansion into markets other than Cyprus and Greece: Group loan portfolio in 2011



## Closing remarks

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- **Strong strategic positions of our diversified business**
- **Conducive operating environment**
- **Operating leverage**
- **New markets, a new growth dimension for the longer term**
- **Proven track record in market share gains and cost control**



**Commitment to deliver on targets  
and create value for shareholders**

# Contacts

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## Website

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

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# ***Appendix: Detailed Financial Information***

**Financial Results 2006 - Highlights**

**Delivering on our strategy**

**2007-2009 Strategic Direction**

**Financial targets 2007-2009**

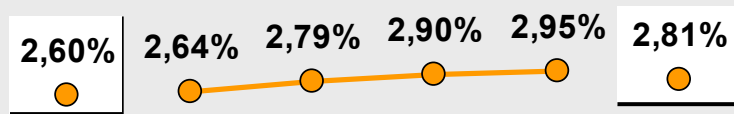
***Appendix: Detailed financial information***



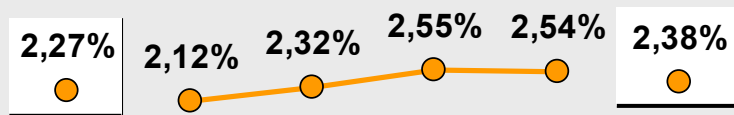
# Interest income

## Net interest margin

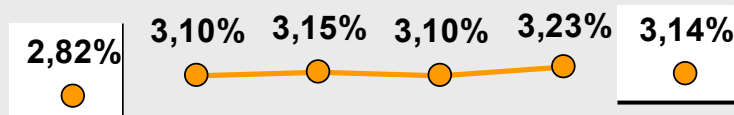
### Group



### Cyprus

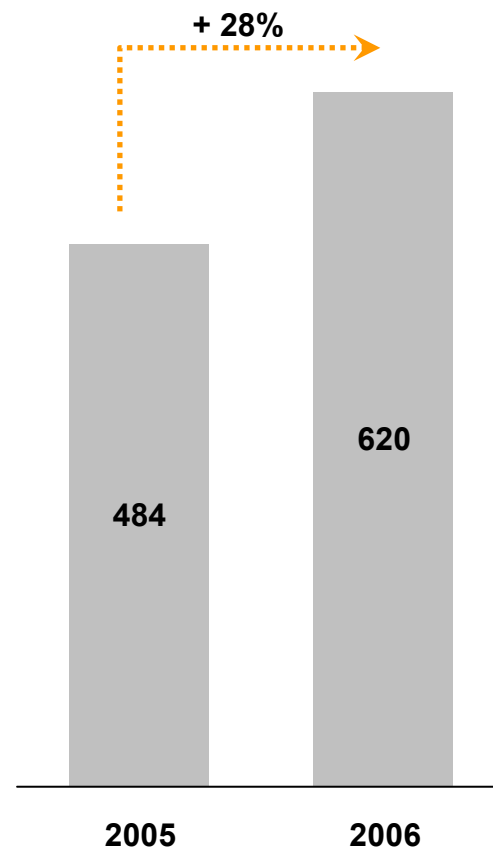


### Greece



FY05 1Q06 2Q06 3Q06 4Q06 FY06

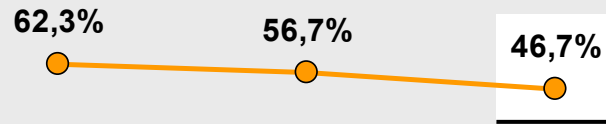
## Net interest income (€mm)



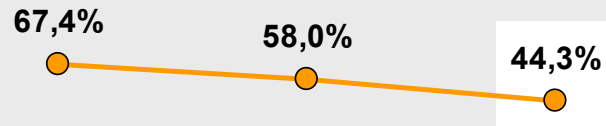
# Cost containment

## Cost/income

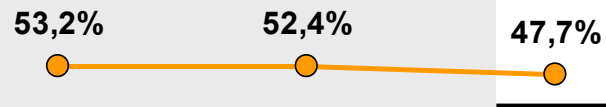
### Group



### Cyprus



### Greece

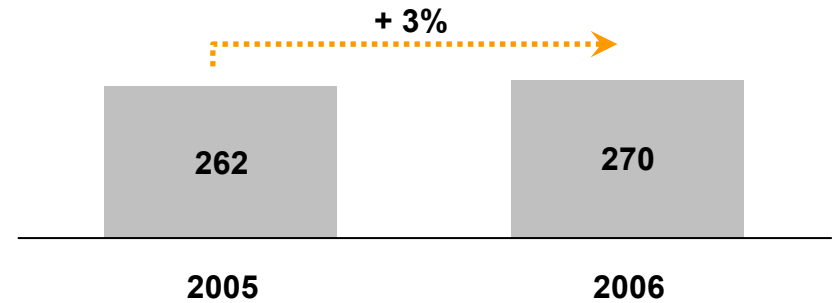


2004

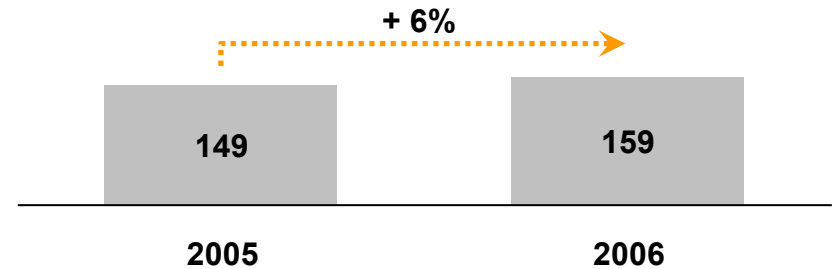
2005

2006

## Staff costs (€mm)



## Other operating expenses (€mm)



# Strengthened pension fund funding status

- Full reversal of unrecognised pension fund liability due to underlying assets outperformance
- Concentration of equities to be diversified away by 2010
  - All new fund contributions are not invested in Bank of Cyprus shares



# Cyprus operations delivered strong financial performance

(€mm)	FY06	FY05	% growth	Q4/06	Q4/05	% growth
Net interest income	344	256	+34%	97	73	+33%
Fees and commissions	122	107	+14%	33	29	+13%
Income from insurance operations	41	37	+10%	10	9	+7%
Profit from disposal and revaluation of financial instruments	30	10	+213%	10	3	+269%
Foreign exchange and other income	48	29	+66%	15	8	+92%
<b>Total income</b>	<b>585</b>	<b>439</b>	<b>+33%</b>	<b>165</b>	<b>122</b>	<b>+36%</b>
Staff costs	(178)	(179)	-1%	(48)	(49)	0%
Other operating expenses	(82)	(76)	+7%	(23)	(17)	+32%
<b>Total expenses</b>	<b>(260)</b>	<b>(255)</b>	<b>+2%</b>	<b>(71)</b>	<b>(66)</b>	<b>+8%</b>
Provision for bad debts	(45)	(104)	-57%	(9)	(29)	-68%
Profit before tax	280	80	+250%	85	27	+210%
Tax	(36)	(8)	+344%	(14)	(2)	+490%
<b>Profit after tax</b>	<b>244</b>	<b>72</b>	<b>+239%</b>	<b>71</b>	<b>25</b>	<b>+184%</b>
Net Interest Margin	2,38%	2,27%	+11 b.p.			
Return on Equity	35,5%	12,0%	+23,5 p.p.			
Cost/Income	44,3%	58,0%	-13,7 p.p.			

# Greek operations experienced strong performance enhancement

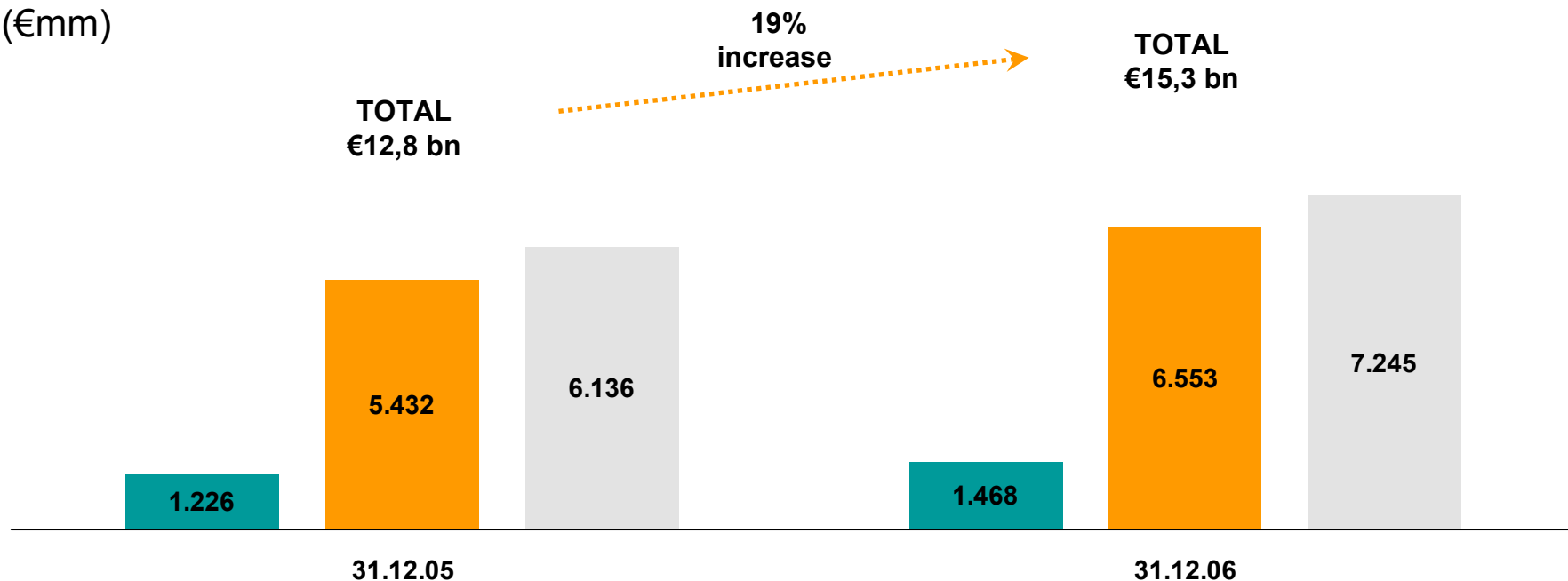
(€mm)	FY06	FY05	% growth	Q4/06	Q4/05	% growth
Net interest income	240	192	+25%	67	52	+27%
Fees and commissions	43	39	+8%	13	10	+25%
Income from insurance operations	5	3	+48%	1	1	+28%
Profit from disposal and revaluation of financial instruments	2	2	+14%	1	3	-55%
Foreign exchange and other income	4	5	-53%	0	0	-
<b>Total income</b>	<b>294</b>	<b>241</b>	<b>+21%</b>	<b>82</b>	<b>66</b>	<b>+23%</b>
Staff costs	(73)	(64)	+14%	(19)	(18)	+10%
Other operating expenses	(67)	(62)	+7%	(19)	(15)	+26%
<b>Total expenses</b>	<b>(140)</b>	<b>(126)</b>	<b>+11%</b>	<b>(38)</b>	<b>(33)</b>	<b>+17%</b>
Provision for bad debts	(58)	(52)	+11%	(10)	(14)	-30%
Profit before tax	96	63	+53%	34	20	+72%
Tax	(31)	(20)	+58%	(13)	(7)	+76%
Profit after tax	65	43	+50%	20	12	+69%
<b>Net Interest Margin</b>	<b>3,14%</b>	<b>2,82%</b>	<b>+32 b.p.</b>			
<b>Return on Equity</b>	<b>14,0%</b>	<b>11,1%</b>	<b>+2,9 p.p.</b>			
<b>Cost/Income</b>	<b>47,7%</b>	<b>52,4%</b>	<b>-4,7 p.p.</b>			

# Operations in UK and Australia deliver sustained earnings despite adverse operating environment

(€mm)	FY06	FY05	% growth	Q4/06	Q4/05	% growth
Net interest income	35	35	0%	10	9	+20%
Fees and commissions	10	9	+15%	3	2	+36%
Profit from disposal and revaluation of financial instruments	(7)	(1)	-438%	(6)	(1)	-746%
Foreign exchange and other income	1	1	-38%	0	0	+16%
<b>Total income</b>	<b>39</b>	<b>44</b>	<b>-11%</b>	<b>7</b>	<b>10</b>	<b>-33%</b>
Staff costs	(18)	(18)	-1%	(5)	(5)	-5%
Other operating expenses	(11)	(12)	-2%	(2)	(3)	-16%
<b>Total expenses</b>	<b>(29)</b>	<b>(30)</b>	<b>-1%</b>	<b>(7)</b>	<b>(8)</b>	<b>-9%</b>
Provision for bad debts	2	(1)	-	4	1	+376%
Profit before tax	12	13	-11%	3	3	+11%
Tax	(4)	(3)	+26%	(3)	(2)	+70%
<b>Profit after tax</b>	<b>8</b>	<b>10</b>	<b>-24%</b>	<b>0</b>	<b>1</b>	<b>-85%</b>
Net Interest Margin	1,97%	2,16%	-19 b.p.			
Return on Equity	8,6%	12,9%	-4,3 p.p.			
Cost/Income	74,7%	67,2%	+7,5 p.p.			

# Loans by geographic sector

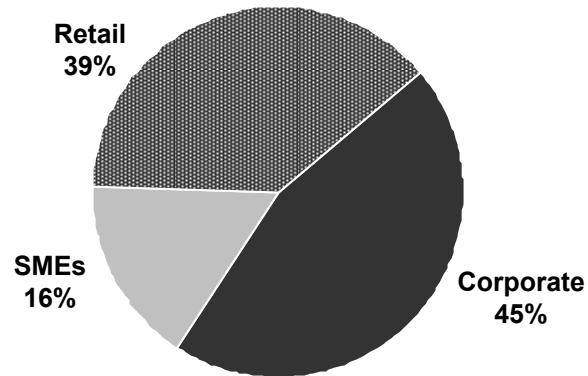
(€mm)



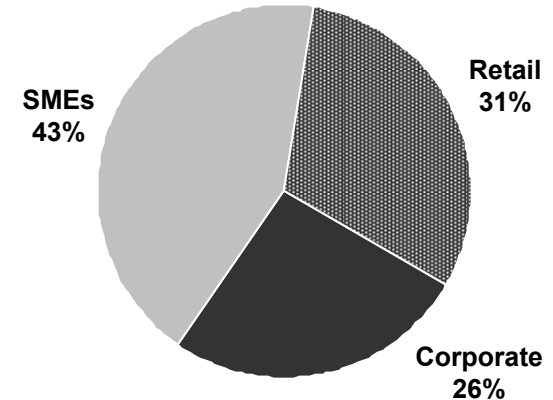
	Share in the Group total %	Annual increase %	Market share
■ Cyprus	48%	47%	18%
■ Greece	43%	43%	21%
■ Other countries	9%	10%	20%

# Well diversified loan portfolio

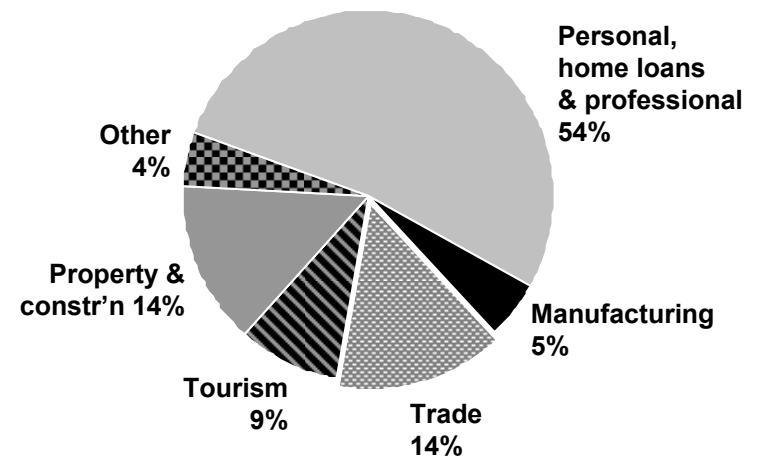
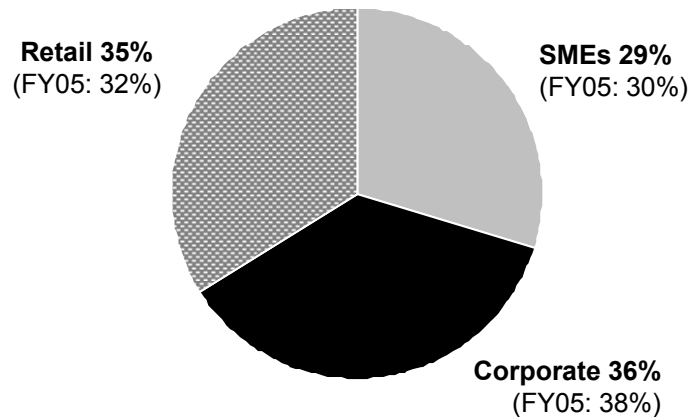
## Cyprus



## Greece

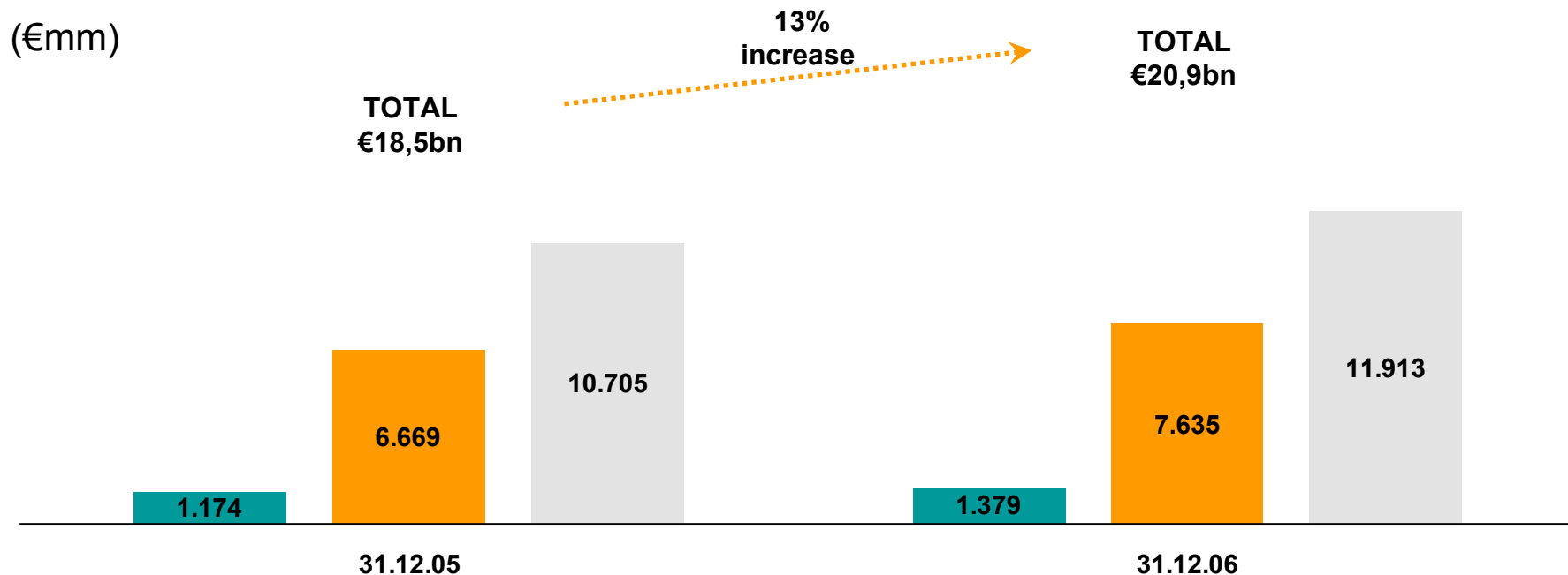


## Group





# Deposits by geographic sector



	Share in the Group total %	Annual increase %	Market share
■ Cyprus	58%	57%	11%
■ Greece	36%	36%	14%
■ Other countries	6%	7%	17%

# Capital adequacy overview

(€mm)	FY05	FY06
Shareholders' equity	1.317	1.565
Core Tier I Capital	1.101	1.191
Hybrid Capital (Tier I)	156	163
Tier I Capital	1.257	1.354
Tier II Capital	564	450
Total Regulatory Capital	1.821	1.804
Risk weighted assets	12.898	14.978
Core Tier I ratio	8,5%	7,9%
Tier I ratio	9,8%	9,0%
Total capital ratio	14,1%	12,0%