



Six Monthly Results 2006



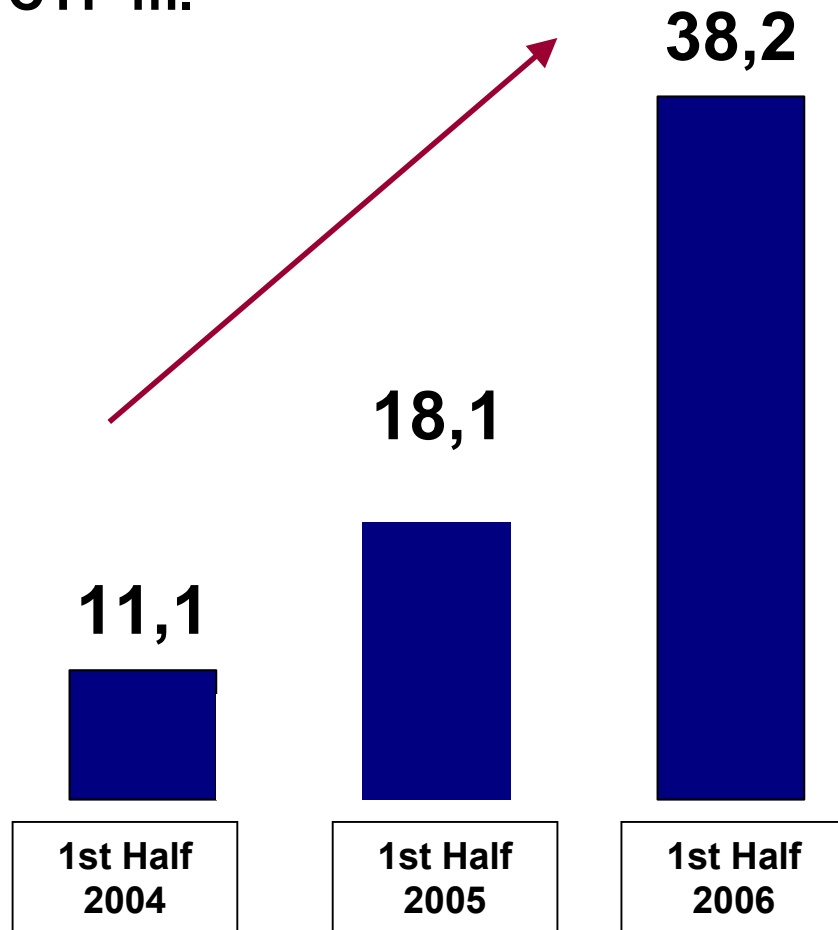


Period Overview

Significant growth of profitability

Profit attributable to shareholders

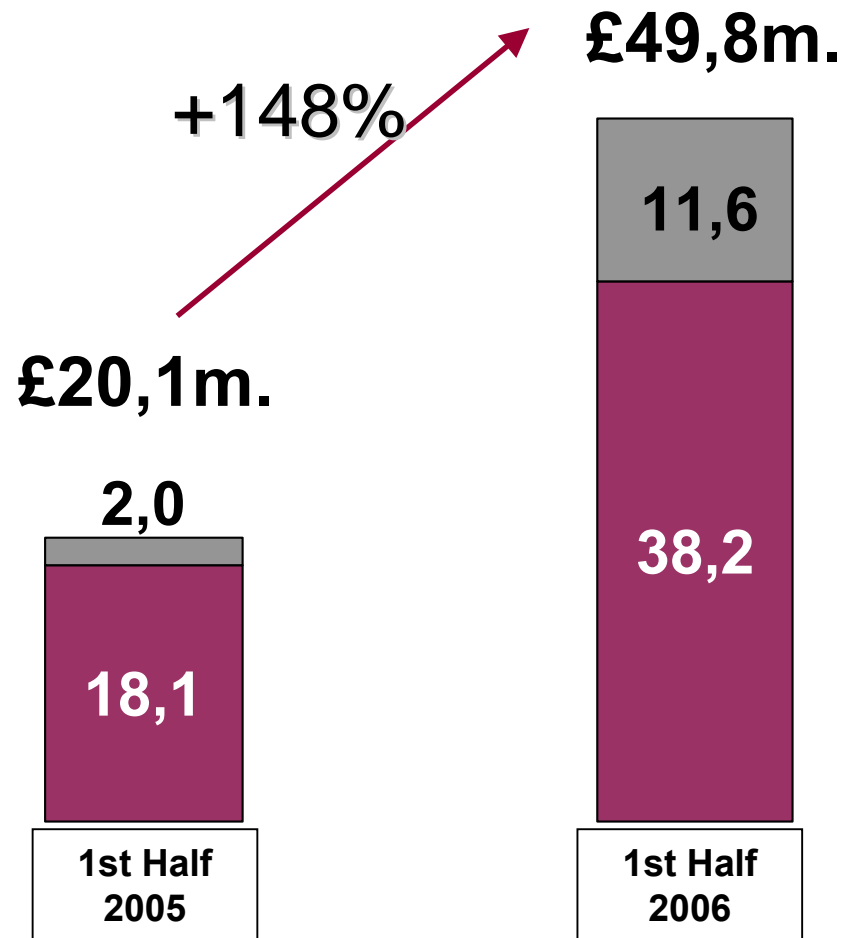
in CYP m.



- Profit attributable to shareholders more than doubled
- Increase of 111% compared to the 1st half of 2005

Adding value to shareholders

Increase in shareholders' interest

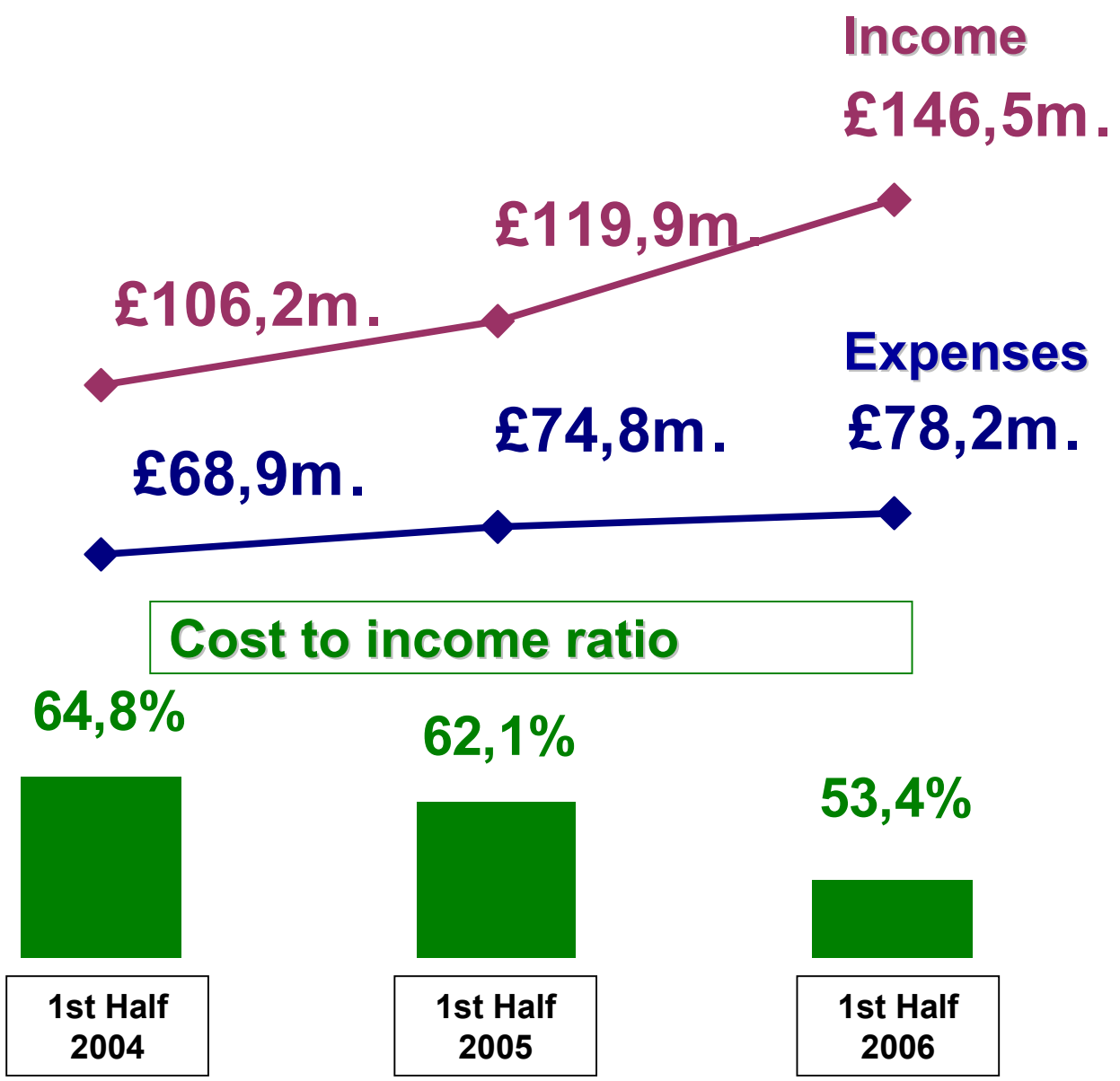


➤ Increase of shareholders' interest by £49,8m. compared to £20,1m. in the 1st half of 2005

➤ Increase directly in reserves arising from revaluation of available for sale investments of £11,6m.

■ Increase of fair value of investments reserves
■ Profit for the period

Income growth – containment of expenses

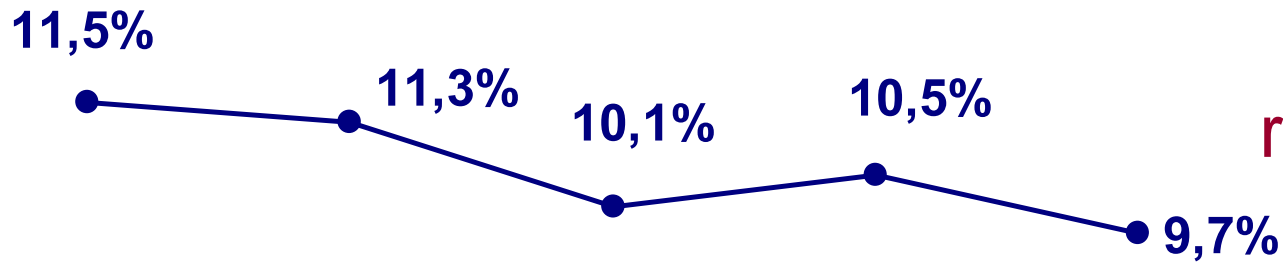


➤ Significant income growth combined with containment of expenses

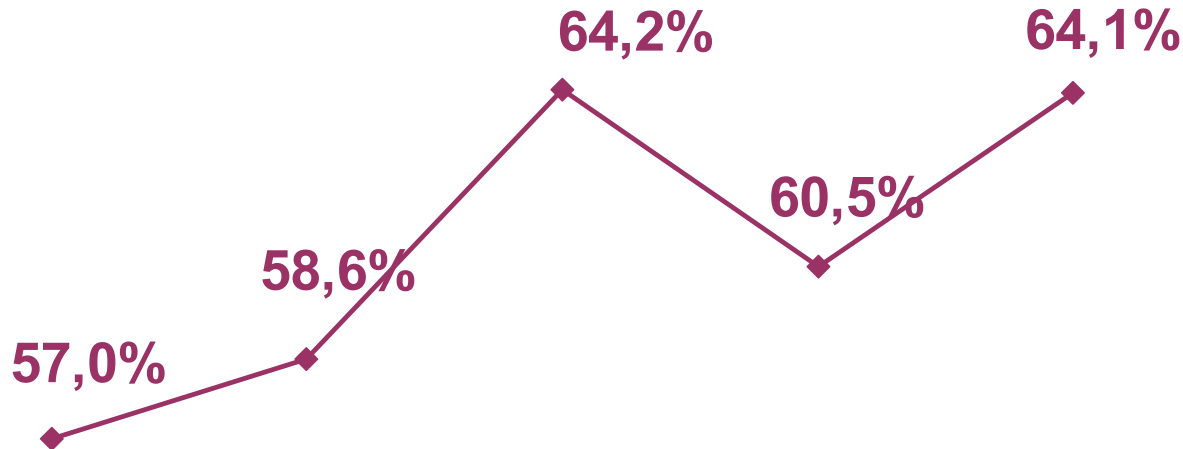
➤ Material reduction of the cost to income ratio

Decrease of NPL ratio and increase of coverage ratio

% NPLs to advances



Provisions to NPLs



➤ Decrease of NPL ratio to lower than last year levels despite stricter categorisation rules

➤ Increase of the coverage ratio to the same levels as at the end of 2005

2004

1st Half 2005

2005

1st Quarter 2006

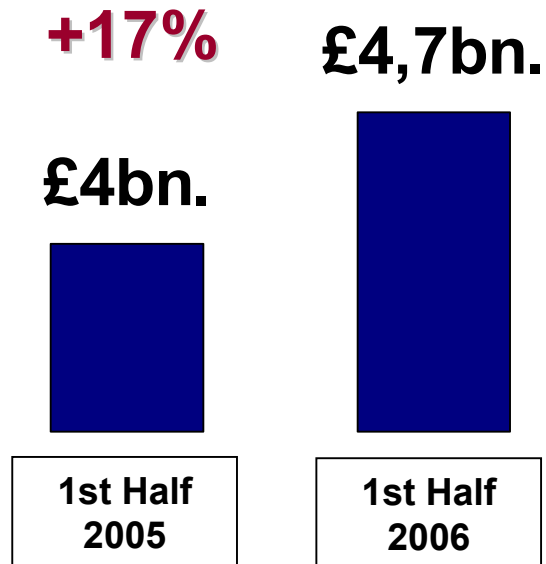
1st Half 2006

Six month criterion

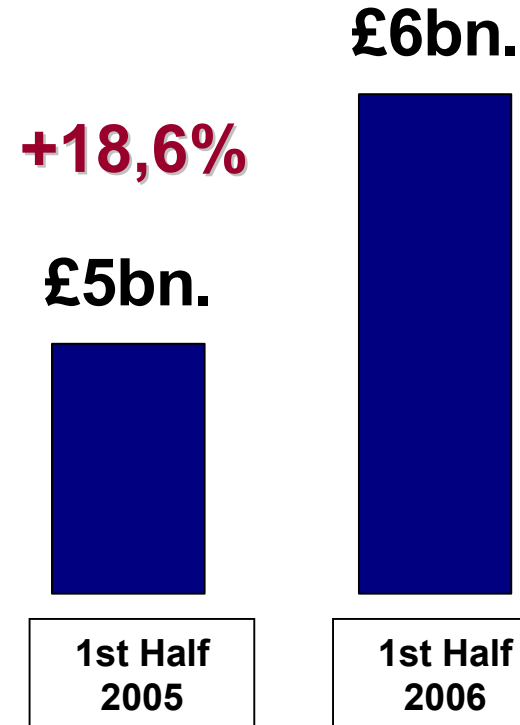
Three month criterion

Significant Group balance sheet growth

Growth of advances



Growth of deposits

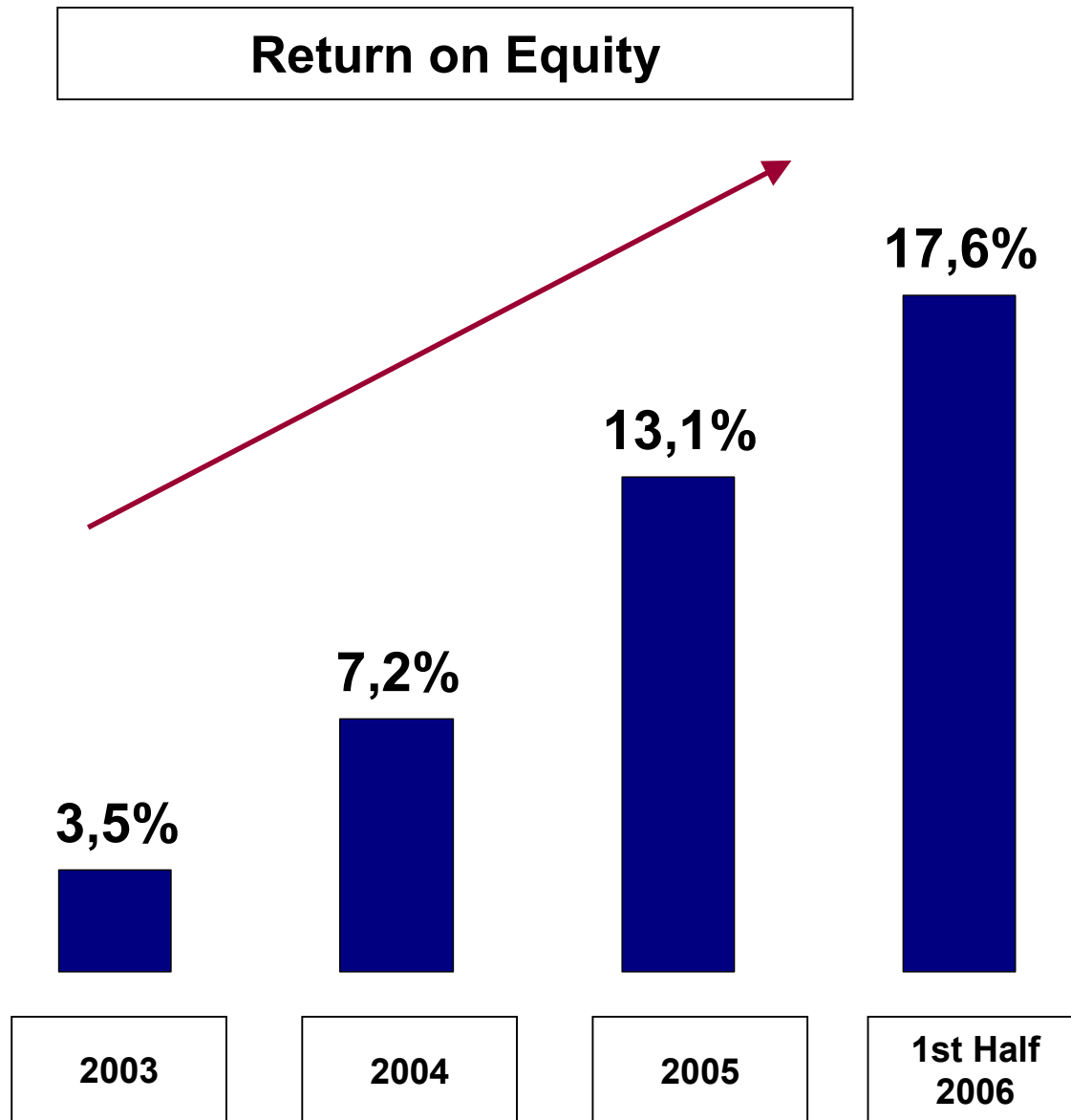


- Increase of sizes at faster rates than the market
- Increase of market share in Cyprus :

Advances : 17,52% in May 2006 from 17,19% in May 2005

Deposits : 20,63% in May 2006 from 19,42% in May 2005

Continuous increase of return on equity



- Increase of annualised Return on Equity to 17,6%
- The target set for 2006 has already been exceeded

- **The goodwill has been initially estimated at £7,4m.**
- **The goodwill is subject to impairment test which will be conducted on the 31.12.2006 in accordance with the Group's accounting policies**
- **The Group is proceeding with restructuring of operations:**
 - **Integration of standards and procedures with those of the Group and improvement of risk management and loans portfolio**
 - **Restructuring of branch network**
 - **Reduction of staff numbers – staff of 338 people out of whom 65 accepted a voluntary exit programme**
 - **Increase market share and improvement of products and services offered**

The Board of Directors and the Management Team are very optimistic about the future and commit to make every effort with the aim of increasing further the value to the shareholders



Analysis of Financial Results

Consolidated Income Statement

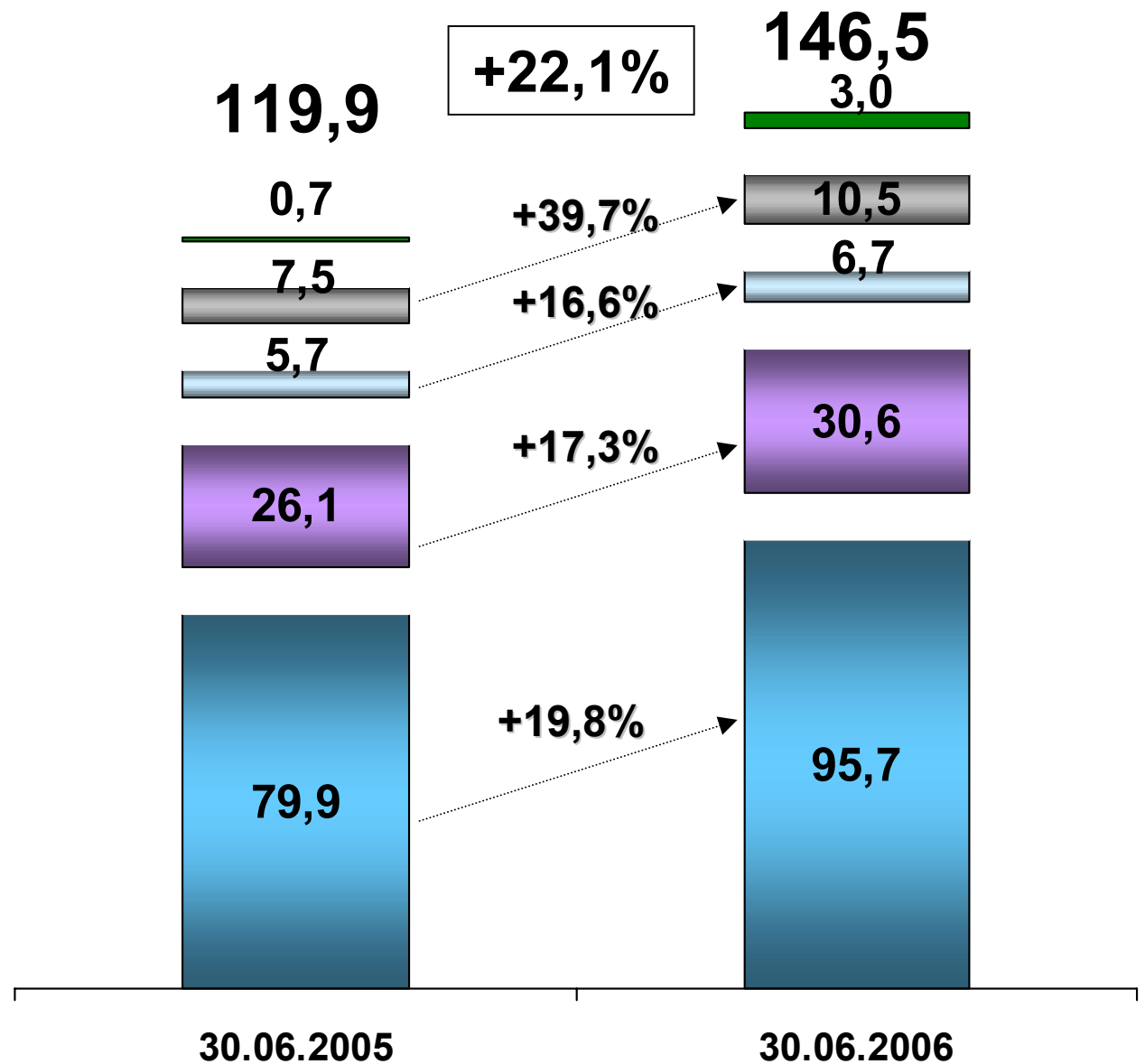
in CYP m.	30.06.2006	30.06.2005	change
Operating income	146,5	119,9	+22%
Operating expenses	(78,2)	(74,8)	+4%
Profit before provisions	68,3	45,1	+52%
Provision for impairment of advances	(22,9)	(22,7)	+1%
Profit after provisions	45,4	22,4	+103%
Share of profit from associates	0,4	0,5	
Profit before tax	45,8	22,9	+100%
Tax	(6,6)	(4,4)	+49%
Profit for the period	39,2	18,5	+112%
Attributable to: Minority interest	1,0	0,4	
Equity holders of the Bank	38,2	18,1	+111%
	39,2	18,5	+112%



Operating income

in CYP m.

- Profit from disposal and revaluation of securities
- Other income
- Foreign exchange
- Net fees and commissions
- Net interest income



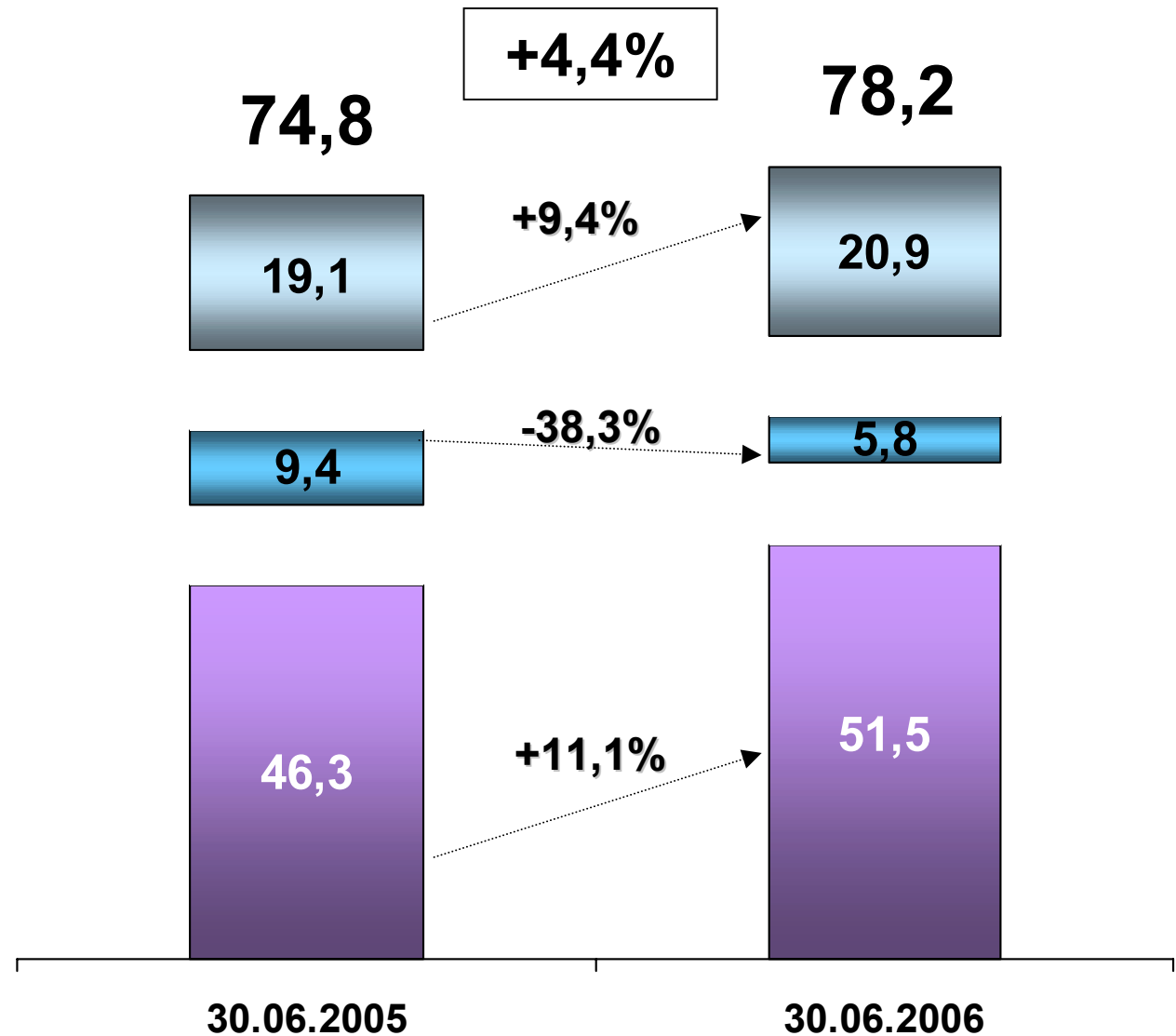
Operating expenses

in CYP m.

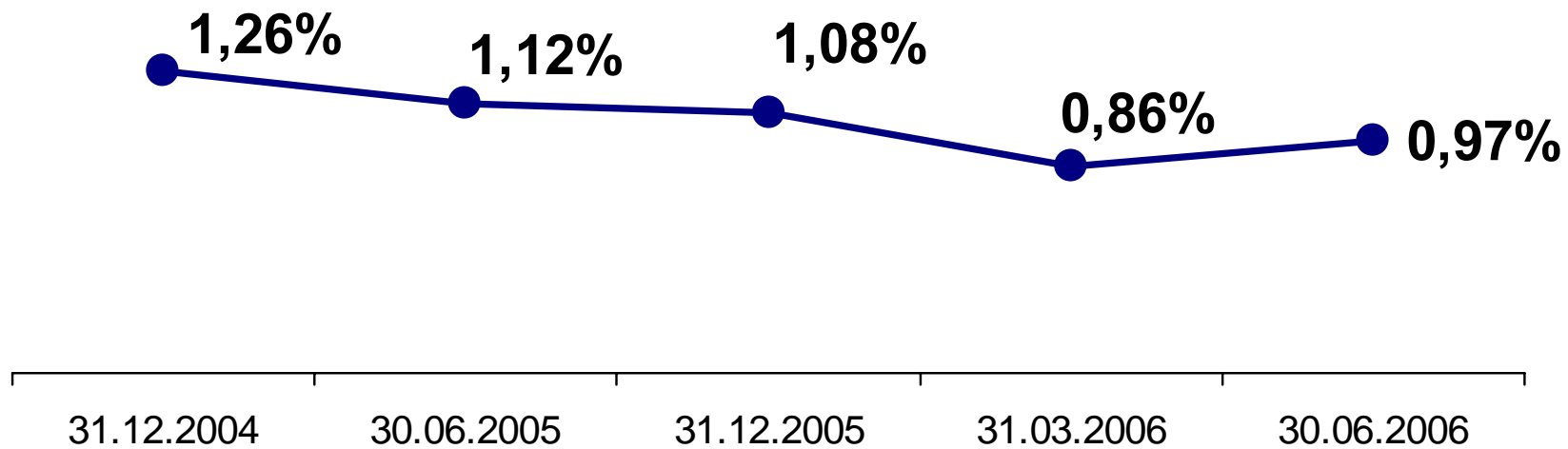
Other expenses

Depreciation, amortisation & impairment

Staff costs



Provision for impairment of advances to gross advances



Analysis of profitability by geographical sector

Operations in Cyprus

in CYP m.	1st Half 2006	1st Half 2005	annual % Δ
Operating income	104,6	86,6	+21%
Operating expenses	(52,3)	(52,6)	-1%
Profit before provisions	52,3	34,0	+54%
Provisions	(13,6)	(17,8)	-24%
Share of profit from associates	0,4	0,5	
Profit before tax	39,1	16,7	+134%
Tax	(3,8)	(1,8)	+108%
Profit after tax	35,3	14,9	+137%



Net interest margin

2,93% ***3,06%***

Cost to income ratio

50,0% ***60,7%***

Return on equity

29,63% ***19,33%***

Analysis of profitability by geographical sector

Greek operations

in CYP m.	1st Half 2006	1st Half 2005	annual % Δ
Operating income	28,4	24,0	+18%
Operating expenses	(16,7)	(16,8)	0%
Profit before provisions	11,7	7,2	+61%
Provisions	(7,5)	(4,8)	+56%
Profit before tax	4,2	2,4	+72%
Tax	(1,6)	(1,5)	+1%
Profit after tax	2,6	0,9	+188%
<i>Net interest margin</i>	<i>2,54%</i>	<i>2,51%</i>	
<i>Cost to income ratio</i>	<i>58,8%</i>	<i>69,8%</i>	
<i>Return on equity</i>	<i>5,61%</i>	<i>4,00%*</i>	



* Has been adjusted for the impairment of goodwill

Analysis of profitability by geographical sector

Operations in the United Kingdom, Guernsey and Australia

in CYP m.	1st Half 2006	1st Half 2005	annual % Δ
Operating income	10,8	9,3	+17%
Operating expenses	(5,9)	(5,5)	+7%
Profit before provisions	4,9	3,8	+31%
Provisions	(0,8)	-	n/a
Profit before tax	4,1	3,8	+10%
Tax	(1,2)	(1,1)	+18%
Profit after tax	2,9	2,7	+7%



Net interest margin

2,18% **2,51%**

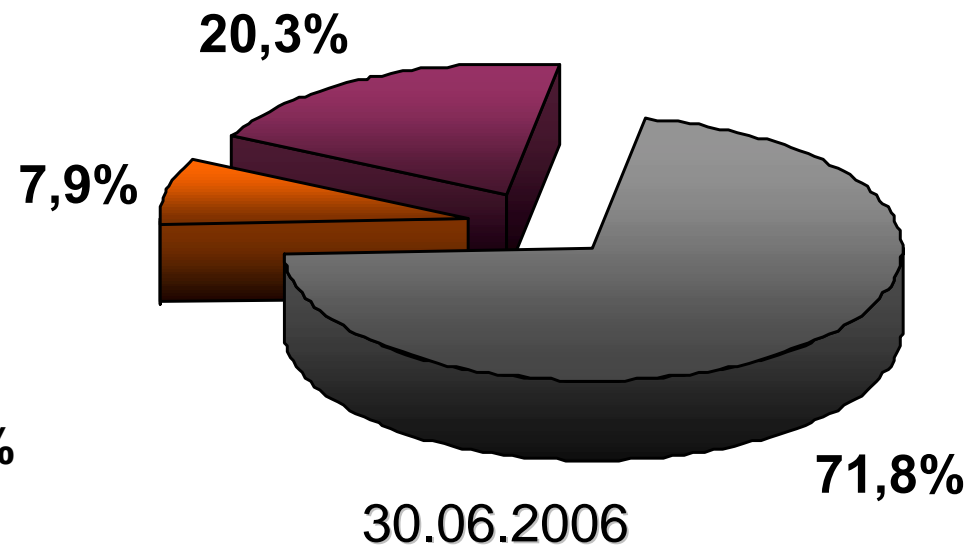
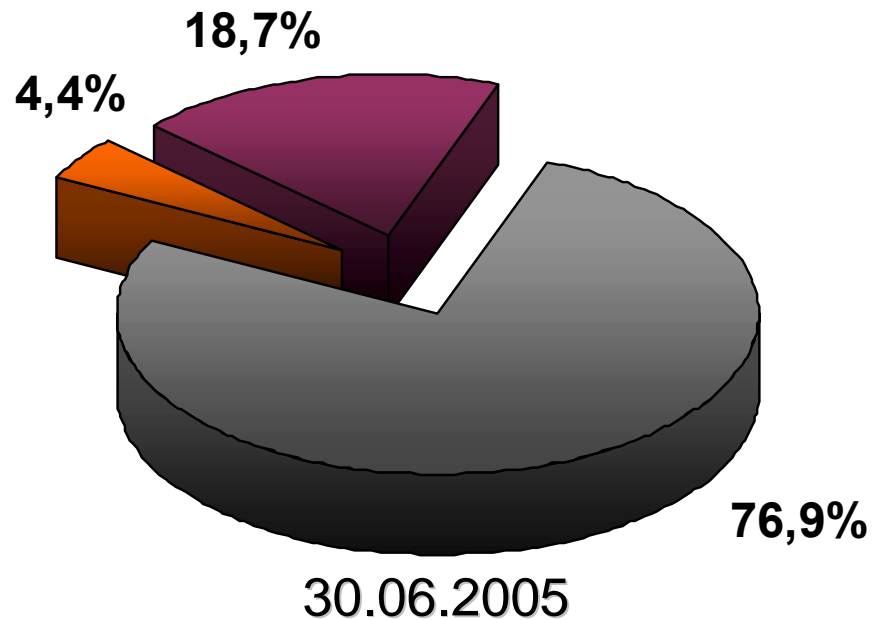
Cost to income ratio

54,2% **59,1%**

Return on equity

10,41% **9,81%**

Profit before provisions by business segment



In CYP m.	30.06.2005	30.06.2006	Increase %
Banking services	34,7	49,0	+41,6%
Insurance services	2,0	5,4	+171,3%
Financial & other services	8,4	13,9	+64,3%
TOTAL	45,1	68,3	+51,6%

Analysis of profitability of insurance operations

in CYP m.	1st Half 2006	1st Half 2005	annual % Δ
Operating income	10,6	7,8	+36%
Operating expenses	(5,2)	(5,8)	-11%
Profit before provisions	5,4	2,0	+171%
Provisions	(0,2)	-	n/a
Profit before tax	5,2	2,0	+163%
Tax	(0,4)	(0,4)	+15%
Profit after tax	4,8	1,6	+205%

➤ Excluding the impairment of goodwill which burdened the results of the 1st half of 2005, the profit after tax increases by 93%



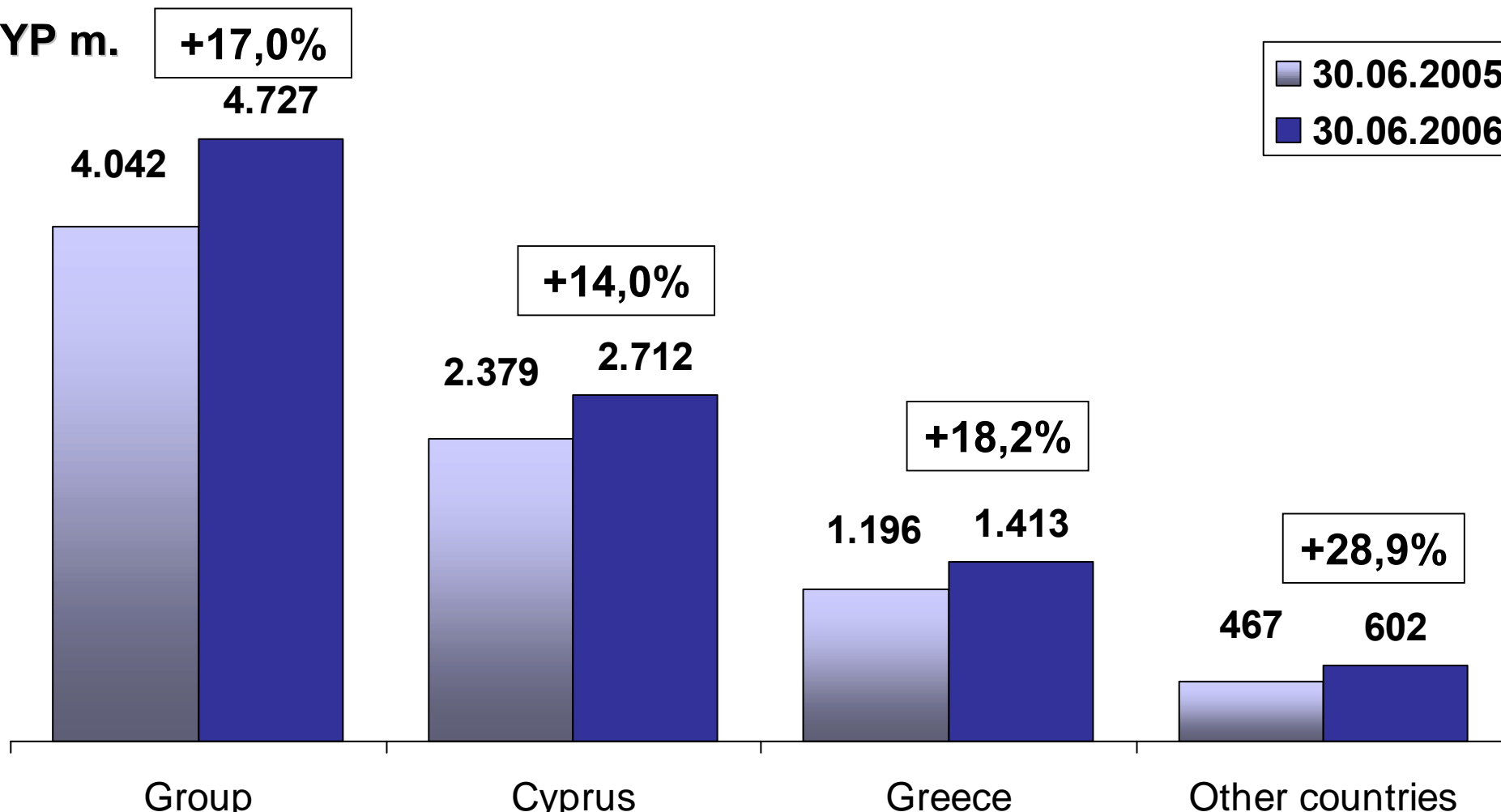
Balance Sheet Analysis

Condensed Consolidated Balance Sheet

in CYP m.	06/2006	06/2005	% Δ
Cash and balances with Central Banks	535	413	
Due from other banks	1.566	1.053	
Bonds, Government bonds and shares	1.109	940	
Advances	4.388	3.742	
Other assets	285	243	
Total assets	7.883	6.391	+23%
Due to other banks	220	127	
Customer deposits	5.978	5.039	
Senior debt and loan capital	644	386	
Other liabilities	546	479	
Minority interest	38	35	
Shareholders' interest	457	325	
Total equity and liabilities	7.883	6.391	+23%

Gross customer advances

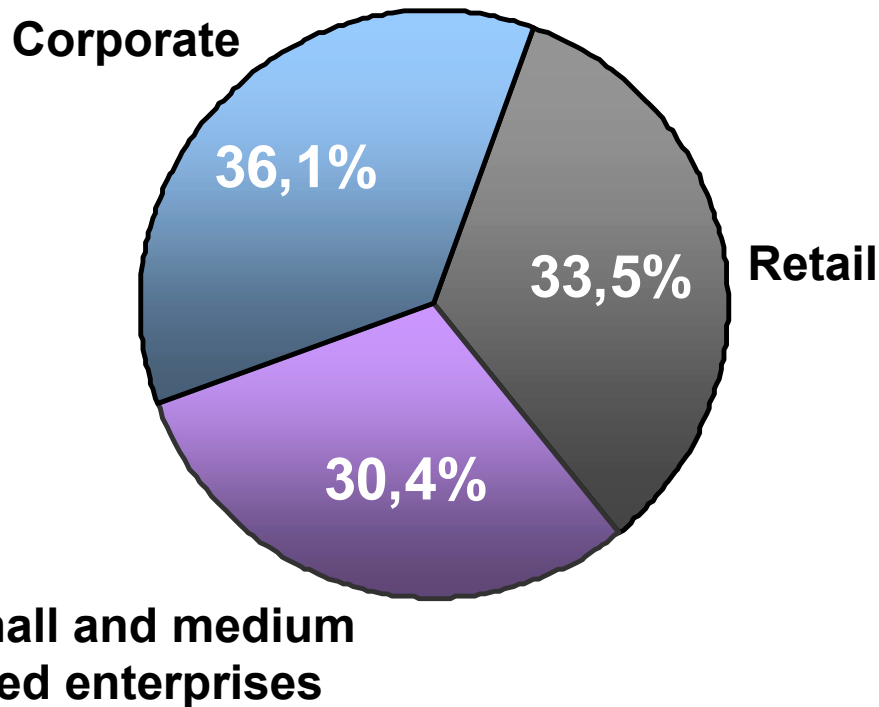
in CYP m.



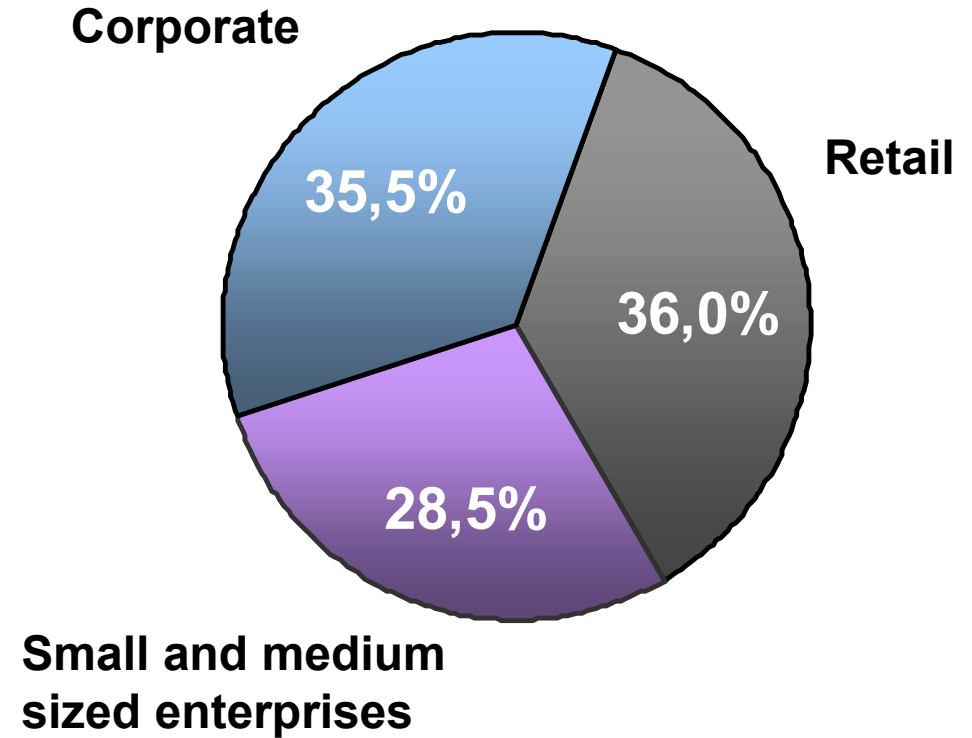
Other countries	30.06.2005	30.06.2006	% Δ
United Kingdom and Guernsey	306	387	+26,7%
Australia	161	183	+13,4%
Serbia	-	32	n/a

Analysis of advances portfolio by customer type

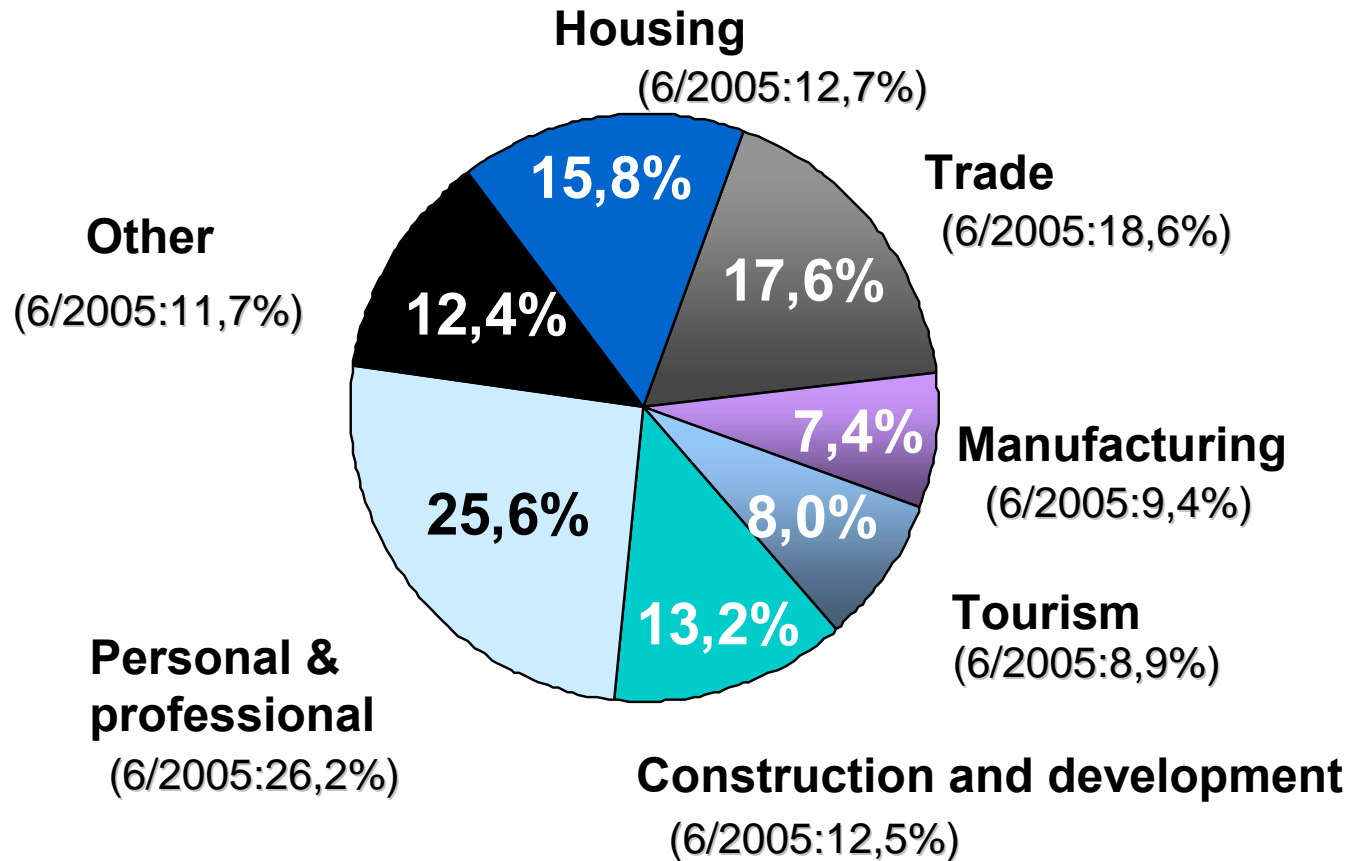
Group 30.06.2005



Group 30.06.2006

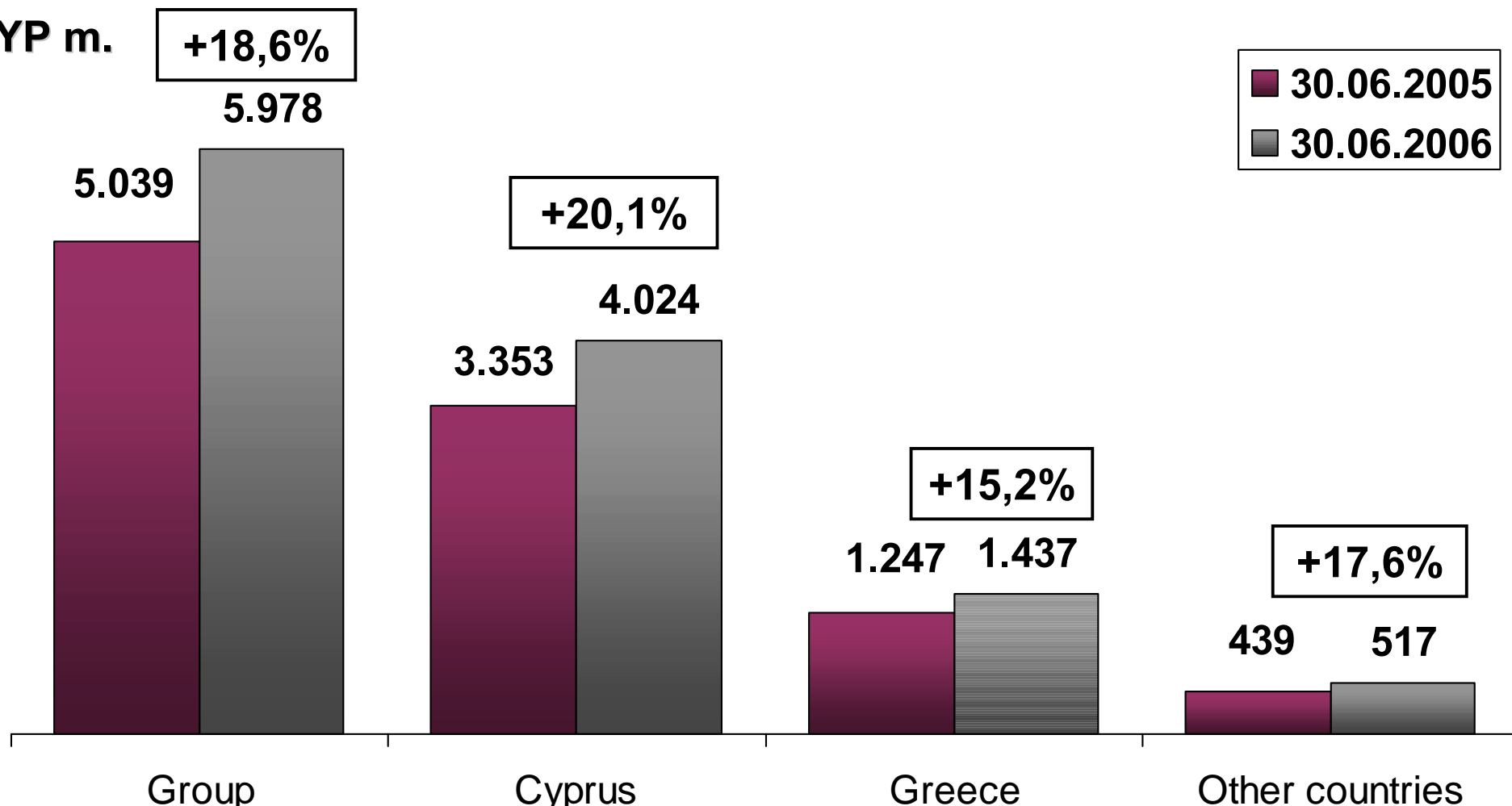


Group 30.06.2006



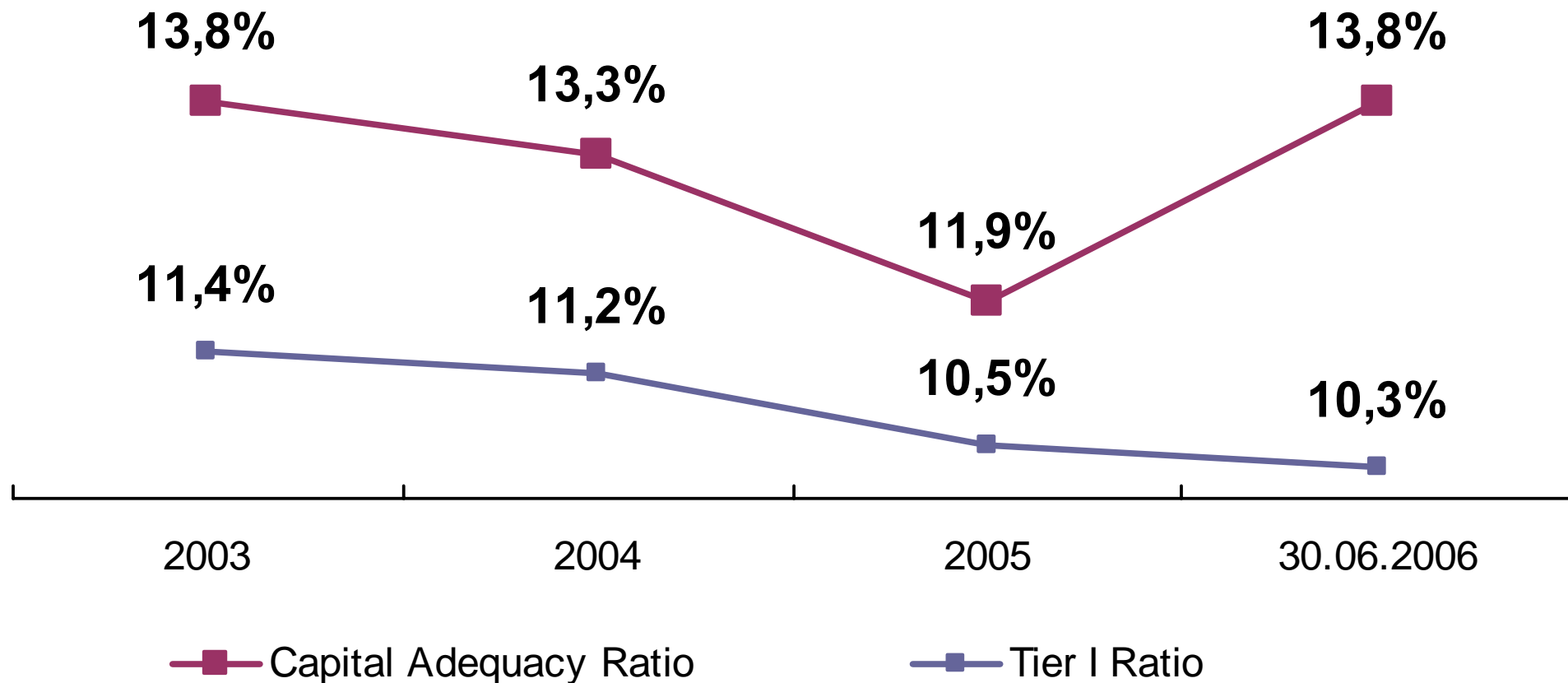
Customer deposits

in CYP m.



Other countries	Cyprus	Greece	
	30.06.2005	30.06.2006	% Δ
United Kingdom and Guernsey	278	309	+10,8%
Australia	161	185	+15,2%
Serbia	-	23	n/a

Capital Adequacy Ratios



- Increase of Tier I capital by £61m. from issue of rights
- Increase of Tier II capital by €450m. through issue out of the EMTN programme



Prospects

Main performance ratios and Prospects

	2003	2004	2005	1st Half 2006
Earnings per share (cent)	3,1	6,9	14,0	24,8*
Return on equity	3,5%	7,2%	13,1%	17,6%*
Cost to income ratio	66,4%	62,6%	58,8%	53,4%

* annualised

Based on the current financial conditions and the indications so far from the trend of Group's profitability, it is anticipated that the profitability of the Group for the remaining of 2006 will maintain its significantly upward trend

