

Group Financial Results for the year ended 31 December 2017



This presentation has not been audited by the Group's external auditors. The Group statutory financial statements for the year ended 31 December 2017, upon which the auditors have given an unqualified report, can be found on the website (<http://www.bankofcyprus.com/en-GB/investor-relations-new/reports-presentations/financial-results/>). This financial information is presented in Euro (€) and all amounts are rounded as indicated. A comma is used to separate thousands and a dot is used to separate decimals.

Important Notice Regarding Additional Information Contained in the Investor Presentation

The presentation for the Group Financial Results for the year ended 31 December 2017 contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014.

The presentation for the Group Financial Results for the year ended 31 December 2017 (the "Presentation"), available on <http://www.bankofcyprus.com/en-GB/investor-relations-new/reports-presentations/financial-results/>, includes additional financial information not presented within the Group Financial Results Press Release (the "Press Release"), primarily relating to (i) NPE analysis (movements by segments geography and customer type), (ii) 90+ DPD analysis and 90+ DPD ratios (by Geography, business line and economic activity), (iii) reconciliations between 90+ DPD and NPEs for the Cyprus operations, (iv) rescheduled loans analysis, (v) details of historic restructuring activity including REMU activity, (vi) analysis of new lending, (vii) Income statement by business line, (viii) UK operations analysis, (ix) NIM and interest income analysis and (x) Loan portfolio analysis in accordance with the three-stages model for impairment of IFRS 9. Except in relation to any non-IFRS measure, the financial information contained in the Investor Presentation has been prepared in accordance with the Group's significant accounting policies as described in the Group's Annual Financial Report 2017. The Presentation should be read in conjunction with the information contained in the Press Release and neither the financial information in the Press Release nor in the Presentation constitute statutory financial statements prepared in accordance with International Financial Reporting Standards.

27 March 2018

FY2017 - Highlights

Continued Progress on Balance Sheet Repair

- Eleven consecutive quarters of organic NPE reduction
- NPEs reduced by €2.2 bn (or 20%) yoy to €8.8 bn (down by 41% since December 2014)
- NPE ratio at 47%; NPE coverage at 48% rising to 51% after IFRS 9 First Time Adoption (FTA)
- Continue to explore other structured solutions to accelerate de-risking

Adequate Capital Position

- CET1 at 12.7% and 12.2% fully loaded
- Total Capital ratio at 14.2%
- Estimated capital impact of c.9 bps on IFRS 9 FTA¹ in 2018

Improved Funding and Liquidity Position

- Deposits up €1.3 bn (+8% yoy)
- Deposits up €535 mn (+3%) in 4Q, facilitating full compliance with liquidity requirements² on 1 January 2018
- Loan to deposit ratio at 82%

Operating Performance

- NIM of 3.02% for FY2017; Total Income €907 mn for FY2017
- Operating profit of €485 mn for FY2017
- FY2017 provisions of €942 mn³ resulting in €552 mn loss after tax
- Cost to income ratio of 47% for FY2017

2018 Target

- EPS guidance of c.€0.40 maintained
- CET 1 >13.0%^{1,4} and Total capital ratio >15.0%^{1,4}
- ~€2 bn organic NPE reduction

(1) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)
(2) The local regulatory liquidity requirements set by the Central Bank of Cyprus (CBC) were abolished on 1 January 2018 and were replaced with a liquidity add-on requirement imposed on top of LCR which became effective on 1 January 2018. The Bank is currently in compliance with the LCR including the add-on requirement
(3) Including provisions for litigation and regulatory matters
(4) Including the impact of the adoption of the changes aligning the EBA CRR default definition with the NPE definition.

Track record of delivery against KPIs - clear path to achieving Targets

Progress of Key Financial Indicators since 2014

€ bn	Dec 2014	Dec 2017	Δ change	2018 Target ⁶	Medium Term Guidance ⁶
Total Assets	26.8	23.6	(11.9%) ✓	~ €23 bn	>€25 bn
New lending	0.2 ¹	2.2	10x ✓		
Deposits	13.2	17.8	+35.5% ✓		
ELA	7.4	-	Repaid ✓		
NPE	15.0	8.8	(41%) ✓		
RATIOS					
NPE ratio	63%	47%	(16 p.p.) ✓	<40%, ~ €2 bn organic reduction	<25%
NPE coverage	34%	48%	+14 p.p. ✓	>50%	>50%
RWA intensity	85%	73%	(12 p.p.) ✓		
CET1 (transitional)	14.0%	12.7%	(1.3 p.p.) ✗	>13% ^{3,5}	>13% ^{3,5}
Total Income	€1.168 bn	€0.907 bn	(22%) ✗	> €0.8 bn	Total income to grow in excess of cost ⁴
Cost/Income	37% ²	47% ²	+10 p.p. ✗	<50% ⁴	
Net fee & commission income/total Income	13%	20%	+7 p.p. ✓	>20%	>20%

(1) €0.2 bn of new lending relates to 2H2014 only

(2) Adjusted for the special levy and SRF contribution, the cost to income ratio for FY2017 was 44% compared to 39% for FY2016

(3) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)

(4) Target excluding special levy and SRF contribution

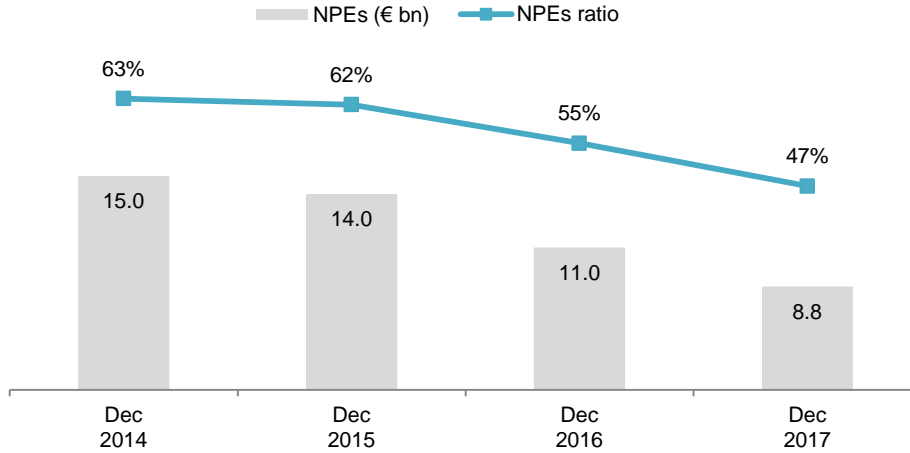
(5) Including the impact of the adoption of the changes aligning the EBA CRR default definition with the NPE definition

(6) Excluding the impact of trades or any unplanned or unforeseen events

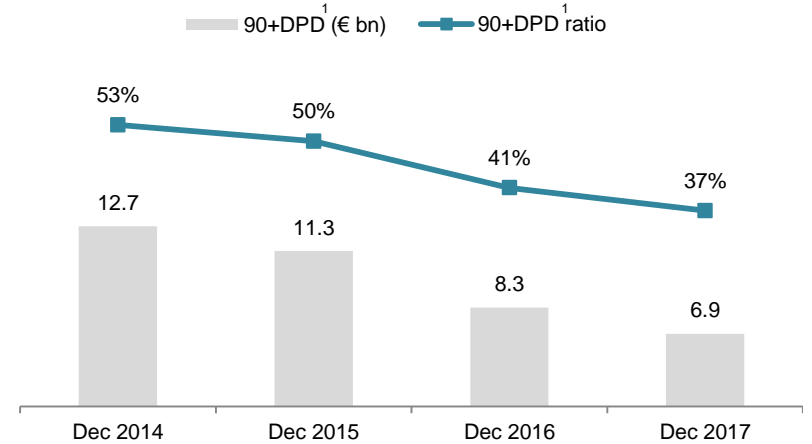
Group Loan Portfolio and Asset Quality

Continued organic NPE reduction

€2.2 bn NPE reduction in 2017; down 41% since 2014

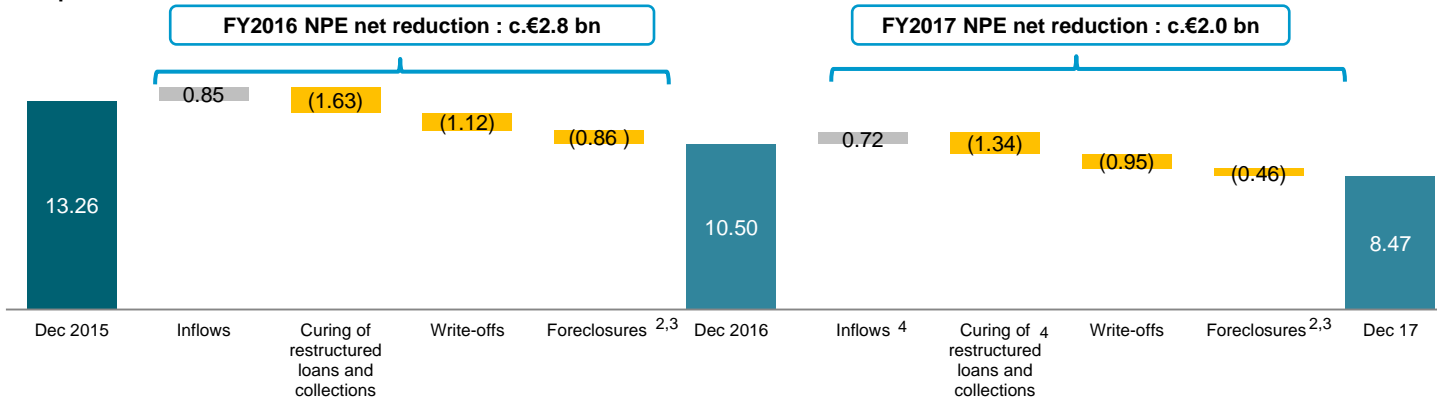


€1.4 bn 90+DPD¹ reduction in 2017; down 45% since 2014



Organic reduction continues through curing of restructured loans, collections, write offs and foreclosures

Cyprus operations

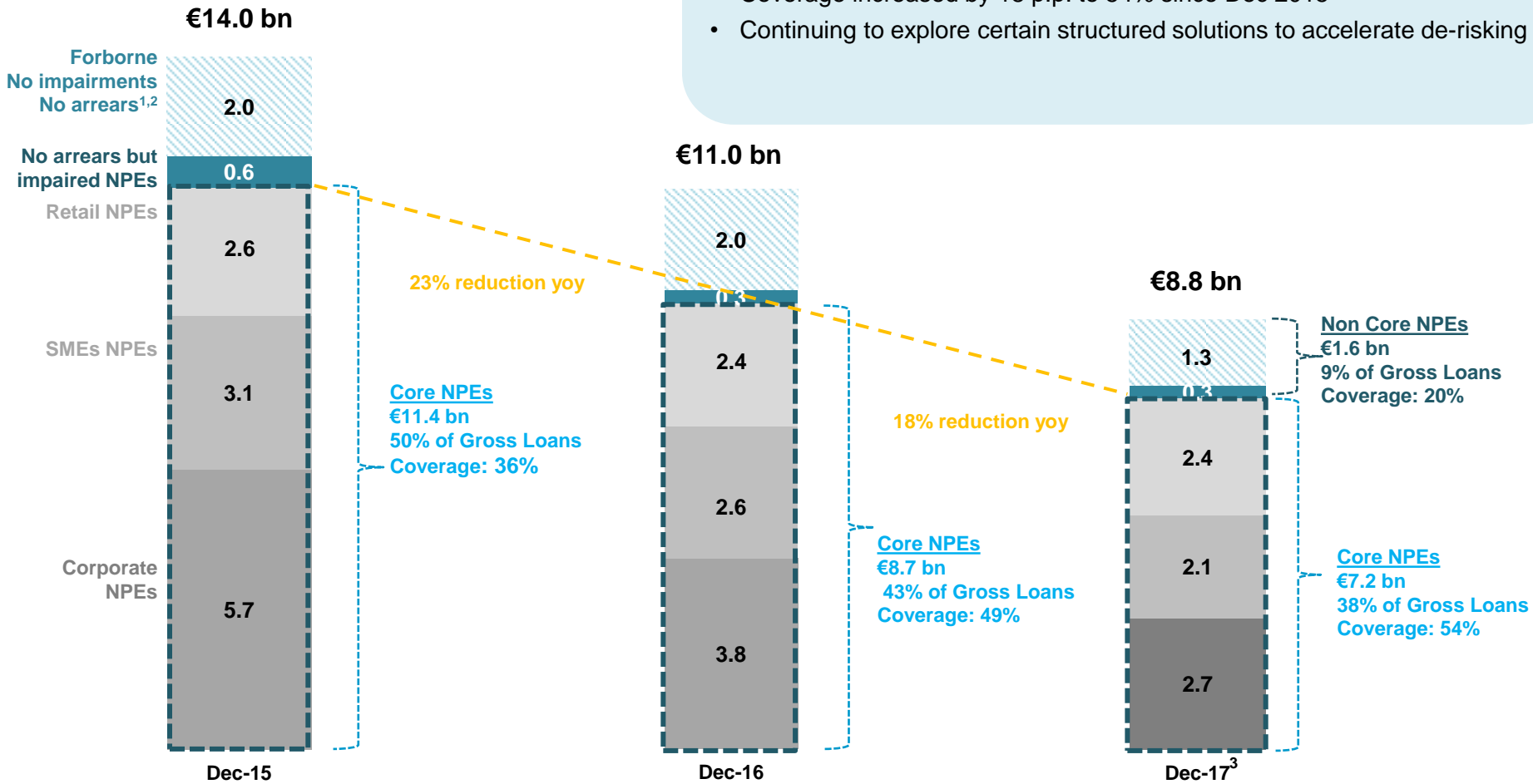


2018 Target
~ €2 bn organic
Group NPE reduction

- (1) From 1Q2018, the Bank will monitor NPEs, rather than 90+ DPD, with non performing loans (NPL) defined as loans in arrears for more than 90 days excluding impaired loans, as the leading indicator for NPEs
- (2) Value of on-boarded assets is set at a conservative 25%-30% discount from open market valuations, by two independent sources
- (3) Includes consensual (debt for asset swaps, DFAS) and non consensual foreclosures and debt for equity swaps
- (4) Loans of €209 mn which were cured and re-defaulted within the year (previously restructured corporate exposures re-classified into NPEs during 4Q2017) are excluded from both inflows and curing of restructured loans and collections

Core NPE risk at €7.2 bn down by 37% since 2015 and 54% covered

Group NPEs



Core NPEs

- Reduced by €4.2 bn or 37% since Dec 2015
- Coverage increased by 18 p.p. to 54% since Dec 2015
- Continuing to explore certain structured solutions to accelerate de-risking

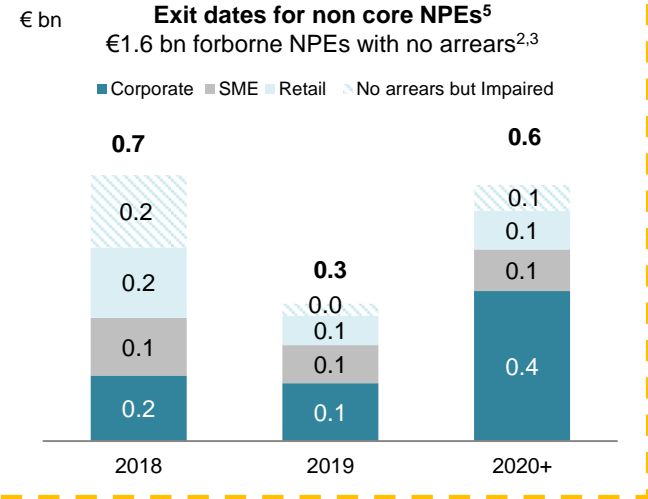
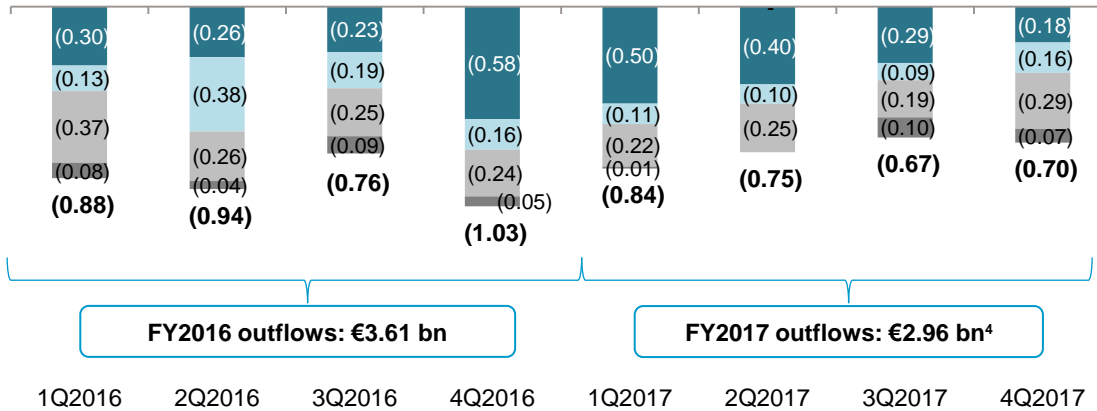
(1) In pipeline to exit NPEs subject to meeting all exit criteria
 (2) Analysis based on account basis
 (3) An RRD reorganisation executed in Q4 to increase pace in small ticket SME and Retail NPE resolution led to reclassification of NPEs between retail, SME and Corporate. This structure will be used for reporting going forward. For more information please refer to slide 30.

c.€3 bn NPE outflows in FY2017 leading to €2.2 bn NPE reduction

Outflows of NPEs on curing and exits (€ bn)

Cyprus operations

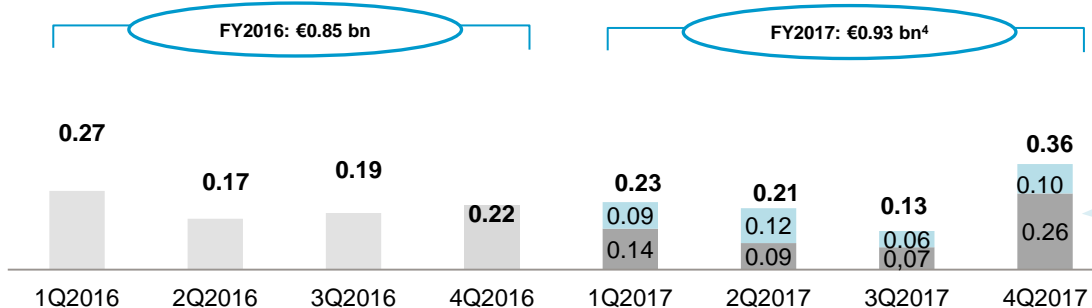
- Curing of restructured loans⁴
- DFAs & DFEs¹
- Write offs and non contractual write offs
- Other (Interest / Collections / Change in balances)



NPE inflows

Cyprus operations

- Redefaults
- New inflows

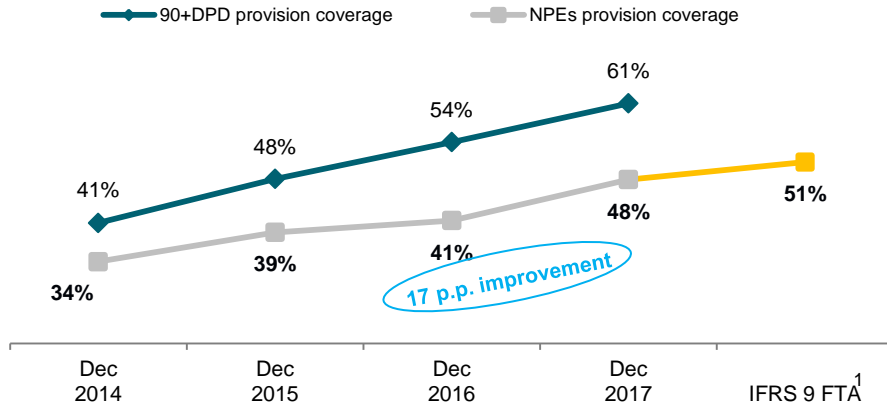


Q4 adversely impacted by reclassification into NPEs of €209 mn previously restructured corporate exposures. These borrowers have no arrears and are performing in line with or above expectations.

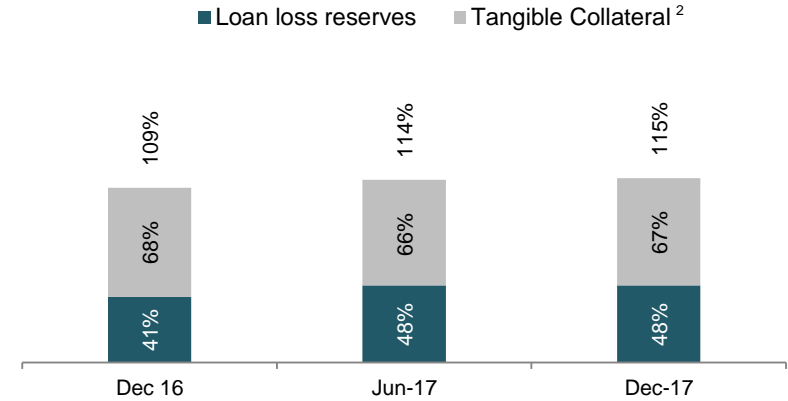
(1) Comprises DFAs and debt for equity swaps
 (2) In pipeline to exit NPEs subject to meeting all exit criteria
 (3) Analysis based on account basis
 (4) Total inflows and curing of restructured loans and collections of NPEs include loans of €209 mn which were cured and re-defaulted within the year (previously restructured corporate exposures reclassified into NPEs during 4Q2017)
 (5) Reporting as at 31 December 2017 includes transfers within RRD business lines following an internal reorganisation of Restructuring and Recoveries Division in 4Q2017

NPE provision coverage at 48% rising to 51% post IFRS 9 FTA

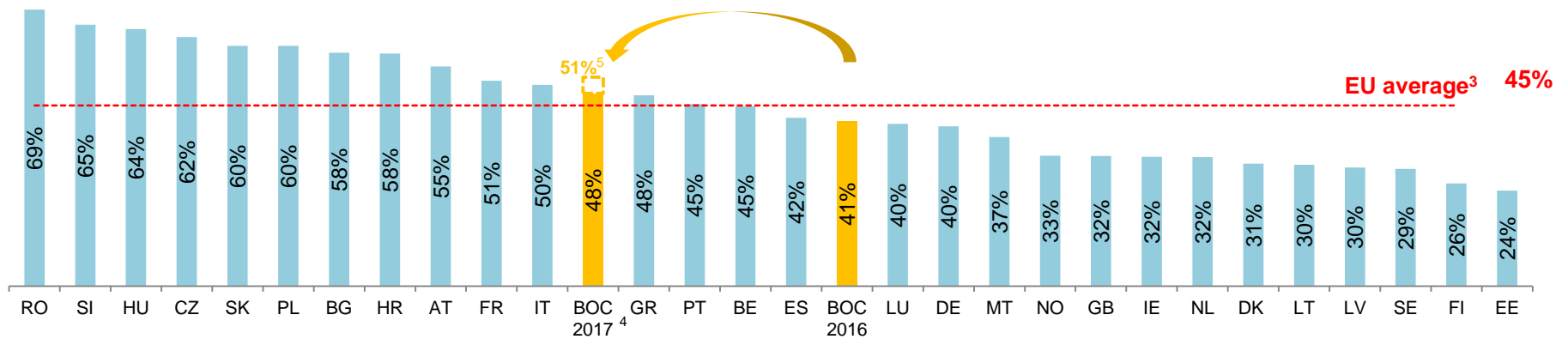
NPE coverage ratio at 51% post IFRS 9 FTA¹



NPE total coverage at 115% when collateral included



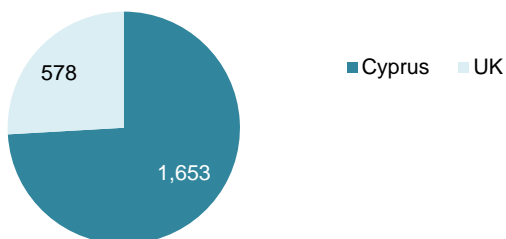
NPE provision coverage well above EU average



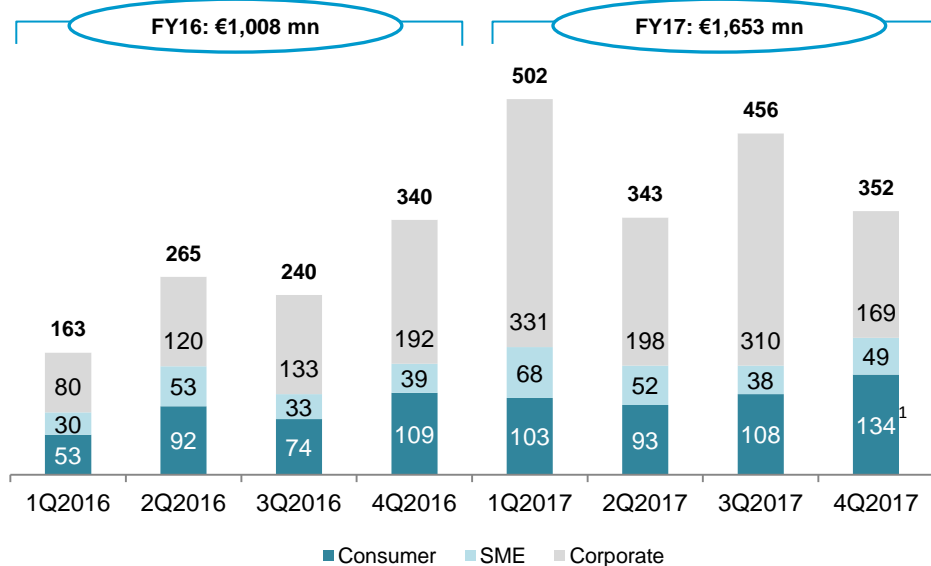
(1) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)
 (2) Based on EBA Risk Dashboard as at 30 September 2017
 (3) Provision Coverage for BOC relates to NPEs provision coverage as at 31 December 2017
 (4) Provision Coverage for BOC relates to NPEs provision coverage as at 31 December 2017, post IFRS 9 FTA

New lending of €2.2 bn in FY2017, up by 53% yoy

FY2017– Total New Lending of €2.2 bn (Group)

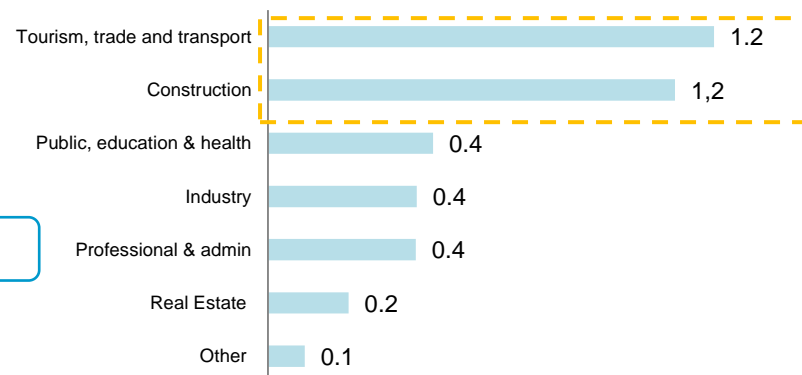


>98% of new lending in Cyprus in 2016 and 2017 is performing



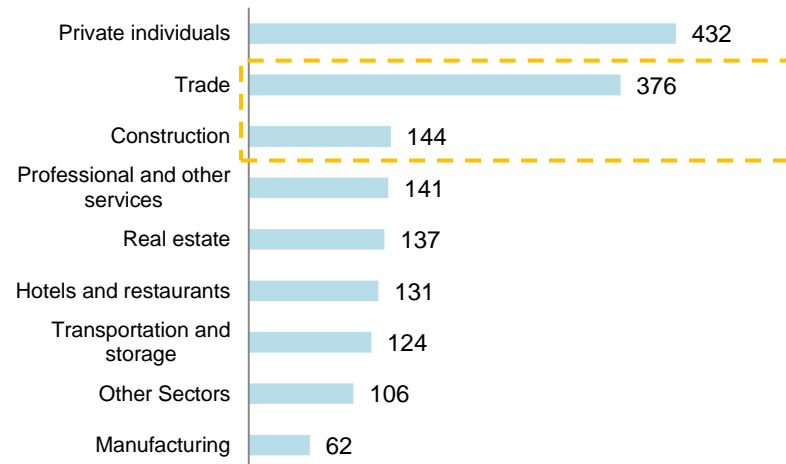
Tourism & Trade core sectors

Contribution to FY2017 Real GDP growth in p.p. (total 3.9%)



New lending maps to core sectors driving GDP growth

New lending Cyprus (€ mn) – FY2017

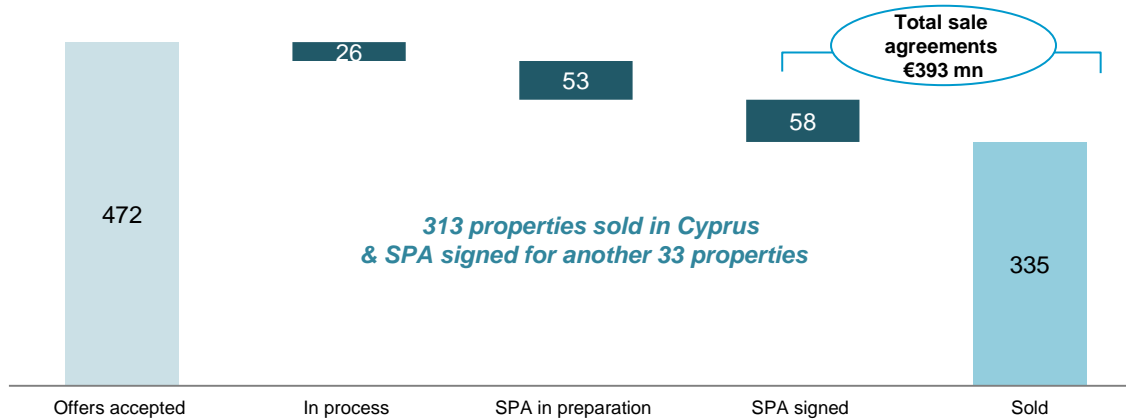


(1) Of which €90 mn relates to housing

Good progress on REMU sales

c.€400 mn sales⁵ agreed in FY2017 and Jan 2018; REMU profit of €30 mn in FY2017

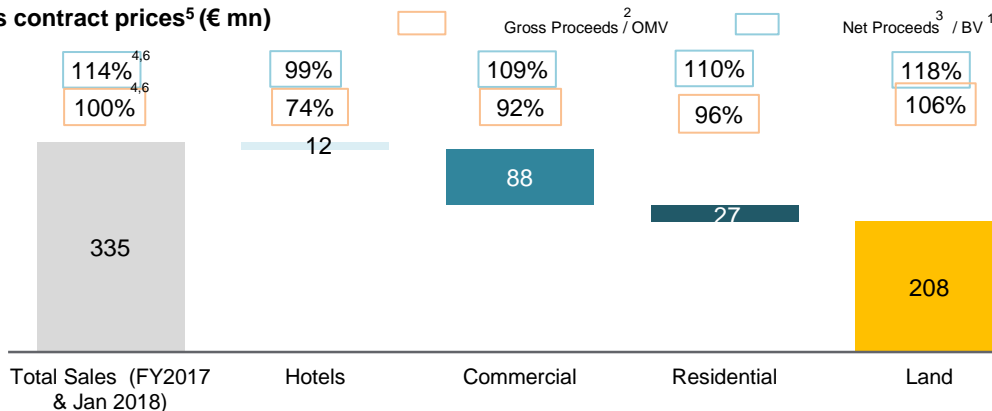
Sales contract prices⁵ (€ mn)



- Execution of disposal of CyREIT shares underway; CyREIT size is €180 mn

Sales achieved on average well above Book Value

Sales contract prices⁵ (€ mn)



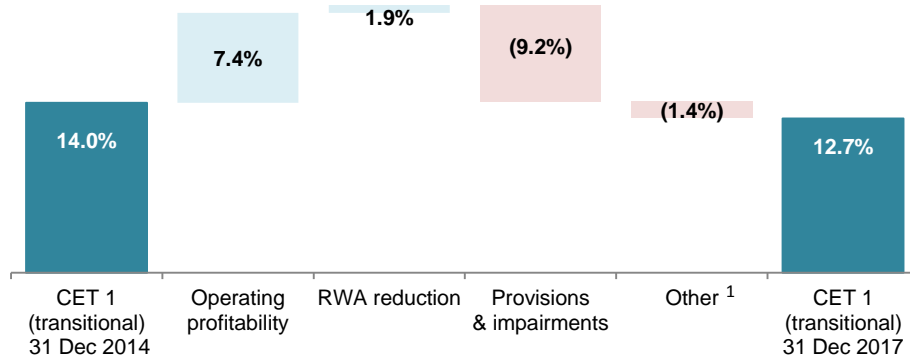
- Encouraging trends on real estate market
- Property prices up 1.4% yoy
- Sale contracts (excluding DFAS) up 24% yoy

(1) BV= book value = Carrying value prior to the sale of property
 (2) Proceeds before selling charge and other leakages
 (3) Proceeds after selling charges and other leakages
 (4) FY2017 sales include two disposal of properties of (€10 mn and €7.5 mn) which were classified in investment properties held for disposal
 (5) Amounts as per SPAs
 (6) Positively affected by 2 major sales. Adjusting for these two sales Gross Proceeds/OMV at 98% and Net Proceeds/BV at 112%

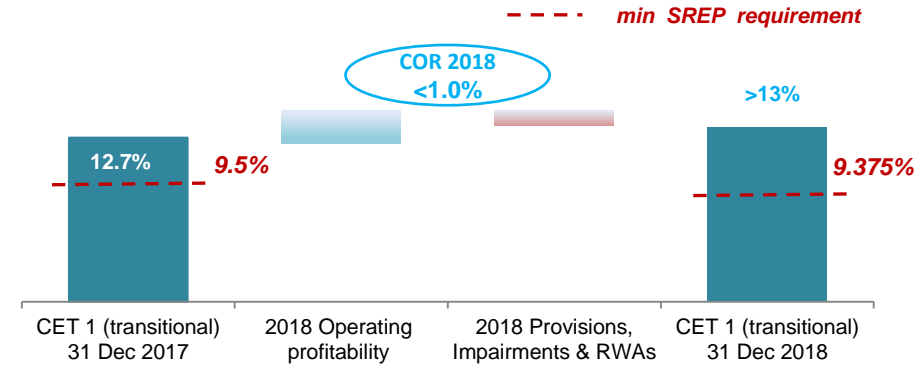
Capital and Funding Position

Capital ratios remain adequate

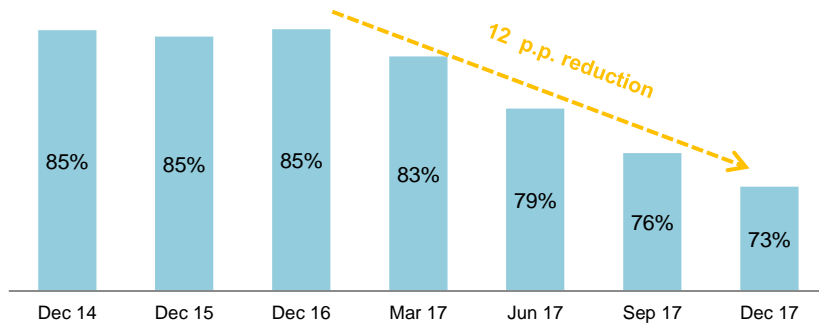
9.2% of capital deployed to de-risking since Dec 14



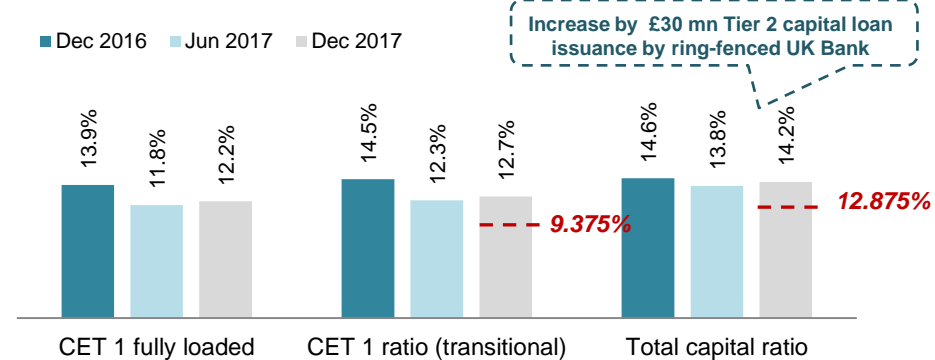
Organic capital rebuild expected through operating profitability



RWA intensity² reduced by 12 p.p. since Dec 16



Evolution of Capital Ratios



- Lower SREP capital requirement for 2018; Final confirmation received in Dec 2017
- The Group intends to early adopt changes that will almost align the EBA CRR definition with the NPE definition. This will result in an increase in RWAs equivalent to c.40 bps drop on CET 1 ratio and c.50 bps drop on Total Capital ratio, based on 31 December 2017 figures

(1) Capital deductions, phase-in adjustments, reserve movements and disposal of non core assets
 (2) Risk Weighted Assets over Total Assets

Capital and solvency position after IFRS 9 FTA

The impact of IFRS 9 is expected to be manageable and within the Group's capital plans¹

Gross Loans³ Provisions³ € bn € bn

Stage 1	5.2	0.07
Stage 2 ⁴	4.8	0.13
Stage 3 ⁴	8.8	4.31
TOTAL	18.8	4.51

		Opening position	
	31 Dec 2017	1 Jan 2018 Transitional Arrangements ²	Δ change
Equity	€2.6 bn	€2.3 bn	- c.€300 mn
CET 1 (transitional)	12.7%	12.6%	- c.9 bps
Total Capital ratio	14.2%	14.1%	- c.9 bps

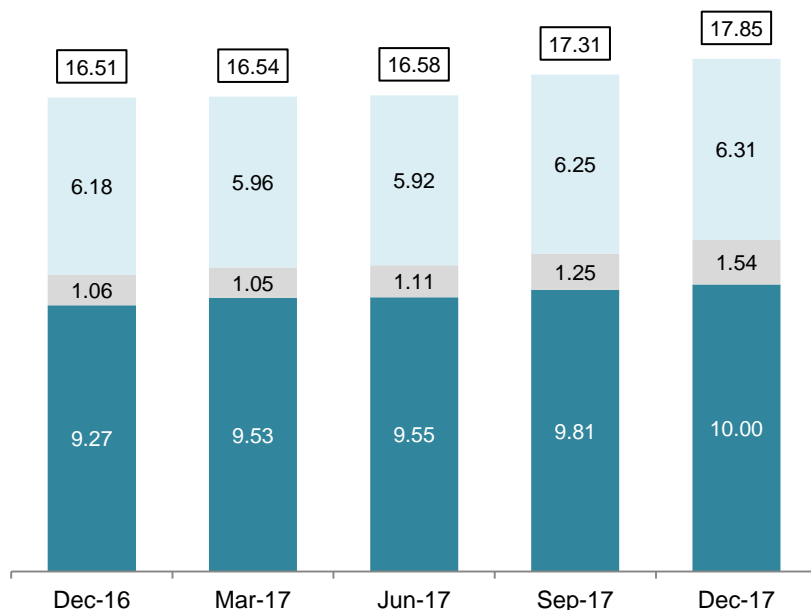
- (1) Both on transitional basis and on a fully phased in basis after the period of transition is complete
 (2) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)
 (3) Without factoring in presentation changes arising from IFRS 9 implementation with respect to the Gross Carrying Amount of the customer loans and advances, since the effect will be largely neutralised following non contractual write offs expected to be implemented in first quarter of 2018
 (4) Includes purchased or originated credit-impaired

Fully compliant with all liquidity requirements

€535 mn increase in deposits during 4Q2017; compliance with LCR including add-on¹ requirement as at 1 Jan 2018

€1.3 bn increase in deposits in FY2017

(€ bn) ■ Time deposits ■ Savings accounts ■ Current & demand accounts



Liquidity ratio	Minimum required	31 Dec 2017	Surplus
NSFR ²	100%	111%	€1,764 mn
LCR (Group)	100%	190%	€1,663 mn
LCR with add-on			
Group	100%	103%	€104 mn
BOC PCL	100%	101%	€49 mn
50% relaxation of LCR add-on rates expected on 1 Jul 2018			
LCR add-on, applying 1 July 2018 lower add-on rates			
Group	100%	134%	€883 mn
BOC PCL	100%	132%	€833 mn

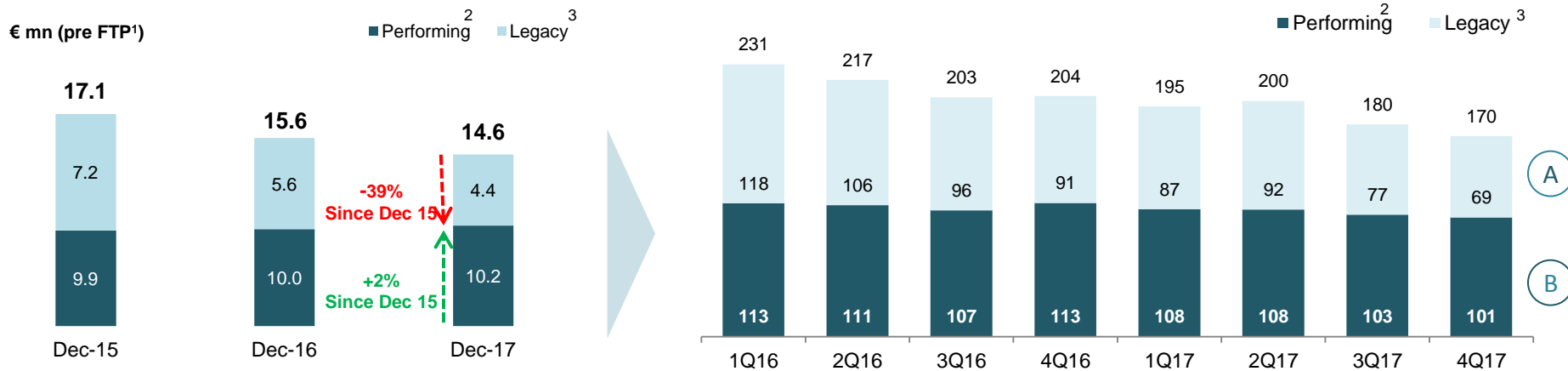
- (1) The local regulatory liquidity requirements set by the Central Bank of Cyprus (CBC) were abolished on 1 January 2018 and were replaced with a liquidity add-on requirement imposed on top of LCR, which became effective on 1 January 2018. Currently the Group and BOC PCL are in compliance with the LCR including the add-on.
- (2) NSFR was not introduced on 1 January 2018, as opposed to what was expected. The NSFR is calculated as the amount of "available stable funding" (ASF) relative to the amount of "required stable funding" (RSF), on the basis of Basel III standards. Its calculation is a SREP requirement. EBA is working on finalising the NSFR and enforcing it as a regulatory ratio.

Operating Performance

Balance sheet de-risking results in a smaller but safer loan book

- €110 mn reduction in Interest Income on loans in FY2017, only €24 mn from Performing book

Interest income on loans: Performing vs. Legacy



A
Legacy book interest income decrease of €86 mn during FY2017

Structural drivers:

- Curing of restructured loans
- DFAS
- Lower cash collections of interest on delinquent exposures

B
Performing book interest income decrease of €24 mn during FY2017

Structural drivers:

- Competition pressure on lending rates due to sustained low interest rate environment

1) FTP: Fund transfer pricing methodologies applied between the business lines to present their results on an arm's length basis
 2) Performing portfolio relates to all business lines excludes Restructuring and Recoveries Division (RRD), REMU and non-core overseas exposures
 3) Legacy relates to RRD, REMU and non-core overseas exposures

Risk adjusted yield will rise as Legacy book reduces

		Performing	Legacy	Additional Provisions	Group
		FY2017	FY2017	FY2017	FY2017
Profitability	Interest Income on loans (€ mn) (pre FTP) ¹	420	325		745
	Provisions ² (€ mn)	4	(297)	(486)	(779)
	Interest Income net of provisions ² (€ mn)	424	28		452 ²
	Cost of Risk	-0.0%	3.3%		4.0%
	Effective Yield ^{2,3}	4.20%	7.05%		4.93%
	Risk adjusted Yield ^{2,4}	4.24%	0.61%		2.99%
Capital & Balance Sheet	Average Net Loans ² (€ mn)	10,004	4,608	486	15,098
	RWA Intensity ²	58%	110%	111%	73%

Corporate IBS ⁵ WBAM ⁵	SME and Retail Banking	RRD ⁶	Overseas non core
Insurance and Other ⁷	UK Subsidiary	REMU	

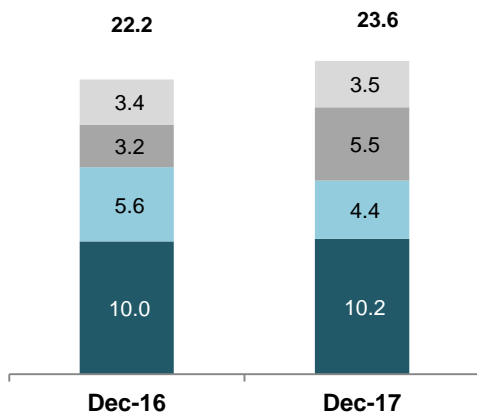
- Performing Book is expected to grow and to increasingly drive Group results
- Legacy book revenues predominantly driven by provisioning unwinding (but partly offset via provisions for neutral P&L impact)
- Risk adjusted yield strong in Performing book, low in Legacy due to high provisions
- **As Legacy book reduces:**
 - Group risk adjusted yield will rise
 - Group Risk intensity expected to fall supporting CET1 ratio build

1) FTP: Fund transfer pricing methodologies applied between the business lines to present their results on an arm's length basis
 2) Performing and Legacy breakdown excludes €486 mn additional provisioning charge in 2Q2017 to accelerate de-risking
 3) Interest Income on Loans/Net Loans
 4) Interest Income on Loans net of provisions/Net Loans
 5) International Banking Services, Wealth & Markets
 6) Restructuring and Recoveries Division
 7) Relates to Head Office

NIM is pressured by otherwise individually positive actions for the Group

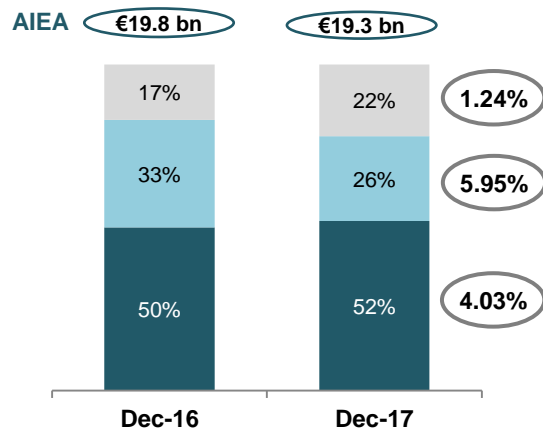
A Total Assets (€ bn)

- Performing
- Legacy
- Liquid
- Non int-producing



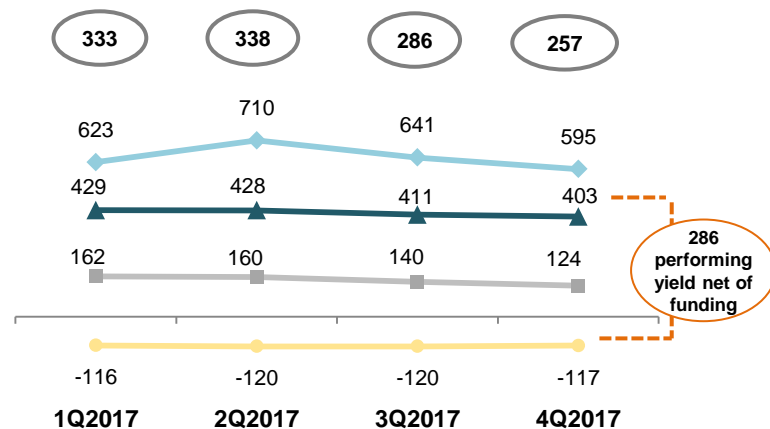
B AIEA³ mix (% Total)

- Performing¹
- Legacy²
- Liquids
- Effective yield



C Effective yield on assets & cost of funding

- Performing¹
- Legacy²
- NIM
- Liquid
- Cost of funding⁴



Liquidity build up

- Liquid assets increased by €2.3 bn in 2017. Average liquid assets increased to 22% of AIEA, 5 p.p. increase yoy

Balance sheet de-risking –smaller but safer loan book

- Higher-yielding, higher-risk legacy loans are reducing as we successfully exit NPEs
- Negative impact on NIM, but largely offset by provisions

Loan yields

- Legacy book yields are volatile affected by the timing of cash collections
- Performing book yields are resilient at around 4% despite modest market pressure
- Overall customer franchise in good shape yielding a spread of 2.86%

Cost of funding

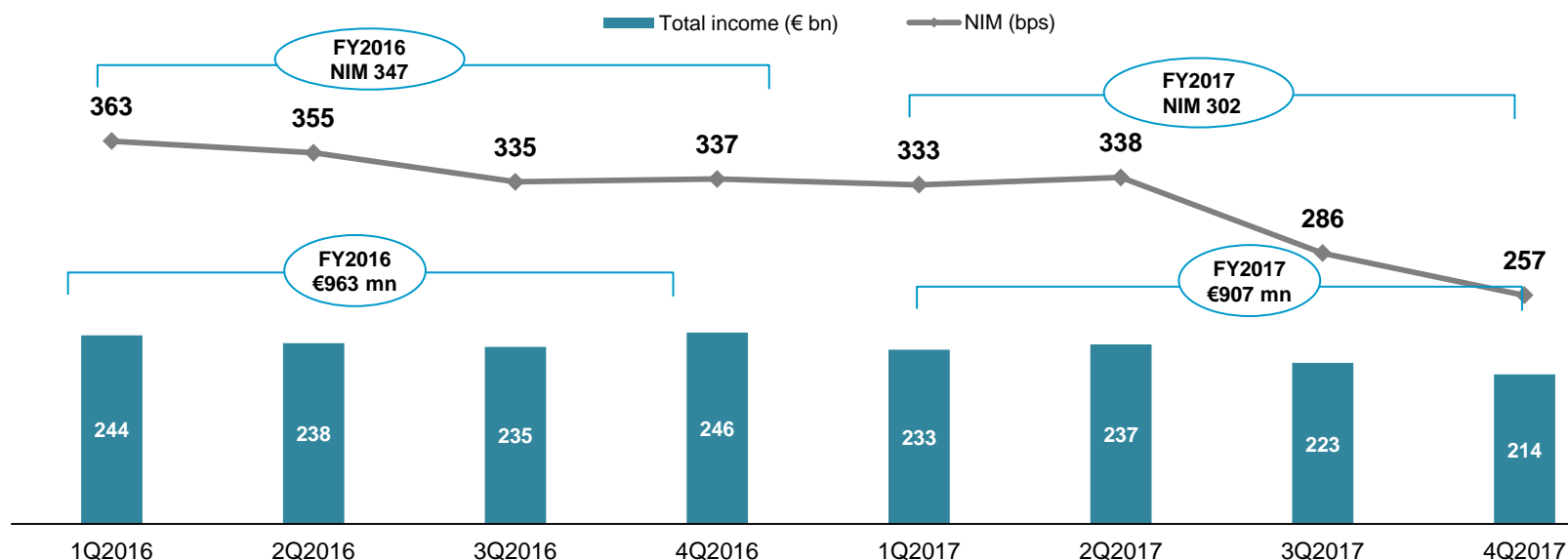
- Increase in a safer but more expensive deposit mix in 4Q to achieve full liquidity compliance

Total Income more stable metric reflecting shift of income to other P/L lines

1) Performing portfolio relates to all business lines excludes Restructuring and Recoveries Division (RRD), REMU and non-core overseas exposures
 2) Legacy relates to RRD, REMU and non-core overseas exposures
 3) Average interest earning assets
 4) Effective yield of liquid assets: Interest Income on liquids over Average (Cash and balances with central banks + Placements with banks + Investment)
 Effective yield of cost of funding: Interest expense of all Interest Bearing Liabilities over Average Interest Bearing Liabilities →
 [Customer deposits + Deposits from Central Bank & Bank Takings + Subordinated liabilities]

Focus on revenue generation and total income target

NIM down by 13% in 2017 but Total Income down by 6%

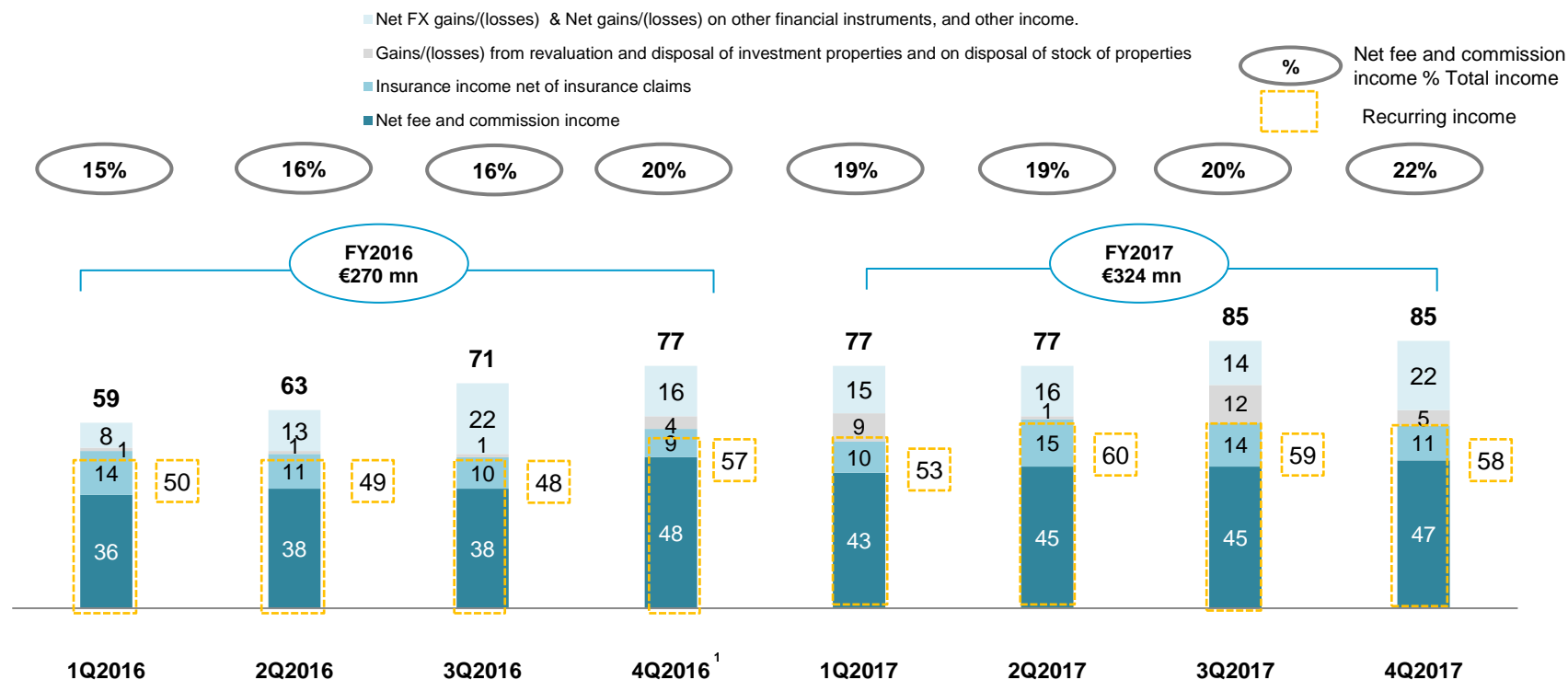


- Total Income down 6% in 2017 but NIM down 13%
- Movement in NIM is inconsistent with the pattern of Total Income
- Total Income better reflects important NIM substitutes such as profit from REMU sales and Treasury activities



Non interest income up 17% yoy, with recurring income up 9% yoy

Analysis of Non Interest Income (€ mn) – Quarterly



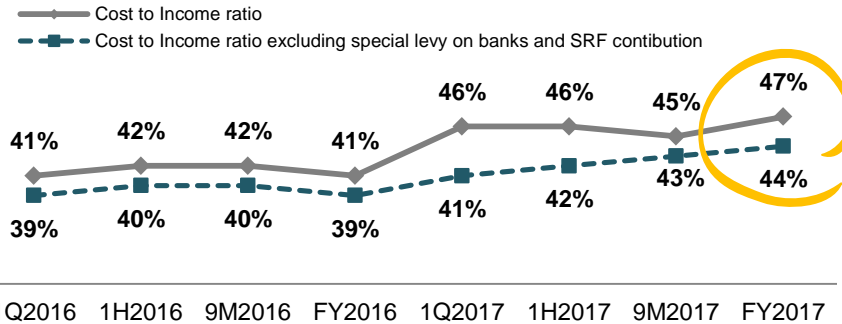
- Net fee and commission income for FY2017 at 20% of total Income; **In line with Medium Term Target**
- Net fee and commission income up by 8% yoy, driven by the increased commission charges introduced in 4Q2016
- Insurance income up by 13% yoy contributing to 16% of non-interest income
- REMU profit included in gains/(losses)² for the year amounted to €30 mn, but remains volatile

¹⁾ Excluding non-recurring fees of approximately €7 mn

²⁾ Gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties

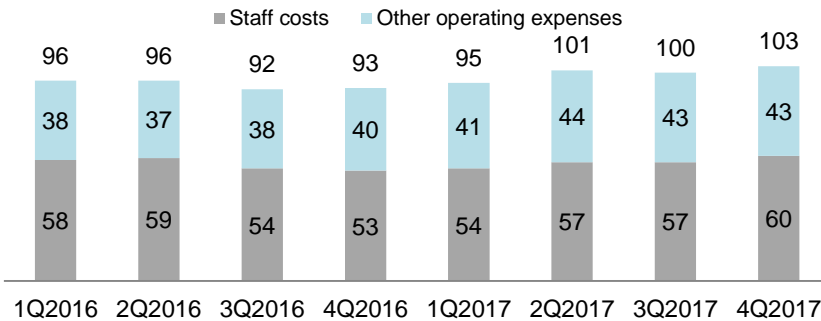
Total Expenses

Cost to Income Ratio (C/I ratio)



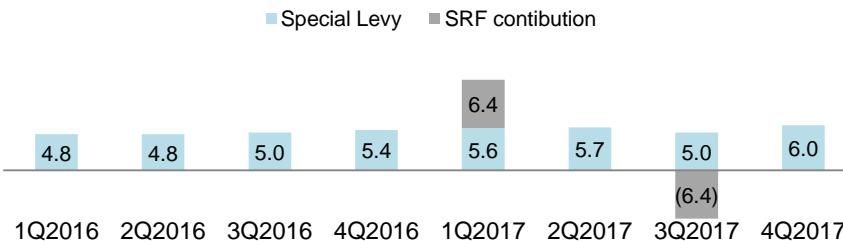
- C/I ratio at 47% for FY2017, compared to 45% for 9M2017, reflecting lower Interest Income

Total operating expenses (€ mn)



- **Staff costs increased to €60 mn for 4Q2017**, up by 5% mainly due to the effect of the current collective agreement with the staff union and the year-end actuarial valuations
- **Other operating expenses stable at €43 mn for 4Q2017**
- Implementation of digital transformation programme underway, aimed at enhancing product distribution channels and reducing operating costs over time
- Special levy and SRF contribution for 4Q2017 amounted to €6 mn compared to (€1 mn) for 3Q2017, due to the positive impact from the reversal of the SRF contribution during 3Q2017

Special Levy and SRF contribution (€ mn)



Remained focus on improvement of efficiency

FY2017 profitability impacted by additional provisions

€ mn	FY2017	FY2016	4Q2017	3Q2017	qoq %	(FY) yoy%
Net Interest Income	583	686	129	138	-7%	-15%
Non interest income	324	277	85	85	1%	17%
Total income	907	963	214	223	-4%	-6%
Total expenses	(422)	(397)	(109)	(99)	9%	6%
Profit before provisions and impairments¹	485	566	105	124	-15%	-14%
Loan loss provisions ²	(779)	(370)	(50)	(73)	-31%	111%
Impairments of other financial and non financial instruments	(65)	(47)	(27)	(2)	-	38%
Provision for litigation and regulatory matters	(98)	(18)	(25)	(38)	-37%	447%
Total Provisions and impairments	(942)	(435)	(102)	(113)	-10%	116%
(Loss)/profit before tax and restructuring costs	(448)	139	7	12	-40%	-
(Loss)/profit after tax and before restr. costs³	(523)	119	9	8	17%	-
(Loss)/profit after tax	(552)	64	1	1	-	-
Net interest margin	3.02%	3.47%	2.57%	2.86%	-29 bps	-45 bps
Cost-to-Income ratio	47%	41%	51%	44%	+7 p.p.	+6 p.p.
Cost-to-Income ratio adjusted for the special levy and SRF contribution	44%	39%	48%	45%	+3 p.p.	+5 p.p.
Cost of Risk	4.0%	1.7%	1.1%	1.5%	-0.4 p.p.	+2.3 p.p.

Key Highlights

- **The NII and NIM for 4Q2017 amounted to €129 mn and 2.57% respectively, compared to €138 mn and 2.86% in 3Q2017.** The decline reflects the cost of liquidity compliance, lower volume of net loans and continuing low interest rate environment
- **Non-interest income for FY2017 increased by 17% yoy**, supported by €30 mn profit on REMU sales
- Provisions for FY2017 up by 111% yoy, following the additional c.€500 mn provisions in 2Q2017
- **Impairments of other financial and non-financial assets** in 4Q2017 totalled €27 mn and included an additional impairment loss on legacy properties in Cyprus and Greece
- Provisions for litigation for 4Q2017 amounted to €25 mn
- **Profit after tax was €1 mn for 4Q2017** and loss after tax of €552 mn for FY2017

1) Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans, restructuring costs and discontinued operations
 2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans
 3) For 2016 profit before tax and before restructuring costs excludes net gain on disposal of non-core assets of €59 mn

Guidance

Target and Guidance

Type	Key performance indicators	Dec-2017	2018 Target ⁴	Medium Term Guidance ⁴
Asset quality	NPEs ratio	47%	<40%, ~ €2 bn organic reduction	<25%
	NPEs coverage ratio	48%	>50%	>50%
	Cost of Risk ¹	4.0% ²	<1.0%	<1.0%
Capital	CET1 ratio	12.7%	>13% ^{3,6}	>13% ^{3,6}
	Total capital ratio	14.2%	>15% ^{3,6}	>15% ^{3,6}
Profitability	Total Income	€907 mn	>€800 mn	Total income to grow in excess of cost ⁵
	Cost to income ratio	47% ⁷	<50% ⁵	
	Net fee and commission income/total income	20%	>20%	
Balance Sheet	Total assets	€23.6 bn	~€23 bn	>€25 bn
EPS	EPS (cents)	(€123.7)	~40 ⁴	

- 1) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans
- 2) Including impairments of other financial instruments, the provisioning charge was 1.1% and 4.0% for 4Q2017 and FY2017, respectively. Additional provisions of c.€500 mn charged in 2Q2017 are included in Cost of Risk
- 3) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)
- 4) Excluding the impact of trades or any unplanned or unforeseen events
- 5) Target excluding special levy and SRF contribution
- 6) Including the impact of the adoption of the changes aligning the EBA CRR default definition with the NPE definition
- 7) Adjusted for the special levy and SRF contribution, the cost to income ratio for FY2017 was 44%

Key Information and Contact Details

Credit Ratings:

Standard & Poor's Global Ratings:

Long-term issuer credit rating: Assigned at B on 23 October 2017 (positive outlook)

Short-term issuer credit rating: Assigned at B on 23 October 2017

Fitch Ratings:

Long-term Issuer Default Rating: Affirmed to "B-" on 05 September 2017 (stable outlook)

Short-term Issuer Default Rating: Affirmed to "B" on 05 September 2017

Viability Rating: Affirmed to "b-" on 05 September 2017

Moody's Investors Service:

Baseline Credit Assessment: Upgraded to caa1 on 23 June 2017

Short-term deposit rating: Affirmed at "Not Prime" on 23 June 2017

Long-term deposit rating: Upgraded to Caa1 on 23 June 2017(positive outlook)

Counterparty Risk Assessment: Assigned at B1(cr) / Not-Prime (cr) on 23 June 2017

Listing:

LSE – BOCH, CSE – BOCH/TPKH, ISIN IE00BD5B1Y92

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Finance Director

Eliza Livadiotou, Tel: +35722 122344, Email: eliza.livadiotou@bankofcyprus.com

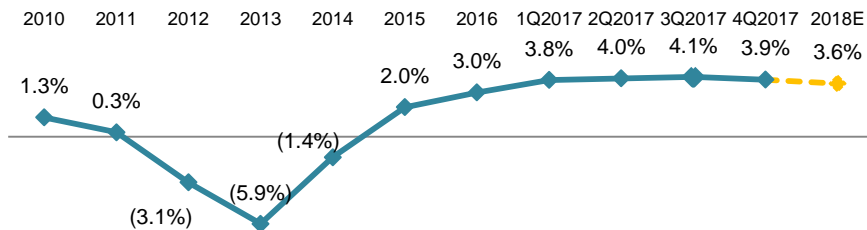
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Appendix – Macroeconomic overview

Cypriot economy on a sustainable growth path

GDP growth of 3.9% seasonally adjusted in 4Q2017

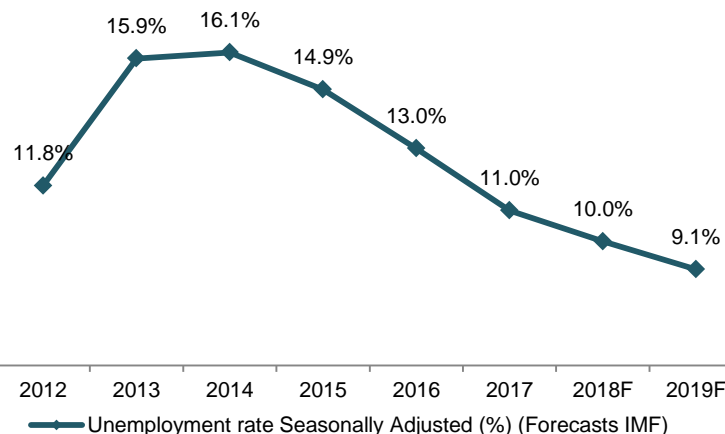
Real GDP growth (%)



— Real GDP growth – Actual CySTAT — Real GDP growth – forecast IMF

Falling unemployment rate

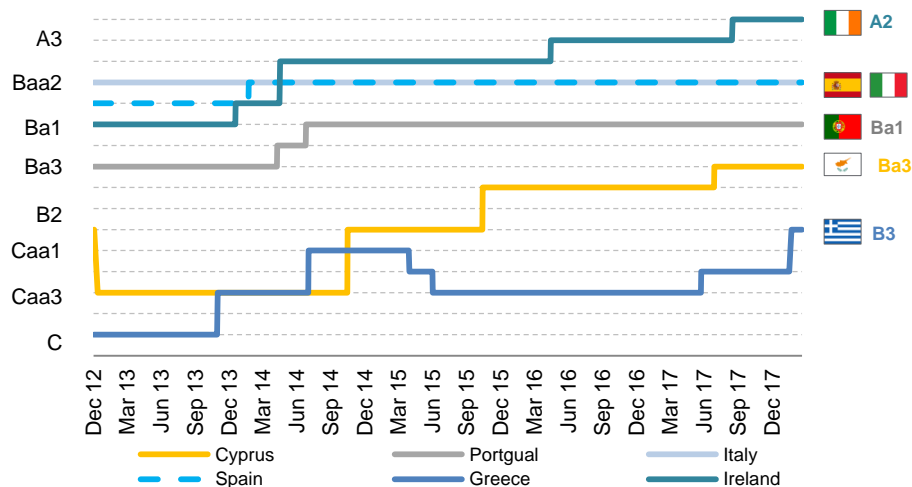
Unemployment rate



— Unemployment rate Seasonally Adjusted (%) (Forecasts IMF)

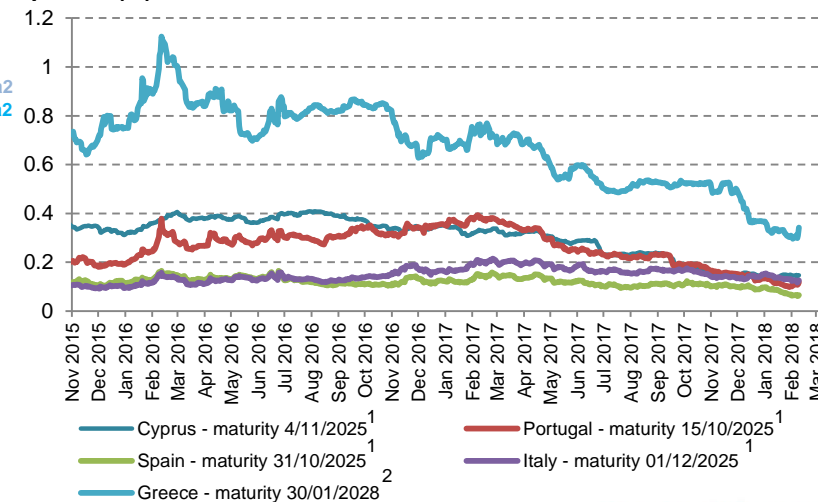
Credit ratings improving faster than peers...

Moody's credit ratings



...reflected in reduced government bond yields

Spreads (%)



SOURCE: Statistical Service of Republic of Cyprus; Bloomberg;

1) All the above bonds are normalised against Germany Government bond with maturity 15/8/2025 except Greece

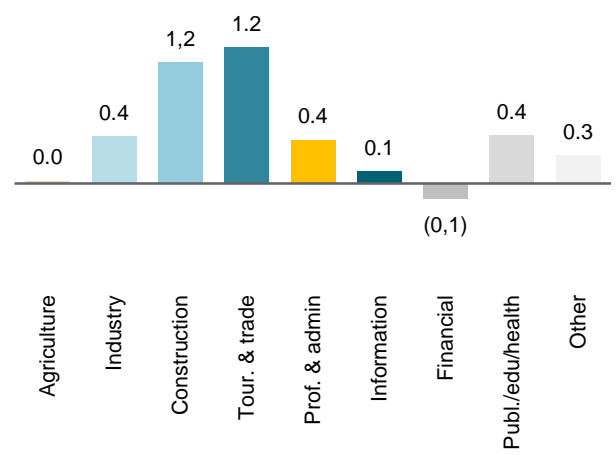
2) Due to the Debt swap of the Hellenic Republic, from November 2017 onwards data for the new Hellenic Republic Bond with maturity 30/01/2028 was used and normalised against the closest maturity of German Government bond (DBR) 15/08/2027



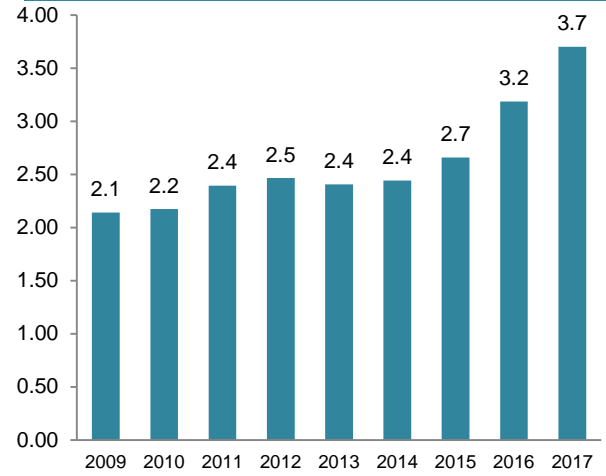
on the back of improving macro fundamentals

Economic activity has been broadly based with main drivers tourism and construction

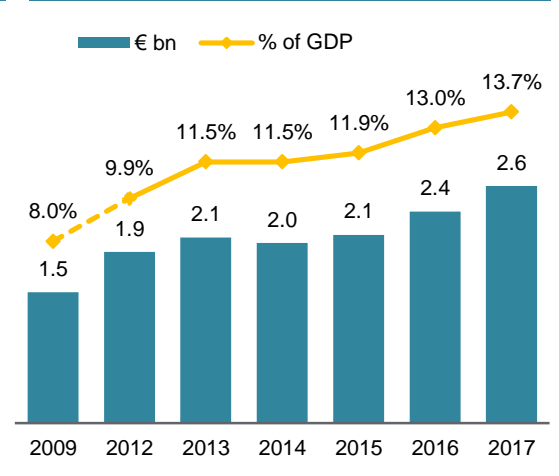
Contribution to growth of real GVA 2017 in percentage points (total 3,9%)



Tourism arrivals (mn)

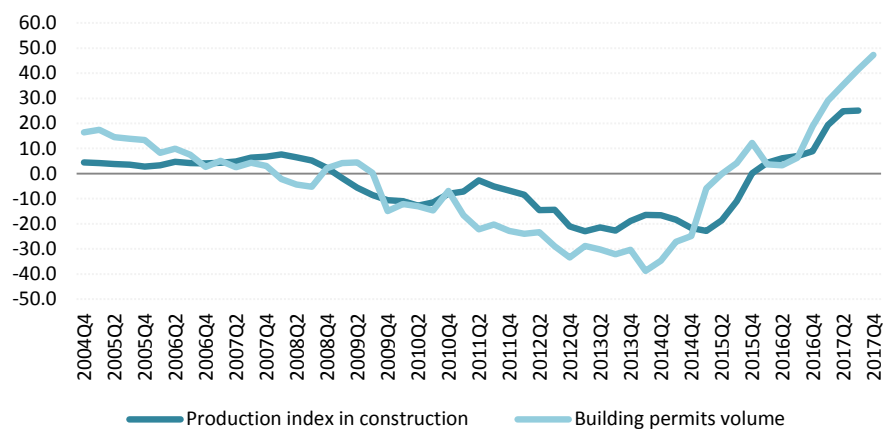


Tourism Revenues



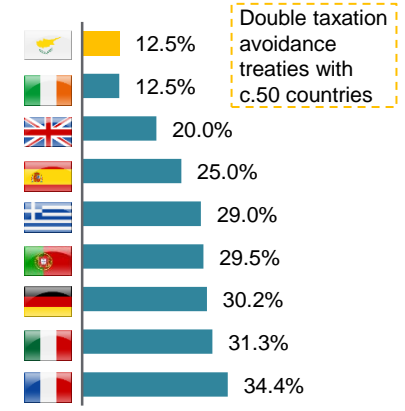
Construction activity - signs of recovery

% changes year-on-year of yearly (4 quarter) moving averages

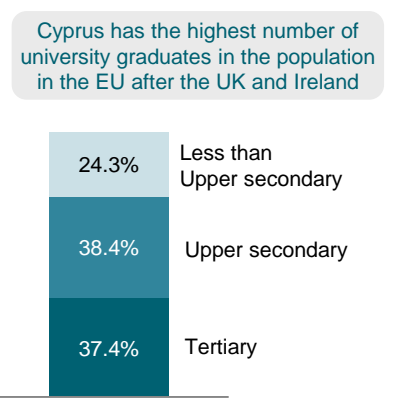


Support from key business enablers

Corporate tax rate (2016)



Level of education 2016, age 15-64



SOURCES: Statistical Service of Republic of Cyprus, Eurostat; Calculations by BOC Economic Research

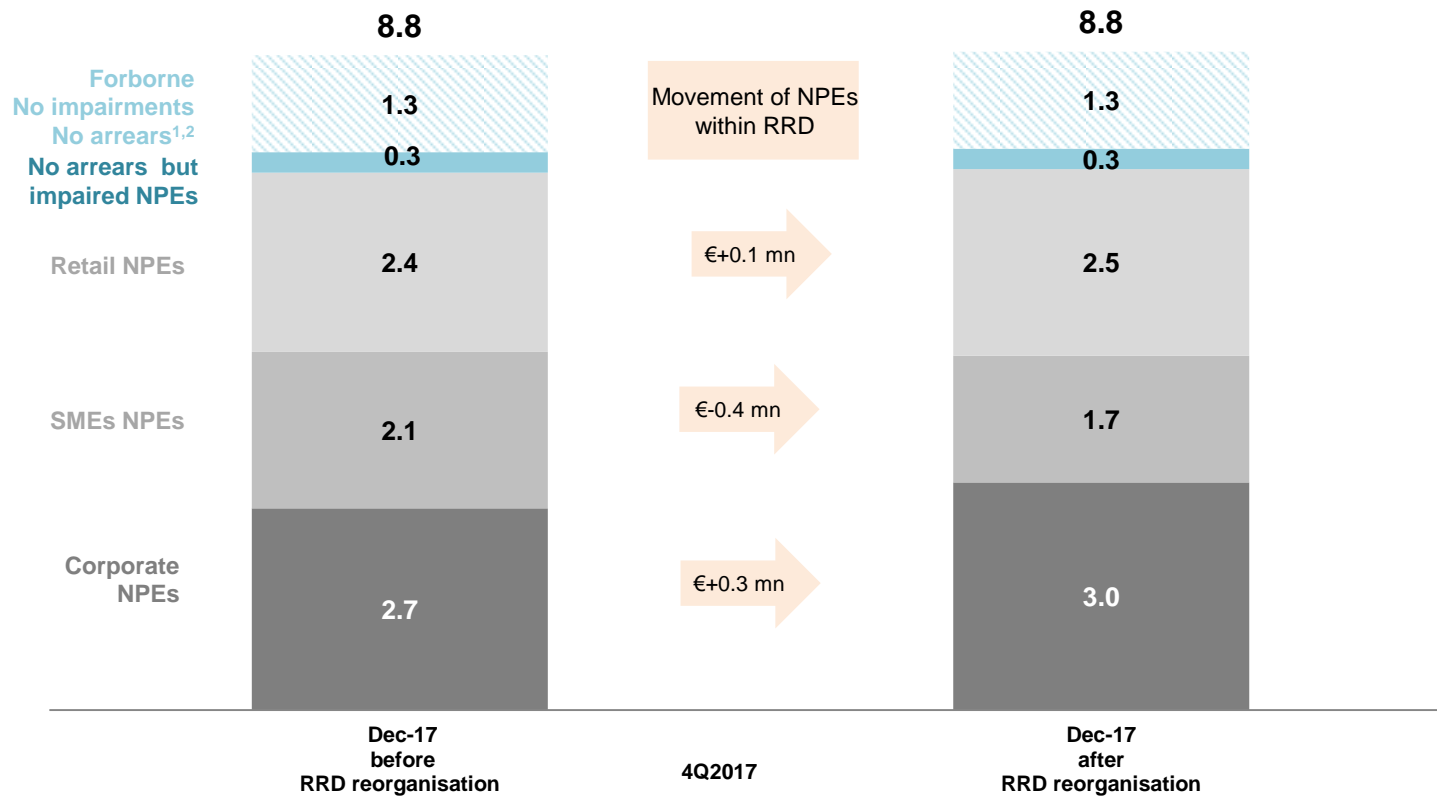
Appendix – Additional asset quality slides

Movement of NPEs within business lines following RRD reorganisation

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

Group NPEs

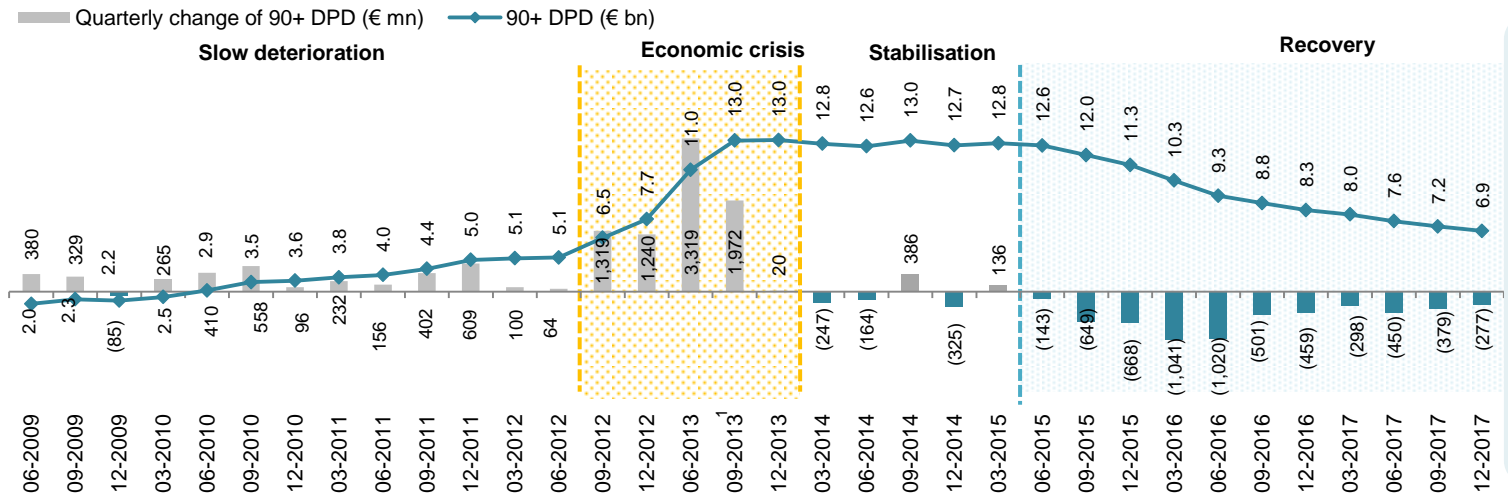
Total € bn



(1) Restructuring and Recoveries Division

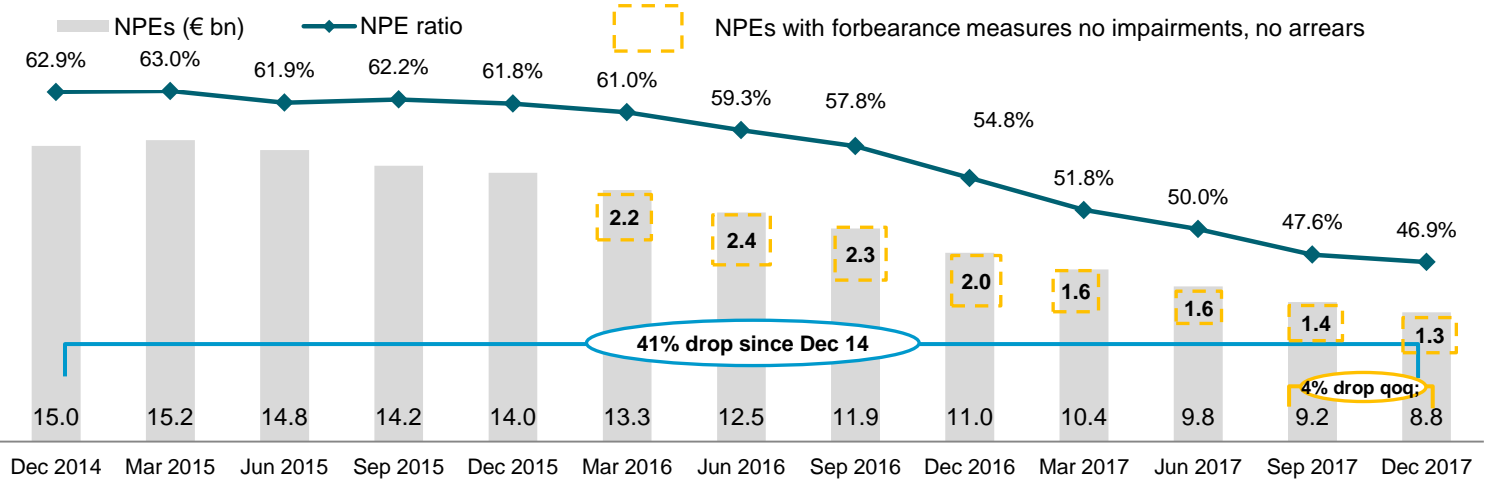
Eleven consecutive quarters of improving credit quality trends

High correlation between formation of problem loans & economic cycle



- €1.4 bn or 17% drop in 90+DPD in FY2017
- 90+ DPD reduced by 45% since Dec 2014

NPEs down by €2.2 bn (20%) in FY2017; down by €360 mn (4%) qoq;



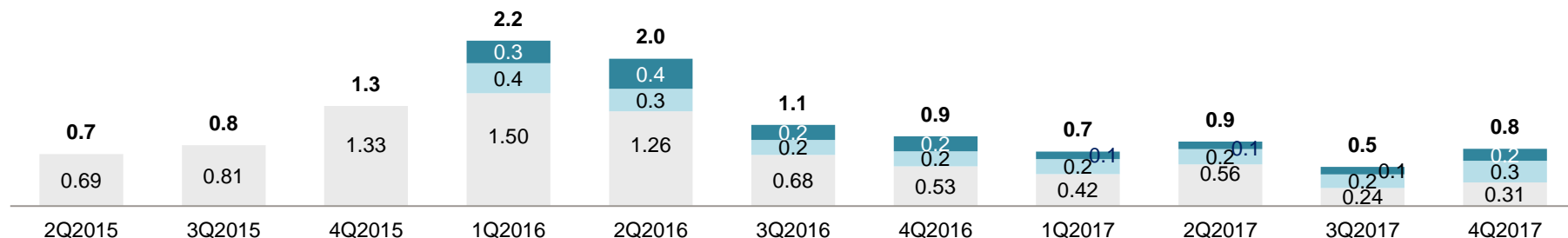
- NPEs reduced by €6.2 bn (41%) since Dec 2014
- NPEs ratio reduced by 16 p.p² since Dec 2014

(1) Information for 1Q2013 and 2Q2013 is not available as it was not possible to publish the financial results for the three months ended 31 March 2013
 (2) Percentage points

Restructuring efforts continue; re-default level stable

Quarterly evolution of restructuring activity (€ bn) (Cy operations)

■ Restructured loans¹ ■ Write offs & non contractual write offs² ■ DFAs



Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD⁵ in 4Q2017

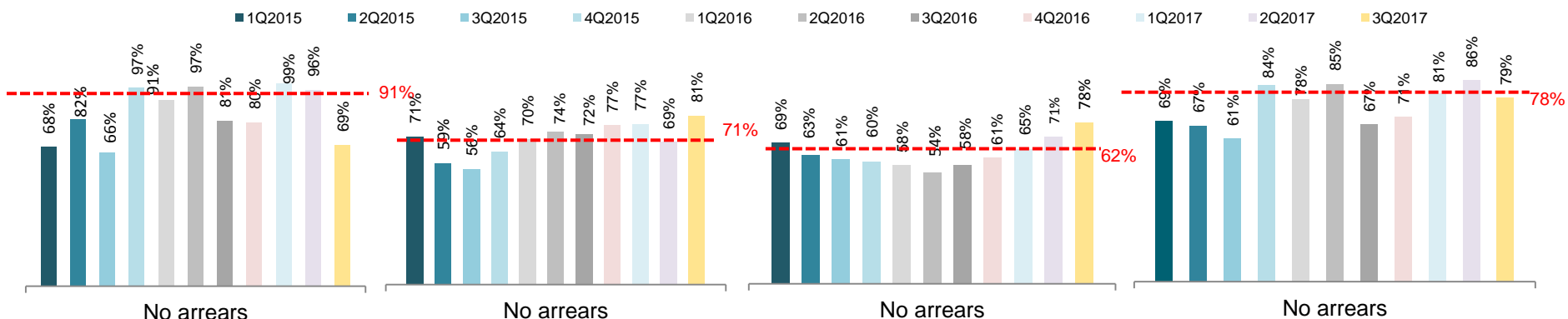
Cohort analysis of restructured^{3,4} loans; 78% of restructured loans present no arrears

Corporate

SMEs

Retail

Total Bank – Cyprus

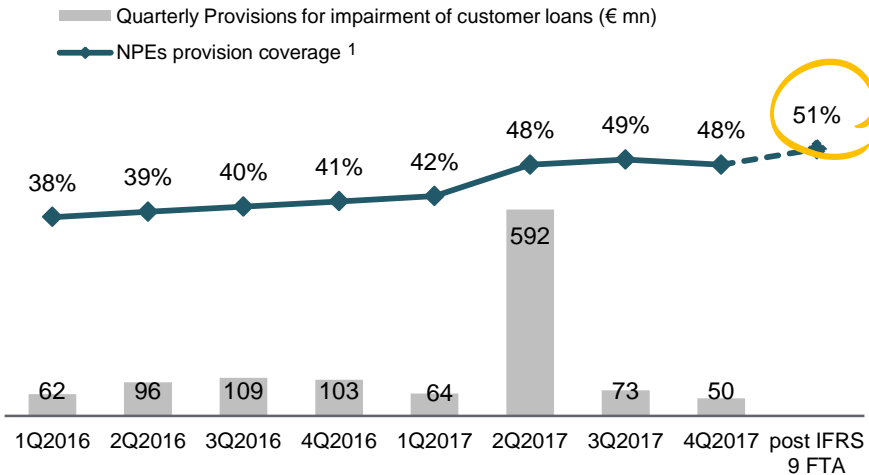


- (1) Restructuring activity within quarter as recorded at each quarter end and includes restructurings of 90+ DPD, NPEs, performing loans and re-restructurings
- (2) Loans together with the associated provisions are written off when there is no realistic prospect of future recovery. Partial write-offs, including non-contractual write-offs, may occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance
- (3) Restructured loans post 31 December 2013 excluding write offs & non contractual write offs and DFAs and terminated accounts
- (4) The performance of loans restructured during 4Q2017 is not presented in this graph as it is too early to assess
- (5) Restructuring and Recoveries Division

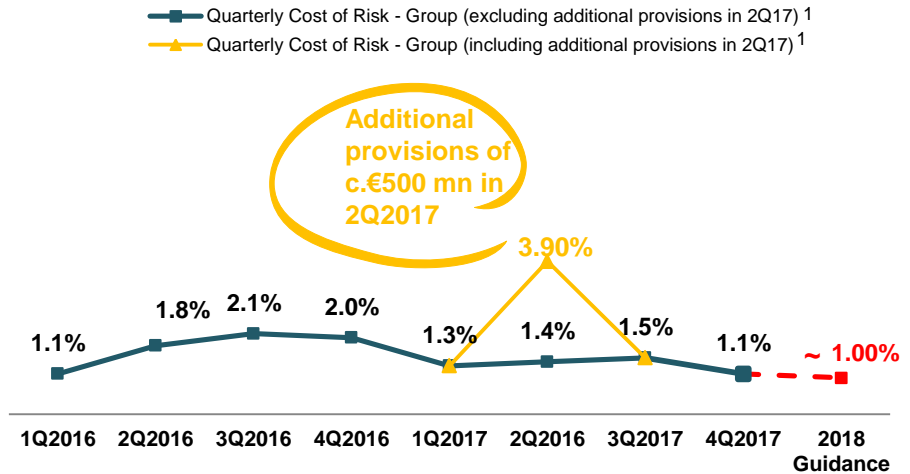


NPE provision coverage at 48% rising to 51% post IFRS 9 FTA

NPE coverage at 51% after IFRS 9 FTA



Quarterly CoR at 1.1% in line with medium term target



Back-testing of provisions supports past provision adequacy

Quarter	Gross Contractual Balance € mn	Surplus/(Gap) in provisions € mn	No. of Customers
1Q2015	6.0	1.4	148
2Q2015	79.2	16.0	242
3Q2015	20.2	0.0	441
4Q2015	65.7	-2.1	551
1Q2016	158.3	0.5	1,276
2Q2016	266.9	12.1	2,298
3Q2016	124.5	13.9	115
4Q2016	71.9	-1.1	2,343
1Q2017	119.2	1.1	2,194
2Q2017	200.9	7.5	2,369
3Q2017	75.7	7.8	1,081
4Q2017	137.6	1.8	498
	1,326.3	59.0	13,556

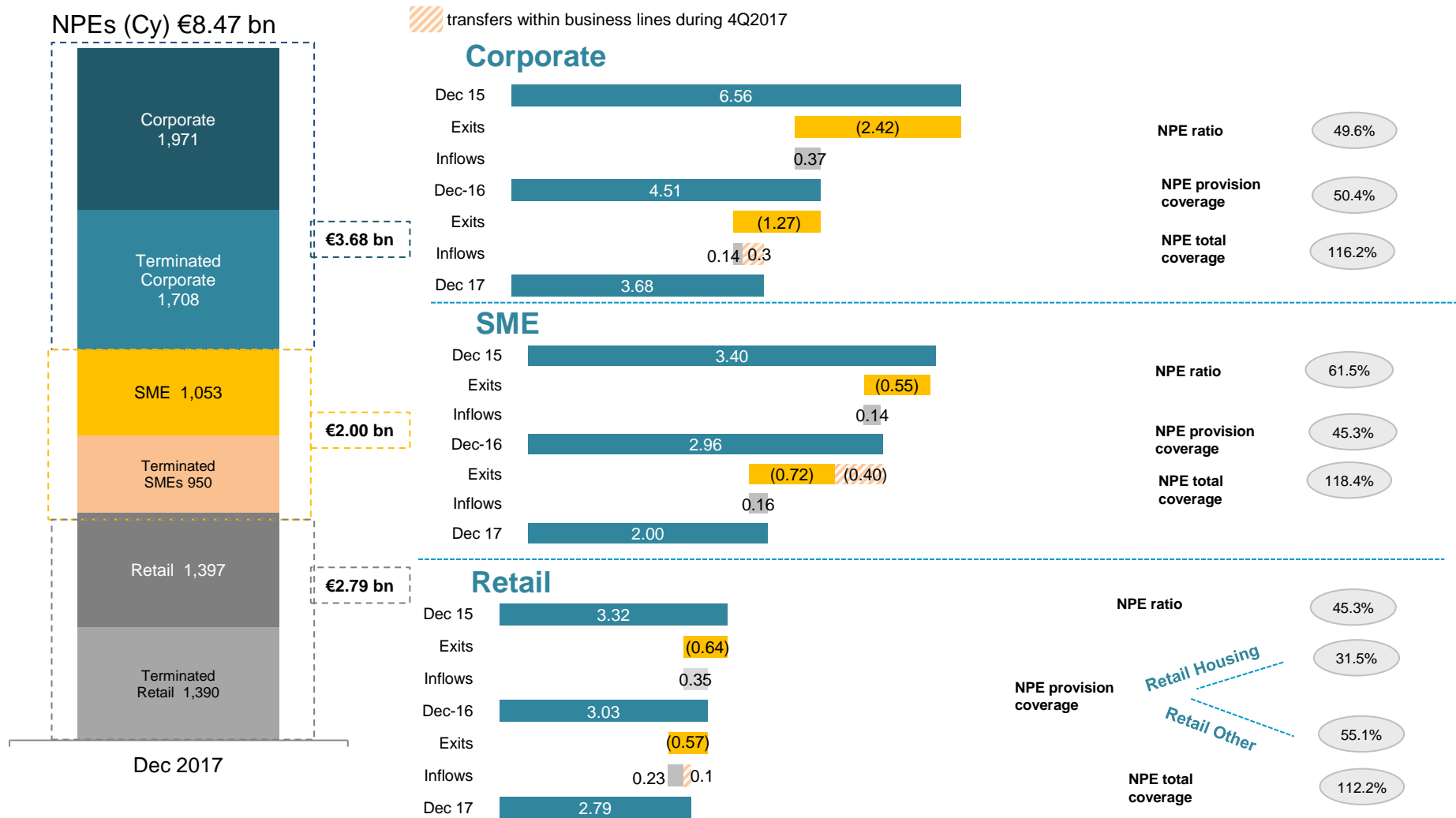
- Resolution of cases within provisions **continued in 4Q17**
- Back-testing of 13,556 fully settled exposures over last 12 quarters on average within **c.90% of existing provisions**

(1) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans. Additional provisions of c.€500 mn charged in 2Q2017 are included in the calculation of Cost of Risk but are not annualised. The provisioning charge for FY2017 was 4.0%. Including impairments of other financial instruments, the provisioning charge was 1.1% and 4.0% for 4Q2017 and FY2017, respectively

Continuous progress across all segments

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

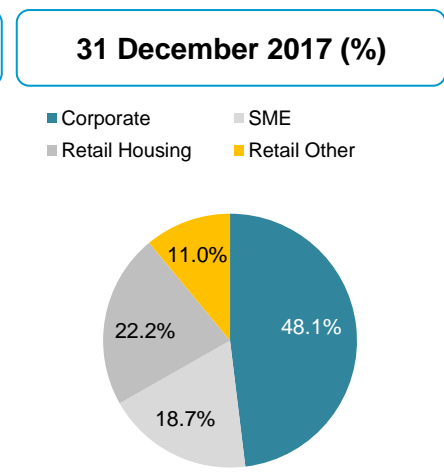
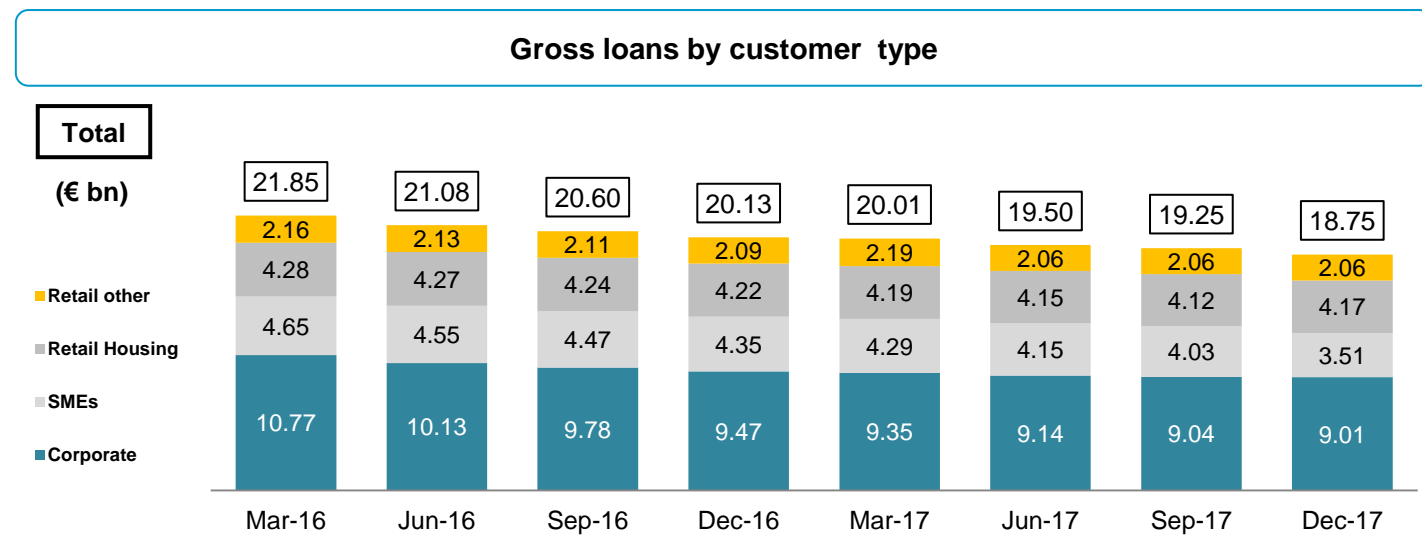
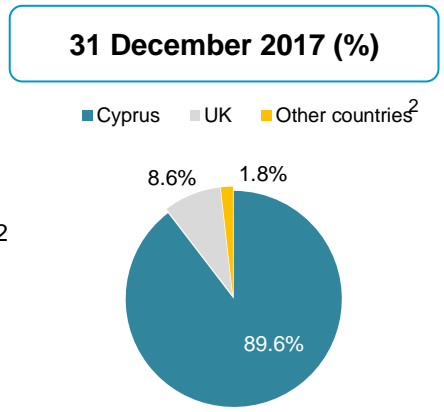
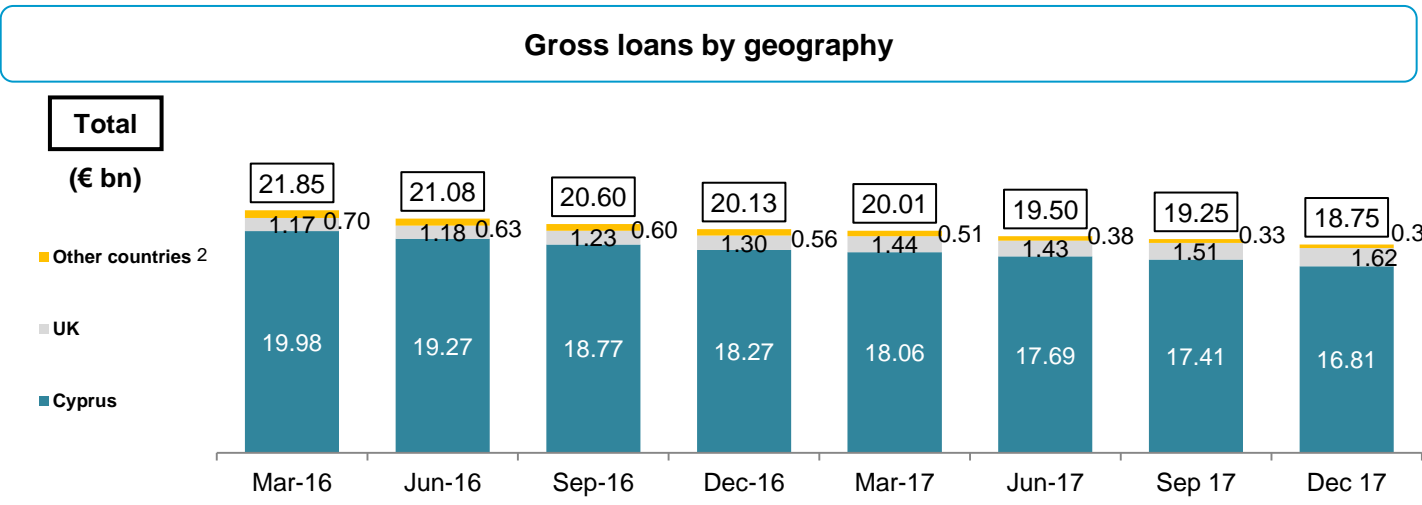
Focus shifts to Retail and SME after intense Corporate attention



(1) Restructuring and Recoveries Division

Gross loans by Geography and by Customer Type

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

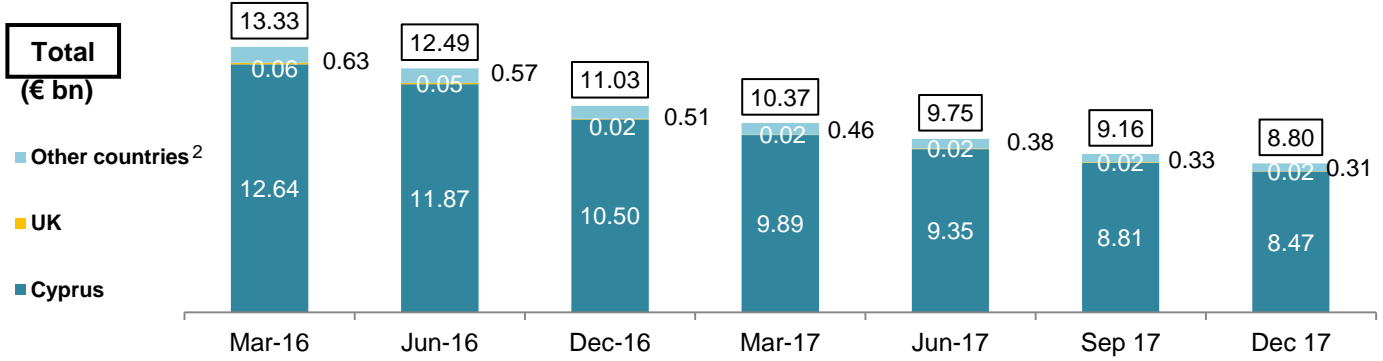


1) Restructuring and Recoveries Division
2) Other countries: Greece, Russia and Romania

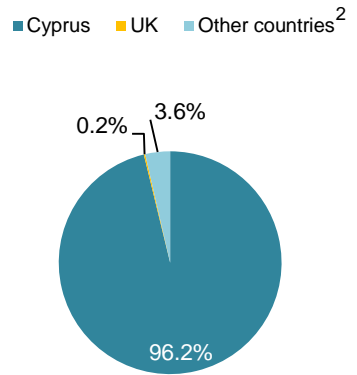
NPEs by Geography and by Customer Type

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

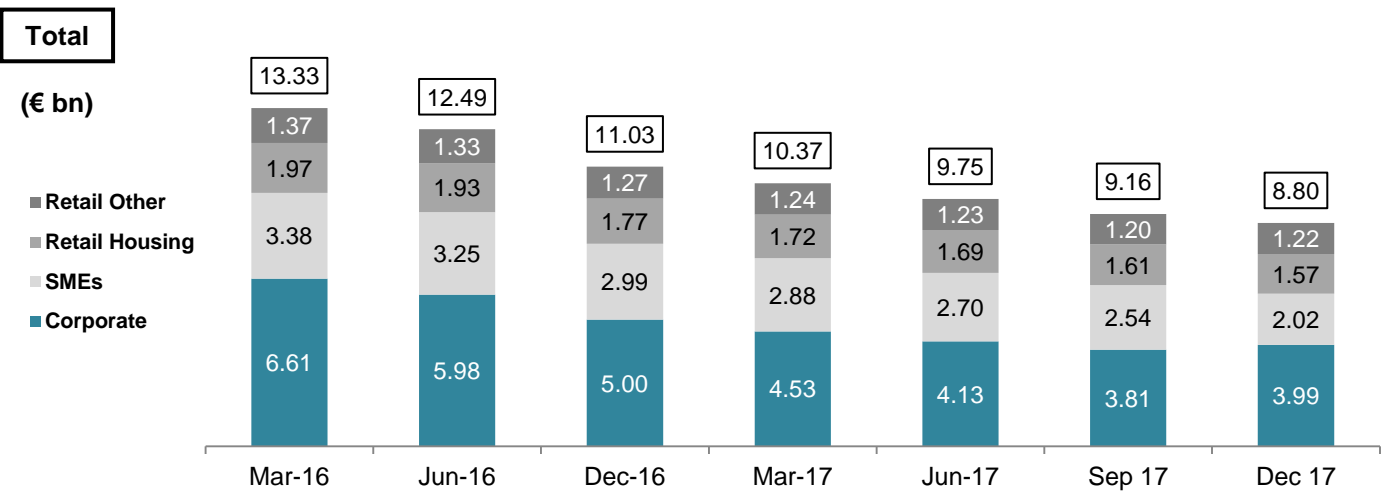
NPEs by geography



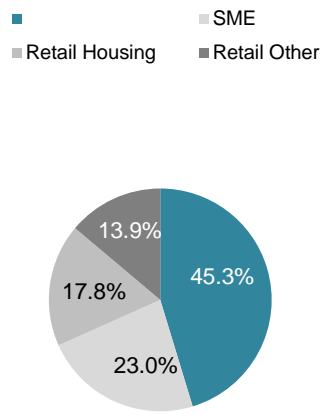
31 December 2017 (%)



NPEs by customer type



31 December 2017 (%)

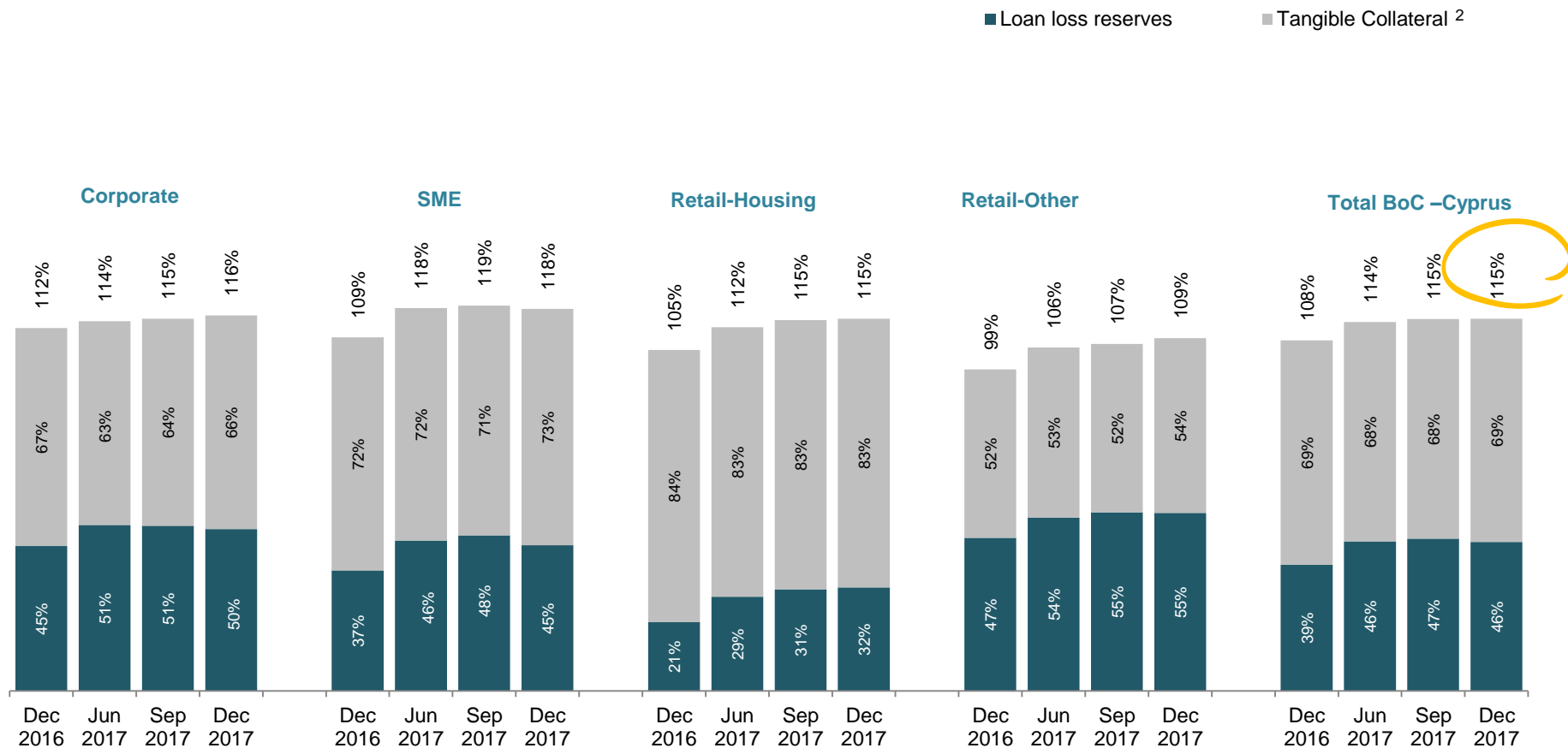


1) Restructuring and Recoveries Division
 2) Other countries: Greece, Russia and Romania

NPE provision coverage at 46%; Total coverage (Cy) at 115%

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

Adequate NPE total coverage when collateral is included (Cyprus operations)



1) Restructuring and Recoveries Division
 2) Restricted to Gross IFRS balance

Asset Quality- 90+ DPD analysis

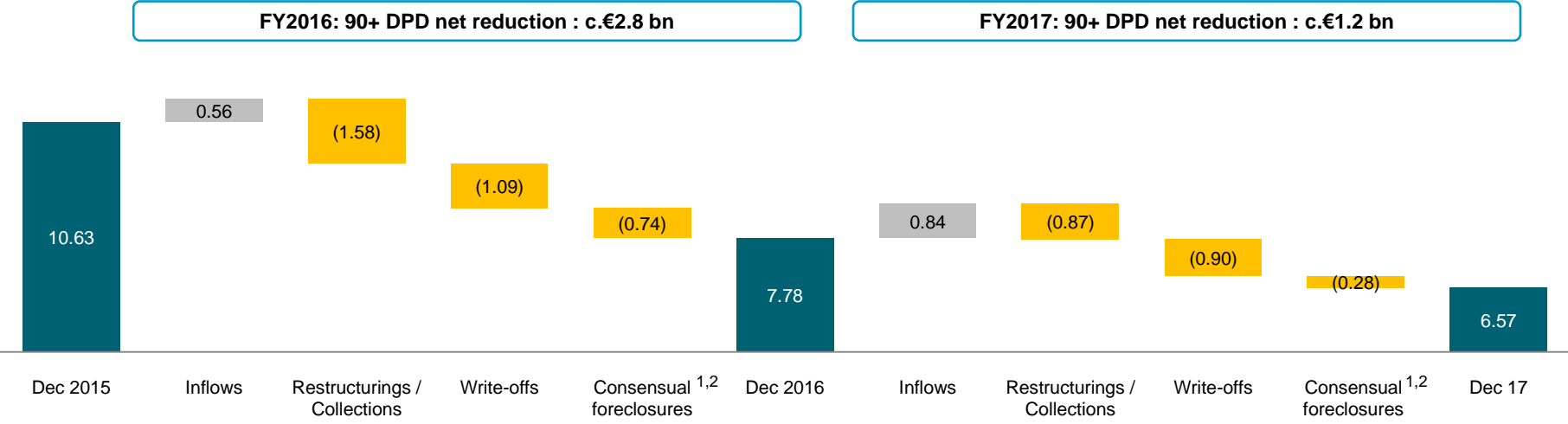
(€ mn)	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
A. Gross Loans after Fair value on Initial recognition	18,087	18,532	18,693	19,142	19,202
Fair value on Initial recognition	668	721	812	869	928
B. Gross Loans	18,755	19,253	19,505	20,011	20,130
B1. Loans with no arrears	11,150	11,242	11,154	11,126	10,991
B2. Loans with arrears but not impaired	2,085	2,226	2,210	2,283	2,238
Up to 30 DPD	439	520	468	454	455
31-90 DPD	261	309	322	420	375
91-180 DPD	125	165	217	173	129
181-365 DPD	252	264	201	164	141
Over 1 year DPD	1,008	968	1,002	1,072	1,138
B3. Impaired Loans	5,520	5,785	6,141	6,602	6,901
With no arrears	402	342	409	379	472
Up to 30 DPD	141	18	15	18	62
31-90 DPD	21	25	14	50	29
91-180 DPD	26	13	51	42	50
181-365 DPD	73	97	91	82	51
Over 1 year DPD	4,857	5,290	5,561	6,031	6,237
(90+ DPD)¹	6,905	7,182	7,561	8,011	8,309
90+ DPD ratio (90 + DPD / Gross Loans)	36.8%	37.3%	38.8%	40.0%	41.3%
Accumulated provisions (including fair value adjustment on initial recognition²)	4,204	4,470	4,638	4,334	4,519
Gross loans provision coverage	22.4%	23.2%	23.8%	21.7%	22.4%
90+ DPD provision coverage	60.9%	62.2%	61.3%	54.1%	54.4%

- 1) Loans in arrears for more than 90 days (90+ DPD) are defined as loans past-due for more than 90 days and those that are impaired (impaired loans are those which are not considered fully collectable and for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition or customers in Debt Recovery)
- 2) Including the fair value adjustment on initial recognition (difference between the outstanding contractual amount and the fair value of loans acquired from Laiki Bank) and provisions for off-balance sheet exposures

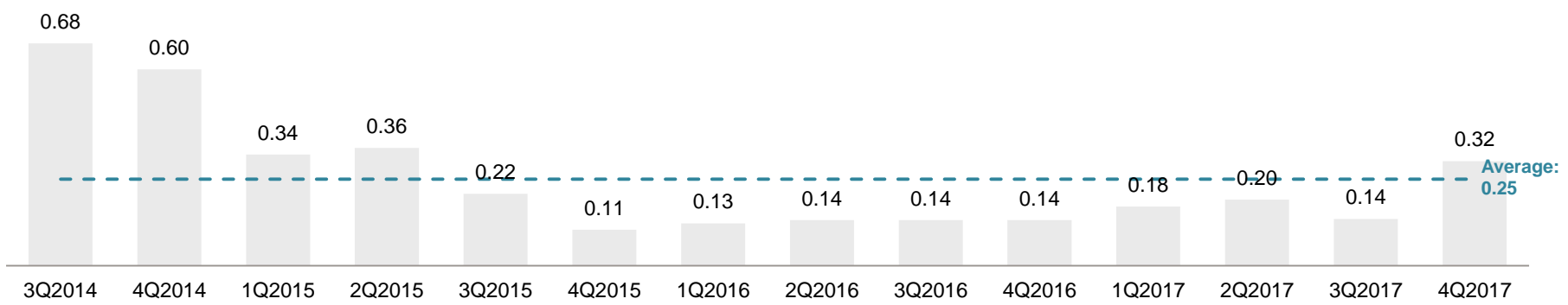


Organic 90+ DPD reduction continues as inflows are stabilised

Additional tools resolve long outstanding loan portfolios (Cyprus operations)



Stable 90+DPD inflows in Cyprus operations (€ bn)

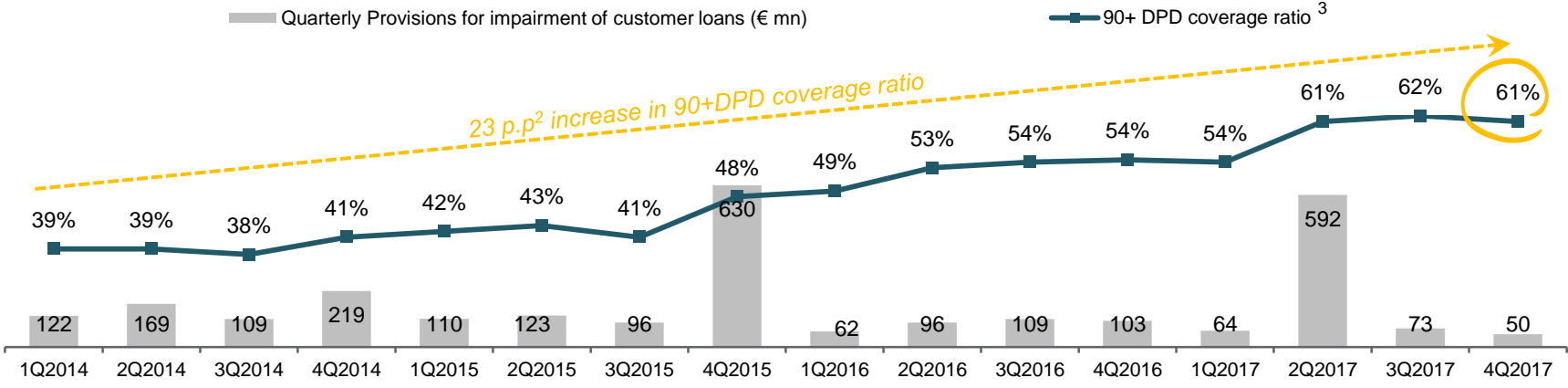


1) Value of on-boarded assets is set at a conservative 25%-30% discount from open market valuations, by two independent sources
 2) Includes debt for asset swaps and debt for equity swap

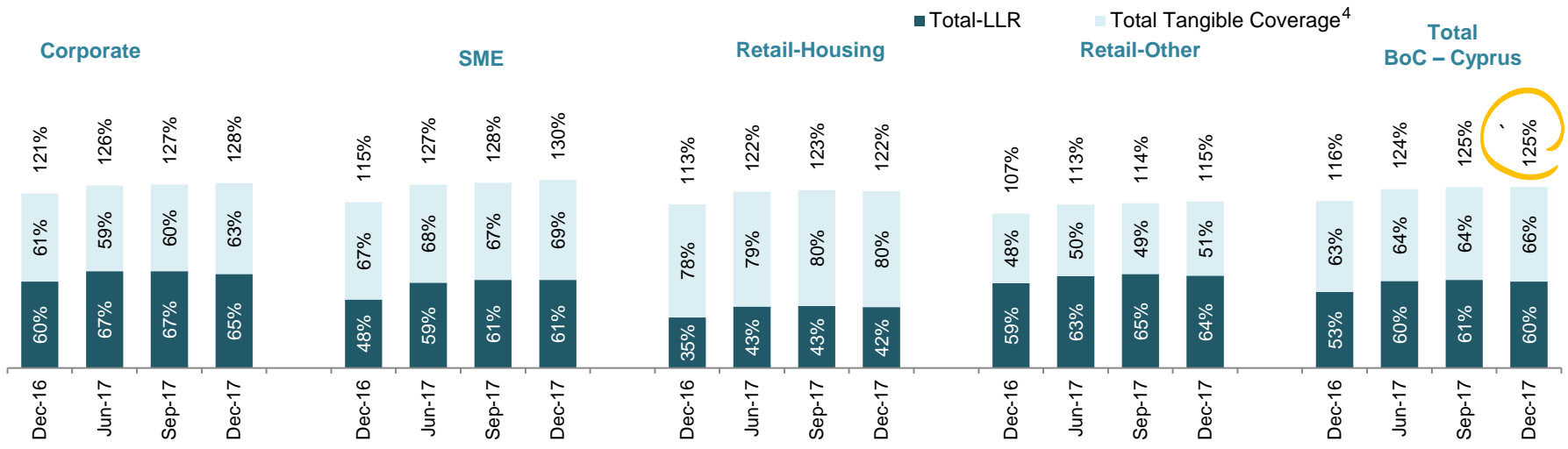
90+ DPD provision coverage at 61%

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

22 p.p.² coverage ratio increase since 1Q2014; over €2.7 bn additional provisions



90+ DPD fully covered by Provisions and Tangible Collateral (Cyprus Operations)

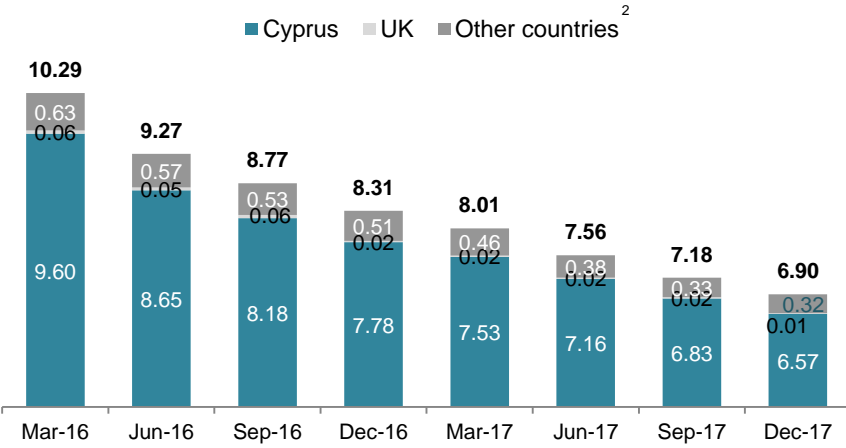


1) Restructuring and Recoveries Division
 2) p.p. = percentage points
 3) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over 90+ DPD
 4) Restricted to Gross IFRS balance

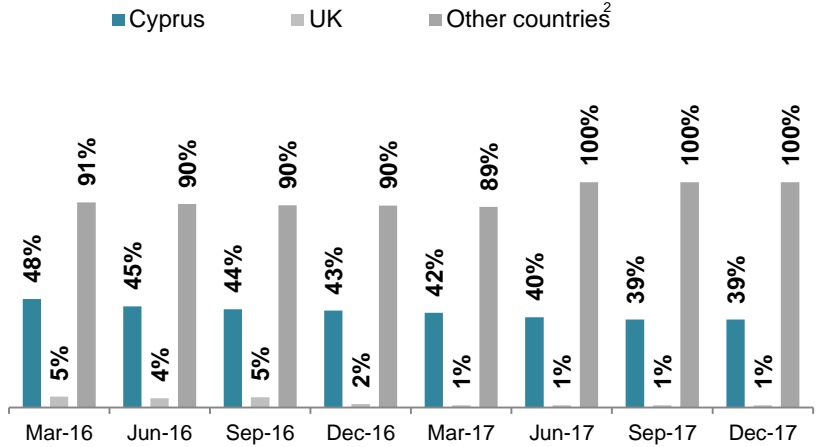
90+ DPD by Geography and business line

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

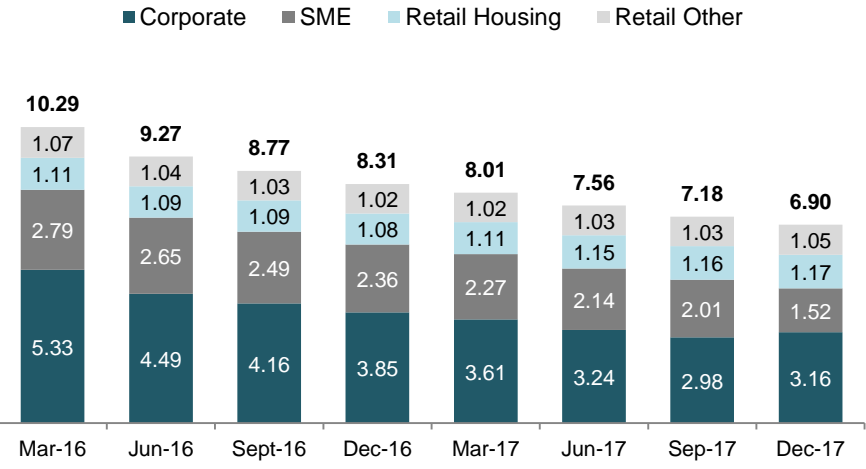
90+ DPD by Geography (€ bn)



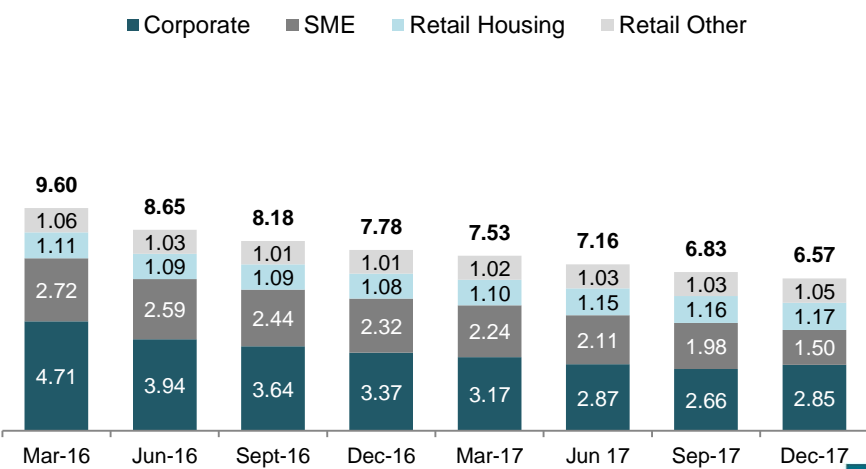
90+ DPD ratios by Geography



90+ DPD by business line (€ bn)



Cyprus 90+ DPD by business line (€ bn)



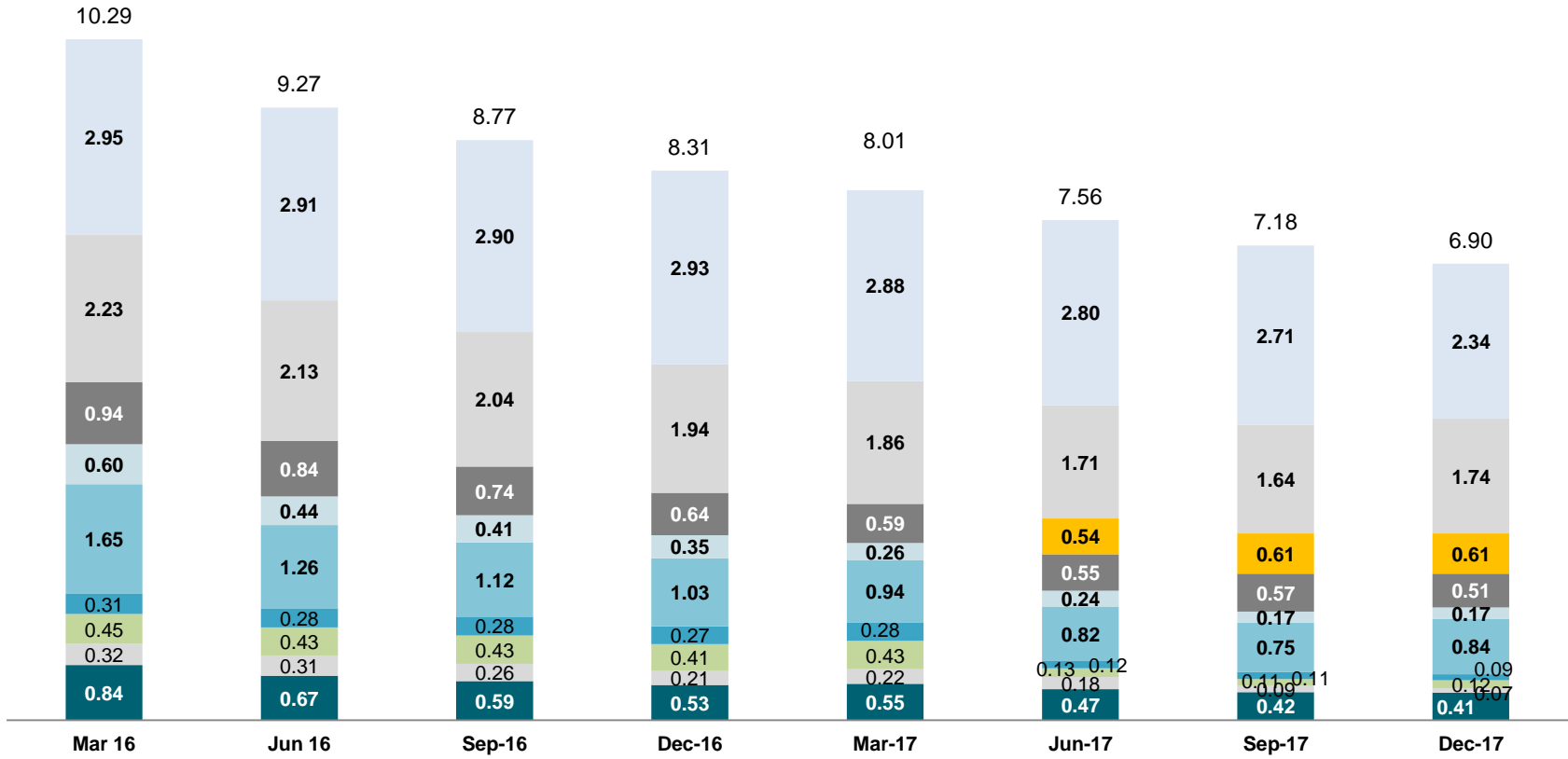
1) Restructuring and Recoveries Division
2) Other countries: Greece, Russia and Romania

Further Analysis of 90+ DPD by Business Line¹

Reporting as at 31 December 2017 includes transfers within RRD² business lines following an internal reorganisation of RRD² in 4Q2017

90+ DPD by business line (€ bn)

- Corporate
- SMEs
- Housing
- Consumer Credit
- RRD-Major Corporations
- RRD- Corporates
- RRD-SMEs
- RRD-Retail³
- RRD-Terminated corporates
- RRD-Terminated SMEs & Retail



1) 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

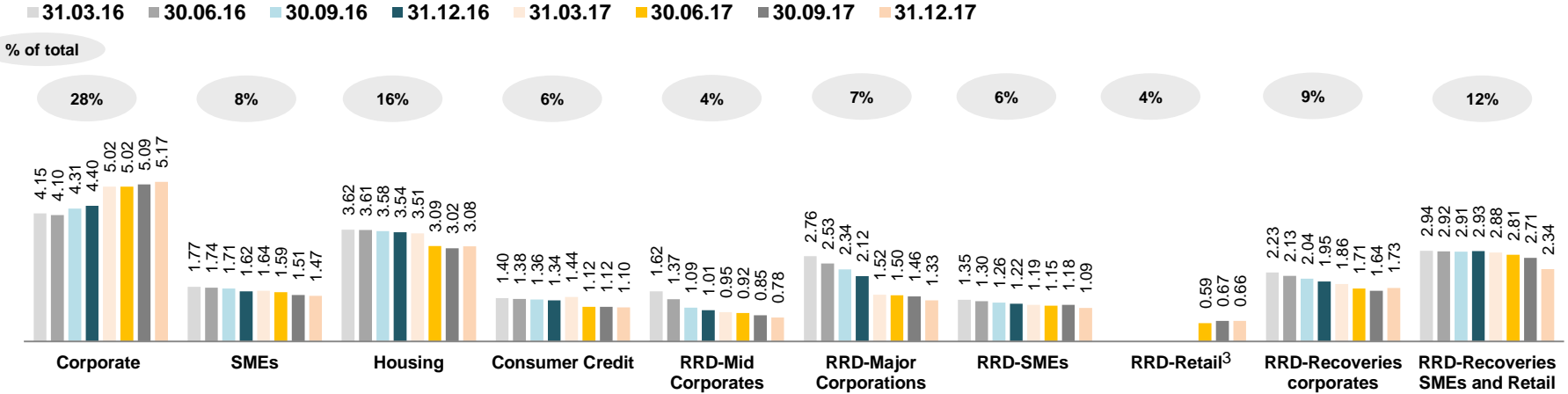
2) Restructuring and Recoveries Division

3) New business lines established in April 2017. RRD-Retail includes RRD Retail Housing and Retail Other

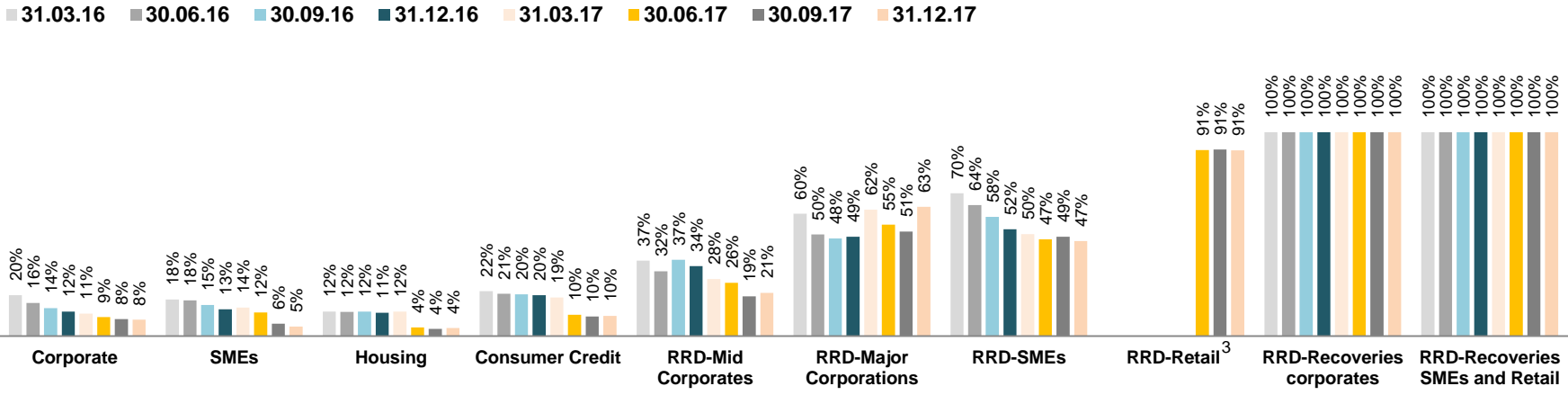
Analysis of Loans and 90+ DPD ratios by Business Line¹

Reporting as at 31 December 2017 includes transfers within RRD² business lines following an internal reorganisation of RRD² in 4Q2017

Gross loans by business line (€ bn)



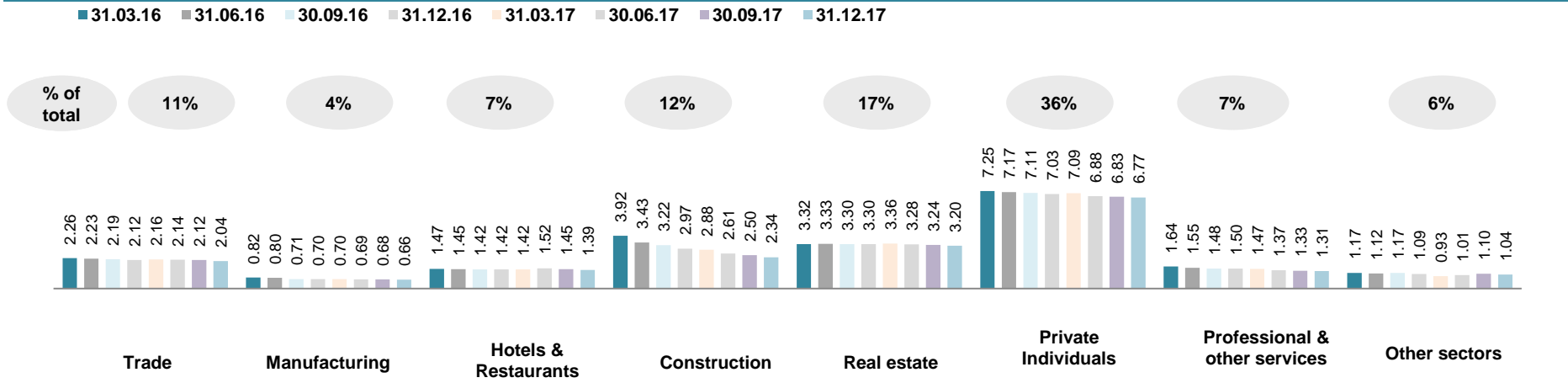
90+ DPD ratios by business line



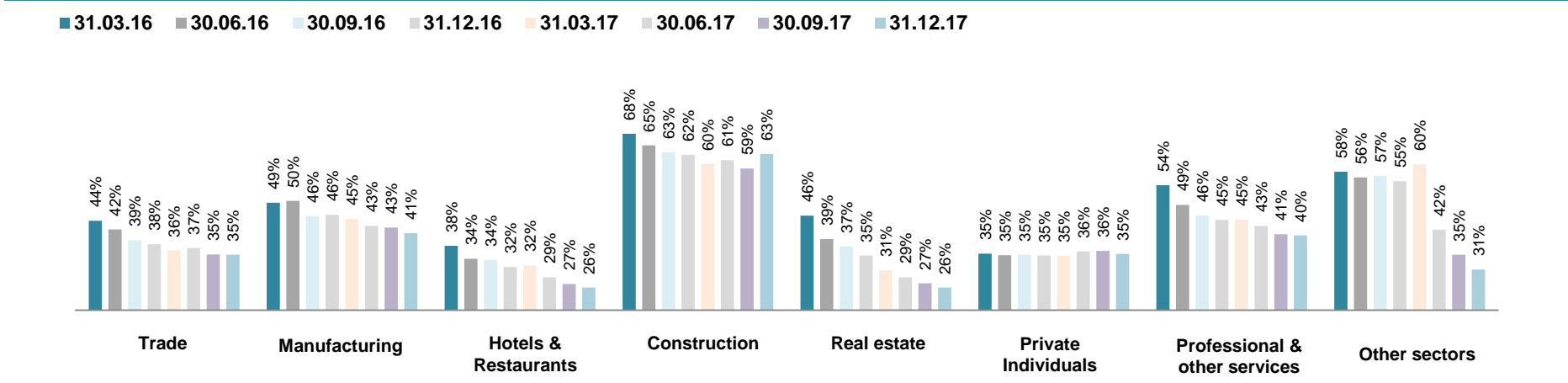
1) As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans
 2) Restructuring and Recoveries Division
 3) New business lines established in April 2017. RRD-Retail includes RRD Retail Housing and Retail Other

Analysis of Loans and 90+ DPD ratios by Economic Activity

Gross loans by economic activity (€ bn)



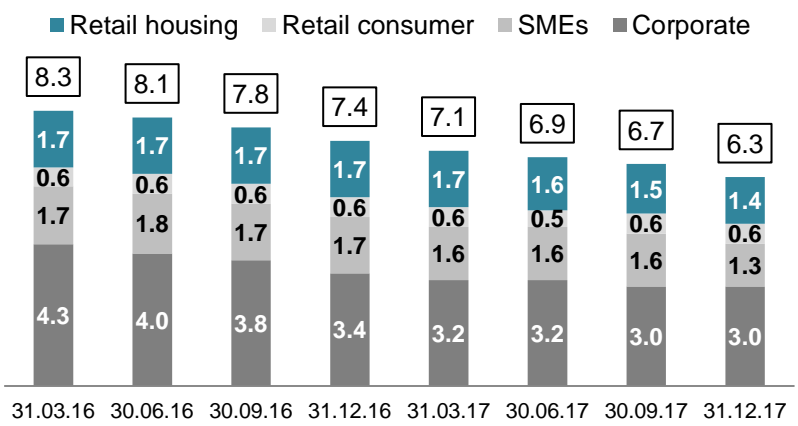
90+ DPD ratios by economic activity



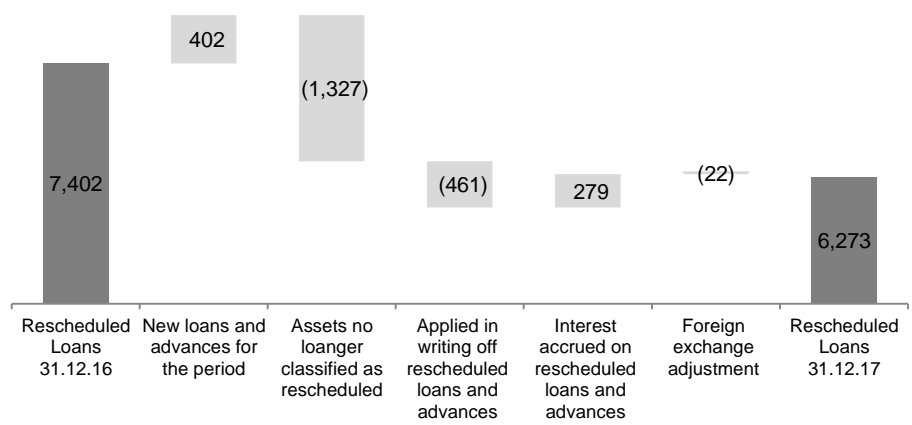
Rescheduled Loans for the Cyprus Operations

Reporting as at 31 December 2017 includes transfers within RRD¹ business lines following an internal reorganisation of RRD¹ in 4Q2017

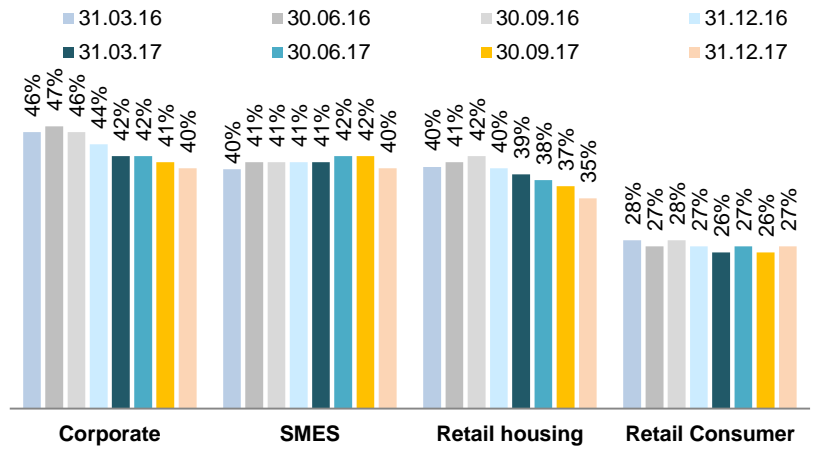
Rescheduled Loans by customer type (€ bn)



Rescheduled Loans (€ bn)



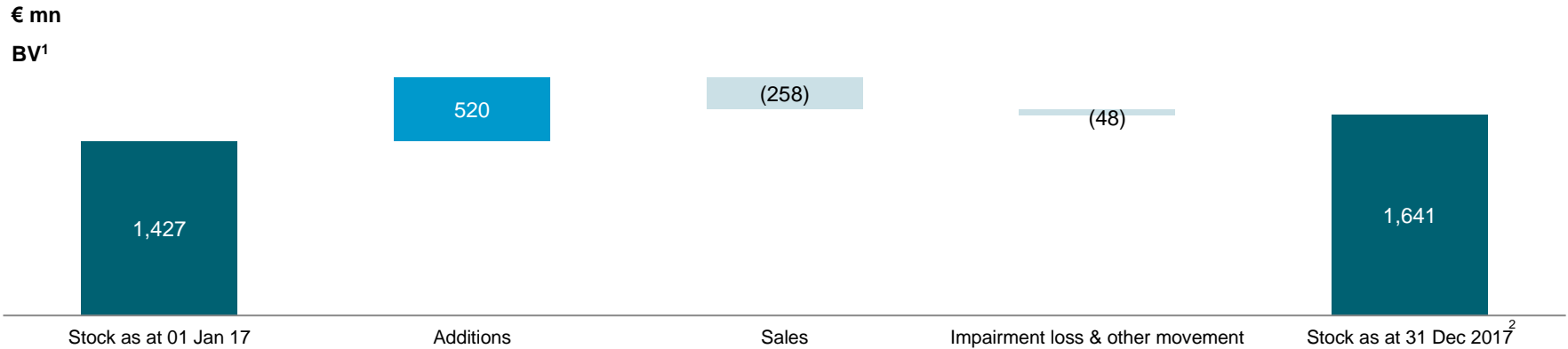
Rescheduled loans % gross loans² by customer type



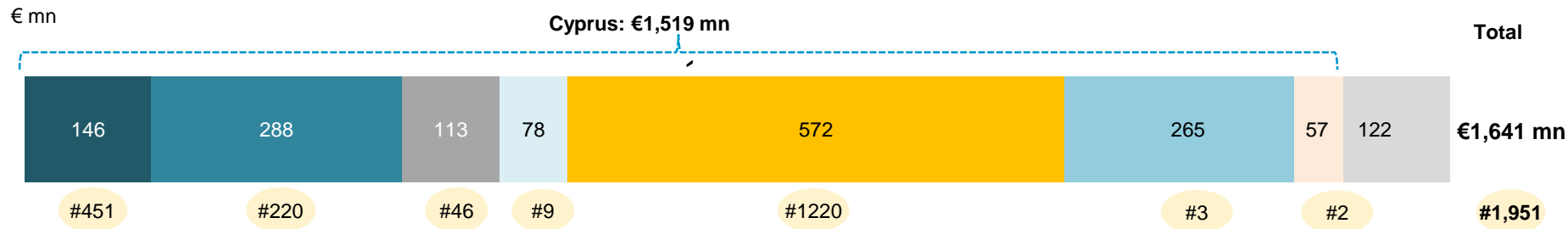
1) Restructuring and Recoveries Division
 2) Before fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (difference between the outstanding contractual amount and the fair value of loans acquired) amounting to €668 mn for gross loans and to €312 mn for rescheduled loans (compared to €721 mn and €435 mn respectively at 30 September 2017), including loans of discontinued operations/disposal group held for sale

REMU – the engine for dealing with foreclosed assets

REMU focus now on sales (Group)



Property stock split as at 31 December 2017 – on boarded at conservative carrying value³ (Group)



Assets ■ Residential ■ Offices and other commercial properties ■ Manufacturing and industrial ■ Hotels ■ Land and Plots ■ Golf ■ Under construction ■ Greece and Romania

SOURCE: Central Bank of Cyprus, Cyprus Land Registry

(1) BV= Book value = Carrying value prior to the sale of property

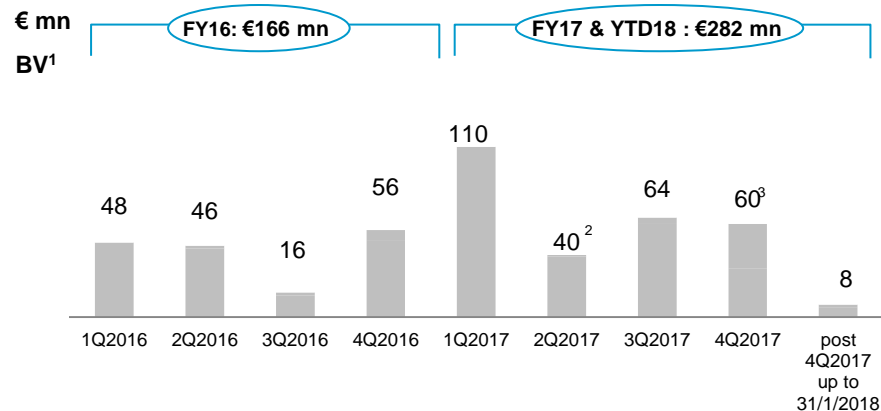
(2) Total stock as at 31 December 2017 excludes investment properties and investment properties held for sale

(3) Assets in REMU on boarded at conservative prices c.25%-30% discount to open market value (OMV)

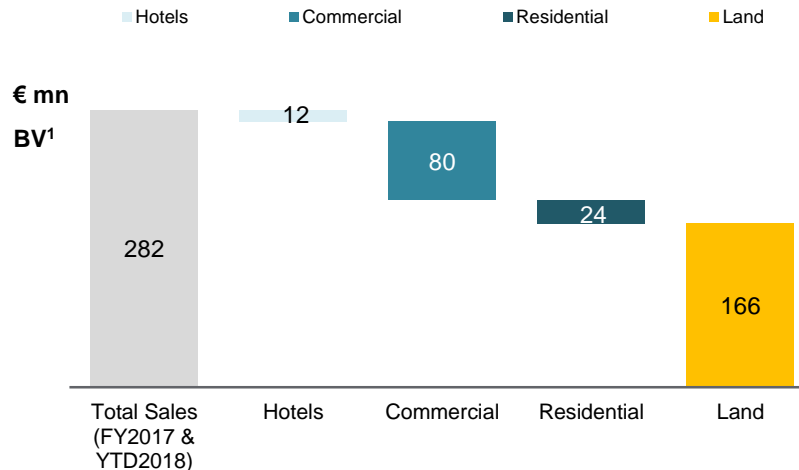


REMU converts foreclosed assets to cash

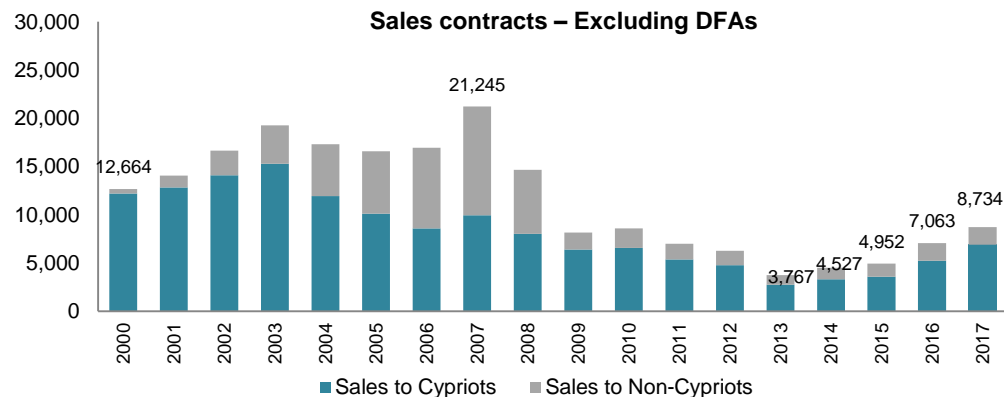
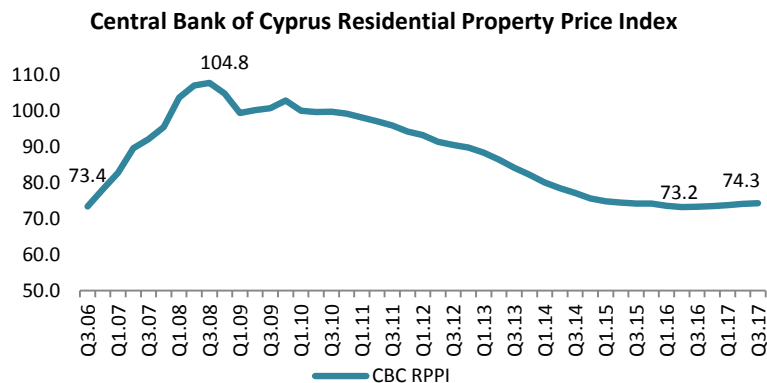
Book Value Sales ~€450 mn achieved since REMU established (Group)



Book Value sales by type (Group)



Encouraging trends in Real Estate Market; 1.4% yoy increase in property prices



(1) BV= book value = Carrying value prior to the sale of property
 (2) 2Q2017 sales include a disposal of a property (€10 mn) which was classified in investment properties held for disposal
 (3) 4Q2017 sales include a disposal of a property (€7.5 mn) which was classified in investment properties held for disposal

Rescheduled Loans – Asset Quality

€ '000	Cyprus	Greece	Russia	United Kingdom	Romania	Total
31 December 2017						
Neither past due nor impaired	3,158,894	-	-	5,383	79	3,164,356
Past due but not impaired	1,218,160	-	-	2,354	-	1,220,514
Impaired	1,895,892	338	70,595	2,149	18,170	1,987,144
Total	6,272,946	338	70,595	9,886	18,249	6,372,014

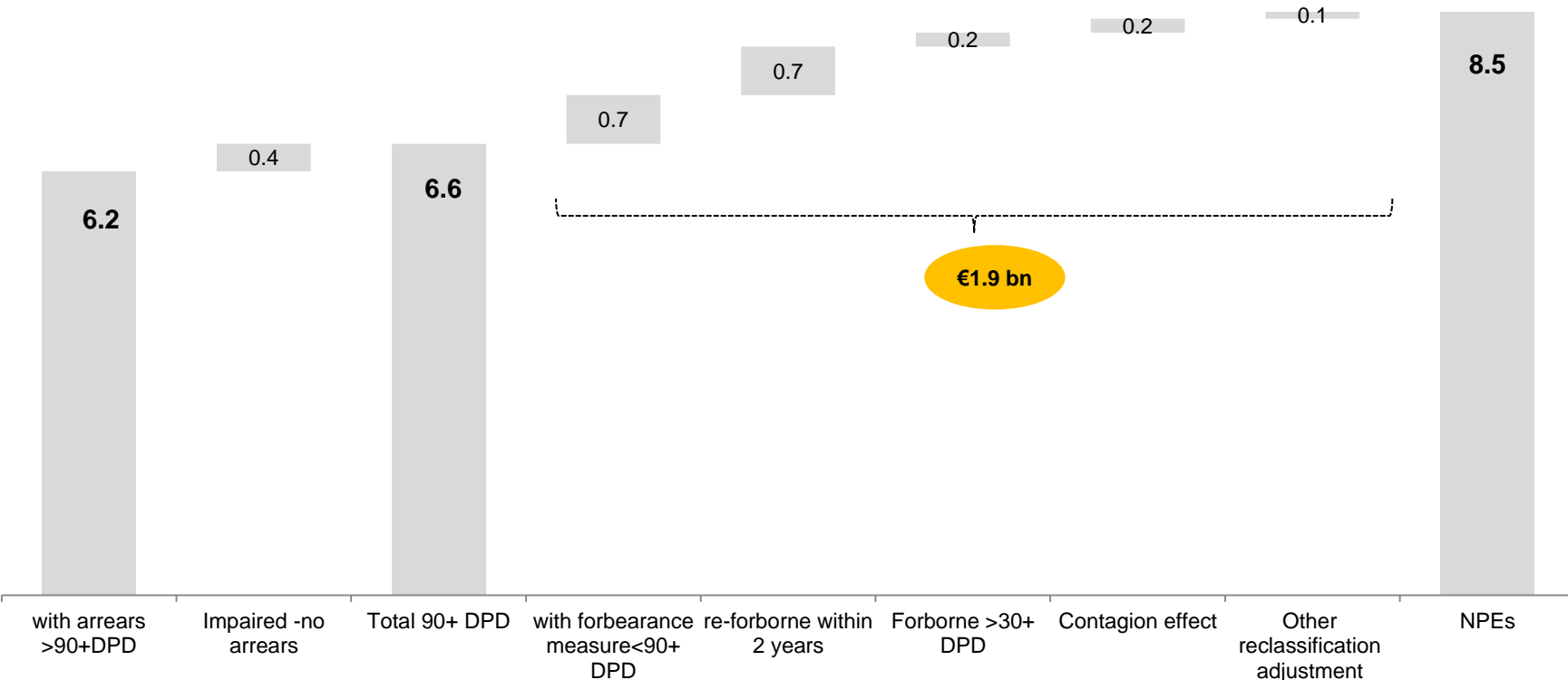
30 September 2017						
Neither past due nor impaired	3,459,877	-	-	4,839	96	3,464,812
Past due but not impaired	1,335,179	-	-	1,025	62	1,336,266
Impaired	1,865,243	338	77,102	1,927	39,415	1,984,025
Total	6,660,299	338	77,102	7,791	39,573	6,785,103

30 June 2017						
Neither past due nor impaired	3,653,747	-	-	3,885	113	3,657,745
Past due but not impaired	1,300,870	-	-	1,260	60	1,302,190
Impaired	1,985,185	336	78,234	1,973	56,557	2,122,285
Total	6,939,802	336	78,234	7,118	56,730	7,082,220

Fair value of collateral and credit enhancements held by the Group

Loans and advances to customers	31 Dec 2017 (€ mn)
Cash	339
Securities	275
Letters of credit / guarantee	259
Property	21,803
Other	748
Surplus collateral	(10,369)
Net collateral	13,055

Reconciliation of 90+ DPD to NPES Cyprus Operations (€ bn) (Dec 17)



Appendix – Additional financial information

Consolidated Balance Sheet

Assets (€ mn)	% change	31.12.17	31.12.16
Cash and balances with Central Banks	125%	3,394	1,506
Loans and advances to banks	10%	1,193	1,088
Debt securities, treasury bills and equity investments	53%	1,029	674
Net loans and advances to customers	-7%	14,602	15,649
Stock of property	15%	1,641	1,427
Other assets	-5%	1,740	1,828
Total assets	6%	23,599	22,172

Liability and Equity (€ mn)	% change	31.12.17	31.12.16
Deposits by banks	14%	495	435
Funding from central banks	9%	930	850
Repurchase agreements	0%	257	257
Customer deposits	8%	17,850	16,510
Subordinated loan stock	-	302	-
Other liabilities	13%	1,148	1,014
Total liabilities	10%	20,982	19,066
Shareholders' equity	-16%	2,586	3,071
Non controlling interests	-11%	31	35
Total equity	-16%	2,617	3,106
Total liabilities and equity	6%	23,599	22,172

Income Statement Review

€ mn	FY2017	FY2016	4Q2017	3Q2017	qoq %	(FY) yoy%
Net Interest Income	583	686	129	138	-7%	-15%
Net fee and commission income	180	167	47	45	5%	8%
Insurance income net of insurance claims	50	44	11	14	-23%	13%
<i>Core income</i>	<i>813</i>	<i>897</i>	<i>187</i>	<i>197</i>	<i>-5%</i>	<i>-9%</i>
Other income	94	66	27	26	7%	41%
Total income	907	963	214	223	-4%	-6%
Total expenses	(422)	(397)	(109)	(99)	9%	6%
Profit before provisions and impairments¹	485	566	105	124	-15%	-14%
Loan loss provisions ²	(779)	(370)	(50)	(73)	-31%	111%
Impairments of other financial and non financial instruments	(65)	(47)	(27)	(2)	-	38%
Provision for litigation and regulatory matters	(98)	(18)	(25)	(38)	-37%	447%
Total Provisions and impairments	(942)	(435)	(102)	(113)	-10%	116%
Share of profit from associates and joint ventures	9	8	4	1	-	9%
(Loss)/profit before tax and restructuring costs	(448)	139	7	12	-40%	-
Tax	(77)	(16)	(1)	(4)	-70%	-
Profit/(loss) attributable to NCIs	2	(4)	3	(0)	-	-
(Loss)/profit after tax and before restr. costs	(523)	119	9	8	17%	-
Advisory, VEP and other restr. costs ³	(29)	(114)	(8)	(7)	24%	-74%
Net gain on disposal of non-core assets	-	59	-	-	-	-100%
(Loss)/profit after tax	(552)	64	1	1	-	-
Net interest margin	3.02%	3.47%	2.57%	2.86%	-29 bps	-45 bps
Cost-to-Income ratio	47%	41%	51%	44%	+7 p.p.	+6 p.p.
Cost-to-Income ratio adjusted for special levy and SRF contribution	44%	39%	48%	45%	+3 p.p.	+5 p.p.

(1) Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans, restructuring costs and net gains on disposal of non core assets

(2) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans

(3) Advisory, VEP and other restructuring costs comprise mainly: 1) fees of external advisors in relation to: (i) disposal of operations and non-core assets (ii) customer loan restructuring activities which are not part of the effective interest rate and (iii) the listing on the London Stock Exchange and 2) voluntary exit plan cost

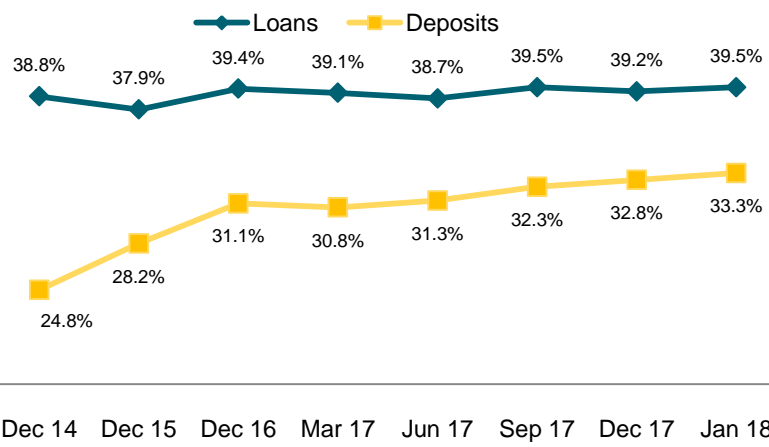
Analysis of Interest Income and Interest Expense

Analysis of Interest Income	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Loans and advances to customers	231	217	203	204	195	200	180	170
Loans and advances to banks and central banks	2	4	5	(2)	5	3	2	2
Investments available-for-sale	3	2	2	3	4	5	5	6
Investments classified as loans and receivables	4	4	2	1	1	1	1	0
	240	227	212	206	205	209	188	178
Trading Investment	-	-	-	-	-	-	-	0
Derivative financial instruments	1	2	1	1	6	8	8	9
Other investments at fair value through profit or loss	0	0	0	0	0	0	-	-
Total Interest Income	241	229	213	207	211	217	196	187

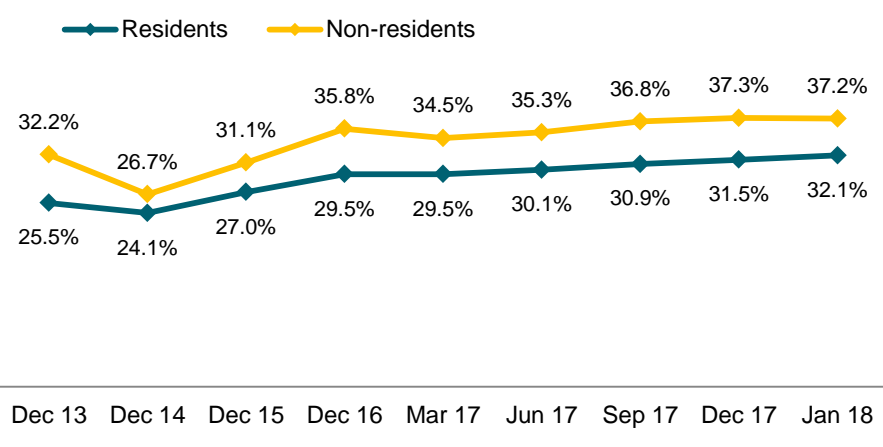
Analysis of Interest Expense	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Customer deposits	(34)	(34)	(35)	(35)	(35)	(35)	(36)	(35)
Funding from central banks and deposits by banks	(16)	(13)	(7)	(3)	(1)	(1)	(1)	(2)
Subordinated loan stock	-	-	-	-	(5)	(6)	(6)	(6)
Repurchase agreements	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)
Negative interest on loans and advances to banks and central banks	(1)	(1)	(1)	(1)	(3)	(2)	(1)	(1)
	(52)	(49)	(45)	(41)	(46)	(46)	(46)	(46)
Derivative financial instruments	(4)	(4)	(4)	(4)	(9)	(11)	(12)	(12)
Total Interest Expense	(56)	(53)	(49)	(45)	(55)	(57)	(58)	(58)

Core Cypriot business

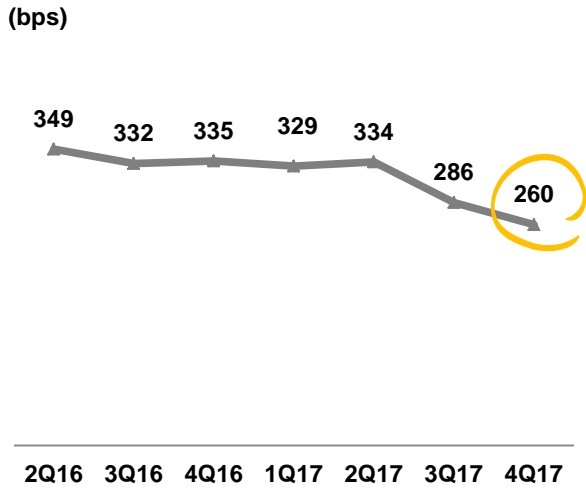
Strong market shares maintained



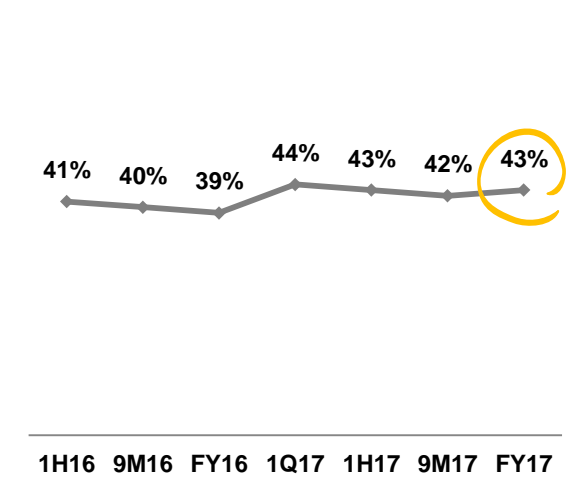
Strong market shares in resident and non-resident deposits



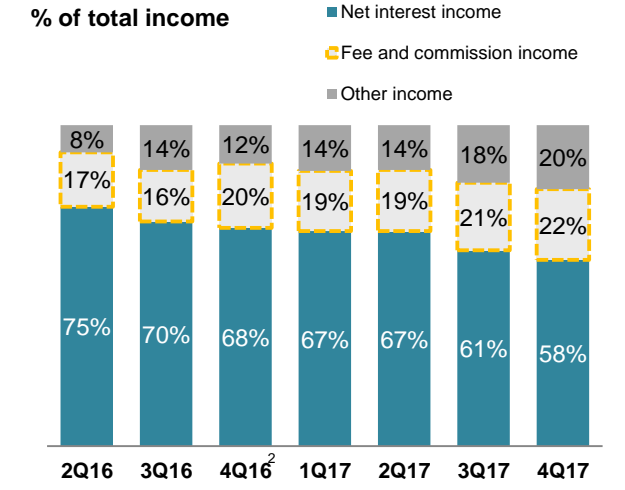
NIM in Cyprus operations



Cost to Income ratio¹ for Cyprus operations



Improving fee income as a % of revenues



(1) Cost to Income ratio includes the special levy and the SRF contribution and excludes the provisions for pending litigation
 (2) Excluding non-recurring fees of approximately €7 mn

Income Statement bridge for FY2017

€ mn	Underlying basis	Reclassification	Statutory Basis
Net interest income	583		583
Net fee and commission income	180		180
Net foreign exchange gains and net gains on other financial instruments and disposal/ dissolution of subsidiaries	48		48
Insurance income net of insurance claims	50		50
Net gains from revaluations/disposals of investment properties	27		27
Other income	19		19
Total income	907		907
Total expenses	(422)	(127)	(549)
Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows and restructuring costs	485	(127)	358
Provisions for impairment of customer loans and Gains on derecognition of loans and changes in expected cash flows	(779)		(779)
Impairments of other financial and non-financial assets	(65)		(65)
Provision for litigation and regulatory matters	(98)	98	-
Share of profit from associates	9		9
Loss before tax, restructuring costs and discontinued operations	(448)	(29)	(477)
Tax	(77)		(77)
Loss attributable to non-controlling interests	2		2
Loss after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets	(523)	(29)	(552)
Advisory and other restructuring costs ¹	(29)	29	-
Loss after tax	(552)		(552)

(1) Advisory and other restructuring costs comprise mainly: 1) fees of external advisors in relation to: (i) customer loan restructuring activities which are not part of the effective interest rate and (ii) the listing on the London stock exchange

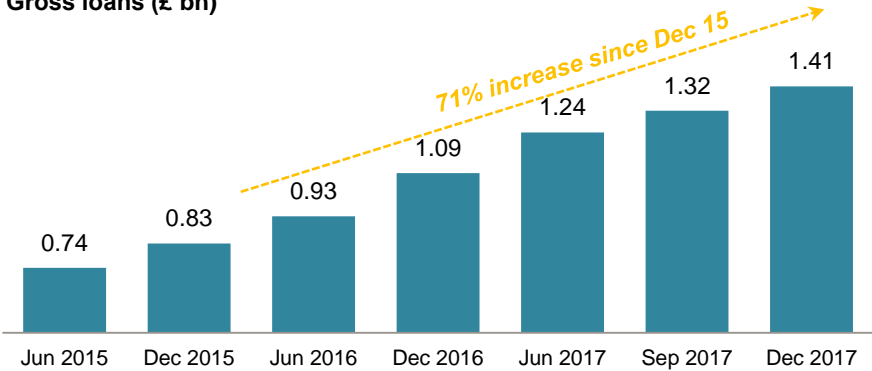
Cyprus: Income Statement by business line for FY2017

€ mn	Consumer Banking	SME Banking	Corporate Banking	International Banking	Wealth & Markets	RRD	REMU	Insurance	Other	Total Cyprus
Net interest income	214	50	100	66	10	131	(18)	1	(7)	547
Net fee & commission income	50	10	14	66	2	13	-	(5)	22	172
Other income	5	1	1	8	3	0	33	49	44	144
Total income	269	61	115	140	15	144	15	45	59	863
Total expenses	(112)	(11)	(12)	(25)	(4)	(34)	(8)	(18)	(144)	(368)
Profit/(loss) before provisions and impairments	157	50	103	115	11	110	7	27	(85)	495
Provisions for impairment of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	(35)	(9)	(5)	(10)	0	(705)	-	-	3	(761)
Impairment of other financial and non financial instruments	-	-	-	-	-	-	(21)	(0)	(13)	(34)
Provision for litigation and regulatory matters	-	-	-	-	-	-	-	-	(57)	(57)
Share of profits from associates	-	-	-	-	-	-	-	-	9	9
Profit/(loss) before tax	122	41	98	105	11	(595)	(14)	27	(143)	(348)
Tax	(15)	(5)	(12)	(13)	(2)	76	3	(2)	(103)	(73)
Profit attributable to non controlling interest	-	-	-	-	-	-	-	-	3	3
Profit/(loss) after tax and before one off items	107	36	86	92	9	(519)	(11)	25	(243)	(418)

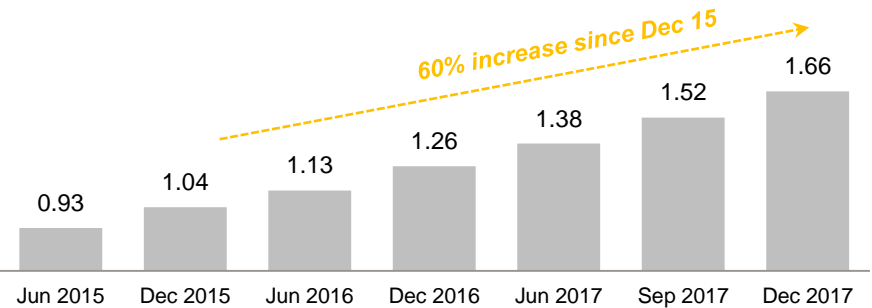
Careful Expansion of BOC UK operations

Gross loans and customer deposits

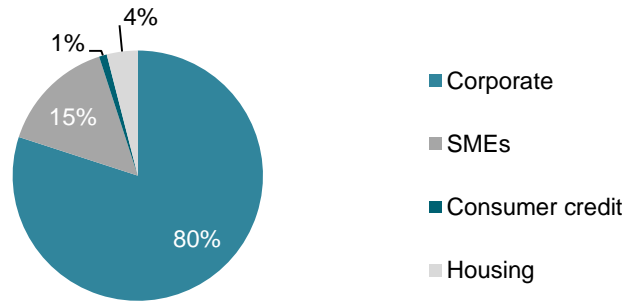
Gross loans (£ bn)



Customer deposits (£ bn)

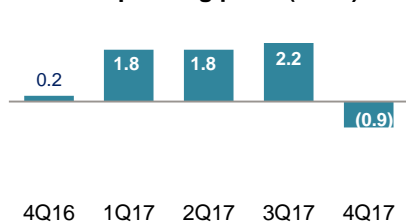


Loans by sector at 31 December 2017

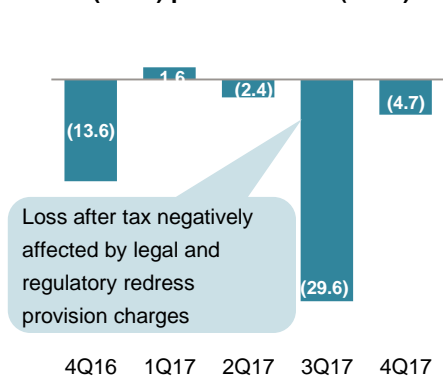


Core operating profitability is rising

Operating profit (£ mn)



(Loss)/profit after tax (£ mn)



- Gross loans and customer deposits in the UK increased by 71% and 60% since Dec 15 to £1.41 bn and to £1.66 bn, respectively
- New lending of £503 mn during FY2017
- Loss after tax of £4.7 mn for the 4Q2017, primarily relating to redress provisions for the UK operations
- Expansion of UK operations that remains consistent with Group's overall credit appetite and regulatory environment

Risk Weighted Assets – Regulatory Capital

Risk weighted assets by Geography (€ mn)

	31.12.16	31.03.17	30.06.17	30.09.17	31.12.17
Cyprus	17,554	17,336	16,128	16,098	16,011
Russia	145 ¹	33	32	30	27
United Kingdom	784	896	869	842	922
Romania	182	178	129	94	118
Greece	190	223	193	191	168
Other ²	10	15	17	18	14
Total RWA	18,865	18,681	17,368	17,273	17,260
RWA intensity(%)	85%	83%	79%	76%	73%

Risk weighted assets by type of risk (€ mn)

	31.12.16	31.03.17	30.06.17	30.09.17	31.12.17
Credit risk	16,862	16,785	15,474	15,379	15,538
Market risk	6	7	5	5	5
Operational risk	1,997	1,889	1,889	1,889	1,717
Total	18,865	18,681	17,368	17,273	17,260

Equity and Regulatory Capital (€ mn)

	31.12.16	31.03.17	30.06.17	30.09.17	31.12.17
Shareholders' equity	3,071	3,079	2,543	2,562	2,586
CET1 capital	2,728	2,694	2,142	2,145	2,184
Tier I capital	2,728	2,694	2,142	2,145	2,184
Tier II capital	21	225	248	247	266
Total regulatory capital (Tier I + Tier II)	2,749	2,919	2,390	2,392	2,450

Reconciliation of Group Equity to CET 1

€ mn	31.12.17
Group Equity per financial statements	2,617
Less: Intangibles and other deductions	(34)
Less: Deconsolidation of insurance and other entities	(209)
Less: Regulatory adjustments (DTA and other items)	(143)
Less: Revaluation reserves and other unrealised items transferred to Tier II	(47)
CET 1 (transitional)	2,184
Less: Adjustments to fully loaded (mainly DTA)	(95)
CET 1 (fully loaded)	2,089
Risk Weighted Assets	17,260
CET 1 ratio (fully loaded)	12.2%
CET 1 ratio (transitional)	12.7%

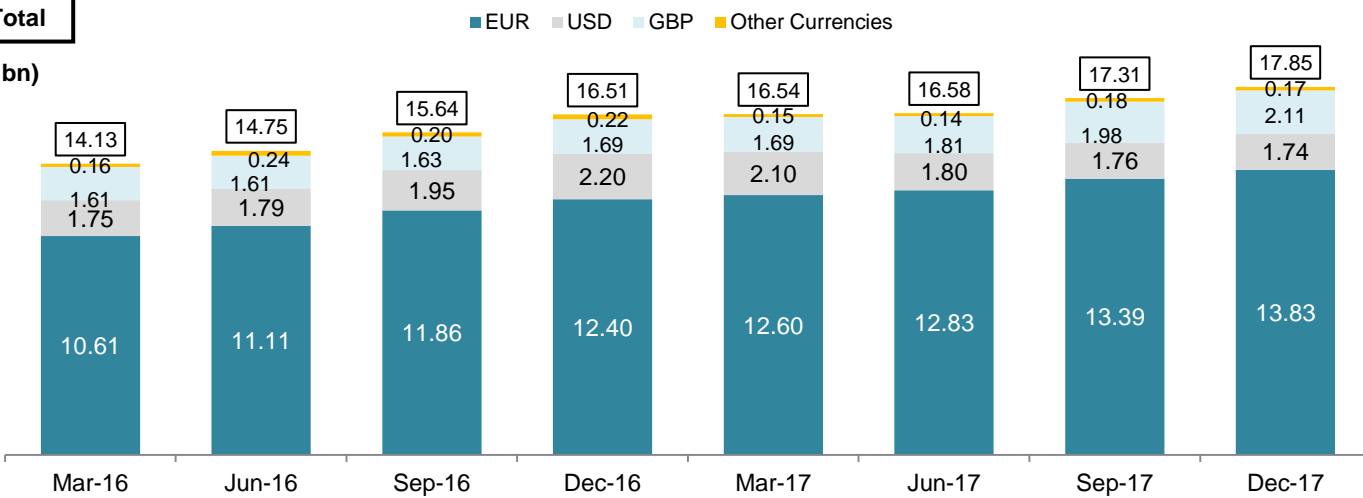
(1) The increase in Russia RWA is due to one off regulatory adjustments on operational risk in relation to disposed operations where permission to exclude it received from regulators early January 2017
(2) Other countries primarily relates to exposures in Serbia

Analysis of Deposits by Currency and by Type

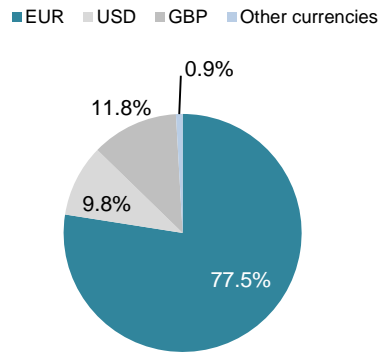
Deposits by Currency

Total

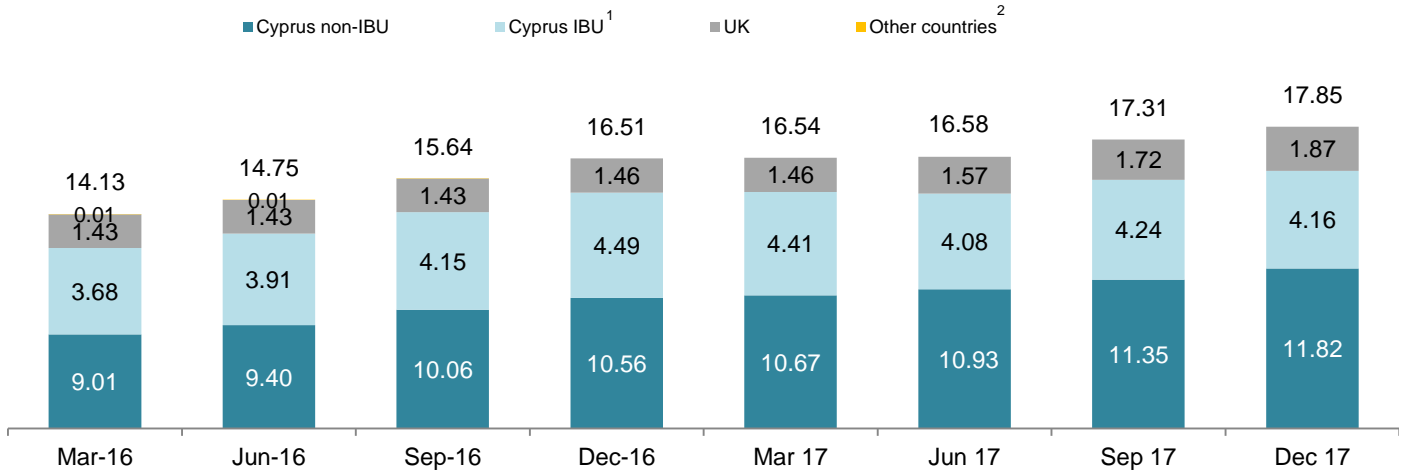
(€ bn)



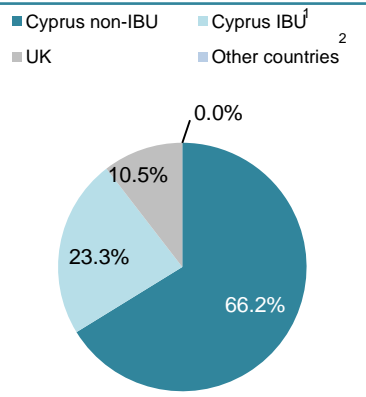
31 December 2017 (%)



Deposits by geography



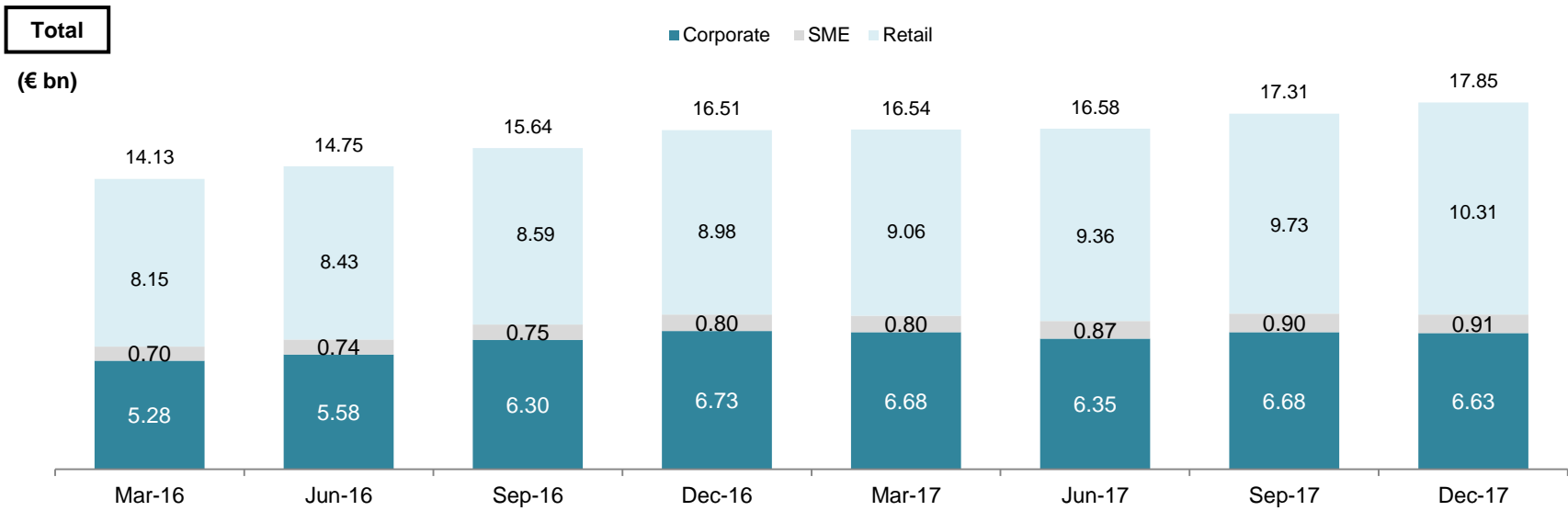
31 December 2017 (%)



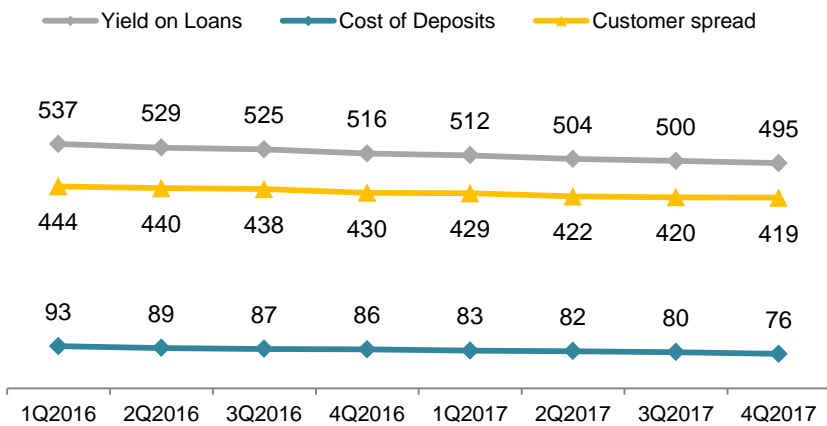
(1) International Business Unit
 (2) Other countries relate to Romania

Analysis of Deposits by Sector and cost of deposits

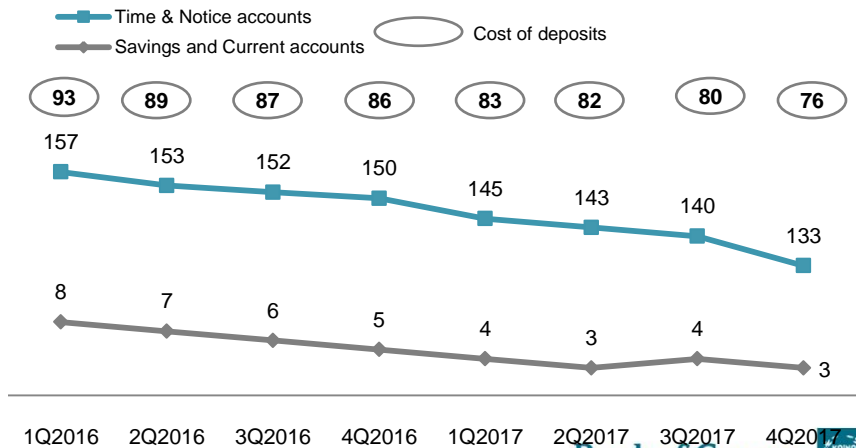
Deposits by customer Sector



Average contractual interest rates¹ (bps) (Cy)



Customer deposit rates decline further (Cy)



(1) Interest rates on cost of deposits were previously calculated as the Interest Expense over Average Balance. The current calculation which the Bank considers more appropriate is based on the weighted average of the contractual rate times the balance at the end of the month. The rates are calculated based on the month end contractual interest rates. The quarterly rates are the average of the three quarter month end contractual rates

BOC - Main performance indicators

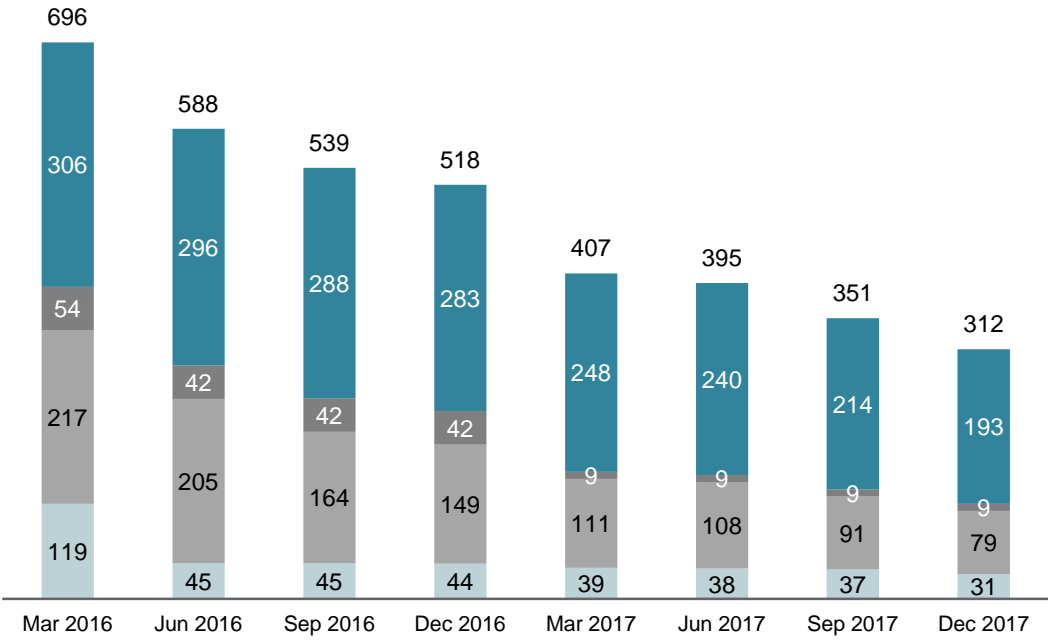
	Ratios	Group FY2017
Performance	Net Interest Margin	3.02%
	Cost to income ratio	47%
	Loans to deposits	82%
Asset Quality	90+ DPD / 90+ DPD ratio	€6,905 mn (37%)
	90+ DPD coverage	61%
	Cost of risk	4.0% ¹
	Provisions / Gross Loans	22.4%
Capital	Transitional Common Equity Tier 1 capital	2,184
	CET1 ratio (transitional basis)	12.7%
	Total Shareholders' Equity / Total Assets	11.0%

(1) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans. Additional provisions of c.€500 mn charged in 2Q2017 are included in the calculation of Cost of Risk. The provisioning charge for 4Q2017 was 1.1% Including impairments of other financial instruments, the provisioning charge was 1.1% and 4.0% for 4Q2017 and FY2017, respectively

Reduction in Overseas Non-Core Exposures

Overseas non-core exposures¹ (€ mn)

- Russia: Net exposure
- Romania: Net exposure
- Serbia: Net exposure
- Greece: Net exposure



- In addition, at 31 December 2017, there were €168 mn² of overseas exposures in Greece (€169 mn as at 30 September 2017) not identified as non-core exposures
- In accordance with the Group's strategy to exit from overseas non-core operations, the operations of the Bank of Cyprus **branch in Romania are expected to be terminated, subject to the completion of the deregistration formalities with respective authorities. Most of the remaining assets and liabilities of the branch with third parties have been transferred to other entities of the Group.**

(1) Comparatives excluding core exposures
 (2) Lending exposures to Greek entities in the normal course of business in Cyprus and lending exposures in Cyprus with collaterals in Greece

Non-Performing Loans definition

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

- i. the debtor is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due
- 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 forbore exposures under probation for which additional forbearance measures are extended, or
- v. there are performing forbore exposures under probation that present more than 30 days past due within the probation period.

The exit criteria of NPE forbore are the following:

1. The extension of forbearance measures does not lead to the recognition of impairment or default
2. One year has passed since the forbearance measures were extended
3. There is not, following the forbearance measures, any past due amount or concerns regarding the full repayment of the exposure according to the post forbearance conditions.

90+DPD: Loans in arrears for more than 90 days (90+ DPD) are defined as loans past-due for more than 90 days and those that are impaired (impaired loans are those which are not considered fully collectable and for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition or customers in Debt Recovery).

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