Bank of Cyprus Holdings Public Limited Company
Annual Financial Report for the year ended 31 December 2020

Nicosia, 30 March 2021

Bank of Cyprus Holdings Public Limited Company (“BOC Holdings” or the “Company”) announces today that its Board of Directors has approved its annual financial report including the audited financial statements of the Bank of Cyprus Group, comprising BOC Holdings, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries (the “Group”) for the year ended 31 December 2020 (the “Annual Financial Report”).

A copy of the Annual Financial Report will be submitted to the National Storage Mechanism and will be shortly available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The Annual Financial Report will also be available on the Group’s website www.bankofcyprus.com (Investor Relations).

For further information, please contact Investor Relations at investors@bankofcyprus.com.

Additional Information

The following information is extracted from the Company’s Annual Financial Report and, together with the Company’s announcement ‘Group Financial Results for the year ended 31 December 2020’ dated 30 March 2021, constitutes the material required under Regulation 33(5)(b)(ii) of the Irish Transparency (Directive 2004/109/EC) Regulations 2007 to be communicated to the media in unedited full text. This material is not a substitute for reading the Company’s Annual Financial Report in full. Terms in this section Additional Information shall have the meanings given to them in the Annual Financial Report.

Group Profile

The Bank of Cyprus Group is the leading banking and financial services group in Cyprus, providing a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. The Bank of Cyprus Group operates through a total of 95 branches in Cyprus, of which 11 operate as cash offices. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 3,573 staff worldwide. At 31 December 2020, the Group’s Total Assets amounted to €21.5 bn and Total Equity was €2.1 bn. The Bank of Cyprus Group comprises Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries.
Additional Information (continued)

Principal risks and uncertainties - Risk management and mitigation

The following information is extracted from page 36 of the Annual Financial Report.

Like other financial organisations, the Group is exposed to risks, the most significant of which are credit risk, liquidity risk, market risk (arising from adverse movements in exchange rates, interest rates and security prices) and insurance risk. The Group monitors, manages and mitigates these risks through various control mechanisms. Detailed information relating to Group risk management is set out in Notes 45 to 48 to the Consolidated Financial Statements, in the 'Additional Risk and Capital Management Disclosures' which form part of the Annual Financial Report for the year ended 31 December 2020 and Pillar III Disclosures for the year ended 31 December 2020.

The Group is also exposed to litigation risk, arising from claims, investigations, regulatory and other matters. Further information is disclosed in Note 39 to the Consolidated Financial Statements.

Additionally, the Group is exposed to the risk on changes in the fair value of property which is held either for own use or as stock of property or as investment property. Stock of property is predominately acquired in exchange of debt and is intended to be disposed of in line with the Group’s strategy. Further information is disclosed in Note 27 to the Consolidated Financial Statements.

The Group activities are mainly in Cyprus therefore the Group's performance is impacted by changes in the Cyprus operating environment as described in the 'Operating environment' section of this Directors' Report.

In addition, details of the significant judgements, estimates and assumptions which may have a material impact on the Group's financial performance and position are set out in Note 5 to the Consolidated Financial Statements.

Details of the financial instruments and hedging activities of the Group are set out in Note 21 to the Consolidated Financial Statements.

The COVID 19 and its longer term impacts on the economy and the Group’s financial performance remain uncertain. Specifically, COVID 19 could have an adverse impact across risks including the credit portfolio, operational risk, people, capital, funding and liquidity. The Group is closely monitoring the effects of COVID 19 and impact on its operations, businesses and financial performance, including liquidity and capital usage. The effects of COVID 19 are described in the 'Business Overview' section of this Directors' Report.

The Pillar 3 Disclosures Report (unaudited) of the Group, required with respect to the requirements of the Capital Requirement Regulation (EU) No 575/2013, is published on the Group’s website www.bankofcyprus.com (Investor Relations).

Related party transactions

The following information is extracted from pages 226 to 232 of the Annual Financial Report, unless otherwise indicated.

Related parties of the Group include associates and joint ventures, key management personnel, Board of Directors and their connected persons.
Additional Information (continued)

Related party transactions (continued)

(a) Transactions with subsidiary

The Company is the holding company of the Group. The Company enters into transactions with its subsidiary in the normal course of business. Balances and transactions between the Company and its subsidiaries are disclosed in Note 15 of the Company’s financial statements. Transactions with the subsidiaries have been eliminated on consolidation.

(b) Associates

The Group provides to and receives from its associates certain banking and financial services. These are not material to the Group and all the transactions are made on normal business terms as for comparable transactions with customers of a similar standing. Additional information is disclosed in Note 53.

(c) Compensation of the Board of Directors and key management personnel

For disclosures made in accordance with the provisions of IAS 24 Related Party Disclosures and sections 305 and 306 of the Companies Act 2014, in respect of the compensation of the Board of Directors and key management personnel, please refer to Note 50 (c) of the Consolidated Financial Statements.

(d) Transactions with Directors and key management personnel

For information on Transactions with Directors and key management personnel please refer to Note 50 (d) of the Consolidated Financial Statements.

Loans to Directors

The following information is presented in accordance with the Companies Act 2014. For the purposes of the Companies Acts disclosures, ‘Directors’ means the current Board of Directors of the Company and any past directors who were members of the Board of Directors of the Company during the year.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions, including interest rates, with customers of a similar credit standing. A number of loans and advances have been extended to other key management personnel on the same terms as those applicable to the rest of the Group’s employees and their connected persons on the same terms as those of customers.

Connected persons include spouses, minor children and companies in which directors/other key management personnel, hold directly or indirectly, at least 20% of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

Additional to members of the Board of Directors, related parties include entities providing key management personnel services to the Group.

Directors: There were 11 Directors in office during the year (2019: 14 Directors), three of whom availed of credit facilities (2019: four Directors). Two of the Directors who availed of credit Facilities had balances outstanding at 31 December 2020 (2019: three Directors).
Additional Information (continued)

Related party transactions (continued)

(d) Transactions with Directors and key management personnel (continued)

Loans to Directors (continued)

For their balances outstanding, please refer to Note 50 (d) of the Consolidated Financial Statements.

Key management personnel: There were 18 key management personnel in office during the year (2019: 20 key management personnel), 17 of whom availed of credit facilities (2019: 18 key management personnel). All of the key management personnel who availed of credit facilities had balances outstanding at 31 December 2020 and 31 December 2019.

Where no amount is shown in the tables below, this indicates a credit balance, a balance of nil, or a balance of less than €500.

The value of arrangements at the beginning and end of the current and preceding financial years as stated below in accordance with section 307 of the Companies Act 2014, expressed as a percentage of the net assets of the Group at the beginning and end of the current and preceding financial years is less than 1%.

For further information please refer to Note 50 of the Consolidated Financial Statements.

Statement of Directors’ Responsibilities

The following information is extracted from pages 43 to 44 of the Annual Financial Report.

The Directors are responsible for preparing the Annual Financial Report and the financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRSs and, in respect of the consolidated financial statements, Article 4 of the International Accounting Standards (IAS) Regulation.

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Group’s and Company’s assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group and the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the EU and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.
Additional Information (continued)

Statement of Directors’ Responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions, to disclose with reasonable accuracy at any time the assets, liabilities and financial position of the Company and enable them to ensure that the financial statements comply with the provisions of the Companies Act 2014 and Article 4 of IAS Regulation. The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company’s and the Group’s obligations to keep adequate accounting records. These accounting records are kept at the Company’s registered office at 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland and at 51 Stassinos Street, Ayia Paraskevi, Strovolos, P.O.Box 24884, 1398 Nicosia, Cyprus.

In compliance with section 283 of the Companies Act 2014, the information and returns relating to the business dealt with in the accounting records for 2020 has been sent to the registered office of the Company. The Directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors’ Report. The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019 to include a Directors’ report containing a fair review of the development and performance of the business and the position of the Group and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company’s website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of each Director’s knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group and the Company and of the profit or loss of the Group and the Company;
- the Directors’ report contained in Annual Financial Report 2020 includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Financial Report 2020 and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.
Forward Looking Statements

This document contains certain forward-looking statements which can usually be identified by terms used such as "expect", "should be", "will be" and similar expressions or variations thereof or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group’s near term, medium term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, expected impairment charges, the level of the Group’s assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business strategies and opportunities. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend upon circumstances, that will or may occur in the future. Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to: general economic and political conditions in Cyprus and other European Union (EU) Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments, information technology, litigation and other operational risks, adverse market conditions, the impact of outbreaks, epidemics or pandemics, such as the COVID-19 pandemic and ongoing challenges and uncertainties posed by the COVID-19 pandemic for businesses and governments around the world. Should any one or more of these or other factors materialise, or should any underlying assumptions prove to be incorrect, the actual results or events could differ materially from those currently being anticipated as reflected in such forward looking statements. The forward-looking statements made in this document are only applicable as at the date of publication of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained in this document to reflect any change in the Group’s expectations or any change in events, conditions or circumstances on which any statement is based.