



Announcement

Group Financial Results for the three months ended 31 March 2015:

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Nicosia, 8 May 2015

Group Profile

Founded in 1899, Bank of Cyprus Group is the leading banking and financial services group in Cyprus. The Group provides 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 Group operates through a total of 259 branches, of which 130 operate in Cyprus, 123 in Russia, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 6.726 staff worldwide. At 31 December 2014, the Group's Total Assets amounted to €26,8 bn and Total Equity was €3,5 bn.

Update

As part of its audited financial results for the year ended 31 December 2014 (announced on 31 March 2015), the Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) announced that the provisions for impairment of customer loans for the fourth quarter of 2014 amounted to €248 mn (continuing operations), compared to €115 mn for the third quarter of 2014, with the increase in provisions relating to the methodological alignment and changes in certain estimates, following the completion of the review of the AQR results. Furthermore, in light of the deteriorating economic conditions in Russia since mid-December 2014, and following the reclassification of the Russian operations as a disposal group held for sale, the Bank proceeded to prudently reassess its operations in that country and increased the level of provisions for impairment of customer loans and other assets during the fourth quarter of 2014. This action reflected a deliberately more conservative stance regarding the Russian economic outlook and reduced significantly the Group’s net exposure to that country. As a result, the loss from discontinued operations for the fourth quarter of 2014 totalled €214 mn.

The elevated level of provisions for impairment of customer loans (continuing operations) charged during the fourth quarter of 2014 is not expected to be repeated in the first quarter of 2015, where the charge is expected to be in line with the first three quarters of 2014. Profit before provisions and impairments¹, restructuring costs and discontinued operations for the first quarter of 2015 is expected to be in line with the fourth quarter of 2014. As a result, it is expected that the first quarter of 2015 will be profitable (after tax), compared to the loss-making fourth quarter of 2014 (loss after tax of €337 mn).

The first quarter of 2015 is not comparable to the first quarter of 2014 given the significant deleveraging completed since then, including, among others, the partial repayment of the sovereign bond held by the Bank, by the Republic of Cyprus on 1 July 2014².

The Bank continues to make good progress in delivering against its strategic objectives. The balance sheet deleveraging is continuing and the Bank completed the disposal of its investment in Marfin Diversified Strategy Fund Plc on 30 April 2015, thereby enhancing its liquidity and capital position. The Bank is making progress in arresting the deterioration of its loan book quality. The Bank’s common equity tier 1 (CET 1) ratio is expected to be maintained at around 14%. The liquidity position continues to improve, benefiting from customer inflows experienced throughout the first quarter of 2015 and also during April 2015 despite the full abolition of capital controls. As a result, the Bank has managed to reduce its ELA funding by €0,9 bn since 31 December 2014 to a current level of €6,5 bn, compared to a high of €11,4 bn in April 2013.

Date of announcement

The Board of Directors of the Bank will convene on Friday, 29 May 2015, to examine the Group’s financial results for the three months ended 31 March 2015. The financial results will be announced on the same day after market close to the Cyprus Stock Exchange and the Athens Exchange.

¹ Comprising provisions for impairment of customer loans and impairment of other financial and non-financial assets, net of gains on derecognition and changes in expected cash flows on acquired loans.

² The bond relates to the Recapitalisation bond of Laiki Bank that had been transferred to the Bank in March 2013, following the acquisition of certain assets and liabilities of Laiki Bank as per the relevant decrees issued by the Central Bank of Cyprus in its capacity as Resolution Authority.