Bank of Cyprus

Announcement

Trading update relating to the financial results for the quarter ended 31 March 2016

Nicosia, 4 May 2016

- 90+ DPD decreased by around €1 bn during the first quarter of 2016; provisioning coverage of 90+ DPD improves to levels approaching 50%
- Profit after tax is expected to be around €50 mn
- CET1 ratio is expected to improve to around 14,3%
- Post 31 December 2015, €0,6 bn of ELA has been repaid, reducing it to a current level of €3,2 bn

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 135 branches, of which 129 operate in Cyprus, 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 4.605 staff worldwide. At 31 December 2015, the Group's Total Assets amounted to €23,3 bn and Total Equity was €3,1 bn.

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Trading Update[1]

Bank of Cyprus Public Company Ltd (“Bank” or “Group”) is providing a trading update on its financial performance for the quarter ended on 31 March 2016.

The strong momentum in the Bank’s loan restructuring activities continues with progress across all asset quality metrics. During the first quarter of 2016, the Bank completed further restructurings of lending exposures across the spectrum of its loan portfolio. This resulted in around €1 bn reduction in loans in arrears for more than 90 days (90+ DPD)[2] for the first quarter of 2016, with the ratio of 90+ DPD to gross loans declining to 47% at 31 March 2016 from 50% at 31 December 2015. Further reduction in 90+ DPD is expected during the coming quarters of 2016, reflecting the restructuring momentum and the improving economic and operating conditions in Cyprus. The provision coverage of 90+ DPD is expected to be around 50%.

Profit after tax for the first quarter of 2016 is expected to be around €50 mn.

The Bank’s Common Equity Tier 1 capital (CET1) ratio (transitional basis) is expected to increase to about 14,3%, up from 14,0% at 31 December 2015, reflecting the profitability of the first quarter of 2016 and the on-going reduction in risk weighted assets.

The Bank’s liquidity position continues to improve. Although deposits in Cyprus remained unchanged during the first quarter of 2016, reflecting seasonality factors and the impact from the change in the foreign exchange rate of Euro against US Dollar, deposit inflows have picked up during April 2016. The improving liquidity position has allowed the Bank to repay €600 mn of ELA post 31 December 2015, reducing it to current level of €3,2 bn.

[1] The figures in this announcement are preliminary and unaudited. This announcement contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about the Bank’s beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of the Bank.

[2] 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).