



Announcement

Preliminary financial results for year ended 31 December 2014:

- Update
 - Date of announcement
-

Nicosia, 6 February 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 262 branches, of which 126 operate in Russia, 130 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 6.639 staff worldwide. At 30 September 2014, the Group's Total Assets amounted to €27,5 bn and Total Equity was €3,8 bn.

Update

As part of its announcement of the financial results for the nine months ended 30 September 2014 on 27 November 2014, the Bank of Cyprus Public Company Ltd (“Bank” or “Group”) announced that it would be reviewing the results of the ECB’s Comprehensive Assessment with a view to ensuring that its accounting estimates and methodologies were appropriately aligned to take account of the observations and adjustments suggested by the Single Supervisory Mechanism as they pertain to the Asset Quality Review (AQR). In its announcement on 27 November 2014, the Bank stated that this review and methodological alignment may give rise to an elevated level of provisioning in the fourth quarter of 2014. This work is nearing completion and the findings confirm that this alignment will result in an incremental charge resulting in more elevated provisioning levels.

Furthermore, in light of the deteriorating economic conditions in Russia since mid-December 2014, the Bank has also proceeded to prudently reassess its operations in that country and increase the level of provisions for impairment of its loans and other assets in the country. This action reflects a deliberately more conservative stance regarding the Russian economic outlook and very significantly reduces the Group’s net exposure to that country.

As a result, there will be an increased charge for provisions for impairment of loans for the fourth quarter of 2014. The charge for the fourth quarter of 2014 is expected to be a little over two times the average of the previous quarterly charges for 2014. This charge will bolster the Bank’s prudence, improve provisioning coverage levels and better align some of the Bank’s methodologies to take account of the AQR observations. Profit before provisions for impairment, restructuring costs and discontinued operations for the fourth quarter 2014 is expected to be in line with the previous quarter.

The Bank continues to make good progress in delivering against its strategic objectives. The balance sheet deleveraging is continuing and the Bank is making progress in arresting the deterioration of its loan book quality. The Bank’s common equity tier 1 ratio is expected to be approximately 14%. The liquidity position continues to improve, benefiting from positive customer flows experienced throughout the fourth quarter of 2014 and during January 2015. The Bank has managed to reduce its ELA funding to a current level of €7,4 bn.

Date of announcement

The Board of Directors of the Bank will convene on Wednesday, 25 February 2015, to examine the Group’s preliminary financial results for the year ended 31 December 2014. The preliminary financial results will be announced on the same day after market close to the Cyprus Stock Exchange and the Athens Exchange.