Bank of Cyprus Group

Group Financial Results

for the quarter ended 31 March 2018

EUROMONEY AWARDS FOR EXCELLENCE 2017

Bank of Cyprus
The best Bank in Cyprus 2017

The Group Financial Results have been neither audited nor reviewed by the Group's external auditors.
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.

29 May 2018

Important Notice Regarding Additional Information Contained in the Investor Presentation

The presentation for the Group Financial Results for the quarter ended 31 March 2018 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 quarter ended 31 March 2018 (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) rescheduled loans analysis, (iii) details of historic restructuring activity including REMU activity, (iv) analysis of new lending, (v) Income statement by business line, (vi) UK operations analysis, (vii) NIM and interest income analysis and (viii) 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.

Bank of Cyprus

1Q2018 – Highlights

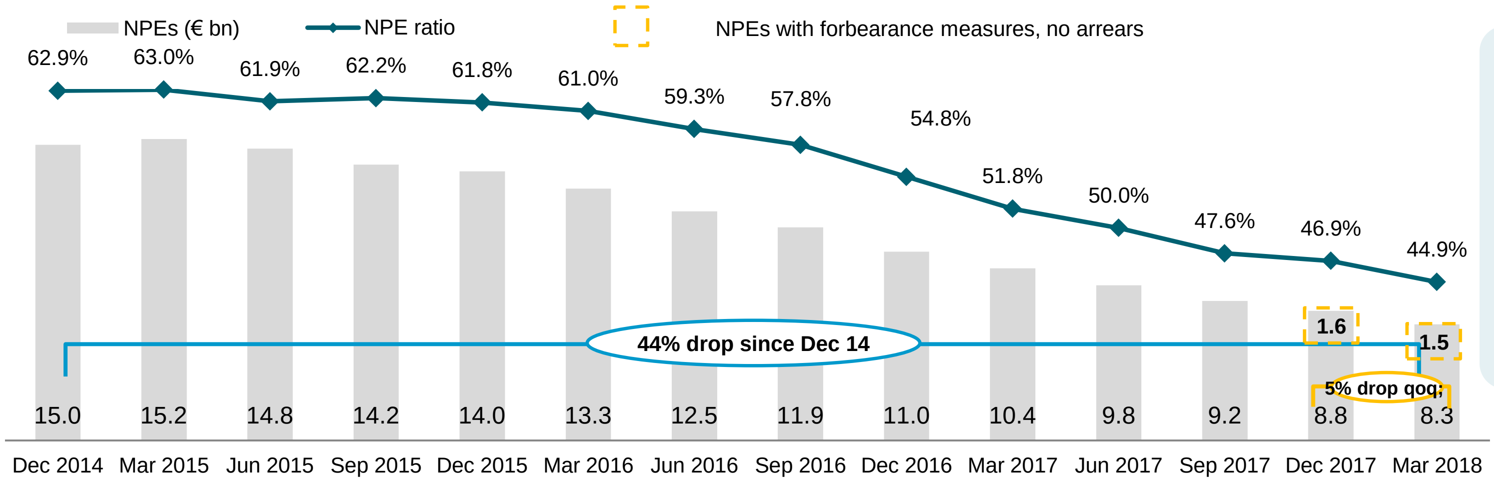
Continued Progress on Balance Sheet Repair	• Twelve consecutive quarters of organic NPE reduction • NPEs reduced by €454 mn (5%) qoq to €8.3 bn (reduced by 44% since December 2014) • NPE ratio at 45%; NPE coverage at 51%[1] • Continue to explore other structured solutions to accelerate de-risking[5]
Adequate Capital Position	• CET1 ratio[2] at 12.0%, with organic capital generation offset by previously guided impact of EBA CRR definition and DTA phasing in • CET1 ratio fully loaded[2] at 11.7% • Total Capital ratio at 13.5% • Capital ratios comfortably above SREP minimum requirement, with capacity to issue up to 150 bps of AT1 and further Tier 2
Strong Liquidity Position	• Deposits increased by 1% qoq to €18.0 bn, with local deposits increasing by €291 mn in 1Q2018 • Full liquidity compliance (Group: LCR at 229%, NSFR 111%; Bank: LCR including local add-on[3] at 109%) • Loan to deposit ratio at 80%
Positive Performance in 1Q2018	• Total income of €231 mn for 1Q2018, including non recurring treasury gains of €19 mn • Operating profit of €125 mn for 1Q2018 • Profit after tax of €43 mn, EPS of 10 cents in 1Q2018 • Cost to income ratio of 46% for 1Q2018 • Cost of risk of 1.2%
2018 Targets Unchanged	• EPS guidance of c.40 cents maintained • CET 1 >13.0%[2,4] and Total capital ratio >15.0%[2,4] • ~€2 bn organic NPE reduction; Cost of Risk <1% • All targets and guidance continue to exclude the impact of any accelerated asset disposals

(1) Including IFRS 9 First Time Adoption (FTA)
(2) Allowing for IFRS 9 transitional arrangements
(3) 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 the LCR of the Bank which became effective on 1 January 2018
(4) Including the impact of the adoption of the changes aligning the EBA CRR default definition with the NPE definition
(5) The Group's financial results for the 1Q2018 and all targets and guidance do not include any material impact from any accelerated asset disposals. The financial results of subsequent quarters may be affected, as transaction execution and any financial consequences become more certain.

Group Loan Portfolio and Asset Quality

Organic NPE reduction on track with our guidance

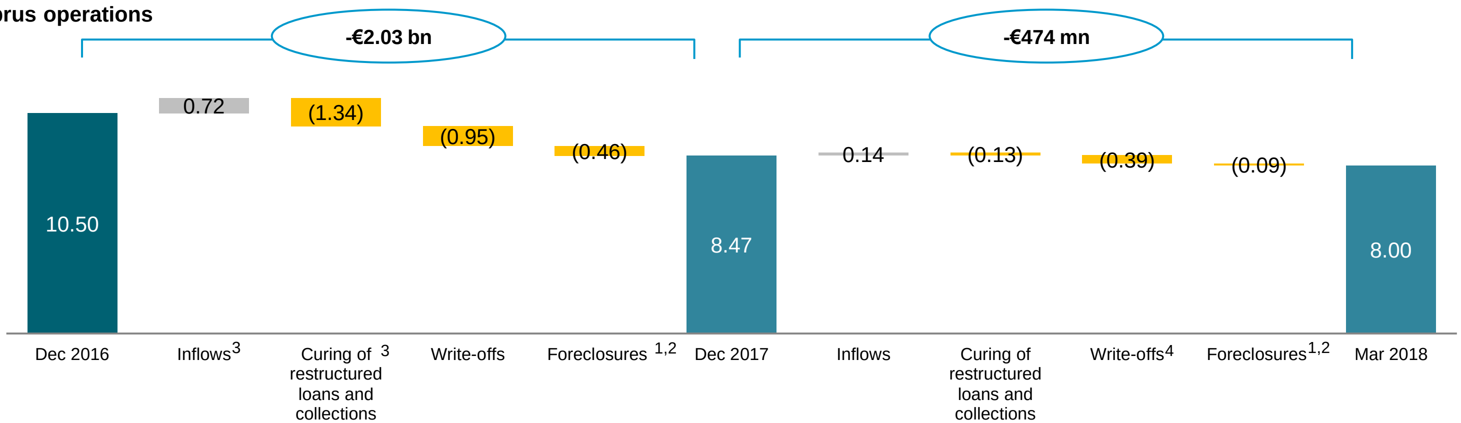
NPEs down by €454 mn or 5% in 1Q2018



- NPEs reduced by €6.7 bn (44%) since Dec 2014
- NPE ratio reduced by c.18 p.p[5] since Dec 2014

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

Cyprus operations



2018 Target[6]

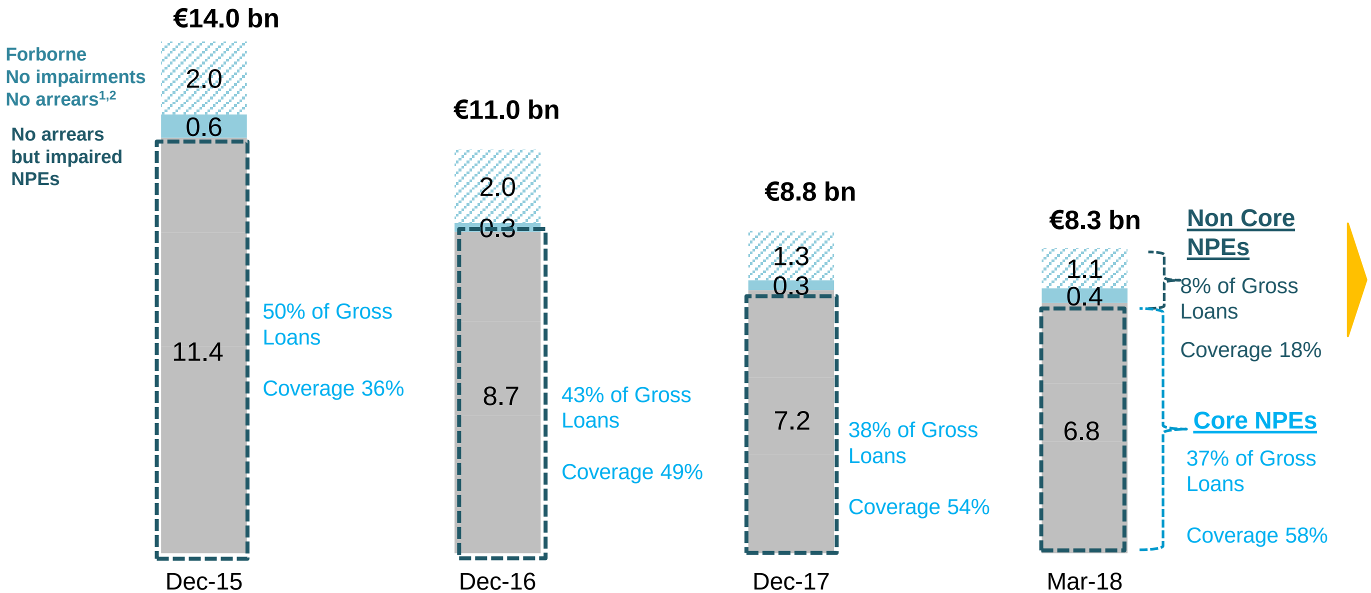
Unchanged

~ €2 bn organic

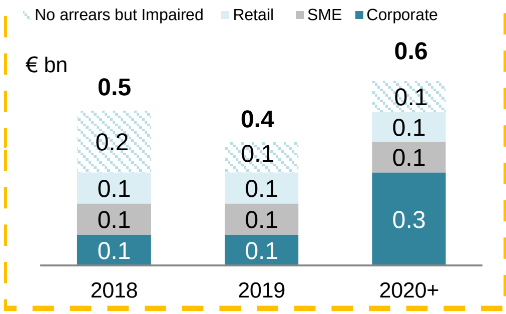
Group NPE reduction

(1) Value of on-boarded assets is set at a conservative 25%-30% discount from open market valuations, by two independent sources
(2) Includes consensual (debt for asset swaps, DFAS) and non consensual foreclosures and debt for equity swaps
(3) Quarterly 2017 inflows and curing of restructured loans and collections of NPEs include loans of €209 mn which exited NPE via curing 1Q2017 but then had to be re-included in 4Q2017 as NPE waiting to exit due to technical parameters changes (previously restructured corporate exposures re-classified into NPEs during 4Q2017)
(4) Write offs in 1Q2018 include a net impact of c.€11 mn of IFRS 9 grossing up and set offs
(5) Percentage points
(6) Excluding the impact of any accelerated asset disposals

Core NPE risk at €6.8 bn down by c.40% since 2015 and 58% covered



Exit dates for non core NPEs
€1.5 bn forborne NPEs with no arrears[1,2]



Non Core NPEs (€ bn)	Dec-15	Dec-16	Dec-17	Dec-17 After RRD reorganisation[3]	Mar-18
Corporate	1.5	1.2	0.9	0.9	0.8
SMEs	0.4	0.6	0.4	0.4	0.3
Retail	0.7	0.5	0.3	0.3	0.4
Total Non Core NPEs	**2.6**	**2.3**	**1.6**	**1.6**	**1.5**

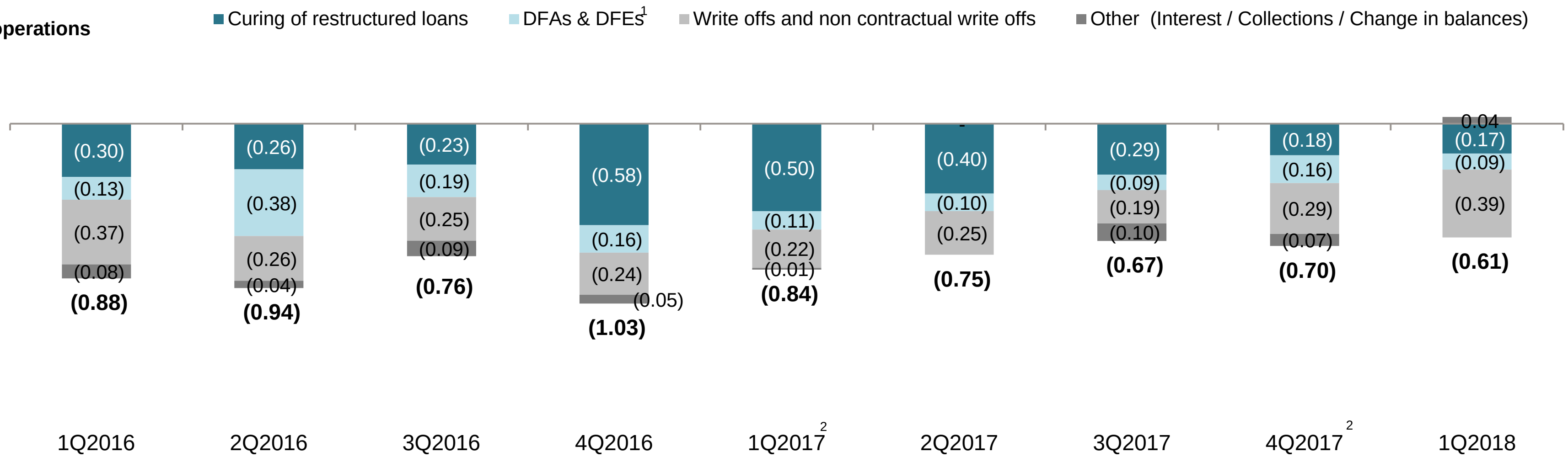
Core NPEs (€ bn)						Δ since 2015
Corporate	5.7	3.8	2.7	3.0	2.6	-3.1
SMEs	3.1	2.6	2,1	1.7	1.8	-1.3
Retail	2.6	2.4	2.4	2.5	2.4	-0.2
Total Core NPEs	**11.4**	**8.7**	**7.2**	**7.2**	**6.8**	**-4.6**

(1) In pipeline to exit NPEs subject to meeting all exit criteria
(2) Analysis based on account basis
(3) An internal reorganisation of RRD took place in 4Q2017. €400 mn were transferred from SMEs to Corporate (€300 mn) and Retail (€100 mn). For more information please refer to slide 29

c.€0.6 bn NPE outflows in 1Q2018 leading to €454 mn organic NPE reduction

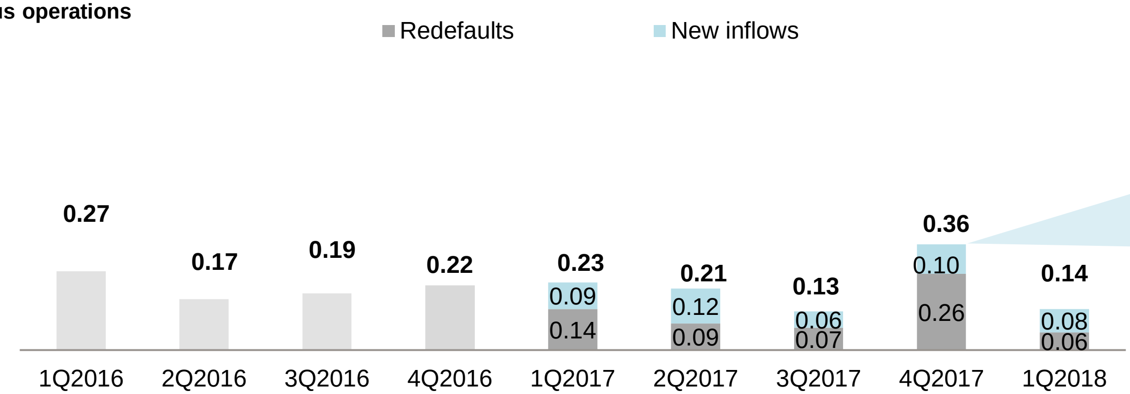
Outflows of NPEs on curing and exits (€ bn)

Cyprus operations



NPEs inflows (€ bn)

Cyprus operations



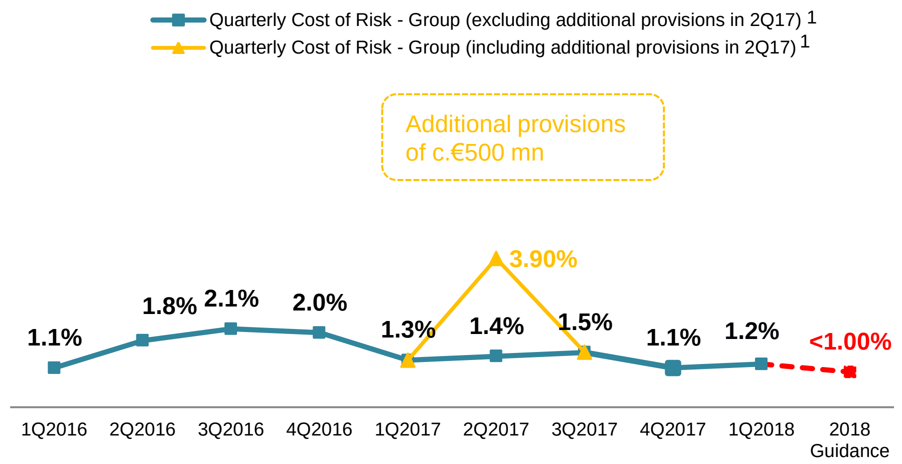
Q4 adversely impacted by reclassification into NPEs of €209 mn previously restructured corporate exposures.

These borrowers have no arrears and are performing in line with or above expectations.

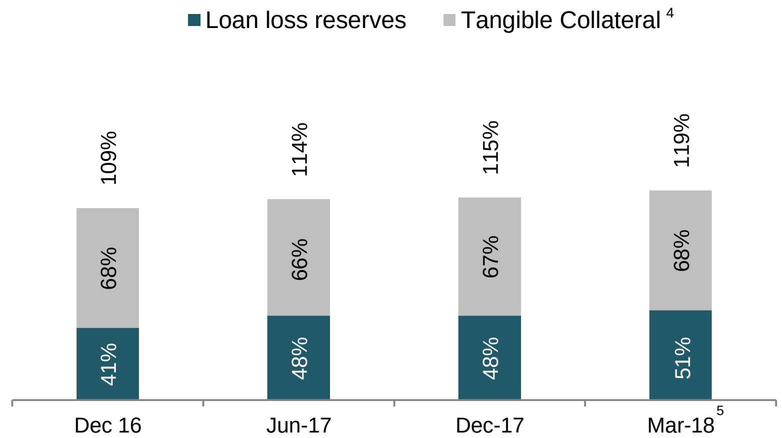
(1) Debt for equity swaps
(2) Quarterly 2017 inflows and curing of restructured loans and collections of NPEs include loans of €209 mn which exited NPE via curing 1Q2017 but then had to be re-included in 4Q2017 as NPE waiting to exit due to technical parameters changes (previously restructured corporate exposures re-classified into NPEs during 4Q2017)

NPE provision coverage at 51%; Total Provision coverage at 119%

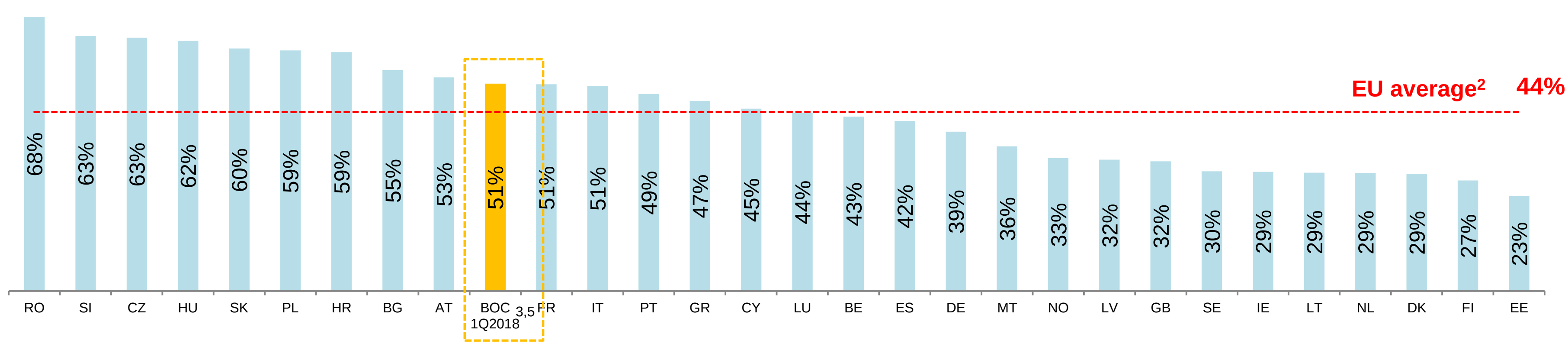
Quarterly CoR at 1.2%



NPE total coverage at 119% when collateral included



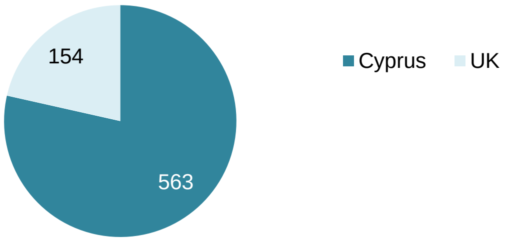
NPE provision coverage above EU average



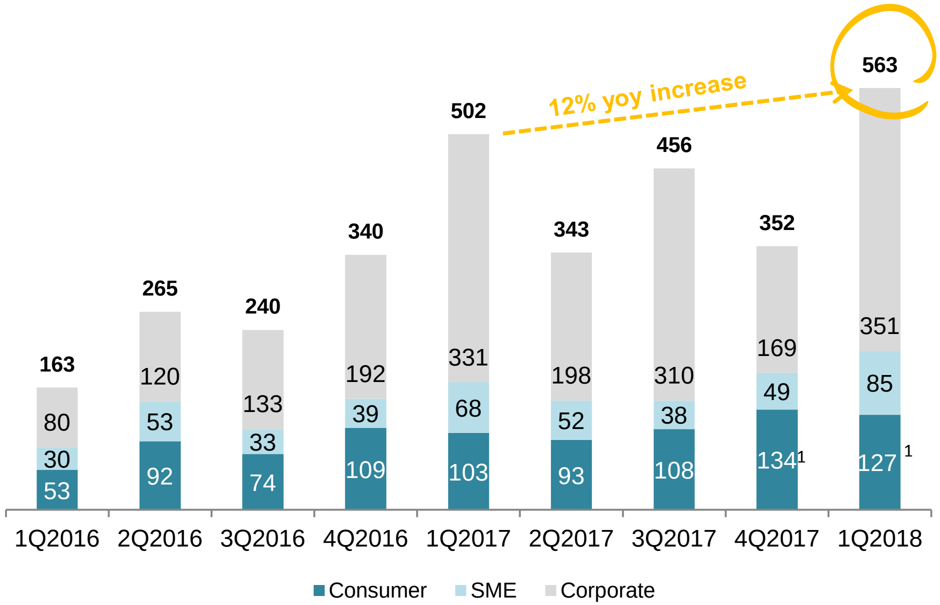
(1) Provisions for impairment of customer loans and gains/(losses) on derecognition of loans and changes in expected cash flows on acquired loans over average gross loans. Additional provisions of c.€500 mn charged in 2Q2017 are included in the calculation of Cost of Risk but are not annualised.
(2) Based on EBA Risk Dashboard as at 31 December 2017
(3) NPE Provision Coverage for BOC as at 31 March 2018
(4) Restricted to Gross IFRS balance
(5) Including IFRS 9 (FTA)

New lending of €717 mn in 1Q2018

1Q2018– Total New Lending of €717 mn (Group)

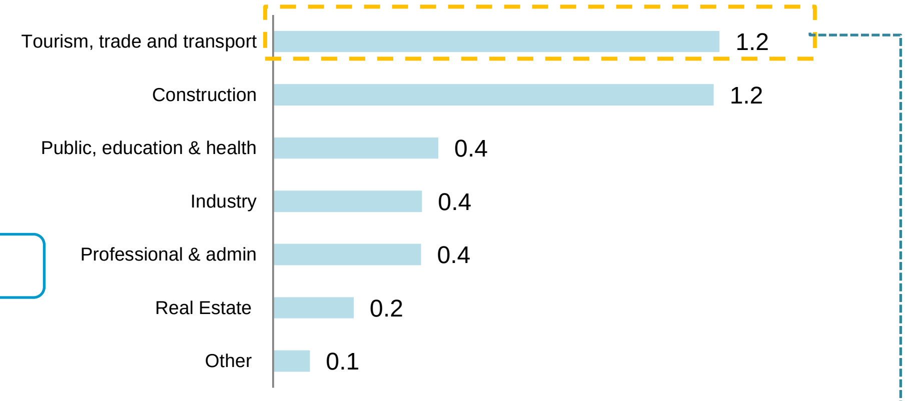


>98% of new lending in Cyprus since 2016 is performing



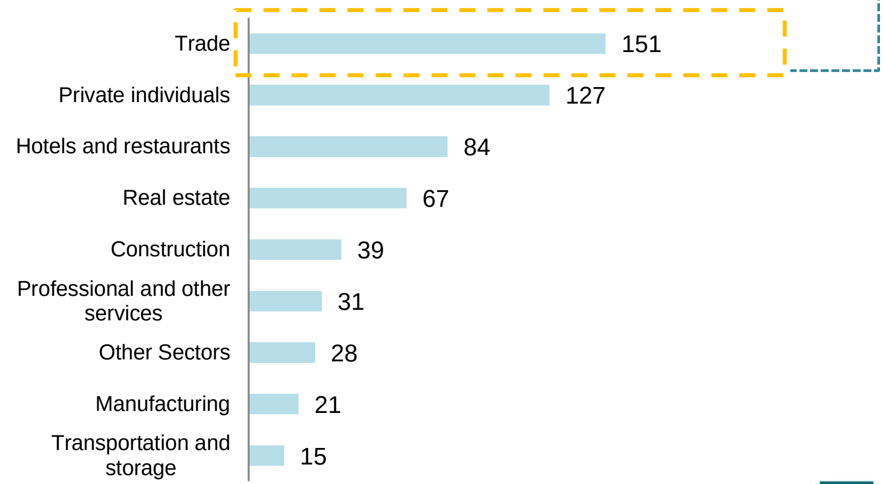
Tourism & Trade core sectors

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) – 1Q2018



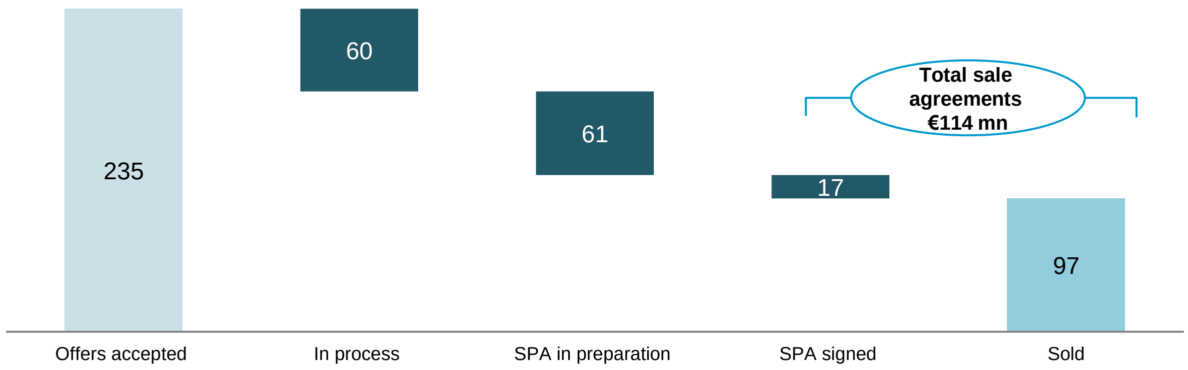
(1) 4Q2017 and 1Q2018 include €90 mn and €64 mn housing loans, respectively

Bank of Cyprus

REMU sale agreements of €114 mn YTD

€114 mn sales agreed ytd; REMU profit of €11 mn in 1Q2018

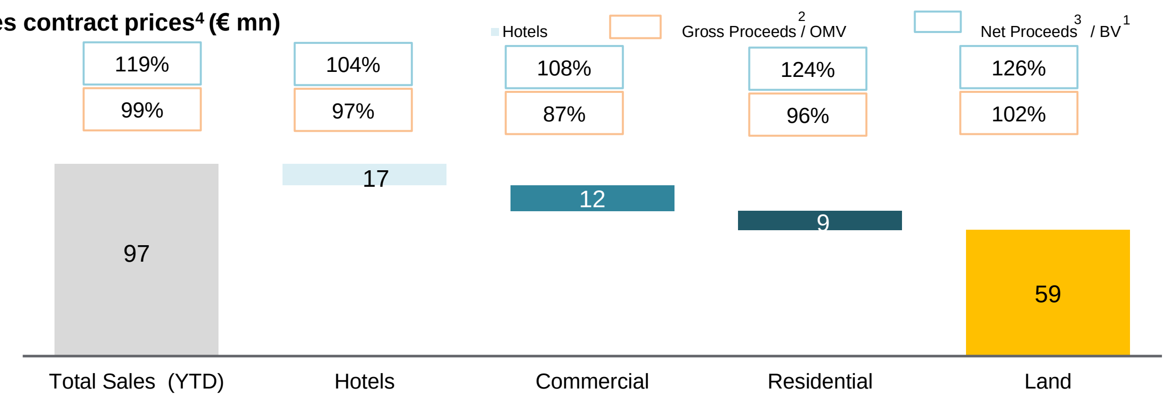
Sales contract prices[4] (€ mn)



- 123 properties sold in 1Q2018, representing c.5% of total REMU properties
- SPAs signed for additional 170 properties

Sales achieved on average well above Book Value

Sales contract prices[4] (€ mn)



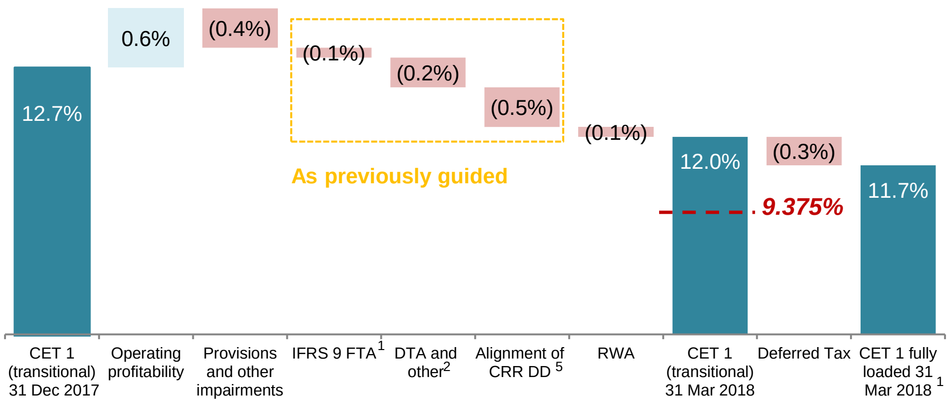
- Encouraging trends on real estate market
- Property prices up 1.5% yoy[5]
- Sale contracts (excluding DFAS) up 38% yoy[6]
- c.60% of properties sold (in value) relate to land

(1) BV= book value = Carrying value prior to the sale of property; OMV = Open Market Value
(2) Proceeds before selling charge and other leakages
(3) Proceeds after selling charges and other leakages
(4) Amounts as per Sales purchase Agreements (SPAs)
(5) Based on Cyprus Central Bank report – Residential Prices Index
(6) Based on data from Land of Registry – Sales contracts

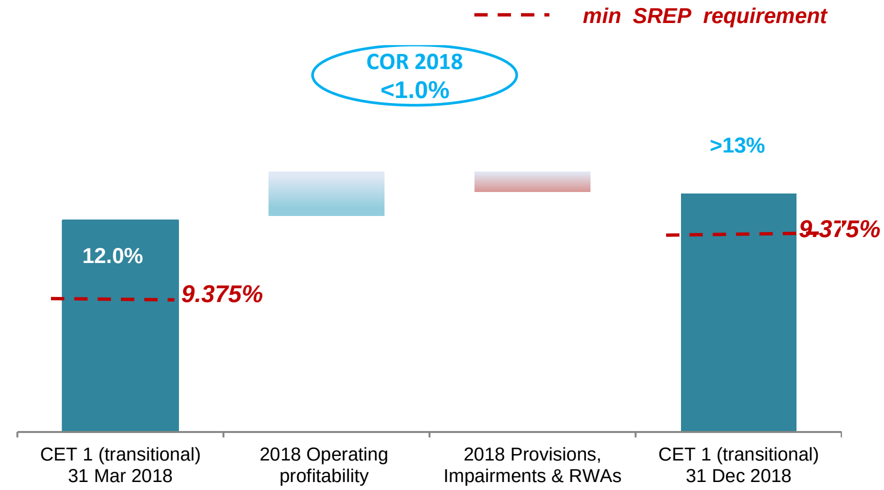
Capital and Funding Position

Capital ratios remain adequate

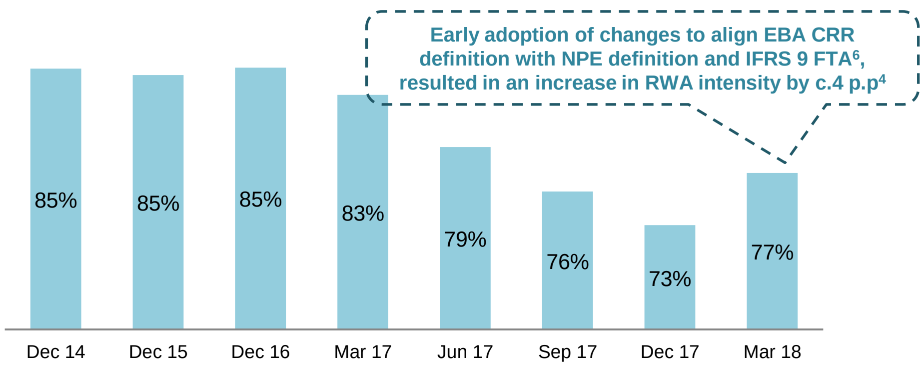
CET1 ratio at 12.0%, with organic capital generation offset by previously guided impact of EBA CRR DD[5] and DTA phasing in



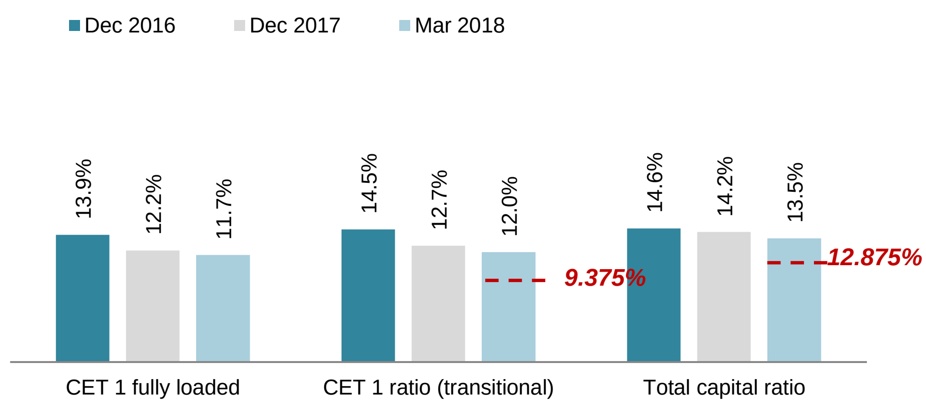
Organic capital rebuild expected through operating profitability



RWA intensity[3] at 77% mainly due to alignment of CRR DD[5] with the NPE definition



Evolution of Capital Ratios



(1) Allowing for IFRS 9 transitional arrangements
(2) Phase-in adjustments of DTAs, and reserve movements
(3) Risk Weighted Assets over Total Assets
(4) Percentage points
(5) Default Definition
(6) IFRS 9 FTA impact of c.€300 mn

Bank of Cyprus

Capital and solvency position after IFRS 9 FTA

The impact of IFRS 9 is manageable and within the Group's capital plans[1]

	Gross Loans € bn 31 Mar 2018	Provisions € bn 31 Mar 2018
Stage 1	5.8	0.06
Stage 2[3]	4.4	0.13
Stage 3[3]	8.4	4.01
TOTAL	**18.6**	**4.2**

		Opening position	
	31 Dec 2017	1 Jan 2018 Transitional Arrangements[2]	Δ change
Equity	€2.6 bn	€2.3 bn	-€308 mn
CET 1 (transitional)	12.7%	12.6%	- c.9 bps
Total Capital ratio	14.2%	14.1%	- c.9 bps

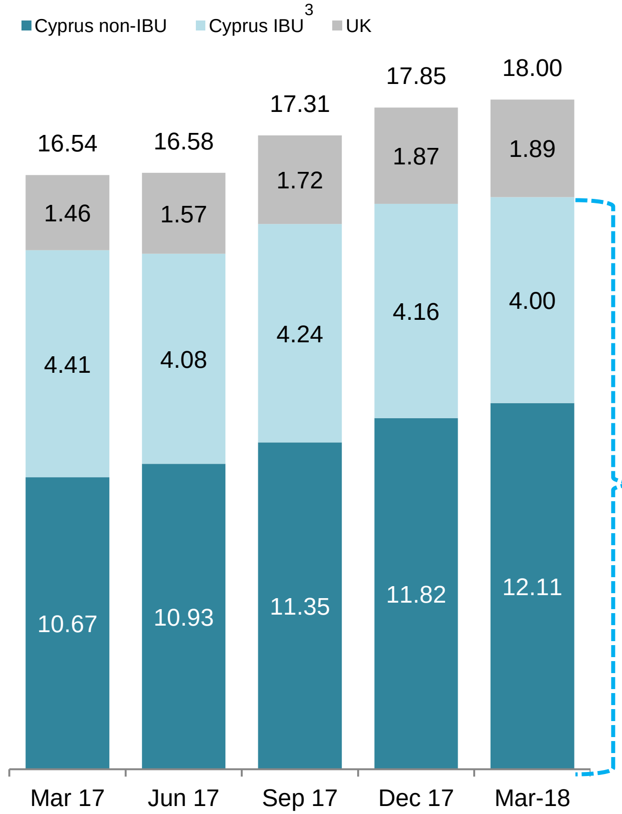
(1) Both on IFRS 9 transitional basis and on a fully phased in basis after the period of transition is complete
(2) Allowing for IFRS 9 transitional arrangements for regulatory capital purposes in line with European Union Regulation (2018: 5%, 2019: 15%, 2020: 30%, 2021: 50% and 2022: 75%)
(3) Includes purchased or originated credit-impaired

Full compliance with all liquidity requirements

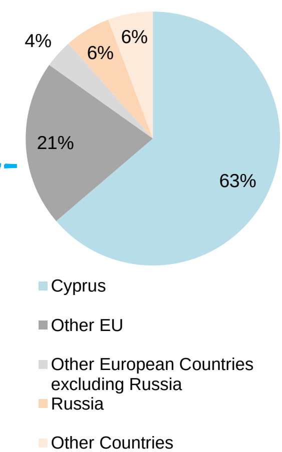
Deposits increased by c.1% qoq to €18.0 bn; Local deposits increased by €291 mn in 1Q2018

>2% qoq increase in local deposits, offsets the 4% qoq reduction in IBU deposits

Cyprus deposits by geography



Cyprus deposits by passport origin[4]



Liquidity ratio	Minimum required	31 Mar 2018	Surplus
NSFR[2]	100%	111%	€1,764 mn
LCR (Group)	100%	229%	€1,919 mn
LCR with add-on[1]			
Group	100%	111%	€325 mn
BOC PCL	100%	109%	€282 mn
50% relaxation of LCR add-on rates expected on 1 Jul 2018			
LCR add-on: lower rates as from 1 July 2018			
Group	100%	149%	€1,122 mn
BOC PCL	100%	147%	€1,079 mn

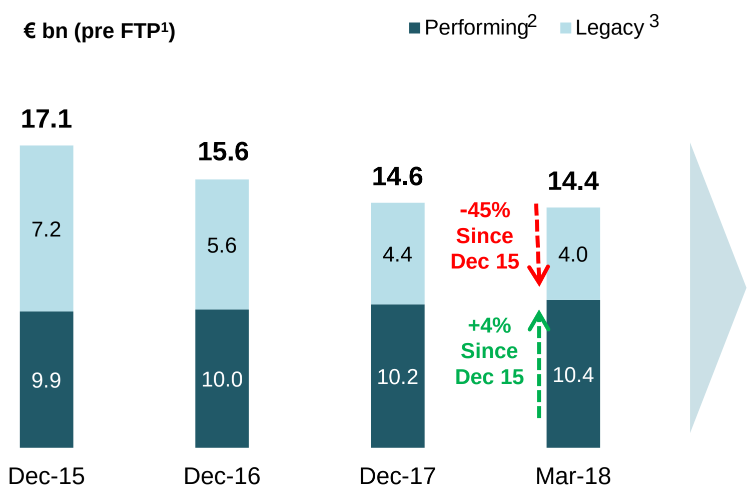
(1) The local regulatory liquidity requirements set by the Central Bank of Cyprus (CBC) were abolished on 1 January 2018 and were replaced with a liquidity add-on requirement imposed on top of LCR in the case of BOC PCL, which became effective on 1 January 2018. Currently the Group and BOC PCL are in compliance with the LCR, and BOC PCL is in compliance with the imposed 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.
(3) Division servicing exclusively international activity companies registered in Cyprus and abroad and not residents.
(4) Data used as at 30 April 2018. Origin is defined as the country of the passport of the Ultimately Beneficial Owner.

Operating Performance

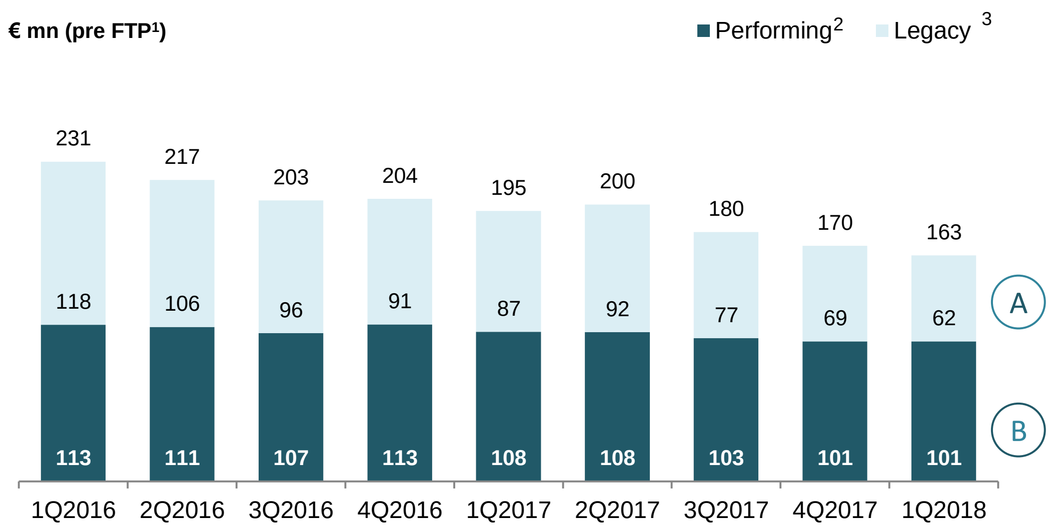
Balance sheet de-risking results in a smaller but safer loan book

- €7 mn reduction in interest income on loans in 1Q2018, all from legacy book

Net Loans: Performing vs Legacy



Interest Income on Loans: Performing vs Legacy



A **Legacy book interest income decrease of €7 mn during 1Q2018**

Structural drivers:

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

B **Performing book interest income stable during 1Q2018**

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 excluding 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	Group
		1Q2018	1Q2018	1Q2018
Profitability	**Interest Income on loans (€ mn)** (pre FTP)[1]	101	62	**163**
	Provisions (€ mn)	(7)	(51)	**(58)**
	Interest Income net of provisions (€ mn)	**94**	**11**	**105**
	Cost of Risk	**0.3%**	**2.6%**	**1.2%**
	Effective Yield[2]	**3.94%**	**5.93%**	**4.52%**
	Risk adjusted Yield[3]	**3.66%**	**1.05%**	**2.91%**
Capital & Balance Sheet	**Average Net Loans (€ mn)**	**10,261**	**4,185**	**14,446**
	RWA Intensity	**63%**	**118%**	**77%**

Performing: Corporate IBS[4] WBAM[4]; SME and Retail Banking; Insurance and Other[6]; UK Subsidiary

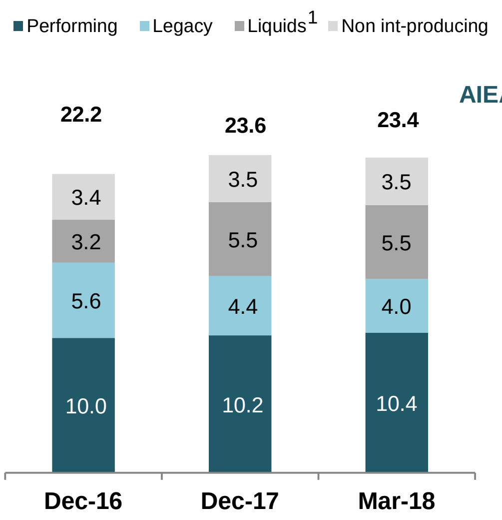
Legacy: RRD[5]; Overseas non core; REMU

- Performing Book is expected to grow and to increasingly drive Group results
- Legacy book revenues predominantly driven by provisioning unwinding (but largely 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 expected to rise**
  - **Group Risk intensity expected to fall supporting CET1 ratio build**

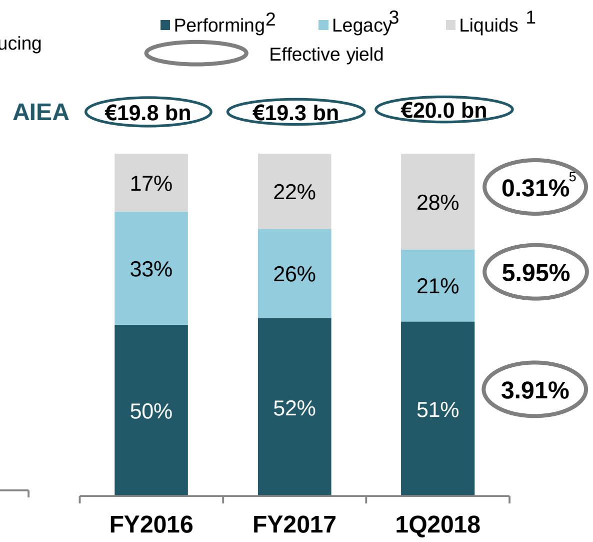
1) FTP: Fund transfer pricing methodologies applied between the business lines to present their results on an arm's length basis
2) Interest Income on Loans/Net Loans
3) Interest Income on Loans net of provisions/Net Loans
4) International Banking Services, Wealth & Markets
5) Restructuring and Recoveries Division
6) Relates to Head Office

NIM remains under pressure by otherwise individually positive actions as expected

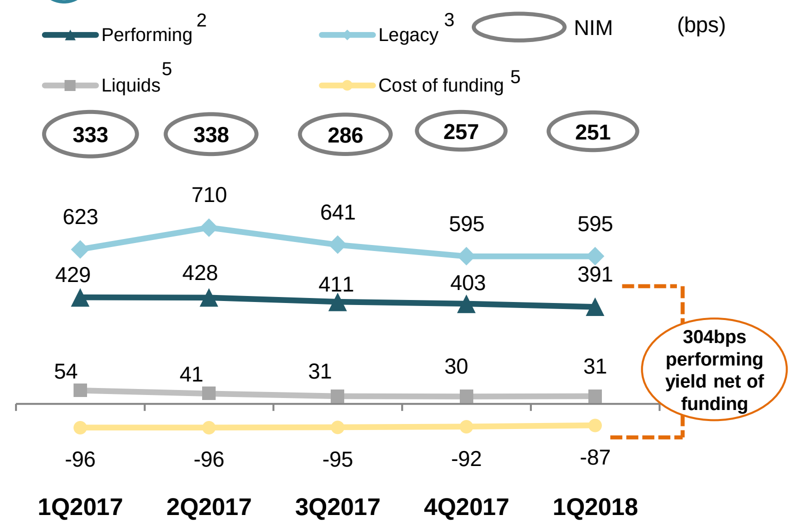
A Total Assets (€ bn)



B AIEA[4] mix (% Total)



C Effective yield on assets & cost of funding



Liquidity build up

- Liquid assets[1] stable qoq at €5.5 bn

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 3.04%

Cost of funding

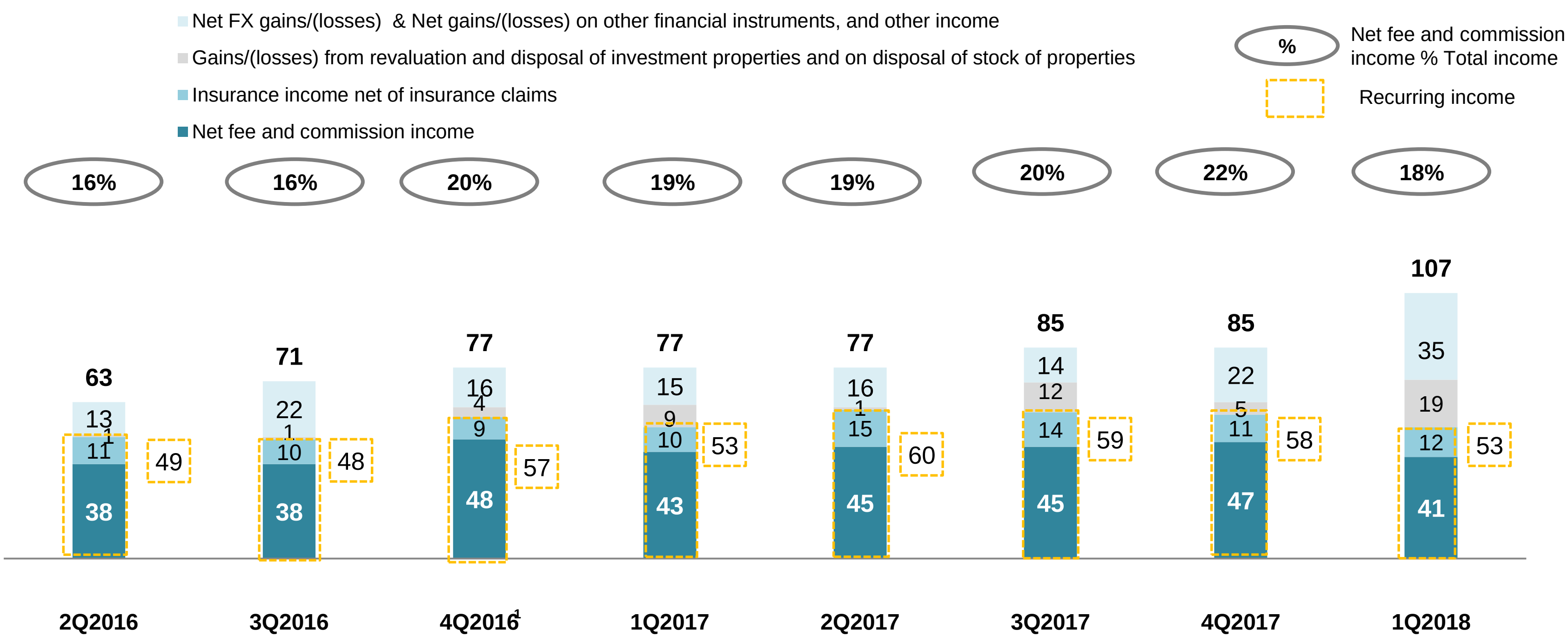
- Reduced to 87 bps, positively affected by the 7 bps reduction in cost of deposits in Cyprus

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

1) Cash, placements with banks, balances with central banks and bonds
2) Performing portfolio relates to all business lines excluding Restructuring and Recoveries Division (RRD), REMU and non-core overseas exposures
3) Legacy relates to RRD, REMU and non-core overseas exposures
4) Average interest earning assets
5) Effective yield of liquid assets: Interest Income on liquids after hedging, over average liquids (Cash and balances with central banks, placements with banks and bonds). Historical information has been adjusted to take into account hedging
6) Effective yield of cost of funding: Interest expense of all interest bearing liabilities after hedging, over average interest bearing liabilities (customer deposits, funding from the central bank, interbank funding, subordinated liabilities).Historical information has been adjusted to take into account hedging

Non interest income of €107 mn

Analysis of Non Interest Income (€ mn) – Quarterly

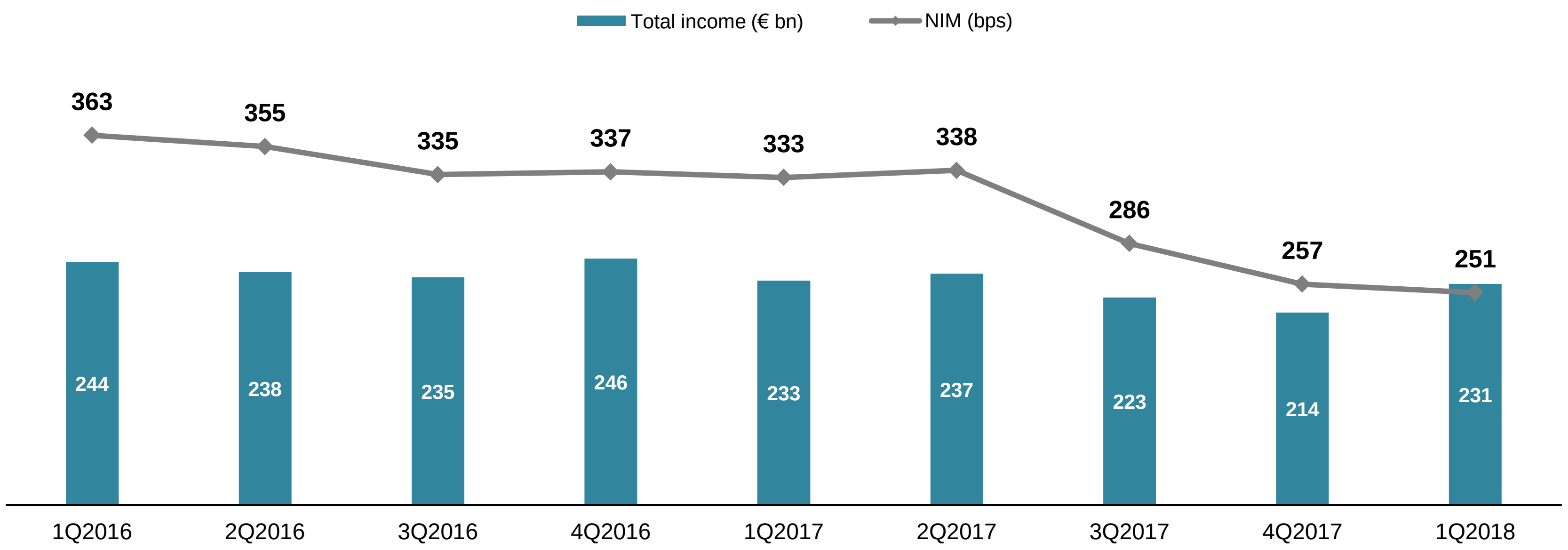


- Recurring income of €53 mn for 1Q2018, down by 9% qoq mainly. The qoq reduction is mainly due to the implementation of IFRS 9 under which certain commission income types are not recognised on Stage 3 loans
- Net fee and commission income accounts for 18% of total income as at 31 March 2018 compared to 22% the previous quarter
- Net gains[2] amounted to €19 mn, comprising REMU gains from disposal of properties of €11 mn and a valuation gain of €8 mn following the reclassification of CyREIT properties from stock of properties to investment properties
- Net gains on other financial instruments[3] increased by 56% qoq positively affected by non recurring treasury gains from the sale of bonds of €19 mn

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
3) Net FX gains/(losses) & Net gains/(losses) on other financial instruments, and other income

Focus on revenue generation and total income target

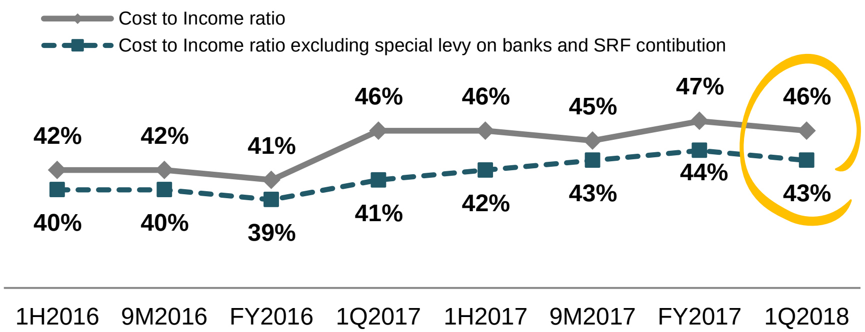
Total Income up by 8% qoq; NIM down by 2% qoq



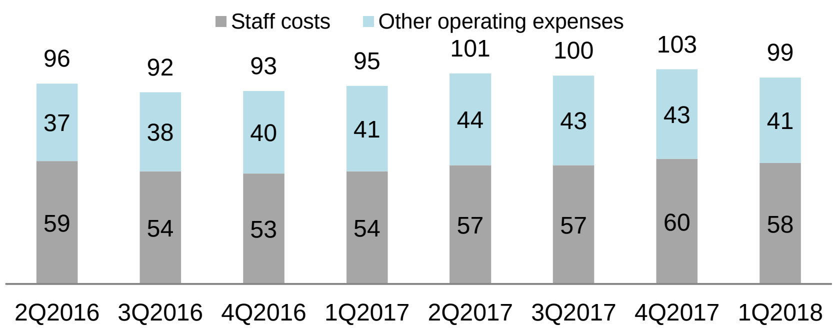
- Total Income of €231 mn, positively affected by €19 mn, one off treasury gains from the sale of bonds
- Total Income better reflects important NIM substitutes such as profit from REMU sales and Treasury activities

Total Expenses

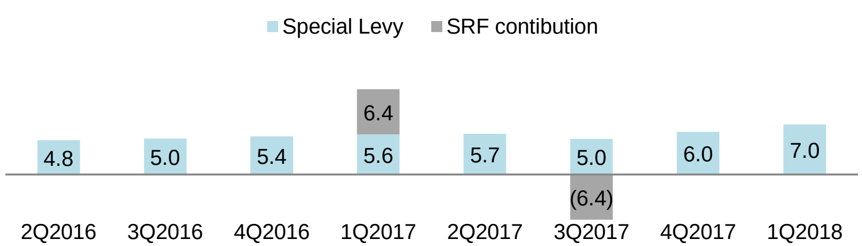
Cost to Income Ratio (C/I ratio)



Total operating expenses (€ mn)



Special Levy and SRF contribution (€ mn)



- C/I ratio at 46% for 1Q2018, down from 47% for FY2017

- **Staff costs stood at €58 mn for 1Q2018**, up by 8% yoy mainly due to the effect of the annual collective agreement with the Union for 2017. Staff costs reduced by 2% qoq mainly due to the effect of the year end actuarial valuations in 4Q2017. Collective agreement with the Union for 2018 under discussion

- **Other operating expenses stable at €41 mn for 1Q2018**

- Implementation of digital transformation programme underway, aimed at enhancing product distribution channels and reducing operating costs over time

- Special levy and SRF contribution for 1Q2018 amounted to €7 mn compared to €6 mn for 4Q2017

Remain focused on improvement of efficiency

Income Statement Review

€ mn	1Q2018	1Q2017	4Q2017	qoq %	yoy%
Net Interest Income	**124**	**156**	**129**	**-3%**	**-21%**
Non interest income	107	77	85	25%	39%
Total income	**231**	**233**	**214**	**8%**	**-1%**
Total expenses	**(106)**	**(107)**	**(109)**	**-2%**	**-1%**
Profit before provisions and impairments[1]	**125**	**126**	**105**	**18%**	**-1%**
Loan loss provisions[2]	(58)	(64)	(50)	16%	-9%
Impairments of other financial and non financial instruments	(7)	(32)	(27)	-75%	-78%
Provision for litigation and regulatory matters	(2)	(17)	(25)	-93%	-90%
Total Provisions and impairments	***(67)***	***(113)***	***(102)***	***-35%***	***-40%***
Profit before tax and restructuring costs	**59**	**15**	**7**	**731%**	**271%**
Profit after tax and before restr. Costs	**57**	**9**	**9**	**496%**	**503%**
Profit after tax	**43**	**2**	**1**	**-**	**-**
Net interest margin	**2.51%**	**3.33%**	**2.57%**	**-6 bps**	**-82 bps**
Cost-to-Income ratio	**46%**	**46%**	**51%**	**-5 p.p.**	**-**
Cost-to-Income ratio adjusted for the special levy and SRF contribution	**43%**	**41%**	**48%**	**-5 p.p.**	**+2 p.p.**
Cost of Risk	**1.2%**	**1.3%**	**1.1%**	**+0.1 p.p**	**-0.1 p.p**

Key Highlights

- **NII for 1Q2018 amounted to €124 mn, compared to €129 mn for 4Q2017**
- **Non-interest income of €107 mn,** including non recurring treasury gains of €19 mn, profit from REMU sales of €11 mn and a valuation gain of €8 mn
- Provisions for 1Q2018 stood at €58 mn, with Cost of Risk at 1.2%
- **Impairments of other financial and non-financial assets** in 1Q2018 totalled €7 mn, compared to €27 mn in 4Q2017. 4Q2017 included an additional impairment loss on legacy properties in Cyprus and Greece
- **Profit after tax of €43 mn for 1Q2018, in line with 2018 Target[3]**
- **EPS of 10 cents in 1Q2018**

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) Excludes the impact of any accelerated asset disposals

Bank of Cyprus

Guidance

2018 Targets and Medium Target Guidance

Type	Key performance indicators	Dec-17	Mar-18[6]	2018 Target (excluding impact of any accelerated asset disposals)[6]	Medium Term Guidance (excluding impact of any accelerated asset disposals)[6]
Asset quality	NPEs ratio	47%	45%	**<40%, ~ €2 bn organic reduction**	<25%
	NPEs coverage ratio	48%	51%	**>50%**	>50%
	Cost of Risk[1]	4.0%[1]	1.2%	**<1.0%**	<1.0%
Capital	CET1 ratio	12.7%	12.0%	**>13%[2,4]**	>13%[2,4]
	Total capital ratio	14.2%	13.5%	**>15%[2,4]**	>15%[2,4]
Profitability	Total Income	€907 mn	€231 mn	**>€800 mn**	Total income to grow in excess of cost[3]
	Cost to income ratio	47%[5]	46%[5]	**<50%[3]**	
	Net fee and commission income/total income	20%	18%	**>20%**	>20%
Balance Sheet	Total assets	€23.6 bn	€23.4 bn	**~€23 bn**	>€25 bn
EPS	EPS (cents)	(€123.7)	10	**~40**	

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. An amount of c.€500 mn reflecting the one-off effect of the change in the provisioning assumptions in FY2017 is included in the cost of risk.
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) Target excluding special levy and SRF contribution
4) Including the impact of the adoption of the changes aligning the EBA CRR default definition with the NPE definition
5) Adjusted for the special levy and SRF contribution, the cost to income ratio for FY2017 was 44% and for 1Q2018 was 43%
6) The Group's financial results for the 1Q2018 and all targets and guidance do not include any material impact from any accelerated asset disposals. The financial results of subsequent quarters may be affected, as transaction execution and any financial consequences become more certain.

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 at "B-" on 29 March 2018 (stable outlook)
Short-term Issuer Default Rating: Affirmed at "B" on 29 March 2018
Viability Rating: Affirmed at "b-" on 29 March 2018

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

Contacts

Investor Relations

Tel: +35722122239, Email: investors@bankofcyprus.com

Annita Pavlou Investor Relations Manager, Tel: +357 22 122740, Email: annita.pavlou@bankofcyprus.com

Elena Hadjikyriacou (elena.hadjikyriacou@bankofcyprus.com) Marina Ioannou (marina.ioannou@bankofcyprus.com)

Styliani Nicolaou (styliani.nicolaou@bankofcyprus.com) Andri Rousou (andri.rousou@bankofcyprus.com)

Finance Director

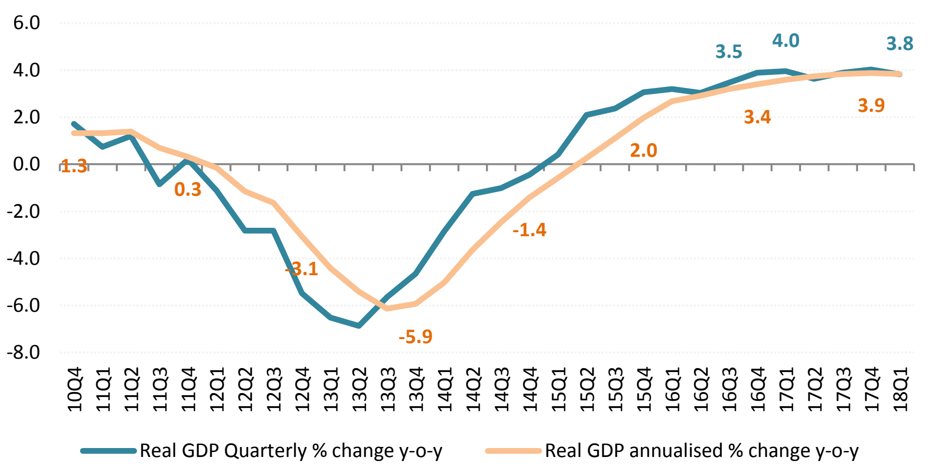
Eliza Livadiotou, Tel: +35722 122344, Email: eliza.livadiotou@bankofcyprus.com

Visit our website at: www.bankofcyprus.com

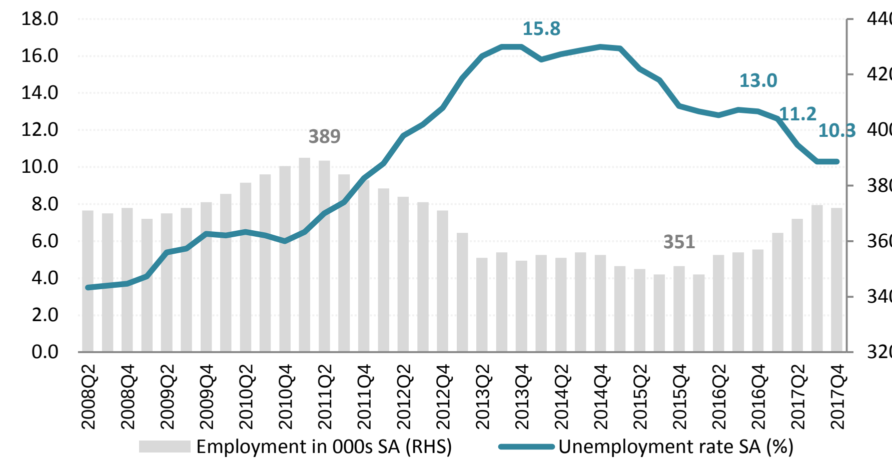
Appendix – Macroeconomic overview

Cypriot economy on a sustainable growth path…

GDP growth of 3.8% seasonally adjusted in 1Q2018

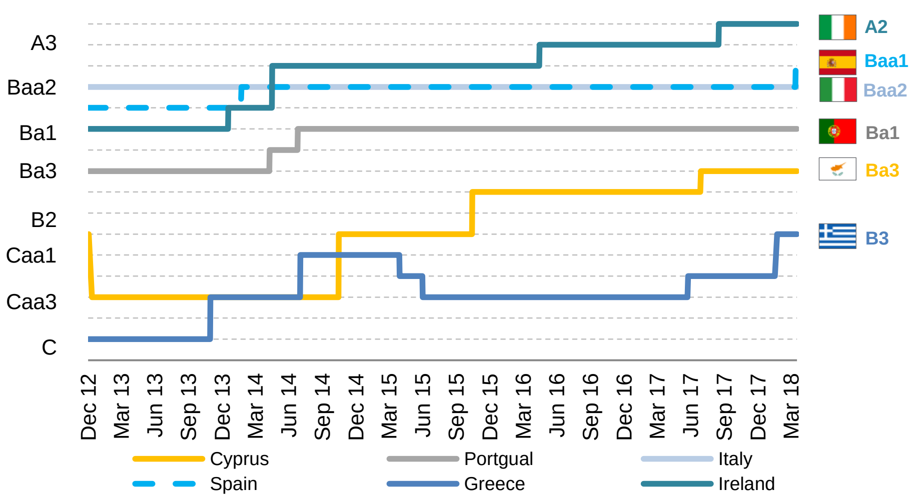


The unemployment rate dropped to 10.3% in Q4 2017 SA



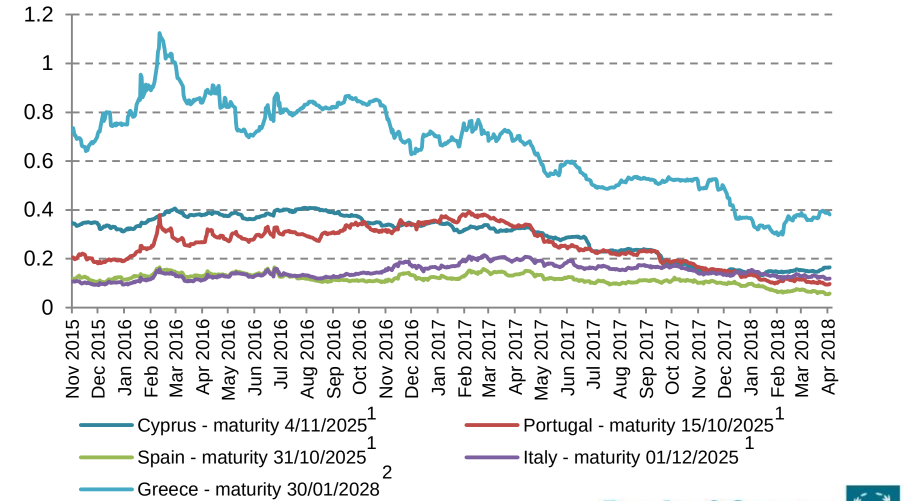
Credit ratings improving faster than peers…

Moody's credit ratings



…reflected in reduced government bond yields

Spreads (%)

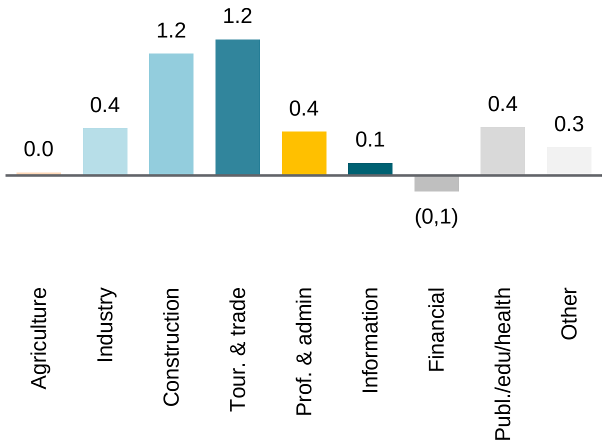


SOURCE: Statistical Service of Republic of Cyprus; Bloomberg;
1) All the above bonds are normalised against Germany Government bond with maturity 15/8/2025 except Greece
2) Due to the Debt swap of the Hellenic Republic, from November 2017 onwards data for the new Hellenic Republic Bond with maturity 30/01/2028 was used and normalised against the closest maturity of German Government bond (DBR) 15/08/2027

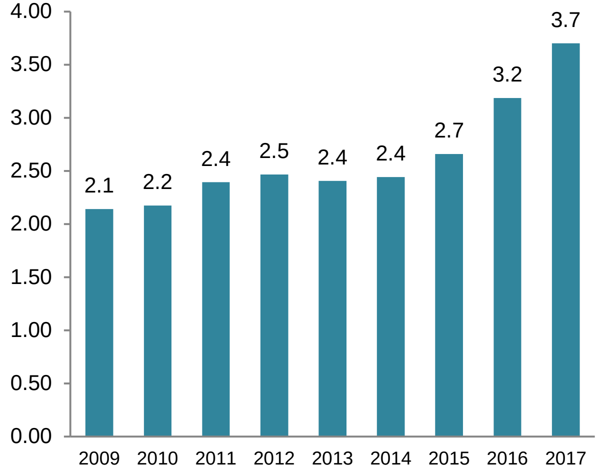
…on the back of improving macro fundamentals

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

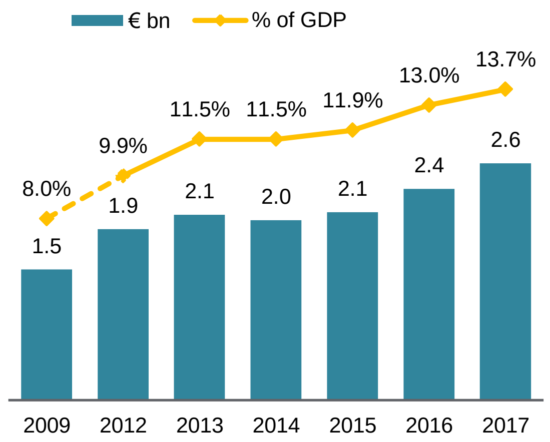
Contribution to growth of real GVA 2017 in percentage points (total 3.9%)



Tourism arrivals (mn)

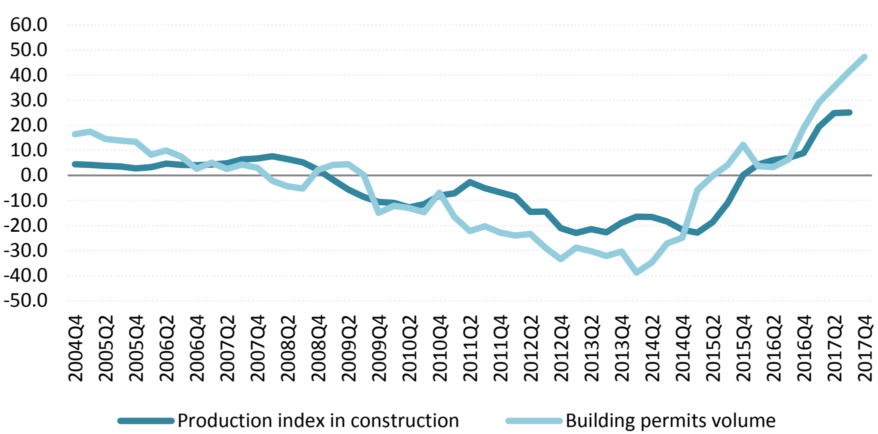


Tourism Revenues



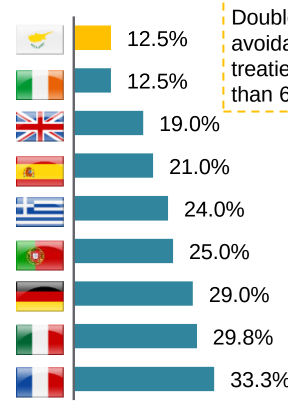
Construction activity - signs of recovery

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



Support from key business enablers

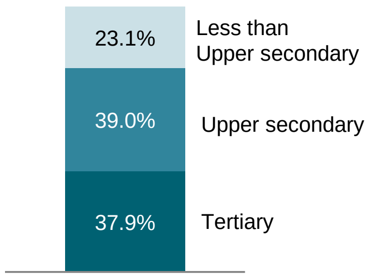
Corporate tax rate (2017)



Double taxation avoidance treaties with more than 60 countries

Level of education 2017, age 15-64

Cyprus has the highest number of university graduates in the population in the EU after the UK and Ireland



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

Bank of Cyprus

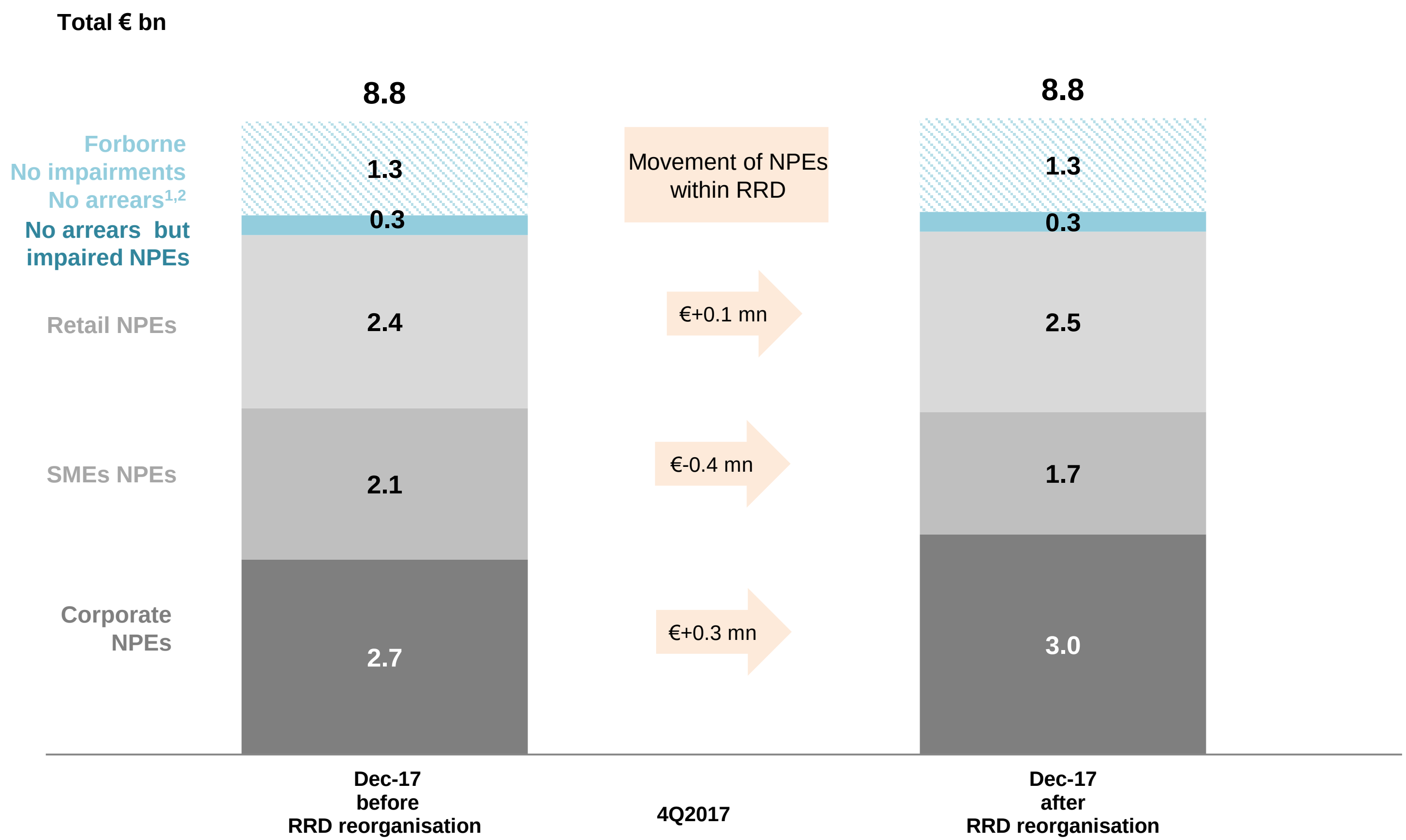
Appendix – Additional asset quality slides

As from 1 January 2018 and following IFRS 9 implementation, the Bank's disclosure in relation to the loan portfolio quality is based on Non Performing Exposures (NPEs), in line with the EBA standards and ECB NPEs Guidance to the banks. Exposures that meet the NPE definition are considered to be in default and hence credit-impaired and are classified in Stage 3 under IFRS 9 staging classification. Such loans are also considered to be in default for credit risk management purposes.

Movement of NPEs within business lines following RRD reorganisation

Reporting as from 31 December 2017 includes transfers within RRD[1] business lines following an internal reorganisation of RRD[1] in 4Q2017

Group NPEs

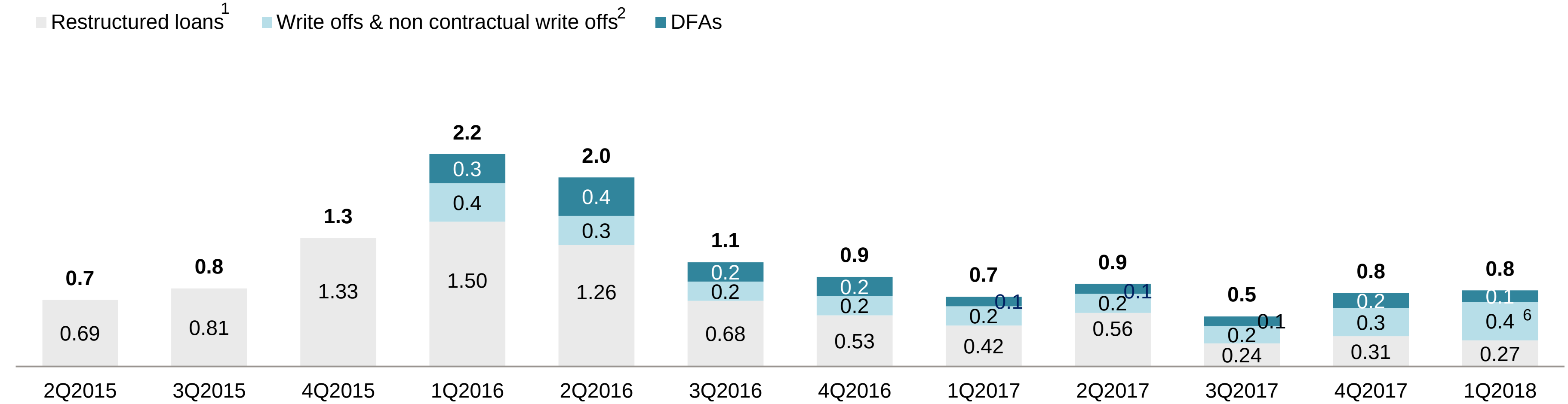


(1) Restructuring and Recoveries Division

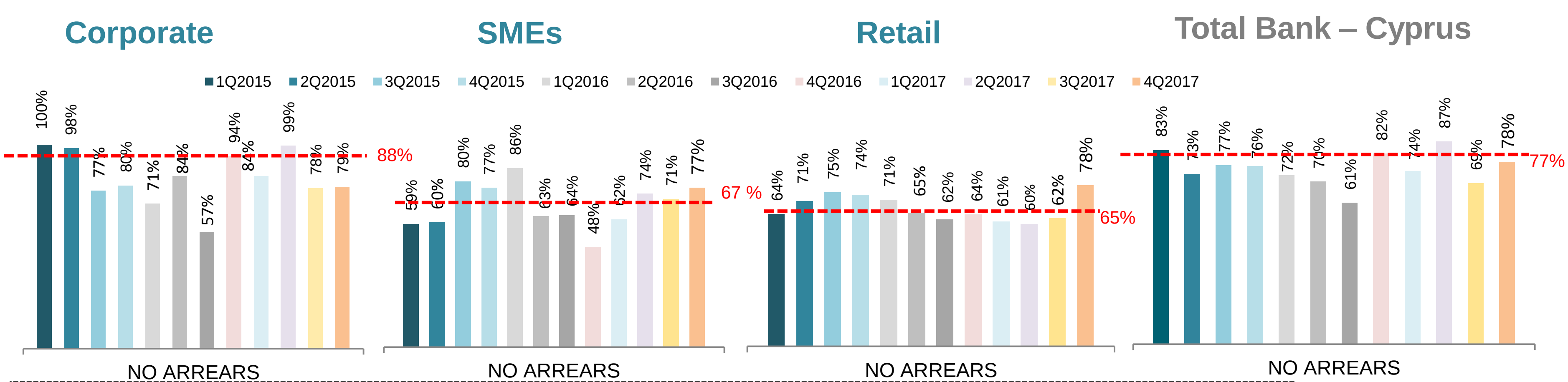
Bank of Cyprus

Restructuring efforts continue; re-default level stable

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



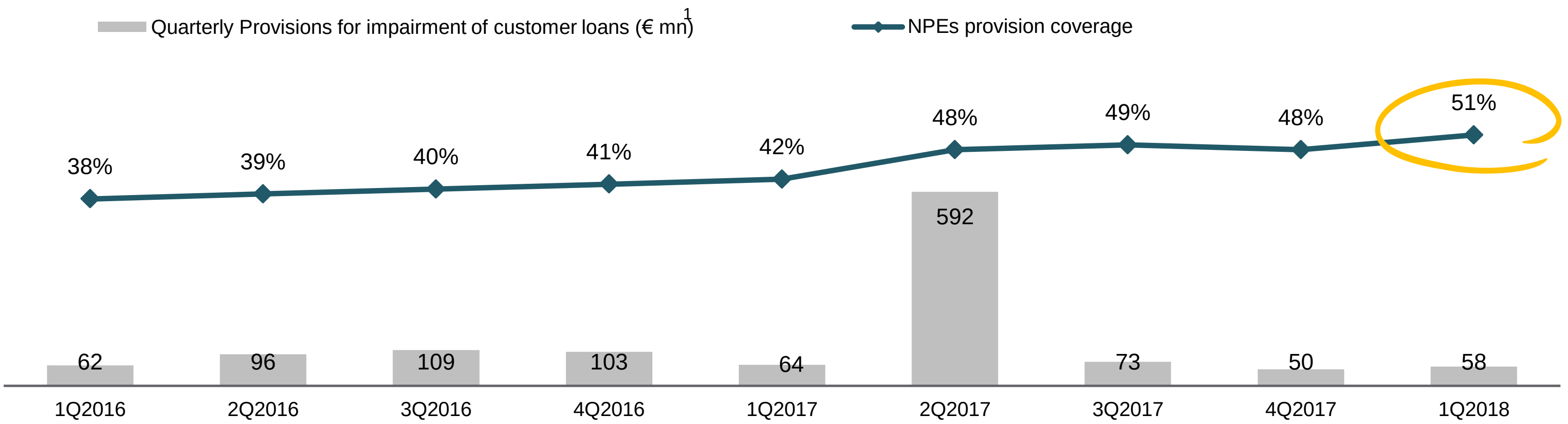
Cohort analysis of restructured[3,4] loans; 77% of restructured loans present no arrears



(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 1Q2018 is not presented in this graph as it is too early to assess
(5) Restructuring and Recoveries Division
(6) Write offs in 1Q2018 include a net impact of (c.€11 mn) of IFRS 9 grossing up and set offs.

Adequacy of provisions with NPE provision coverage at 51%

NPE coverage at 51% after IFRS 9 FTA



Back-testing of provisions supports past provision adequacy

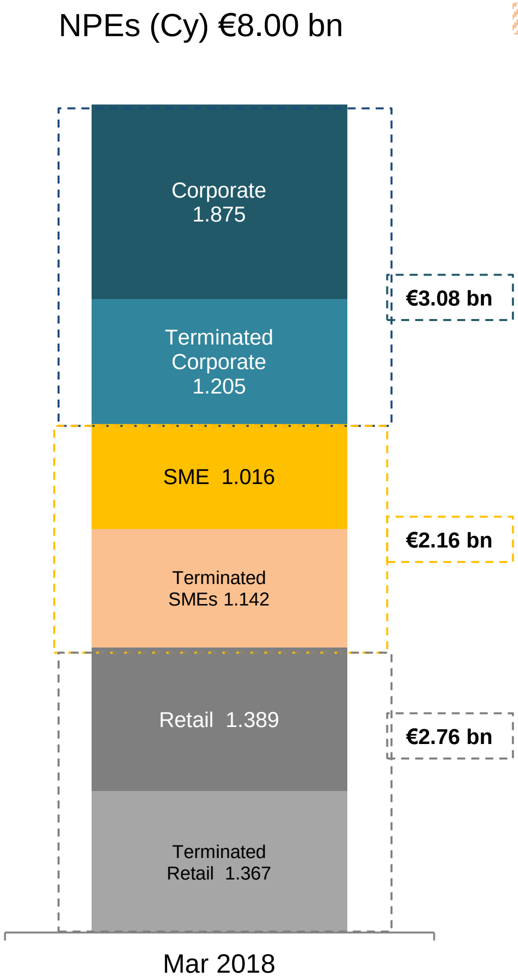
Quarter	Gross Contractual Balance € mn	Surplus/(Gap) in provisions € mn	No. of Customers
1Q2015	6.0	1.4	148
2Q2015	79.2	16.0	242
3Q2015	20.2	0.0	441
4Q2015	65.7	-2.1	551
1Q2016	158.3	0.5	1,276
2Q2016	266.9	12.1	2,298
3Q2016	124.5	13.9	115
4Q2016	71.9	-1.1	2,343
1Q2017	119.2	1.1	2,194
2Q2017	200.9	7.5	2,369
3Q2017	75.7	7.8	1,081
4Q2017	137.6	1.8	498
1Q2018	71.7	-3.9	427
	1,397.9	**55.1**	**13,983**

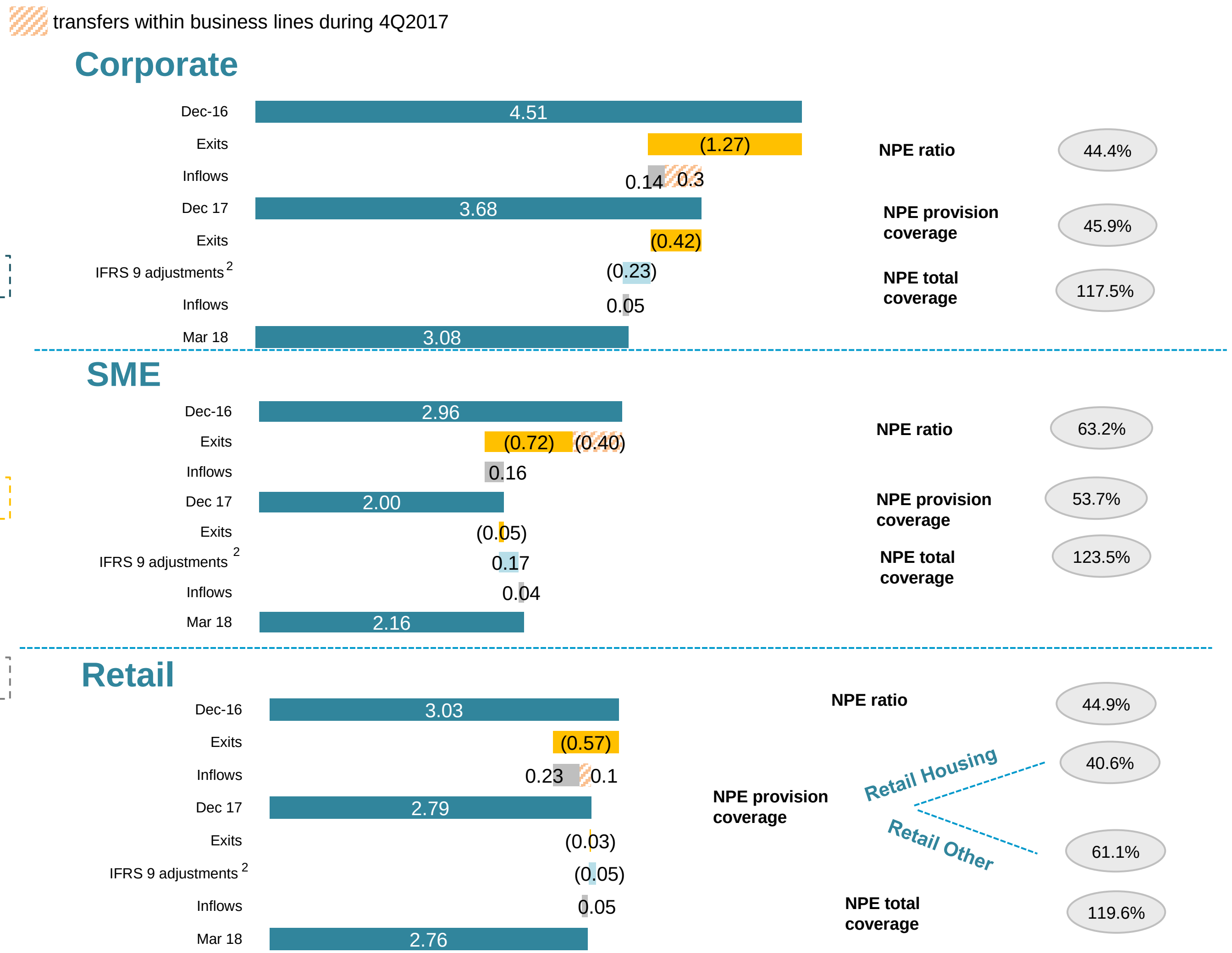
- Resolution of cases within provisions **continued in 1Q2018**
- Back-testing of c.14k fully settled exposures over last 13 quarters on average **within c.10% surplus over net book value**

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

Continuous progress across all segments

Focus shifts to Retail and SME after intense Corporate attention



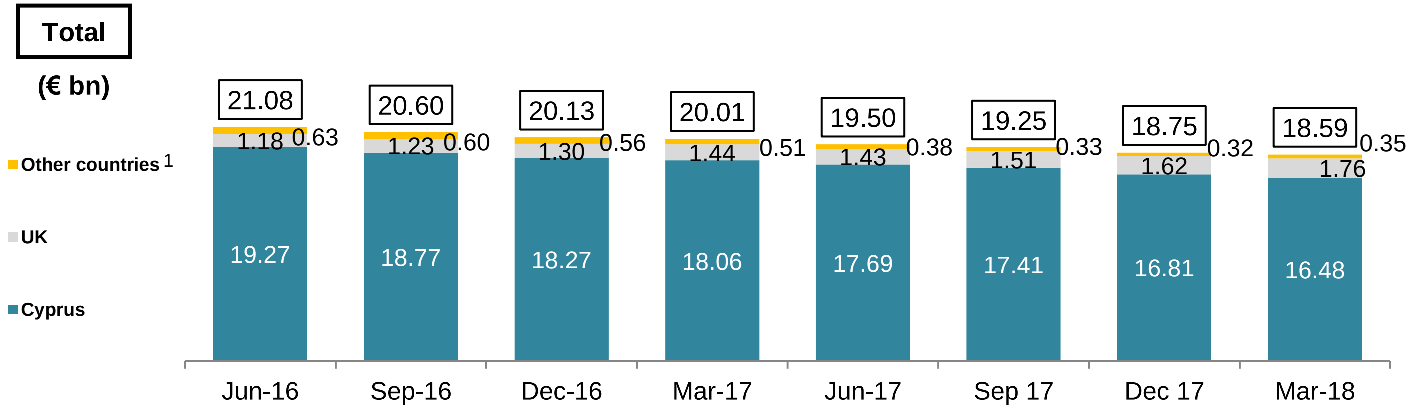


Bank of Cyprus

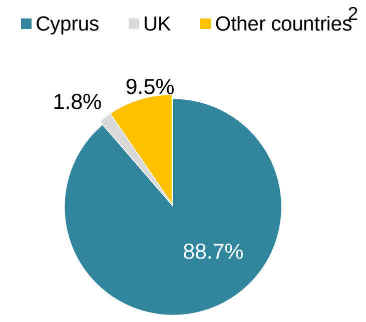
(1) Restructuring and Recoveries Division
(2) Represents increase of the gross carrying amount on transition in line with IFRS 9 requirements net of non-contractual write offs executed during 1Q2018.

Gross loans by Geography and by Customer Type

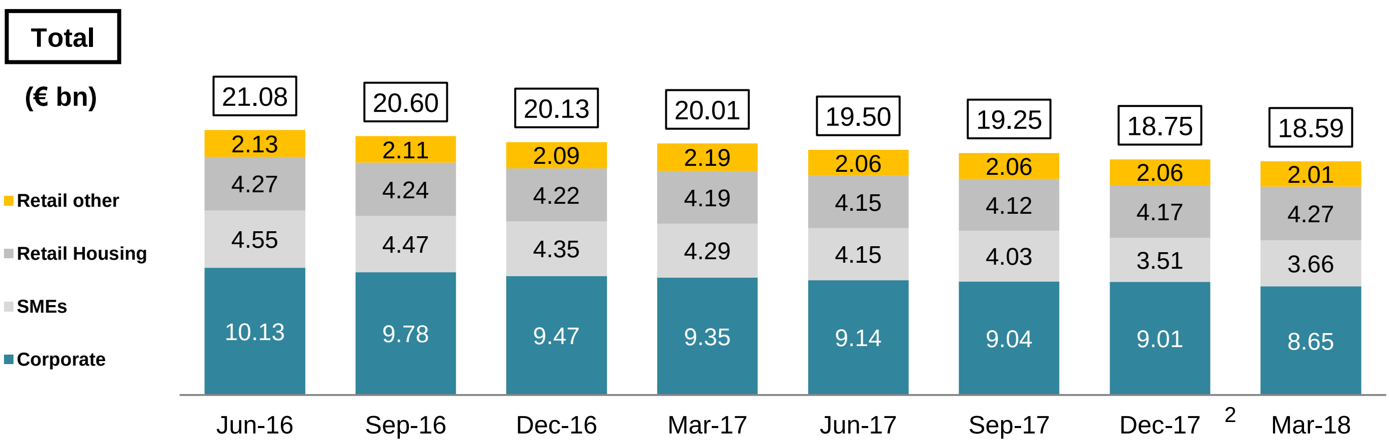
Gross loans by geography



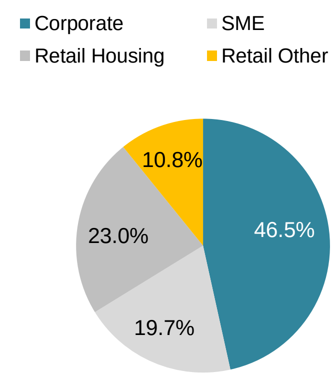
31 March 2018 (%)



Gross loans by customer type



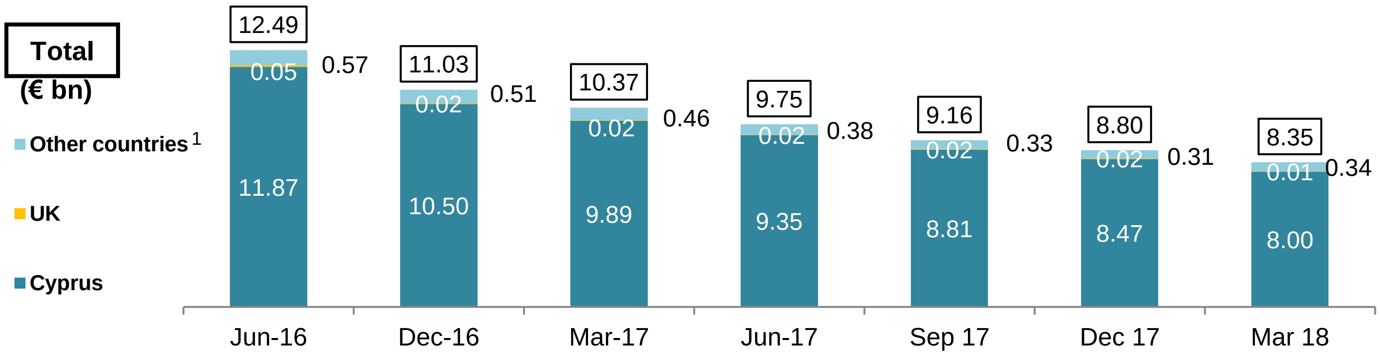
31 March 2018 (%)



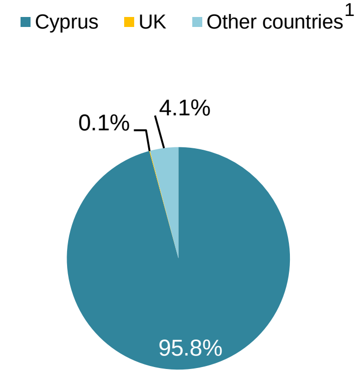
1) Other countries: Greece, Russia and Romania
2) Reporting as at 31 December 2017 includes transfers within Restructuring and Recoveries Division (RRD) business lines following an internal reorganisation of RRD in 4Q2017

NPEs by Geography and by Customer Type

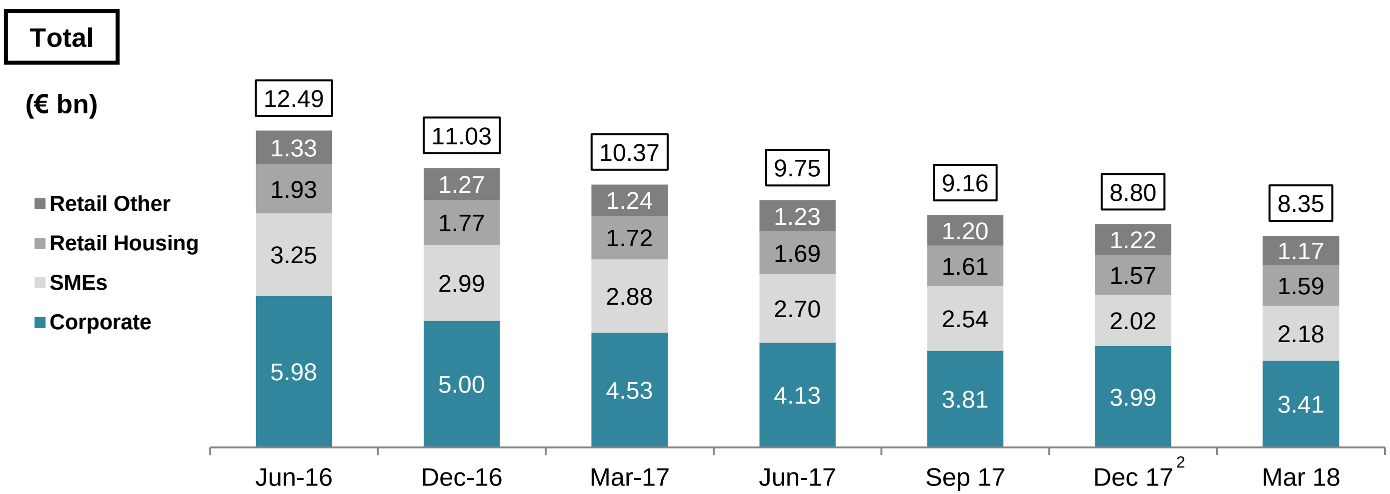
NPEs by geography



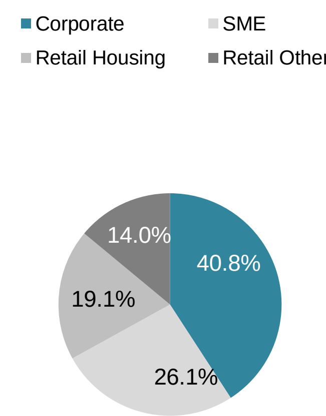
31 March 2018 (%)



NPEs by customer type



31 March 2018 (%)



1) Other countries: Greece, Russia and Romania
2) Reporting from 31 December 2017 includes transfers within Restructuring and Recoveries Division (RRD) business lines following an internal reorganisation of RRD in 4Q2017

NPE provision coverage at 49%; Total coverage (Cy) at 120%

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

1) Restricted to Gross IFRS balance
2) Reporting from 31 December 2017 includes transfers within Restructuring and Recoveries Division (RRD) business lines following an internal reorganisation of RRD in 4Q2017

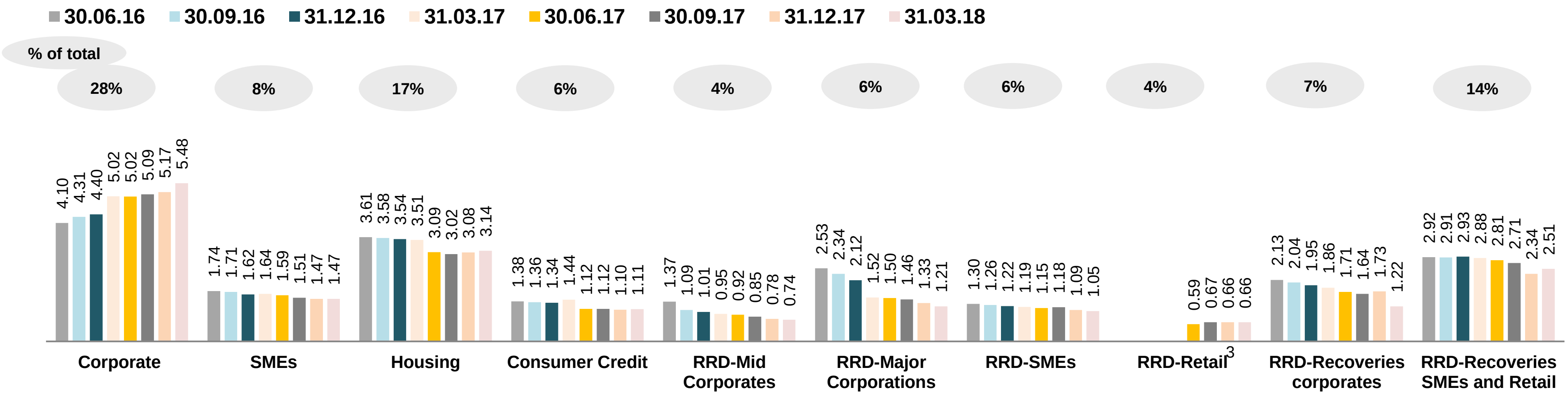
Asset Quality- NPEs analysis

(€ mn)	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17
A. Gross Loans after Fair value on Initial recognition	**18,020**	**18,087**	**18,532**	**18,693**	**19,142**
Fair value on Initial recognition	566	668	721	812	869
B. Gross Loans	**18,586**	**18,755**	**19,253**	**19,505**	**20,011**
B1. Loans with no arrears	**9,922**	**9,565**	**9,645**	**9,537**	**9,269**
B2. Loans with arrears but not NPEs	**315**	**386**	**444**	**396**	**370**
1-30 DPD	229	312	371	325	287
31-90 DPD	86	74	73	71	83
B3. NPEs	**8,349**	**8,804**	**9,164**	**9,752**	**10,372**
With no arrears	1,951	2,033	1,876	2,139	2,167
Up to 30 DPD	155	197	209	201	235
31-90 DPD	296	211	254	270	392
91-180 DPD	168	151	177	262	215
181-365 DPD	242	324	359	292	244
Over 1 year DPD	5,537	5,888	6,289	6,588	7,119
NPE ratio (NPEs / Gross Loans)	**45%**	**47%**	**48%**	**50%**	**52%**
Accumulated provisions (including fair value adjustment on initial recognition[1])	**4,245**	**4,204**	**4,470**	**4,638**	**4,334**
Gross loans provision coverage	**23%**	**22%**	**23%**	**24%**	**22%**
NPEs provision coverage	**51%**	**48%**	**49%**	**48%**	**42%**

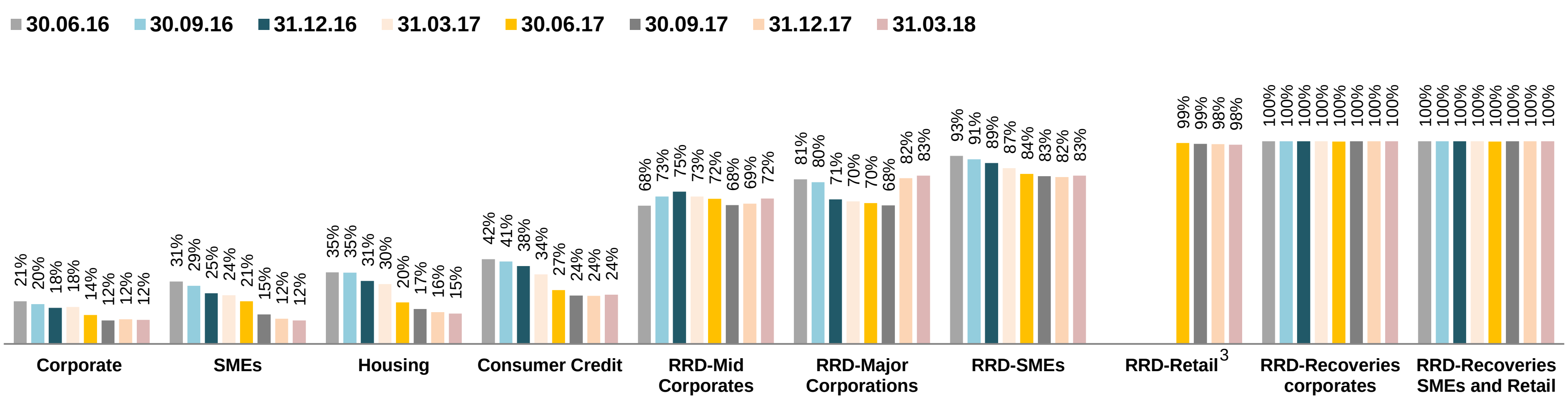
1) Comprise (i) provisions for impairment of customer loans and advances, (ii) the fair value adjustment on initial recognition of loans acquired from Laiki Bank and on loans classified at FVPL, and (iii) provisions for off-balance sheet exposures disclosed on the balance sheet within other liabilities.

Analysis of Loans and NPEs ratios by Business Line[1]

Gross loans by business line[2] (€ bn)



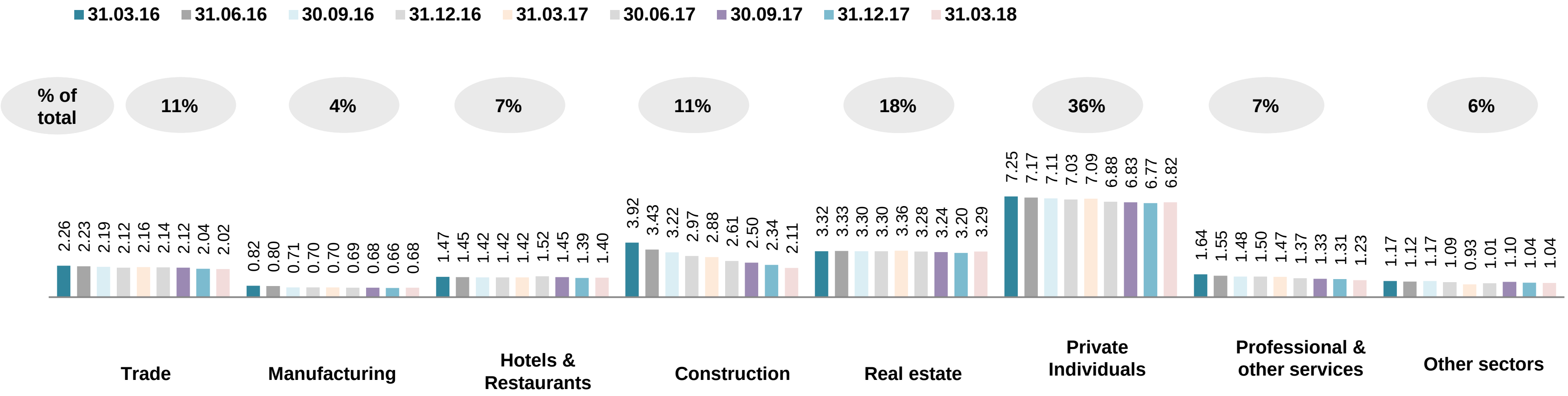
NPEs ratios by business line[2]



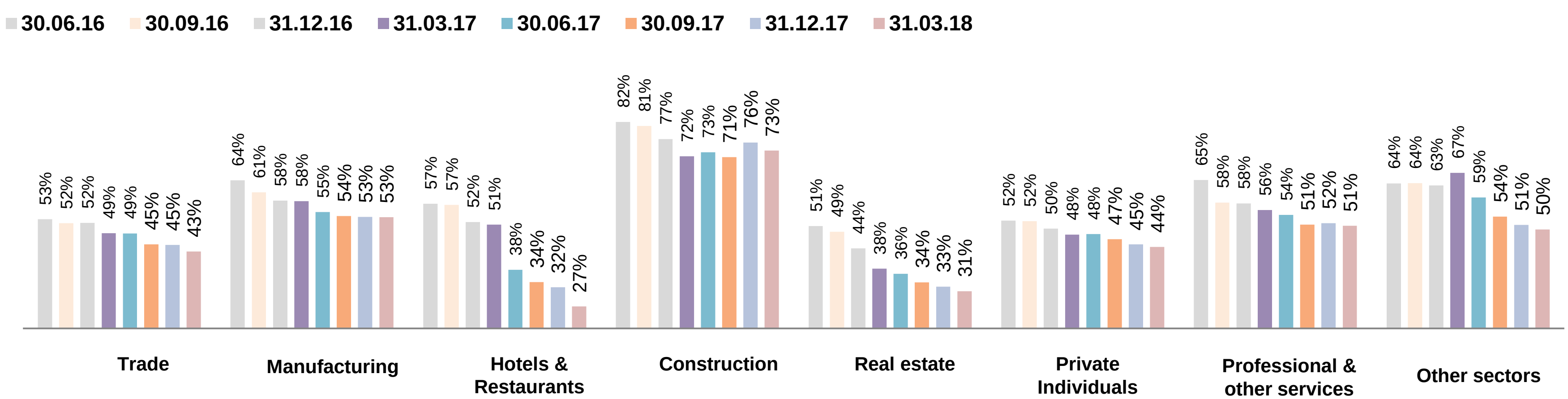
1) As part of the restructuring of the Group, management is currently monitoring the loan portfolio of the Group using new business line definitions. An important component of the Group's new operational structure is the establishment of the RRD for the purposes of centralising and streamlining the management of its delinquent loans
2) Reporting as at 31 December 2017 includes transfers within RRD business lines following an internal reorganisation of RRD in 4Q2017
3) New business lines established in April 2017. RRD-Retail includes RRD Retail Housing and Retail Other

Analysis of Loans and NPEs ratios by Economic Activity

Gross loans by economic activity (€ bn)

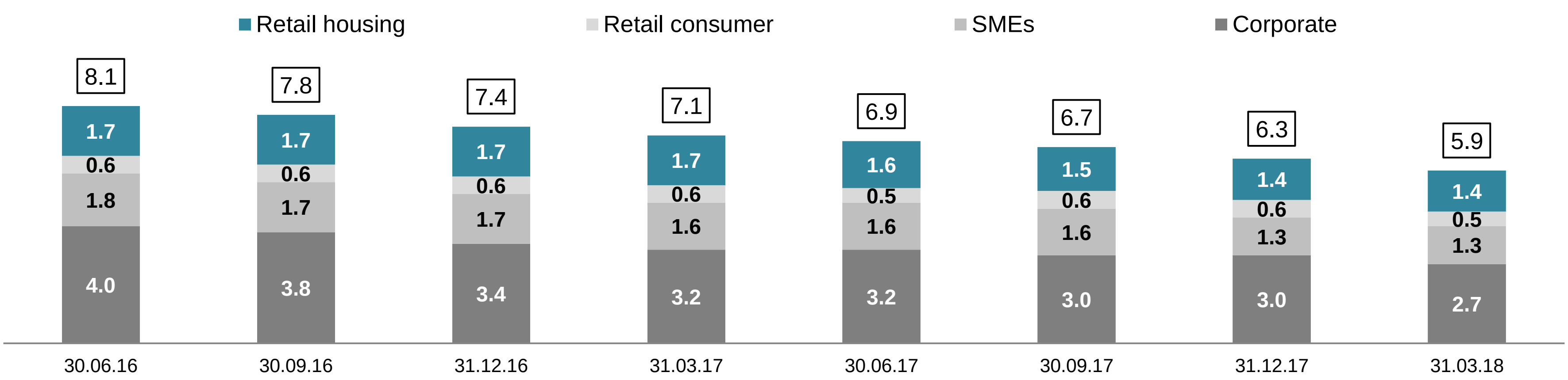


NPEs ratios by economic activity

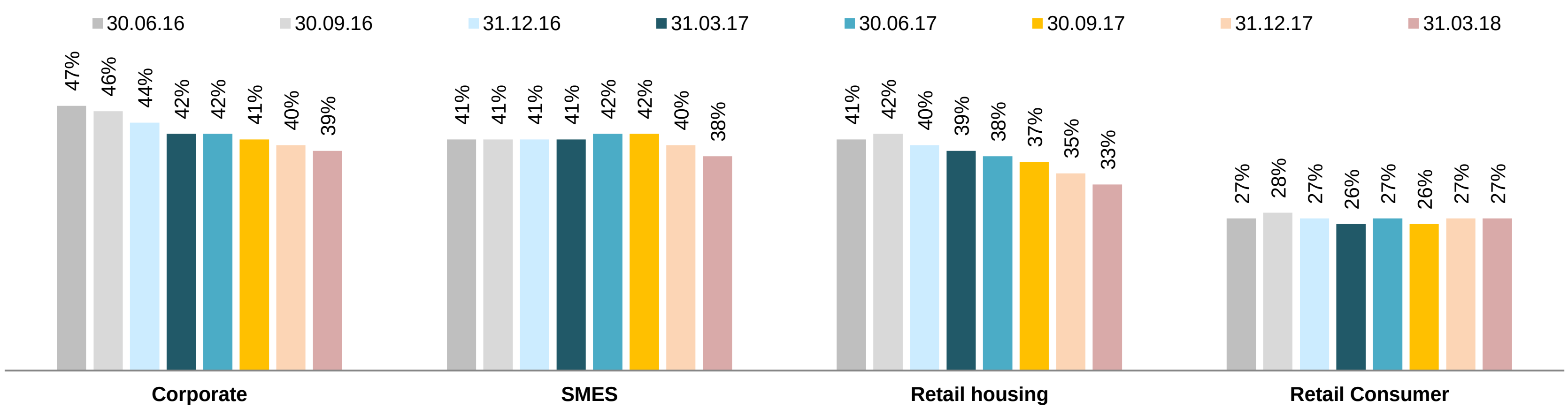


Rescheduled Loans for the Cyprus Operations

Rescheduled Loans[1] by customer type (€ bn)



Rescheduled loans[1] % gross loans[2] by customer type



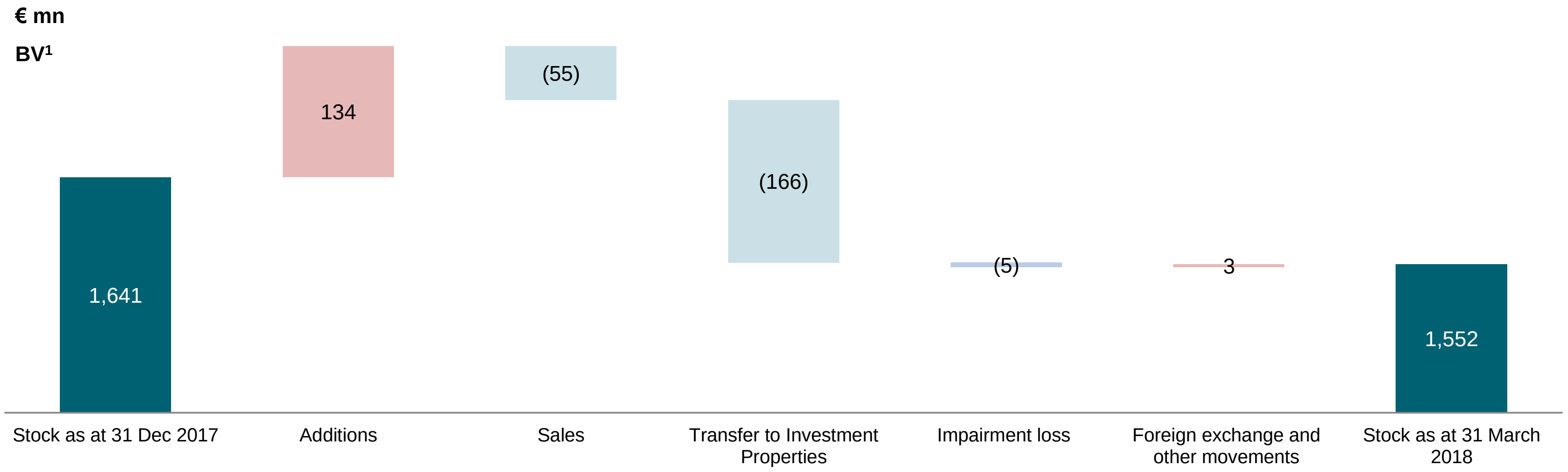
1) Reporting as at 31 December 2017 includes transfers within RRD business lines following an internal reorganisation of RRD in 4Q2017
2) Gross loans are reported before the fair value adjustment on initial recognition relating to loans acquired from Laiki Bank (calculated as the difference between the outstanding contractual amount and the fair value of loans acquired) and on loans classified at FVPL, amounting to €566 mn at 31 March 2018 and to €286 mn for rescheduled loans (compared to €668 mn and €312 mn respectively at 31 December 2017), including loans of discontinued operations/disposal group held for sale

Rescheduled Loans – Asset Quality

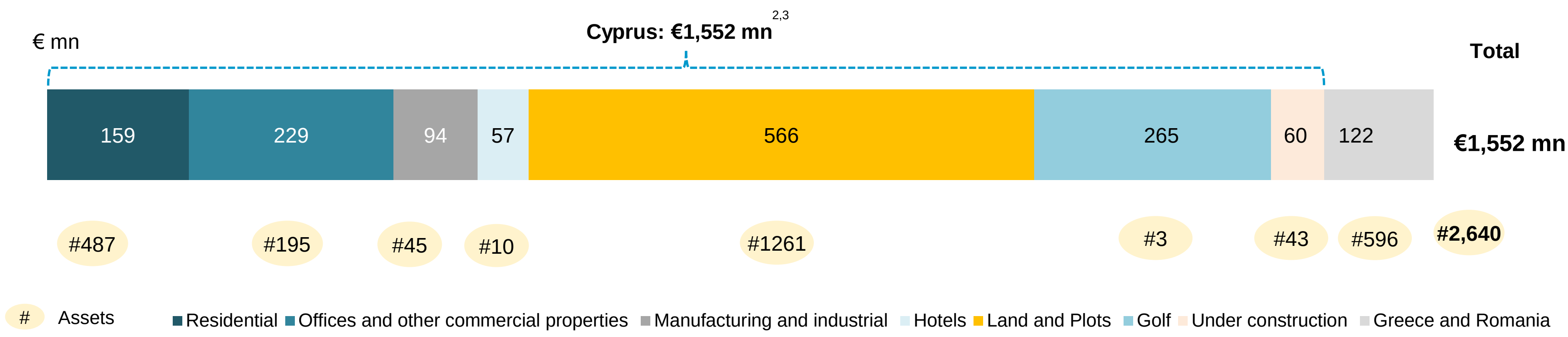
€ '000	Cyprus	Greece	Russia	United Kingdom	Romania	Total
31 March 2018						
Stage 1	607,047	-	-	-	-	**607,047**
Stage 2	1,000,853	-	-	4,235	61	**1,005,149**
Stage 3	3,499,989	3,370	68,933	5,345	14,355	**3,591,992**
POCI	501,117	-	-	-	1,466	**502,583**
FVPL	301,346	-	-	-	-	**301,346**
Total	**5,910,352**	**3,370**	**68,933**	**9,580**	**15,882**	**6,008,117**
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**

REMU – the engine for dealing with foreclosed assets

REMU focus now on sales (Group)



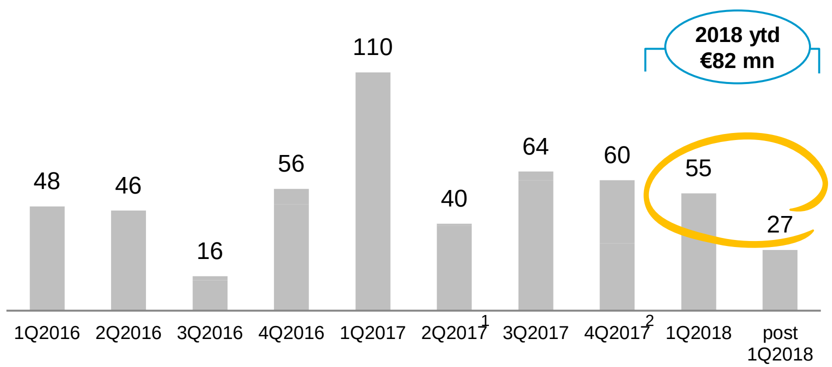
Property stock split as at 31 March 2018– on boarded at conservative carrying value[3] (Group)



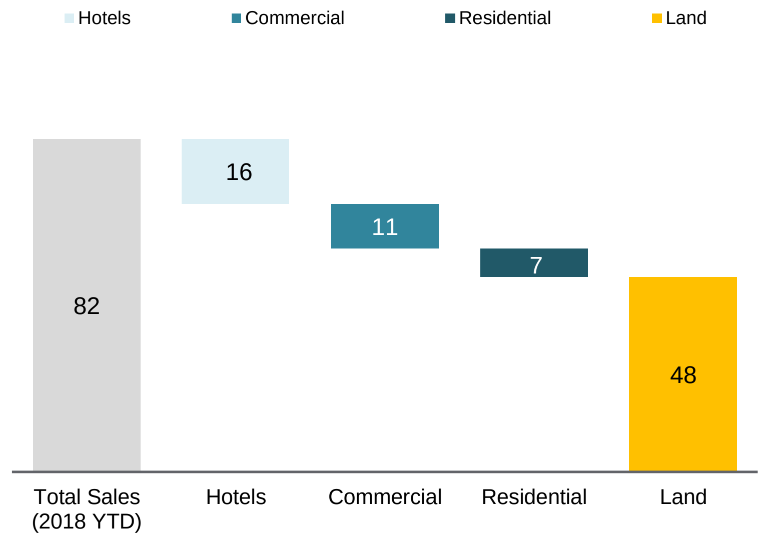
1) BV= Book value = Carrying value prior to the sale of property
2) Total stock as at 31 March 2018 excludes investment properties and investment properties held for sale
3) Assets in REMU on boarded at conservative prices c.25%-30% discount to open market value (OMV)

REMU – the engine for dealing with foreclosed assets

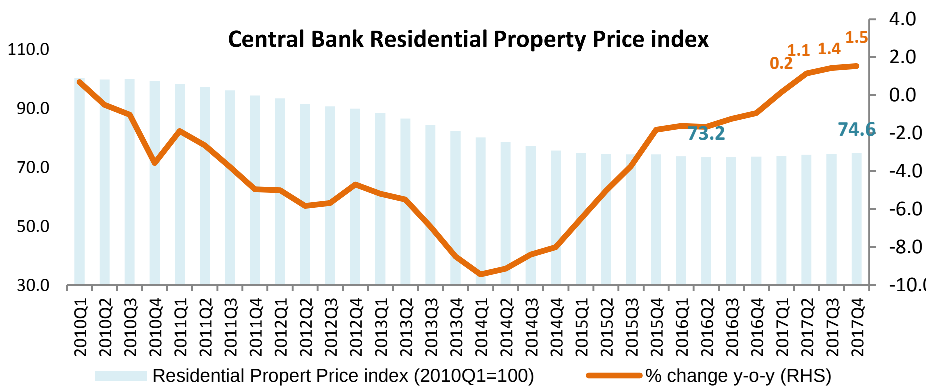
Book Value Sales of €82 mn in 2018 (Group)

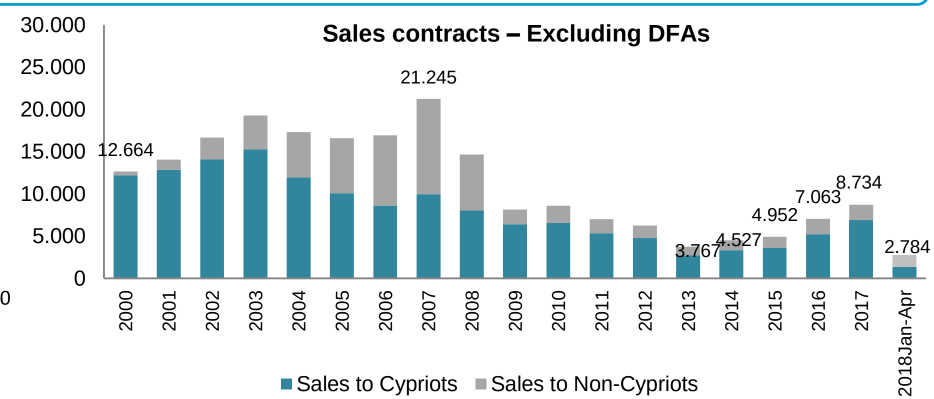


Book Value sales by type (Group)



Encouraging trends in Real Estate Market; Property prices up 1.5% yoy; Sale contracts (excluding DFAS) up 38% yoy





SOURCE: Central Bank of Cyprus, Cyprus Land Registry

(1) 2Q2017 sales include a disposal of a property (€10 mn) which was classified in investment properties held for disposal
(2) 4Q2017 sales include a disposal of a property (€7.5 mn) which was classified in investment properties held for disposal

Bank of Cyprus

Fair value of collateral and credit enhancements held by the Group

Loans and advances to customers	31 Mar 2018 (€ mn)
Cash	361
Securities	272
Letters of credit / guarantee	249
Property	21,505
Other	900
Surplus collateral	(10,309)
Net collateral	**12,978**

Appendix – Additional financial information

Consolidated Balance Sheet

Assets (€ mn)	% change	31.03.18	31.12.17
Cash and balances with Central Banks	-3%	3,281	3,394
Loans and advances to banks	18%	1,413	1,193
Debt securities, treasury bills and equity investments	-12%	988	1,121
Net loans and advances to customers	-2%	14,373	14,602
Stock of property	-5%	1,552	1,641
Other assets	10%	1,806	1,648
Total assets	**-1%**	**23,413**	**23,599**

Liability and Equity (€ mn)	% change	31.03.18	31.12.17
Deposits by banks	-12%	436	495
Funding from central banks	1%	940	930
Repurchase agreements	1%	260	257
Customer deposits	1%	17,996	17,850
Subordinated loan stock	-6%	286	302
Other liabilities	1%	1,154	1,148
Total liabilities	**0%**	**21,072**	**20,982**
Shareholders' equity	**-11%**	**2,298**	**2,586**
Non controlling interests	38%	43	31
Total equity	**-11%**	**2,341**	**2,617**
Total liabilities and equity	**-1%**	**23,413**	**23,599**

Income Statement Review

€ mn	1Q2018	1Q2017	4Q2017	qoq %	yoy%
Net Interest Income	**124**	**156**	**129**	**-3%**	**-21%**
Net fee and commission income	41	43	47	-14%	-6%
Insurance income net of insurance claims	12	10	11	10%	19%
Core income	*177*	*209*	*187*	*-5%*	*-16%*
Other income	54	24	27	98%	131%
Total income	**231**	**233**	**214**	**8%**	**-1%**
Total expenses	**(106)**	**(107)**	**(109)**	**-2%**	**-1%**
Profit before provisions and impairments[1]	**125**	**126**	**105**	**18%**	**-1%**
Loan loss provisions[2]	(58)	(64)	(50)	16%	-9%
Impairments of other financial and non financial instruments	(7)	(32)	(27)	-75%	-78%
Provision for litigation and regulatory matters	(2)	(17)	(25)	-93%	-90%
Total Provisions and impairments	***(67)***	***(113)***	***(102)***	***-35%***	***-40%***
Share of profit from associates and joint ventures	1	2	4	-60%	-23%
Profit before tax and restructuring costs	**59**	**15**	**7**	**731%**	**271%**
Tax	(4)	(6)	(1)	315%	-34%
Loss/ (profit) attributable to non-controlling interests	2	0	3	-54%	-780%
Profit after tax and before restr. Costs	**57**	**9**	**9**	**496%**	**503%**
Advisory, VEP and other restr. Costs[3]	(14)	(7)	(8)	58%	87%
Profit after tax	**43**	**2**	**1**	**-**	**-**
Net interest margin	**2.51%**	**3.33%**	**2.57%**	**-6 bps**	**-82 bps**
Cost-to-Income ratio	**46%**	**46%**	**51%**	**-5 p.p.**	**-**
Cost-to-Income ratio adjusted for special levy and SRF contribution	**43%**	**41%**	**48%**	**-5 p.p.**	**+2 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

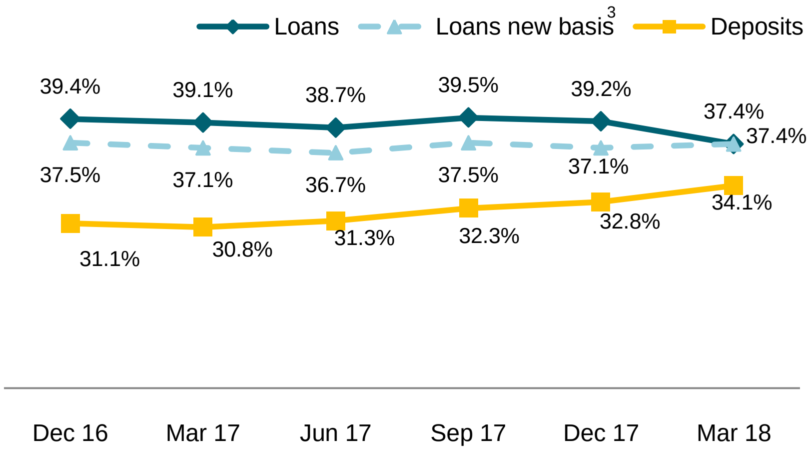
Analysis of Interest Income and Interest Expense

Analysis of Interest Income	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018
Loans and advances to customers	217	203	204	195	200	180	170	163
Loans and advances to banks and central banks	4	5	(2)	3	2	3	3	4
Investments available-for-sale	2	2	3	4	5	5	6	-
Investment at amortised costs	-	-	-	-	-	-	-	0
Investments FVOCI	-	-	-	-	-	-	-	5
Investments classified as loans and receivables	4	2	1	1	1	1	0	-
	227	**212**	**206**	**203**	**208**	**189**	**179**	**172**
Trading Investment	-	-	-	-	-	-	0	0
Derivative financial instruments	2	1	1	6	8	8	9	9
Other investments at fair value through profit or loss	0	0	0	0	0	-	-	-
Total Interest Income	**229**	**213**	**207**	**209**	**216**	**197**	**188**	**181**

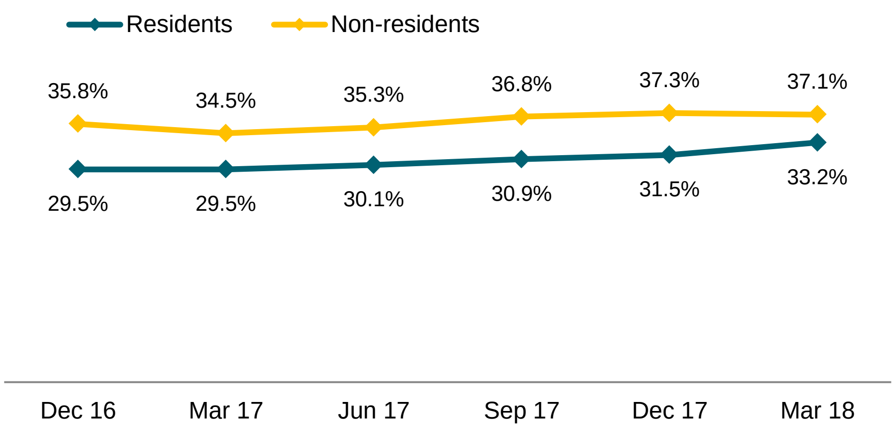
Analysis of Interest Expense	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018
Customer deposits	(34)	(35)	(35)	(35)	(35)	(36)	(35)	(33)
Funding from central banks and deposits by banks	(13)	(7)	(3)	(1)	(1)	(1)	(2)	(2)
Subordinated loan stock	-	-	-	(5)	(6)	(6)	(6)	(6)
Repurchase agreements	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Negative interest on loans and advances to banks and central banks	(1)	(1)	(1)	(1)	(1)	(2)	(3)	(3)
	(49)	**(45)**	**(41)**	**(44)**	**(45)**	**(47)**	**(48)**	**(46)**
Derivative financial instruments	(4)	(4)	(4)	(9)	(11)	(12)	(12)	(11)
Total Interest Expense	**(53)**	**(49)**	**(45)**	**(53)**	**(56)**	**(59)**	**(60)**	**(57)**

Core Cypriot business

Market shares[3]

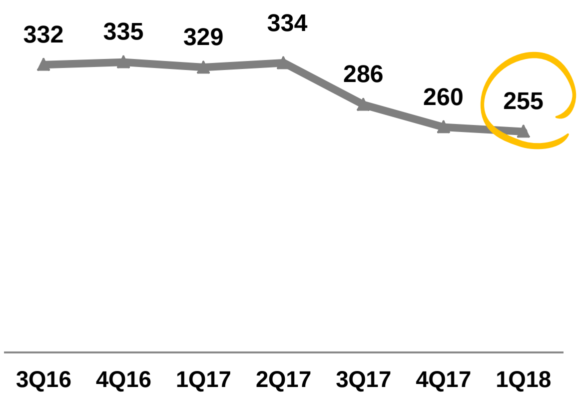


Strong market shares in resident and non-resident deposits

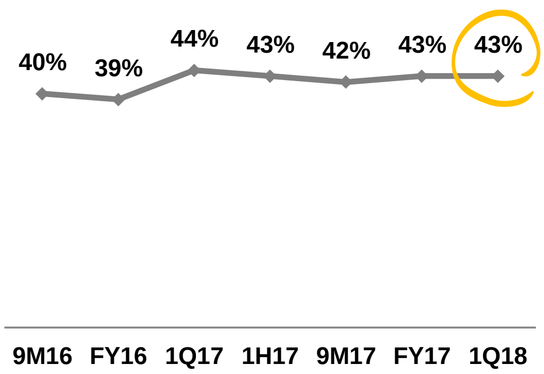


NIM in Cyprus operations

(bps)

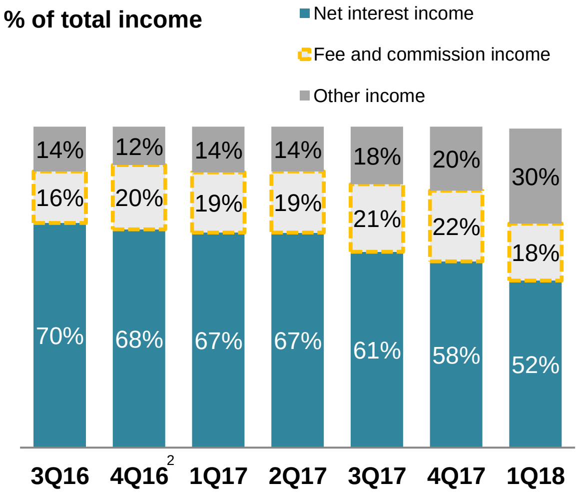


Cost to Income ratio[1] for Cyprus operations



Improving fee income as a % of revenues

% of total income



(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
(3) The market shares on loans has been affected following the change in the basis of calculation of the gross carrying value which in turn has been affected by IFRS 9 and the increased non-contractual write-offs during 1Q2018. Adjusting the market share on loans for 31 December 2017 on the same calculation basis as 31 March 2018, the market share is adjusted to 37.1% from 39.2% on previous basis.

Income Statement bridge[1] for 1Q2018

€ mn	Underlying basis	Reclassification	Statutory Basis
Net interest income	124	(1)	123
Net fee and commission income	41		41
Net foreign exchange gains and net gains on other financial instruments and disposal/ dissolution of subsidiaries	29	(2)	27
Insurance income net of insurance claims	12		12
Net gains from revaluations/disposals of investment properties	19		19
Other income	6		6
Total income	**231**	**(3)**	**228**
Total expenses	**(106)**	**(16)**	**(122)**
Profit before provisions and impairments, gains/(losses) on derecognition of loans and changes in expected cash flows and restructuring costs	**125**	**(19)**	**106**
Provisions for impairment of customer loans and Gains on derecognition of loans and changes in expected cash flows	(58)	3	(55)
Impairments of other financial and non-financial assets	(7)		(7)
Provision for litigation and regulatory matters	(2)	2	-
Share of profit from associates	1		1
Profit before tax, restructuring costs and discontinued operations	**59**	**(14)**	**45**
Tax	(4)		(4)
Loss attributable to non-controlling interests	2		2
Profit after tax and before restructuring costs, discontinued operations and net profit from disposal of non-core assets	**57**	**(14)**	**43**
Advisory and other restructuring costs[2]	(14)	14	-
Profit after tax	**43**		**43**

(1) The reclassification differences between the underlying and statutory bases relate to: €1mn net interest income from FVPL financial instruments not disclosed within net interest income per IFRS 9 on the statutory basis, €3 mn fair value changes on FVPL financial instruments disclosed within net income/gains on financial instruments on the statutory basis and €16 mn expenses (€2 mn relate to Provisions for litigation and regulatory matters and €14 mn relate to Advisory and other restructuring costs), which are monitored and reported below the operating profit for management reporting purposes.
(2) 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

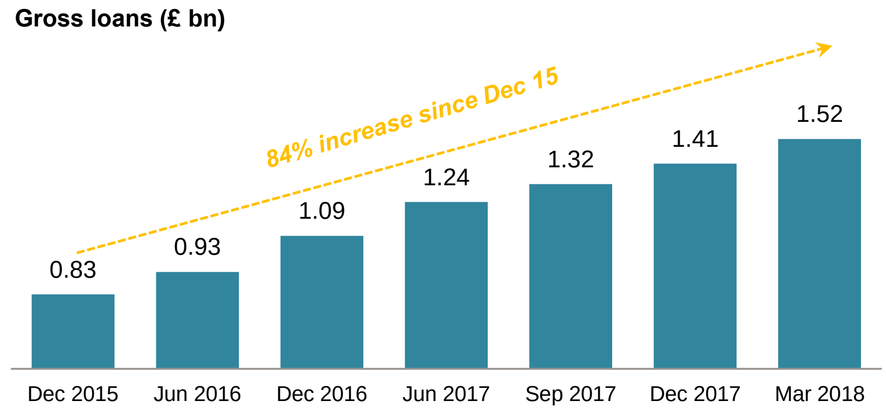
Bank of Cyprus

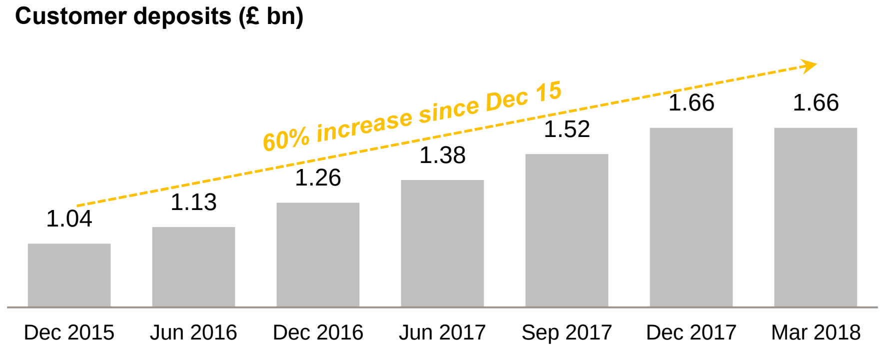
Cyprus: Income Statement by business line for 1Q2018

€ mn	Consumer Banking	SME Banking	Corporate Banking	International Banking	Wealth & Markets	RRD	REMU	Insurance	Other	Total Cyprus
Net interest income	48	10	25	14	2	28	(5)	0	(6)	116
Net fee & commission income	12	3	4	15	1	2	0	(1)	3	39
Other income	1	0	0	2	1	0	24	11	26	65
Total income	61	13	29	31	4	30	19	10	23	220
Total expenses	(27)	(3)	(3)	(7)	(1)	(9)	(1)	(4)	(40)	(95)
Profit/(loss) before provisions and impairments	**34**	**10**	**26**	**24**	**3**	**21**	**18**	**6**	**(17)**	**125**
Provisions for impairment of customer loans net of gains/(losses) on derecognition of loans and changes in expected cash flows	(1)	(5)	3	(3)	(2)	(51)	-	0	1	(58)
Impairment of other financial and non financial instruments	-	-	-	-	-	-	(3)	-	(2)	(5)
Provision for litigation and regulatory matters	-	-	-	-	-	-	-	-	(1)	(1)
Share of profits from associates	-	-	-	-	-	-	-	-	1	1
Profit/(loss) before tax	**33**	**5**	**29**	**21**	**1**	**(30)**	**15**	**6**	**(18)**	**62**
Tax	(4)	(1)	(3)	(3)	0	5	(2)	(1)	6	(3)
Profit attributable to non controlling interest	-	-	-	-	-	-	-	-	2	2
Profit/(loss) after tax and before one off items	**29**	**4**	**26**	**18**	**1**	**(25)**	**13**	**5**	**(10)**	**61**

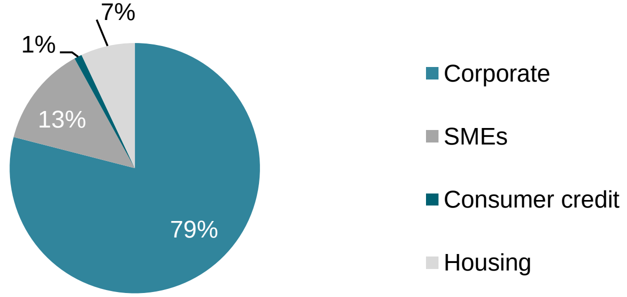
BOC UK operations

Gross loans and customer deposits

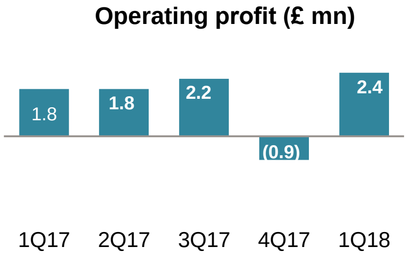


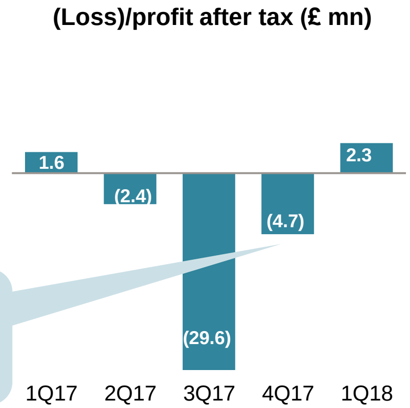


Loans by sector at 31 March 2018



Core operating profitability





- Gross loans and customer deposits in the UK increased by 84% and 60% since Dec 15 to £1.52 bn and to £1.66 bn, respectively
- New lending of £135 mn during 1Q2018
- Profit after tax of £2.3 mn for the 1Q2018

Risk Weighted Assets – Regulatory Capital

Risk weighted assets by Geography (€ mn)

	31.03.17	30.06.17	30.09.17	31.12.17	31.03.18
Cyprus	17,336	16,128	16,098	16,011	16,711
Russia	33	32	30	27	25
United Kingdom	896	869	842	922	989
Romania	178	129	94	118	65
Greece	223	193	191	168	158
Other[1]	15	17	18	14	13
Total RWA	**18,681**	**17,368**	**17,273**	**17,260**	**17,961**
RWA intensity(%)	**83%**	**79%**	**76%**	**73%**	**77%**

Risk weighted assets by type of risk (€ mn)

	31.03.17	30.06.17	30.09.17	31.12.17	31.03.18
Credit risk	16,785	15,474	15,379	15,538	16,242
Market risk	7	5	5	5	2
Operational risk	1,889	1,889	1,889	1,717	1,717
Total	**18,681**	**17,368**	**17,273**	**17,260**	**17,961**

Equity and Regulatory Capital (€ mn)

	31.03.17	30.06.17	30.09.17	31.12.17	31.03.18
Shareholders' equity	3,079	2,543	2,562	2,586	2,298
CET1 capital	2,694	2,142	2,145	2,184	2,164[2]
Tier I capital	2,694	2,142	2,145	2,184	2,164[2]
Tier II capital	225	248	247	266	262
Total regulatory capital (Tier I + Tier II)	**2,919**	**2,390**	**2,392**	**2,450**	**2,426**

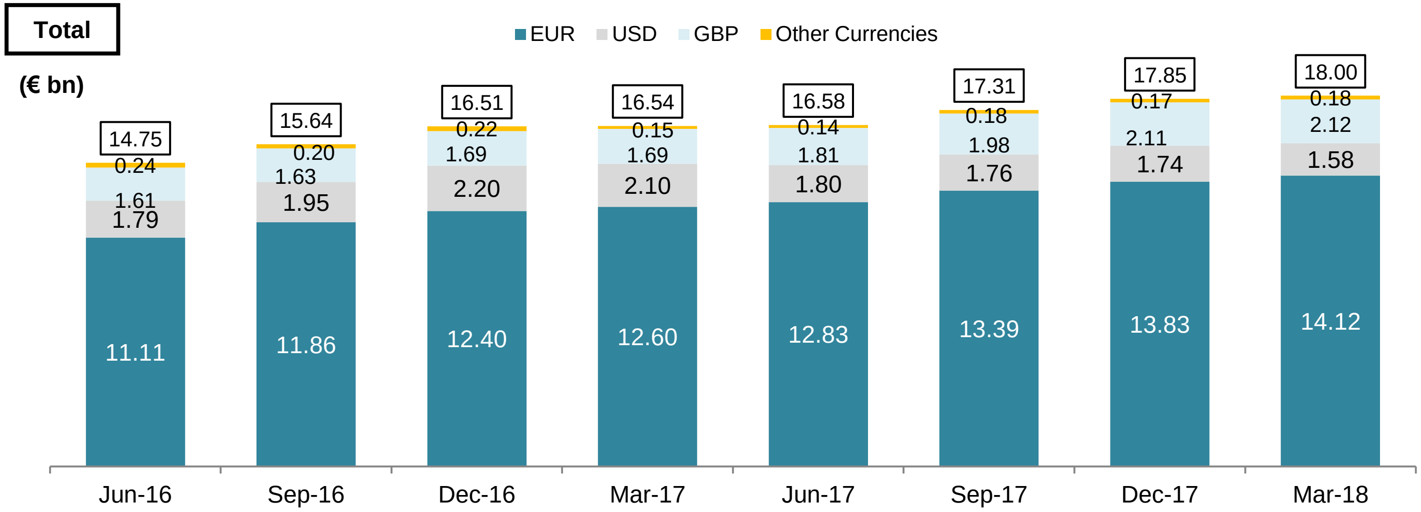
Reconciliation of Group Equity to CET 1

€ mn	**31.03.18**
Group Equity per financial statements	2,341
Less: Intangibles and other deductions	(34)
Less: Deconsolidation of insurance and other entities	(213)
Less: Regulatory adjustments (DTA, IFRS 9 and other items)	118
Less: Revaluation reserves and other unrealised items transferred to Tier II	(48)
CET 1 (transitional)	**2,164**
Less: Adjustments to fully loaded (mainly IFRS 9 & DTA)	**(63)**
CET 1 (fully loaded)[3]	**2,101**
Risk Weighted Assets	**17,961**
CET 1 ratio (fully loaded)	**11.7%**
CET 1 ratio (transitional)	**12.0%**

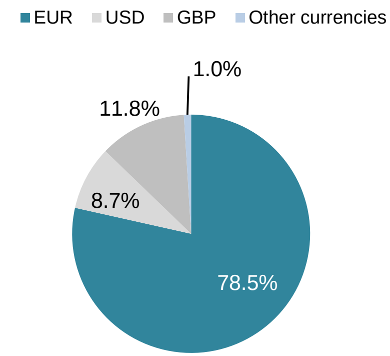
(1) Other countries primarily relates to exposures in Serbia
(2) Capital ratios include unaudited / un-reviewed profits for 1Q2018
(3) Allowing for IFRS 9 transitional arrangements

Analysis of Deposits by Currency and by Type

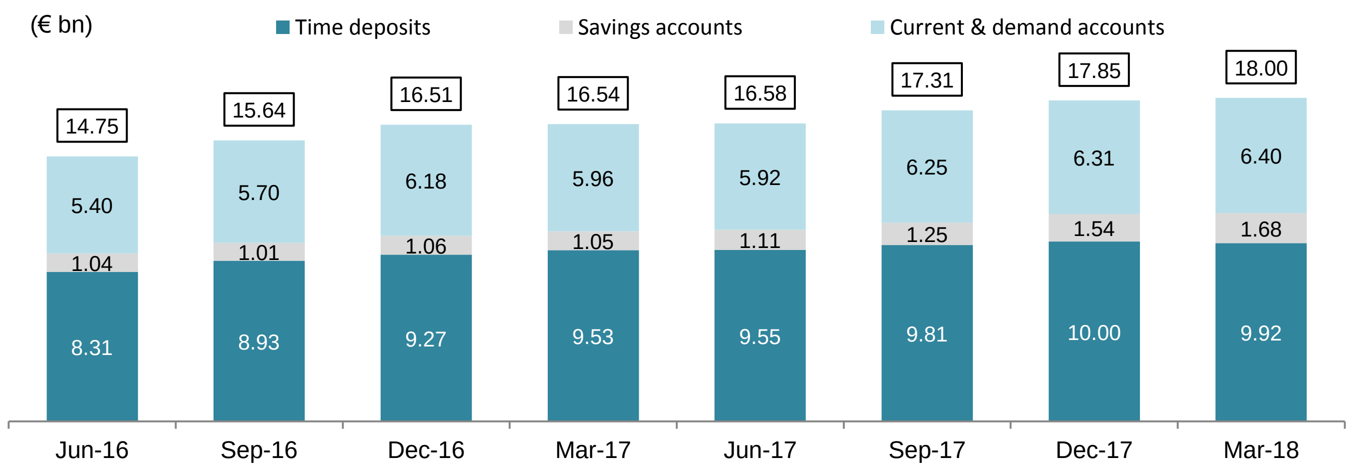
Deposits by Currency



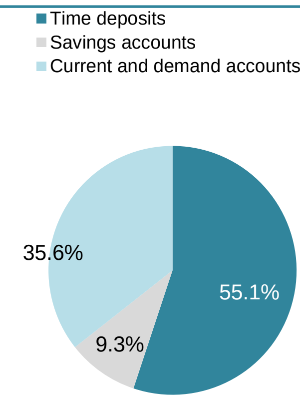
31 March 2018 (%)



Deposits by Type



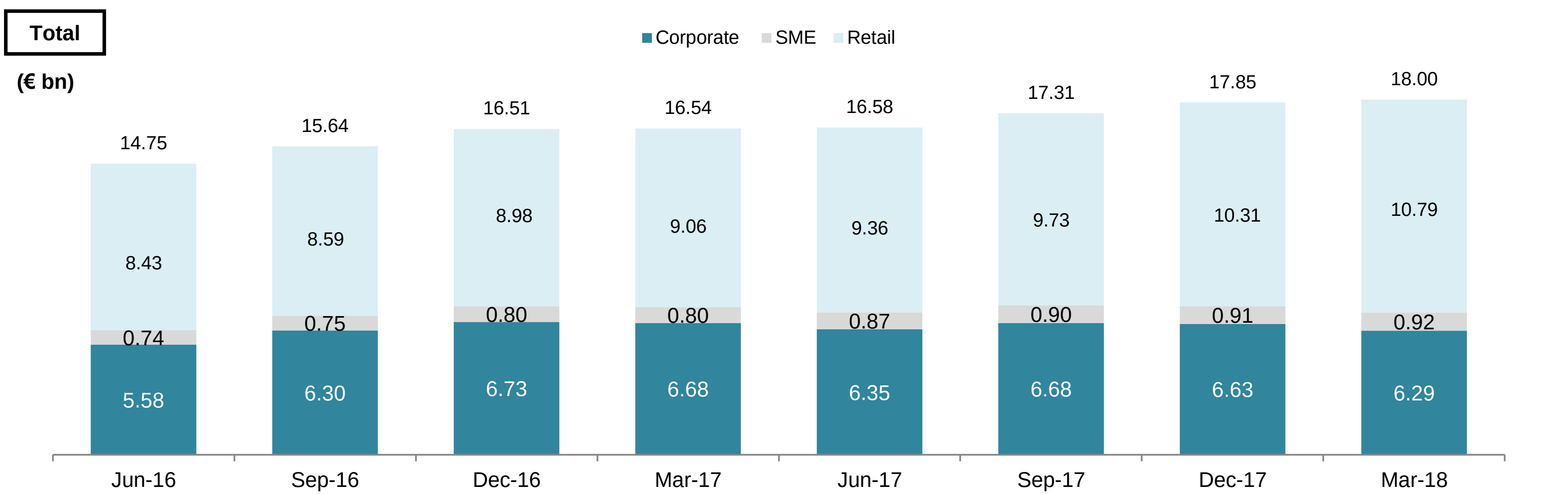
31 March 2018 (%)



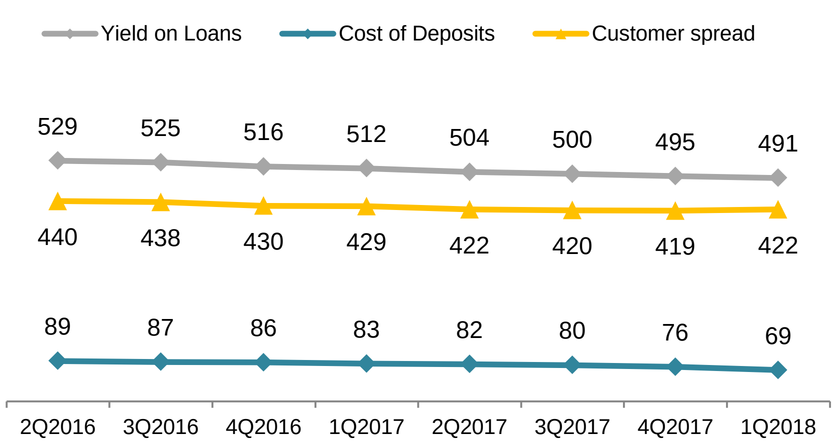
Bank of Cyprus

Analysis of Deposits by Sector and cost of deposits

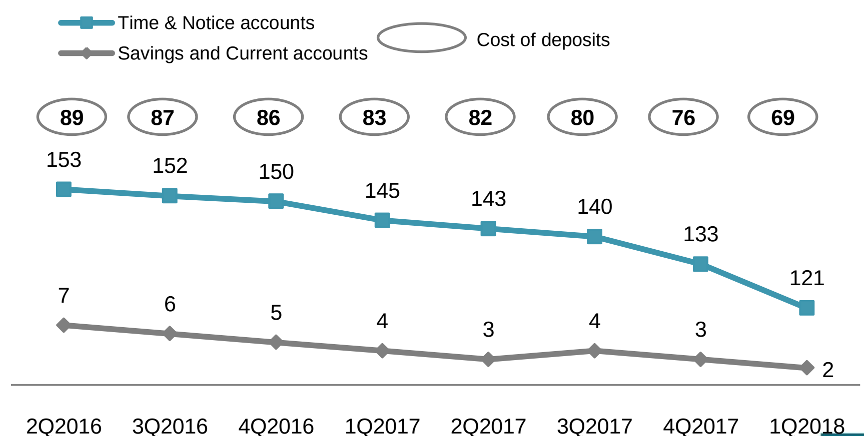
Deposits by customer Sector



Average contractual interest rates[1] (bps) (Cy)



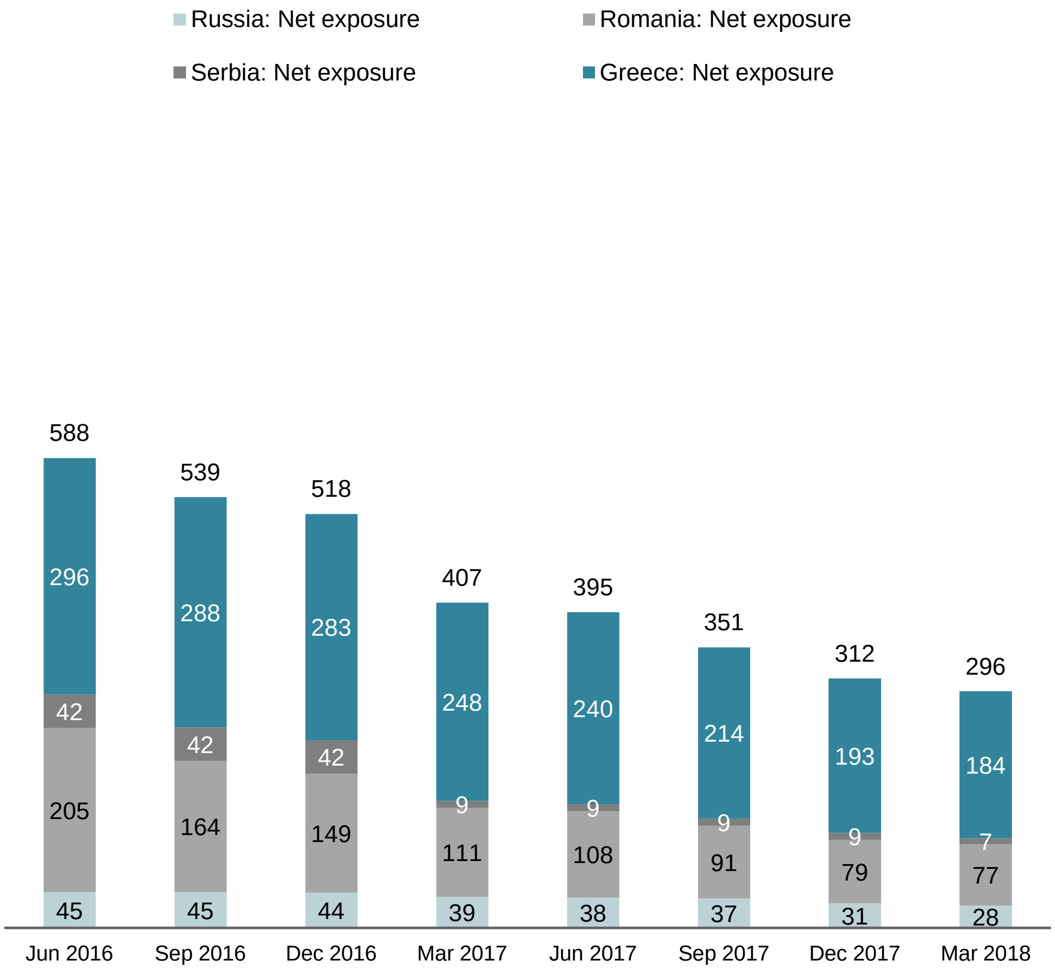
Customer deposit rates decline further (Cy)



(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

Reduction in Overseas Non-Core Exposures

Overseas non-core exposures[1] (€ mn)



- In addition, at 31 March 2018, there were €184 mn[2] of overseas exposures in Greece (€168 mn as at 31 December 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 branch in Romania **are expected to be terminated, subject to the completion of deregistration formalities with respective authorities. Most of the remaining assets and liabilities of the branch in Romania 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: According to the EBA reporting standards on forbearance and non-performing exposures (NPEs), published on 2014 and ECB's Guidance to Banks on Non-Performing Loans published on March 2017 a loan is considered an NPE 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 forborne exposures under probation for which additional forbearance measures are extended, or

v. there are performing forborne exposures under probation that present more than 30 days past due within the probation period. The NPEs are reported before the deduction of accumulated provisions

The exit criteria of NPE forborne 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.

Disclaimer

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. These forward-looking statements include, but are not limited to, statements relating to the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, provisions, impairments, 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 EU Member States, interest rate and foreign exchange fluctuations, legislative, fiscal and regulatory developments and information technology, litigation and other operational risks. 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 from 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. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any security in any jurisdiction in the United States, to United States Domiciles or otherwise. Some of the information in the presentation is derived from publicly available information from sources such as the Central Bank of Cyprus, the Statistical Services of the Cyprus Ministry of Finance, the IMF, Bloomberg and Company Reports and the Bank makes no representation or warranty as to the accuracy of that information. The delivery of this presentation shall under no circumstances imply that there has been no change in the affairs of the Group or that the information set forth herein is complete or correct as of any date. This presentation shall not be used in connection with any investment decision regarding any of our securities, which should only be made based on expressly authorised materials from us identified as such, nor in connection with any decision whether or how to vote on any matter submitted to our stockholders. The securities issued by Bank of Cyprus Public Company Limited and the Bank of Cyprus Holdings Public Limited Company have not been, and will not be, registered under the US Securities Act of 1933 (“the Securities Act”), or under the applicable securities laws of Canada, Australia or Japan.