



Announcement

Nicosia, 19 February 2019

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014

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 122 branches, of which 121 operate in Cyprus and 1 in Romania. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4,163 staff worldwide. At 30 September 2018, the Group's Total Assets amounted to €22.1 bn and Total Equity was €2.3 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.

Bank of Cyprus Holdings Public Limited Company (“**BOC Holdings**” and, together with its subsidiaries, the “**Group**”) announces that the preliminary financial results of the Group for the year ended 31 December 2018, will be announced on **Monday, 4 March 2019**, before market opens, to the London Stock Exchange and the Cyprus Stock Exchange.

Ahead of this announcement, the Group would like to provide an update to the market on the following topics:

1. SREP

Following the annual Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2018 and based on the pre-notification received, the Group’s minimum phased-in CET1 capital ratio and Total capital ratio remain unchanged when ignoring the phasing-in of the Capital Conservation Buffer and the Other Systemically Important Institution Buffer.

The Group’s phased-in CET1 capital ratio requirement is expected to be 10.5%, comprising a 4.5% Pillar I requirement, a 3.0% Pillar II requirement, the Capital Conservation Buffer of 2.5% and the Other Systemically Important Institution Buffer of 0.5%.

The Group’s Total capital ratio requirement is expected to be 14.0%, comprising an 8.0% Pillar I requirement, a 3.0% Pillar II requirement, the Capital Conservation Buffer of 2.5% and the Other Systemically Important Institution Buffer of 0.5%.

The new SREP requirements will be effective as from 1 March 2019 and remain subject to final confirmation from the ECB.

As at 30 September 2018, the Group’s phased-in CET1 ratio and Total capital ratio, both pro forma for the sale of NPEs as a result of Project Helix, stood at 13.2% and 16.2% respectively, comfortably above the minimum capital requirements.

2. Project Helix

Good progress has been achieved towards the completion of Project Helix which relates to the sale of €2.7 bn NPEs. Completion is expected around the end of 1Q2019 / early 2Q2019. The participation of the Bank of Cyprus Public Company Limited (the “Bank”) in the senior debt tranche has been syndicated down to €50 mn from the initial level of €450 mn, significantly de-risking the Bank’s residual exposure to the portfolio sold.

3. FY2018 Financial Results

The Group continues to make good progress on balance sheet repair in line with guidance.

The on-going review of the recoverability of the deferred tax asset (DTA), in accordance with IFRS, has resulted in a reduction in value of the DTA by c.€80 mn, expected to be recorded in 4Q2018. This impairment does not have a material impact on the Group’s regulatory capital on a transitional basis, as a large part of the DTA is deducted from regulatory capital, and has no impact on a fully loaded basis. Certain legislative amendments currently under consideration would, if they are passed, be likely to result in an improved capital treatment of the deferred tax asset, however characterised, in the future.

The net result for 4Q2018, excluding the DTA adjustment, is expected to be broadly in line with the previous quarter.

As at 30 September 2018, the deferred tax asset amounted to €381 mn, recognised on tax losses transferred to the Bank in March 2013 from Laiki Bank.

A full business update will be provided with the publication of the FY2018 preliminary financial results on 4 March 2019.

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