

## Announcement

### Trading update relating to the financial results for the six months ended 30 June 2016

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Nicosia, 28 July 2016

- Second quarter characterised by continued positive momentum
- Problem loans (90+ DPD<sup>1</sup>) down by a further €1 bn during 2Q2016; €2 bn or 18% reduction in 1H2016
- Provisioning coverage of 90+ DPD improved to 53%
- Deposits increased by more than €600 mn in the second quarter of 2016
- ELA reduced this year by €1,8 bn to current level of €2,0 bn
- CET1 ratio improved to 14,4%
- Operating profit before provisions of c. €135 mn for 2Q2016, compared with €146 mn in 1Q2016
- Continuing strong operating profitability directed at increased provisions and impairment charges, to support faster derisking of the balance sheet. Second half profits expected to be similarly directed
- Provisions and impairment charges c. €108 mn for 2Q2016 compared with €70 mn in 1Q2016
- €57 mn cost of voluntary exit plan in 2Q2016 covered by €58 mn profit from sale of investment in Visa Europe
- Modest profit after tax of c. €6 mn for the 2Q2016; c. €56 mn for 1H2016

#### **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 136 branches, of which 130 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 4.550 staff worldwide. At 31 March 2016, the Group's Total Assets amounted to €22,7 bn and Total Equity was €3,1 bn.*

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<sup>1</sup> 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).