Bank of Cyprus Holdings

Announcement

Group Financial Results for the quarter ended 31 March 2019

Nicosia, 13 May 2019

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

Key Highlights for the quarter ended 31 March 2019

Good Capital Position

- CET1 ratio of 14.9% pro forma for Helix (13.4% as reported)
- Total Capital ratio of 17.9% pro forma for Helix (16.2% as reported)

Continuing progress on Balance Sheet repair

- Helix legal completion process underway, following ECB's "Significant Risk Transfer" approval received in March 2019. Completion expected during 2Q2019
- Sixteen consecutive quarters of organic NPE reduction. NPEs down by c.70% since December 2014
- NPEs reduced by €157 mn to €4.6 bn (€2.4 bn net) pro forma for Helix
- NPE ratio at 35% and coverage at 48% pro forma for Helix
- Management actively exploring strategies to further accelerate de-risking including further portfolio sales

Strong liquidity position

- Significant liquidity surplus of €3.8 bn, pro forma for Helix
- Deposits at €16.3 bn at quarter end, down by 3% qoq, up 1% yoy for Cyprus
- Loan to deposit ratio of 67% pro forma for Helix

Positive Performance in 1Q2019

- Total Income of €176 mn, Operating profit of €71 mn, Underlying profit after tax before restructuring costs of €23 mn
- Cost of risk of 1.2% reflecting continued de-risking
- Helix loss of €21 mn relating mainly to completion and timing adjustments
- Positive impact of €109 mn following tax legislation amendments adopted in March 2019
- Profit after tax of €95 mn

Group Chief Executive Statement

"Our results this quarter reflect continuing progress against our core objective of balance sheet repair.

We have continued to make good progress towards completion of the sale of c.€2.7 bn non-performing loans in Project Helix, including obtaining the required regulatory approvals from the ECB for the Significant Risk Transfer benefit from the Transaction. We expect completion during the second quarter of 2019.

Project Helix complements our on-going organic non-performing exposure (NPE) reduction, which amounted to €157 mn for the quarter, broadly in line with our organic target of c.€800 mn for 2019. This was the sixteenth consecutive quarter of organic reductions in NPEs.

Since the peak in 2014, and pro forma for the sale of the Helix portfolio, we have now reduced the stock of NPEs by c.70% to €4.6 bn. This stock of delinquent loans is covered by 48% provisions.

Even though we have reduced NPEs by c.70% since peak, there are still €4.6 bn of delinquent loans to be addressed, and for which we have plans in place. Approximately €900 mn of these are in fact fully performing but trapped in the regulatory definition, and approximately another €900 mn should be positively tackled over time by the Government's ESTIA scheme supporting lower value primary residences. This leaves a core of €2.8 bn of delinquent loans that we are actively addressing, exploring strategies to further accelerate our de-risking, including significant portfolio sales.

The Bank's capital position remains good. As at 31 March 2019 the CET1 ratio (IFRS 9 transitional) was 14.9% and the Total Capital ratio was 17.9%, both pro forma for Helix, well in excess of our regulatory requirements.

The Bank continues to operate with a significant liquidity surplus and, reflecting that, we have reduced our deposit gathering and willingness to pay for deposits. At the end of the first quarter, pro forma for Helix we had significant surplus liquidity of €3.8 bn. During the quarter our deposits reduced by 3% to €16.3 bn. New lending in Cyprus during the first quarter was €563 mn, flat year on year. Our loan to deposit ratio at the quarter-end stood at 67% pro forma for Helix.

During the first quarter of the year, the Group generated total income of €176 mn and a positive operating result of €71 mn. The underlying result after tax before restructuring costs for the quarter is a profit of €23 mn. The profit and loss account was positively impacted by €109 mn following tax legislation amendments adopted in March 2019 and negatively impacted by completion and timing adjustments of €21 mn for Project Helix. The result of these was a profit after tax for the first quarter of €95 mn.

2019 is a year in which management is putting in place the final significant steps to repair the balance sheet. We have also worked hard on revising our business model. Our Digital Transformation Programme that started in 2017 is now beginning to clearly deliver an improved customer experience and our branch network is now half the size it was in 2013. But there is a need to further rationalise, further modernise and reduce the cost of running the Bank. Considerable work is going on in this important area which is a key focus for management this year.

We are pleased to have maintained our leading market position in a strengthening Cypriot economy, which expanded by 3.9% in 2018. We remain as focused as ever on continuing to seek solutions, both organic and inorganic, to make the Bank a stronger, safer, Cyprus- and future- focused institution, capable of supporting the local economy."

John Patrick Hourican

A. Group Financial Results – Underlying Basis

Unaudited Interim Condensed Consolidated Income Statement

€ mn	1Q2019	1Q2018 represented[2,3]	4Q2018[3]	qoq ±%	yoy ±%
Net interest income	102	106	104	-1%	-3%
Net fee and commission income	40	39	43	-9%	1%
Net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries	10	29	15	-32%	-65%
Insurance income net of claims and commissions	12	12	15	-19%	0%
Net gains from revaluation and disposal of investment properties and on disposal of stock of properties	4	19	3	30%	-79%
Other income	8	6	9	-3%	27%
Total income	**176**	**211**	**189**	-6%	-17%
Staff costs	(57)	(52)	(59)	-3%	9%
Other operating expenses	(42)	(37)	(44)	-3%	12%
Special levy and contribution to Single Resolution Fund	(6)	(7)	(7)	-7%	-13%
Total expenses	**(105)**	**(96)**	**(110)**	-3%	9%
Operating profit	**71**	**115**	**79**	-11%	-38%
Provision charge	(47)	(52)	(32)	49%	-10%
Impairments of other financial and non-financial assets	(1)	(6)	(7)	-93%	-91%
Provisions for litigation, regulatory and other matters	0	(2)	(13)	-102%	-114%
Total provisions and impairments	**(48)**	**(60)**	**(52)**	-11%	-21%
Share of profit from associates	2	1	0	97%	50%
Profit before tax and non-recurring items	**25**	**56**	**27**	-6%	-53%
Tax	(2)	(4)	7	-141%	-19%
(Profit)/loss attributable to non-controlling interests	(0)	2	(4)	-89%	-129%
Profit after tax and before non-recurring items	**23**	**54**	**30**	-25%	-58%
Advisory and other restructuring costs – excluding discontinued operations and NPE sale (Helix)	(7)	(8)	(16)	-60%	-9%
Profit after tax - Organic	**16**	**46**	**14**	15%	-66%
Profit/(loss) from discontinued operations (UK)	-	3	(1)	-	-
Restructuring costs relating to NPE sale (Helix)	(1)	(6)	(1)	-28%	-83%
Loss relating to NPE sale (Helix)	(21)	-	-	-	-
Reversal/(impairment) of DTA and tax receivables	101	-	(79)	-	-
Profit/(loss) after tax – attributable to the owners of the Company	**95**	**43**	**(67)**	**-**	119%

Key Performance Ratios[3]	1Q2019	1Q2018 represented[2,3]	4Q2018[3]	qoq ±	yoy ±
Net Interest Margin (annualised)[1]	2.27%	2.38%	2.21%	+6 bps	-11 bps
Cost to income ratio	60%	46%	58%	+2 p.p.	+14 p.p.
Cost to income ratio excluding special levy and contribution to Single Resolution Fund	56%	42%	54%	+2 p.p.	+14 p.p.
Operating profit return on average assets (annualised)[1]	1.3%	2.1%	1.4%	-0.1 p.p.	-0.8 p.p.
Basic earnings per share attributable to the owners of the Company - Organic (€ cent)	3.61	10.48	3.12	0.49	(6.87)
Basic earnings/(losses) per share attributable to the owners of the Company (€ cent)	21.23	9.67	(14.93)	36.16	11.56

1. Ignoring the classification of the Helix portfolio of €1,103 mn (NBV) and of the Velocity portfolio of €5 mn (NBV) as disposal groups held for sale. 2. Represented for the disposal of the UK subsidiary 3. Including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9)). ; p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

A. Group Financial Results – Underlying Basis (continued)

Unaudited Interim Condensed Consolidated Balance Sheet

€ mn	31.03.2019	31.12.2018	±%
Cash and balances with central banks	3,913	4,610	-15%
Loans and advances to banks	448	473	-5%
Debt securities, treasury bills and equity investments	1,711	1,515	13%
Net loans and advances to customers	10,955	10,922	0%
Stock of property	1,542	1,530	1%
Other assets	1,727	1,555	11%
Non-current assets and disposal groups held for sale	1,449	1,470	-1%
Total assets	**21,745**	**22,075**	**-1%**
Deposits by banks	480	432	11%
Funding from central banks	830	830	-
Repurchase agreements	251	249	1%
Customer deposits	16,298	16,844	-3%
Subordinated loan stock	254	271	-6%
Other liabilities	1,163	1,082	7%
Total liabilities	**19,276**	**19,708**	**-2%**
Shareholders' equity	**2,223**	**2,121**	**5%**
Other equity instruments	220	220	-
Total equity excluding non-controlling interests	**2,443**	**2,341**	**4%**
Non-controlling interests	26	26	2%
Total equity	**2,469**	**2,367**	**4%**
Total liabilities and equity	**21,745**	**22,075**	**-1%**

Key Balance Sheet figures and ratios	**31.03.2019 Before NPE Sale (Helix)[1]**	**31.03.2019**	**31.12.2018**	**±**
Gross loans (€ mn)	15,882	**13,155**	**13,148**	0%
Accumulated provisions (€ mn)	3,846	**2,227**	**2,254**	-1%
Customer deposits (€ mn)	16,298	**16,298**	**16,844**	-3%
Loans to deposits ratio (net)	74%	**67%**	**65%**	+2 p.p.
NPE ratio	46%	**35%**	**36%**	-1 p.p.
NPE provisioning coverage ratio	53%	**48%**	**47%**	+1 p.p.
Leverage ratio	10.6%	**10.6%**	**10.0%**	0.6 p.p.
Capital ratios and risk weighted assets	**31.03.2019 pro forma[2]**	**31.03.2019**	**31.12.2018**	**±**
Common Equity Tier 1 (CET1) ratio (transitional for IFRS 9)[3]	14.9%	**13.4%**	**11.9%[4]**	+150 bps
Total capital ratio	17.9%	**16.2%**	**14.9%**	+130 bps
Risk weighted assets (€ mn)	13,884	**15,391**	**15,373**	0%

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point; 1. Ignoring the classification of the Helix portfolio of €1,103 mn (NBV) and of the Velocity portfolio of €5 mn (NBV) as disposal groups held for sale. 2. Pro forma for Helix. 3. The CET1 FL ratio as at 31 March 2019 (including the full impact of IFRS 9) amounts to 11.9% and 13.3% pro forma for Helix (compared to 10.1% and 13.5% respectively for 31 December 2018). 4. The CET1 ratio transitional also for DTA as at 31 December 2018 stood at 12.1%.

A. Group Financial Results – Underlying Basis (continued)

Commentary on Underlying Basis

Reclassifications to comparative information for 1Q2018 and 4Q2018 were made in order to present the financial information on a comparable basis to the current year presentation. They mainly relate to the following items: (i) unrecognised interest on previously credit impaired loans which have cured during the period in line with an IFRIC discussion, which took place in November 2018 (Presentation of unrecognised interest following the curing of a credit impaired financial asset (IFRS 9)) was reclassified from net interest income to 'Credit losses to cover credit risk on loans and advances to customers'; (ii) the results of the discontinued operations in the UK were represented as discontinued operations; (iii) Interest income and interest expense relating to financial instruments classified at FVPL have been reclassified to 'Income similar to interest income' and 'Expense similar to interest expense' respectively in order to be consistent with the presentation requirements for the interest income calculated using the effective interest rate method, on financial instruments measured at amortised cost and financial assets measured at FVOCI following the adoption of IFRS 9. The reclassifications and representation did not have an impact on the results for the quarter or the equity of the Group.

A.1. Balance Sheet Analysis

A.1.1 Capital Base

Total equity (excluding non-controlling interests) totalled €2,443 mn at 31 March 2019, compared to €2,341 mn at 31 December 2018. Shareholders' equity totalled €2,223 mn at 31 March 2019, compared to €2,121 mn at 31 December 2018.

The **Common Equity Tier 1 capital (CET1) ratio on an IFRS 9 transitional basis** stood at 13.4% at 31 March 2019 (and 14.9% pro forma for Helix), compared to 11.9% at 31 December 2018. The CET1 ratio transitional also for deferred tax assets (DTA) stood at 12.1% as at 31 December 2018. The DTAs were fully phased in as of 1 January 2019. During 1Q2019 the CET1 ratio was positively affected by the tax legislation amendments relating to the conversion of deferred tax assets into deferred tax credits.

The Group has elected to apply the EU transitional arrangements for regulatory capital purposes (EU Regulation 2017/2395) where the impact on the impairment amount from the initial application of IFRS 9 on the capital ratios is phased-in gradually. The amount added each year decreases based on a weighting factor until the impact of IFRS 9 is fully absorbed back to CET1 at the end of the five years. The impact on the capital ratios for the year 2018 was 5% of the impact on the impairment amounts from the initial application of IFRS 9, increasing to 15% (cumulative) for the year 2019. The CET1 ratio on a **fully-loaded basis** amounts to 11.9% at 31 March 2019 (and 13.3% pro forma for Helix), compared to 10.1% at 31 December 2018 (and 13.5% pro forma for DTC and Helix). On a transitional basis and on a fully phased-in basis after the five year period of transition is complete, the impact of IFRS 9 is expected to be manageable and within the Group's capital plans.

As at 31 March 2019, the Total Capital ratio stood at 16.2% (and 17.9% pro forma for Helix), compared to 14.9% at 31 December 2018.

The Group's capital ratios are above the minimum CET1 regulatory capital ratio of 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%) and the overall Total Capital requirement of 14.0%, comprising an 8.0% Pillar I requirement (of which up to 1.5% can be in the form of Additional Tier 1 capital and up to 2.0% in the form of Tier 2 capital), a 3.0% Pillar II requirement (in the form of CET1), the Capital Conservation Buffer of 2.5% and the Other Systemically Important Institution Buffer of 0.5%. The ECB has also provided non-public guidance for an additional Pillar II CET1 buffer.

In accordance with the provisions of the Macroprudential Oversight of Institutions Law of 2015, the Central Bank of Cyprus (CBC) is also the responsible authority for the designation of banks that are Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII buffer requirement for these systemically important banks. The Group has been designated as an O-SII and the O-SII buffer currently set by the CBC for the Group is 2%. This buffer will be phased-in gradually, starting from 1 January 2019 at 0.5% and increasing by 0.5% every year thereafter, until being fully implemented (2.0%) on 1 January 2022.

Based on the SREP decisions of prior years, the Company and the Bank were under a regulatory prohibition for equity dividend distribution and therefore no dividends were declared or paid during years 2018 and 2017. Following the 2018 SREP decision, the Company and the Bank are still under equity dividend distribution prohibition. This prohibition does not apply if the distribution is made via the issuance of new ordinary shares to the shareholders which are eligible as CET1 capital. No prohibition applies to the payment of coupons on any AT1 capital instruments issued by the Company and the Bank.

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.1 Capital Base (continued)

The EBA final guidelines on Supervisory Review and Evaluation Process (SREP) and supervisory stress testing in July 2018 and the Single Supervisory Mechanism's (SSM) 2018 SREP methodology provide that CET1 held for the purposes of Pillar II add-ons cannot be used to meet any other capital requirements (Pillar 1, P2R or the combined buffer requirements), and therefore cannot be used twice. Such restrictions are, however, only expected to apply with effect from the 2019 SREP cycle. Pillar II add-ons derive from the Group's individual capital guidance, which is a point in time assessment made in the context of the SREP process and, accordingly, they may vary over time.

Additional Tier 1

In December 2018, the Company proceeded with the issuance of €220 mn of Additional Tier 1 Capital Securities.

Legislative amendments for the conversion of DTA to DTC

Legislative amendments allowing for the conversion of specific deferred tax assets (DTA) into deferred tax credits (DTC) were adopted by the Cyprus Parliament on 1 March 2019 and published on the Official Gazette of the Republic on 15 March 2019. The law amendments cover the income tax losses transferred from Laiki Bank to the Bank in March 2013. The introduction of CRD IV in January 2014 and its subsequent phasing-in led to a more capital intensive treatment of this DTA for the Bank. The law amendments have resulted in improved regulatory capital treatment, under Capital Requirements Regulation (EU) No. 575/2013 ("CRR"), of the DTA amounting to c.€285 mn or a CET1 uplift of c.190 bps.

Pro forma capital ratios

With the completion of Project Helix expected in 2Q2019, the CET1 ratio (IFRS 9 transitional basis) of 13.4% as at 31 March 2019 improves to 14.9% pro forma for Helix. The Total Capital ratio of 16.2% as at 31 March 2019 improves to 17.9% pro forma for Helix.

Share premium reduction of the Bank

The Bank (BOC PCL) will proceed (subject to approvals mainly by the Court of Cyprus and the ECB) with a capital reduction process which will result in the reclassification of c.€551 mn of the Bank's share premium account balance as distributable reserves which shall be available for distribution to the shareholders of the Bank, resulting in total net distributable reserves of c.€1 bn on a pro forma basis (31 December 2018). The reduction of capital will not have any impact on regulatory capital or the total equity position of BOC PCL or the Group.

The distributable reserves provide the basis for the calculation of distributable items under the CRR, which provides that coupons on AT1 capital instruments may only be funded from distributable items.

A.1.2 Funding and Liquidity

Funding

Funding from Central Banks

At 31 March 2019, the Bank's funding from central banks amounted to €830 mn, which relates to ECB funding, (at the same level as at 31 December 2018), comprising solely of funding through the Targeted Longer-Term Refinancing Operations (TLTRO II).

Deposits

Customer deposits totalled €16,298 mn at 31 March 2019, compared to €16,844 mn at 31 December 2018. Customer deposits decreased by 3% qoq and increased by 1% yoy for deposits in Cyprus. Cyprus deposits account for 100% of Group customer deposits after the disposal of the UK subsidiary in 2018.

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.2 Funding and Liquidity (continued)

Funding (continued)

Deposits (continued)

The Bank's deposit market share in Cyprus reached 35.2% at 31 March 2019 (compared to 36.0% at 31 December 2018, on the same basis). Customer deposits accounted for 75% of total assets at 31 March 2019.

The Loan to Deposit ratio (L/D) stood at 74% at 31 March 2019 when ignoring the classification of the Helix portfolio as a disposal group held for sale, compared to 72% at 31 December 2018, compared to a high of 151% at 31 March 2014. Post NPEs sales (Helix and Velocity), the L/D ratio is reduced by a further 7 p.p to 67%.

Subordinated Loan Stock

At 31 March 2019 the Bank's subordinated loan stock (including accrued interest) amounted to €254 mn (compared to €271 mn as at 31 December 2018) and relates to unsecured subordinated Tier 2 Capital Notes of nominal value €250 mn, issued by the Bank in January 2017.

Liquidity

At 31 March 2019 the Group Liquidity Coverage Ratio (LCR) stood at 216% (compared to 231% at 31 December 2018) and was in compliance with the minimum regulatory requirement of 100%.

The Net Stable Funding Ratio (NSFR) has not yet been introduced. It will become a regulatory indicator when CRR2 is enforced with the limit set at 100%. At 31 March 2019, the Group's NSFR, on the basis of Basel III standards, stood at 117% (compared to 119% at 31 December 2018).

A.1.3 Loans

Group gross loans totalled €15,882 mn at 31 March 2019, compared to €15,900 mn at 31 December 2018. Gross loans in Cyprus totalled €15,686 mn at 31 March 2019 and accounted for 99% of Group gross loans. The exposures remaining in the UK post the sale of BOC UK are being run down over time and have been categorised as non-core overseas exposures as of 30 September 2018.

New loans granted in Cyprus reached €563 mn for 1Q2019, flat year on year.

At 31 March 2019, the Group net loans and advances to customers totalled €10,955 mn (compared to €10,922 mn at 31 December 2018).

In addition, at 31 March 2019, net loans and advances to customers of €1,103 mn were classified as a disposal group held for sale in line with IFRS 5 and relate to Helix, compared to €1,148 mn at 31 December 2018. Moreover, at 31 March 2019, net loans and advances to customers of €5 mn (compared to €6 mn as at 31 December 2018) were classified as a disposal group held for sale in line with IFRS 5 and relate to Project Velocity, an agreement to sell a non-performing loan portfolio of primarily retail unsecured exposures.

The Bank is the single largest credit provider in Cyprus with a market share of 46.7% at 31 March 2019, compared to 45.4% at 31 December 2018.

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.4 Loan portfolio quality

Tackling the Group's loan portfolio quality remains the top priority for management. The Group continues to make steady progress across all asset quality metrics and the loan restructuring activity continues. The Group has been successful in engineering restructuring solutions across the spectrum of its loan portfolio.

Non-performing exposures (NPEs) as defined by the European Banking Authority (EBA) were reduced by €146 mn or 2% during 1Q2019 to €7,273 mn at 31 March 2019, accounting for 46% of gross loans (ignoring the classification of the Helix (and Velocity) portfolio as a disposal group held for sale), compared to 47% at 31 December 2018 on the same basis.

The organic reduction of NPEs in 1Q2019 on the residual portfolio was €157 mn, broadly in line with an organic target of c.€800 mn for 2019. This included an amount of €104 mn, which relates to a reclassification between gross loans and accumulated provisions on loans and advances to customers classified as a disposal group held for sale.

The provisioning coverage ratio of NPEs stood at 53% at 31 March 2019 (ignoring the classification of the Helix (and Velocity) portfolio as a disposal group held for sale), compared to 52% at 31 December 2018 on the same basis.

When taking into account tangible collateral at fair value, NPEs are fully covered.

	31.03.2019[1]		31.12.2018[1]	
	€ mn	**% of gross loans**	€ mn	% of gross loans
NPEs as per EBA definition	**7,273**	**45.8%**	7,419	46.7%
Of which, in pipeline to exit: - NPEs with forbearance measures, no arrears[2]	**1,084**	**6.8%**	1,211	7.6%

1. Ignoring the classification of the Helix portfolio of €1,103mn (NBV) and of the Velocity portfolio of €5 mn (NBV) as disposal groups held for sale. 2. The analysis is performed on a customer basis.

Overall, the Group has recorded organic NPE reductions for sixteen consecutive quarters and expects the organic reduction of residual NPEs (post Helix) to continue during the coming quarters.

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.4 Loan portfolio quality (continued)

Project Helix

During 2018, in addition to the organic reduction of NPEs, the Group accelerated balance sheet de-risking through reaching an agreement in August 2018 for the sale of a portfolio of loans (the ‘Portfolio’) with a gross book value of €2.8 bn (of which €2.7 bn relate to non-performing loans as at 30 June 2018), secured by real estate collateral (‘NPLs’) (known as ‘Project Helix’, or the ‘Transaction’). The Portfolio had a contractual balance of c.€5.7 bn as at 31 March 2018.

Following the completion of Project Helix, the Bank’s gross NPEs will be c.70% lower than its peak in 2014.

Project Helix reduces the NPE ratio by c.11 p.p. to 35% as at 31 March 2019. Ignoring the classification of the Helix (and Velocity) portfolios as disposal groups held for sale, the NPE ratio is 46%.

The NPE provision coverage as at 31 March 2019 is 48%, compared to 47% as at 31 December 2018. Ignoring the classification of the Helix (and Velocity) portfolios as disposal groups held for sale, the NPE provision coverage is 53%.

In March 2019, the Bank received approval from the ECB for the Significant Risk Transfer (‘SRT’) benefit from the Transaction. This is an important step towards completion of the Transaction, which remains subject to various outstanding conditions precedent. All relevant figures and pro forma calculations are based on 31 March 2019 financial results, unless otherwise stated. Calculations on a pro forma basis assume completion of the Transaction, expected to occur in 2Q2019.

ESTIA

In July 2018, the **Government announced a scheme aimed at addressing NPEs backed by primary residence**, known as ESTIA. This Scheme is expected to positively impact c.€0.9 bn of retail core NPEs, subject to eligibility criteria and participation rate. This Estia eligible portfolio refers to the potentially eligible portfolio based on the Bank’s available data. Eligibility criteria relate primarily to the Open Market Value (OMV) of the residence, total income and net wealth of the household. These will act as a clear definition of socially protected borrowers, acting as an enabler against strategic defaulters. In accordance with the Scheme, the eligible loans are to be restructured to the lower of contractual and OMV, and the Government to subsidise one third of the instalment. The terms of the Scheme are subject to finalisation. The Bank is currently awaiting the official launch of the Scheme by the Government.

Project Velocity

In December 2018, the Bank entered into an agreement with APS Delta s.r.o, to sell a non-performing loan portfolio of primarily retail unsecured exposures, with a contractual balance of €245 mn and a gross book value of €34 mn as at 30 September 2018 **(known as “Project Velocity” or the “Sale”)**. This portfolio comprises of 9,700 heavily delinquent borrowers, including 8,800 private individuals and 900 small-to-medium-sized enterprises. The gross book value of this portfolio as at 31 March 2019 was €33 mn.

The Sale is expected to be neutral to both the profit and loss account and to capital. The Sale is subject to the necessary approvals and is expected to be completed during 2Q2019.

The Group actively explores strategies to further accelerate de-risking, including significant portfolio sales.

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.5. Real Estate Management Unit (REMU)

The **Real Estate Management Unit (REMU)** on-boarded €45 mn of assets (including construction cost) in 1Q2019 (down by 61% qoq and 66% yoy), via the execution of debt for asset swaps and repossessed properties. The focus for REMU is increasingly shifting from on-boarding of assets resulting from debt for asset swaps towards the disposal of these assets. The Group completed disposals of €30 mn in 1Q2019 (compared to €42 mn in 4Q2018), resulting in a profit on disposal of €4 mn for 1Q2019. During the quarter ended 31 March 2019, the Group executed sale-purchase agreements (SPAs) with contract value of €37 mn (119 properties). In addition, the Group signed SPAs for disposals of assets with contract value of €103 mn.

Following the incorporation of Cyreit Variable Capital Investment Company PLC, properties of carrying value €166 mn were reclassified from the stock of properties (measured at the lower of cost and net realisable value under IAS 2) to investment properties (measured at fair value under IAS 40). In November 2018, the Bank signed an agreement for the disposal of its entire holding in the investment shares of the Cyreit Fund, resulting in a valuation loss of €14 mn recorded in 3Q2018, relating to both properties and other receivables. The completion of the disposal is subject to regulatory approvals and expected in 2Q2019.

As at 31 March 2019, assets held by REMU had a carrying value of €1.5 bn, in addition to assets reclassified to investment properties of €166 mn, which were subsequently classified as a disposal group held for sale. As at 31 March 2019, properties with carrying value of €98 mn were included in the portfolio for the NPE sale (Helix), compared to €74 mn as at 31 December 2018.

Assets held by REMU (Group) **€ mn**	**1Q2019**	**1Q2018**	**4Q2018**	qoq ±%	yoy ±%
Opening balance	1,530	1,641	1,558	-2%	-7%
On-boarded assets (including construction cost)	45	134	117	-61%	-66%
Sales	(30)	(55)	(42)	-29%	-45%
Transfer to investment properties	-	(166)	-	-	-
Transfer to non-current assets and disposal groups held for sale	(1)	-	(102)	-99%	-
Closing balance	1,542	1,552	1,530	1%	-1%

Analysis by type and country **31 March 2019 (€ mn)**	**Cyprus**	**Greece**	**Romania**	**Total**
Residential properties	**172**	**25**	**0**	**197**
Offices and other commercial properties	**226**	**42**	**7**	**275**
Manufacturing and industrial properties	**82**	**37**	**0**	**119**
Hotels	**35**	**0**	**-**	**35**
Land (fields and plots)	**904**	**7**	**4**	**915**
Properties under construction	**1**	**-**	**-**	**1**
Total	**1,420**	**111**	**11**	**1,542**

31 December 2018 (€ mn)	**Cyprus**	**Greece**	**Romania**	**Total**
Residential properties	164	25	0	189
Offices and other commercial properties	228	44	7	279
Manufacturing and industrial properties	80	38	0	118
Hotels	35	0	-	35
Land (fields and plots)	896	8	4	908
Properties under construction	1	-	-	1
Total	1,404	115	11	1,530

A. Group Financial Results – Underlying Basis (continued)

A.1. Balance Sheet Analysis (continued)

A.1.6 Non-core overseas exposures

The remaining non-core overseas net exposures (including both on-balance sheet and off-balance sheet exposures) at 31 March 2019 are as follows:

€ mn	**31 March 2019**	**31 December 2018**
Greece	**152**	164
Romania	**33**	35
Serbia	**7**	7
Russia	**21**	23
UK	**1**	11

The Group continues its efforts for further deleveraging and disposal of non-essential assets and operations.

In addition to the above, at 31 March 2019 there were overseas exposures of €157 mn in Greece (compared to exposures of €144 mn at 31 December 2018), not identified as non-core exposures, since they are considered by management as exposures arising in the normal course of business.

In accordance with the Group's strategy to exit from overseas non-core operations, the operations of the branch in Romania were terminated in January 2019, following the completion of deregistration formalities with respective authorities.

A. Group Financial Results – Underlying Basis (continued)

A.2. Income Statement Analysis

A.2.1 Total income

€ mn	1Q2019	1Q2018 represented[2,3]	4Q2018[3]	qoq ±%	Yoy[2] ±%
Net interest income	**102**	**106**	**104**	**-1%**	**-3%**
Net fee and commission income	40	39	43	-9%	1%
Net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries	10	29	15	-32%	-65%
Insurance income net of claims and commissions	12	12	15	-19%	0%
Net gains from revaluation and disposal of investment properties and on disposal of stock of properties	4	19	3	30%	-79%
Other income	8	6	9	-3%	27%
Non-interest income	**74**	**105**	**85**	-13%	-30%
Total income	**176**	**211**	**189**	-6%	-17%
Net Interest Margin (annualised)[1]	2.27%	2.38%	2.21%	6 bps	-11 bps
Average interest earning assets (€ mn)[1]	18,243	17,981	18,468	-1%	1%

1. Ignoring the classification of the Helix portfolio of €1,103 mn (NBV) and of the Velocity portfolio of €5 mn (NBV) as disposal groups held for sale.
2. Represented for the disposal of the UK subsidiary.
3. Including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9))

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Net interest income (NII) and net interest margin (NIM) for 1Q2019 amounted to €102 mn and 2.27% respectively, when ignoring the classification of the Helix portfolio as a disposal group held for sale. NII remained at similar levels when compared to €104 mn for 4Q2018 and down by 3% compared to €106 mn a year earlier. The NIM for 1Q2019 improved by 6 bps to 2.27%, positively impacted by the reduction in the volume and cost of deposits. The yoy decline in NIM of 11 bps reflects the lower volume on loans and pressure on lending rates.

Quarterly average interest earning assets for 1Q2019 amounted to €18,243 mn, compared to €18,468 mn for 4Q2018, down by 1%, primarily driven by the decrease in the volume of deposits.

Non-interest income for 1Q2019 amounted to €74 mn, mainly comprising net fee and commission income of €40 mn, net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries of €10 mn, net insurance income of €12 mn, net gains from revaluation and disposal of investment properties and on disposal of stock of properties of €4 mn and other income of €8 mn.

Net fee and commission income for 1Q2019 amounted to €40 mn, at similar levels compared to 1Q2018 and compared to €43 mn in 4Q2018 (down by 9% qoq), reflecting quarterly seasonality.

Net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries of €10 mn for 1Q2019, comprising mainly net foreign exchange gains of €7 mn and net gains on revaluation of financial instruments of €3 mn, decreased by 65% yoy and 32% qoq. The yoy decrease is due to an ad-hoc gain on disposal of bonds during 1Q2018 of €19 mn. The qoq decrease is mainly due to elevated foreign exchange gains in 4Q2018 related to the closing of hedging positions of overseas / run down operations.

Net insurance income of €12 mn for 1Q2019, at the same levels as for 1Q2018, but decreased by 19% qoq mainly due to elevated insurance claims in 1Q2019.

Net gains from revaluation and disposal of investment properties and on disposal of stock of properties for 1Q2019 amounted to €4 mn, relating to net gains on disposal of stock of properties (REMU gains), at similar levels to the previous quarter (net gains of €3 mn) and compared to net gains of €19 mn for 1Q2018, which comprised net profit from the disposal of stock of properties of €11 mn (REMU gains) and a valuation gain on reclassification of €8 mn.

Total income for 1Q2019 amounted to €176 mn, compared to €189 mn for 4Q2018 (down by 6% qoq) and to €211 mn for 1Q2018 (down by 17% yoy).

A. Group Financial Results – Underlying Basis (continued)

A.2. Income Statement Analysis (continued)

A.2.2 Total expenses

€ mn	1Q2019	1Q2018 represented[2,3]	4Q2018[3]	qoq ±%	yoy ±%
Staff costs	(57)	(52)	(59)	-3%	9%
Other operating expenses	(42)	(37)	(44)	-3%	12%
Total operating expenses	**(99)**	**(89)**	**(103)**	-3%	10%
Special levy and contribution to Single Resolution Fund (SRF)	(6)	(7)	(7)	-7%	-13%
Total expenses	**(105)**	**(96)**	**(110)**	-3%	9%
Cost to income ratio[1]	60%	46%	58%	+2 p.p.	+14 p.p.
Cost to income ratio excluding special levy and contribution to SRF[1]	56%	42%	54%	+2 p.p.	+14 p.p.

1. Ignoring the classification of the Helix portfolio of €1,103 mn (NBV) and of the Velocity portfolio of €5 mn (NBV) as disposal groups held for sale.
2. Represented for the disposal of the UK subsidiary.
3. Including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9))

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

Total expenses for 1Q2019 were €105 mn (compared to €110 mn for 4Q2018), 54% of which related to staff costs (€57 mn), 40% to other operating expenses (€42 mn) and 6% (€6 mn) to special levy and contribution to Single Resolution Fund (SRF).

Total operating expenses for 1Q2019 were €99 mn, increased by 10% yoy, compared to €89 mn for 1Q2018 and decreased by 3% qoq, compared to €103 mn for 4Q2018.

Staff costs of €57 mn for 1Q2019 increased by 9% yoy (compared to €52 mn in 1Q2018) and decreased by 3% qoq when compared to €59 mn for 4Q2018, which included an amount of €4 mn recorded in 4Q2018 related to previous quarters and one-off transactional staff costs. The remaining increase of €2 mn relates to the increase in employer's social insurance contributions from the beginning of the year and the additional contributions to the new general healthcare system which commenced in March 2019.

Other operating expenses for 1Q2019 were €42 mn, decreased by 3% qoq (€44 mn in 4Q2018) and increased by 12% yoy (€37 mn in 1Q2018), driven mainly from projects relating to the Digital Transformation Programme and other professional services.

The **cost to income ratio excluding special levy and contribution to Single Resolution Fund** for 1Q2019 was 56%, (compared to 54% for 4Q2018), principally reflecting the decrease in total income. Management remains focused on cost reduction this year and considerable work is in progress.

A. Group Financial Results – Underlying Basis (continued)

A.2. Income Statement Analysis (continued)

A.2.3 Profit before tax and non-recurring items

€ mn	1Q2019	1Q2018 represented[1,2]	4Q2018[2]	qoq ±%	yoy ±%
Operating profit	**71**	**115**	**79**	-11%	-38%
Provision charge	(47)	(52)	(32)	49%	-10%
Impairments of other financial and non-financial assets	(1)	(6)	(7)	-93%	-91%
Provisions for litigation, regulatory and other matters	0	(2)	(13)	-102%	-114%
Total provisions and impairments	**(48)**	**(60)**	**(52)**	-11%	-21%
Share of profit from associates	2	1	0	97%	50%
Profit before tax and non-recurring items	**25**	**56**	**27**	-6%	-53%

1. Represented for the disposal of the UK subsidiary.
2. Including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9))

Operating profit for 1Q2019 was €71 mn, compared to €79 mn for 4Q2018, down by 11% qoq, and compared to €115 mn for 1Q2018, down by 38% yoy, mainly due to the lower volume on loans and pressure on lending rates.

The **provision charge** for 1Q2019 totalled €47 mn, compared to €32 mn for 4Q2018 (up by 49% qoq) and compared to €52 mn for 1Q2018 (down by 10% yoy). The qoq increase reflects further de-risking.

The annualised provisioning charge for 1Q2019, ignoring the classification of the Helix portfolio as a disposal group held for sale and including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9)), accounted for 1.2% of gross loans, compared to a provisioning charge of 0.8% for FY2018, on the same basis.

At 31 March 2019, accumulated provisions, including fair value adjustment on initial recognition and provisions for off-balance sheet exposures and ignoring the classification of the Helix portfolio as a disposal group held for sale, totalled €3,846 mn (compared to €3,852 mn at 31 December 2018) and accounted for 24.2% of gross loans on the same basis (at the same levels as at 31 December 2018). Ignoring the classification of the Helix portfolio as a disposal group held for sale, the decrease in accumulated provisions in 1Q2019 amounted of €6.5 mn, whilst the decrease in accumulated provisions in the previous quarter amounted to €141 mn.

Impairments of other financial and non-financial assets for 1Q2019 was €1 mn, compared to €7 mn for 4Q2018 (down by 93% qoq) and to €6 mn for 1Q2018 (down by 91% yoy). Impairments of other financial and non-financial assets for 4Q2018 primarily related to the discounting of Greek tax receivables.

Provisions for litigation, regulatory and other matters for 1Q2019 was less than €1 mn, compared to €13 mn for 4Q2018, which primarily related to litigation for securities issued by the BOC PCL between 2007 and 2011 and other provisions for regulatory matters.

A. Group Financial Results – Underlying Basis (continued)

A.2. Income Statement Analysis (continued)

A.2.4 Profit/(loss) after tax

€ mn	1Q2019	1Q2018 represented[1,2]	4Q2018[3]	qoq ±%	yoy ±%
Profit before tax and non-recurring items	**25**	**56**	**27**	-6%	-53%
Tax	(2)	(4)	7	-141%	-19%
(Profit)/loss attributable to non-controlling interests	(0)	2	(4)	-89%	-129%
Profit after tax and before non-recurring items	**23**	**54**	**30**	-25%	-58%
Advisory and other restructuring costs – excluding discontinued operations and NPE sale (Helix)	(7)	(8)	(16)	-60%	-9%
Profit after tax – Organic	**16**	**46**	**14**	15%	-66%
Profit/(loss) from discontinued operations (UK)	-	3	(1)	-	-
Restructuring costs relating to NPE sale (Helix)	(1)	(6)	(1)	-28%	-83%
Loss relating to NPE sale (Helix)	(21)	-	-	-	-
Reversal/(impairment) of DTA and tax receivables	101	-	(79)	-	-
Profit/(loss) after tax – attributable to the owners of the Company	**95**	**43**	**(67)**	**-**	119%

1. Represented for the disposal of the UK subsidiary.
2. Including the impact from IFRIC Presentation of unrecognised interest following the curing of a credit-impaired financial asset (IFRS 9))

The **tax charge** for 1Q2019 totalled €2 mn, compared to a tax charge of €4 mn for 1Q2018 and a tax credit of €7 mn in 4Q2018 which comprised mainly reversals of tax provisions relating to prior years.

Profit after tax and before non-recurring items for 1Q2019 was €23 mn, compared to a profit of €30 mn for 4Q2018 and a profit of €54 mn for 1Q2018.

Advisory and other restructuring costs - excluding discontinued operations and NPE sale (Helix) for 1Q2019 amounted to €7 mn, compared to €16 mn for 4Q2018 and to €8 mn for 1Q2018.

Profit after tax arising from the organic operations of the Group for 1Q2019 amounted to €16 mn, compared to €14 mn for 4Q2018 and to €46 mn for 1Q2018.

Restructuring costs relating to NPE sale (Helix) for 1Q2019 were €1 mn, at the same level as for 4Q2018, comprising mainly advisory costs and legal fees.

Loss relating to NPE sale (Helix) for 1Q2019 was €21 mn, relating mainly to completion and timing adjustments.

Reversal/(impairment) of DTA and tax receivables totalled €101 mn for 1Q2019, comprising the positive impact of €109 mn following amendments to the Income Tax legislation in Cyprus adopted in March 2019, and an impairment of €8 mn relating to Greek tax receivables adversely impacted from legislative changes. The carrying value of the remaining receivable at the quarter end was c.€4 mn. The impairment of the DTA for 4Q2018 was €79 mn and resulted from the on-going review of the recoverability of the DTA.

Profit after tax attributable to the owners of the Company for 1Q2019 was €95 mn, compared to a loss of €67 mn for 4Q2018 and a profit of €43 mn for 1Q2018.

B. Operating Environment

In 2018 real GDP grew by 3.9% after growing by 4.5% in 2017 and by 4.8% in 2016 (Cyprus Statistical Service). Economic activity was driven by tourism, construction and professional services and by domestic demand on the expenditure side. Fixed investment remains sub-par, not accounting for ship registrations and driven by building and construction activity.

Looking forward, according to the European Commission, real GDP in 2019 and 2020 will slow further, to 3.1% and 2.7% respectively (European Economic Forecast, Spring 2019). With external demand weakening, export growth will be moderating. Slowing growth in the Euro Area and persistent uncertainties in major trading partners increase downside risks and weigh on the outlook. In the early part of the year developments have been relative restrictive evidenced in a drop in tourist arrivals in January-March, a decline in car registrations in January-April, and a slowdown in the volume of retail sales in January-March. The volume of building permits though had risen sharply January-February.

Cyprus has close trade and investment links with the UK, making its economy vulnerable to the impact of Brexit on the UK economy. Tourist arrivals from the UK accounted for about 34% of total arrivals in 2017-2018. A possible decline in tourist arrivals from the UK and a drop in their spending will need to be mitigated by increasing arrivals and revenues from other countries.

Demographic trends in Cyprus are not very favourable. Total population and the labour force will be growing at very slow pace, based on Eurostat's population projections. To mitigate problems that will ensue, policy will need to focus on retirement ages, labour force participation rates, and productivity growth especially as society and economy will be evolving to the digital revolution.

The fiscal consolidation of the programme years has been successful. The large budget deficits of 2009-14 have been reversed into substantial surplus positions. In 2018 the budget surplus reached 3.5% of GDP when the fiscal burden of the Cyprus Cooperative Bank transaction, is excluded. The primary surplus correspondingly reached 6% of GDP. Public debt as a ratio to GDP rose from 95.8% in 2017 to 102.5% in 2018 (Cyprus Statistical Service). The increase was driven by the Cyprus Cooperative Bank transaction and the underlying fundamentals remain favourable supporting a resumption of the declining trend in 2019.

The European Central Bank will maintain a very loose monetary policy in the medium term and policy rates will rise only gradually.

The labour market is recovering strongly. Employment increased by 5.9% in 2018, compared with an increase of 3,1% in 2017 (Cyprus Statistical Service). As a result, the unemployment rate dropped to 7.6% in the fourth quarter of 2018 seasonally adjusted and to an average of 8.4% in the year as a whole from 11% in 2017 and contributed to strong private consumption growth (Cyprus Statistical Service).

Consumer inflation accelerated modestly in 2018 up to 1.4% from 0.5% in 2017 (Cyprus Statistical Service). This was owed in large, to higher global energy prices, as the categories rising faster were those of housing and transport. In the first four months of 2019 inflation was 1,4% and was driven by food prices and housing expenditures. Overall prices are rising but inflationary pressures remain weak. Price increases will be determined by future developments regarding wages and disposable income on the one hand, and energy costs on the other.

In the banking sector, the stock of Non Performing Exposures (NPEs) dropped by about half in 2018 to €10.4 billion or 30.5% of gross loans in December, compared with a ratio of 42.5% a year earlier. The ratio of total impairments to total NPEs was 51.2% at the end of December 2018 (Central Bank of Cyprus). This followed the Cyprus Cooperative Bank transaction and the sale of a package of NPEs by Bank of Cyprus. Despite this steep reduction however, the NPE ratio remains high and constitutes a source of vulnerability for the banking sector and the economy at large.

Prudential oversight has been strengthened. In July 2018, the Cyprus government took additional steps to address regulatory issues relating to NPEs. Parliament voted on Cyprus government legislative proposals for strengthening the foreclosure and insolvency framework and facilitating the securitisation of NPEs and the sale of loans. Taken together, these measures, along with ESTIA, a scheme to aid households with non-performing exposures secured with primary homes, will support further reductions in the remaining stock of NPEs.

The sovereign risk ratings of the Cyprus government improved considerably in the recent period reflecting expectations of a sustained decline in public debt as a ratio to GDP, expected further declines in non-performing exposures and a more stable price environment following a protracted period of deflation and low inflation. In November 2018 Fitch Ratings upgraded its Long-Term Issuer Default ratings for Cyprus to investment grade (BBB-) affirming in April 2019. In September 2018, S&P Global Ratings also upgraded Cyprus to investment grade (BBB-). In July 2018 Moody's Investors Service upgraded Cyprus' sovereign rating to Ba2 from Ba3 affirmed in April 2019. All maintain stable outlook.

C. Business Overview

As the Cypriot operations account for 99% of gross loans and 100% of customer deposits, after the disposal of the UK operations, the Group's financial performance is highly correlated to the economic and operating conditions in Cyprus and will consequently benefit from the country's recovery. Most recently, in March 2019, Fitch Ratings affirmed their long-term issuer default rating of B- (positive outlook). In January 2019, Moody's Investors Service upgraded the Bank's long-term deposit rating to B3 from Caa1, with a positive outlook. The positive outlook reflects expectations of further improvements in the banks' financial fundamentals, mainly asset quality over the next 12-18 months, in the context of an improved operating environment in Cyprus. At the end of August 2018, Standard and Poor's upgraded their long-term issuer credit rating on the Bank to 'B+' from 'B' and changed the outlook to stable from positive. The key drivers for the ratings were the improvement in the Bank's financial fundamentals, mainly in asset quality, and its funding position.

Tackling the Bank's loan portfolio quality is of utmost importance for the Group. The Group has been successful in engineering restructuring solutions across the spectrum of its loan portfolio, and expects the reduction of residual NPEs (post the NPE sale (Helix)) to continue, with a target of c.€800 mn for 2019, as portfolio size and business line mix is expected to change radically post execution of Helix. In parallel, the Group is actively exploring strategies to further accelerate de-risking including further portfolio sales.

The strategic focus of the Group is to reshape its business model to grow in the core Cypriot market through prudent new lending. As at 31 March 2019, the Bank's capital position remains good and is strengthened pro forma Helix. The Group expects to continue to be able to support the recovery of the Cyprus economy through the provision of new lending. Growth in new lending in Cyprus is focused on selected industries that are more in line with the Bank's target risk profile, such as tourism, trade, professional services, information/communication technologies, energy, education and green projects.

Aiming at supporting investments by SMEs and mid-caps to boost the Cypriot economy, and create new jobs for young people, the Bank continues to provide joint financed schemes. To this end, the Bank continues its partnership with the European Investment Bank (EIB), the European Investment Fund (EIF), the European Bank for Reconstruction and Development (EBRD) and the Cyprus Government.

Management is also placing emphasis on diversifying income streams by optimising fee income from international transaction services, wealth management and insurance. The Group's insurance companies, EuroLife Ltd and General Insurance of Cyprus Ltd operating in the sectors of life and general insurance respectively, are leading players in the insurance business in Cyprus, with such businesses providing a recurring income, further diversifying the Group's income streams. The insurance income net of insurance claims for 1Q2019 amounted to €12 mn, at the same levels as for 1Q2018, contributing to 17% of non-interest income.

In order to **further optimise its funding structure**, the Bank continues to **focus on the shape and cost of deposit franchise,** taking advantage of the increased customer confidence towards the Bank, as well as improving macroeconomic conditions.

Management remains focused on cost reduction this year, for which considerable work is on-going. The Digital Transformation Programme that started in 2017 is beginning to deliver an improved customer experience (see below) and the branch network is half the size it was in 2013.

Digital Transformation

As part of its vision to be the leading financial hub in Cyprus, the Bank continues its **Digital Transformation Programme** in collaboration with IBM, the Bank's Strategic Digital Transformation Partner, which focuses on three strategic pillars: developing digital services and products that enhance the customer experience, streamlining internal processes and introducing new ways of working to improve the workplace environment. In the last few months, various new features were introduced on the new mobile app, such as the ability to apply for e-products and transfer amounts over €150 through QuickPay. Moreover, the introduction of the 1Bank B2B (business to business) APIs (Application Programming Interfaces) is gaining traction. These are interfaces that enable businesses to enjoy access to 1Bank functionality directly through their own systems without the need to access the 1Bank website. The BoC wallet was also launched, which allows mobile payments through Android devices. In addition, the IBU Gateway was introduced that provides 24/7 access to Professional Associates and IBU/Wealth customers to apply for products or services and get a ready-to-sign application form.

C. Business Overview (continued)

Digital Transformation (continued)

The Bank has led the way in Cyprus in establishing an open banking ecosystem, by being the first bank in Cyprus to launch its PSD2 APIs (Payment Service Directive2, Application Programming Interfaces) and also by integrating with eight UK banks allowing customers to view their account balances and transactions from the integrated banks together with their Bank of Cyprus accounts through 1Bank. Building on the success of the integration of the UK banks we are now working on integrating Cypriot banks. Furthermore, several other initiatives are in progress, including enhancing digital channels to improve customer experience, providing online services using digital signatures, automating internal end to end processes using a BPM (Business Process Management) platform and introducing collaboration and knowledge sharing tools across the organisation. The adoption of digital products and services has continued to increase and is gaining momentum. For example, the Digital Adoption rate which is a composite measure capturing customers' digital engagement with the Bank and the digital economy has increased to 65.9% at 31 March 2019 compared to 61.6% at 31 March 2018. Furthermore, the number of transfers and payments initiated via digital channels has also significantly increased over the last 12 months (936 thousand in March 2019 compared to 544 thousand in March 2018, i.e. 72% increase). As far as the mobile app usage is concerned, the number of active mobile users has increased by 21% since March 2018, while the average number of customer mobile logins per month has increased by 25% over the same period.

D. Strategy and Outlook

The Group remains on track for implementing its strategic objectives aiming to become **a stronger, safer and a more focused institution capable of supporting the recovery of the Cypriot economy** and delivering appropriate shareholder returns in the medium term.

The key pillars of the Group's strategy are to:

- **Materially reduce** the level of delinquent loans
- **Further optimise the funding structure**
- **Maintain an appropriate capital position** by internally generating capital
- Focus on the **core Cyprus market**
- Achieve a **lean operating model**
- **Deliver value** to shareholders and other stakeholders

KEY PILLARS	PLAN OF ACTION
1. Materially reduce the level of delinquent loans	• Sustain momentum in restructuring and continue reduction of NPEs • Focus on terminated portfolios (in Recovery Unit) – "accelerated consensual foreclosures" • Real estate management via REMU • Continue to explore alternative measures for accelerating NPE reduction, such as NPE sales, securitisations etc.
2. Further optimise the funding structure	• Focus on shape and cost of deposit franchise
3. Maintain an appropriate capital position	• Internally generating capital
4. Focus on core Cyprus market	• Targeted lending in Cyprus into growing sectors to fund recovery • New loan origination, while maintaining lending yields • Revenue diversification via fee income from international business, wealth, and insurance
5. Achieve a lean operating model	• Implementation of digital transformation program underway, aimed at enhancing productivity through alternative distribution channels and reducing operating costs over time • Post the execution of further NPE reduction, the Bank is focusing on the need to manage costs
6. Deliver value	• Deliver appropriate medium term risk-adjusted returns

E. Statutory Financial Results

Unaudited Interim Consolidated Income Statement

	Three months ended 31 March	
	2019	2018 (represented)
	€000	€000
Continuing operations		
Turnover	**237,102**	254,216
Interest income	**126,967**	144,423
Income similar to interest income	**13,199**	12,731
Interest expense	**(26,313)**	(40,049)
Expense similar to interest expense	**(11,807)**	(11,486)
Net interest income	**102,046**	105,619
Fee and commission income	**42,778**	41,840
Fee and commission expense	**(9,502)**	(2,603)
Net foreign exchange gains	**6,869**	6,899
Net gains on financial instrument transactions and disposal/dissolution of subsidiaries	**3,953**	18,719
Insurance income net of claims and commissions	**12,413**	12,440
Net (losses)/gains from revaluation and disposal of investment properties	**(404)**	8,272
Net gains on disposal of stock of property	**4,400**	10,516
Other income	**8,075**	6,369
	170,628	208,071
Staff costs	**(57,099)**	(52,225)
Special levy on deposits on credit institutions in Cyprus and contribution to single Resolution Fund	**(6,338)**	(7,311)
Other operating expenses	**(60,831)**	(52,684)
	46,360	95,851
Net gains on derecognition of financial assets measured at amortised cost	**2,848**	15,522
Credit losses to cover credit risk on loans and advances to customers	**(59,822)**	(63,969)
Credit losses of other financial instruments	**(7,441)**	(1,404)
Impairment of non-financial instruments	**(1,389)**	(5,006)
(Loss)/profit before share of profit from associates	**(19,444)**	40,994
Share of profit from associates	**2,228**	1,490
(Loss)/profit before tax from continuing operations	**(17,216)**	42,484
Income tax	**112,353**	(3,553)
Profit after tax from continuing operations	**95,137**	38,931
Discontinued operations		
Profit after tax from discontinued operations	**-**	2,664
Profit for the period	**95,137**	41,595

Attributable to:		
Owners of the Company – continuing operations (profit)	**94,690**	40,491
Owners of the Company – discontinued operations (profit)	**-**	2,664
Total profit attributable to the owners of the Company	**94,690**	43,155
Non-controlling interests – continuing operations	**447**	(1,560)
Profit for the period	**95,137**	41,595

Basic and diluted profit per share attributable to the owners of the Company (€ cent) – continuing operations	**21.2**	9.1
Basic and diluted profit per share attributable to the owners of the Company (€ cent)	**21.2**	9.7

E. Statutory Financial Results (continued)

Unaudited Interim Consolidated Statement of Comprehensive Income

	Three months ended 31 March	
	2019	2018
	€000	€000
Profit for the period	**95,137**	41,595
Other comprehensive income (OCI)		
OCI to be reclassified in the consolidated income statement in subsequent periods		
Fair value reserve (debt instruments)		
Net gains/(losses) on investments in debt instruments measured at fair value through OCI (FVOCI)	**6,951**	(5,468)
Transfer to the consolidated income statement on disposal	**396**	(18,474)
	7,347	(23,942)
Foreign currency translation reserve		
(Loss)/profit on translation of net investment in foreign branches and subsidiaries	**(6,809)**	3,105
Profit/(loss) on hedging of net investments in foreign branches and subsidiaries	**6,019**	(3,248)
Transfer to the consolidated income statement on disposal/dissolution of foreign operations	**-**	(47)
	(790)	(190)
Total OCI that may be classified in the consolidated income statement in subsequent periods	**6,557**	(24,132)
OCI not to be reclassified in the consolidated income statement in subsequent periods		
Fair value reserve (equity instruments)		
Share of net gains/(losses) from fair value changes of associates	**2,156**	(868)
Net gains on investments in equity instruments designated at FVOCI	**176**	1,670
	2,332	802
Property revaluation		
Tax	**29**	16
Actuarial (losses)/gains on the defined benefit plans		
Remeasurement (losses)/ gains on defined benefit plans	**(1,991)**	443
Total OCI not to be classified in the consolidated income statement in subsequent periods	**370**	1,261
Other comprehensive income/(loss) for the period net of taxation	**6,927**	(22,871)
Total comprehensive income for the period	**102,064**	18,724

Attributable to:		
Owners of the Company	**101,599**	20,284
Non-controlling interests	**465**	(1,560)
Total comprehensive income for the period	**102,064**	18,724

E. Statutory Financial Results (continued)

Unaudited Interim Consolidated Balance Sheet

	31 March 2019	31 December 2018
Assets	**€000**	€000
Cash and balances with central banks	**3,913,391**	4,610,491
Loans and advances to banks	**448,043**	472,532
Derivative financial assets	**10,672**	24,754
Investments	**1,417,058**	777,104
Investments pledged as collateral	**293,939**	737,587
Loans and advances to customers	**10,954,529**	10,921,786
Life insurance business assets attributable to policyholders	**429,044**	402,565
Prepayments, accrued income and other assets	**302,053**	256,002
Stock of property	**1,542,011**	1,530,388
Investment properties	**24,517**	24,475
Property and equipment	**292,933**	260,723
Intangible assets	**170,311**	170,411
Investments in associates and joint venture	**119,090**	114,637
Deferred tax assets	**379,126**	301,778
Non-current assets and disposal groups held for sale	**1,448,721**	1,470,038
Total assets	**21,745,438**	22,075,271
Liabilities		
Deposits by banks	**479,756**	431,942
Funding from central banks	**830,000**	830,000
Repurchase agreements	**251,432**	248,945
Derivative financial liabilities	**42,893**	38,983
Customer deposits	**16,298,250**	16,843,558
Insurance liabilities	**618,356**	591,057
Accruals, deferred income and other liabilities	**332,759**	285,483
Pending litigation, claims, regulatory and other matters	**117,347**	116,951
Subordinated loan stock	**254,278**	270,930
Deferred tax liabilities	**44,404**	44,282
Non-current liabilities and disposal group held for sale	**6,571**	5,812
Total liabilities	**19,276,046**	19,707,943
Equity		
Share capital	**44,620**	44,620
Share premium	**1,294,358**	1,294,358
Revaluation and other reserves	**200,011**	190,411
Retained earnings	**683,940**	591,941
Equity attributable to the owners of the Company	**2,222,929**	2,121,330
Other equity instruments	**220,000**	220,000
Total equity excluding non-controlling interests	**2,442,929**	2,341,330
Non-controlling interests	**26,463**	25,998
Total equity	**2,469,392**	2,367,328
Total liabilities and equity	**21,745,438**	22,075,271

The Group adopted the accounting standard IFRS 16 Leases on 1 January 2019. The impact on adoption was an increase in assets of €37,278 thousand and an increase in liabilities of €37,278 thousand with no impact on retained earnings or equity of the Group. The effect of the adoption of IFRS 16 remains subject to change until the Group finalises its financial statements for the year ended 31 December 2019.

Unaudited Interim Consolidated Balance Sheet (continued)

Reclassifications to comparative information were made to conform to current period presentation and relate to:

- Unrecognised interest on previously credit impaired loans which have cured during the period in line with an IFRIC discussion, which has taken place in November 2018 (Presentation of unrecognised interest following the curing of a credit impaired financial asset (IFRS 9)) was reclassified from net interest income to 'Credit losses to cover credit risk on loans and advances to customers'.
- The results of the discontinued operations in the UK (Bank of Cyprus UK Ltd and its subsidiary, Bank of Cyprus Financial Services Ltd) were represented as discontinued operations.
- Interest income and interest expense relating to financial instruments classified at FVPL have been reclassified to 'Income similar to interest income' and 'Expense similar to interest expense' respectively in order to be consistent with the presentation requirements for the interest income calculated using the effective interest rate method, on financial instruments measured at amortised cost and financial assets measured at FVOCI following the adoption of IFRS 9.
- Changes in expected cash flows have been reclassified from 'Net gains on derecognition of financial assets measured at amortised cost' to 'Credit losses to cover credit risk on loans and advances to customers'.
- All credit losses of other financial instruments were reclassified out of 'Credit losses to cover credit risk on loans and advances to customers' to the face of the Interim Consolidated Income Statement.

E. Statutory Financial Results (continued)

Unaudited Interim Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company											
	Share capital	Share premium	Treasury shares	Retained earnings	Property revaluation reserve	Financial instruments fair value reserve	Life insurance in-force business reserve	Foreign currency translation reserve	**Total**	**Other equity instruments**	**Non-controlling interests**	**Total equity**
	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	€000	**€000**
1 January 2019	**44,620**	**1,294,358**	**(21,463)**	**591,941**	**79,433**	**15,289**	**101,001**	**16,151**	**2,121,330**	**220,000**	**25,998**	**2,367,328**
Profit for the period	-	-	-	94,690	-	-	-	-	**94,690**	-	**447**	**95,137**
Other comprehensive (loss)/income after tax for the period	-	-	-	(1,991)	22	9,668	-	(790)	**6,909**	-	**18**	**6,927**
Total comprehensive income/(loss) for the period	-	-	-	92,699	22	9,668	-	(790)	**101,599**	-	**465**	**102,064**
Increase in value of in-force life insurance business	-	-	-	(800)	-	-	800	-	**-**	-	**-**	**-**
Tax on increase in value of in-force life insurance business	-	-	-	100	-	-	(100)	-	**-**	-	**-**	**-**
31 March 2019	**44,620**	**1,294,358**	**(21,463)**	**683,940**	**79,455**	**24,957**	**101,701**	**15,361**	**2,222,929**	**220,000**	**26,463**	**2,469,392**

E. Statutory Financial Results (continued)

Unaudited Interim Consolidated Statement of Changes in Equity (continued)

	Attributable to the owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Accumulated losses	Property revaluation reserve	Financial instruments fair value reserve	Other reserves	Life insurance in-force business reserve	Foreign currency translation reserve	**Total**		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	**€000**
1 January 2018	44,620	2,794,358	(21,463)	(527,128)	92,878	54,485	6,059	105,651	36,098	**2,585,558**	31,150	**2,616,708**
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	(299,150)	-	(8,470)	-	-	-	**(307,620)**	-	**(307,620)**
Restated balance at 1 January 2018	**44,620**	**2,794,358**	**(21,463)**	**(826,278)**	**92,878**	**46,015**	**6,059**	**105,651**	**36,098**	**2,277,938**	**31,150**	**2,309,088**
Profit/(loss) for the period	-	-	-	43,155	-	-	-	-	-	**43,155**	(1,560)	**41,595**
Other comprehensive income/(loss) after tax for the period	-	-	-	443	16	(23,140)	-	-	(190)	**(22,871)**	-	**(22,871)**
Total comprehensive income/(loss) for the period	-	-	-	43,598	16	(23,140)	-	-	(190)	**20,284**	(1,560)	**18,724**
Increase in value of in-force life insurance business	-	-	-	(800)	-	-	-	800	-	**-**	-	**-**
Tax on increase in value of in-force life insurance business	-	-	-	100	-	-	-	(100)	-	**-**	-	**-**
Transfer of gain on disposal of FVOCI equity investments to accumulated losses	-	-	-	89	-	(89)	-	-	-	**-**	-	**-**
Increase in non-controlling interests due to change in the shareholding of subsidiary	-	-	-	-	-	-	-	-	-	**-**	13,473	**13,473**
31 March 2018	**44,620**	**2,794,358**	**(21,463)**	**(783,291)**	**92,894**	**22,786**	**6,059**	**106,351**	**35,908**	**2,298,222**	**43,063**	**2,341,285**

F. Notes

F.1 Reconciliation of income statement between statutory and underlying basis

€000	Underlying basis	Reclassification	Statutory basis
Net interest income	102,046	-	102,046
Net fee and commission income	39,532	(6,256)	33,276
Net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries	10,191	631	10,822
Insurance income net of claims and commissions	12,413	-	12,413
Net gains from revaluation and disposal of investment properties and on disposal of stock of property	3,996	-	3,996
Other income	8,075	-	8,075
Total income	**176,253**	**(5,625)**	**170,628**
Total expenses	**(105,331)**	**(18,937)**	**(124,268)**
Operating profit	**70,922**	**(24,562)**	**46,360**
Provisions charge	(46,704)	(10,270)	(56,974)
Impairments of other financial and non-financial instruments	(580)	(8,250)	(8,830)
Reversal of provisions for litigation and regulatory matters	228	(228)	-
Share of profit from associates	2,228	-	2,228
Profit/(loss) before tax, restructuring costs and discontinued operations	**26,094**	**(43,310)**	**(17,216)**
Income tax	(2,875)	115,228	112,353
Profit attributable to non-controlling interests	(447)	-	(447)
Profit after tax and before restructuring costs, the NPE sale (Helix) and discontinued operations	**22,772**	**71,918**	**94,690**
Advisory and other restructuring costs-excluding the NPE sale (Helix)	(6,689)	6,689	-
Profit after tax (Organic)	**16,083**	**78,607**	**94,690**
Restructuring costs relating to NPE sale (Helix)	(1,075)	1,075	-
Loss relating to NPE sale (Helix)	(21,040)	21,040	-
Net reversal of impairment of deferred tax asset (DTA) and Greek tax asset	100,722	(100,722)	-
Profit after tax (attributable to the owners of the Company)	**94,690**	**-**	**94,690**

The reclassification differences between the statutory and underlying bases mainly relate to the impact from the NPE sale (Helix) and related restructuring costs and impairment of DTA. In detail:

- €6.3 million fee and commission expense related to the revised income tax legislation disclosed within 'Net reversal of impairment of deferred tax asset (DTA) and Greek tax asset' under the underlying basis.
- 'Net foreign exchange gains and net gains on financial instrument transactions and disposal/dissolution of subsidiaries' under the statutory basis include an amount of €0.6 million relating to net gains on loans and advances to customers measured at fair value through profit or loss (FVPL) disclosed within 'Provisions charge' under the underlying basis.
- 'Restructuring costs relating to NPE sale (Helix)' of €1.1 million, 'Reversal of provisions for litigation and regulatory matters' of €0.3 million and 'Advisory and other restructuring costs-excluding the NPE sale (Helix)' of €6.7 million disclosed as expenses under the statutory basis are shown separately under the underlying basis.
- The loss relating to NPE sale (Helix) of €9.6 million and loss of €11.4 million disclosed within 'Provisions charge' and 'Operating expenses' respectively under the statutory basis is separately disclosed under the underlying basis.
- Impairment of Greek tax asset of €8.3 million and reversal of impairment of DTA of €115.2 million disclosed within 'Impairment of other financial and non-financial instruments' and 'Income tax' respectively under the statutory basis are separately disclosed in 'Net reversal of impairment of deferred tax asset (DTA) and Greek tax asset' per the underlying basis.

F. Notes (continued)

F.2 Customer deposits

Analysis of customer deposits is presented below:

	31 March 2019	31 December 2018
By type of deposit	**€000**	€000
Demand	**6,490,591**	6,708,852
Savings	**1,371,824**	1,352,452
Time or notice	**8,435,835**	8,782,254
	16,298,250	16,843,558
By currency		
Euro	**14,519,930**	14,961,025
US Dollar	**1,382,545**	1,482,867
British Pound	**291,460**	292,640
Russian Rouble	**23,474**	25,529
Swiss Franc	**7,921**	7,994
Other currencies	**72,920**	73,503
	16,298,250	16,843,558
By customer sector		
Corporate	**1,670,615**	1,750,517
SMEs	**726,667**	800,671
Retail	**9,825,733**	10,032,047
Restructuring		
– corporate	**70,492**	69,180
– SMEs	**26,847**	29,299
– retail other	**14,178**	16,773
Recoveries		
– corporate	**8,024**	6,492
International banking services	**3,537,237**	3,707,713
Wealth management	**418,457**	430,866
	16,298,250	16,843,558

All deposits are in Cyprus.

F.3 Loans and advances to customers

	31 March 2019	31 December 2018
	€000	€000
Gross loans and advances to customers at amortised cost	**12,453,197**	12,430,367
Allowance for ECL	**(1,892,566)**	(1,904,153)
Loans and advances to customers measured at amortised cost	**10,560,631**	10,526,214
Loans and advances to customers measured at FVPL	**393,898**	395,572
	10,954,529	10,921,786

F.4 Credit risk concentration of gross loans and advances to customers

Geographical and industry and business line concentrations of Group gross loans and advances to customers at amortised cost are presented below:

31 March 2019	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By economic activity	€000	€000	**€000**	**€000**	**€000**
Trade	1,446,675	41,344	**1,488,019**	**(23,758)**	**1,464,261**
Manufacturing	444,006	10,168	**454,174**	**(5,834)**	**448,340**
Hotels and catering	951,651	3,811	**955,462**	**(19,558)**	**935,904**
Construction	947,480	5,791	**953,271**	**(13,302)**	**939,969**
Real estate	973,626	22,338	**995,964**	**(17,415)**	**978,549**
Private individuals	6,175,496	1,150	**6,176,646**	**(125,270)**	**6,051,376**
Professional and other services	914,513	47,723	**962,236**	**(36,028)**	**926,208**
Other sectors	714,901	779	**715,680**	**(7,090)**	**708,590**
	12,568,348	**133,104**	**12,701,452**	**(248,255)**	**12,453,197**
By business line					
Corporate	3,501,016	120,476	**3,621,492**	**(47,776)**	**3,573,716**
SMEs	1,215,829	11,729	**1,227,558**	**(16,392)**	**1,211,166**
Retail					
- housing	2,887,793	-	**2,887,793**	**(43,942)**	**2,843,851**
- consumer, credit cards and other	947,774	899	**948,673**	**2,781**	**951,454**
Restructuring					
- corporate	457,262	-	**457,262**	**(7,512)**	**449,750**
- SMEs	481,203	-	**481,203**	**(9,765)**	**471,438**
- retail housing	456,593	-	**456,593**	**(4,064)**	**452,529**
- retail other	306,001	-	**306,001**	**(8,387)**	**297,614**
Recoveries					
- corporate	134,818	-	**134,818**	**(5,453)**	**129,365**
- SMEs	598,689	-	**598,689**	**(24,876)**	**573,813**
- retail housing	728,280	-	**728,280**	**(39,447)**	**688,833**
- retail other	560,675	-	**560,675**	**(38,742)**	**521,933**
International banking services	180,147	-	**180,147**	**(2,046)**	**178,101**
Wealth management	112,268	-	**112,268**	**(2,634)**	**109,634**
	12,568,348	**133,104**	**12,701,452**	**(248,255)**	**12,453,197**

F. Notes (continued)

F.4 Credit risk concentration of gross loans and advances to customers (continued)

31 December 2018	Cyprus	Other countries	Total	Fair value adjustment on initial recognition	Gross loans at amortised cost after fair value adjustment on initial recognition
By economic activity	€000	€000	**€000**	**€000**	**€000**
Trade	1,447,623	39,682	**1,487,305**	**(24,096)**	**1,463,209**
Manufacturing	437,030	7,572	**444,602**	**(6,439)**	**438,163**
Hotels and catering	877,501	3,806	**881,307**	**(20,354)**	**860,953**
Construction	991,122	2,552	**993,674**	**(14,661)**	**979,013**
Real estate	980,152	21,644	**1,001,796**	**(16,231)**	**985,565**
Private individuals	6,234,765	11,536	**6,246,301**	**(135,603)**	**6,110,698**
Professional and other services	866,093	45,758	**911,851**	**(36,551)**	**875,300**
Other sectors	720,876	4,704	**725,580**	**(8,114)**	**717,466**
	12,555,162	**137,254**	**12,692,416**	**(262,049)**	**12,430,367**
By business line					
Corporate	3,363,298	125,138	**3,488,436**	**(49,982)**	**3,438,454**
SMEs	1,188,456	11,188	**1,199,644**	**(16,537)**	**1,183,107**
Retail					
- housing	2,871,294	-	**2,871,294**	**(45,016)**	**2,826,278**
- consumer, credit cards and other	940,388	904	**941,292**	**2,965**	**944,257**
Restructuring					
- corporate	531,462	24	**531,486**	**(7,907)**	**523,579**
- SMEs	560,806	-	**560,806**	**(11,637)**	**549,169**
- retail housing	498,601	-	**498,601**	**(4,481)**	**494,120**
- retail other	328,952	-	**328,952**	**(8,588)**	**320,364**
Recoveries					
- corporate	164,821	-	**164,821**	**(7,439)**	**157,382**
- SMEs	630,968	-	**630,968**	**(26,178)**	**604,790**
- retail housing	697,212	-	**697,212**	**(40,577)**	**656,635**
- retail other	480,733	-	**480,733**	**(39,923)**	**440,810**
International banking services	192,646	-	**192,646**	**(2,158)**	**190,488**
Wealth management	105,525	-	**105,525**	**(4,591)**	**100,934**
	12,555,162	**137,254**	**12,692,416**	**(262,049)**	**12,430,367**

F. **Notes** (continued)

F.4 **Credit risk concentration of gross loans and advances to customers** (continued)

Loans and advances to customers classified as held for sale

Industry and business lines concentrations and geographical analysis of Group loans and advances to customers at amortised cost classified as held for sale are presented in the table below:

31 March 2019	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By economic activity	€000	€000	**€000**	**€000**	**€000**
Trade	352,152	-	**352,152**	**(11,347)**	**340,805**
Manufacturing	206,599	-	**206,599**	**(7,340)**	**199,259**
Hotels and catering	258,536	-	**258,536**	**(11,968)**	**246,568**
Construction	989,017	-	**989,017**	**(74,141)**	**914,876**
Real estate	393,410	57,230	**450,640**	**(11,192)**	**439,448**
Private individuals	230,938	-	**230,938**	**(8,560)**	**222,378**
Professional and other services	142,066	-	**142,066**	**(5,941)**	**136,125**
Other sectors	195,280	6,222	**201,502**	**(6,723)**	**194,779**
	2,767,998	**63,452**	**2,831,450**	**(137,212)**	**2,694,238**
By business line					
Corporate	4,800	-	**4,800**	**(6)**	**4,794**
Retail					
- consumer, credit cards and other	2	-	**2**	**-**	**2**
Restructuring					
- corporate	838,986	-	**838,986**	**(23,878)**	**815,108**
- SMEs	208,544	-	**208,544**	**(4,594)**	**203,950**
- retail housing	265	-	**265**	**-**	**265**
- retail other	5,638	-	**5,638**	**(195)**	**5,443**
Recoveries					
- corporate	1,291,675	63,452	**1,355,127**	**(86,461)**	**1,268,666**
- SMEs	376,225	-	**376,225**	**(18,229)**	**357,996**
- retail housing	637	-	**637**	**(114)**	**523**
- retail other	41,218	-	**41,218**	**(3,735)**	**37,483**
International banking services	8	-	**8**	**-**	**8**
	2,767,998	**63,452**	**2,831,450**	**(137,212)**	**2,694,238**

F. Notes (continued)

F.4 Credit risk concentration of gross loans and advances to customers (continued)

Loans and advances to customers classified as held for sale (continued)

31 December 2018	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By economic activity	€000	€000	**€000**	**€000**	**€000**
Trade	373,351	-	**373,351**	**(12,213)**	**361,138**
Manufacturing	202,193	-	**202,193**	**(7,216)**	**194,977**
Hotels and catering	258,529	-	**258,529**	**(11,960)**	**246,569**
Construction	995,430	-	**995,430**	**(74,233)**	**921,197**
Real estate	409,632	55,225	**464,857**	**(11,765)**	**453,092**
Private individuals	218,531	-	**218,531**	**(9,098)**	**209,433**
Professional and other services	140,748	-	**140,748**	**(5,941)**	**134,807**
Other sectors	191,463	6,011	**197,474**	**(6,727)**	**190,747**
	2,789,877	**61,236**	**2,851,113**	**(139,153)**	**2,711,960**
By business line					
Corporate	15,249	-	**15,249**	**(584)**	**14,665**
SMEs	2,841	-	**2,841**	**-**	**2,841**
Retail					
- consumer, credit cards and other	128	-	**128**	**(1)**	**127**
Restructuring					
- corporate	859,214	-	**859,214**	**(24,379)**	**834,835**
- SMEs	216,866	-	**216,866**	**(4,858)**	**212,008**
- retail housing	272	-	**272**	**-**	**272**
- retail other	5,773	-	**5,773**	**(210)**	**5,563**
Recoveries					
- corporate	1,274,835	61,236	**1,336,071**	**(86,644)**	**1,249,427**
- SMEs	374,336	-	**374,336**	**(17,991)**	**356,345**
- retail housing	635	-	**635**	**(115)**	**520**
- retail other	39,720	-	**39,720**	**(4,371)**	**35,349**
International banking services	8	-	**8**	**-**	**8**
	2,789,877	**61,236**	**2,851,113**	**(139,153)**	**2,711,960**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers

The following tables present the Group's loans and advances to customers at amortised cost by staging and by business line concentration:

31 March 2019	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before fair value adjustment on initial recognition	6,134,582	1,993,907	3,793,141	779,822	**12,701,452**
Fair value adjustment on initial recognition	(75,113)	(20,280)	(40,240)	(112,622)	**(248,255)**
Gross loans at amortised cost after fair value adjustment on initial recognition	**6,059,469**	**1,973,627**	**3,752,901**	**667,200**	**12,453,197**

Gross loans at amortised cost before fair value adjustment on initial recognition **31 March 2019**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	2,362,349	805,905	367,809	85,429	**3,621,492**
SMEs	748,333	360,252	107,122	11,851	**1,227,558**
Retail					
- housing	2,212,238	338,472	326,671	10,412	**2,887,793**
- consumer, credit cards and other	583,003	210,259	135,210	20,201	**948,673**
Restructuring					
- corporate	43,342	93,496	241,699	78,725	**457,262**
- SMEs	53,078	48,298	341,436	38,391	**481,203**
- retail housing	6,391	3,640	432,048	14,514	**456,593**
- retail other	4,195	593	283,805	17,408	**306,001**
Recoveries					
- corporate	-	-	101,453	33,365	**134,818**
- SMEs	-	-	487,036	111,653	**598,689**
- retail housing	-	-	546,216	182,064	**728,280**
- retail other	79	-	388,892	171,704	**560,675**
International banking services	67,686	77,950	31,404	3,107	**180,147**
Wealth management	53,888	55,042	2,340	998	**112,268**
	6,134,582	**1,993,907**	**3,793,141**	**779,822**	**12,701,452**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Fair value adjustment on initial recognition 31 March 2019	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	**€000**
Corporate	(22,121)	(12,058)	(12,619)	(978)	**(47,776)**
SMEs	(11,007)	(3,521)	(1,201)	(663)	**(16,392)**
Retail					
- housing	(43,286)	161	(672)	(145)	**(43,942)**
- consumer, credit cards and other	3,335	(95)	(259)	(200)	**2,781**
Restructuring					
- corporate	(452)	(1,662)	(4,279)	(1,119)	**(7,512)**
- SMEs	(67)	(660)	(3,480)	(5,558)	**(9,765)**
- retail housing	(122)	-	(2,382)	(1,560)	**(4,064)**
- retail other	25	(13)	(3,927)	(4,472)	**(8,387)**
Recoveries					
- corporate	-	-	(1,614)	(3,839)	**(5,453)**
- SMEs	-	-	(1,800)	(23,076)	**(24,876)**
- retail housing	-	-	(3,288)	(36,159)	**(39,447)**
- retail other	-	-	(4,372)	(34,370)	**(38,742)**
International banking services	(350)	(980)	(233)	(483)	**(2,046)**
Wealth management	(1,068)	(1,452)	(114)	-	**(2,634)**
	(75,113)	**(20,280)**	**(40,240)**	**(112,622)**	**(248,255)**

Gross loans at amortised cost after fair value adjustment on initial recognition 31 March 2019	Stage 1	Stage 2	Stage 3	POCI	Total
By business line	€000	€000	€000	€000	**€000**
Corporate	2,340,228	793,847	355,190	84,451	**3,573,716**
SMEs	737,326	356,731	105,921	11,188	**1,211,166**
Retail					
- housing	2,168,952	338,633	325,999	10,267	**2,843,851**
- consumer, credit cards and other	586,338	210,164	134,951	20,001	**951,454**
Restructuring					
- corporate	42,890	91,834	237,420	77,606	**449,750**
- SMEs	53,011	47,638	337,956	32,833	**471,438**
- retail housing	6,269	3,640	429,666	12,954	**452,529**
- retail other	4,220	580	279,878	12,936	**297,614**
Recoveries					
- corporate	-	-	99,839	29,526	**129,365**
- SMEs	-	-	485,236	88,577	**573,813**
- retail housing	-	-	542,928	145,905	**688,833**
- retail other	79	-	384,520	137,334	**521,933**
International banking services	67,336	76,970	31,171	2,624	**178,101**
Wealth management	52,820	53,590	2,226	998	**109,634**
	6,059,469	**1,973,627**	**3,752,901**	**667,200**	**12,453,197**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

31 December 2018	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before fair value adjustment on initial recognition	6,035,781	1,921,255	3,915,591	819,789	**12,692,416**
Fair value adjustment on initial recognition	(77,738)	(20,673)	(40,432)	(123,206)	**(262,049)**
Gross loans at amortised cost after fair value adjustment on initial recognition	**5,958,043**	**1,900,582**	**3,875,159**	**696,583**	**12,430,367**

Gross loans at amortised cost before fair value adjustment on initial recognition **31 December 2018**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	2,215,264	793,249	387,093	92,830	**3,488,436**
SMEs	739,166	346,148	103,384	10,946	**1,199,644**
Retail					
- housing	2,259,976	300,101	300,584	10,633	**2,871,294**
- consumer, credit cards and other	591,242	199,099	130,816	20,135	**941,292**
Restructuring					
- corporate	48,943	92,537	303,955	86,051	**531,486**
- SMEs	55,295	52,573	406,369	46,569	**560,806**
- retail housing	6,883	3,745	473,444	14,529	**498,601**
- retail other	5,140	1,226	304,076	18,510	**328,952**
Recoveries					
- corporate	-	-	120,234	44,587	**164,821**
- SMEs	-	-	515,542	115,426	**630,968**
- retail housing	-	-	512,175	185,037	**697,212**
- retail other	89	-	313,529	167,115	**480,733**
International banking services	69,620	78,109	41,352	3,565	**192,646**
Wealth management	44,163	54,468	3,038	3,856	**105,525**
	6,035,781	**1,921,255**	**3,915,591**	**819,789**	**12,692,416**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Fair value adjustment on initial recognition **31 December 2018**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	(25,159)	(11,564)	(12,282)	(977)	**(49,982)**
SMEs	(10,652)	(4,150)	(1,113)	(622)	**(16,537)**
Retail					
- housing	(43,528)	(97)	(1,246)	(145)	**(45,016)**
- consumer, credit cards and other	3,248	352	(375)	(260)	**2,965**
Restructuring					
- corporate	(199)	(1,988)	(2,687)	(3,033)	**(7,907)**
- SMEs	28	(580)	(3,931)	(7,154)	**(11,637)**
- retail housing	(119)	(3)	(2,796)	(1,563)	**(4,481)**
- retail other	34	(40)	(3,971)	(4,611)	**(8,588)**
Recoveries					
- corporate	-	-	(1,654)	(5,785)	**(7,439)**
- SMEs	-	-	(2,073)	(24,105)	**(26,178)**
- retail housing	-	-	(3,200)	(37,377)	**(40,577)**
- retail other	-	-	(4,695)	(35,228)	**(39,923)**
International banking services	(303)	(1,164)	(195)	(496)	**(2,158)**
Wealth management	(1,088)	(1,439)	(214)	(1,850)	**(4,591)**
	(77,738)	**(20,673)**	**(40,432)**	**(123,206)**	**(262,049)**

Gross loans at amortised cost after fair value adjustment on initial recognition **31 December 2018**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	2,190,105	781,685	374,811	91,853	**3,438,454**
SMEs	728,514	341,998	102,271	10,324	**1,183,107**
Retail					
- housing	2,216,448	300,004	299,338	10,488	**2,826,278**
- consumer, credit cards and other	594,490	199,451	130,441	19,875	**944,257**
Restructuring					
- corporate	48,744	90,549	301,268	83,018	**523,579**
- SMEs	55,323	51,993	402,438	39,415	**549,169**
- retail housing	6,764	3,742	470,648	12,966	**494,120**
- retail other	5,174	1,186	300,105	13,899	**320,364**
Recoveries					
- corporate	-	-	118,580	38,802	**157,382**
- SMEs	-	-	513,469	91,321	**604,790**
- retail housing	-	-	508,975	147,660	**656,635**
- retail other	89	-	308,834	131,887	**440,810**
International banking services	69,317	76,945	41,157	3,069	**190,488**
Wealth management	43,075	53,029	2,824	2,006	**100,934**
	5,958,043	**1,900,582**	**3,875,159**	**696,583**	**12,430,367**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

The following table presents the credit quality of the Group's loans and advances to customers at amortised cost by geographical concentration:

31 March 2019	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By staging	€000	€000	**€000**	**€000**	**€000**
Stage 1	6,133,175	1,407	**6,134,582**	**(75,113)**	**6,059,469**
Stage 2	1,993,907	-	**1,993,907**	**(20,280)**	**1,973,627**
Stage 3	3,661,444	131,697	**3,793,141**	**(40,240)**	**3,752,901**
POCI	779,822	-	**779,822**	**(112,622)**	**667,200**
	12,568,348	**133,104**	**12,701,452**	**(248,255)**	**12,453,197**

31 December 2018	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By staging	€000	€000	**€000**	**€000**	**€000**
Stage 1	6,023,870	11,911	**6,035,781**	**(77,738)**	**5,958,043**
Stage 2	1,921,234	21	**1,921,255**	**(20,673)**	**1,900,582**
Stage 3	3,790,269	125,322	**3,915,591**	**(40,432)**	**3,875,159**
POCI	819,789	-	**819,789**	**(123,206)**	**696,583**
	12,555,162	**137,254**	**12,692,416**	**(262,049)**	**12,430,367**

Loans and advances to customers classified as held for sale

The credit quality of loans and advances to customers at amortised cost classified as held for sale by business line concentration is presented below:

31 March 2019	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before fair value adjustment on initial recognition	12,635	53,058	2,249,296	516,461	**2,831,450**
Fair value adjustment on initial recognition	(292)	(1,291)	(26,058)	(109,571)	**(137,212)**
Gross loans at amortised cost after fair value adjustment on initial recognition	**12,343**	**51,767**	**2,223,238**	**406,890**	**2,694,238**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Loans and advances to customers classified as held for sale (continued)

Gross loans at amortised cost before fair value adjustment on initial recognition **31 March 2019**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	155	-	3,903	742	**4,800**
Retail					
- consumer, credit cards and other	-	-	2	-	**2**
Restructuring					
- corporate	10,469	45,710	737,860	44,947	**838,986**
- SMEs	1,986	7,348	182,259	16,951	**208,544**
- retail housing	-	-	225	40	**265**
- retail other	25	-	5,411	202	**5,638**
Recoveries					
- corporate	-	-	987,545	367,582	**1,355,127**
- SMEs	-	-	301,133	75,092	**376,225**
- retail housing	-	-	488	149	**637**
- retail other	-	-	30,462	10,756	**41,218**
International banking services	-	-	8	-	**8**
	12,635	**53,058**	**2,249,296**	**516,461**	**2,831,450**

Fair value adjustment on initial recognition **31 March 2019**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	-	-	(6)	-	**(6)**
Restructuring					
- corporate	(89)	(752)	(15,634)	(7,403)	**(23,878)**
- SMEs	(203)	(539)	(1,471)	(2,381)	**(4,594)**
- retail other	-	-	(115)	(80)	**(195)**
Recoveries					
- corporate	-	-	(5,089)	(81,372)	**(86,461)**
- SMEs	-	-	(3,466)	(14,763)	**(18,229)**
- retail housing	-	-	-	(114)	**(114)**
- retail other	-	-	(277)	(3,458)	**(3,735)**
	(292)	**(1,291)**	**(26,058)**	**(109,571)**	**(137,212)**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Loans and advances to customers classified as held for sale (continued)

Gross loans at amortised cost after fair value adjustment on initial recognition	Stage 1	Stage 2	Stage 3	POCI	**Total**
31 March 2019					
By business line	€000	€000	€000	€000	**€000**
Corporate	155	-	3,897	742	**4,794**
Retail					
- consumer, credit cards and other	-	-	2	-	**2**
Restructuring					
- corporate	10,380	44,958	722,226	37,544	**815,108**
- SMEs	1,783	6,809	180,788	14,570	**203,950**
- retail housing	-	-	225	40	**265**
- retail other	25	-	5,296	122	**5,443**
Recoveries					
- corporate	-	-	982,456	286,210	**1,268,666**
- SMEs	-	-	297,667	60,329	**357,996**
- retail housing	-	-	488	35	**523**
- retail other	-	-	30,185	7,298	**37,483**
International banking services	-	-	8	-	**8**
	12,343	**51,767**	**2,223,238**	**406,890**	**2,694,238**

31 December 2018	Stage 1	Stage 2	Stage 3	POCI	**Total**
	€000	€000	€000	€000	**€000**
Gross loans at amortised cost before fair value adjustment on initial recognition	7,148	94,600	2,222,931	526,434	**2,851,113**
Fair value adjustment on initial recognition	(195)	(3,261)	(24,571)	(111,126)	**(139,153)**
Gross loans at amortised cost after fair value adjustment on initial recognition	**6,953**	**91,339**	**2,198,360**	**415,308**	**2,711,960**

Gross loans at amortised cost before fair value adjustment on initial recognition	Stage 1	Stage 2	Stage 3	POCI	**Total**
31 December 2018					
By business line	€000	€000	€000	€000	**€000**
Corporate	165	-	14,343	741	**15,249**
SMEs	2,835	-	6	-	**2,841**
Retail					
- consumer, credit cards and other	-	-	125	3	**128**
Restructuring					
- corporate	2,110	85,783	722,631	48,690	**859,214**
- SMEs	2,038	8,817	187,831	18,180	**216,866**
- retail housing	-	-	231	41	**272**
- retail other	-	-	5,575	198	**5,773**
Recoveries					
- corporate	-	-	967,761	368,310	**1,336,071**
- SMEs	-	-	300,509	73,827	**374,336**
- retail housing	-	-	484	151	**635**
- retail other	-	-	23,427	16,293	**39,720**
International banking services	-	-	8	-	**8**
	7,148	**94,600**	**2,222,931**	**526,434**	**2,851,113**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Loans and advances to customers classified as held for sale (continued)

Fair value adjustment on initial recognition **31 December 2018**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	-	-	(584)	-	**(584)**
Retail					
- consumer, credit cards and other	-	-	-	(1)	**(1)**
Restructuring					
- corporate	-	(2,722)	(13,730)	(7,927)	**(24,379)**
- SMEs	(195)	(539)	(1,470)	(2,654)	**(4,858)**
- retail other	-	-	(132)	(78)	**(210)**
Recoveries					
- corporate	-	-	(4,900)	(81,744)	**(86,644)**
- SMEs	-	-	(3,473)	(14,518)	**(17,991)**
- retail housing	-	-	-	(115)	**(115)**
- retail other	-	-	(282)	(4,089)	**(4,371)**
	(195)	**(3,261)**	**(24,571)**	**(111,126)**	**(139,153)**

Gross loans at amortised cost after fair value adjustment on initial recognition **31 December 2018**	Stage 1	Stage 2	Stage 3	POCI	**Total**
By business line	€000	€000	€000	€000	**€000**
Corporate	165	-	13,759	741	**14,665**
SMEs	2,835	-	6	-	**2,841**
Retail					
- consumer, credit cards and other	-	-	125	2	**127**
Restructuring					
- corporate	2,110	83,061	708,901	40,763	**834,835**
- SMEs	1,843	8,278	186,361	15,526	**212,008**
- retail housing	-	-	231	41	**272**
- retail other	-	-	5,443	120	**5,563**
Recoveries					
- corporate	-	-	962,861	286,566	**1,249,427**
- SMEs	-	-	297,036	59,309	**356,345**
- retail housing	-	-	484	36	**520**
- retail other	-	-	23,145	12,204	**35,349**
International banking services	-	-	8	-	**8**
	6,953	**91,339**	**2,198,360**	**415,308**	**2,711,960**

F. Notes (continued)

F.5 Credit quality of gross loans and advances to customers (continued)

Loans and advances to customers classified as held for sale (continued)

The following table presents the credit quality of the Group's loans and advances to customers at amortised cost classified as held for sale by geographical concentration:

31 March 2019	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By staging	€000	€000	**€000**	**€000**	**€000**
Stage 1	12,635	-	**12,635**	**(292)**	**12,343**
Stage 2	53,058	-	**53,058**	**(1,291)**	**51,767**
Stage 3	2,185,844	63,452	**2,249,296**	**(26,058)**	**2,223,238**
POCI	516,461	-	**516,461**	**(109,571)**	**406,890**
	2,767,998	**63,452**	**2,831,450**	**(137,212)**	**2,694,238**

31 December 2018	Cyprus	Other countries	**Total**	**Fair value adjustment on initial recognition**	**Gross loans at amortised cost after fair value adjustment on initial recognition**
By staging	€000	€000	**€000**	**€000**	**€000**
Stage 1	7,148	-	**7,148**	**(195)**	**6,953**
Stage 2	94,600	-	**94,600**	**(3,261)**	**91,339**
Stage 3	2,161,695	61,236	**2,222,931**	**(24,571)**	**2,198,360**
POCI	526,434	-	**526,434**	**(111,126)**	**415,308**
	2,789,877	**61,236**	**2,851,113**	**(139,153)**	**2,711,960**

F.6 Credit losses

F.6.1 Credit losses to cover credit risk on loans and advances to customers

	Three months ended 31 March	
	2019	2018 (represented)
	€000	€000
Impairment loss net of reversals on loans and advances to customers	**69,798**	72,841
Recoveries of loans and advances to customers previously written off	**(8,302)**	(2,615)
Changes in expected cash flows	**(179)**	(5,072)
Financial guarantees and commitments	**(1,495)**	(1,185)
	59,822	63,969

F. Notes (continued)

F.6 Credit losses (continued)

F.6.2 Credit losses of loans and advances to customers, including loans and advances to customers held for sale

The movement in ECL of loans and advances, including the loans and advances to customers held for sale and the closing balance analysis by staging, is as follows:

31 March 2019	Cyprus	Other countries	**Total**
	€000	€000	**€000**
1 January	3,315,259	146,746	**3,462,005**
Foreign exchange and other adjustments	1,719	3,489	**5,208**
Write offs	(104,071)	2,123	**(101,948)**
Interest provided not recognised in the income statement	41,058	2,243	**43,301**
Charge for the period	68,151	1,647	**69,798**
31 March	**3,322,116**	**156,248**	**3,478,364**
Stage 1	30,087	3	**30,090**
Stage 2	57,531	-	**57,531**
Stage 3	2,805,551	156,245	**2,961,796**
POCI	428,947	-	**428,947**
Total	**3,322,116**	**156,248**	**3,478,364**

The credit losses of loans and advances to customers include credit losses relating to loans and advances to customers classified as held for sale. Their balance at 31 March 2019 by staging and geographical area is presented in the table below:

	Cyprus	Other countries	**Total**
31 March 2019	€000	€000	**€000**
Stage 1	8,167	-	**8,167**
Stage 2	26,381	-	**26,381**
Stage 3	1,306,685	52,531	**1,359,216**
POCI	192,034	-	**192,034**
Total	**1,533,267**	**52,531**	**1,585,798**

F. Notes (continued)

F.6 Credit losses (continued)

F.6.2 Credit losses of loans and advances to customers, including loans and advances to customers held for sale (continued)

31 March 2018 (represented)	Cyprus	Other countries	**Total**
	€000	€000	**€000**
1 January	3,205,177	247,673	**3,452,850**
Change in the basis of calculation of gross carrying values (IFRS 9 grossing up adjustment)	1,632,322	57,175	**1,689,497**
Impact of adopting IFRS 9 at 1 January 2018	313,928	5,174	**319,102**
Restated balance at 1 January 2018	5,151,427	310,022	**5,461,449**
Foreign exchange and other adjustments	(161)	(749)	**(910)**
Write offs	(1,914,544)	(26,580)	**(1,941,124)**
Interest provided not recognised in the income statement	52,542	2,607	**55,149**
Charge/(credit) for the period – continuing operations	73,536	(695)	**72,841**
Credit for the period – discontinued operations	-	(518)	**(518)**
31 March	**3,362,800**	**284,087**	**3,646,887**
Stage 1	10,026	1,364	**11,390**
Stage 2	62,432	4,822	**67,254**
Stage 3	2,801,140	274,047	**3,075,187**
POCI	489,202	3,854	**493,056**
Total	**3,362,800**	**284,087**	**3,646,887**

The above tables do not include the fair value adjustments on initial recognition of loans acquired from Laiki Bank and ECL on financial guarantees which are part of other liabilities on the balance sheet. There were no loans and advances to customers classified as held for sale as at 31 March 2018.

As from 1 January 2018, to comply with the requirements of IFRS 9, relating to the measurement and presentation of the gross carrying amount and accumulated allowance for impairment as impacted from interest income on impaired loans, the gross carrying amounts of the loans have been increased by an amount of €1,689,497 thousand and an equivalent adjustment was effected on the accumulated allowance for impairment. There was no impact on the net carrying amount of the customer loans and advances from this change in the presentation.

During the three months ended 31 March 2019 the total non-contractual write-offs recorded by the Group amounted to €56,244 thousand (year 2018: €2,264,902 thousand).

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of the collateral, taxes and expenses on the repossession and subsequent sale of the collateral as well as any other applicable haircuts. Indexation has been used to estimate updated market values of properties, while assumptions were made on the basis of a macroeconomic scenario for future changes in property values.

At 31 March 2019 the weighted average haircut (including liquidity haircut and selling expenses) used in the collectively assessed provision calculation for loans and advances to customers other than those classified as held for sale is c.32% under the baseline scenario (31 December 2018: c.32%).

The timing of recovery from real estate collaterals used in the collectively assessed provision calculation for loans and advances to customers other than those classified as held for sale has been estimated to be on average 7 years under the baseline scenario (year ended 31 December 2018: average 7 years).

For the calculation of individually assessed provisions, the timing of recovery of collaterals as well as the haircuts used are based on the specific facts and circumstances of each case.

F.6 Credit losses (continued)

F.6.2 Credit losses of loans and advances to customers, including loans and advances to customers held for sale (continued)

For Stage 3 customers, the calculation of individually assessed provision is the weighted average of three scenarios; base, adverse and favourable. The base scenario focuses on the following variables, which are based on the specific facts and circumstances of each customer: the operational cash flows, the timing of recovery of collaterals and the haircuts from the realisation of collateral. The base scenario is used to derive additional scenarios for either better or worse cases. Under the adverse scenario operational cash flows are decreased by 50%, applied haircuts on real estate collateral are increased by 50% and the timing of recovery of collaterals is increased by 1 year with reference to the baseline scenario. Under the favourable scenario, applied haircuts are decreased by 5%, with no change in the recovery period with reference to the baseline scenario. Assumptions used in estimating expected future cash flows (including cash flows that may result from the realisation of collateral) reflect current and expected future economic conditions and are generally consistent with those used in the Stage 3 collectively assessed exposures. In the case of loans held for sale the Group has taken into consideration the timing of expected sale and the estimated sale proceeds in determining the ECL. Amounts previously written off which are expected to be recovered through sale are presented in 'Recoveries of loans and advances to customers previously written off'.

For the calculation of expected credit losses three scenarios were used; base, adverse and favourable with 50%, 30% and 20% probability respectively.

Any positive cumulative average future change in forecasted property values was capped to zero for the three months ended 31 March 2019 and the year 2018. This applies to all scenarios.

The above assumptions are also influenced by the ongoing regulatory dialogue BOC PCL maintains with its lead regulator, the ECB, and other regulatory guidance and interpretations issued by various regulatory and industry bodies such as the ECB and the EBA, which provide guidance and expectations as to relevant definitions and the treatment/classification of certain parameters/assumptions used in the estimation of provisions.

Any changes in these assumptions or differences between assumptions made and actual results could result in significant changes in the amount of required credit losses of loans and advances.

F.7 Rescheduled loans and advances to customers

Credit quality

	Cyprus	Other countries	**Total**
31 March 2019	€000	€000	**€000**
Stage 1	452,244	121	**452,365**
Stage 2	369,828	-	**369,828**
Stage 3	1,929,595	53,657	**1.983,252**
POCI	255,793	-	**255,793**
	3,007,460	**53,778**	**3,061,238**

	Cyprus	Other countries	**Total**
31 December 2018	€000	€000	**€000**
Stage 1	508,664	120	**508,784**
Stage 2	376,794	24	**376,818**
Stage 3	2,001,947	48,662	**2,050,609**
POCI	266,263	-	**266,263**
	3,153,668	**48,806**	**3,202,474**

F. Notes (continued)

F.8 Credit risk disclosures

According to the EBA standards and European Central Bank's (ECB) Guidance to Banks on Non-Performing loans (which was published in March 2017), Non-Performing Exposures (NPEs) are defined as those exposures that satisfy one of the following conditions:

(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) Defaulted or impaired exposures as per the approach provided in the Capital Requirements Regulation (CRR) (Article 178).
(iii) Material exposures (as defined below) which are more than 90 days past due.
(iv) Performing forborne exposures under probation for which additional forbearance measures are extended.
(v) Performing forborne exposures under probation that present more than 30 days past due within the probation period.

Exposures include all on and off balance sheet exposures, except those held for trading, and are categorised as such for their entire amount without taking into account the existence of collateral.

The following materiality criteria are applied:

- When the problematic exposures of a customer that fulfil the NPE criteria set out above are greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non-performing; otherwise only the problematic part of the exposure is classified as non-performing.

- Material arrears/excesses are defined as follows:
  - Retail exposures:
    - Loans: Arrears amount greater than €500 or number of instalments in arrears is greater than one.
    - Overdrafts: Excess amount is greater than €500 or greater than 10% of the approved limit.
  - Exposures other than retail: Total customer arrears/excesses are greater than €1,000 or greater than 10% of the total customer funded balances.

NPEs may cease to be considered as non-performing only when all of the following conditions are met:

(i) The extension of forbearance measures does not lead to the recognition of impairment or default.
(ii) One year has passed since the forbearance measures were extended.
(iii) Following the forbearance measures and according to the post-forbearance conditions, there is no past due amount or concerns regarding the full repayment of the exposure.
(iv) No unlikely-to-Pay criteria exist for the debtor.
(v) The debtor has made post-forbearance payments of a not-insignificant amount of capital (different capital thresholds exist according to the facility type).

F. **Notes** (continued)

F.8 **Credit risk disclosures** (continued)

The tables below present the analysis of loans and advances to customers in accordance with the EBA standards.

31 March 2019	Gross loans and advances to customers				Provision for impairment and fair value adjustment on initial recognition			
			Of which exposures with forbearance measures				Of which exposures with forbearance measures	
	Group gross customer loans and advances[1]	Of which NPEs	Total exposures with forbearance measures	Of which on NPEs	Total provision for impairment and fair value adjustment on initial recognition	Of which NPEs	Total exposures with forbearance measures	Of which on NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	**65,766**	1	1,258	-	**3,577**	-	459	-
Other financial corporations	**135,243**	18,263	25,596	2,754	**10,669**	6,601	2,532	931
Non-financial corporations	**6,442,880**	1,822,010	1,607,387	971,908	**941,932**	860,196	366,969	347,004
Of which: Small and Medium sized Enterprises[2] (SMEs)	**4,744,595**	1,389,189	1,025,084	728,542	**751,646**	685,842	276,920	264,945
Of which: Commercial real estate[2]	**4,493,409**	1,177,144	1,073,825	685,261	**556,404**	493,380	228,679	214,446
Non-financial corporations by sector								
Construction	**915,266**	365,314			**181,845**			
Wholesale and retail trade	**1,431,479**	490,853			**247,593**			
Accommodation and food service activities	**1,078,229**	85,398			**58,750**			
Real estate activities	**1,137,441**	345,109			**172,779**			
Manufacturing	**478,765**	142,390			**63,898**			
Other sectors	**1,401,700**	392,946			**217,067**			
Households	**6,520,749**	2,770,813	1,856,894	1,481,686	**1,253,931**	1,191,698	482,814	473,945
Of which: Residential mortgage loans[2]	**4,968,375**	2,085,512	1,495,309	1,173,780	**823,351**	769,597	342,982	335,416
Of which: Credit for consumption[2]	**879,883**	390,512	220,769	189,881	**223,514**	220,131	77,813	76,540
	13,164,638	**4,611,087**	**3,491,135**	**2,456,348**	**2,210,109**	**2,058,495**	**852,774**	**821,880**
Loans and advances to customers classified as held for sale	**2,831,450**	**2,765,693**	**1,474,481**	**1,439,200**	**1,723,010**	**1,686,830**	**833,244**	**814,163**
Total on-balance sheet	**15,996,088**	**7,376,780**	**4,965,616**	**3,895,548**	**3,933,119**	**3,745,325**	**1,686,018**	**1,636,043**

[1] Excluding loans and advances to central banks and credit institutions.
[2] The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across categories as certain customers could be in both categories.

31 December 2018	Gross loans and advances to customers				Provision for impairment and fair value adjustment on initial recognition			
	Group gross customer loans and advances[3]	Of which NPEs	Of which exposures with forbearance measures		Total provision for impairment and fair value adjustment on initial recognition	Of which NPEs	Of which exposures with forbearance measures	
			Total exposures with forbearance measures	Of which on NPEs			Total exposures with forbearance measures	Of which on NPEs
	€000	€000	€000	€000	€000	€000	€000	€000
Loans and advances to customers								
General governments	**70,638**	3	1,595	-	**3,681**	-	468	-
Other financial corporations	**167,910**	21,338	28,028	5,621	**13,378**	8,471	3,374	2,076
Non-financial corporations	**6,331,381**	1,941,479	1,682,997	1,042,164	**947,857**	864,983	367,235	347,924
Of which: Small and Medium sized Enterprises[4] (SMEs)	**4,573,824**	1,488,289	1,108,153	793,579	**759,484**	692,343	280,675	266,736
Of which: Commercial real estate[4]	**4,473,159**	1,284,145	1,124,078	742,839	**569,351**	501,842	231,694	216,486
Non-financial corporations by sector								
Construction	**972,059**	382,697			**184,282**			
Wholesale and retail trade	**1,431,706**	522,151			**254,823**			
Accommodation and food service activities	**1,005,691**	96,702			**58,563**			
Real estate activities	**1,140,596**	406,226			**174,269**			
Manufacturing	**428,828**	134,950			**74,884**			
Other sectors	**1,352,501**	398,753			**201,036**			
Households	**6,588,202**	2,805,496	1,924,928	1,486,583	**1,271,429**	1,208,624	481,701	471,184
Of which: Residential mortgage loans[4]	**5,022,617**	2,112,152	1,552,445	1,180,705	**828,205**	774,656	336,651	327,956
Of which: Credit for consumption[4]	**891,964**	397,747	234,572	195,422	**225,505**	221,996	79,417	77,930
	13,158,131	**4,768,316**	**3,637,548**	**2,534,368**	**2,236,345**	**2,082,078**	**852,778**	**821,184**
Loans and advances to customers classified as held for sale	**2,851,113**	**2,749,301**	**1,492,083**	**1,437,851**	**1,697,005**	**1,646,091**	**825,977**	**797,692**
Total on-balance sheet	**16,009,244**	**7,517,617**	**5,129,631**	**3,972,219**	**3,933,350**	**3,728,169**	**1,678,755**	**1,618,876**

[3] Excluding loans and advances to central banks and credit institutions.
[4] The analysis shown in lines 'non-financial corporations' and 'households' is non-additive across categories as certain customers could be in both categories.

F. Notes (continued)

F.9 Pending litigation, claims regulatory and other matters

The Group in the ordinary course of business is subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies, actual and threatened, relating to the suitability and adequacy of advice given to clients or the absence of advice, lending and pricing practices, selling and disclosure requirements, record keeping, filings and a variety of other matters. In addition, as a result of the deterioration of the Cypriot economy and banking sector in 2012 and the subsequent Restructuring of BOC PCL in 2013 as a result of the Bail-in Decrees, BOC PCL is subject to a large number of proceedings and investigations that either precede, or result from the events that occurred during the period of the Bail-in Decrees. Most ongoing investigations and proceedings of significance relate to matters arising during the period prior to the issue of the Bail-in Decrees. Provisions have been recognised for those cases where the Group is able to estimate probable losses. Where an individual provision is material, the fact that a provision has been made is stated. Any provision recognised does not constitute an admission of wrongdoing or legal liability. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings and regulatory matters.

F.10 Liquidity regulation

The Group has to comply with provisions on the Liquidity Coverage Ratio (LCR) under CRD IV/CRR (as supplemented by the Commission Delegated Regulation (EU) No 2015/61 which prescribes the criteria for liquid assets and methods of calculation as from 1 October 2015 and the Commission Implementing Regulation (EU) No 2016/322 which prescribes supervisory reporting requirements and applied from 10 September 2016). It also monitors its position against the Net Stable Funding Ratio (NSFR) as proposed under Basel III. The LCR is designed to promote short-term resilience of a Group's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for 30 days. The NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

In October 2014, the Basel Committee on Banking Supervision proposed the methodology for calculating the NSFR. It is noted that the NSFR did not become effective on 1 January 2018 as opposed to what was expected. It will become a regulatory indicator when Capital Requirements Regulation 2 (CRR2) is enforced with the limit set at 100%.

As at 31 March 2019 the Group was in compliance with all regulatory liquidity requirements. As at 31 March 2019 the LCR stood at 216% for the Group (compared to 231% at 31 December 2018) and was in compliance with the minimum regulatory requirement of 100% applicable as from 1 January 2018. As at 31 March 2019 the Group's NSFR, on the basis of the Basel III standards, was 117% (compared to 119% at 31 December 2018).

F.11 Liquidity reserves

The below table sets out the Group's liquidity reserves:

Composition of the liquidity reserves	**31 March 2019**			31 December 2018		
	Internal liquidity reserves	**Liquidity reserves as per LCR Delegated Reg (EU) 2015/61 LCR eligible**		Internal liquidity reserves	Liquidity reserves as per LCR Delegated Reg (EU) 2015/61 LCR eligible	
		Level 1	**Level 2A**		Level 1	Level 2A
	€000	**€000**	**€000**	€000	€000	€000
Cash and balances with central banks	**3,751,861**	**3,751,861**	**-**	4,447,511	4,447,511	-
Nostro and overnight placements with banks	**240,006**		**-**	281,383	-	-
Liquid investments	**1,084,893**	**1,070,720**	**130,609**	881,091	929,380	93,165
Available ECB Buffer	**271,810**	**-**	**-**	108,374	-	-
Total	**5,348,570**	**4,822,581**	**130,609**	5,718,359	5,376,891	93,165

LCR Liquidity Reserves are as per LCR Delegated Regulation (EU) 2015/61 definition of Liquid Assets. As per the LCR definition the unencumbered High Quality Liquid Assets (HQLA) form the Liquidity reserves. Level 1 assets, other than covered bonds (which have a 7% haircut) do not carry a haircut when calculating the LCR, while Level 2A assets have a 15% haircut. Internal Liquidity Reserves are as per the definition of the Bank's Liquidity Policy.

Internal Liquidity Reserves include the nostro and placements with banks with remaining maturity up to 3 months. Liquid investments include the unencumbered bonds which are HQLA as per the LCR definition and/or ECB Eligible bonds. Such assets are shown at market value net of haircut (which is calculated based on the methodology of determining ECB haircuts). Finally, the ECB buffer (this is the unutilised credit line with the ECB) is included.

F. Notes (continued)

F.12 Capital management

The primary objective of the Group's capital management is to ensure compliance with the relevant regulatory capital requirements and to maintain strong credit ratings and healthy capital adequacy ratios in order to support its business and maximise shareholders' value.

With the exception of certain specified provisions, the CRR and Capital Requirements Directive IV (CRD IV) came into effect on 1 January 2014. The CRR and CRD IV transposed the new capital, liquidity and leverage standards of Basel III into the European Union's legal framework. CRR establishes the prudential requirements for capital, liquidity and leverage for credit institutions and investment firms. It is directly applicable in all EU member states. CRD IV governs access to deposit-taking activities and internal governance arrangements including remuneration, board composition and transparency. Unlike the CRR, member states were required to transpose the CRD IV into national laws and it allowed national regulators to impose additional capital buffer requirements. CRR introduced significant changes in the prudential regulatory regime applicable to banks including amended minimum capital adequacy ratios, changes to the definition of capital and the calculation of risk weighted assets and the introduction of new measures relating to leverage, liquidity and funding. CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, which are largely fully effective in 2019. In addition, the Regulation (EU) 2016/445 of the ECB on the exercise of options and discretions available in Union law (ECB/2016/4) provides certain transitional arrangements which supersede the national discretions unless they are stricter than the EU Regulation 2016/445.

The CET1 ratio of the Group at 31 March 2019 stands at 13.4% and the total capital ratio at 16.2% on a transitional basis.

The minimum Pillar I total capital requirement is 8.0% and may be met, in addition to the 4.5% CET1 requirement, with up to 1.5% by Additional Tier 1 capital and with up to 2.0% by Tier 2 capital.

The Group is also subject to additional capital requirements for risks which are not covered by the Pillar I capital requirements (Pillar II add-ons).

Following the annual Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2018 and based on the final 2018 SREP decision received on 27 March 2019, 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 (CCB) and the Other Systemically Important Institution Buffer. The Group's phased-in CET1 capital ratio requirement will be 10.5%, comprising of a 4.5% Pillar I requirement, a 3.0% Pillar II requirement, the CCB of 2.5% and the Other Systemically Important Institution Buffer of 0.5%. The Group's Total capital ratio requirement will be 14.0%, comprising of a 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 final 2018 SREP decision applies from 1 April 2019.

The Group's minimum phased-in CET1 capital ratio for 2018 was 9.375%, comprising of a 4.50% Pillar I requirement, a 3.00% Pillar II requirement and the CCB of 1.875%. The ECB had also provided non-public guidance for an additional Pillar II CET1 buffer.

The overall Total Capital Ratio Requirement for 2018 was 12.875% comprising of 8.00% Pillar I requirement (of which up to 1.50% can be in the form of Additional Tier 1 capital and up to 2.00% in the form of Tier 2 capital), a 3.00% Pillar II requirement (in the form of CET1) and the CCB of 1.875% applicable as from 1 January 2018.

The above minimum ratios apply for both, BOC PCL and the Group. BOC PCL is 100% subsidiary of the Company and its principal activities are the provision of banking, financial services and management and disposal of property predominately acquired in exchange of debt.

The capital position of the Group and BOC PCL at 31 March 2019 exceeds both their Pillar I and their Pillar II add-on capital requirements. However, the Pillar II add-on capital requirements are a point-in-time assessment and therefore are subject to change over time.

Based on the provisions of the Macroprudential Oversight of Institutions Law of 2015 which came into force on 1 January 2016, the CBC is the designated Authority responsible for setting the macroprudential buffers that derive from the CRD IV.

In accordance with the provisions of the above law, the CBC sets, on a quarterly basis, the Countercyclical Capital buffer (CCyB) level in accordance with the methodology described in this law. The CCyB is effective as from 1 January 2016 and is determined for all the countries in the European Economic Area (EEA) by their local competent authorities ahead of the beginning of each quarter. The CBC has set the level of the CCyB for Cyprus at 0% for the six months up to June 2019 and year of 2018.

F. Notes (continued)

F.12 Capital management (continued)

In accordance with the provisions of this law, the CBC is also the responsible authority for the designation of banks that are Other Systemically Important Institutions (O-SIIs) and for the setting of the O-SII buffer requirement for these systemically important banks. The Group has been designated as an O-SII and the CBC set the O-SII buffer for the Group at 2.0%. This buffer will be phased-in gradually, starting from 1 January 2019 at 0.5% and increasing by 0.5% every year thereafter, until being fully implemented (2.0%) on 1 January 2022.

The Capital Conservation Buffer (CCB) is gradually phased-in at 0.625% in 2016, 1.25% in 2017, 1.875% in 2018 and has been fully implemented on 1 January 2019 at 2.5%.

The Bank Recovery and Resolution Directive (BRRD) requires that from January 2016 EU member states shall apply the BRRD's provisions requiring EU credit institutions and certain investment firms to maintain a minimum requirement for own funds and eligible liabilities (MREL), subject to the provisions of the Commission Delegated Regulation (EU) 2016/1450. Although the precise calibration and ultimate designation of the Group's MREL has not yet been finalised, BOC PCL is monitoring developments in this area very closely.

The insurance subsidiaries of the Group comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated investment firms of the Group comply with the regulatory capital requirements of the CySEC laws and regulations.

F.12.1 Capital position

The capital position of the Group and BOC PCL under CRD IV/CRR basis (after applying the transitional arrangements) is presented below.

Regulatory capital	Group		BOC PCL	
	31 March 2019	31 December 2018	**31 March 2019**	31 December 2018
	€000	€000	**€000**	€000
Transitional Common Equity Tier 1 (CET1)[5,6]	**2,058,181**	1,864,000	**2,070,417**	1,861,098
Transitional Additional Tier 1 capital (AT1)	**220,000**	220,000	**220,000**	220,000
Tier 2 capital (T2)	**213,078**	212,000	**250,000**	250,000
Transitional total regulatory capital[6]	**2,491,259**	2,296,000	**2,540,417**	2,331,098
Risk weighted assets – credit risk[7]	**13,852,667**	13,832,589	**13,739,909**	13,820,385
Risk weighted assets – market risk	**-**	2,182	**-**	-
Risk weighted assets – operational risk	**1,538,588**	1,538,588	**1,411,788**	1,411,788
Total risk weighted assets	**15,391,255**	15,373,359	**15,151,697**	15,232,173
	%	%	**%**	%
Transitional Common Equity Tier 1 ratio	**13.4**	12.1	**13.7**	12.2
Transitional total capital ratio	**16.2**	14.9	**16.8**	15.3

IFRS 9 and Deferred Tax Asset fully loaded	Group		BOC PCL	
	31 March 2019	31 December 2018	**31 March 2019**	31 December 2018
	€000	€000	**€000**	€000
Common Equity Tier 1 ratio (%)	**11.9**	10.1	**12.2**	10.2
Total capital ratio (%)	**14.9**	13.2	**15.3**	13.4

[5] CET1 includes regulatory deductions, primarily comprising intangible assets amounting to €42,879 thousand as at 31 March 2019 (31 December 2018: €43,364 thousand). As at 31 December 2018 CET1 included regulatory deductions comprising deferred tax assets amounting to €163,082 thousand.
[6] Following the Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in Union law (ECB/2016/4), the deferred tax asset was phasing-in for 5 years, with effect as from the reporting of 31 December 2016, and fully phased-in on 1 January 2019.
[7] Includes Credit Valuation Adjustments (CVA).

F. Notes (continued)

F.12 Capital management (continued)

F.12.1 Capital position (continued)

During the period ended 31 March 2019, the CET1 was negatively affected by the phased-in of transitional adjustments, mainly the IFRS 9, and it was positively affected by the profit for the period of €86,955 thousand (unaudited/un-reviewed profit for 31 March 2019) primarily driven by the tax legislation amendments relating to the conversion of deferred tax assets into deferred tax credits.

On 1 March 2019 the Cyprus Parliament adopted legislative amendments allowing for the conversion of deferred tax assets into deferred tax credits for regulatory purposes, under the CRR. For more details refer to Note 56.1 of the Consolidated Financial Statements for the year ended 31 December 2018.

The Group has elected to apply the EU transitional arrangements for regulatory capital purposes (EU Regulation 2017/2395) where the impact on the impairment amount from the initial application of IFRS 9 on the capital ratios will be phased-in gradually. The amount that will be added each year will decrease based on a weighting factor until the impact of IFRS 9 is fully absorbed at the end of the five years.

F.12.2 Overview of RWA

		RWAs		Minimum capital requirements
		31 March 2019	31 December 2018	**31 March 2019**
		€000	€000	**€000**
1	Credit risk (excluding CCR)	**13,523,159**	13,237,594	**1,081,853**
2	*Of which the Standardised Approach*	***13,523,159***	*13,237,594*	***1,081,853***
6	CCR	**19,765**	22,859	**1,581**
7	*Of which mark to market*	***12,615***	*13,996*	***1,009***
11	*Of which risk exposure amount for contributions to the default fund of a CCP*	**-**	-	**-**
12	*Of which CVA*	***7,150***	*8,863*	***572***
13	Settlement risk	**-**	-	**-**
19	Market risk	**-**	2,182	**-**
20	*Of which the Standardised Approach*	**-**	*2,182*	**-**
22	Large exposures	**-**	-	**-**
23	Operational risk	**1,538,588**	1,538,588	**123,087**
25	*Of which Standardised Approach*	***1,538,588***	*1,538,588*	***123,087***
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	**309,743**	572,136	**24,779**
29	**Total**	**15,391,255**	15,373,359	**1,231,300**

On 1 March 2019 the Cyprus Parliament adopted legislative amendments allowing for the conversion of deferred tax assets into deferred tax credits for regulatory capital purposes, under the CRR. The law amendment decreased the amounts included in line 27 'Amounts below the thresholds for deduction (subject to 250% risk weight)' by €333 million and increased the amounts included in line 1 'Credit risk (excluding CCR)' by €379 million. Conversely, the law amendment created additional Financial Sector Entities (FSE) RWA included in line 27 of €71 million. The increase in the Credit Risk RWA in line 1 driven by the law amendment was partially offset by a change in the IFRS9 Transitional Ratio allowing for increased provision amounts to be recognised in the RWA calculation and a further decrease in the customer advances exposure values from repayments, debt-for-asset swaps and increased value adjustments. The decrease in Counterparty Credit Risk (CCR) RWA observed in line 6 is the result of decreased derivative transactions exposure values.

F. Notes (continued)

F.12 Capital management (continued)

F.12.2 Overview of RWA (continued)

Due to the small trading book, Article 94 of the CRR was applied allowing the RWA for trading book positions to be calculated in accordance with Article 92 paragraph 3(a) of the CRR and included in line 1 "Credit risk (excluding CCR)". The size of the trading book business will be monitored on a quarterly basis in line with the specified thresholds described in Article 94 of the CRR.

There were no large exposures for institutions that exceeded the relevant limits.

F.12.3 Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects

The table below illustrates the effect of all CRM techniques applied in accordance with the CRR under the financial collateral comprehensive method.

	31 March 2019		31 December 2018	
	RWAs and RWA density		RWAs and RWA density	
Exposure classes	**RWAs**	**RWA density**	RWAs	RWA density
	€000	**%**	€000	%
Central governments or central banks	380,392	7.4%	333,243	6.1%
Regional government or local authorities	1,518	1.7%	701	1.2%
Public sector entities	8	0.0%	7	0.0%
Multilateral development banks	-	0.0%	-	0.0%
International organisations	-	0.0%	-	0.0%
Institutions	174,016	28.1%	177,904	29.8%
Corporates	3,138,478	99.0%	3,016,593	98.8%
Retail	1,038,745	71.1%	987,312	71.1%
Secured by mortgages on immovable property	1,055,638	37.5%	1,077,148	37.4%
Exposures in default	3,474,345	109.8%	3,695,591	110.8%
Higher-risk categories	1,956,372	150.0%	2,032,341	150.0%
Covered bonds	16,957	10.0%	14,153	10.0%
Collective investment undertakings (CIUs)	248	51.3%	172	100.0%
Equity	325,136	233.4%	254,220	229.9%
Other items	2,271,049	93.5%	2,220,345	92.4%
Total	**13,832,902**	**66.6%**	13,809,730	65.6%

On 1 March 2019 the Cyprus Parliament adopted legislative amendments allowing for the conversion of deferred tax assets into deferred tax credits for regulatory capital purposes, under the CRR. The law amendment increased the RWA density in exposure classes 'Central governments or central banks' which include the deferred tax asset amounts converted to deferred tax credits carrying a Risk Weight of 100% and 'Equity' which include the FSE amounts carrying a Risk Weight of 250%. The law amendment and the increased exposure values from Balance Sheet line 'Other assets' that take a 100% Risk Weight included in exposure class 'Other items' resulted in the overall increased RWA density. The increase in the overall RWA density was partially offset by the improvement in the RWA density of exposure class 'Exposures in default' from the change in the IFRS9 transitional ratio. The change in the IFRS9 transitional ratio allows increased provisions to be recognised in the RWA calculation hence more unsecured defaulted exposures are eligible for the 100% Risk Weight compared to a 150% Risk Weight. The RWA density of exposure class 'Institutions' has decreased due to the shift of the portfolio to lower Risk Weights from greater concentration of exposures to Institutions with higher grade external ratings.

F. Notes (continued)

F.12 Capital management (continued)

F.12.3 Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)

The significant decrease in the RWA density of 'Collective investment undertakings (CIUs)' results from new investments in CIUs with a good quality external rating.

The RWA density of all other exposure classes remained stable.

F.13 Leverage ratio

According to CRR Article 429, the leverage ratio, expressed as a percentage, is calculated as the capital measure divided by the total exposure measure of the Group.

The leverage ratio of the Group is presented below:

	31 March 2019	31 December 2018
Transitional basis	**€000**	€000
Capital measure (Tier 1)	**2,191,225**	2,084,000
Total exposure measure	**21,732,683**	22,052,298
Leverage ratio (%)	**10.08%**	9.45%
IFRS 9 fully loaded		
Capital measure (Tier 1)	**1,928,769**	1,745,473
Total exposure measure	**21,516,543**	21,893,785
Leverage ratio (%)	**8.96%**	7.97%

The decrease in the 'Total exposure measure' follows the movements in the Group's balance sheet assets. The decrease is offset by the law amendment adopted on 1 March 2019 by the Cyprus Parliament allowing for the conversion of deferred tax assets into deferred tax credits for regulatory capital purposes resulting in lower 'Asset amounts deducted from Tier 1 capital'.

The law amendments on Income Tax Law improved the regulatory capital treatment of the DTA under CRR and increased CET1 compared to 31 December 2018 transitional ratios, by c.170 bps (unaudited). This improvement includes the impact from the reversal of impairment of the related DTA of €109 million recognised in previous year, which was reversed in the Interim Consolidated Income Statement for the three months ended 31 March 2019.

The leverage ratio including €86,955 thousand profit for the period ended 31 March 2019 (unaudited/un-reviewed) is calculated at 9.37% on a transitional basis and 10.48% on IFRS 9 fully loaded basis.

F.14 Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Assessment Process (ILAAP), Pillar II and SREP

The Group prepares the ICAAP and ILAAP reports annually. Both reports for 2018 were approved by the Board of Directors and submitted to the ECB on 25 April 2019.

The Group also undertakes a quarterly review of its ICAAP results (as at the end of June and as at the end of September) considering the latest actual and forecasted information. During the quarterly review, the Group's risk profile and risk management policies and processes are reviewed and any changes since the annual ICAAP exercise are taken into consideration. The ICAAP process demonstrates that the Group has sufficient capital under both the base case and stress scenarios under the Normative internal perspective. Under the Economic internal perspective there are shortfalls in the adverse scenario, which however can be largely neutralised by the available mitigants.

The Group also undertakes a quarterly review for the ILAAP through quarterly stress tests submitted to the Assets and Liabilities Committee (ALCO) and Board Risk Committee. During the quarterly review, the liquidity risk drivers are assessed and, if needed, the stress test assumptions are amended accordingly. The quarterly review identifies whether the Group has an adequate liquidity buffer to cover the stress outflows. The Group's ILAAP analysis demonstrates that the volume and capacity of liquidity resources available to the Group are adequate.

F.14 Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Assessment Process (ILAAP), Pillar II and SREP (continued)

The ECB, as part of its supervisory role, has been conducting the SREP and onsite inspections on the Group. SREP is a holistic assessment of, amongst other things, the Group's business model, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity resources to cover these risks. The objective of the SREP is for the ECB to form an up-to-date supervisory view of the Group's risks and viability and to form the basis for supervisory measures and dialogue with the Group. Additional capital and other requirements could be imposed on the Group as a result of these supervisory processes, including a revision of the level of Pillar II add-ons as the Pillar II add-ons capital requirements are a point-in-time assessment and therefore subject to change over time.

G. Definitions & Explanations

Accelerated phase-in period	Following the Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions, the DTA was phasing-in by 60% for 2017, 80% for 2018 and 100% for 2019 (fully phased-in).
Accumulated provisions	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.
Advisory and other restructuring costs	Comprise mainly: fees of external advisors in relation to: (i) disposal of operations and non-core assets, and (ii) customer loan restructuring activities
AT1	AT1 (Additional Tier 1) is defined in accordance with Articles 51 and 52 of the Capital Requirements Regulation (EU) No 575/2013.
CET1 capital ratio (transitional basis)	CET1 capital ratio (transitional basis) is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013.
CET1 fully loaded (FL)	The CET1 fully loaded (FL) ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013.
Contribution to SRF	Relates to the contribution made to the Single Resolution Fund.
Cost to Income ratio	Cost-to-income ratio comprises total expenses (as defined) divided by total income (as defined).
Data from the Statistical Service of the Republic of Cyprus, Cyprus Statistical Service	The latest data was published on 9 May 2019.
ECB	European Central Bank
ELA	Emergency Liquidity Assistance
Gross loans	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) amounting to €445 mn at 31 March 2019 (compared to €462 mn at 31 December 2018, €480 mn at 30 September 2018, €514 mn at 30 June 2018 and to €566 mn at 31 March 2018). Additionally, gross loans (i) include loans and advances to customers measured at fair value through profit and loss of €454 mn and (ii) are reported after the reclassification between gross loans and expected credit losses on loans and advances to customers classified as a disposal group held for sale of €104 mn.
Group	The Group consists of Bank of Cyprus Holdings Public Limited Company, "BOC Holdings" or the "Company", its subsidiary Bank of Cyprus Public Company Limited, the "Bank" and the Bank's subsidiaries.
Leverage ratio	The leverage ratio is the ratio of tangible total equity (including Other equity instruments) to total assets for the relevant period.

G. Definitions & Explanations (continued)

Market Shares	Both deposit and loan market shares are based on data from the Central Bank of Cyprus. The Bank is the single largest credit provider in Cyprus with a market share of 46.7% at 31 March 2019, compared to 45.4% at 31 December 2018 and as at 30 September 2018 and compared to 38.6% at 30 June 2018 and 37.4% at 31 March 2018. The market share on loans was affected during the quarter ended 31 March 2019 following a decrease in total loans in the banking sector of €1 bn, mainly attributed to reclassification, revaluation, exchange rate and other adjustments (CBC). The market share on loans was affected as at 30 September 2018 following a decrease in total loans in the banking sector, mainly attributed to €6 bn non-performing loans of Cyprus Cooperative Bank (CyCB) which remained to SEDIPES as a result of the agreement between CyCB and Hellenic Bank. The market share on loans was affected as at 30 June 2018 following a decrease in total loans in the banking sector of €2.1 bn, due to loan reclassifications, revaluations, exchange rate or other adjustments (CBC).
Net fee and commission income over total income	Net fee and commission income over total income is the net fee and commission income divided by the total income (as defined).
Net Interest Margin	Net interest margin is calculated as the net interest income (annualised) divided by the average interest earning assets. Interest earning assets include: cash and balances with central banks, plus loans and advances to banks, plus net customer loans and advances, plus investments (excluding equities and mutual funds).
Net loans and advances	Loans and advances net of accumulated provisions (as defined).
Net loan to deposit ratio	Net loan to deposits ratio is calculated as the net loans and advances to customers divided by customer deposits, including net loans and deposits held for sale, where applicable.
Net Stable Funding Ratio (NSFR)	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. The European Banking Authority (EBA) is working on finalising the NSFR and enforcing it as a regulatory ratio under CRR2.
New lending	New lending includes the average YTD change (if positive) for overdraft facilities
Non-interest income	Non-interest income comprises Net fee and commission income, Net foreign exchange gains and net gains on other financial instruments and loss on disposal/dissolution of subsidiaries, Insurance income net of claims and commissions, Net gains/(losses) from revaluation and disposal of investment properties and on disposal of stock of properties, and Other income.
Non-performing exposures (NPEs)	According to the EBA reporting standards on forbearance and non-performing exposures (NPEs), published in 2014, ECB's Guidance to Banks on Non-Performing Loans published in March 2017 and EBA Guidelines on management of non-performing and forborne exposures published in October 2018 and applicable from June 2019, 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, or (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 (as defined).
Non-recurring items	Non-recurring items as presented in the 'Unaudited Consolidated Income Statement – Underlying basis' relate to: (i) advisory and other restructuring costs, (ii) discontinued operations (UK sale), (iii) loss relating to NPE sale (Helix) and (iv) impairment of DTA and tax receivables.

G. Definitions & Explanations (continued)

NPE ratio	NPEs ratio is calculated as the NPEs as per EBA (as defined) divided by gross loans (as defined).
Operating profit	Comprises profit before total provisions and impairments (as defined), share of profit from associates, tax, (profit)/loss attributable to non-controlling interests and non-recurring items (as defined).
Operating profit return on average assets	Operating profit return on average assets is calculated as the annualised operating profit (as defined) divided by the average of total assets for the relevant period.
Phased-in Capital Conservation Buffer (CCB)	In accordance with the legislation in Cyprus which has been set for all credit institutions, the applicable rate of the CCB is 1.25% for 2017, 1.875% for 2018 and 2.5% for 2019 (fully phased-in).
Pro forma for Helix	In addition to the impact from Project Helix, this pro forma also includes the impact from the agreement for the sale of a portfolio of retail unsecured NPEs, with gross book value €33 mn as at 31 March 2019, known as Project Velocity.
Profit/(loss) after tax and before non-recurring items	Excludes non-recurring items (as defined)
Provision charge	The provision charge comprises provisions for impairments of customer loans and provisions for off-balance sheet exposures, net of gain/(loss) on derecognition of loans and advances to customers and changes in expected cash flows.
Provisioning charge (cost of risk)	Provisioning charge (cost of risk) (year to date) is calculated as the provision charge (as defined) divided by average gross loans (the average balance calculated as the average of the opening balance and the closing balance).
Provisioning coverage ratio for NPEs	Provisioning coverage ratio for NPEs is calculated as accumulated provisions (as defined) over NPEs (as defined).
Quarterly average interest earning assets	Average of interest earning assets as at the beginning and end of the relevant quarter. Interest earning assets include: cash and balances with central banks, plus loans and advances to banks, plus net customer loans and advances, plus investments (excluding equities and mutual funds).
Qoq	Quarter on quarter change
Special levy	Relates to the special levy on deposits of credit institutions in Cyprus.
Total Capital ratio	Total capital ratio is defined in accordance with the Capital Requirements Regulation (EU) No 575/2013.
Total expenses	Total expenses comprise staff costs, other operating expenses and the special levy and contribution to the Single Resolution Fund. It does not include 'advisory and other restructuring costs-excluding discontinued operations and NPE sale (Helix)' or any restructuring costs or loss relating to NPE sale (Helix). 'Advisory and other restructuring costs-excluding discontinued operations and NPE sale (Helix)' amount to €7 mn for 1Q2019, €42 mn for FY2018 (€16 mn for 4Q2018, €11 mn for 3Q2018, €7 mn for 2Q2018 and €8 mn for 1Q2018) and €29 mn for the year ended 31 December 2017. Restructuring costs relating to NPE sale (Helix) amount to €1 mn for 1Q2019, €18 mn for FY2018 (€1 mn for 4Q2018, €5 mn for 3Q2018, €6 mn for 2Q2018 and €6 mn for 1Q2018) and €Nil for the year ended 31 December 2017. Loss relating to NPE sale (Helix) amounts to €21 mn for 1Q2019, €150 mn for FY2018 (€Nil for 4Q2018, €15 mn for 3Q2018, €135 mn for 2Q2018 and €Nil for 1Q2018) and €Nil for the year ended 31 December 2017.

G. Definitions & Explanations (continued)

Total income	Total income comprises net interest income and non-interest income (as defined).
Total provisions and impairments	Total provisions and impairments comprise provision charge (as defined), plus (provisions)/reversal of provisions for litigation, regulatory and other matters plus (impairments)/reversal of impairments of other financial and non-financial assets.
Underlying basis	Statutory basis adjusted for certain items as detailed in the Basis of Presentation.
Write offs	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.
Yoy	Year on year change

Basis of Presentation

This announcement covers the results of Bank of Cyprus Holdings Public Limited Company, "BOC Holdings" or "the Company", its subsidiary Bank of Cyprus Public Company Limited, the "Bank" or "BOC PCL", and together with the Bank's subsidiaries, the "Group", for the quarter ended 31 March 2019.

At 31 December 2016, the Bank was listed on the CSE and the Athens Exchange. On 18 January 2017, BOC Holdings, incorporated in Ireland, was introduced in the Group structure as the new holding company of the Bank. On 19 January 2017, the total issued share capital of BOC Holdings was admitted to listing and trading on the LSE and the CSE.

Financial information presented in this announcement is being published for the purposes of providing an overview of the Group financial results for the quarter ended 31 March 2019. The financial information in this announcement does not constitute statutory financial statements of BOC Holdings within the meaning of section 340 of the Companies Act 2014. The Group statutory financial statements for the year ended 31 December 2018, upon which the auditors have given an unqualified report, were published on 28 March 2019 and are expected to be delivered to the Registrar of Companies of Ireland within 28 days of 30 September 2019. The Board of Directors approved the Group statutory financial statements for the quarter ended 31 March 2019 on 13 May 2019.

Statutory basis: Statutory information is set out on pages 20-25. However, a number of factors have had a significant effect on the comparability of the Group's financial position and results. Accordingly, the results are also presented on an underlying basis.

Underlying basis: The statutory results are adjusted for certain items (as described on page 26) to allow a comparison of the Group's underlying performance, as set out on pages 4-5.

The financial information included in this announcement is neither reviewed nor audited by the Group's external auditors.

This announcement and the presentation for the Group Financial Results for the quarter ended 31 March 2019 have been posted on the Group's website www.bankofcyprus.com (Investor Relations/Financial Results).

Definitions: The Group uses a number of definitions in the discussion of its business performance and financial position which are set out in section G.

The Group Financial Results for the quarter ended 31 March 2019 are 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.

Forward Looking Statements

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 or their negative variations, but their absence does not mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements relating to the Group’s near term and longer term future capital requirements and ratios, intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, expected impairment charges, the level of the Group’s assets, liquidity, performance, prospects, anticipated growth, provisions, impairments, business 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 European Union (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.

Contacts

For further information please contact:

Investor Relations
+ 357 22 122239
investors@bankofcyprus.com

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 108 branches in Cyprus. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4,156 staff worldwide. At 31 March 2019, the Group’s Total Assets amounted to €21.7 bn and Total Equity was €2.5 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.