



PIRAEUS BANK



BANKING IN CYPRUS: The New Era

Presentation by
Michalis Michael,
Deputy Head,
International Banking Unit
Piraeus Bank Cyprus Ltd





Contents

1.Recent developments of Cyprus Economy and Banking System

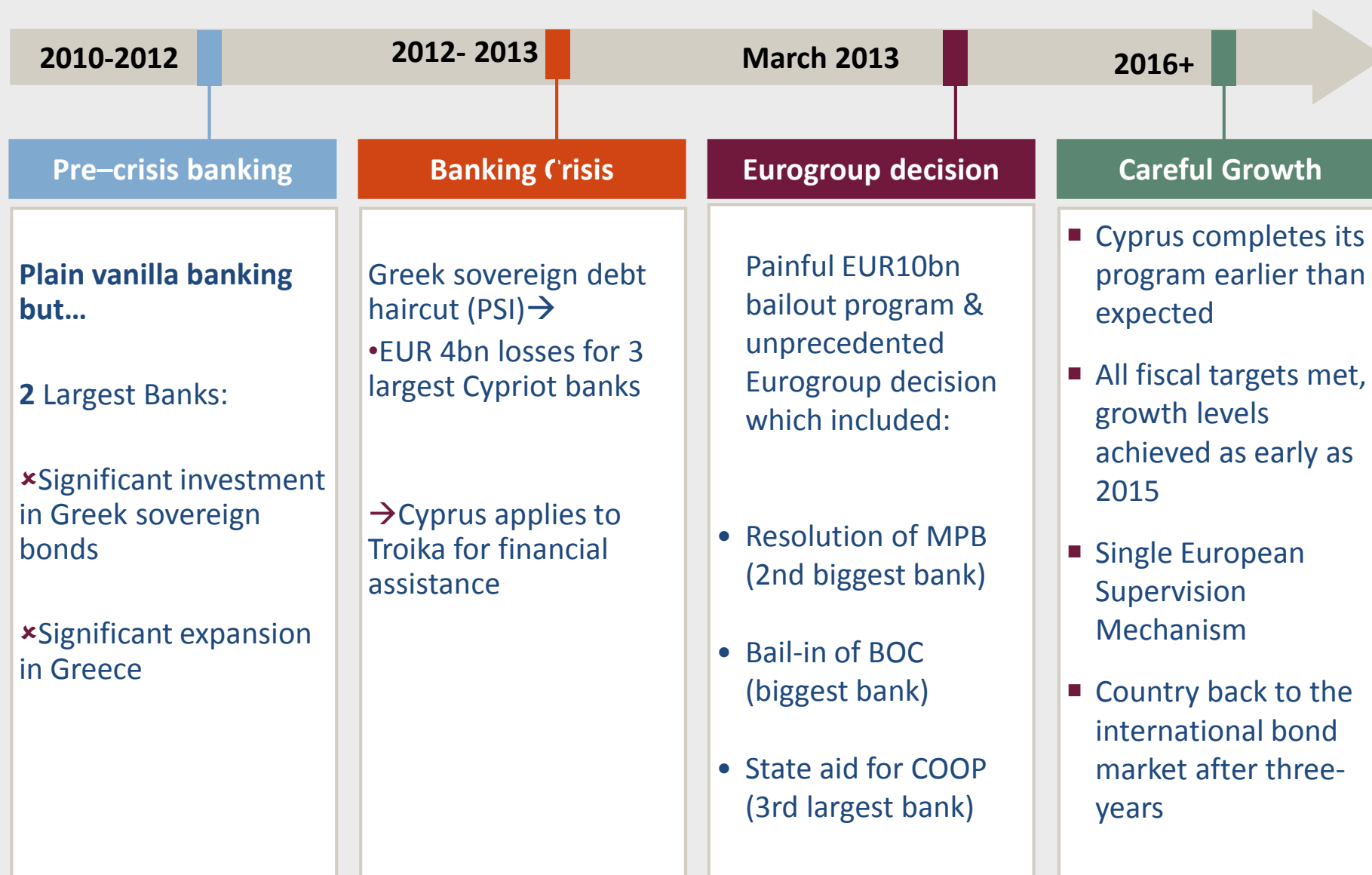
2.Why Banking in Cyprus

3.Piraeus Bank (Cyprus) Ltd





Cyprus Banking System – Timeline of events





Cyprus Banking System – Progress achieved thus far

- » All Cyprus Banks recapitalized after ECB Asset Qualitative Review stress tests in Oct 2014
- » ECB - Single Supervisory Mechanism
- » Significant progress in the general supervisory and regulatory reforms
- » All restrictive measures on domestic and international capital movements lifted



Cyprus Economy – back on track

- ❖ Positive GDP growth of 2.7% in 2015 .
- ❖ Cyprus returns to the international markets with a €1bln 7 years bond issue (twice oversubscribed) in April 2015
- ❖ Cyprus economy was upgraded by Moody's to B1 in November 2015
- ❖ Cyprus was allowed to participate in the ECB QE (quantitative easing) program by exception
- ❖ Early exit from Eurogroup's bailout program on 01.04.2016





Cyprus Economy – encouraging prospects

- ❖ Positive tax reforms passed/to be passed by the Parliament
- ❖ Multinationals enhancing substance in Cyprus
- ❖ Privatizations and structural reforms in the public sector
- ❖ Cyprus competitive advantage in sectors such as tourism, shipping and professional services maintained.
- ❖ Hydrocarbon prospects
- ❖ Prospects for a solution to the political problem (reunification)





Cyprus Banking – Why bank in Cyprus today?

Healthy and viable banking system

Cyprus Economy is on track

March 2016 - Cyprus celebrates early exit of bailout program having spent only EUR7.25bln of the EUR10bln earmarked in the bailout

Robust Supervision

Now supervised by the The European Central Bank (ECB) as part of the Single Supervisory Mechanism (SSM).

Stable Tax System

Taxation System remain unchanged throughout the crisis and has even been improved





Cyprus Banking – Why bank in Cyprus today?

Cyprus Banks are in line with EU statutory and regulatory requirements -

Moneyval and Deloitte (Italy) on site auditing and findings in 2013 confirmed that despite further improvements required in certain areas, in general:

- Banks have a high level of compliance with the statutory and regulatory requirements,
- No reference to or indication of systemic deficiencies

Cyprus Financial Services Sector – Resilient to the crisis –

Cyprus retains core strengths in financial services more broadly, including as a centre of excellence for the management and administration of funds.

Insignificant corporate tax increase (from 10% to 12,5%).





Cyprus Banking – Traditional competitive advantages

- Straightforward and efficient **account opening procedure**
- **Remote account opening** possible through approved regulated introducers
- **Over 30 years of experience as an international business hub** distinguished by the development of a wide range of sophisticated legal, professional and financial services
- **Advanced infra structure**



Cyprus Banking– Traditional competitive advantages

Also:

Strategic **geographical location**

Double tax treaties with 47 countries

Robust common law based legal system (**based on English law**) –easily understood by international businesses

Highly qualified and multilingual talent (33.6% of Cypriots between the ages of 18-64 are tertiary educated, well above EU average (23.6%))

Transparency International ranks Cyprus **32nd** out of 177 countries for **lowest perceived levels of corruption**

World Bank ranks Cyprus **47th** **in the world for ease of doing business in 2015 (climbing 13 places in one year)**





PIRAEUS BANK CYPRUS—Well placed in the new environment

Aggressive strategy for developing International Banking Business

Becoming increasingly recognized or one of the major players in International Banking in Cyprus (>15% average annual increase on the number of payments executed by international customers)

Strong Capital Adequacy

	<u>PBC</u>	<u>Minimum Regulatory Requirement (Pillar 1)</u>
Core Tier 1 Capital ratio:	9.6%*	8.0%

* (December 2015 – unaudited)





PIRAEUS BANK CYPRUS—Well placed in the new environment

Strong Liquidity Position

Net Loan to Deposit ratio: 66%*

Liquid Assets to Customer Deposits: 41%*

* As at 31st March 2016

Low Risk Appetite

Currently:

No investments/placements in Greek economy

No corporate bonds

All investments in bonds held are predominantly short-term, highly liquid and of high investment grade (Netherlands, Belgium, European Financial Stability Fund)

Stricter credit criteria on customer advances and loans since mid 2012



PIRAEUS BANK CYPRUS—Self Funded and Ring Fenced

- ❖ Piraeus Bank (Cyprus) Ltd was registered in Cyprus in 2007 and performs banking operations on the basis of a **banking licence granted by the Central Bank of Cyprus**, and, as an independent Cypriot Credit Institution operating under Cyprus Law, has taken all necessary measures that ensure the uninterrupted continuation of its operations.
- ❖ Since the 4th of November 2014, following the take-over by the European Central Bank of the supervisory role over Banks within the Eurozone, **Piraeus Bank (Cyprus) Ltd is supervised by the European Central Bank**. Piraeus Bank (Cyprus) Ltd complies with the capital adequacy rules required by the European Central Bank.
- ❖ In response to developments with the Greek economy, since early 2015 Piraeus Bank (Cyprus) Ltd has shielded its Balance Sheet, having moved **the bulk of its liquidity to robust European banking institutions, European highly-rated government bonds and short-term Cyprus Treasury Bills**.



PIRAEUS BANK CYPRUS – International Banking Unit

Dedicated to offer red carpet treatment to international customers:

- ❖ **Extended working hours plus 24/7 365day Call Centre**
- ❖ **Multilingual and experienced Customer Relationship Officers** handling all banking requirements of international customers (one stop shop)
- ❖ **Account opening**, activated internet banking and activated debit card **on the spot**
- ❖ **Same day value date payments** executed within **extended cutoff times at no extra cost**
- ❖ **Best Consumer Internet Bank in Cyprus** (Global Finance 2013 award)-Greek, English, Russian



Thank you

