

Imposition of an administrative penalty on Bank of Cyprus Public Company Ltd

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(7) of Council Regulation (EU) No 1024/2013, decided on 2 February 2022 to impose an administrative penalty on Bank of Cyprus Public Company Ltd in the amount of EUR 575,000. This penalty is imposed in respect of a breach of an ECB Decision of 23 September 2016 committed by transferring liquidity to its operating subsidiaries without seeking the prior approval of the ECB in the period from 28 September 2016 to 31 December 2017.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In determining the amount of the administrative penalty, the ECB considered all the relevant circumstances of the case, in particular the degree of the misconduct of Bank of Cyprus Public Company Ltd, together with the impact of the breach, the size of the entity and its financial situation.

The degree of the entity's misconduct was assessed as 'high' taking into account, in particular, that the entity committed the breach intentionally as, despite the evident knowledge of the requirement to seek the ECB's prior approval for any transfer of capital or liquidity to any subsidiary company and correctly seeking the ECB's approval on several other occasions during the same period, it nevertheless executed numerous transfers of liquidity without such approval, thus accepting that it would result in a breach of the ECB Decision of 23 September 2016. The entity thereby also hindered the ECB from obtaining a comprehensive picture of its prudential situation, since the ECB was deprived of the possibility to assess whether the unauthorised transfers could have had a detrimental effect on its liquidity position. Thus, although the ECB assessed the impact of the breach as 'low' based on the effect that the breach had on the prudential situation of the entity and the duration of the breach, the ECB classified the breach overall as 'moderately severe'. In addition, the ECB considered the financial situation of the entity.

The administrative penalty is published in accordance with Article 1a(3) of Council Regulation (EC) No 2532/98.

The ECB's decision to impose an administrative penalty on Bank of Cyprus Public Company Ltd may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.