

Press release

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ECB sanctions Bank of Cyprus for transferring liquidity to subsidiaries without approval

- Bank of Cyprus obliged by ECB since 2016 to seek supervisor's approval for liquidity transfers to subsidiaries
- Between September 2016 and December 2017 numerous transfers took place without ECB's approval
- ECB imposes penalty of €575,000 on Bank of Cyprus

The European Central Bank (ECB) has imposed an administrative penalty of €575,000 on Bank of Cyprus Public Company Ltd (Bank of Cyprus) after it transferred liquidity to its operating subsidiaries without seeking prior approval from the supervisor.

In 2016, in view of the liquidity situation of the bank at that point in time, the ECB confirmed that Bank of Cyprus must seek prior approval for any transfer of capital or liquidity to any of its subsidiaries. The national supervisor had originally imposed this precautionary measure in 2012 before the establishment of European banking supervision.

However, from September 2016 to December 2017 the bank intentionally carried out numerous transfers without seeking the supervisor's approval. This happened despite the evident knowledge of this requirement and after the bank had correctly sought ECB approval on several other occasions during the same period, thus accepting that it would result in a breach. This prevented the ECB from properly assessing the bank's prudential situation during that period, and it is therefore classed as a high degree of misconduct.

When deciding on the level of penalty to impose on a bank, the ECB applies its [guide to the method of setting administrative pecuniary penalties](#). In this case, the ECB classified the breach as moderately severe. More details on sanctions are available on the [ECB Banking Supervision website](#).

The bank has the right to challenge the ECB's decision before the Court of Justice of the European Union.

European Central Bank

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Notes

- The ECB's power to impose sanctions stems from Article 18(7) of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
- The decision imposing a sanction 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.

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