



## Announcement

# Bank of Cyprus priced EUR 220m of Additional Tier 1 Capital Securities

Nicosia, 28 August 2018

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

### Group Profile

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 122 branches, of which 120 operate in Cyprus, 1 in Romania and 1 in the United Kingdom. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4,402 staff worldwide. At 30 June 2018, the Group's Total Assets amounted to €23.7 bn and Total Equity was €2.2 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.



**Bank of Cyprus**  
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Bank of Cyprus Holdings Public Limited Company ("BOCH" and, together with its subsidiaries, the "Group") announces that it has successfully priced an issue of EUR220 mn Subordinated Fixed Rate Reset Perpetual Additional Tier 1 Capital Securities (the "Capital Securities") privately placed to a small number of institutional investors.

The issuance of the Capital Securities is expected to take place before year-end and is conditional upon BOCH completing the reclassification of share premium to distributable reserves, which is the subject of a shareholders' resolution to be considered and, if thought fit, approved at BOCH's Annual General Meeting to be held today and requires the subsequent approval by the Irish Court pursuant to section 85(1) of the Companies Act 2014 of Ireland.

The Capital Securities are perpetual and can be redeemed (in whole but not in part) at BOCH's option on the fifth anniversary of the issue date and each subsequent fifth anniversary (subject to compliance with applicable regulatory requirements and to the prior consent of regulatory authorities) and will carry an initial coupon of 12.50 per cent., resettable every five years. Coupon payments are discretionary, non-cumulative and subject to mandatory cancellation under certain conditions. The Capital Securities are intended to qualify as Additional Tier 1 capital under the EU Capital Requirements Regulation (the "CRR"). If BOCH's Common Equity Tier 1 ratio falls below 5.125%, the conditions of the Capital Securities provide for a temporary write-down of the outstanding aggregate principal amount. Whilst the Capital Securities will be unlisted at the time of issuance, BOCH intends to obtain a listing of the Capital Securities on a recognised stock exchange before the first scheduled coupon payment date, which is expected to be in June 2019.

The proceeds of issue of the Capital Securities are intended to be on-lent by BOCH to its subsidiary, Bank of Cyprus Public Company Limited (the "Bank"), and will be used by the Bank for general corporate purposes. The on-loan is intended to qualify as Additional Tier 1 capital for the Bank under the CRR.

The issuance of the Capital Securities, together with the announced sale of a non performing loan portfolio and the disposal of the Group's UK subsidiary, the Bank of Cyprus UK Ltd, forms an integral component of BOCH's broader strategy to strengthen and optimise its capital base. When completed, the issue of the Capital Securities is expected to strengthen BOCH's total capital ratio by around 130bps as at 30 June 2018 and by around 145 bps pro forma adjusted for the sale of the non-performing loan portfolio and BOC UK sale.

HSBC Bank plc and Citigroup Global Markets Limited acted as structuring advisors to BOCH in this transaction. Sidley Austin LLP acted as English law legal advisors and Arthur Cox as Irish law legal advisors to BOCH in this transaction. Allen & Overy LLP acted as English law legal advisors to the structuring advisors.

Note: The Capital Securities have been offered and sold outside the U.S. in accordance with Regulation S under the US Securities Act of 1933, as amended.