



Announcement

Completion of sale of the Group's Ukrainian business

Nicosia, 18 April 2014

Group Profile

Founded in 1899, Bank of Cyprus Group is the leading banking and financial services group in Cyprus. The Group provides 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 Group currently operates through a total of 358 branches, of which 180 operate in Russia, 130 in Cyprus, 42 in Ukraine, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 6 representative offices in Russia, Ukraine, China and South Africa. The Bank of Cyprus Group employs 7.752 staff worldwide. At 31 December 2013, the Group's Total Assets amounted to €30,3 bn and Equity was €2,7 bn.

Bank of Cyprus Public Company Ltd (the 'Bank' or the 'Group') has completed the sale of its Ukrainian business, comprising (i) its holding of 99,77% in its subsidiary bank in Ukraine, PJSC Bank of Cyprus, (ii) the funding provided by the Bank to PJSC Bank of Cyprus, and (iii) its loans with Ukrainian exposures, to Alfa Group.

Further to the announcements dated 31 January 2014 and 7 April 2014, the sale consideration has been revised to €202,5 mn (10% discount from €225 mn), where an amount of €102,5 mn has been received and an amount of €100 mn will be deferred up to 31 March 2015.

The accounting loss from the sale is approximately €153 mn¹ and represents the difference of the consideration received and the net book value of the business, as well as the unwinding of the related foreign currency reserves of €41 mn. The impact on the Group's capital is estimated to be €76 mn or 0,3 percentage points negative on the Group's capital ratios.

As already stated in the Group's related announcement dated 31 January 2014, the decision to sell the Ukrainian business falls under the Group's strategy of focusing on core businesses and markets and disposing operations that are considered as non-core and is being implemented successfully and ahead of schedule than what is anticipated in the Restructuring Plan. The Group proceeded with what it considers to be a good transaction in order to deleverage and de-risk its balance sheet and to eliminate future potential risks relating to its Ukrainian investment.

PSJC Bank of Cyprus was acquired by the Bank of Cyprus Group in 2008. It operates a network of 42 branches, focusing both on individuals and businesses in Ukraine. As at 31 December 2013, it had total assets and equity of around €234 mn and €55 mn respectively.

As required by the Cyprus Stock Exchange and according to paragraph 5.2.1.17(7) of Law 326/2009 (as amended), the transaction is at arm's length, it does not relate to or affects the interests of the Company's Secretary or of any "designated person" in accordance with the meaning given to the aforementioned term in article 137(3) of the Law.

¹ Based on the latest published Group financial results for the year ended 31 December 2013.