



Announcement

Response to statement by LSF XI Investments LLC

Nicosia, 19 August 2022

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014, and as the same has been retained in UK law as amended by the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310).

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THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE IRISH TAKEOVER PANEL ACT, 1997, TAKEOVER RULES, 2022 (THE "IRISH TAKEOVER RULES") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE IRISH TAKEOVER RULES OR SECTION 6 OF THE CYPRIOT TAKEOVER BIDS LAW OF 2007 (LAW 41(I)/2007)

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. At 31 March 2022, the Bank of Cyprus Group operated through a total of 86 branches in Cyprus, of which 11 operated as cash offices. Bank of Cyprus also has representative offices in Russia, Ukraine and China. As at 31 March 2022, the Bank of Cyprus Group employed 3,395 staff worldwide. The Bank of Cyprus Group comprises Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries.

**The Bank of Cyprus Group employed 3,395 staff worldwide as at 31 March 2022. The number of staff has been reduced by c.550 employees following the completion of a voluntary staff exit plan in July 2022.*



The Board of Bank of Cyprus Holdings PLC (**'Bank of Cyprus'** or the **'Company'** and the **'Board'**) notes the announcement made by LSF XI Investments LLC (**'Lone Star'**) on 19 August 2022 and confirms that it has received and unanimously rejected three unsolicited, conditional, non-binding proposals from Lone Star relating to a possible cash offer for the entire issued, and to be issued, share capital of the Company.

The first proposal was received on 5 May 2022 at a price of €1.25 per Bank of Cyprus share (the **'First Proposal'**). Following careful consideration together with its financial advisers, the Board unanimously rejected the First Proposal on 20 May 2022.

The second proposal was received on 25 May 2022 at a price of €1.38 per Bank of Cyprus share (the **'Second Proposal'**). Following careful consideration together with its financial advisers, the Board unanimously rejected the Second Proposal on 3 June 2022.

A further approach from Lone Star was received on 16 June 2022 seeking a meeting regarding execution considerations relating to the Second Proposal. The financial terms of the proposal presented in the 16 June 2022 approach were unchanged from those contained in the Second Proposal, which was unanimously rejected on 3 June 2022. Accordingly, the Board unanimously rejected this further approach and request for engagement on 29 June 2022.

The third proposal was received on 8 July 2022 at a price of €1.51 per Bank of Cyprus share (the **'Third Proposal'**). The Board, having carefully considered the Third Proposal together with its financial advisers, concluded that it fundamentally undervalues the Company and its future prospects and was not in the best interests of the Company, its shareholders or other stakeholders. Accordingly, the Board unanimously rejected the Third Proposal on 22 July 2022. The Board has not received any further approach from Lone Star since 22 July 2022 and confirms it is not currently considering any proposal from Lone Star.

In addition to fundamentally undervaluing the Company and its future prospects, the Board believes that the proposal from Lone Star does not adequately address the complexities of completing a transaction to acquire Bank of Cyprus, given its strategic importance to Cyprus.

The Board is confident in the Company's future prospects and remains committed to delivering its strategy of becoming a stronger, safer and a more focused institution capable of further supporting the recovery of the Cypriot economy. Bank of Cyprus updated its medium-term strategic targets in February 2022 and upgraded its expectations in May 2022. The Board reiterates the guidance given in May 2022, including delivery of a return on tangible equity of greater than 10% in 2024 and, subject to performance and relevant approvals, a return to dividend distributions from 2023 onwards. The Board remains confident in its ability to implement its strategic objectives, delivering strong shareholder returns in the medium and long term, and accordingly has unequivocally rejected the proposal from Lone Star.

Shareholders are strongly urged to take no action at this time.

There can be no certainty that any formal offer will be made nor as to the terms on which any offer might be made. This announcement is being made without the agreement or approval of Lone Star.

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In accordance with Rule 26.1 of the Irish Takeover Rules, a copy of this announcement will be available on the Company's website at <https://www.bankofcyprus.com/en-gb/group/> by no later than 12.00 (noon) (Irish/UK time) on the business day following publication of this announcement. The content of the website referred to in this announcement is not incorporated into, and does not form part of, this announcement. This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted.

This announcement has been prepared in accordance with and in compliance with the applicable laws of Ireland, Cyprus and England and information disclosed may not be the same as that which would have been prepared in accordance with the laws of other jurisdictions.

The distribution of this announcement in jurisdictions other than Ireland, Cyprus and the United Kingdom and the availability of any offer to shareholders of Bank of Cyprus who are not resident in Ireland, Cyprus or the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore, any persons who are subject to the laws of any jurisdiction other than Ireland, Cyprus or the United Kingdom or shareholders of Bank of Cyprus who are not resident in Ireland, Cyprus or the United Kingdom will need to inform themselves about, and observe, any applicable requirements.

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Requesting hard copy information

Any Bank of Cyprus shareholder may request a copy of this announcement in hard copy form by writing to Bank of Cyprus Holdings PLC, Ten Earlsfort Terrace, Dublin, D02 T380, Ireland or 51 Stassinos Street, Ayia Paraskevi, 2002 Strovolos, Nicosia, Cyprus or by contacting the Company Secretary of Bank of Cyprus via telephone on +35722122080 or by email to Company.Secretary@bankofcyprus.com. Any written requests must include the identity of the Bank of Cyprus shareholder and any hard copy documents will be posted to the address of the Bank of Cyprus shareholder provided in the written request.

A hard copy of this announcement will not be sent to Bank of Cyprus shareholders unless requested.

Jurisdiction

Bank of Cyprus is a public limited company incorporated in Ireland with relevant securities listed and admitted to trading on the Main Market of the London Stock Exchange and on the Cyprus Stock Exchange. As a result, any transaction to acquire Bank of Cyprus which constitutes a “takeover bid” (as defined in Directive 2004/25/EC (the “**Takeover Bids Directive**”)) will be subject to the shared jurisdiction of the Irish Takeover Panel and the Cyprus Securities Exchange Commission in line with the procedures set out in Article 4 of the Takeover Bids Directive, as implemented in Ireland and Cyprus. Any transaction to acquire control of Bank of Cyprus which proceeds otherwise than by way of takeover bid will be subject to the jurisdiction of the Irish Takeover Panel under the Irish Takeover Rules.

Prior to a determination being made as to the manner in which any transaction to acquire Bank of Cyprus would be implemented, the possible offer is subject to the jurisdiction of both the Irish Takeover Panel and the Cyprus Securities Exchange Commission. As noted above, there is no certainty that any formal offer to acquire Bank of Cyprus will be made nor as to the terms on which any offer might be made.

Responsibility Statement

The Directors of Bank of Cyprus accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Disclosure requirements of the Irish Takeover Rules

Under Rule 8.3(a) of the Irish Takeover Rules, any person who is 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Bank of Cyprus must make an 'opening position disclosure' by no later than 3.30pm (Irish/UK time) on 2 September 2022. An 'opening position disclosure' must contain the details specified in Rule 8.6(a) of the Irish Takeover Rules, including details of the person's interests and short positions in any 'relevant securities' of Bank of Cyprus. Relevant persons who deal in any 'relevant securities' of Bank of Cyprus prior to the deadline for making an 'opening position disclosure' must instead make a dealing disclosure as described below.

Under Rule 8.3(b) of the Irish Takeover Rules, any person 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Bank of Cyprus must disclose all 'dealings' in such 'relevant securities' during the 'offer period'. The disclosure of a 'dealing' in 'relevant securities' by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (Irish/UK time) on the business day following the date of the transaction. A dealing disclosure must contain the details specified in Rule 8.6(b) of the Irish Takeover Rules, including details of the dealing concerned and of the person's interests and short positions in any 'relevant securities' of Bank of Cyprus.

In addition, Lone Star must make an 'opening position disclosure' by no later than 12.00 (noon) (Irish/UK time) on 2 September 2022 and disclose details of any 'dealings' by it or any person 'acting in concert' with it in 'relevant securities' of Bank of Cyprus by no later than 12.00 (noon) (Irish/UK time) on the business day following the date of the transaction.

All 'dealings' in 'relevant securities' of Bank of Cyprus by Lone Star, or by any party acting in concert with Lone Star, must also be disclosed by no later than 12 noon (Irish/UK time) on the 'business' day following the date of the relevant transaction. If two or more persons co-operate on the basis of an agreement, either express or tacit, either oral or written, to acquire for one or more of them an interest in relevant securities, they will be deemed to be a single person for these purposes.

Disclosure tables, giving details of the companies in whose 'relevant securities' 'opening positions' and 'dealings' should be disclosed, can be found on the Irish Takeover Panel's website at www.irishtakeoverpanel.ie.

'Interests' in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks in this section are defined in the Irish Takeover Rules, which can also be found on the Irish Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a dealing or an opening position under Rule 8, please consult the Irish Takeover Panel's website at www.irishtakeoverpanel.ie or contact the Irish Takeover Panel on telephone number +353 1 678 9020.

Disclosure requirements of the Cypriot Takeover Bids Law

In addition to the requirements under Rule 8 of the Irish Takeover Rules as outlined above, under section 26 of the Cypriot Takeover Bids Law, during the 'period of the takeover bid':

- (a) Lone Star and every person holding a percentage of five per cent (5%) or more of the voting rights of Bank of Cyprus or Lone Star, must announce immediately, in accordance with the provisions of the Cypriot Takeovers Bids Law, every acquisition of securities in Bank of Cyprus or Lone Star made by themselves or by persons acting in their own name but on their behalf or in concert with them or by undertakings controlled by them, as well as the acquisition price and any voting rights already held in that company; and
- (b) every person acquiring a percentage equal to half per cent (0.5%) or greater of the voting rights of Bank of Cyprus or Lone Star, must make an announcement for this acquisition in accordance with the provisions of the Cypriot Takeovers Bids Law, as well as every subsequent acquisition of securities of these companies by themselves or by persons acting in their own name but on their behalf or in concert with them or by undertakings controlled by them, as well as the acquisition price and any voting rights already held in that company.

Terms in quotation marks in this section are defined in the Cypriot Takeover Bids Law, which can also be found on the website of the Securities and Exchange Commission of Cyprus at www.cysec.gov.cy.

Forward-looking statements

Certain statements in this announcement are forward looking and so involve risk and uncertainty because they relate to events, and depend upon circumstances that will occur in the future and therefore results and developments can differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this announcement and Bank of Cyprus undertakes no obligation to update these forward-looking statements.

No Profit Forecast / Asset Valuations

No statement in this announcement is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial

periods for Bank of Cyprus or Lone Star as appropriate. No statement in this announcement constitutes an asset valuation.