

**Bank of Cyprus Holdings**



## Announcement

# Completion of Project Helix 2 (Portfolios A and B) - Sale of non-performing loans

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Nicosia, 28 June 2021

### **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 91 branches in Cyprus, of which 11 operate as cash offices. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 3,557 staff worldwide. At 31 March 2021, the Group's Total Assets amounted to €23.0 bn and Total Equity was €2.1 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 Holdings Public Limited Company (“**BOC Holdings**” and, together with its subsidiaries, the “**Group**”) is pleased to announce the completion of Project Helix 2 (Portfolios A and B).

Project Helix 2 (the “**Transaction**”) refers to the sale of portfolios of loans with a total gross book value of €1,339 mn<sup>1</sup> (of which €1,311 mn<sup>1</sup> relate to non-performing exposures) (“**Portfolios A and B**”), secured over real estate collateral, to funds affiliated with Pacific Investment Management Company LLC (“PIMCO”), the agreements for which were announced on 3 August 2020 and on 18 January 2021.

The net consideration for the Transaction amounts to c.€560 mn, of which c.€165 mn have been received in cash by completion. The remaining amount is payable in four instalments up to December 2025 without any conditions attached. The net consideration reflects adjustments resulting from, inter alia, loan repayments received on the Portfolios since the reference date of 30 September 2019. The consideration can be increased through an earnout arrangement, depending on the performance of each of the Portfolios.

The completion of the Transaction increases the Group’s CET1 ratio as at 31 March 2021 of 14.4% to 14.6% (pro forma). Overall, including the release of risk weighted assets, the impact of the Transaction on the Group’s CET1 ratio since the agreements were signed in August 2020 for Portfolio A and January 2021 for Portfolio B is c.-50 basis points<sup>1</sup>. Post completion, the Transaction is expected to have an additional positive capital impact of c.65 basis points<sup>1</sup> on the Group’s CET1 ratio, upon the full payment of the deferred consideration and without taking into consideration any positive impact from the earnout, thus making the Transaction overall capital accretive.

The Transaction represents a further milestone in the delivery of one of the Group’s strategic priorities of improving asset quality through the reduction of NPEs. Project Helix 2 (Portfolios A and B) reduces the NPE ratio by 9 percentage points<sup>1</sup> from 25%<sup>1</sup> to 16%<sup>1</sup> (pro forma). Overall, since the peak in 2014, the stock of NPEs has been reduced by €13.3 bn<sup>1</sup> or 89%<sup>1</sup> and the NPE ratio by 47 percentage points<sup>1</sup>, from 63% to 16%<sup>1</sup>, on the same basis.

For further information, please contact Investor Relations at [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com).

1 Based on the Group financial results for the quarter ended 31 March 2021