



Announcement

Agreement for the sale of the Group's Ukrainian business

Nicosia, 31 January 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 368 branches, of which 187 operate in Russia, 133 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 8.323 staff worldwide. At 30 September 2013, the Group's Total Assets amounted to €31,4 bn and Equity was €2,8 bn.

Bank of Cyprus (the 'Bank' or the 'Group') has reached agreement to sell its loss-making 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 ABH Ukraine Limited, a member of the Alfa Group. The sale is subject to approvals from the relevant regulatory authorities in Cyprus and Ukraine.

The sale consideration is €225 million, subject to adjustments made upon completion which is estimated to take place by the end of the first quarter of 2014. The proceeds of the sale will enhance the Bank's liquidity position. The impact on the Group's capital is estimated to be approximately €77 mn or 0,3 percentage points negative on the Group's capital ratios. The accounting loss from the sale is approximately €158 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 €44 mn. Upon the completion of the sale, the Group will issue an announcement providing a more precise estimate of the financial impact of this transaction.

The sale 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 at a faster pace 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, particularly given the political and economic environment prevailing currently in Ukraine.

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 30 September 2013, the bank had total assets and equity of around €245 mn and €70 mn respectively.

¹ Based on the latest published Group financial statements.