

Announcement

Republic of Cyprus repays sovereign bond held by Bank of Cyprus

Nicosia, 26 June 2014

Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) announces that it has been notified by the Public Debt Management Office of the Republic of Cyprus that the Government will repay €950 mn of a sovereign bond of €1.987 mn on 1 July 2014. This will have a positive impact on the Bank’s liquidity, profitability and capital position.

The Cypriot sovereign bond being repaid relates to the recapitalisation bond of ex-Laiki that was transferred to Bank of Cyprus in March 2013 following the acquisition of certain assets and liabilities of ex-Laiki as per the relevant decrees issued by the Central Bank of Cyprus in its capacity as the Resolution Authority.

The bond was pledged as collateral with the ECB and the amount repaid will allow the Bank to reduce its ECB funding by approximately €550 mn. The remaining amount will be used to reduce ELA by approximately €400 mn. With the bond transferred to the Bank at fair value at the acquisition date and redeemed at nominal value, there will be an accounting profit of about €95 mn for the second quarter of 2014 and a positive impact of about €95 mn or 0,4 percentage points on the Group’s common equity tier 1 capital ratio.

This bond repayment follows the Government’s recent offering of €750 mn of 4,75% bonds due in 2019, which allows the Government to replace existing more expensive debt with less expensive debt.

The above development is another positive contribution to the progress being made by the Bank in its journey back to strength. The Bank continues to deliver on its strategy to deleverage and focus on its core businesses in Cyprus. The relentless focus on asset quality, funding, capital and efficiency will restore the Bank’s financial strength enabling it to support the recovery of the Cypriot economy.

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 operates through a total of 300 branches, of which 164 operate in Russia, 130 in Cyprus, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 5 representative offices in Russia, Ukraine, China and South Africa. The Bank of Cyprus Group employs 6.898 staff worldwide. At 31 March 2014, the Group’s Total Assets amounted to €29,4 bn and Total Equity was €2,7 bn