

Announcement

Sale of investment in Marfin Diversified Strategy Fund Plc

Nicosia, 30 April 2015

Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) announces the disposal of its investment in Marfin Diversified Strategy Fund Plc (MDSF), comprising of 1.142.052,6400 Founder Shares and 765.096,0464 US Dollar A Shares (95% of MDSF issued share capital) to Dorchester Capital Secondaries Offshore III, LP.

The sale consideration is \$92 mn (approx. €84 mn), with the sale enhancing the Bank’s liquidity and capital position. Due to the disposal, there is a positive impact of approximately 0,1 percentage points on the Group’s Common Equity Tier 1 capital ratio due to the reduction of risk weighted assets. The accounting gain is approximately €10 mn and represents the recycling of the related foreign currency reserves into the income statement.

The sale falls under the Group’s strategy of focusing on core businesses and markets, and disposing of operations that are considered as non-core.

The investment in MDSF was transferred to the Bank from Cyprus Popular Bank Public Co Ltd, pursuant to the "Sale of Certain Operations of Cyprus Popular Bank Public Co Ltd Decree of 2013" of 29 March 2013 and certain subsequent decrees issued by the Central Bank of Cyprus in its capacity as Resolution Authority. MDSF was incorporated on 23 June 2006 in the Isle of Man as an open-ended investment company, with its principal activity being the investment in a diversified portfolio of collective investment schemes.

The Private Fund Group of Credit Suisse has acted as exclusive banking advisor to the Bank, and the London office of Sidley Austin LLP acted as legal advisor to the Bank, in each case in relation to the disposal of the above asset.

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 and it does not relate to or affect 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.

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 259 branches, of which 130 operate in Cyprus, 123 in Russia, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 6.726 staff worldwide. At 31 December 2014, the Group’s Total Assets amounted to €26,8 bn and Total Equity was €3,5 bn.