



## Announcement

### Completion of the sale of Uniastrum Bank and certain other Russian assets

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Nicosia, 28 September 2015

#### **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 135 branches, of which 129 operate in Cyprus, 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 4.600 staff worldwide. At 30 June 2015, the Group's Total Assets amounted to €25,4 bn and Total Equity was €3,5 bn.*



Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) has completed the sale of the majority of its Russian operations, comprising (i) its holdings<sup>1</sup> of 80% in its Russian banking subsidiary, CB Uniastrum Bank LLC, and of 80% in its Russian leasing subsidiary, Leasing Company Uniastrum Leasing LLC, and (ii) certain other Russian loan exposures, to Mr. Artem Avetisyan (the “Buyer”), the majority shareholder in Bank Regional Credit, and to entities under the control of the Buyer.

As already stated in the Group’s announcement on 17 July 2015<sup>2</sup>, the decision to sell the Russian operations is part of the Group’s strategy of focusing on core businesses and markets and disposing of operations that are considered as non-core. With the disposal of this major overseas banking subsidiary, the Group has reached another milestone in its deleveraging and de-risking strategy, and has eliminated future potential risks relating to its Russian banking operations, including any liquidity risks.

The Group concluded its negotiations with the Buyer, as a result of which certain revisions to the agreement reached on 17 July 2015 were made. This sale allows the Group to de-risk its balance sheet by approximately €600 mn and allows the release of risk weighted assets of approximately €550 mn<sup>3</sup>. The sale improves the Group’s regulatory capital position, with a positive impact of approximately 30 basis points on the Common Equity Tier 1 capital ratio<sup>4</sup>. In line with the previous announcement, the transaction results in an accounting loss of €23 mn<sup>5</sup>, comprising a loss of €28 mn caused by the technical unwinding of a foreign currency translation reserve and a profit of €5 mn against the net book value of the assets.

As a result of the transaction, the remaining net exposure (on and off balance sheet) of the Group in Russia is €155 mn<sup>6</sup> (compared to €148 mn<sup>7</sup> as per the announcement on 17 July 2015) and is expected to be reduced over time. As a result of the revised agreement, the remaining exposure includes €42 mn arising from the deferred component of an asset swap arrangement, but benefits from the removal of an off-balance sheet exposure amounting to €34 mn.

The transaction has received all necessary regulatory approvals. This transaction does not affect the Bank’s presence in Russia through its two representative offices in Moscow and St. Petersburg.

Deutsche Bank AG, London Branch, has acted as financial advisor and Linklaters as legal advisor to the Bank in connection with this transaction.

As required by the Cyprus Stock Exchange and according to paragraph 5.2.1.17(7) of the Decision of the Council of the CSE Concerning the CSE Market 379/2014 (as amended), the transaction is at arm’s length, 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 Cyprus Securities and Stock Exchange Law 14(I)/1993 (as amended).

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<sup>1</sup> Through the intermediary subsidiary BOC Russia (Holdings) Limited, which owns 100% of the share capital of CB Uniastrum Bank LLC and 100% of the share capital of Leasing Company Uniastrum Leasing LLC.

<sup>2</sup> See relevant announcement dated 17 July 2015,

[http://www.bankofcyprus.com/Documents/Investor%20Relations/Press%20Releases/ENG/20150717AgreementSaleofBOCRENG\\_Final.pdf](http://www.bankofcyprus.com/Documents/Investor%20Relations/Press%20Releases/ENG/20150717AgreementSaleofBOCRENG_Final.pdf)

<sup>3</sup> Based on the latest published Group financial results for the six months ended 30 June 2015.

<sup>4</sup> Based on the latest published Group financial results for the six months ended 30 June 2015.

<sup>5</sup> Based on the latest published Group financial results for the six months ended 30 June 2015.

<sup>6</sup> Comprising €135 mn on-balance sheet and €20 mn off-balance sheet exposures, based on the latest published Group financial results for the six months ended 30 June 2015.

<sup>7</sup> Comprising €114 mn on-balance sheet and €34 mn off-balance sheet exposures, based on the then latest Group financial results for the three months ended 31 March 2015.