Bank of Cyprus Group

Announcement

Agreement for the sale of assets in Romania

Nicosia, 20 August 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 operates through a total of 300 branches, of which 130 operate in Cyprus, 164 in Russia, 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.

Bank of Cyprus (the “Bank”, the “Group” or the “Company”) has signed an agreement to sell its assets related to Societatea Companiilor Hoteliere Grand S.R.L. (“GHES”), a limited liability company incorporated in Romania and owner of the JW Marriott Bucharest Grand Hotel to STRABAG SE, an Austrian stock company. The assets comprise (i) a facility agreement between GHES, as borrower, and Bank of Cyprus – Romania Branch, as lender, (ii) 1,474,482 shares issued by GHES to an affiliate of the Bank, representing 35,292% of the issued share capital of GHES and (iii) a subordinated loan agreement between GHES, as borrower, and an affiliate of the Bank, as lender. The sale is subject to the fulfilment of specific conditions stipulated in the agreement.

The sale consideration is €95 mn, subject to adjustments to be made upon completion of the agreement which is estimated to take place by the end of September and in any case no later than the end of October 2014. The proceeds of the sale will enhance the Bank’s liquidity position. The accounting loss from the transaction[1] is around €1 mn, but there is a positive impact of approximately €7 mn on the Group’s capital position, after taking into account the reduction in risk weighted assets.

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 as anticipated by the Restructuring Plan. It is also in line with the Group’s decision to gradually reduce its presence in Romania and to finally exit the Romanian market. Finally, the sale achieves an exit from a sizeable and specialised asset in Romania, while at the same time enhances liquidity by €95 mn.

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, it does not relate to or affects 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.

[1] Based on the latest published Group financial results.