

Announcement

Republic of Cyprus repays €750 mn of a bond held by Bank of Cyprus

Nicosia, 5 June 2015

Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) announces that it has been notified by the Ministry of Finance that on 9 June 2015 the Government will partially repay a bond held by the Bank by an amount of €750 mn.

The bond being partially repaid is the recapitalisation bond of Laiki Bank that was transferred to the Bank in March 2013, following the acquisition of certain assets and liabilities of Laiki Bank.

The bond is pledged as collateral with the European Central Bank (ECB). Part of the amount repaid will be used to reduce ECB and ELA funding. With the bond transferred to the Bank at fair value at the acquisition date, there will be an accounting profit of about €33 mn resulting from this transaction. The net interest income of the Bank going forward will be negatively affected by the early repayment of the bond, primarily driven by the upfront recognition of the accounting gain.

The remaining amount of the bond of €340 mn will be replaced on its maturity on 1 July 2015 by a new bond for the same nominal amount, with pricing based on the Cyprus government yields prevailing at the time.

The repayment follows the Government's recent offering of a €1 bn bond at a coupon of 3,875% and yield of 4% maturing in 2022.

It is noted that on 1 July 2014, the Government repaid another €950 mn of this bond.

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 6.715 staff worldwide. At 31 March 2015, the Group's Total Assets amounted to €26,7 bn and Total Equity was €3,5 bn.