

Announcement

Agreement for the sale of Kermia Hotels Ltd and adjacent land

Nicosia, 5 April 2016

- The sale is in line with the Group's strategy of deleveraging through the disposal of non-core exposures and of focusing on core businesses while, at the same time, strengthening its capital position
- The sale consideration has been set at €26,5 mn and is expected to result in a net profit after tax of approximately €1,8 mn
- The transaction is expected to result in a net capital benefit of approximately €18 mn and an improvement of the CET1 ratio by 0,1 percentage points

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 4.605 staff worldwide. At 31 December 2015, the Group's Total Assets amounted to €23,3 bn and Total Equity was €3,1 bn.



Bank of Cyprus Public Company Ltd (the “Bank” or the “Group”) has agreed to sell Kermia Hotels Ltd and adjacent land, reaching another milestone in the Group’s restructuring and journey back to strength.

Kermia Ltd (“Kermia”), a wholly owned subsidiary of the Bank, has entered into an agreement to sell its 100% holding in Kermia Hotels Ltd together with adjacent land (together the “Assets”) in Ayia Napa, Cyprus to Aesara Investment Ltd (the “Purchaser”), selected as the successful bidder following a competitive process. Aesara Investment Ltd is controlled by Vasilis Nicolaides and Demetris Nicolaides, shareholders of Atlantica Leisure Group Ltd.

Kermia Hotels Ltd owns and manages Kermia Beach Bungalow Hotel, situated on the outskirts of Ayia Napa, Cyprus.

The sale and transfer of the Assets is expected to be completed within the second quarter of 2016, following relevant regulatory approvals.

The sale consideration has been set at €26,5 mn. The transaction is expected to result in a Group net profit after tax of approximately €1,8 mn, based on carrying values as at 31 December 2015, and a net capital benefit of approximately €18 mn, as a result of the current capital treatment of the Assets. As a result, the Group’s Common Equity Tier 1 (CET1) ratio¹ is expected to improve by 0,1 percentage points.

The sale of the Assets is in line with the Group’s strategy of deleveraging through the disposal of non-core exposures and of focusing on core businesses, while, at the same time, strengthening its capital position.

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, 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 Cyprus Securities and Stock Exchange Law 14(I)/1993 (as amended).

¹ Based on the Group financial results for the year ended 31 December 2015.