

Bank of Cyprus Group



## Announcement

### Sale of Bank of Cyprus Australia Ltd

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Nicosia, 16 December 2011

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 609 branches, of which 209 operate in Russia, 185 in Greece, 141 in Cyprus, 44 in Ukraine, 12 in Romania, 13 in Australia, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 9 representative offices in Russia, Romania, Ukraine, Serbia, Canada and South Africa. The Bank of Cyprus Group employs 11,551 staff worldwide.

At 30 September 2011, the Group's Total Assets amounted to €39,57 bn and the Shareholders' Funds were €2,99 bn. The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found on the Group's website [www.bankofcyprus.com](http://www.bankofcyprus.com).



Bank of Cyprus (the “Bank” or the “Group”) has signed a binding agreement to sell its subsidiary bank in Australia, Bank of Cyprus Australia Ltd (“BOCA”), to Bendigo and Adelaide Bank Limited (“Bendigo”).

The sale consideration is estimated at around €100 mn and the sale is subject to the approval of the relevant regulatory authorities in Australia and Cyprus. The sale is estimated to have a positive impact of about €250 mn on the Group's liquid funds. In addition, the sale will result in a positive impact on the Group's capital adequacy ratios. Specifically, a positive impact of around €77 mn is expected on Bank of Cyprus' capital buffer as calculated in the Capital Exercise carried out by the European Banking Authority and the Central Bank of Cyprus. The Group profit from the sale is estimated at around €8 mn. The sale is expected to be completed towards the end of February 2012.

The decision to sell BOCA is in line with the Group strategy of further strengthening its capital position and its liquid funds. The Group will continue focusing on its presence in its main markets of operation and in countries with large population, low banking penetration and high projected levels of banking growth.

Established in 2000, BOCA operates a network of 14 outlets, mainly serving individuals and businesses of the Cypriot and Greek community of Australia. As at 30 September 2011, the bank had total loans, as well as total deposits of around €969 mn. The performance of BOCA reflects the highly competitive conditions prevailing in the Australian banking market, in which size is a critical parameter for achieving high returns.

Based on the above, the Executive Management and the Board of Directors of the Bank of Cyprus, decided that the sale of BOCA is for the benefit of the shareholders of the Group. The sale is also for the benefit of the customers and staff of BOCA, as they will be able to continue their development with Bendigo and Adelaide Bank, a strong financial institution in Australia which focuses on serving communities (“community banking”).

Bendigo and Adelaide Bank is one of the largest regional banks in Australia with 1,4 mn customers and over €38 bn total assets. In retail banking, Bendigo operates through a network of approximately 600 outlets. With particular emphasis in «community banking», Bendigo's intention is to retain the relations of BOCA with the Cypriot and Greek community, which will be primarily serviced by the existing network and staff of BOCA. In fact, Bendigo intends to retain BOCA as a separate entity to serve the banking needs of the Cypriot and Greek community in Australia.

The main terms of the sale agreement provide that Bank of Cyprus and Bendigo will sign an agreement to cooperate on serving the customers of the Group in Australia and the customers of BOCA and Bendigo in Cyprus and Greece.