



Announcement

Investment in Romanian Banca Transilvania

Nicosia, 16 December 2009

Bank of Cyprus announces that it has acquired 102.862.785 shares representing a 9,7% interest in Banca Transilvania's share capital with a total acquisition cost of €58 mn. The transaction does not have a material impact on the capital adequacy and financial fundamentals of the Bank of Cyprus Group. Bank of Cyprus proceeded with this transaction solely for investment purposes with the consideration paid representing approximately a multiple of 1,5 times price to shareholder's equity.

The acquisition offers Bank of Cyprus the opportunity to invest at an attractive valuation in the share capital of a leading Romanian bank and to gain further insights and experience into the Romanian banking market.

Banca Transilvania is the largest Romanian bank with domestic private ownership, operating through a strong branch network of 532 units and enjoying an 8,5% market share in total deposits. As at 30 September 2009 Banca Transilvania had total assets of RON 18,2 bn (€4,3 bn), deposits and gross loans of RON 14,2 bn (€3,4 bn) and RON 11,7 bn (€2,8 bn) respectively, and shareholders' equity of RON 1,7 bn (€402 mn). Banca Transilvania is well capitalised and very liquid, with a capital adequacy ratio and a loans to deposits ratio at 30 September 2009 of 13,5% and 84% respectively. Banca Transilvania is listed on the Bucharest Stock Exchange and the European Bank of Reconstruction and Development (EBRD) is its largest shareholder, participating in its capital since 2001, with a 15% interest.

The above mentioned investment does not affect the Bank of Cyprus Group's strategy in Romania, which is to be an efficient organisation in the retail banking sector and with a particular focus in the SME sector. The Group currently operates through 11 branches in Romania. At 30 September 2009, the Group's total loans and customer deposits in Romania amounted to €585 mn and €113 mn, respectively.

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 588 branches, of which 221 operate in Russia, 164 in Greece, 143 in Cyprus, 34 in Ukraine, 10 in Australia, 11 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 8 representative offices in Russia, Romania, Ukraine, Canada and South Africa. The Bank of Cyprus Group employs 12.137 staff worldwide.

At 30 September 2009, the Group's Total Assets amounted to €37,19 bn and the Shareholders' Funds were €2,36 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.