

## Announcement

**Significant Capital Strengthening of Bank of Cyprus**

Nicosia, 20 March 2012

- The Bank's Core tier 1 capital has increased by €594 mn
- The Bank will proceed with all the necessary actions for the completion of the Capital Strengthening Plan until 18 June 2012, according to the terms of the Prospectus
- Furthermore, the Bank continues to further strengthen its capital position through its profit generation and other targeted actions

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, private banking, life and general insurance. The Group currently operates through a total of 583 branches, of which 199 operate in Russia, 188 in Greece, 137 in Cyprus, 42 in Ukraine, 12 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 6 representative offices in Russia, Romania, Ukraine, Serbia and South Africa. The Bank of Cyprus Group employs 11.326 staff worldwide.

At 31 December 2011, the Group's Total Assets amounted to €37,84 bn and the Shareholders' Funds were €2,70 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 Public Company Ltd ("Bank") announces that it has significantly strengthened its capital position, despite the uncertain economic environment and adverse market conditions.

According to the terms of the Capital Strengthening Plan, as described in the Prospectus dated 12 January 2012 and the Supplementary Prospectus dated 9 March 2012 (together the "Prospectus"), the period for Exercise of the Rights ("Rights"), for Applications for Pre-registration and for the Acceptance of the offer to exchange the Convertible Enhanced Capital Securities Exchange ("CECS") ended on 19 March 2012.

With the completion of the applications in connection with the Capital Strengthening Plan, the Bank's Core Tier 1 capital has increased by €594 mn of which approximately €160 mn relates to the Exercise of Rights and Applications for Pre-registration and €434 mn relates to the Acceptance of the offer to exchange CECS. As a result of the above, approximately 898,6 mn new shares will be issued.

Furthermore, the Bank is proceeding with the completion of the Capital Strengthening Plan. According to the Prospectus, the Bank has the right until 18 June 2012 (within 60 working days from 19 March 2012) to exercise, all or part of the rights that have not been subscribed by their Holders and have not been exercised by 19 March 2012. Any distribution of unsubscribed shares will be at the discretion of the Board of Directors and can take place at the same or at a higher price than the Subscription Price of the New Shares.

At the same time, the Bank continues to further strengthen its capital position through its profitability as well as through other targeted actions, including the effective management of risk weighted assets and the completion of the sale of Bank of Cyprus Australia Ltd, which has contributed approximately €80 mn to the Bank's regulatory capital.

The issue date of the new shares from the exercise of Rights and from the Applications for Pre-registration is 20 March 2012. The date of issuance of the Mandatory Convertible Notes (the "MCNs") arising from the exchange of CECS is 20 March 2012 and their redemption date with new shares is 27 March 2012. The relevant allocation letters in respect of the new shares will be sent to shareholders on 29 March 2012.

The exchange rate used to calculate the number of MCNs to be allocated to applications in exchange for CECS in U.S. Dollars is €1: \$1,3169 which is the exchange rate at the last date of the Exchange Offer, i.e. on 19 March 2012 .

The Bank will apply to the relevant authorities for the listing of all the new shares arising from the exercise of the Rights, from Applications for Pre-registration and from the Acceptance of the offer to exchange CECS on the Cyprus Stock Exchange ("CSE") and on the Athens Exchange ("ATHEX"). The date the new shares will be listed on the CSE and ATHEX will be announced in due course once the relevant approvals from the two stock exchanges are obtained.

The Management of the Bank would like to thank its shareholders and the investing public for their participation in the Capital Strengthening Plan and their continued support of the Group.