

Bank of Cyprus Group



## Announcement

### European Banking Authority Capital Exercise

Nicosia, 27 June 2012

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 573 branches, of which 194 operate in Russia, 187 in Greece, 135 in Cyprus, 42 in Ukraine, 10 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 11.175 staff worldwide.

At 31 March 2012, the Group's Total Assets amounted to €38,66 bn and the Shareholders' Funds were €2,85 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).



In light of the deadline of 30 June 2012 set by the European Banking Authority (EBA) for the recapitalisation of banks, Bank of Cyprus Group (Group) took a number of actions to cover its capital needs of €1.560 mn as estimated by EBA.

With its actions, the Group covered a significant part of the above amount and it continues its efforts to further strengthen its capital base through the effective management of risk weighted assets and other measures.

The effort to sell and/or to establish strategic partnerships in the insurance business sector has not been concluded and will be continued in order to achieve the best possible agreement for the benefit of the Group and its shareholders.

For the quarter ending on 30 June 2012, the Group intends to proceed with significantly higher provisions for its loan portfolio, primarily in Greece and in Cyprus, due to the ongoing negative economic conditions in these countries. The Group also intends to include in its financial results losses from further impairment of the new Greek Government Bonds in accordance with the recent position of the main international audit firms.

As a result of the above mentioned developments, the Group expects that it will not fully cover the capital needs estimated by EBA by 30 June 2012. It is noted that the Group's capital base remains healthy and according to preliminary estimates, the Group's Tier 1 capital as at 30 June 2012 is estimated to be around €2 bn and the Tier 1 ratio at around 8%.

Bank of Cyprus had requested an extension from the Central Bank of Cyprus in order to complete its efforts to strengthen its capital base and cover its capital needs. It was not possible for this request to be granted.

In light of the above, the Group has informed the Central Bank of Cyprus and the Ministry of Finance that it will apply to the state for temporary capital support of about €500 mn.

Given the relatively small amount of capital support, the Group aims for the support to be in the form of non-share capital (special securities), in line with similar cases in other European Union member states where banks received support in the form of non-share capital.

Irrespective of the above, the Bank of Cyprus Group remains healthy with significant pre-provision profitability and significant Tier 1 capital.