



## Announcement

## Profit Warning

Nicosia, 27 December 2012

The Bank of Cyprus Group, in accordance with the relevant regulations of the Cyprus Stock Exchange and the Cyprus Securities and Exchange Commission, announces that the Group's results after tax and before the impairment of Greek Government Bonds (GGBs) for the financial year ending 31 December 2012 are expected to have a significant negative deviation compared to the published results for the year 2011. This deviation is mainly due to increased provisions for impairment of loans (as a result of the continuing deteriorating economic conditions and the adoption of stricter assumptions in the context of the PIMCO review) as well as reduced operating income.

As a result of the above, the Group's capital adequacy ratios will be negatively affected. It is noted that as at 30 September 2012, the capital adequacy ratio of the Group amounted to 7,6% with the Core Tier 1 capital ratio and the Tier 1 capital ratio at 5,0% and 7,3% respectively.

Specifically, on the basis of the above expectations, it is possible that the Core Tier 1 capital ratio may be lower than 5% as at 31 December 2012. Given that the Terms and Conditions of the Convertible Enhanced Capital Securities (CECS) provide for the mandatory conversion of the CECS into ordinary shares of the Bank, the Bank is in contact with the relevant Supervisory Authorities and Troika, aiming at finding the best possible solution for all parties involved.

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 556 branches, of which 190 operate in Russia, 181 in Greece, 126 in Cyprus, 44 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, Ukraine, Serbia and South Africa. The Bank of Cyprus Group employs 11.101 staff worldwide.

At 30 September 2012, the Group's Total Assets amounted to €36,23 bn and the Shareholders' Funds were €2,31 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).

