

Restructuring and Recapitalisation of Bank of Cyprus

Nicosia, 1 April 2013

The Bank of Cyprus Group (BOC) announces that, following the recent decision of the Eurogroup meeting held on 25 March 2013,¹ the following actions have taken place²:

- A recapitalisation through a bail-in of depositors (a deposit-to-equity conversion), ensuring that BOC fully satisfies the minimum capital adequacy requirements and maintains a Core Tier 1 of 9% under the adverse scenario developed by PIMCO in December 2012. Depositors with deposits up to €100.000 that are exempt as per the relevant decree have been fully protected.
- The acquisition of the insured deposits and the majority of the assets and loans of the Cyprus Popular Bank Public Co Ltd ("Laiki Bank"). BOC will service all Laiki's customers in Cyprus based on existing terms and all employees of Laiki in Cyprus have been transferred to BOC with the same terms and conditions.
- The sale of the loans, fixed assets and deposits of BOC's banking operations in Greece to Piraeus Bank.

The restructuring and recapitalisation of BOC follows the decisions of Eurogroup and aims at creating a well-capitalised, healthy and resilient bank able to serve the needs of its customers and support the Cyprus economy. As a result, BOC has solidified its position as the leading financial institution in Cyprus, has significantly strengthened its capital position, has minimized its exposure to the Greek economy, has access to ECB liquidity and remains owned by private shareholders.

The above major changes mark a new era for the Bank of Cyprus Group.

¹ And in accordance with the decree dated 29 March 2013 of the Central Bank of Cyprus in its capacity as the Resolution Authority.

² The recapitalisation and restructuring of the Group was achieved by the decrees issued on 25 March 2013 and 29 March 2013 by the Central Bank of Cyprus in its capacity as the Resolution Authority, through the powers vested under the *Resolution of Credit and Other Institutions Law, 2013*.