



## Announcement

### Press reports regarding capital securities

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Nicosia, 27 January 2015

Bank of Cyprus Public Company Ltd (“the Bank”) wishes to refer to various press reports in connection with a letter sent by it to the Capital Securities Association.

For the avoidance of any doubt, the Bank sets out below the exact content of the letter sent to the Capital Securities Association, which is self explanatory.

#### **Group Profile**

*Founded in 1899, Bank of Cyprus Group is the leading banking and financial services group in Cyprus. The Group provides a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. The Group operates through a total of 262 branches, of which 126 operate in Russia, 130 in Cyprus, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 6.639 staff worldwide. At 30 September 2014, the Group's Total Assets amounted to €27,5 bn and Total Equity was €3,8 bn.*



Group Headquarters  
P.O.Box 21472  
CY-1599 Nicosia  
[www.bankofcyprus.com](http://www.bankofcyprus.com)

Nicosia, 23<sup>rd</sup> January 2015

Messrs  
Phivos Mavrovouniotis, Chairman  
Stavros Yiallourides, Vice Chairman  
Capital Securities Association  
Limassol

*Email: [cyfks@cytanet.com.cy](mailto:cyfks@cytanet.com.cy)*

Dear Sirs,

Following various exchanges between us as well as the meeting we had on 19 December 2014, where the Capital Securities issue was discussed and various proposals were presented by the Capital Securities Holders, we would like to inform you that the proposal has been examined by the Bank with due care and in good faith towards the Capital Securities Holders.

It is with regret that we inform you that any proposals relating to any collective or general compensation schemes cannot be accepted or effected by the Bank as there is no adequate legal basis that will support such actions. Moreover, the Bank is not in a financial condition to proceed in any such actions. As you are aware, the various legal issues relating to this matter are currently before the Courts of the Republic. Notwithstanding the legal aspects of the matter, the Bank is not currently in a financial position to satisfy the proposals made.

As you are all well aware, the Bank's financial condition has been severely affected as a result of the March 2013 events. The facts and circumstances are well known and it cannot be disputed that the viability of the Bank itself is still in great danger, primarily resulting from decisions of third parties (either European or Cypriot institutional bodies). The main victim of these decisions is primarily the Bank itself. The Bank currently faces and is expected to face many challenges, and the support that should be given to the Bank would be most valuable not only to the Bank but would also alleviate the economic crisis in Cyprus contributing to the welfare of all Cypriots.

The Bank is fully aware of the social aspects of the matter as well as the severe economic conditions that many Cypriots, including many Capital Securities Holders are now facing. In line with its long historical social responsibility, the Bank together with other parties adopts and will continue to adopt in various actions that help in



alleviating the pain and economic problems of any socially affected and vulnerable categories of people.

Capital Securities Holders may certainly pursue any claims before the Courts and the Bank will fully abide by any such court decisions.

The Bank appreciates your cooperation and support aiming towards the recovery of the Bank and the prosperity of all its stakeholders (including the Capital Securities Holders) in the interests of both the Bank and the Cyprus economy as a whole.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ackermann', is positioned above the printed name.

Dr Josef Ackermann  
Group Chairman

A handwritten signature in blue ink, appearing to read 'Spanos', is positioned above the printed name.

Michael Spanos  
Senior Independent Director