

# Recapitalisation through Bail-in and Resolution Exit Bank of Cyprus Announcement

Bank of Cyprus Public Company Ltd (the "Bank") announces that its recapitalisation process through a bail-in of depositors\* (a deposit-to-equity conversion) has been completed and that as of 30 July 2013 the Bank is no longer under resolution.

On 30 July 2013, the Central Bank of Cyprus, in its capacity as Resolution Authority, has issued a decision in accordance with the provisions of the Bailing-in of Bank of Cyprus Public Company Limited Decree of 2013 (as amended) (the "Decree") whereby an additional 10% of the bailed-in eligible deposits\*\* has been converted to equity, which raises the total percentage of eligible deposits converted to equity to 47,5%. The holders of ordinary shares and debt securities as of 29 March 2013 issued by the Bank have contributed to the recapitalisation of the Bank through the absorption of losses in accordance with the Decree and pursuant to the relevant provisions of the Resolution of Credit and Other Institutions Law, 2013.

Furthermore, the Central Bank of Cyprus has issued the Bank of Cyprus Share Capital Issue for Compensation of Cyprus Popular Bank Ltd Decree of 2013\*\*\* whereby the Bank has issued equity to Cyprus Popular Bank Public Co Ltd (Laiki Bank) for the acquisition of certain assets and liabilities, including insured deposits, pursuant to the Sale of Certain Operations of Cyprus Popular Bank Public Co Ltd Decrees of 2013.

Based on the estimates of the Central Bank of Cyprus\*\*\*\* and following the bail-in of depositors and the issuance of equity to legacy Laiki Bank, the Bank is adequately capitalised. Furthermore, legacy Laiki Bank is the only shareholder owning more than 5% of the Bank's share capital, with a holding of around 18% of the Bank's share capital\*\*\*\*\*. Bailed-in depositors hold around 81% of the Bank's share capital, while the outstanding ordinary shares as of 29 March 2013 and the ordinary shares arising from the conversion of outstanding debt securities as of 29 March 2013 now account for less than 1% of the share capital of the Bank.

Following the completion of the recapitalisation of the Bank, the Central Bank of Cyprus, in its capacity as the Resolution Authority, announced its decision that, as of 30 July 2013, the Bank is no longer under resolution. Therefore, the duties of the Board of Directors are

exercised by the members of the interim Board of Directors until the next Annual General Meeting of shareholders scheduled for the first half of September 2013.

The recapitalisation and the ongoing restructuring of the Bank will result in a well-capitalised and resilient bank, able to serve the needs of its customers and support the Cyprus economy. With the absorption of the Cypriot operations of Laiki Bank, the Bank cements its position as the leading financial institution in Cyprus.

The above developments mark a new era for the Bank of Cyprus.

*\* As per the relevant decisions of the Eurogroup on 25th March 2013.*

*\*\* The deposits comprising the "Excess Amount" as this term is defined in the Decree.*

*\*\*\* Decree issued on 30 July 2013 under the Resolution of Credit and Other Institutions Law, 2013.*

*\*\*\*\* In its capacity as the Resolution Authority and as per its announcement dated 30th July 2013.*

*\*\*\*\*\* As per the Bank of Cyprus Share Capital Issue for Compensation of Cyprus Popular Bank Public Co Ltd Decree of 2013.*