



Announcement

Nicosia, 15 July 2014

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 300 branches, of which 130 operate in Cyprus, 164 in Russia, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 5 representative offices in Russia, Ukraine, China and South Africa. The Bank of Cyprus Group employs 6.898 staff worldwide. At 31 March 2014, the Group's Total Assets amounted to €29,4 bn and Total Equity was €2,7 bn.

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This announcement shall not constitute an offer to sell or a solicitation of an offer to purchase any securities in the United States, and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities are not being registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States except pursuant to an applicable exemption from such registration. No public offering of securities will be made in the United States.

Further to its announcement on 4 July 2014 in which Bank of Cyprus Public Company Ltd (the “Bank” or the “Group” or the “Company”) announced that it is proceeding with exploring investor interest for a potential capital increase, at the request of the Cyprus Securities and Exchange Commission, the Bank would like to provide the following information regarding the proposed transaction:

The transaction structure currently being contemplated by the Bank would allow existing shareholders to participate in three principal ways:

1. The first phase of the transaction involves a private placement to: (i) certain institutional investors in the European Union who are “qualified investors” (as defined in the EU Prospectus Directive¹ and in Article 2 of the Cyprus Public Offer and Prospectus Law) and (ii) similarly qualified institutional investors in other jurisdictions. Existing shareholders that meet the requirements of a qualified investor in their relevant jurisdiction may participate at the same time and in the same way as the new investors currently being approached by the Bank and its advisors. The first phase is currently underway and is expected to end in late July.

Following the solicitation of investor interest in the first phase, the Board of Directors will meet in order to consider the bids received from investors, whether to proceed with the capital increase and, if so, the price per share and the allocation of shares among investors. At the end of the first phase, participating investors (including eligible existing shareholders who wish to participate) will enter into firm commitments in respect of their orders and the Bank will call an Extraordinary General Meeting of shareholders (expected to take place in August 2014) to approve the transaction, including the waiving of their pre-emption rights.

2. In the second phase of the transaction, existing shareholders will be able to apply to purchase up to 20% in aggregate of the total number of shares offered to qualified investors in the first phase and at the same price as in phase 1 (the “clawback”). The minimum purchase per investor in the clawback will be €100,000 (a threshold determined by EU regulations to allow participation without the publication of an approved prospectus) and all existing shareholders (whether or not qualified investors) will be eligible to participate. Shares in the clawback will be allocated among participating shareholders pro rata based on their shareholdings at the time of allocation, excluding any shares acquired in phase 1 (further details will be provided at the start of the clawback period). It is expected that this phase will take place between completion of phase 1 and the Extraordinary General Meeting. Both phase 1 and phase 2 will close following the Extraordinary General Meeting.
3. In addition to the above, following the approval and publication of a prospectus, the Bank will make available a further €100 million of newly issued shares (in addition to those sold in phases 1 and 2) for subscription by all other existing shareholders prior to any relisting of the shares on the Cyprus Stock Exchange and the Athens Exchange (subject to necessary regulatory approvals).

The subscription price for the shares will be the same at all phases and for both new investors and existing shareholders.

The decision to proceed with a capital increase and the terms of the transaction would be subject to the approval of existing shareholders at the Extraordinary General Meeting that will be convened as appropriate, pursuant to the provisions of the Company’s Articles of Association.

Existing shareholders, who meet the profile of a qualified investor, are interested in participating in the first phase described above and are eligible to do so may contact The

Cyprus Investment and Securities Corporation Ltd (“CISCO”) at +357 22121700 for further information. Potential investors in the first phase will be required to establish their status as a qualified investor and execute a non-disclosure agreement before receiving additional information. Further information will be made available in due course.

The foregoing represents the structure of the transaction as currently contemplated by the Bank. Any change in the structure or timing would be announced as appropriate.

¹ The definition of “qualified investor” includes (i) entities which are required to be authorised or regulated to operate in the financial markets, including credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers and other institutional investors, (ii) large undertakings meeting two of the following size requirements on a company basis: (a) balance sheet of €20 million, (b) net turnover of €40 million and (c) own funds of €2 million, (iii) national and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations, and (iv) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions. The complete definition of “qualified investor” may be found on the EU prospectus directive: http://ec.europa.eu/internal_market/securities/prospectus/index_en.htm, which cross refers to Annex II of the Markets in Financial Instruments Directive: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02004L0039-20110104&from=EN>