

PRESS RELEASE

MINISTRY OF FINANCE

RECAPITALISATION OF THE CYPRUS POPULAR BANK PUBLIC Co LTD AND BANK OF CYPRUS

PUBLIC Co LTD

In the context of the European Banking Authority (EBA) exercise to bring the core tier 1 capital ratio to 9% by 30 June 2012, both Cyprus Popular Bank Public Co. Ltd. and Bank of Cyprus Public Co. Ltd. announced a capital raising plan in March 2012 and November 2011 respectively. Two of the main components of that plan were a liability management exercise and a rights issue.

Taking notice of the amount of shares subscribed by private investors and in line with the Decision of the Council of Ministers of 17 May 2012 for the underwriting of the rights issue of capital of an amount of one billion and eight hundred million euro (€1.800.000.000) by Cyprus Popular Bank, the Government acquired EUR one billion seven hundred and ninety six million nine hundred and eighty six thousand four hundred and thirty nine (€1.796.986.439) of shares in the bank.

The capital strengthening plan of Bank of Cyprus resulted in an increase of share capital by EUR 592 million.

The Government of Cyprus remains firmly committed to ensure the stability of the financial sector and will work in close cooperation with the European Commission (EC), European Central Bank (ECB) and International Monetary Fund (IMF) in the framework of an international assistance programme. Banks' capital needs will be assessed after a thorough examination of their assets and in respect of EU state aid rules. The commitment of the Government of Cyprus, as backed by European Commission, European Central Bank and International Monetary Fund under the assistance programme, is to support banks' compliance with the regulatory framework.