



Announcement

Proposed establishment of a Share Options Plan for the staff of the Bank of Cyprus Group

Nicosia, 27 February 2008

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In 1991, the Group established its first branch in Greece where it has been expanding rapidly since 1999. It has an established banking presence in the United Kingdom and in 2001 it expanded to Australia through a wholly owned subsidiary bank. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 301 branches, of which 143 operate in Cyprus, 135 in Greece, 6 in the United Kingdom, 11 in Australia, 4 in Romania, 1 in Russia and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Canada and South Africa. The Bank of Cyprus Group employs 6.909 staff worldwide.

At 31 December 2007, the Group's Total Assets reached €31,76 bn (C£18,59 bn) and the Shareholders' Funds were €1,97 bn (C£1,15 bn). The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found at the Group's website www.bankofcyprus.com.

At its meeting held today and within the context of reviewing and approving the Group's three-year strategic plan 2008-2010 and the targets set according to this plan, the Board of Directors decided to propose at a Shareholders' General Meeting the establishment of a Share Options Plan for the staff of Bank of Cyprus Group for the period 2008-2010.

The establishment of the Share Options Plan falls within the framework of the Group's commitment for realising the set targets and the tangible motivation of the staff for the continuous growth in the size of the Group and the improvement of its profitability.

A relevant resolution will be put forward for approval at a Shareholders Extraordinary General Meeting which will be held immediately after the next Annual General Meeting which will take place on 14 May 2008. The terms will include the following:

- (i) The Board of Directors of the Bank may decide to grant the options one-off or in parts at any time as of the said approval, at its discretion.
- (ii) The beneficiaries of the Share Options Plan are the employees of the Bank of Cyprus Group.
- (iii) The maximum number of shares to be issued by the Bank under the Plan is 15 million. The said shares shall be issued subject to the exercise of all the corresponding share options.
- (iv) The exercise price of the share options is determined as 10% above the average closing share price on the Athens Stock Exchange during the last 30 working days of the Exchange that immediately precede the relevant options granting date.
- (v) The Share Options will be granted for the period 2008-2010.
- (vi) The options shall each time be granted by a Board of Directors resolution to that effect. The said Board of Directors resolution shall determine (a) the number of share options that each beneficiary or group of beneficiaries may exercise, (b) the time period for the exercise of the share options, (c) the time frame for the payment of the required amount at the time following the exercise of the share options, and (d) any other relevant details.
- (vii) In the event of a change in the number of the Bank's shares, the unexercised share options shall be adjusted accordingly to ensure that such change shall not affect their value.

The authorisation of the Board of Directors to issue up to 15 mn Bank of Cyprus shares, within the context of the proposed Share Options Plan, without these shares being offered first to existing shareholders will also be put forward for approval at the relevant Extraordinary General Meeting.