



Announcement

CONVERTIBLE BOND ISSUE- SUBORDINATED CAPITAL (TIER 2)

Nicosia, 30 April 2008

THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR ANY SECURITIES.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN ANY FORM, IN OR INTO THE UNITED STATES (INCLUDING ITS TERRITORIES AND DEPENDENCIES, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA), CANADA, AUSTRALIA, SOUTH AFRICA, OR JAPAN, OR TO ANY OTHER COUNTRY IN WHICH ACCORDING TO THE LAWS OF SUCH COUNTRY, THE OFFER MENTIONED IN THIS ANNOUNCEMENT IS ILLEGAL OR CONSTITUTES BREACH OF ANY APPLICABLE LAW, RULE OR REGULATION. THE SECURITIES MENTIONED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE "SECURITIES ACT."

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 300 branches, of which 143 operate in Cyprus, 135 in Greece, 5 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, the Board of Directors of Bank of Cyprus examined, among other matters, the structure of the Group's capital base.

The Group's strong capital base was noted as indicated by the Group's Capital Adequacy ratio (per Basel II requirements) which stood at 12,7% as at 31 December 2007 of which 8,7% represented Core Tier 1 capital.

Having considered:

- The Group's three year strategic plan 2008-2010 as announced on 27 February 2008, which targets an annual average growth rate of 28% of the loan portfolio,
- the growth prospects of the Group in the new markets where it is expanding (the operations in Russia and in Romania have already started generating profits for the Group, while the final approval for the completion of the acquisition of AvtoZaZBank is expected shortly from the Ukrainian Authorities),
- the prospect of expediting the penetration of the Group in selected markets via acquisitions, particularly in the Russian market where a number of options are already being examined,
- the maturity/possible redemption of existing debt securities and subordinated bonds totaling €500mn within 2008,
- the current conditions in international markets regarding the raising of Tier 2 Capital,

the Board of Directors decided the following:

- Issue of convertible bond up to €566,2 million, to be offered to the existing shareholders, which it intends to name "Convertible Bonds 2013/2018".
- Appointment of The Cyprus Investment and Securities Corporation Ltd (CISCO) as Lead Manager of the issue.

Within the context of the above, the Bank will take all necessary actions for the approval of the issue by the relevant regulatory authorities.

The terms of the Convertible Bonds 2013/2018 issue include, among others, the following:

Issuer	Bank of Cyprus Public Company Limited ("Bank")
Loan Type	Subordinated Convertible Bonds
Issue Size	Up to €566.223.083.
Issue Price	At par in values of €1 or multiples thereof.
Offer and Allotment	<p>Convertible bonds will be offered to all registered shareholders in the ratio of €1 Convertible Bond for every share held as at Record Date, with a minimum of €105.</p> <p>This issue will not be offered to any shareholders in any country in which according to the laws of such country, such an offer is illegal or constitutes breach of any applicable law, rule or regulation (e.g. United States, Canada, Australia, South Africa, Japan).</p>
Record Date	The Record Date will be determined after the approval of the Listing Particulars relating to the Convertible Bond issue pursuant to the relevant legislation.
Interest	Convertible Bonds will bear a fixed interest rate of 6,00% for the first two interest periods (that is until 30 June 2009)

and floating interest rate thereafter, which will be set at the beginning of each six-monthly period and will apply to the specific interest period.

For the period commencing 30 June 2009 until 30 June 2013 the floating interest rate will be equal to the 6-month Euribor in force at the beginning of each interest period plus 1,00%.

In the event that the Convertible Bonds are not redeemed, then for the period 1 July 2013 to 30 September 2018 the floating interest rate will be equal to the 6-month Euribor in force at the beginning of each interest period plus 2,00%.

Interest Period and Interest payment date

Interest will be paid semi-annually at the end of each Interest Period.

The interest payment dates are set as 30 June and 31 December of each year.

Conversion Period

15 - 31 March for the years 2011 – 2013 and
15 - 30 September for the years 2010 – 2012.

First Conversion Period 15 - 30 September 2010.

Last Conversion Period 15 - 31 March 2013.

Conversion Price

€10,50

Final redemption

30 June 2018

Repayment Price

At par, i.e. €1 per Convertible Bond.

Redemption

The Convertible Bonds may be redeemed at the option of the Bank at their principal amount together with any outstanding Payments on 30th June 2013, or on any Interest Payment Date thereafter, subject to the prior consent of the Central Bank of Cyprus.

Subordination

The Convertible Bonds constitute direct, unsecured and subordinated securities of the Bank.

The rights and claims of the holders of Convertible Bonds rank *pari passu* with the rights and claims of creditors whose claims are subordinated to the claims of depositors and other unsubordinated creditors of the Bank but not further or otherwise.

The rights and claims of the holders of Convertible Bonds are subordinated to the claims of the creditors of the Bank, who are depositors or other unsubordinated creditors of the Bank.

The rights and claims of the holders of the Convertible Bonds have priority over the holders of Capital Securities of the Bank and shareholders of the Bank.

Listing on CSE and ATHEX

An application will be filed for the listing of the Convertible Bonds on the Cyprus Stock Exchange and the Athens Exchange.

Distribution of unsubscribed amount

In the event of any unsubscribed Convertible Bonds by the existing shareholders the Board of Directors will distribute

the unsubscribed Convertible Bonds at its discretion.

For this purpose, a bookbuilding and/or application submission by interested investors (shareholders and non-shareholders) will be followed in parallel with the subscription period for the Convertible Bonds by the eligible shareholders. The net proceeds, if any, (sale price less par value of Bonds less expenses), will be distributed to the shareholders who have not subscribed for the convertible bonds in proportion to the number of unsubscribed rights.

The capital that will be raised from the issue will be used to strengthen the Group's capital adequacy which, together with the projected increased undistributed profits as per the three year plan of the Group, can be invested for the increased growth of the Group's operations, organically as well as via acquisitions.

Contact details in relation to the Convertible Bonds 2013/2018 issue:

Cyprus

- The Cyprus Investment and Securities Corporation Ltd (CISCO)
Tel. +357 22 881800, Tel. +357 22 338801

Greece

- Investment Division
Tel +30 210 77 65 403, Fax +30 210 77 65 419