



Announcement

Subscription for Convertible Bonds 2013/2018 up to 28 July 2008 and Placement of Unsubscribed Convertible Bonds 2013/2018 through a Book Building Procedure

Nicosia, 29 July 2008

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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 335 branches, of which 145 operate in Greece, 143 in Cyprus, 26 in Ukraine, 5 in the United Kingdom, 10 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 7,600 staff worldwide.

At 30 June 2008, the Group's Total Assets reached €31.57 bn and the Shareholders' Funds were €2.06 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

Bank of Cyprus Public Company Ltd (the "Bank") announces that in relation to the issue of Convertible Bonds 2013/2018 (the "Convertible Bonds"), as at close of business on 28th July 2008 the Bank had received applications amounting to a total of €487 mn. These subscriptions relate to applications received by Eligible Shareholders (on the basis of €1 Convertible Bond for every share held as at 7 July 2008) and by other investors (including shareholders) who submitted irrevocable applications for subscription of the rump Convertible Bonds at the Strike Price Range of €1.00 - €1.01 pursuant to the relevant provisions of the Securities Note dated 25th June 2008.

The Securities Note dated 25 June 2008 issued by the Bank relating to the issue of the Convertible Bonds states that:

In the event that the Convertible Bond Issue is not completely covered by the Eligible Shareholders, the Board of Directors will distribute any unsubscribed Convertible Bonds (the "rump Convertible Bonds") at its absolute discretion.

For this purpose a book building procedure will be applied in Cyprus, Greece and abroad; in the form of competitive or uncompetitive bid/applications; furthermore irrevocable applications from Interested Investors (shareholders or not) will be submitted in parallel to the Subscription Period for the Convertible Bonds in Greece and in Cyprus.

Accordingly, the Bank announces the following:

- Irrevocable applications from Interested Investors for the rump Convertible Bonds will continue to be accepted at the Group's branch network in Cyprus and Greece on 29 July 2008

- Institutional Investors and other interested investors (for an aggregate principal amount of at least €250,000) who wish to participate in the book building process will be able to submit offers to subscribe to the rump Convertible Bonds during the Book Building Procedure from 10:00 Cyprus Time (08:00 UK Time) until 17:00 Cyprus Time (15:00 UK Time) on 29 July 2008.

The Convertible Bonds, which are unsecured, subordinated bonds of the Bank, will be issued in an aggregate principal amount of up to €573.4 million and, unless previously redeemed, converted or purchased and cancelled, will be redeemed at 100% of their principal amount on 30 June 2018. The Convertible Bonds will bear a fixed interest rate of 7.50% for the first two interest periods (that is until 30 June 2009) and a floating interest rate thereafter, which will be set at the beginning of each six-monthly period and will apply to the specific interest period. The initial conversion price of the Convertible Bonds is €10.50 per share. The terms of the Convertible Bonds provide that the Bank may redeem all but not some only of the Bonds at their principal amount, together with accrued interest, on 30 June 2013, or on any interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus.

The rump Convertible Bonds are expected to price today.

Any rump Convertible Bonds not subscribed during the Book Building Procedure will not be issued and the issue size of the Convertible Bonds will be reduced accordingly.

In Cyprus and Greece, offers in respect of the rump Convertible Bonds should be submitted using the relevant Application Form and after contacting the following:

- **Investors in Cyprus:**

The Lead Manager and Bookrunner for Cyprus and Greece

The Cyprus Investment and Securities Corporation Limited (CISCO)

EuroLife House, 4 Evrou Street, Nicosia,

Investment Banking Department,

Tel.: +357 22 121800, Fax: +357 22 338801

- **Investors in Greece:**

Group's Investment Division in Greece

26 Feidippidou and Chalkidonos, 115 27 Athens
Tel: +30 210 7765403 Fax: +30 210 7765419

In the United Kingdom and other EU countries offers in respect of the rump Convertible Bonds should be submitted by institutional investors contacting their Sales Representative at the following institutions:

- **Investors in the United Kingdom and other EU countries:**

- To the Joint Bookrunners for the United Kingdom and EU countries

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom
Fax no.: +44 20 7516 7722
Attention: Equity-Linked Origination

Merrill Lynch International

Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
United Kingdom
Fax no.: +44 20 7995 4778
Attention: Equity Linked Capital Markets

- To the authorised Joint Lead Managers and Selling Agents:

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom
Fax no.: +44 20 7516 7722
Attention: Equity-Linked Origination

CALYON

9 quai du Pdt Paul Doumer
92920 Paris La Défense Cedex
France
Fax no.: +33 1 4189 7115
Attention: Equity Syndicate

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
United Kingdom
Fax no.: +44 20 7888 3335
Attention: Equity Syndicate

Merrill Lynch International

Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
United Kingdom
Fax no.: +44 20 7995 4778
Attention: Equity Linked Capital Markets

The placement will be made using a Book Building procedure in accordance with the following provisions ("Book Building")

- Once submitted, offers will be considered irrevocable and binding.
- All offers will be quoted in Euros (€).
- In the United Kingdom and other European Countries, Offers will be accepted from Institutional investors by the Joint Bookrunners and Joint Lead Managers and Selling Agents

- In Cyprus and Greece Offers will be accepted from Institutional investors and from other interested investors (applying for at least an amount of €250,000) by CISCO and by Group's Investment Division in Greece
- the Strike Price Range has been set by the Board of Directors of the Bank at €1.00 - €1.01.
- Bids can be placed within the Strike Price Range in increments of 1/8 of a cent i.e. €1.0000, €1.00125, €1.00250, €1.00375, €1.00500, €1.00625, €1.00750, €1.00875, €1.01000.
- Offers from Investors who do not have a securities account with either the Dematerialised Securities System kept by the Hellenic Exchanges SA (HELEX) or the Central Depository/Registry of the Cyprus Stock Exchange will not be accepted.
- During the Book Building Procedure, each interested Investor may bid for the desired number of Convertible Bonds at different prices ranging from €1.00 to €1.01, as stated in the Application Form.

The Bank, acting on the advice of the Joint Bookrunners shall evaluate the offers submitted by the Investors and shall allot the rump Convertible Bonds, at its discretion.

The following indicative criteria will be considered in the evaluation:

- (a) the price offered
- (b) the size of the offer relative to their funds under management
- (c) the profile of the Investor

The Bank shall have no obligation to accept the offers submitted, proportionally or otherwise, and it reserves the right to refuse any offer, or all offers, if, in its discretion, such offers are not satisfactory in terms of the price offered or for any other reason the Bank deems relevant in evaluating the aforementioned criteria.

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CONSEQUENCES OF INVESTING IN THE SECURITIES OR (III) THE FUTURE PERFORMANCE OF THE SECURITIES EITHER IN ABSOLUTE TERMS OR RELATIVE TO COMPETING INVESTMENTS.

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