



Announcement

APPROVAL OF THE PROSPECTUS FOR THE ISSUE AND LISTING OF CONVERTIBLE ENHANCED CAPITAL SECURITIES

TIMEPLAN AND FINAL TERMS OF CONVERTIBLE ENHANCED CAPITAL SECURITIES

Nicosia, 6 April 2011

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Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. 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 595 branches, of which 211 operate in Russia, 185 in Greece, 143 in Cyprus, 27 in Ukraine, 12 in Romania, 12 in Australia, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has 9 representative offices in Russia, Romania, Ukraine, Canada, Serbia and South Africa. The Bank of Cyprus Group employs 12.009 staff worldwide.

At 31 December 2010, the Group's Total Assets amounted to €42,64 bn and the Shareholders' Funds were €2,74 bn. The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found on the Group's website www.bankofcyprus.com.



Bank of Cyprus Public Company Ltd (the Bank) announces to the investing public that on 5 April 2011 the Cyprus Securities and Exchange Commission approved the Prospectus for the issue and listing on the Cyprus Stock Exchange and Athens Exchange of up to 1.342.422.297 Convertible Enhanced Capital Securities of nominal value €1,00 each.

The Prospectus, as approved by the Cyprus Securities and Exchange Commission, will be available without charge:

- In electronic form as of 7 April 2011 at:
 - the Bank of Cyprus' website (www.bankofcyprus.com select Investor Relations Prospectuses),
 - the website of the Manager of the Issue, The Cyprus Investment and Securities Corporation Ltd (CISCO) (www.cisco-online.com.cy)
 - the website of the Cyprus Stock Exchange www.cse.com.cy and
 - the website of the Cyprus Securities and Exchange Commission, www.cysec.gov.cy
- In printed form as of 20 April 2011 at:
 - all the branches of Bank of Cyprus in Cyprus and Greece,
 - the Bank's Headquarters (51 Stassinos Street, Ayia Paraskevi, Strovolos, Nicosia, Cyprus),
 - the Bank's Shares & Loan Stock Department (EuroLife House, 4 Evrou Street, Nicosia), and
 - the Head Office of the Lead Manager of the Issue, The Cyprus Investment and Securities Corporation Ltd (CISCO) (EuroLife House, 4 Evrou Street, Nicosia, Cyprus).

It is noted that Bank of Cyprus has filed an application to list the Convertible Enhanced Capital Securities on the Cyprus Stock Exchange (CSE) and on the Athens Exchange (ATHEX) and upon receipt of the relevant approval from the two Exchanges, the date of listing of the Convertible Enhanced Capital Securities on the two Exchanges will be announced.

TIMEPLAN OF CONVERTIBLE ENHANCED CAPITAL SECURITIES ISSUE

The right to participate in the Convertible Enhanced Capital Securities issue via a Priority Right to subscribe will be granted to the Bank's shareholders registered on the Central Depository / Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on **Tuesday, 12 April 2011 (Record Date) (Eligible Shareholders)**. i.e. buy transactions that take place before market close of the CSE and the ATHEX on Thursday, 7 April 2011 will be eligible to participate in the Convertible Enhanced Capital Securities issue. Furthermore, Eligible Shareholders will be shareholders following off the exchange transfers completed on record date (12 April 2011).

As of Friday, 8 April 2011 (**Ex- Priority Rights Date**) the Bank's shares will be traded on the CSE and the ATHEX without the right to participate in the Convertible Enhanced Capital Securities issue.

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).

- Relevant allotment letters which will also constitute the subscription form for Eligible Shareholders will be sent along with other informative material relating to the terms and the subscription procedure of the Convertible Enhanced Capital Securities to Eligible Shareholders on 20 April 2011.
- The Subscription Period for Eligible Shareholders on the basis of Priority Rights (as allotted) is **27 April - 17 May 2011**.
- Interested Investors (shareholders or non-shareholders), including holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 may subscribe for any potential unsubscribed Convertible Enhanced Capital Securities which will not be taken up by their Eligible Shareholders (unsubscribed Convertible Enhanced Capital Securities) between **27**

April - 17 May 2011. Subscription forms for the unsubscribed Convertible Enhanced Capital Securities will be available in all the branches of the Bank in Cyprus and Greece.

- Eligible Shareholders and Interested Investors, including holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 can subscribe for the Convertible Enhanced Capital Securities within the timeframe set up above, at the following locations:
 - In Cyprus:
 - all branches of Bank of Cyprus
 - In Greece:
 - all branches of Bank of Cyprus, and
 - through the Operators (other than the Hellenic Exchanges) of the holders' Securities Accounts on the DSS of the Hellenic Exchanges (brokerage firm or custodian), provided the Operator consents to this.

FINAL KEY TERMS OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES

The final terms of the Convertible Enhanced Capital Securities include among other the following:

Key terms of the Convertible Enhanced Capital Securities Issue

Issuer	Bank of Cyprus Public Company Limited (“Bank”, “Issuer”)
Securities Offered	Convertible Enhanced Capital Securities (“CECS”)
Total issue size	Up to €1.342.422.297
Nominal Value	€1,00
Issue Price	At par and multiples thereof
Offer and Allotment	<p>CECS will be offered to all registered shareholders (subject to restrictions of Exempt Countries as per below) in the ratio of €3 CECS for every 2 shares held as at Record Date (“Eligible Shareholders”). The Subscription Priority Right will not be transferable.</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 (Exempt Countries) (e.g. United States, Canada, Australia, South Africa, Japan).</p>
Cum priority right Date	7 April 2011, meaning that investors who purchase shares by the market close of the Cyprus Stock Exchange and the Athens Stock Exchange on the April 7 th 2011 will be granted with Priority to participate to the Bank’s Convertible Enhanced Capital Securities issue.
Record Date	12 April 2011
Option to issue CECS in US (\$)	The Bank offers the option to Eligible Shareholders for the CECS to be issued in US dollars (\$). The Subscription priority right will be offered in Euros and at the close of Subscription lists the amount subscribed in Euros will be converted into US dollars at the conversion rate of €/\$ at the Issue Date of the CECS, as such conversion rate will be announced by the Bank on the Issue Date. The Bank will proceed with the issue of CECS in US dollars provided total subscriptions and allocations to Eligible and Non Eligible Shareholders exceed an aggregate of US\$50m.
Application for unsubscribed CECS	<p>During the Subscription Period, Non-Eligible Shareholders will be able to submit applications for any unsubscribed CECS in Euros (€) or Dollars (\$).</p> <p>At the allotment of any unsubscribed CECS priority will be given to subscriptions of holders of (i) Convertible Bonds 2013/18, (ii) Convertible Capital Securities and (iii) Capital Securities 12/2007, on a pro rata and pari passu basis between the different classes of holders.</p>
Subscription Consideration Payment	<p>Eligible Shareholders and other applicants may subscribe to the CECS’s issue either by paying the corresponding consideration for the CECS in cash or by exchanging existing issued Tier 1 and Tier 2 instruments and specifically (i) Convertible Bonds 2013/18 (ii) Convertible Capital Securities and Capital Securities 12/2007, of an equal nominal value.</p> <p>Any Convertible Bonds 2013/18, Convertible Capital Securities and Capital Securities 12/2007</p>

	(the “Eligible Exchanged Securities”) that will be exchanged as consideration and accepted by the Bank for subscription to the issue of the CECS, will be cancelled and the Bank will cease to have any obligations in relation to the cancelled Eligible Exchanged Securities. The Bank will pay the accrued interest on the Eligible Exchanged Securities.
Status and Subordination	<p>The CECS constitute direct, unsecured and subordinated securities of the Issuer and rank <i>pari passu</i> without any preference among themselves.</p> <p>The rights and claims of the holders of CECS of this issue:</p> <ul style="list-style-type: none"> - are subordinated to the claims of the creditors of the Bank, who are: <ul style="list-style-type: none"> • depositors or other unsubordinated creditors of the Bank • subordinated creditors, except those creditors whose claims rank or are expressed to rank <i>pari passu</i> with the claims of the holders of the CECS. • holders of subordinated Bonds of the Bank. - rank <i>pari passu</i> with the rights and claims of holders of other junior capital subordinated issues qualifying as Tier 1 capital including but not limited to issues of Capital Securities and Convertible Capital Securities. - have priority over the ordinary shareholders of the Bank. <p>The amount CECS Holders claim in the event of a winding-up or administration of the Bank with the Bank being solvent is an amount equal to the principal amount plus accrued interest, but no amount of cancelled coupon payments will be payable.</p> <p>Cancellation of any payment does not constitute an event of default and does not entitle holders to petition for the insolvency of the Bank.</p>
Duration	The CECS are perpetual without a maturity date (refer to “Redemption” clause below).
Coupon in Euros (€)	The CECS will bear a fixed interest rate of 6,50% per annum for the first 10 Interest Payment Periods i.e. until 30 June 2016 and thereafter, a floating interest rate which will be set at the beginning of each 6-monthly period and will be equal to the 6-month Euribor in force at the beginning of each Interest Payment Period, plus 3,00% per annum.
Coupon in US Dollars (\$)	The CECS will bear a fixed interest rate of 6,00% per annum for the first 10 Interest Payment Periods i.e. until 30 June 2016 and thereafter, a floating interest rate which will be set at the beginning of the each 6-monthly period and will be equal to the 6-month Libor in force at the beginning of each Interest Payment Period, plus 3,00% per annum
Interest Payment and Interest Date	<p>Interest will be paid semi-annually in arrear at the end of each Interest Period. The Interest Payment Dates are set as 30 June and 31 December of each year. The first Interest Payment Date will be 31 December 2011 and it will cover the period from the Issue Date until 31st December 2011.</p> <p>Each CECS will cease to accrue interest from the redemption/ purchase/ conversion date.</p>
Conversion Right	CECS may be converted at the option of the holder during any Conversion Period at the Conversion Price.
Conversion Price	€3,30 per ordinary share of the Bank of nominal value €1,00 and will be subject to customary adjustments as more fully described in the Prospectus.
Conversion Ratio	The Conversion Ratio in case of a conversion at the option of the Holders will be determined by dividing the principal amount of the relevant CECS by the Conversion Price.
Conversion Period	1-15 March, 15-31 May, 1-15 September and 15-30 November of each year with the Conversion Period commencing on the First Conversion Date and ending on the Last Conversion Date.
First Conversion Date	1st September 2011
Last Conversion Date	31st May 2016
Redemption	The Bank may, on its own initiative, elect to redeem all but not some only of the CECS, at their principal amount together with accrued interest, on 30 June 2016 or any other Interest Payment Date thereafter, subject to the prior approval of the Central Bank of Cyprus and provided that the CECS will be replaced by Tier 1 Capital of equal or better quality.
Change of Control Protection	If a Public Offer for the Bank’s Shares or any other change of control event occurs on any date from the Issue Date of the CECS, a Special Automatic Conversion Period is activated, during which the CECS’ holders may convert their CECS.
Optional Coupon	The Bank may, at its sole discretion, at all times taking into account its specific financial and

Cancellation	<p>solvency condition, elect to cancel an interest payment on a non cumulative basis, subject to the restrictions described in clause “Dividend and Capital Restrictions” below. Any coupon not paid is no longer due and payable by the Bank. Cancellation of a coupon payment does not constitute an event of default of interest payment and does not entitle holders to petition for the insolvency of the Bank.</p>
Mandatory Coupon Cancellation	<p>Upon breach of applicable minimum solvency requirements, or insufficient Distributable Items, the Bank will be required to cancel interest payments on the CECS. The Central Bank of Cyprus may require, in its sole discretion, on the basis of the assessment of the financial and solvency situation of the Bank for the next three years, that the Bank should cancel interest payments on CECS. “Distributable Items” means, the net profit of the Bank for the financial year ending immediately prior to the relevant coupon payment date together with any net profits and retained earnings carried forward from any previous financial years and any net transfers from any reserve accounts in each case available for the payment of distributions to ordinary shareholders of the Bank.</p>
Dividend and Capital Restrictions	<p>If an interest payment is cancelled due to Optional Coupon Cancellation or Mandatory Coupon Cancellation then no dividend payment or any other payment (redemption, purchase) will be made on the ordinary share capital or other discretionary Tier 1 securities of the Bank, unless or until Coupon Payment on the CECS resumes, subject to certain exceptions as noted in Section II Part B Condition 5(c) of the Prospectus dated 5 April 2011.</p>
Mandatory Conversion	<p>If a Contingency Event or Viability Event occurs, the CECS shall be mandatorily converted into Ordinary Shares at a Mandatory Conversion Price as defined below.</p>
Contingency Event	<p>Contingency Event means the Bank has given notice that either (i) prior to the Basel III Regulation Date as will be adopted by the European Union, its Core Tier 1 Ratio is below 5% or, on or after the Basel III Regulation Date as will be adopted by the European Union, its Common Equity Tier 1 Ratio is below the minimum threshold as it will be determined; or, (ii) on or after the Basel III Regulation Date, the Central Bank of Cyprus determines that the Bank is in non-compliance with any required regulatory capital adequacy ratio thresholds specified in the Applicable Banking Regulations. In either case a Contingency Event Conversion shall take place.</p> <p>Based on the assessment of the financial and solvency situation of the Bank and due to actual or expected losses, the Bank may determine in consultation with the Central Bank of Cyprus or the Central Bank of Cyprus may require in its sole discretion, that a breach of the minimum Core Tier 1 Ratio, Common Equity Tier 1 Ratio or Total Capital Ratio, as the case may be, is likely in the near future and thus a Contingency Event Conversion shall take place.</p>
Viability Event	<p>Viability Event occurs if (i) the Central Bank of Cyprus determines that the conversion of the CECS (together with other non viability instruments that pursuant to their terms or by other operation of law, are capable of being converted into equity) is required to improve the capital adequacy and financial position of the Bank to prevent insolvency and/or (ii) if the Central Bank of Cyprus determines that the Bank requires extraordinary public sector support to prevent it from becoming insolvent, bankrupt or unable to pay a material amount of its debts or (iii) other similar circumstances.</p>
Mandatory Conversion Price	<p>The CECS will be converted into a number of Ordinary Shares determined by dividing the principal amount of each CECS by the higher of the Floor Price and the Mandatory Conversion Price in effect on the relevant Mandatory Conversion Date.</p> <p>Mandatory Conversion Price means at any time when the Ordinary Shares are admitted to trading on a recognised Stock Exchange in respect of a Mandatory Conversion Date the lower of (a) a ceiling price of €3,30 (subject to customary adjustments for corporate action events) and (b) 80% of the volume weighted average of the reference Market price of an Ordinary Share on the 5th Business Days prior to the Contingency Event or Viability Event notice</p> <p>The Floor Price means the nominal value of each Ordinary Share (being at the Issue Date €1,00).</p>
Substitution, Variation, Redemption for Regulatory / Legal Purposes	<p>In case of changes in the laws, the relevant regulations of the Republic of Cyprus or the Central Bank of Cyprus, or the official interpretation thereof, the Bank may, with the prior consent of the Central Bank of Cyprus, redeem all the CECS together with any accrued interest outstanding. Alternatively, the CECS, with the consent of the Central Bank of Cyprus, may be exchanged or their terms may be varied so that they continue to qualify as Tier 1 securities in accordance with the Central Bank of Cyprus regulations in force, subject to certain conditions as more fully described in the Terms and Conditions of the CECS.</p>
Risk Factors	<p>There are certain factors that may affect the Issuer’s ability to fulfil its obligations under CECS. Certain of these factors include liquidity risks, market risks, credit risks, operational risks, legal and regulatory risks among others. In addition there are certain risks which are material for</p>

	assessing the risks associated with CECS. These include the fact that CECS may not be a suitable investment for all investors, certain risks relating to the structure of the CECS including that they are mandatorily convertible into Ordinary Shares on the occurrence of a Contingency or Viability Event and certain market risks.
Use of Proceeds	The net proceeds of the Issue will further strengthen and enhance the Bank's Tier 1 capital, thus contributing to the maintenance of strong and competitive capital adequacy ratios.
Governing Law/ Jurisdiction	The Laws of the Republic of Cyprus.
Listing and Trading	The CECS will be listed and traded on the Cyprus Stock Exchange and the Athens Exchange, upon receiving all necessary approvals from the competent regulatory authorities.
Lead Manager	The Cyprus Investment and Securities Corporation Limited (CISCO).

CONTACT DETAILS

For more information shareholders can contact:

- the Lead Manager of the Issue, The Cyprus Investment and Securities Corporation Ltd (CISCO) (EuroLife House, 4 Evrou Street, Nicosia, Cyprus). Tel:+357 22 121800
- the Bank's Shares & Loans Stock Department in Cyprus (EuroLife House, 4 Evrou Street, Nicosia), tel : +357 22 121755 and
- the Bank's Custody, Shareholders and Derivatives Clearing Department in Greece, (Feidipidou 26 and Chalkidonos 11527 Athens) tel: + 30 210 6477555