



Announcement

EARLY REDEMPTION OF €275 million STEP-UP FLOATING RATE SUBORDINATED BONDS 2006/2011

Nicosia, 23 May 2006

According to Condition 5 of the Terms and Conditions of the €275 million step-up floating rate subordinated bonds 2006/2011 ("the Bonds") issued by the Bank of Cyprus Public Company Ltd ("the Bank"), the Bank has the option to redeem the Bonds at their principal amount plus accrued interest on 20 June 2006 or on any interest payment date (every three months) thereafter. The coupon of the Bonds steps-up from Euribor plus 120 basis points to Euribor plus 240 basis points after 20 June 2006.

Pursuant to Condition 5 of the Terms and Conditions of the Bonds, the Bank has decided to redeem the Bonds at their principal amount plus accrued interest on 20 June 2006. The Bank has obtained the approval of the Central Bank of Cyprus regarding the early redemption of the Bonds.

It is noted that on 4 May 2006, the Bank issued €200 million of step-up floating rate subordinated bonds due 2016 which bear a coupon of Euribor plus 60 basis points for the first 5 years from the issue date which then steps up by 100 basis points for the five years thereafter.

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 276 branches, of which 147 operate in Cyprus, 112 in Greece, six in the United Kingdom, ten in Australia and one in the Channel Islands. Bank of Cyprus also has representation in the United States of America, Canada, South Africa, Russia and Romania. The Bank of Cyprus Group employs 6.062 staff worldwide.

At 31 March 2006, the Group's Total Assets reached C£12,61bn (€21,89bn) and the Group's Shareholders' Funds were C£800mn (€1,39bn). 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