BANK OF CYPRUS PUBLIC COMPANY LTD

(The Company was incorporated in Cyprus under the Cyprus Companies Law, Cap. 113)
(Company Registration no: HE165)

PROSPECTUS

DATE: 5 APRIL 2011

In compliance with the Provisions of the Commission Regulation (EC) No 809/2004 of the European Union and the Public Offer and Prospectus Law of 2005

PUBLIC OFFERING AND LISTING ON THE CYPRUS STOCK EXCHANGE AND THE ATHENS EXCHANGE OF UP TO 1.342.422.297 CONVERTIBLE ENHANCED CAPITAL SECURITIES OF NOMINAL VALUE €1,00 EACH

Following the approval of the Council of the Cyprus Stock Exchange and Athens Exchange, the Convertible Enhanced Capital Securities will be listed and traded on the Cyprus Stock Exchange and Athens Exchange

THIS IS AN ENGLISH TRANSLATION OF THE PROSPECTUS ISSUED IN GREEK IN THE FORMAT THAT HAS BEEN APPROVED BY THE CYPRUS SECURITIES AND EXCHANGE COMMISSION (CYSEC) AS THE COMPETENT AUTHORITY. THE GREEK TEXT OF THE PROSPECTUS AS IT HAS BEEN APPROVED BY CYSEC IS BINDING. THE ENGLISH TRANSLATION IS FOR INFORMATION PURPOSES ONLY.

LEAD MANAGER

THE CYPRUS INVESTMENT AND SECURITIES CORPORATION LIMITED (CISCO)

PROSPECTUS

This Prospectus has been prepared in compliance with the provisions of the Commission Regulation (EC) No 809/2004 of the European Union, the Public Offer and Prospectus Law of 2005 of the Republic of Cyprus and the Cyprus Company Caw Cap. 113.

This document is important and requires your immediate attention. If you are in any doubt about the contents of this Prospectus you should consult the Lead Manager of the Issue the Cyprus Investment and Securities Corporation Ltd or any other professional duly authorised to give such information, accountants, lawyers, or investment advisors.

Bank of Cyprus assumes full responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Directors of Bank of Cyprus are jointly and severally responsible for the information given in the Prospectus, and they declare that having taken all reasonable care to ensure that such is the case, the information contained in all parts of this Prospectus, is to the best of their knowledge, in accordance with the facts and that it contains no omission likely to affect its import.

BANK OF CYPRUS PUBLIC COMPANY LIMITED

PUBLIC OFFERING AND LISTING ON THE CYPRUS STOCK EXCHANGE AND THE ATHENS EXCHANGE OF UP TO 1.342.422.297 CONVERTIBLE ENHANCED CAPITAL SECURITIES OF NOMINAL VALUE €1,00 EACH.

This offer is only applicable in Cyprus, Greece and the United Kingdom and is only addressed to persons that can legally accept it. More specifically, and in compliance with relevant securities law in the following countries, this offer is not addressed in any way (in writing or otherwise), directly or indirectly, within or to the United States, Canada, Australia, South Africa, or Japan, or to any other country in which according to the laws of such a country, this offer or the postage / distribution of this offering circular is illegal or constitutes breach of any applicable law, rule or regulation. For this reason, it is forbidden to address, distribute, send or otherwise promote copies of this Prospectus and any other relevant documents or material relating to this offer to persons in these countries.

The Prospectus has been approved by the Cyprus Securities and Exchange Commission (CySEC) in its capacity as Cyprus competent authority for the purposes of Directive 2003/71/EC (the Prospectus Directive), of Regulation 809/2004 of the Committee of the European Union. The approval of the Prospectus should not be considered as a recommendation to invest in the Issuer

Applications have been made by Bank of Cyprus for (a) a certificate of approval under Article 18 of Directive 2003/71/EC as implemented in Cyprus to be issued by the Cyprus Securities and Exchange Commission to the competent authority in Greece and United Kingdom and (b) the Convertible Enhanced Capital Securities to be admitted to listing and trading on the Cyprus Stock Exchange and the Athens Exchange.

This Prospectus includes forward-looking statements. These statements relate to the Bank's future prospects, developments and business strategies. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks, uncertainties and other factors that may cause the actual future results or events to be materially different from those suggested or described in this Prospectus. Many of the factors that will determine these results or events are beyond the Bank's control. In view of the risks, uncertainties and assumptions, any projections mentioned herein may not be achieved. The risks described above and in the section entitled "Risk Factors" are not comprehensive. New risks, uncertainties and other factors may emerge from time to time and it is not possible for the Bank to predict all such risk factors, to assess the impact of all risk factors on its business or the extent to which any factor or combination of factors, may cause actual results or events to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, the investor should not place undue reliance on forward-looking statements as a prediction or guarantee of actual results or events.

This Prospectus should be read and understood in conjunction with supplement hereto and with any other document incorporated herein by reference. More specifically for a discussion of Risks involved in the Convertible Enhanced Capital Securities see discussion in Section II, Part A, Chapter 1 'Risk Factors'.

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C O N T E N T S

SECTION I

SECTION I: SUMMARY NOTE

This Summary Note contains a brief description of the operations and business strategy of the Bank of Cyprus Group ("the Group") and of Bank of Cyprus Public Company Ltd ("Bank of Cyprus", "the Issuer", "the Bank", "the Company") as well as a summary of the terms of the present Convertible Enhanced Capital Securities Issue which are set out in Section II Part B of this Prospectus.

This Summary Note must be read as an introduction to this Prospectus. Investors must base any decision to invest in the securities on consideration of the Prospectus as a whole. In the event that a claim relating to the information contained in the Prospectus is brought before a court of justice, the plaintiff-investor will bear any potential costs relating to the translation of the Prospectus for the purposes of the legal proceedings. It is noted that civil liability attaches to the persons who have tabled the Summary Note including any translation thereof, and applied for its publication or notification only if the Summary Note is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

General Information, History and Operations of the Issuer

Bank of Cyprus Public Company Ltd was founded in Cyprus in 1899 and was registered as a public limited company under the Cyprus Company Law 18/1922 with registration number 165.

The Bank of Cyprus Group is the leading financial services organisation in Cyprus, with a dynamic presence in Greece and operations in the United Kingdom, Channel Islands, Australia, Russia, Romania and Ukraine.

The Bank is licensed by the Central Bank of Cyprus and is operating under its Regulation and Supervision.

The Group offers a wide range of financial products and services, which include banking services and finance, leasing, factoring, brokerage, fund management, investment banking, general and life insurance services.

The Bank operates 143 branches in Cyprus and has the largest market share in deposits and loans in Cyprus. The Bank has been operating in Greece since 1991. The dynamic expansion of the Bank's Greek operations started in 1999. The Bank operates 187 branches in Greece

As part of its strategic plan, the Group expanded its international activities in Eastern Europe entering the markets of Romania, Ukraine and Russia in 2007 and 2008. In Russia the Group commenced its operations in 2007 through the establishment of a wholly owned subsidiary and was the first Greek or Cypriot institution to enter the Russian market. In 2008 the Group's presence in the Russian market was further enhanced by the acquisition of an 80% interest in Uniastrum Bank. Uniastrum Bank was founded in 1994 and has its headquarters in Moscow. It operates though an extensive branch network of 211 branches in 48 regions. Uniastrum Bank offers an extensive range of products to the retail sector and enjoys high brand recognition. In Romania the Group expanded its operations with the provision of banking and leasing services and currently operates 12 branches. In Ukraine the Group operates 27 branches offering banking services in the Ukrainian market through a subsidiary

Prospects and Financial Targets

The Group continues its business expansion and remains strong despite the continued negative environment in the main European markets in which it operates. The consistency, flexibility, prudent risk management, healthy liquidity and strong capital position ensure that the Group will be able to achieve future targets and take advantage of future challenges.

Over the next three years, the Group's strategy will focus on the following:
- Healthy liquidity which relies primarily on customer deposits.
- Strong capital adequacy.
- Healthy recurring profitability.
- Adequate geographical diversification.
- Effective risk management.

The strategic priorities of the Group for the year 2011 focus on maintaining its healthy liquidity position and strong capital adequacy, on achieving satisfactory profitability with improved efficiency and cost containment, and on effectively managing risks. In addition, the Group aims to further enhance its presence in the new markets in which it operates, which have strong growth potential, thereby creating long term diversification of income, profitability and risks.

The Group remains true to its policy of communicating with the investing community and providing a profit target even in periods of great uncertainty, as we experience currently. The Group expects that the profit before provisions and the profit before tax for 2011 will be higher relative to 2010, while the profit after tax for 2011 is estimated to be at around similar levels as 2010, with a positive contribution from all the markets in which it operates. Regarding the operations in Russia, the Group expects the consistent substantial business expansion and improvement in profitability to continue, resulting in a higher contribution to Group profitability.

Selected Financial Information

The following summarized financial information set out below was extracted from the Group's financial statements for years 2008, 2009 and 2010, which have been audited by the Group's statutory independent auditors Ernst & Young Cyprus Ltd.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2008, 2009 and 2010 in accordance with International Financial Reporting Standards as adopted by European Union and the requirements of the Cyprus Companies Law, Cap. 113

SELECTED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED INCOME STATEMENTS for the years ended 31 December	**2010**	**2009**	**2008**
	€000	**€000**	**€000**
Net Interest Income	1.040.419	847.830	792.151
Profit before provisions	724.964	612.246	653.633
Profit before tax	348.514	365.221	551.614
Profit after tax	302.525	321.994	478.683
Profit after tax attributable to owners of the Company	306.189	313.144	502.388

SELECTED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET as at December 31	2010	2009	2008 *restated*
	€000	€000	€000
Total assets	42.637.740	39.411.401	36.130.573
Total equity	2.828.349	2.485.498	2.056.367
Subordinated loan stock	930.942	946.843	934.085
Share Capital	894.948	598.197	586.662
Debt Securities in Issue	83.957	519.111	959.169
Loans and advances to customers	27.725.451	25.635.780	24.424.694
Customers deposits	32.952.567	28.584.561	27.935.747

The important changes in the financing elements of Group are presented in Part C, Point 14.2.

Capitalisation and Indebtedness

Market Capitalisation	
Number of shares issued	894.948.198
Closing share price as at 31 March 2011 on the Cyprus Stock Exchange	€2,55
Market Capitalisation of the Company as at 31 March 2011 based on the closing share price on the Cyprus Stock Exchange	€2.282.117.905

Debt securities in issue, subordinated loan stock and equity (31 December 2010)	€000
Liabilities	
Debt Securities in issue	
- Medium term senior debt	20.231
- Short term commercial paper	12.467
- Other debt securities in issue	51.259
	83.957
Subordinated loan stock	
- Subordinated Bonds 2011/2016	127.315
- Capital Securities 12/2007	122.023
- Convertible Bonds 2013/2018	40.986
- Convertible Capital Securities	634.034
- Subordinated Bonds in US Dollars 2013/2014/2015	6.584
	930.942
Total debt securities in issue and subordinated loan stock	**1.014.899**
Total equity	
- Share Capital	894.948
- Share Premium	1.159.819
- Revaluation and other reserves	(186.253)
- Retained earnings	868.531
- Equity attributable to the owners of the Company	2.737.045
- Non-controlling interests	91.304
Total Equity	**2.828.349**
Indebtedness to Equity Ratio	**35,88%**

Board of Directors and Executive Management

The Board of Directors of Bank of Cyprus Public Company Limited consists of 17 members:

Theodoros Aristodemou	*Non – Executive, Chairman*
Andreas Artemis	*Non – Executive, Vice-Chairman, Independent*
George M. Georgiades	*Non – Executive, Senior Independent Director*
Anna Diogenous	*Non – Executive*
Andreas Eliades	*Executive Director*
Andreas J. Jacovides	*Non – Executive, Independent*
Yiannis Kypri	*Executive Director*
Stavros J. Constantinides	*Non – Executive, Independent*
Manthos Mavrommatis	*Non – Executive, Independent*
Christos Mouskis	*Non – Executive*
Evdokimos Xenophontos	*Non – Executive, Independent*
Vassilis G. Rologis	*Non – Executive*
Yiannis Pechlivanidis	*Executive Director*
Costas Z. Severis	*Non – Executive*
Nicolaos P. Tsakos	*Non – Executive*
Costas Hadjipapas	*Non – Executive*
Christakis G. Christofides	*Non – Executive, Independent*

The Group's Senior Executive Management comprises of 6 members:

Andreas Eliades	Group Chief Executive Officer
Yiannis Pechlivanidis	First Deputy Group Chief Executive Officer
Yiannis Kypri	Deputy Group Chief Executive Officer
Vassos Shiarly	Group Chief General Manager
Christis Hadjimitsis	Senior Group General Manager
Nicolas Karydas	Senior Group General Manager

Professional Advisors

Lead Manager:	The Cyprus Investment and Securities Corporation Limited (CISCO)
Manager responsible for the collection of subscription money:	The Cyprus Investment and Securities Corporation Limited (CISCO)
Independent Auditors:	Ernst & Young Cyprus Ltd
Legal Advisers:	Chryssafinis & Polyviou
Registered Office Of Bank Of Cyprus Public Company Ltd	51 Stasinos Street Agia Paraskevi Strovolos 2002 Nicosia, Cyprus

Corporate Governance Code

The Group recognises the importance of implementing sound corporate governance policies, practices and procedures. In February 2011 the Cyprus Stock Exchange (CSE) issued the 3rd Revised Edition of the Corporate Governance Code. As a company listed on the CSE, Bank of Cyprus has adopted the Code and applies its principles.

The Group complies with the provisions of the 3rd Revised Edition of the Corporate Governance Code except for provision A.2.3. Provision A.2.3. requires that at least 50% of the Board of Directors, excluding the Chairman, be independent non-executive Directors. If the 50% rule is not met, then at least one third of the Directors must be independent and a relevant application must be submitted to the Council of the CSE to grant a reasonable time period for compliance. As at 31 December 2010, seven Directors were considered independent, representing 44% of the Board of Directors excluding the Chairman. It should be noted that the Group satisfies the minimum proportion for independent Directors of one third and the Council of the CSE has granted a reasonable time period for compliance, specifically by 31 December 2011.

The new edition of the Code includes new provisions which are effective from 2011 and will be reflected in the Annual Corporate Governance Report of the Bank for the year 2011. The Board of Directors will proceed with all necessary actions to ensure compliance with the new requirements.

As a company listed on the Athens Exchange, Bank of Cyprus Public Company Ltd follows the provisions for the corporate governance of listed companies, as laid out in law L3016/2002 of the Hellenic Republic.

Related Party Transactions

The following table presents the loans and other advances, to members of the Board of Directors, key management personnel of the Bank and connected persons by the Group as at 31 December 2010, 2009 and 2008 (audited). There were no significant related party transactions as from the 31st December 2010 and until the date of this Prospectus except of an increase of €25 million in contingent liabilities and commitments.

	2010	2009	2008	2010	2009	2008
	Number of Directors			€000	€000	€000
Loans and advances to members of the Board of Directors and connected persons:						
- more than 1% of the Group's net assets per director	1	3	3	184.753	187.737	196.079
- less than 1% of the Group's net assets per director	16	12	13	57.821	23.454	24.569
	17	**15**	**16**	**242.574**	**211.191**	**220.648**
Loans and advances to key management personnel and connected persons				1.769	2.581	2.657
Total loans and other advances				**244.343**	**213.772**	**223.305**
Analysis of loans and advances						
- members of the Board of Directors and key management personnel				7.330	8.576	7.321
- connected persons				237.013	205.196	215.984
				244.343	**213.772**	**223.305**
Interest income				10.641	9.551	11.806
Deposits of						
- members of the Board of Directors and key management personnel				71.069	82.906	78.287
- connected persons				25.568	42.787	66.218
				96.637	**125.693**	**144.505**
Interest expense on deposits				4.607	6.274	6.992
Debt securities in issue and subordinated loan stock:						
- members of the Board of Directors and key management personnel				17.133	17.508	13.800
- connected persons				2.401	3.615	1.569
				19.534	**21.123**	**15.369**
Interest expense on debt securities in issue and subordinated loan stock				1.086	1.094	442

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend amounting to €113.102 thousand (2009: €58.094 thousand). Of these, €86.928 thousand (2009: €55.473 thousand) relate to directors and their connected persons, whose total credit facilities exceed 1% of the net assets of the Group per director. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €327 thousand (2009: €512 thousand). Using forced-sales values, the total unsecured amount of the loans and advances and contingent liabilities and commitments in respect of related parties at 31 December 2010 amounted to €8.065 thousand (2009: €27.086 thousand).

Connected persons include spouses, minor children and companies in which directors/key management personnel hold, directly or indirectly, at least 20% of the voting shares in a general meeting, or act as directors or exercise control of the entities in any way.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions with customers of a similar credit standing. A number of credit facilities have been extended to key management personnel and their connected persons on the same terms as those applicable to the rest of the Group's employees.

Fees and emoluments of members of the Board of Directors and key management personnel

	2010	2009	2008
Director emoluments	**€000**	**€000**	**€000**
Executives			
Emoluments in executive capacity:			
Salaries and other short term benefits	1.749	1.543	1.065
Ex-gratia payment	-	-	678
Employer's contributions	58	57	54
Retirement benefit plan costs	381	182	157
	2.188	1.782	1.954
Share options	486	1.944	752
Non-executives			
Fees	813	822	700
Emoluments of a non executive director who is also an employee of the Company	154	142	118
Total fees and emoluments of directors	3.641	4.690	3.524
Key management personnel emoluments			
Salaries and other short term benefits	901	1.218	881
Employer's contributions	51	59	63
Retirement benefit plan costs	123	153	140
Share options	182	972	376
Total key management personnel emoluments	1.257	2.402	1.460
Total	**4.898**	**7.092**	**4.984**

During 2010 the number of executive directors was three (2009: two). The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers.

As at 31 December 2010, the remuneration of the members of the Board of Directors and key management personnel amounted to €4.898 thousand (2009: €7.092 thousand).

Share Options

During 2010 until the date of this Prospectus, no Share Options have been granted to executive directors.

In the context of the Share Options 2008/2010 granted by the Company on 28 May 2008 to the Group's employees, 1.500 thousand share options were granted to Mr Andreas Eliades and 500 thousand options were granted to Mr Yiannis Kypri. During 2010, the cost of share options granted to Messrs Andreas Eliades and Yiannis Kypri amounted to €364 thousand (2009: €1.458 thousand) and €122 thousand (2009: €486 thousand) respectively. As at 31st December 2010, each Share Option 2008/2010 gave its holders the right to purchase one share of the Company at €4,24 per share. The theoretical fair value of the Share Options 2008/2010 granted on 28 May 2008 was measured at the grant date and amounted to €1,17 per option. As a result of the amendment of the terms of the Share Options 2008/2010 on 23 June 2009, the Share Options were revalued and the additional cost amounted to €0,42 per option.

Pursuant to a special resolution that was approved by shareholders on 23rd March 2011, the exercise price of the Share Options 2008/2010 has been amended to €3,30 per share.

In the context of the Share Options 2008/2010 granted by the Company to Group employees on 28 May 2008, 750 thousand (2009: 1.000 thousand) options were granted to Group key management personnel the total cost of which amounted to €182 thousand (2009: €972 thousand).

Fees and emoluments

The salaries and other short term benefits of executive directors amounting to €1.749 thousand (2009: €1.543 thousand) relate to Mr Andreas Eliades €898 thousand (2009: €980 thousand), Mr Yiannis Pehlivanidis €334 thousand (2009: Nil) and Mr Yiannis Kypri €517 thousand (2009: €563 thousand).

The salaries and other short term benefits of executive directors include a bonus which is determined by the Board of Directors based on the recommendation of the Remuneration Committee. The maximum bonus for each executive director is specified in his contract of employment with the Group. For 2010, the Board of Directors, having considered the performance of the Group as regards the achievement of its goals and profitability, has approved a total bonus of €341 thousand (2009: €327 thousand) for Mr Andreas Eliades and €195 thousand (2009: €187 thousand) for Mr Yiannis Kypri. The bonus will be paid in the form of shares of the Company, which will be purchased immediately and will be bestowed to a trust that will transfer the shares to the beneficiaries provided all specified conditions are satisfied.

One third of the bonus has vested and will be paid immediately, while the remaining two thirds will vest equally at the end of 2011 and 2012, provided the Group achieves the goals set with respect to profitability and key performance indicators, taking into account the performance of other peer banks. After vesting, the shares awarded will be subject to a retention period of one year. Additionally, 25% of the shares granted to executive directors, must be kept until their retirement or the expiry of their contracts of employment.

Based on the above terms, the cost recognised in the financial statements in relation to the 2010 bonus is €209 thousand for Mr Andreas Eliades and €119 thousand for Mr Yiannis Kypri.

The bonus for 2009 was paid 50% in cash and 50% in shares of the Company in the name of the executive directors, which are subject to a retention period of three years.

The retirement benefit plan costs amounting to €381 thousand (2009: €182 thousand) relate to Mr Andreas Eliades €133 thousand (2009: €118 thousand), Mr Yiannis Pehlivanides €175 thousand (2009: Nil) and Mr Yiannis Kypri €73 thousand (2009: €64 thousand).

Messrs Andreas Eliades and Yiannis Kypri participate in the main retirement benefit plan for the Group's employees in Cyprus, which is a defined benefit plan. Mr Yiannis Pehlivanides participates in the retirement benefit plans for the Group's employees in Greece, which are the defined contribution plan and the defined benefit plan for retirement benefits which are required by the law. The total retirement benefits of the executive directors increased during 2010 by €800 thousand (2009: €771 thousand).

The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers and include the bonus that has been approved by the Board of Directors. The bonus will be paid in the form of shares of the Company, which will be purchased immediately and will be bestowed to a trust that will transfer the shares to the beneficiaries provided all specified conditions are satisfied. One third of the bonus has vested and will be paid immediately, while the remaining two thirds will vest equally at the end of 2011 and 2012, provided the Group achieves the goals set with respect to profitability and key performance indicators, taking into account the performance of other peer banks. After vesting, the shares awarded will be subject to a retention period of one year.

Other transactions with related parties

Mr Andreas Artemis, Vice-Chairman of the Board of Directors of the Company, holds an indirect interest and is Chairman of the Board of Directors of the Commercial General Insurance Ltd group which is engaged in general insurance business. The Commercial General Insurance Ltd group has entered into reinsurance arrangements with General Insurance of Cyprus Ltd, a subsidiary of the Group.

Mrs Anna Diogenous, member of the Board of Directors of the Company, holds an indirect interest in the company Pylones SA Hellas, which supplies the Company with equipment and services following tender procedures and in the company Unicars Ltd which supplies the Group in Cyprus with cars and related services.

Mr Costas Z. Severis, member of the Board of Directors of the Company, is the main shareholder of the company D. Severis and Sons Ltd, which is a general agent of the Group's subsidiary, General Insurance of Cyprus Ltd.

During 2010 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €283 thousand (2009: €303 thousand) to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €541 thousand (2009: €400 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €855 thousand (2009: €324 thousand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €149 thousand (2009: €144 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis.

Personnel

As at 31 December 2010 the Group employed 12.009 persons. As at the date of this Prospectus, there has not been any material change in the total number of personnel employed by the Group.

The geographical distribution of personnel as at the following dates was as follows:

	31 December 2010	31 December 2009	31 December 2008
Cyprus	3.556	3.568	3.608
Greece	3.148	3.148	3.183
Russia	4.343	4.497	4.354
United Kingdom	165	171	188
Other Countries	797	743	794
Total	**12.009**	**12.127**	**12.127**

Authorised and Issued Share Capital

The authorised share capital of the Bank amounts to €1.500.000.000 divided into 1.500.000.000 ordinary Shares of nominal value €1,00 each.

As at the date of this Prospectus the issued share capital of the Bank amounts to €894.948.198 divided into 894.948.198 ordinary Shares of nominal value €1,00 each, which are listed on the Cyprus Stock Exchange and Athens Exchange.

Major Shareholders

Bank of Cyprus Public Company Limited is a company with a large number of shareholders amounting as at 31 December 2010 to 82.338 shareholders.

As at 31 December 2010 9,99% of the share capital of the Company was held by Odella Resources Ltd, which belongs to the trustees of a Cypriot international discretionary trust. The beneficiaries of the trust are Mr Dmitriy Rybolovlev and his two daughters. There were not any other shareholders holding, directly or indirectly, more than 5% of the issued share capital of the Company. As from 31st December 2010 and until the date of this Prospectus there were no changes in the major shareholders of the Company.

Memorandum of Association

The objects of establishment of the Company are described in article 3 of its Memorandum of Association. The main objects of establishment of the Company include, among others:

To carry on the business of banking, that of an investment company and that of brokerage of any kind as well as the business of Leasing, of Hire Purchase, of Factoring, of Forfeiting and to establish, manage and carry on branches and agencies in and outside Cyprus and to appoint managers, officers and agents for the purpose of carrying on the same with such powers and on such terms and conditions as may be deemed expedient.

Risk Factors

Any investment in the Bank's the Convertible Enhanced Capital Securities and in its ordinary shares entails a series of risks. Prospective investors must carefully consider the risk factors set out in Section II, Part A Chapter 1.0 'Risk Factors' together with all other information included or incorporated by reference in this Prospectus before making an investment decision regarding the Bank's Convertible Enhanced Capital Securities (that include optional and mandatory conversion provisions into shares). If any of the events described in Section II, Part A Chapter 1.0 'Risk Factors' occurs, the Group, its financial condition or the results of its operations could be adversely and materially affected and, accordingly, the value and market price of the Bank's ordinary shares may drop, resulting in a loss of all or part of any investment in the Bank's ordinary shares. Furthermore, the risks and uncertainties described in Section II, Part A Chapter 1.0 'Risk Factors' may not be the only ones that might be faced by the Group. Additional risks and uncertainties which are unknown at present or are not currently considered as material, may adversely affect the Group's business operations.

Summary of Risk Factors

The major risk factors related to the business operations of the Group, the current Convertible Enhanced Capital Securities Issue together with the risk factors relating to the holders of the Convertible Bonds 2013/2018, the Convertible Capital Securities and the Capital Securities 12/2007 that may elect to exchange them with Convertible Enhanced Capital Securities are as follows:

Risks related to the Business Operations of Bank of Cyprus Group

The Group is subject to a number of risks which are beyond its control and if materialized could adversely affect the Group's financial results.

- The Group's operations are subject to risks resulting from the prevailing economic conditions in Cyprus and abroad

- The Group's operations are subject to risks resulting from market fluctuations that could adversely affect the Group

- Interest rate risk

- Risk of fluctuation of prevailing share and other stock prices

- Currency Risk

- The Group is subject to risks concerning borrower and counterparty credit quality which could affect the recoverability and value of assets on the balance sheet

- Market conditions have resulted, and may in the future result, in material negative adjustments to the estimated fair values of financial assets of the Group

- The Group's businesses are, subject to inherent risks concerning liquidity, particularly if current market conditions continue to reduce the availability of traditional sources of funding which could affect the Group's ability to meet its financial obligations

- The Group is subject to the risk of insufficient capital resources to meet the minimum required by regulators. In addition, the minimum capital adequacy requirements set by the responsible regulating bodies may be amended in the future
- Regulatory risk
- The Group could be negatively affected by the soundness and/or the perceived soundness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults
- The Group's borrowing costs and access to the capital markets depend significantly on its credit ratings
- Weaknesses or failures in the Group's internal processes and procedures and other operational risks could have a negative impact on results and could damage the Group's reputation.
- Risks relating to the Group's operations in Greece
- Risks relating to the Group's operations in Russia
- Political and economic developments in Cyprus and elsewhere could adversely affect the Group's operations
- The Group's businesses are subject to extensive and strict regulatory monitoring and substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a significant negative impact on the Group's operating results, financial condition and prospects
- The Group is exposed to various forms of legal risk due to the extent of its business to various countries with different legislations
- The Group is exposed to tax risk
- The Group's businesses are conducted in highly competitive environment
- The Group could fail to attract or retain senior management or other key employees
- Insurance Risk
- Interruption or violation of the Group's safety of information technology can cause loss of work and other damages
- Retirement benefit plans contingent obligations
- It is uncertain when the Bank will be in position to distribute dividend

Risks related to the Issue of the Convertible Enhanced Capital Securities

- The Convertible Enhanced Capital Securities are a novel form of security and may not be a suitable investment for all investors
- The Convertible Enhanced Capital Securities are subject to the provisions of the law of the Republic of Cyprus and the regulatory supervision of the Central Bank of Cyprus any of which may change
- In certain instances the Issuer could substitute or vary the terms of the Convertible Enhanced Capital Securities and Holders may be bound by certain other amendments to the Convertible Enhanced Capital Securities to which they did not consent, provided any such amendment would not result in terms that are materially less favourable to investors
- The circumstances triggering the Mandatory Conversion of the Convertible Enhanced Capital Securities may be unpredictable
- Holders will bear the risk of fluctuation in the value of the Bank’s Ordinary Shares
- Holders have limited anti-dilution protection
- Holders will not be entitled to any voting and other rights with respect to the Ordinary Shares, but will be subject to all changes made with respect to the Ordinary Shares
- Holders may be obliged to make a Take-over Bid in case of a Contingency Event or Viability Event if they take delivery of Ordinary Shares
- Holders may be subject to disclosure obligations and/or may need approval by the Bank’s regulator
- The credit ratings may not be reliable and changes to the credit ratings could affect the value of the Convertible Enhanced Capital Securities
- Optional and Mandatory Coupon Cancellation on a non cumulative basis
- Perpertual tenor with no legal maturity
- The Bank has the right but not the obligation of the Redemption and Purchase of the Convertible Enhanced Capital Securities
- Subordinated status in liquidation
- The Convertible Enhanced Capital Securities are Tier 1 Capital Securities
- Interest rate risk
- Few restrictions on issuance of capital securities or debt capital ranking pari passu with the Convertible Enhanced Capital Securities
- The EU Savings Directive imposes certain informational and withholding requirements, which are subject to change
- Absence of prior Public Market for the Convertible Enhanced Capital Securities
- Liquidity and price fluctuation of the Convertible Enhanced Capital Securities
- Since Holders receive Ordinary Shares upon a Contingency Event or Viability Event, they are particularly exposed to changes in the market price of the Ordinary Shares
- Issue in US Dollars and exchange rate risk

- Legal investment considerations may restrict certain investments

- Effect of the issue of Convertible Enhanced Capital Securities on the price of the Bank's shares

Risk Factors relating to the holders of the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 that may elect to exchange them with Convertible Enhanced Capital Securities

Holders of the Bank's Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 prior to making any decision to participate in the issue of the Convertible Enhanced Capital Securities though a possible exchange of the Convertible Bonds 2013/2018 Convertible Capital Securities and Capital Securities 12/2007 that they already hold, must study carefully, taking into consideration their own financial position, their investment objectives and investment horizon and the risk factors described in this Information Memorandum and in particular the risk factors described below involving the new issue and the possibility for exchange.

- Differences between the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 and the Convertible Enhanced Capital Securities in reference to their subordination, coupon cancellation, maturity and mandatory conversion

- Uncertainty as for the trading of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 that will not be offered for exchange and/or will not be accepted for exchange by the Bank

- Uncertainty as to the liquidity of the trading market for the Convertible Enhanced Capital Securities

- No obligation to accept offers to exchange

- The holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 should consult their own tax, accounting, financial and legal advisers

Risks related to the Bank's Shares

- Marketability of the shares resulting from the conversion of the Convertible Enhanced Capital Securities

- The price of Bank of Cyprus shares may be volatile

- The Cyprus Stock Exchange and the Athens Exchange are less liquid and more volatile than other Exchanges

Proceeds of the Issue

The net proceeds of the Issue are estimated at around €1.342,4 mln. whereas the net proceeds after the deduction of the expenses of the Issue are estimated at €1.341,4 mln.

The net proceeds of the Issue will strengthen the Bank's Tier 1 capital, thus contributing to the maintenance of strong and competitive capital adequacy ratios.

The proposed issue will further strengthen and enhance the Group's strong, high quality capital base, with the pro-forma capital adequacy ratio and the Tier 1 ratio at 31 December 2010 reaching 14,0% and 12,7% respectively based on the assumption that all eligible securities (Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007) (€818 mn) are exchanged for the new Convertible Enhanced Capital Securities.

Expenses of the Issue

The total expenses of the Issue including the professional fees of the auditors, legal advisers, Lead Managers, as well as printing and advertising costs are estimated in the region of €1 mln.

Documents available for inspection

Copies of the following documents may be inspected during working days, between 9.00 a.m. and 12.00 noon, at the Bank's headquarters, 51 Stassinou Street, Ayia Paraskevi, Nicosia, Cyprus during the period that the Prospectus shall be valid:

(i) Memorandum and Articles of Association of the Company,
(ii) audited financial statements of the Group, for years 2008, 2009 and 2010 and

The Prospectus as it has been approved by the Cyprus Securities Exchange Commission will be available in electronic form as follows:

(i) the Bank of Cyprus' website, www.bankofcyprus.com
(ii) the website of the Lead Manager, The Cyprus Investment and Securities Corporation Ltd, CISCO, www.cisco-online.com
(iii) the website of the Cyprus Stock Exchange, www.cse.com.cy
(iv) the website of the Cyprus Securities and Exchange Commission, www.cysec.gov.cy

Incorporations by Reference

The Group's consolidated financial statements for years 2008, 2009 and 2010 have been incorporated to the Prospectus by reference pursuant to article 28 of the Commission Regulation 809/2004 of the European Union

Incorporations by Reference	Document	Pages
Financial Statements 31 December 2008	Annual Report 2008	74-161
Independent Auditor's Report 31 December 2008	Annual Report 2008	162
Financial Statements 31 December 2009	Annual Report 2009	77-168
Independent Auditor's Report 31 December 2009	Annual Report 2009	169
Financial Statements 31 December 2010	Financial Statements 2010	10-123
Independent Auditor's Report 31 December 2010	Financial Statements 2010	124-125

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2008
(ii) consolidated financial statements for year 2009
(iii) consolidated financial statements for year 2010

during working days, between 9.00 a.m. and 12.00 noon, from the Bank's headquarters, 51 Stassinou Street, Ayia Paraskevi, Nicosia, Cyprus during the period that the Prospectus shall be valid, as well as on the Group's website www.bankofcyprus.com (select Investor Relations / Financial Information).

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	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. 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).
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 7th 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$50m.
Application for unsubscribed CECS	During the Subscription Period, Non-Eligible Shareholders will be able to submit applications for any unsubscribed CECS in Euros (€) or Dollars ($). 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.
Subscription Consideration Payment	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. Any Convertible Bonds 2013/18, Convertible Capital Securities and Capital Securities 12/2007 (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	The CECS constitute direct, unsecured and subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the holders of CECS of this issue: - are subordinated to the claims of the creditors of the Bank, who are: • depositors or other unsubordinated creditors of the Bank • subordinated creditors, except those creditors whose claims rank or are expressed to rank *pari passu* with the claims of the holders of the CECS. • holders of subordinated Bonds of the Bank. - rank *pari passu* 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.

	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. Cancellation of any payment does not constitute an event of default and does not entitle holders to petition for the insolvency of the Bank.
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	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. Each CECS will cease to accrue interest from the redemption/ purchase/ conversion date.
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 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 Conversion Period is activated, during which the CECS’ holders may convert their CECS.
Optional Coupon Cancellation	The Bank may, at its sole discretion, at all times taking into account its specific financial and 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.
Mandatory Coupon Cancellation	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.
Dividend and Capital	If an interest payment is cancelled due to Optional Coupon Cancellation or Mandatory Coupon

Restrictions	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).
Mandatory Conversion	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.
Contingency Event	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. Based on the assessment of the financial and solvency situation of the Bank, 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.
Viability Event	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.
Mandatory Conversion Price	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. 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 5 Business Days prior to the Contingency Event or Viability Event notice The Floor Price means the nominal value of each Ordinary Share (being at the Issue Date €1,00).
Substitution, Variation, Redemption for Regulatory / Legal Purposes	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.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfill 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 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).

1. Expected Timetable

The following table illustrates the expected timetable of this issue and the listing of the Convertible Enhanced Capital Securities on the CSE and the ATHEX. It is noted that this is an indicative timetable for the purpose of providing an initial time estimate of the required procedure until the commencement of trading of the Convertible Enhanced Capital Securities on the CSE and the ATHEX.

Date	Event
5/4/2011	Date of approval of the Prospectus.
7/4/2011	Last trading day for the shares on the CSE & Athens Stock Exchange including the Priority Right (cum priority right).
8/4/2011	CSE & Athens Stock Exchange trading day without the Priority Right (ex-priority right).
12/4/2011	Record date for the Priority Right for subscription to the Convertible Enhanced Capital Securities Issue
20/4/2011	Dispatch of Allotment Letters for the Priority Right to all Eligible shareholders *(not applicable for shareholders of Exempt Countries)*
27/4/2011- 17/5/2011	Subscription period of the Convertible Enhanced Capital Securities from the Eligible Priority Right Holders and other investors *(not applicable for shareholders of Exempt Countries)*
17/5/2011	Last submission date for applications from Eligible Priority Right Holders and other investors
30/5/2011	Dispatch of Convertible Enhanced Capital Securities Allotment letters

The Company will file all relevant documents relating to the listing of the Convertible Enhanced Capital Securities with both the CSE and the ATHEX within ten working days from the Last Subscription Date for the Convertible Enhanced Capital Securities.

The date of the introduction for trading of the Convertible Enhanced Capital Securities will be announced to the CSE and the ATHEX and through the Cypriot and Greek press. The date of the introduction for trading of the Convertible Enhanced Capital Securities will be within five working days from the date that such listing is approved by both Exchanges.

It is noted that the timetable may be affected by other unforeseen circumstances and may be altered accordingly. Such amendments will be announced to the CSE and the ATHEX and through the Cypriot and Greek press.

SECTION II

PART A

SECTION II

PART A

1.0 RISK FACTORS

Investment in the Bank's Convertible Enhanced Capital Securities Issue and in its ordinary shares entails a series of risks. Prospective investors must carefully consider the risk factors set out below together with all other information included or incorporated by reference in this Prospectus before making an investment decision regarding the Bank's Convertible Enhanced Capital Securities which include the option to convert into ordinary shares. If any of the events described below occurs, the Group, its financial condition or the results of its operations could be adversely and materially affected and, accordingly, the value and market price of the Bank's Convertible Enhanced Capital Securities and ordinary shares may drop, resulting in a loss of all or part of any investment in the Bank's Convertible Enhanced Capital Securities and ordinary shares. Furthermore, the risks and uncertainties described below may not be the only ones that might be faced by the Group. Additional risks and uncertainties which are unknown at present or are not currently considered as material, may adversely affect the Group's business operations.

RISKS RELATED TO THE BUSINESS OPERATIONS OF BANK OF CYPRUS GROUP

The Group is subject to a number of risks which are beyond its control and if materialized could adversely affect the Group's financial results. These risks are presented here below.

The Group's operations are subject to risks resulting from the prevailing economic conditions in Cyprus and abroad

The Group's operations are affected in a large extent from the prevailing economic conditions as well as the economic conditions of specific sectors of the economy in which the Group operates particularly in Cyprus and Greece from where a big part of its income is generated.

Since 2007, the world economy as well as the international financial system have been faced with intense uncertainty and turmoil with the high point being the big problems faced by large international banks, investment banks, insurance and other financial corporations. The problems and dislocation in world economy and the global capital markets have a significant influence in liquidity levels, the fair values of financial assets, the availability of and the terms of credit.

Concerns exist for further continuation of the prevailing economic recession and turmoil of the financial system internationally as well as within the countries in which the Group operates. These conditions have in some degree influenced and are expected to continue to influence the Group's income and profitability.

The continuing deterioration and deceleration of the world economies, including the countries in which the Group operates, which are influenced by the level and trends concerning unemployment, the trends of the real estate sector, the course of money markets, bond markets and foreign exchange markets, inflation and liquidity in the global capital markets which might lead to (i) lower levels of demand as well as supply of the products and services offered by the Group, (ii) impairments as well as negative fair value adjustments to the Group's assets, with adverse effects on the Group's operating results, financial condition and prospects.

A possible worsening of these economic conditions might adversely impact the Group as well as other financial institutions and could have an adverse effect on the Group's operating results. In particular, the Group may face the following challenges in connection with these events:

- The Group's ability to assess the creditworthiness of its customers or to estimate the level of its assets that may be impaired if the models and techniques it uses become less accurate in their estimation of borrowers' behaviour in the future.

- Demand for borrowing from creditworthy customers may diminish as economic activity slows.

- Lower lending interest rates and/or higher deposit interest rates may reduce net interest income earned by the Group.

- Market developments may affect consumer confidence and may cause declines in credit card usage and adverse changes in payment patterns, leading to increases in write-offs and loan impairment charges for non performing loans.

- Trade and capital flows may decrease as a result of protectionist measures being introduced in certain markets which may have a negative effect on the Group's operations.

- The increased government ownership and control over financial institutions and further consolidation in the financial industry could significantly alter the competitive landscape.

The Group's operations are subject to risks resulting from market fluctuations that could adversely affect the Group

Given the nature of its operations, the Group is subject to a number of market fluctuation risks that result from changes in interest rates, credit spreads, foreign exchange rates and other financial instruments. These fluctuations could have material adverse effects on the Group's operating results, financial condition and prospects.

It is important to note that the Group undertakes a number of market risks during the management of its assets and liabilities and it does not maintain any trading books.

Interest rate risk

Interest rate risk is the risk faced by the Group of a reduction of the fair value of future cash flows of a financial instrument because of negative changes in market interest rates. Interest rate risk arises as a result of timing differences on the repricing of assets and liabilities.

Adverse changes in market interest rates, yield curves and the and credit spreads could affect the net interest margin between lending and the deposit interest rates and as a result impact the Group's net interest income.

Increase of interest rates may result in an increase of non-performing loans, decrease in the demand for new loans or limit the Group's ability to grant new loans. A decrease in interest rates may cause, among other, loan prepayments and increased competition for deposits adversely affecting the Groups financial results.

Competitive pressures and/or fixed rates in existing commitments or loan facilities may restrict the Group's ability to increase interest rates in the event of an increase in lending interest rates. Further more, the existence of fixed interest rate term deposits (mainly in Euro), restricts the Group's ability to decrease the cost of its commitments in the event of a decrease in market interest rates.

The equity of the Group is also influenced by changes in market interest rates. The changes in the Group's equity arise from changes in the fair value of fixed rate debt securities classified as 'available-for-sale' as well as from changes in the fair value of derivative financial instruments which are hedging instruments in effective cash flow hedges.

Interest rate risk is measured using interest rate sensitivity gap analysis, where the difference between assets and liabilities repricing in each time band is calculated, separately for each currency. Specific reference of the Group's interest rate risk management is made in note 42 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference into this Prospectus.

Risk of fluctuation of prevailing share and other stock prices

The risk of fluctuations in the market price of shares and other traded securities arises from adverse changes in the prices of securities held by the Group.

Changes in the prices of equity securities that are classified as investments at fair value through profit and loss, affect the profit of the Group, whereas changes in the value of equity securities classified as "available for sale" affect the equity of the Group.

In order to control the risk of loss from changes in the price of equities, there have been set maximum limits for the amounts that can be invested in equity shares in the trading book and other restrictions, like maximum amount invested in a specific issuer, specific industry, etc.

Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Group. Debt security prices change as the credit risk of the issuers change. The Group invests a significant part of its liquid assets in debt securities issued mostly by governments and banks.

Changes in the prices of debt securities classified as investments at fair value through profit and loss, affect the profit of the Group, whereas changes in the value of debt securities classified as 'available for sale' affect the equity of the Group (assuming no impairment).

In addition, the Group's insurance and investment business are subject to the risk of negative price adjustments in the value of shares and other securities held by the Group.

Special reference regarding the management of risks arising from market price fluctuations of shares and other securities is made in note 42 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference in this Prospectus.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange rate fluctuations expose the Group to risks that arise from transactions in foreign currency as well as changes in the value of the Group's assets and liabilities denominated in foreign currencies which may affect the Group's financial results and equity. Losses may also arise during the management of the Group's assets/liabilities and investments in foreign countries.

Special reference to the management of currency risk is made in note 42 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference in this Prospectus.

The Group is subject to risks concerning borrower and counterparty credit quality which could affect the recoverability and value of assets on the balance sheet

The Group is subject to risks regarding the credit quality of, and the recovery on loans to and amounts due from, customers and market counterparties. Credit risk arises from a potential non timely settlement of current or prospective obligations from counterparties which results in loss of equity and profit.

It is noted that the Group's impaired loans and advances (i.e. those with arrears exceeding 3 months and which are not fully collateralised) as at 31 December 2010, reached 7,3% of total Group loans and advances. The impaired loans and advances of the loan portfolio in Cyprus represent 7,0% of the Cyprus portfolio.

The Group has taken measures for the improvement of its loan portfolio and intents to take further recourses to this end in the future. These measures include the improvement of its credit approval systems and of its credit rating and credit scoring systems, but also the adoption of detailed and strict procedures for handling overdue amounts. No assurance can be provided that the measures taken by the Bank will effectively contain impaired loans and advances. Furthermore there can be no assurance as to the Bank's satisfaction from the liquidation of collateral.

Future provisions for impaired loans and advances could have a material negative impact on the Group's operating results. In addition, the financial and economic crisis and the slowdown of the world economy may lead to an increase of the percentage of impaired loans and advances.

Changes in the credit quality of the Group's borrowers and counterparties arising from the financial crisis and the adverse changes and slowdown of the world economies as well as Cyprus could reduce the value of the Group's assets, and increase the Group's write downs and allowance for impairment losses.

Factors including higher unemployment, reduced corporate profitability, increased corporate and personal insolvencies and/or increased interest rates may reduce borrowers' ability to repay loans. In addition, the economic crisis may further impact the prospects for the Cypriot, the Greek (and the global) economy resulting in a deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

If the current economic downturn, uncertainty, reduced affordability and lower availability of credit continue, there exists the possibility of an extended economic crisis resulting in decrease in house prices and increases in unemployment, which could adversely impact the Group's housing portfolio which is likely to generate substantial increases in impairment losses which could materially affect the operations, financial condition and prospects of the Group.

Special reference to the management of credit risk is made in note 41 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference in this Prospectus.

Market conditions have resulted, and may in the future result, in material negative adjustments to the estimated fair values of financial assets of the Group

The Group maintains investment portfolios and to this extend maintains positions in the markets for shares, bonds and other securities. Any negative fair value adjustments to these securities could have a material adverse effect on operating results, financial conditions or prospect. Financial markets have been subject to significant stress conditions resulting in steep falls in the actual financial asset values. The severity of this phenomenon is exemplified by the ongoing crisis in the global financial markets.

The fair value of the Group's financial assets could fall further and therefore result in negative adjustments, particularly in view of current market dislocation. In addition, the value ultimately realised by the Group may be lower than the current fair value. Any of these factors could require the Group to record further negative fair value adjustments, which may have a material adverse effect on its operating results, financial condition or prospects.

The Group's businesses are, subject to inherent risks concerning liquidity, particularly if current market conditions continue to reduce the availability of traditional sources of funding which could affect the Group's ability to meet its financial obligations

Liquidity risk is the risk that the Group is unable to fully or promptly meet payment obligations and potential payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at higher cost or sell assets at a discount. The Group's banking business requires a steady flow of funds both to replace existing deposits as they mature and to satisfy customer requests for additional borrowing. Undrawn borrowing facilities are also taken into consideration in managing the liquidity position.

Group assets are mainly funded by deposits. The distribution of sources and the maturity of deposits are actively monitored in order to avoid concentration of funding maturing at any point in time or from a small number of depositors. Moreover, the Group monitors the percentage of fixed deposits that are renewed and aims to ensure that this percentage is maintained at high levels. The Group relies almost exclusively on stable funding sources in order to finance illiquid assets.

The ability of the Group to access funding sources on favorable economic terms is subject to a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and loss of confidence in the Cyprus banking system. In the current environment of unprecedented market volatility, banks' access to traditional sources of liquidity has been and may continue to be significantly restricted which may affect the Group's access to such sources of liquidity.

Liquidity is monitored daily by Group Market Risk Management. The responsibility for the management of liquidity rests with the treasury units at each location, in cooperation with Group Treasury.

Group Market Risk Management is responsible for monitoring the liquidity position of all banking units of the Group in order to ensure compliance with both internal policies and the limits set by the regulatory authorities in the countries where the Group operates.

The liquidity position is assessed under various scenarios, including a bank-specific crisis and a market crisis.

The Group maintains at all times a diversified portfolio of highly liquid assets in the principal currencies in which it transacts. Moreover the ratio of liquid assets to total liabilities falling due in the next twelve months is monitored at Group level with the minimum acceptable ratio set at 25%. Liquid assets are defined as cash, interbank deposits maturing within thirty days and debt and equity securities at discounts prescribed by the regulatory authorities.

Special reference to the management of liquidity risk is made in note 43 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference in this Prospectus.

The Group is subject to the risk of insufficient capital resources to meet the minimum required by regulators. In addition, the minimum capital adequacy requirements set by the responsible regulating bodies may be amended in the future

The adequacy of the Group's capital is monitored by reference to the rules established by the Basel Committee on Banking Supervision, as adopted by the Central Bank of Cyprus. In December 2006 the Central Bank of Cyprus issued the Directive for the calculation of the capital requirements and large exposures of banks, ('Basel II') adopting the relevant European Union directive. In December 2010 the Basel Committee on Banking Supervision published the Basel III framework, which presents the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. Basel III's focus is on capital and funding. It specifies new capital target ratios, sets new standards for short-term funding and requirements for long term funding. Basel III is in the process of being adopted by the EU and it will then need to be transposed into national legislation in Cyprus.

According to the Consolidated Financial Statements of the Group for the year ending 31 December 2010, the Capital Adequacy Ratio of the Group stood at 11,9%, and exceeded the minimum percentage as required by the Central Bank of Cyprus.

The possibility that the Group is obligated by the regulator body to maintain higher capital levels in the future cannot be excluded, which could result in a decrease in operating flexibility and increase of financing expenses.

In addition, any failure of the Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Group's operating results, financial condition and prospects.

A shortage of available capital would also affect the ability to continue organic growth or to pursue acquisition or other strategic opportunities.

Special reference to the management of capital is made in note 45 of the Consolidated Financial Statements of the Group for the year 2010 which are incorporated by reference in this Prospectus.

Regulatory risk

The Group's operations in Cyprus and overseas, are supervised by the Central Bank of Cyprus and other respective regulatory authorities. In carrying out its regulatory duties, the Central Bank of Cyprus follows, inter alia by the European Union's underlying legal framework as well as closely observing and monitoring ongoing developments and emerging risks and appropriately adjusting its monitoring and regulatory procedures and operations. The subsidiaries and overseas branches of the Group are similarly supervised by the corresponding authorities in the countries where they operate. The continuing and increasing regulatory obligations imposed on the Group may have both positive as well as adverse impact on its operations. In December 2010 the Basel Committee on Banking Supervision published the Basel III framework, which presents the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. Basel III's focus is on capital and funding. It specifies new capital target ratios, sets new standards for short-term funding and requirements for long term funding. Basel III is in the process of being adopted by the EU and it will then need to be transposed into national legislation in Cyprus.

The operations of the Cyprus insurance companies are supervised by the Registrar of Insurance Companies. Legal and regulatory changes may be introduced in the future by the European Union or by the Registrar of Insurance Companies which may have a significant effect on the operations and financial position of the Group's insurance companies. Solvency II, the updated set of regulatory requirements for insurance firms that operate in the EU, is scheduled to come into effect on 1 January 2013 and establishes a revised set of market consistent EU wide capital requirements and risk management standards. Solvency requirements are expected to have an impact on the capital requirements of the Group's insurance undertakings and involve more complex calculations of factor-based formulas, stress testing and financial models.

The investment banking and the mutual fund management companies of the Group are supervised by the relevant capital market commissions.

The Group could be negatively affected by the soundness and/or the perceived soundness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults

As a result of the financial crisis, the Group is subject to the risk of deterioration of the commercial soundness and/or perceived soundness of other financial services institutions within and outside Cyprus. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships.

As an example, the European Banking Authority, together with the local banking supervisors and the ECB are due to release the results of the 2011 stress tests in June 2011 for a sample of banks in the European Union zone. The results of those stress tests could result in a negative perception of the sector and speculation on the soundness of certain banks failing to cope with extreme financial circumstances

The Group routinely executes transactions with counterparties in the financial services industry, commercial banks, investment banks, mutual and hedge funds and other institutional clients, resulting in a significant credit concentration. As a result, the Group is exposed to the risk of loss of capital if counterparty financial institutions fail or are otherwise unable to meet their obligations.

A default by, or even concerns about the ability to service obligations of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could materially and adversely affect the Group's results, financial condition and prospects.

The Group's borrowing costs and access to the capital markets depend significantly on its credit ratings

As at the date of this Prospectus, the long-term credit ratings for the Bank are Baa2 (stable outlook) from Moody's Investors Service Inc and BBB+ (negative outlook) from Fitch Rating Ltd.

Reduction in the long-term credit ratings of the Group, could significantly increase borrowing costs, limit its access to the capital markets and trigger additional collateral requirements for secured funding arrangements. Therefore, a reduction in credit ratings could materially adversely affect the Group's access to liquidity and competitive position and, hence, have a material adverse effect on the Group's business, financial position and results of operations.

Weaknesses or failures in the Group's internal processes and procedures and other operational risks could have a negative impact on results and could damage the Group's reputation

The Group's operations are subject to a number of operational risks that could result from inefficiency or failure in internal procedures and systems due to human error, as well as due to external factors, from fraud, misappropriation or theft of assets from the Group, unauthorised transactions, errors, omissions, reduced efficiency and problems with the orderly operation of information systems, other systems and internal procedures of the Group.

The Group manages operational risk via an environment of controls in which the processes are recorded and the transactions are agreed and monitored. The analysis of incidents that is reported in the system of operational risk incidents is contacted on a regular basis and in combination with the results of evaluation workshops of risks which constitute an important tool for the recognition and management of risks that are identified so much for preventive as well as for corrective purposes.

Any weakness in the internal control systems and processes of the Group, within the new environment of world economic crisis in which the Group operates, could have a negative impact on the Group's results. Furthermore, damage to the Group's reputation (including to customer confidence) arising from inadequacies, weaknesses or failures in such systems could have a significant adverse impact on the Group's businesses.

Risks relating to the Group's operations in Greece

The Group's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates at the time.

As the Group's currently conducts a significant part of its business in Greece, its performance is influenced by the level and cyclical nature of business activity in Greece, which is in turn affected by both domestic and international economic and political events.

The Greek economy is experiencing a severe recession and the Hellenic Republic is experiencing unprecedented pressure on its public finances. The severe increase of the Hellenic Republic's budget deficit has led to fears in global financial markets for a possible default by the Hellenic Republic which has led to the yield of Greece's 10 year government bonds to increase and to lower credit ratings by international credit rating agencies during 2010 and 2011. The tensions relating to the Greek public finance have affected the liquidity and profitability of the financial system in the Hellenic Republic and have resulted in:

- Lower market values for Greek government debt
- Limited liquidity to the Greek banking system
- Increase in funding from the European Central Bank
- Increase competition between Greek banks
- Limited credit extension to customers, and
- Increase in the amount of non performing loans

Furthermore, in early May 2010, the Greek government agreed to a stabilization program, jointly supported by the International Monetary Fund ("IMF"), the European Central Bank and the member states of the Eurozone, the IMF/eurozone Stabilization and Recovery Program (the "IMF/eurozone Stabilization and Recovery Program") according to which the Greek government has committed to implement measures to decrease expenses and increase revenues with specific goals as to the level of reduction of the government deficit.

The IMF/eurozone Stabilization and Recovery Program also contains structural measures and policy guidelines designed to boost the country's competitiveness and improve the Hellenic Republic's growth rates in the medium term.

Despite the implementation of the above measures and the Greek government's commitment to implement the IMF/eurozone Stabilization and Recovery Program, a possible failure to attain fiscal targets may lead to termination of the fiscal support by the IMF, the ECB and the European Union, a development which may create the conditions for a credit event with respect to the Hellenic Republic debt.

However, even if the IMF/eurozone Stabilization and Recovery Program is successfully implemented, it is uncertain whether it will achieve the set targets. A failure of these measures will exacerbate current macroeconomic conditions in Greece and will prolong the recession. In such a case, the market reaction will be negative and business activity will deteriorate, which will have a material adverse effect on the business, results of operations and financial results of the Group.

Even if the Hellenic Republic successfully implements the IMF/eurozone Stabilization and Recovery Program, it remains uncertain whether the Greek economy will grow sufficiently to ease the financing constrains of the Hellenic Republic. Any further significant deterioration of global economic conditions, including the credit profile of the EU countries, or the credit worthiness of Greek or international banks, or changes to the eurozone, may give rise to concerns regarding the ability of the Hellenic Republic to meet its funding needs.

There can be no assurance that if any of the events described above realise or that a further weakening in the Greek economy will not have an effect on the Group's future results.

In case the current negative economic conditions in Greece continue, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects in the Greek market.

Risk relating to the Group's operations in Russia

A part of the Group's assets and operations is located in Russia and, therefore, the Group is exposed to a deteriorating economic condition in Russia.

Historically, the Russian economy has been adversely affected by market downturns and economic slowdowns elsewhere in the world, including the global financial crisis that commenced in autumn 2007 and has had a material adverse effect on the Russian economy, including dampening foreign investment in Russia. A deterioration of general economic conditions in Russia, a decline in the growth rate of the Russian banking sector in particular, may have an adverse effect on the Bank's results.

Political and economic developments in Cyprus and elsewhere could adversely affect the Group's operations

External factors, such as political and economic developments in Cyprus and overseas, may negatively affect the Group's operations, its strategy and prospects. The Group's financial condition, its operating results as well as its strategy and prospects may be adversely affected by events outside its control, which include but are not limited to:

- Changes in Government policy;
- Changes in the level of interest rates imposed by the European Central Bank;
- Fluctuations in consumer confidence and the level of consumer spending;
- The European Union's regulations and directives relating to the banking and other sectors;
- Political instability or military conflict that impact on Europe and/or on other regions; and
- Taxation and other political, economic or social developments affecting Cyprus, Greece, Russia and other countries in which the Group operates.

Terrorist acts, other acts of war or hostility, geopolitical, pandemic or other such events and responses to those acts/events may create economic and political uncertainties, which could have a negative impact on Cyprus and international economic conditions generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted.

The Group's businesses are subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a significant negative impact on the Group's operating results, financial condition and prospects

The Group conducts its businesses subject to ongoing regulation and directives. The operations of the Bank are supervised by the Central Bank of Cyprus. All banks in Cyprus, including the Bank, have to comply with the requirements of both the European Union and Cyprus legislation, as well as with the regulatory framework of the Central Bank of Cyprus. Legal or regulatory changes may be introduced in the future either by the European Union or by the Central Bank of Cyprus which may adversely affect the results and financial position of the Group.

The operations of the Cyprus insurance companies are supervised by the Registrar of Insurance Companies. Legal and regulatory changes may be introduced in the future by the European Union or by the Registrar which may adversely affect the results and financial position of the Group's insurance companies.

In the current market environment, which is witnessing increased levels of government intervention in the banking sector. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group's business.

Areas where changes could have an adverse impact include, but are not limited to:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- other general changes in regulatory requirements, such as prudential rules relating to the capital adequacy or liquidity frameworks;
- external bodies applying or interpreting standards or laws differently to those applied by the Group historically;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- expropriation, nationalization and confiscation of assets, and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

The Group is exposed to various forms of legal risk

The Group may, from time to time, become involved in legal or arbitration proceedings which may affect its operations and results.

Legal risk arises from pending or potential legal proceedings against the Group which may result in expenses incurred by the Group.

Furthermore, in the event that legal issues are not properly dealt with by the Group, these may give rise to the unenforceability of contracts with customers, legal actions against the Group, adverse judgments and the diminished reputation of the Group. All these events may disrupt the operations of the Group, possibly reducing the Group's equity and profits.

The Group's Management pays special attention to the correct evaluation and monitoring of the risks involved with litigation or assessments issues or other legal matters and asserts that there have not been in the recent past any particular litigation, claims or assessments the outcome of which could have or has had in the recent past a material effect on its financial position and performance of the Group. The Group's Management evaluates and manages the risks involved with litigation, assessments issues or other legal matters.

The Group is exposed to tax risk

Tax risk is the risk associated with changes in taxation rates or law, or misinterpretation of the law. This could result in an increase in tax charges or the creation of additional tax liabilities. Failure to manage this risk adequately could impact the Group materially and adversely.

The Group's businesses are conducted in highly competitive environment

The Group faces intense competition in the markets in which it operates.

In Cyprus, competition originates primarily from commercial banks, co-operative credit and savings institutions, international banking units and insurance companies, which offer similar products and services. As a result of the harmonisation of the Cypriot banking sector to the European Union acquis communautaire, banking institutions licensed to operate in the EU are entitled to open branches in Cyprus without having to obtain a permit from the Central Bank of Cyprus, therefore potentially leading to increased competition.

The adoption of the euro as a replacement of the national currency on 1 January 2008 further reduced barriers to entry in the Cypriot market by other European banks and financial services companies leading to increased competition.

In Greece, the Group competes with Greek banks, which control the largest share of the total assets of the banking system as well as with cooperative banks and branches of credit institutions headquartered in European Union member countries.

Should competition intensify due to the entry of foreign banks into Cyprus offering competitive interest rates in deposits and loans compared to those traditionally offered by the Bank, the Bank may face a deterioration in its profit margins. In order to compete with foreign banks, the Bank may have to offer more competitive rates, which may have a negative impact on its profitability. It is also possible that increased competition from foreign banks will adversely affect the results and financial condition of the Bank.

If financial markets remain unstable, financial institution consolidation and government intervention may accelerate. Moreover, government intervention in the banking sector may impact the competitive position of banks within a country and among international competitors which may be subject to different forms of government intervention, thus potentially putting the Group at a competitive disadvantage to local banks in such jurisdictions.

Any combination of these factors could result in a reduction in the Group's profit.

The Group could fail to attract or retain senior management or other key employees

The Group's success depends on the ability and experience of its senior management. The loss of the services of certain key employees, particularly to competitors, could have a material adverse effect on the Group's revenue, profit and financial condition. In addition, the Group's business and its future success will depend on its ability to attract and retain highly skilled and qualified personnel, which cannot be guaranteed.

In addition, failure to manage trade union relationships effectively may result in disruption to the business and its operations causing potential financial loss.

The failure to attract or retain a sufficient number of appropriate personnel could significantly impede the Group's financial plans, growth and other objectives and have a material adverse effect on their business, financial position and results of operations.

Insurance Risk

Insurance risk is the risk that an insured event under an insurance contract occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

The above risk exposure is mitigated by the Group through the diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. For that reason, the creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and credit rating.

Interruption or violation of the Group's safety of information technology can cause loss of work and other damages

For contacting its business, the Group relies on information technology systems and telecommunication systems. The Group's Information Technology Department is responsible for the smooth operation of the information technology systems and the telecommunication systems as well as the management of the risks that arise from them.

Any interruption or suspension of the operation or violation of the security of these systems may cause significant problems in the operation of the systems for monitoring of client accounts, booking and administration of client deposits and advances.

The Group cannot assure that such events will not occur or if they occur that they are going to be managed effectively. Any interruption or suspension of the systems could have adverse effects on the Group's financial position and results.

Retirement benefit plans contingent obligations

The Group operates several defined benefit retirement plans. The main retirement benefit plans require the payment of contributions to separately administered funds (funded schemes).

The cost of providing benefits for defined benefit plans is estimated separately for each plan using the Projected Unit Credit Method of actuarial valuation from independent actuaries.

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases, mortality rates and future pension increases where necessary. The Group sets these assumptions based on market expectations at the balance sheet date using best-estimates for each parameter covering the period over which obligations are to be settled.

The Group's benefit retirement plans obligations as at 31 December 2010 are presented under note 11 of the Consolidated Financial Statements for the year 2010. Any amendment of the underlying parameter assumptions used during the actuarial valuations may cause a significant increase of these obligations as well as to the contributions for the cover of any actuarial or operating deficits of the retirement benefit plans.

Gains or losses on the curtailment of a defined benefit plan are recognized when the curtailment occurs which comprises any resulting change in the fair value of plan assets. As a result, negative amendments of the defined benefit retirement plan assets may negatively impact the Group's financial results.

It is uncertain when the Bank will be in position to distribute dividends

The last financial year in which the Bank distributed dividends was in 2010. The Bank does not know at present whether in the future it will be in position to distribute dividends as this depends on the future financial results of Group in combination with prevailing economic conditions.

RISKS RELATED TO THE ISSUE OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES

The Convertible Enhanced Capital Securities are a novel form of security and may not be a suitable investment for all investors

The Convertible Enhanced Capital Securities are a novel form of security. As a result, an investment in the Convertible Enhanced Capital Securities and the Ordinary Shares of the Bank issuable upon conversion of the Convertible Enhanced Capital Securities will involve certain increased and esoteric risks. Each potential investor in the Convertible Enhanced Capital Securities must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of merits and risks of investing in the Convertible Enhanced Capital Securities and the information contained or incorporated by reference in this Prospectus;
(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Convertible Enhanced Capital Securities and the impact the Convertible Enhanced Capital Securities will have on its overall investment portfolio;
(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Convertible Enhanced Capital Securities, including where the currency for principal or interest payments is different from the potential investor's currency;
(iv) understand thoroughly the terms of the Convertible Enhanced Capital Securities, such as but not limited to the provisions governing the Coupon Cancellation, a Contingency Event, or a Viability Event, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Contingency Event or Viability Event occurring;
(v) recognise the probability of not being able to sell or transfer the Convertible Enhanced Capital Securities for a considerable period.
(vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, the conversion of Convertible Enhanced Capital Securities into Ordinary Shares, and its ability to bear the applicable risks.

The Convertible Enhanced Capital Securities are novel financial instruments. A potential investor should not invest in the Convertible Enhanced Capital Securities unless he has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Convertible Enhanced Capital Securities will perform under changing conditions, the resulting effects on the likelihood of conversion and the value of the Convertible Enhanced Capital Securities, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

The Convertible Enhanced Capital Securities are subject to the provisions of the law of the Republic of Cyprus and the regulatory supervision of the Central Bank of Cyprus any of which may change

The Convertible Enhanced Capital Securities are subject to the provisions of the Republic of Cyprus and the regulatory supervision of the Central Bank of Cyprus any of which may change and have a material adverse effect on the terms and market value of the Convertible Enhanced Capital Securities. No assurance can be given as to the impact of any possible judicial decision or change to the Cypriot legislation or administrative practice after the date of this Prospectus.

In addition, such legislative and regulatory uncertainty could affect an investor's ability to accurately value the Convertible Enhanced Capital Securities and therefore affect the trading price of the Convertible Enhanced Capital Securities given the extent and impact on the Convertible Enhanced Capital Securities of one or more regulatory or legislative changes.

In certain instances the Bank could substitute or vary the terms of the Convertible Enhanced Capital Securities and Holders may be bound by certain other amendments to the Convertible Enhanced Capital Securities to which they did not consent

In case of changes in the laws or 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 Convertible Enhanced Capital Securities at their principal amount together with any accrued interest outstanding. Alternatively, the Convertible Enhanced Capital Securities, 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 provided such amendment would not result in terms that are materially less favourable to investors.

In addition, the Conditions of the Convertible Enhanced Capital Securities contain provisions for written resolutions of Holders and for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Further, the Bank may without the consent or approval of the Holders make such amendments to the terms of the Convertible Enhanced Capital Securities as it considers necessary or desirable and such other changes that in their opinion are of a formal, minor or technical nature or made to correct a manifest or proven error, or that in their opinion are not materially prejudicial to the interests of the Holders.

The circumstances triggering the Mandatory Conversion of the Convertible Enhanced Capital Securities may be unpredictable

The occurrence of a Contingency Event or Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Bank’s control. In particular, the occurrence of a Contingency Event depends, in part, on the calculation of the Core Tier 1 Ratio, Common Equity Tier 1 Ratio, or any other regulatory capital adequacy ratio threshold which can be affected, among other things, by the growth of the Bank’s business and its future earnings; expected dividend payments by the Bank; regulatory changes (including possible changes in regulatory capital definitions and calculations) and the Bank’s ability to reduce risk weighted assets when needed.

The occurrence of a Viability Event is subject to, inter alia, a subjective determination by the Central Bank of Cyprus that a conversion of the Convertible Enhanced Capital Securities is required to improve the capital adequacy and financial position of the Bank, to prevent insolvency, that the Bank is required to accept support from the public sector or other equivalent circumstances. As a result, the Central Bank of Cyprus may require or the Cyprus government may cause the conversion of the Convertible Enhanced Capital Securities into Ordinary Shares in circumstances that are beyond the control of the Bank and with which the Bank may not agree.

In addition, the threshold level for Core Tier 1 Ratio or Common Equity Tier 1 Ratio means at any time, 5% or, any other minimum threshold level relevant for mandatory share conversion as may be provided for under prevailing regulation. As a result, if the prevailing regulations provide for a higher threshold level, a Contingency Event would become more likely than otherwise would have been the case.
Because of the inherent uncertainty regarding the determination of whether a Contingency Event or Viability Event exists, it will be difficult to predict when, if at all, the Convertible Enhanced Capital Securities will be mandatorily converted into Ordinary Shares. Accordingly, trading behaviour in respect of the Convertible Enhanced Capital Securities is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities. Any indication that the Bank is trending towards a Contingency Event or a Viability Event can be expected to have an adverse effect on the market price of the Convertible Enhanced Capital Securities and on the price of the Ordinary Shares.

Holders will bear the risk of fluctuation in the value of the Bank’s Ordinary Shares

Upon the occurrence of a Contingency Event or a Viability Event, the Convertible Enhanced Capital Securities will be mandatorily converted into Ordinary Shares.

As a Contingency Event will occur when the Bank's Capital Ratio will have deteriorated and whereas a Viability Event will occur when the Bank's prospects of continuing as a going concern will have deteriorated significantly, the Contingency Event or Viability Event will likely be accompanied or preceeded by a prior deterioration in the market price of the Ordinary Shares, which may be expected to continue after declaration of the Contingency Event or Viability Event. Therefore, if there were a Contingency Event or Viability Event, investors would receive Ordinary Shares based on the higher of the prevailing Mandatory Conversion Price and the Floor Price at a time when the market price of the Ordinary Shares is diminished.

In addition, there may be a delay of up to 20 days in a Holder receiving its Ordinary Shares following a Contingency Event or Viability Event, during which time the market price of the Ordinary Shares may further decline.

As a result of all the above, the value of the Ordinary Shares received upon a Contingency Event or Viability Event may be substantially lower than the price paid for the Convertible Enhanced Capital (Mandatory Conversion Price) at the time of their mandatory conversion and an investor in the Convertible Enhanced Capital Securities faces almost the same risk of loss as an investor in the Ordinary Shares since the investor will receive Ordinary Shares in case of a Contingency Event or Viability Event.

Holders have limited anti-dilution protection

The number of Ordinary Shares deliverable upon a voluntary conversion by the Holders of a Convertible Enhanced Capital Security will be the principal amount thereof divided by the Conversion Price in effect on the relevant Conversion Date.

In the case of a Contingency Event or a Variability Event, the Convertible Enhanced Capital Securities will be converted into a number of Ordinary Shares determined by dividing the principal amount of the Convertible Enhanced Capital Securities by the higher of the Floor Price and the Mandatory Conversion Price in effect at the relevant Mandatory Conversion Date. 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 during the 5 Business Days prior to the Contingency Eventor Viability Event notice. The Floor Price means the nominal value of each Ordinary Share (being at the Issue Date €1,00).

The Mandatory Conversion Price or the Conversion Price will be adjusted in the event that there is a consolidation, reclassification or subdivision of the Ordinary Shares, capital distributions, rights issues or certain other adjustments which affect the Ordinary Shares, but only in the situations and to the extent provided in Part B II.

There is no requirement that there should be an adjustment to the Mandatory Conversion Price or the Conversion Price for every corporate or other event that may affect the value of the Ordinary Shares or that, if a Holder of the Convertible Enhanced Capital Securities were to have held the Ordinary Shares at the time of such adjustment, such Holder would not have benefited to a greater extent. Accordingly, events in respect of which no adjustment to the Mandatory Conversion Price or the Conversion Price is made may adversely affect the value of the Convertible Enhanced Capital Securities.

Holders will not be entitled to any voting rights and other rights with respect to the Ordinary Shares, but will be subject to all changes made with respect to the Ordinary Shares

The exercise of voting rights and rights related thereto with respect to any Ordinary Shares is only possible after the conversion date and the registration of the person entitled to the Ordinary Shares in the Bank's share register as a shareholder with voting rights in accordance with the provisions of, and subject to the limitations provided in, the Bank's articles of association.

Holders may be obliged to make a public take-over bid in case of a Contingency Event or Viability Event if they take delivery of Ordinary Shares or upon Optional Conversion

Upon the occurrence of a Contingency Event, Viability Event or election of the Holders to convert Convertible Enhanced Capital Securities into Ordinary Shares, Holders receiving Ordinary Shares may have to make a public take-over bid addressed to the shareholders of the Bank pursuant to the rules of the relevant legislation if their aggregate holdings in the Bank exceed 30% (or other such level as required by law from time to time) of the voting rights in the Bank as a result of the conversion of the Convertible Enhanced Capital Securities into Ordinary Shares.

Holders may be subject to disclosure obligations and/or may need approval by the Bank's regulator

As the Convertible Enhanced Capital Securities are convertible into Ordinary Shares at the option of the Holders and mandatorily convertible into Ordinary Shares in certain prescribed circumstances as described under Part B, an investment in the Convertible Enhanced Capital Securities may result in Holders, upon conversion of their Convertible Enhanced Capital Securities into Ordinary Shares, having to comply with certain disclosure and/or approval requirements and particularly relating to reaching certain thresholds pursuant to the legislation in Cyprus (or other relevant jurisdiction for the Bank) and in accordance with the provisions of the Banking Laws in Cyprus (or other relevant law or regulations which the Bank is subject to). Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by Holders of substantial fines and/or suspension of voting rights associated with the Ordinary Shares.

Each potential investor should consult its legal advisers as to the terms of the Convertible Enhanced Capital Securities (in particular as to conversion).

The credit ratings may not be reliable and changes to the credit ratings could affect the value of the Convertible Enhanced Capital Securities

The Bank will not proceed with credit ratings for the Convertible Enhanced Capital Securities. Any change in the existing credit ratings of the Bank or any unsolicited credit ratings for the Convertible Enhanced Capital Securities may affect the market value of the Convertible Enhanced Capital Securities.

There can be no assurance that the methodology of any rating agency will not evolve or that such rating will not be suspended, reduced or withdrawn at any time. Further, any such credit rating may be revised downwards in the event of a deterioration in the capital position or viability of the Bank. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Optional and Mandatory Coupon Cancellation on a non cumulative basis

The Bank may, at its sole discretion, cancel any coupon payment subject to the restrictions described in Part B clause 5 "Dividend and Capital Restrictions". If prior to the date of any coupon payment, the Bank taking into account its specific financial and solvency condition, as defined by the Central Bank of Cyprus or if the payment of the coupon will result in the Bank no longer complying with the Capital Requirements, then the Bank has the ability to elect to cancel a coupon payment on a non cumulative basis, subject to the restrictions described in Section II, Part B/II clause 5 "Dividend and Capital Restrictions". Furthermore 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.

Perpetual Securities

The Convertible Enhanced Capital Securities are perpetual without a maturity date and because of this, Holders will only receive a return of the principal amount of their investment if the Bank elects to redeem the Convertible Enhanced Capital Securities subject to the prior approval of the Central Bank of Cyprus.

The Bank has the right but not the obligation of the Redemption and Purchase of the Convertible Enhanced Capital Securities

The Bank has no obligation to redeem or purchase the Convertible Enhanced Capital Securities at any time and the Holders have no right to demand their redemption or purchase from the Bank. The Bank has the option, with the prior consent by the Central Bank of Cyprus to redeem in whole the Convertible Enhanced Capital Securities, at their nominal amount together with any outstanding accrued interest payments, on 30 June 2016 or on any interest payment date thereafter and provided that the Convertible Enhanced Capital Securities will be replaced by Tier 1 Capital

The Bank may choose to exercise its right to redeem all but not some only of the Convertible Enhanced Capital Securities when its cost of alternative borrowing is lower than the interest rate on the Convertible Enhanced Capital Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Convertible Enhanced Capital Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider whether and how to reinvest the proceeds of such redemption in light of other investments available at that time. There can be no assurance that Holders will be able to reinvest the redemption proceeds at a rate that will provide the same rate of return as their investment in the Convertible Enhanced Capital Securities.

In addition, the optional redemption feature of the Convertible Enhanced Capital Securities is likely to limit their market value. During any period when the Bank has the right to elect to redeem the Convertible Enhanced Capital Securities, the market value of the Convertible Enhanced Capital Securities generally is not expected to rise substantially above the price at which they can be redeemed.

Status and Subordination

The Convertible Enhanced Capital Securities constitute direct, unsecured and subordinated securities of the Bank and rank pari passu without any preference among themselves.

The rights and claims of the holders of Convertible Enhanced Capital Securities:

- are subordinated to the claims of the creditors of the Bank, who are:
  - depositors or other unsubordinated creditors of the Bank
  - subordinated creditors, except those creditors whose claims rank or are expressed to rank pari passu with the claims of the holders of the Convertible Enhanced Capital Securities.
  - holders of subordinated Bonds of the Bank.
- rank pari passu 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 shareholders of the Bank.

Therefore, if the Bank was wound up, liquidated or dissolved, the Bank's liquidator would first apply assets of the Bank to satisfy all claims of depositors or other unsubordinated creditors of the Bank, subordinated creditors, except those creditors whose claims rank pari passu with the claims of the holders of the Convertible Enhanced Capital Securities and holders of subordinated Bonds of the Bank. If the Bank does not have sufficient assets to settle claims of holders of unsubordinated obligations in full, the claims of the Holders under the Convertible Enhanced Capital Securities will not be settled. In such a situation, Holders could lose all or part of their investment.
In addition, if the Convertible Enhanced Capital Securities are converted into Ordinary Shares following a Contingency Event or a Viability Event, each Holder will be effectively further subordinated due to their conversion from being the holder of a debt instrument to being the holder of Ordinary Shares and there is an enhanced risk that Holders will lose all or some of their investment.

The Convertible Enhanced Capital Securities are Tier 1 Capital Securities

The Convertible Enhanced Capital Securities are Tier 1 Capital Securities and investors must carefully examine among other things their terms in relation to their status, subordination and their perpetual nature.

Interest rate risk

The Convertible Enhanced Capital Securities will bear a fixed interest rate of 6,50% per annum (6,00% for the Convertible Enhanced Capital Securities in US Dollars) for the first 5 years i.e. until 30 June 2016. Thereafter, any subsequent changes of interest rates may adversely affect the value of the Convertible Enhanced Capital Securities.

From 30 June 2016 onwards the Convertible Enhanced Capital Securities will bear a floating interest rate and will be equal to the 6-month Euribor (6-month Libor for the Convertible Enhanced Capital Securities in US Dollars) in force at the beginning of each Interest Payment Period, plus 3,00% per annum. As a result of the above terms, the rate and the yield of the Convertible bonds after 30 June 2016 is subject to the 6-month Euribor rate (6-month Libor for the Convertible Enhanced Capital Securities in US Dollars) and its fluctuations.

No Issue restrictions for further capital securities or debt capital

Other than those described in Section II, Part B/II, Clause 2, there are no restrictions in terms of the issuance or the value of capital securities issues or subordinated debt issues that rank pari passu with the Convertible Enhanced Capital Securities. The issuance of such capital securities or debt capital, that may be made by the Bank, may adversely affect the level of repayment of the claims of the Convertible Enhanced Capital Securities Holders in case of a winding-up of the Bank and/or increase the possibility of Cancelled Interest Payment of Capital Securities according to their terms.

The EU Savings Directive imposes certain informational and withholding requirements, which are subject to change

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. If any changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Bank nor any other person would be obliged to pay additional amounts with respect to any Convertible Enhanced Capital Securities as a result of the imposition of such withholding tax.

Absence of prior Public Market for the Convertible Enhanced Capital Securities

The Convertible Enhanced Capital Securities constitute a new issue of the Bank. Even though the relevant applications for the listing of the Convertible Enhanced Capital Securities have been filed with the Cyprus Stock Exchange and the Athens Exchange, it is not certain that an active market will exist or that there will be satisfactory liquidity for the Convertible Enhanced Capital Securities.

If the Convertible Enhanced Capital Securities are traded after their initial issuance, they may trade at a discount to their issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Bank's results of operations, fluctuations in the Bank's Capital Ratio and the market price of the Ordinary Shares. Therefore, investors may not be able to sell their Convertible Enhanced Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Convertible Enhanced Capital Securities as they are especially sensitive to interest rate, currency and market risks, are designed for specific objectives and may meet the investment requirements and mandates of limited categories of investors. These types of Convertible Enhanced Capital Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Moreover the volume of transactions and the liquidity of securities listed on the CSE and the ATHEX fluctuate in relatively lower levels than other developed capital markets. The possibility of disposal of big blocks of securities in Cypriot and the Greek market at any time may be limited.

Liquidity and price fluctuation of the Convertible Enhanced Capital Securities

The liquidity and market price of the Convertible Enhanced Capital Securities may fluctuate according to the prevailing economic and market conditions and numerous other factors that affect the market price of Convertible Enhanced Capital Securities and specifically the financial position and prospects of the Bank.

Many factors, most of which are beyond the Bank's control, will influence the value of the Convertible Enhanced Capital Securities and the price, if any, at which securities dealers may be willing to purchase or sell the Convertible Enhanced Capital Securities in the secondary market, including but not limited to:

(i) the trading price of the Ordinary Shares;
(ii) the creditworthiness of the Bank and, in particular, the level of the Bank's Core Tier 1 Ratio or Common Equity Tier 1 Ratio from time to time;
(iii) supply and demand for the Convertible Enhanced Capital Securities; and
(iv) economic, financial, political or regulatory events or judicial decisions that affect the Bank or the financial markets generally.

Accordingly, if a Holder sells its Convertible Enhanced Capital Securities in the secondary market, it may not be able to obtain a price equal to the principal amount of the Convertible Enhanced Capital Securities or a price equal to the price that it paid for the Convertible Enhanced Capital Securities.

Since Holders receive Ordinary Shares upon a Contingency Event or Viability Event, they are particularly exposed to changes in the market price of the Ordinary Shares

Investors in convertible or exchangeable securities may seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities, often through short selling of the underlying equity securities or through similar transactions. Prospective investors in the Convertible Enhanced Capital Securities may look to sell Ordinary Shares in anticipation of taking a position in, or during the term of, the Convertible Enhanced Capital Securities. This could cause downward pressure on the price of the Ordinary Shares. Since the Convertible Enhanced Capital Securities will mandatorily convert into a variable number of Ordinary Shares upon a Contingency Event or Viability Event, the price of the Ordinary Shares may be more volatile if the Bank is trending toward a Contingency Event or Viability Event.

Issue in US Dollars and exchange rate risk

In the event that the Bank will proceed with the issue of Convertible Enhanced Capital Securities in US Dollars, the Bank will pay principal and interest in US Dollars and the principal in the event of redemption in Euro. In addition, the Conversion Price, in the event of conversion to shares of the Bank, will be denominated in Euro, given that shares of the Bank will be traded and quoted in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Euro, with the principal amount of the CECS being translated into Euros at a fixed rate of exchange of €:$ determined and announced by the Bank at the last Conversion Date (being a Business Day) of the respective Conversion Period. These include the risk that exchange rates may significantly change (including changes due to devaluation of United States dollars or revaluation of the investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Euro would decrease (1) the Investor's Currency-equivalent yield on the Convertible Enhanced Capital Securities, (2) the Investor's Currency equivalent value of the principal payable on the Convertible Enhanced Capital Securities and (3) the Investor's Currency-equivalent market value of the Convertible Enhanced Capital Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Convertible Enhanced Capital Securities and the Ordinary Shares.

In addition, the Bank offers the option to Eligible Shareholders for the Convertible Enhanced Capital Securities 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 Convertible Enhanced Capital Securities. Investors who choose to invest in the Convertible Enhanced Capital Securities in US Dollars must take into consideration that although the principal amount of the Convertible Enhanced Capital Securities is denominated in US dollars, the Ordinary Shares are traded and quoted in Euro as such shares are listed on the CSE and the ATHEX. As a result, fluctuations in the exchange rate between the Euro and United States dollars will affect, among other things, the secondary market price of the Convertible Enhanced Capital Securities and the market value of the Ordinary Shares in US dollars.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to assess the terms of the Convertible Enhanced Capital Securities (including as to conversion) and to determine whether and to what extent (i) Convertible Enhanced Capital Securities are legal investments for it, (ii) Convertible Enhanced Capital Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Convertible Enhanced Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Convertible Enhanced Capital Securities under any applicable risk-based capital or similar rules.

Effect of the issue of Convertible Enhanced Capital Securities on the price of the Bank's Ordinary Shares

The market price of the Bank's Ordinary Shares is expected to experience fluctuations which may result from a) the estimates of investors for the conversion of the Convertible Enhanced Capital Securities and b) sale of the Bank's Ordinary Shares by investors who consider the Convertible Enhanced Capital Securities a more attractive investment.

The above may lead to increased volatility of the price of the Bank's Ordinary Shares.

RISK FACTORS RELATING TO THE HOLDERS OF THE CONVERTIBLE BONDS 2013/2018, CONVERTIBLE CAPITAL SECURITIES AND CAPITAL SECURITIES 12/2007 THAT MAY ELECT TO EXCHANGE THEM FOR CONVERTIBLE ENHANCED CAPITAL SECURITIES

Holders of the Bank's Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 prior to making any decision to participate in the issue of the Convertible Enhanced Capital Securities through an exchange of the Convertible Bonds 2013/2018 Convertible Capital Securities and Capital Securities 12/2007 that they already hold, must study carefully, taking into consideration their own financial position, their investment objectives and investment horizon and the risk factors described in this Prospectus and in particular the risk factors described below involving the new issue and the possibility for exchange.

Differences between the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 and the Convertible Enhanced Capital Securities in reference to their subordination, maturity, interest, redemption and convertibility option

The Convertible Bonds 2013/2018 (which are eligible to count as Tier 2 capital of the Bank) are substantially different from the Convertible Enhanced Capital Securities (which are expected to be eligible to count as Tier 1 capital of the Bank).

The Convertible Enhanced Capital Securities have important differences from the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007.

Holders of the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities should consider the differences which include, inter alia, their subordination and status, their duration, the coupon, their redemption and the timing and price of the option for conversion to Ordinary Shares of the Bank as well as the mandatory conversion into Ordinary Shares in a Contingency Event or Viability Event. The full terms and conditions of the Convertible Enhanced Capital Securities are set out in Part B of this Prospectus

Limited liquidity for the trading of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 not offered for exchange and/or not accepted for exchange by the Bank

The Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 that will not offered for exchange and/or accepted by the Bank as described in Part B, Chap. III and IV of this Prospectus, will continue to be traded on the CSE and the ATHEX. Depending on the number of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 that are not exchanged and will continue to be traded on the two exchanges, the resulting liquidity of the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 may be significantly diminished. The offer price of the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 not exchanged, may be significantly lower than other issues that present higher outstanding amounts with similar features. Due to the exchange, the remaining Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 that will remain listed may present significant fluctuations of their trading price.

As a consequence, the trading price of the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 not exchanged, may be adversely affected by the provision which allows for their exchange in the Issue of the Convertible Enhanced Capital Securities.

Uncertainty as to the liquidity of the trading market for the Convertible Enhanced Capital Securities

The Bank does not intend to apply for listing or admission to trading of the Convertible Enhanced Capital Securities on any securities exchange other than the Cyprus Stock Exchange and the Athens Exchange.

The Convertible Enhanced Capital Securities are securities for which there is no trading market and for which there can be no assurance of future liquidity in the markets where they will be listed.

No obligation to accept offers to exchange

The issue of the Convertible Enhanced Capital Securities are offered with Priority Right to all the Shareholders of the Bank.

In the subscription for unsubscribed Convertible Enhanced Capital Securities the holders, of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 will be given priority on a pro rata and pari passu basis. Despite the above mentioned intention of the Bank, the Bank is under no obligation and it is not certain that it will satisfy applications to exchange the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 for any unsubscribed Convertible Enhanced Capital Securities (except those that are according to their Priority Right given to the Shareholders) as described under Part B Section IV of this Prospectus are satisfied. Applications to Exchange Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 for any unsubscribed Convertible Enhanced Capital Securities may be rejected at the sole discretion of the Bank for any reason and the Bank is under no obligation to holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 to furnish any reason or justification for refusing to accept an application to exchange.

The holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 should consult their own tax, accounting, financial and legal advisers

Holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating or declining to exchange their investment. The relevant

RISKS RELATED TO THE BANK'S ORDINARY SHARES

The Cyprus Stock Exchange and the Athens Exchange are less liquid and more volatile than other Exchanges

The Ordinary Shares are traded on the Main Market of the Cyprus Stock Exchange (CSE) and the Athens Exchange (ATHEX). The CSE and ATHEX are less liquid than major markets elsewhere in Europe and the United States. Consequently, holders of Ordinary Shares may face difficulties disposing of their Ordinary Shares, especially in large blocks. The value of the Bank's shares may be adversely affected by sales of substantial amounts of its shares or the perception that such sales could occur. The CSE and ATHEX have in the past experienced substantial fluctuations in the market prices of listed securities. This has in the past, and may in the future affect, shares of companies listed on the CSE and ATHEX, including the market price and liquidity of the Ordinary Shares.

The price of the Ordinary Shares may be volatile

The market price of the Ordinary Shares may be subject to wide fluctuations in response to numerous factors, many of which are beyond the Bank's control. These factors include, but are not limited to, the following:

- fluctuations in the Group's results;
- the course of the Cyprus economy;
- potential or actual sale of large blocks of Bank of Cyprus shares in the market;
- changes in financial estimates by equity analysts or the Bank's failure to meet analyst expectations;
- allegations made or proceedings against current or former members of the Bank's Board of Directors and senior management team;
- political instability or military conflict in Cyprus or abroad; and
- the general state of the securities markets.

Marketability of the Ordinary Shares resulting from the conversion of the Convertible Enhanced Capital Securities

No approval has been granted from the Cyprus Stock Exchange (CSE) and Athens Exchange (ATHEX) Councils for the listing of the Ordinary Shares resulting from any conversion of the Convertible Enhanced Capital Securities.

If for any reason the CSE and ATHEX Councils do not approve the listing of the aforementioned Ordinary Shares on the CSE or ATHEX, the marketability of such Ordinary Shares resulting from the conversion of the Convertible Enhanced Capital Securities will decrease substantially.

2.0 INFORMATION ON THE DRAFTING OF THE PROSPECTUS – PERSONS RESPONSIBLE

This Prospectus has been drafted in accordance with the relevant legislation. The Prospectus has been approved by the Cyprus Securities and Exchange Commission as Cyprus competent authority for the purposes of Directive 2003/71/EC (the Prospectus Directive) which has approved the contents of this Prospectus only as to the coverage of the required information of the investors, as these are provided by the Public Offer and Prospectus Law of 2005 of the Republic of Cyprus and the Commission Regulation (EC) 809/2004 of the European Union.

This Prospectus contains all information concerning the Company and the issue of the Convertible Enhanced Capital Securities required to be publicised by the Public Offer and Prospectus Law of 2005 of the Republic of Cyprus and the Commission Regulation (EC) 809/2004 and which concerns the Company and the Convertible Enhanced Capital Securities issue.

Thus, this Prospectus, contains all the information necessary for the investors to evaluate the assets, liabilities, financial position, performance and prospects of the Group as well as the rights incorporated in the Ordinary Shares and Convertible Enhanced Capital Securities.

The Company assumes full responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Directors of the Bank of Cyprus Public Company Limited signing this Prospectus, are also responsible jointly and severally for the information contained in this Prospectus and declare that, (a) having taken all reasonable care to ensure that such is the case, the information and facts contained in it are to the best of their knowledge, in accordance with the facts, complete and true, (b) there are no other facts and no other events have taken place, the omission of which could affect the import of the information contained in it and (c) save as disclosed in the Prospectus no legal actions or claims of material importance are pending or threatened against the Company or the Group that could materially affect the Group's financial condition

In accordance with the provisions of the Public Offer and Prospectus Law of 2005 this Prospectus has been signed by the following Directors of the Bank:

Theodoros Aristodemou	Chairman – Non Executive Director
Andreas Artemis	Vice Chairman – Non Executive – Independent Director
Andreas Eliades	Executive Director
Yiannis Kypri	Executive Director
Yiannis Pechlivanides	Executive Director

The Cyprus Investment and Securities Corporation Limited (CISCO) in its capacity as Lead Manager declares that, having taken all responsible care to ensure that such is the case the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Investors interested to obtain further information may contact the following during their regular business schedule:

• The Lead Manager

The Cyprus Investment and Securities Corporation Limited (CISCO)
Eurolife House, 4 Evrou Street, PO Box 20597, 1660 Nicosia, tel: +357 121800.

- The following departments of Bank of Cyprus :

In Cyprus
Shares & Loan Stock Department
Eurolife House, 4 Evrou Street, PO Box 24884, 1398 Nicosia, tel: +357 22121755

In Greece
Custody, Shareholders & Derivatives Clearing Department
26 Feidippidou and Chalkidonos 115 27 Athens
Tel: +30 210 7765222

Independent Auditors

The Group's financial statements are audited by independent auditors. Ernst & Young Cyprus Limited (ICPAC Reg. No. E146/001 and address 36 Vironos Avenue, Nicosia Tower Centre, P.O.Box 21656, 1511, Nicosia), has audited the Group's consolidated financial statements for the years 2008-2010.

3.0 SELECTED HISTORICAL FINANCIAL INFORMATION

The following summarized financial information set out below was extracted from the Group's financial statements for years 2008, 2009 and 2010, which have been audited by the Group's statutory independent auditors Ernst & Young Cyprus Ltd.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2008, 2009 and 2010 in accordance with International Financial Reporting Standards as adopted by European Union and the requirements of the Cyprus Companies Law, Cap. 113.

The consolidated financial statements of the Group for the years 2008, 2009 and 2010 are incorporated by reference in this Prospectus in accordance with the provisions of article 28 of Law 809/2004 of the European Union Commission.

CONSOLIDATED INCOME STATEMENT
for the years ended 31 December 2010, 2009 and 2008

	2010	2009	2008
	€000	**€000**	**€000**
Turnover	2.577.028	2.481.561	2.690.380
Interest income	2.091.794	1.997.034	2.098.057
Interest expense	(1.051.375)	(1.149.204)	(1.305.906)
Net interest income	1.040.419	847.830	792.151
Fee and commission income	244.589	257.658	227.214
Fee and commission expense	(13.410)	(14.286)	(9.408)
Foreign exchange income	38.634	28.589	158.790
Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	71.380	87.111	(59.719)
Insurance income	175.435	227.509	31.590
Insurance expenses	(116.074)	(164.674)	29.530
Other income	8.916	16.761	35.104
	1.449.889	**1.286.498**	**1.205.252**
Staff costs	(430.208)	(413.933)	(330.988)
Other operating expenses	(294.717)	(260.319)	(220.631)
Profit before provisions	724.964	**612.246**	**653.633**
Provisions for impairment of loans and advances	(374.497)	(247.935)	(91.601)
Profit before share of profit of associates	**350.467**	**364.311**	**562.032**
Share of (loss)/profit of associates	(1.953)	910	(10.418)
Profit before tax	348.514	365.221	551.614
Taxation	(45.989)	(43.227)	(72.931)
Profit after tax	**302.525**	**321.994**	**478.683**
Profit after tax attributable to:			
Minority interest ((profit)/loss)	**(3.664)**	**8.850**	**(23.705)**
Owners of the Company	**306.189**	**313.144**	**502.388**
Basic earnings per share (cent)	**40,5**	**45,0**[1]	**74,2**[2]
Diluted earnings per share (cent)	**37,3**	**41,4**[1]	**69,5**[2]

1. The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010, as well as from the Rights Issue in October 2010.
2. The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June and November 2010, as well as from the Rights Issue in October 2010.

CONSOLIDATED BALANCE SHEET
as at 31 December 2010, 2009 and 2008

	2010	2009	2008 *restated*
	€000	**€000**	**€000**
Assets			
Cash and balances with central banks	2.241.825	1.043.791	1.017.073
Placements with banks	5.264.628	5.947.768	4.582.076
Reverse repurchase agreements	120.166	120.137	120.000
Investments	5.345.594	4.928.113	4.237.368
Derivative financial assets	76.278	60.739	153.240
Loans and advances to customers	27.725.451	25.635.780	24.424.694
Life insurance business assets attributable to policyholders	561.695	541.574	447.679
Property and equipment	418.781	406.272	421.361
Intangible assets	479.058	453.141	475.211
Other assets	400.459	267.534	246.208
Investment in associate	3.805	6.552	5.663
Total assets	**42.637.740**	**39.411.401**	**36.130.573**
Liabilities			
Obligations to central banks and amounts due to banks	3.706.975	5.290.897	2.832.298
Repurchase agreements	913.109	494.806	305.000
Derivative financial liabilities	240.412	139.551	161.515
Customer deposits	32.952.567	28.584.561	27.935.747
Insurance liabilities	658.309	618.097	516.692
Debt securities in issue	83.957	519.111	959.169
Other liabilities	323.120	332.037	429.700
Subordinated loan stock	930.942	946.843	934.085
Total liabilities	**39.809.391**	**36.925.903**	**34.074.206**
Equity			
Share capital	894.948	598.197	586.662
Share premium	1.159.819	712.170	676.949
Revaluation and other reserves	(186.253)	28.613	(99.759)
Retained earnings	868.531	1.084.132	877.225
Equity attributable to the owners of the Company	**2.737.045**	**2.423.112**	**2.041.077**
Non-controlling interests	**91.304**	**62.386**	**15.290**
Total equity	**2.828.349**	**2.485.498**	**2.056.367**
Total liabilities and equity	**42.637.740**	**39.411.401**	**36.130.573**

It is noted that the retrospective restatement of information in the financial statements for the year ended 2008, has been reclassified to conform to changes in the presentation in the year 2009. Such reclassifications relate to the presentation of outstanding claims from life insurance contract liabilities which are now included in insurance liabilities instead of being presented net in other assets. These reclassifications had no impact on profit after tax or equity of the Group.

In addition, the comparative figures for 2008 in relation to the determination of the fair value and the purchase price allocation of CB Uniastrum Bank LLC, have been restated accordingly. The accounting treatment in the consolidated financial statements of 2008 was based on a provisional assessment of the fair value as the purchase price allocation was still in progress.

During 2009 the Company completed the determination of the fair value and the purchase price allocation of CB Uniastrum Bank LLC. The comparative figures for 2008 have been restated accordingly. The restatements primarily relate to the fair value of ‘Loans and advances to customers’, ‘Property and equipment’ and ‘Investments’. As a result, the acquired assets decreased by €26.658.000 and the related deferred tax amounted to €6.538.000 Furthermore, intangible assets amounting to €51.350 thousand were recognised and the related deferred tax amounted to €12.324 thousand. The above adjustments did not have any significant effect on the 2008 consolidated income statement.

PART B: TERMS & CONDITIONS OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES

PART B: TERMS & CONDITIONS OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES

I. EXPECTED TIMETABLE AND KEY TERMS

1. Expected Timetable

The following table illustrates the expected timetable of this issue and the listing of the Convertible Enhanced Capital Securities on the CSE and the ATHEX. It is noted that this is an indicative timetable for the purpose of providing an initial time estimate of the required procedure until the commencement of trading of the Convertible Enhanced Capital Securities on the CSE and the ATHEX.

Date	Event
5/4/2011	Date of approval of the Prospectus.
7/4/2011	Last trading day for the shares on the CSE & Athens Stock Exchange including the Priority Right (cum priority right).
8/4/2011	CSE & Athens Stock Exchange trading day without the Priority Right (ex-priority right).
12/4/2011	Record date for the Priority Right for subscription to the Convertible Enhanced Capital Securities Issue
20/4/2011	Dispatch of Allotment Letters for the Priority Right to all Eligible shareholders *(not applicable for shareholders of Exempt Countries)*
27/4/2011- 17/5/2011	Subscription period of the Convertible Enhanced Capital Securities from the Eligible Priority Right Holders and other investors *(not applicable for shareholders of Exempt Countries)*
17/5/2011	Last submission date for applications from Eligible Priority Right Holders and other investors
30/5/2011	Dispatch of Convertible Enhanced Capital Securities Allotment letters

The Company will file all relevant documents relating to the listing of the Convertible Enhanced Capital Securities with both the CSE and the ATHEX within ten working days from the Last Subscription Date for the Convertible Enhanced Capital Securities.

The date of the introduction for trading of the Convertible Enhanced Capital Securities will be announced to the CSE and the ATHEX and through the Cypriot and Greek press. The date of the introduction for trading of the Convertible Enhanced Capital Securities will be within five working days from the date that such listing is approved by both Exchanges.

It is noted that the timetable may be affected by other unforeseen circumstances and may be altered accordingly. Such amendments will be announced to the CSE and the ATHEX and through the Cypriot and Greek press.

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	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. 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).
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 7th 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$50m.
Application for unsubscribed CECS	During the Subscription Period, Non-Eligible Shareholders will be able to submit applications for any unsubscribed CECS in Euros (€) or Dollars ($). 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 basis.
Subscription Consideration Payment	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. Any Convertible Bonds 2013/18, Convertible Capital Securities and Capital Securities 12/2007 (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 that will be accepted as consideration to this issue of CECS.
Status and Subordination	The CECS constitute direct, unsecured and subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the holders of CECS of this issue: - are subordinated to the claims of the creditors of the Bank, who are: • depositors or other unsubordinated creditors of the Bank • subordinated creditors, except those creditors whose claims rank or are expressed to rank *pari passu* with the claims of the holders of the CECS. • holders of subordinated Bonds of the Bank. - rank *pari passu* 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 shareholders of the Bank. 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. Cancellation of any payment does not constitute an event of default and does not entitle holders to petition for the insolvency of the Bank.
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	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. Each CECS will cease to accrue interest from the redemption/ purchase/ conversion date.
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 Section II, Part B, Condition 7(1)(c).
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 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 Conversion Period is activated, during which the CECS’ holders may convert their CECS.
Optional Coupon Cancellation	The Bank may, at its sole discretion at all times, taking into account its specific financial and 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.
Mandatory Coupon Cancellation	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.
Dividend and Capital Restrictions	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)
Mandatory Conversion	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.
Contingency Event	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. Based on the assessment of the financial and solvency situation of the Bank, 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.
Viability Event	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.
Mandatory Conversion Price	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. 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 5 Business Days prior to the Contingency Event or Viability Event notice The Floor Price means the nominal value of each Ordinary Share (being at the Issue Date €1,00).
Substitution, Variation, Redemption for Regulatory / Legal Purposes	In case of changes in the laws or the relevant regulations of the Republic of Cyprus or the Central Bank of Cyprus, 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 prospectus.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfill 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 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 be used to strengthen 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).

II. TERMS & CONDITIONS OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES AND OTHER RELEVANT INFORMATION

A. TERMS & CONDITIONS OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES

The issue of the Convertible Enhanced Capital Securities with priority for subscription by shareholders was decided at the Board of Directors' meeting on 28 February 2011. The Extraordinary General Meeting of the Bank's Shareholders which was convened on 23 March 2011 for this purpose, authorised the issue of up to 1.342.422.297 Convertible Enhanced Capital Securities of nominal value €1,00 each, with priority for subscription granted to existing shareholders.

The Priority for Subscription to the issue will be granted to the Bank's Shareholders registered at the Central Depository/ Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges as at the Record Date on 12 April 2011. From 8 April 2011 onwards, the Bank's shares will be traded without the Priority (ex-priority) for Subscription to the current Convertible Enhanced Capital Securities issue. Consequently, the 7 April 2011 is set as the Cum Priority Date for the determination of the Eligible Holders of the Priority for Subscription, meaning that investors who purchase Ordinary Shares by the market close of the Cyprus Stock Exchange and the Athens Stock Exchange on the April 7th 2011, will be granted with Priority to participate in the Bank's Convertible Enhanced Capital Securities issue.

The Bank will issue up to 1.342.422.297 Convertible Enhanced Capital Securities of nominal value €1,00 each with a subscription priority right of €3 (three Euro) nominal value of Convertible Enhanced Capital Securities of nominal value €1,00 each, for every 2 (two) Ordinary Shares held as at the Record Date.

1. Size of Issue, Form, Denomination and Title

(a) Size of issue

The size of the current issue will be up to €1.342.422.297

(b) Nominal Value, Issue price and Denomination

The Convertible Enhanced Capital Securities will be issued at par in principle amounts of €1,00 each and higher integral multiples thereof.

In the event that part of the Issue will be issued in US Dollars, then the Convertible Enhanced Capital Securities denominated in US Dollars will be issued at par in principal amounts of $1,00 each and higher integral multiples thereof.

(c) Titles

The Bank has applied for the listing of the Convertible Enhanced Capital Securities on the CSE and the ATHEX and waits for the relevant approvals from the responsible bodies of the two exchanges. Once the Convertible Enhanced Capital Securities are listed, the register of holders of Convertible Enhanced Capital Securities will be maintained in dematerialized form by the Central Registry/ Depository of the CSE and the Dematerialized Securities System (DSS) of the ATHEX.

The Convertible Enhanced Capital Securities in Euros will be traded on the CSE and the ATHEX with ISIN code CY0141890117 while ticker codes will be allocated by the two exchanges upon the approval for the listing of the Convertible Enhanced Capital Securities. In the event that part of the issue is issued in US dollars, the two Exchanges will assign a different ticker code and ISIN code for the US dollars tranche and will be announced by the Bank upon the approval for the listing of the Convertible Enhanced Capital Securities on the two exchanges.

2. Status

(a) Status and Subordination of the Convertible Enhanced Capital Securities

The Convertible Enhanced Capital Securities constitute direct, unsecured and subordinated securities of the Issuer and rank *pari passu* without any preference among themselves.

The rights and claims of the holders of Convertible Enhanced Capital Securities of this issue are subordinated as described in Term 2(b):

i. are subordinated to the claims of the creditors of the Bank, who are:
   - depositors or other unsubordinated creditors of the Bank
   - subordinated creditors, except those creditors whose claims rank or are expressed to rank *pari passu* with the claims of the holders of the Convertible Enhanced Capital Securities.
   - holders of subordinated bonds of the Bank.

ii. rank *pari passu* with the rights and claims of holders of other junior capital subordinated issues qualifying as Tier 1 capital or are expressed to rank pari passu with the Convertible Enhanced Capital Securities including but not limited to issues of Capital Securities and Convertible Capital Securities.

iii. have priority over the shareholders of the Bank.

In the event a winding-up or administration of the Bank with the Bank being solvent, Holders of Convertible Enhanced Capital Securities will have a subordinated claim in an amount equal to the principal amount plus accrued interest but not including any amount of cancelled coupon payments.

Cancellation of any coupon payment pursuant to Condition 5 does not constitute an event of default and does not entitle holders to petition for the insolvency of the Bank.

In the event of Conversion of the Convertible Enhanced Capital Securities to Shares (either by exercising of the option by Holders or due to Mandatory Conversion), the Holders of Convertible Enhanced Capital Securities will be shareholders of the Bank and their claims will rank *pari passu* with the rights and claims of the Bank's Ordinary Shareholders.

(b) Subordination

(i) Condition for Payment by the Bank

The rights and claims of the Holders and Coupon holders are subordinated to the claims of the creditors of the Bank. Accordingly, payments in respect of or arising from the Convertible Enhanced Capital Securities, are conditional upon the Bank's financial condition and the Bank being solvent at the time of payment by the Bank and no principal or coupon payments shall be payable in respect of the Convertible Enhanced Capital Securities except to the extent that the Bank could make such payment and still be solvent immediately thereafter and for a period of three years after such payment date. The Central Bank of Cyprus may, on the basis of the assessment of the financial and solvency situation of the Bank for the foreseeable future and the next three years, require that the Bank should cancel interest payments on CECS.

For the purposes of this Prospectus, the Bank shall be considered to be solvent if (a) it is able to pay its debts to its Senior Creditors as they fall due and (b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). For the purposes of this Condition 2(b) (i), any reference to a payment by the Bank in respect of a Convertible Enhanced Capital Security shall be deemed to include a purchase of such Convertible Enhanced Capital Security by the Bank.

(ii) Solvency Claims

Amounts in respect of principal in relation to the conditions referred to in Condition 2(b)(i), which are not settled on the date upon which they would otherwise be payable (i.e. in the event there is a prior announcement for the redemption of the Convertible Enhanced Capital Securities, pursuant to Condition 6(c) and after securing the relevant approval by the Central Bank of Cyprus), will become due by the Bank in a winding-up or administration of the Bank as provided in Condition 3. A Solvency Claim shall not bear interest.

(iii) Seniority of Tier 1 Securities

As long as the Convertible Enhanced Capital Securities remain in issue, the Bank shall not issue any preference shares or other securities (independent of name or description) which classify as Tier 1 capital, if such preference shares or securities will have priority over (in respect of capital distribution or interest payment or other amounts) the Convertible Enhanced Capital Securities. However, for the avoidance of doubt, the aforementioned other securities may rank pari passu with or more junior to, and have equivalent or inferior rights in respect of capital distributions or interest payments or other amounts, with, the Convertible Enhanced Capital Securities.

(iv) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Convertible Enhanced Capital Securities and each Holder shall, by virtue of his holding of any Convertible Enhanced Capital Security, be deemed to have waived all such rights of set-off.

(c) Reserve to be put towards the losses of the Bank

If the condition to payment set out in Condition 2(b)(i) is not satisfied, any sums which would otherwise have been payable in respect of the Convertible Enhanced Capital Securities but are not paid by reason of such condition to payment, will be available to be put towards the losses of the Bank.

(d) Solvency reports

Any report as to the solvency of the Bank by the Board of Directors of the Bank or its Auditors or, if the Bank is in a winding-up, its liquidator or, if the Bank is in administration, its administrators, shall, in the absence of manifest error, be treated and accepted by the Bank, the Trustee and the Holders as correct and sufficient evidence thereof.

3. Winding-Up or Administration

If the Bank is in a winding-up or in administration, there shall be payable by the Bank in respect of each Convertible Enhanced Capital Security, such amount, if any, as would have been payable to the Holder if, on the day prior to the commencement of the winding-up or administration and thereafter, such Holder were the holder of one of a Tier 1 class securities in the capital of the Bank, and so rank ahead of the holders of all other classes of issued shares in the capital of the Bank, but rank junior to the claims of Senior Creditors (as defined in the section “Definitions”) by reference to which the amount payable in a winding-up or administration of the Bank is determined, on the assumption that the amount that the Holder was entitled to receive in respect of each Convertible Enhanced Capital Security on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Convertible Enhanced Capital Security. Amounts in respect of accrued coupon payments which have not been paid will be payable but not including any Coupon Cancellations.

In a winding-up or administration of the Issuer, there may be no surplus assets available to meet the claims of the Holders after the claims of the parties ranking senior to the Holders have been satisfied.

It should be noted that in case of a winding-up or administration of the Issuer and in the event that there are surplus assets (after the claims of the parties ranking senior to the Holders) , the claims of the Holders will be the lower of (i) the principal amount of the Convertible Enhanced Capital Securities (plus accrued interest) and (ii) the residual value of such surplus assets on a pro rata basis with other pari passu ranking securities of the Bank. In case there are no surplus assets then the Holders will not have any claims.
In the event of Conversion of the Convertible Enhanced Capital Securities to Shares (either by exercising of the option by Holders or due to Mandatory Conversion), the Holders of Convertible Enhanced Capital Securities will be shareholders of the Bank and their claims will rank *pari passu* with the rights and claims the Bank's shareholders and there may be no surplus assets available to meet the claims of the shareholders after the claims of the parties ranking senior to shareholders have been satisfied.

4. Coupon Payment

(a) Coupon

Euro Convertible Enhanced Capital Securities

The Convertible Enhanced Capital Securities will bear a fixed interest rate of 6,50% per annum for the first five years i.e. up to and including 30 June 2016, and thereafter a floating interest rate which will be set at the beginning of each Coupon Payment Period and will be in force for each corresponding Coupon Payment Period.

The floating interest rate will be equal to the 6-month Euribor in force at the beginning of each Coupon Payment Period, plus 3,00% per annum. At the date of this Prospectus, the 6-month Euribor rate is 1,563%. Information for past and current rates of Euribor can be retrieved from www.euribor.org or its successor pages.

If such rate does not appear on that page, the Issuer will:

(a) request the Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Brussels time) on the date for determination of the floating interest rate to prime banks in the Euro-zone interbank market for a period equal to the relevant Coupon Payment Period and in an amount that is representative for a single transaction in that market at that time.

(b) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations.

US Dollar Convertible Enhanced Capital Securities

The Convertible Enhanced Capital Securities will bear a fixed interest rate of 6,00% per annum for the first five years i.e. up to and including 30 June 2016, and thereafter a floating interest rate which will be set at the beginning of each Coupon Payment Period and will be in force for each corresponding Coupon Payment Period.

The floating interest rate will be equal to the 6-month Libor in force at the beginning of each Coupon Payment Period, plus 3,00% per annum. At the date of this Prospectus, the 6-month Libor rate is 0.45875%. Information for past and current rates of Libor can be retrieved from Bloomberg page BBAM or its successor pages.

If such rate does not appear on that page, the Issuer will:

(a) request the principal London office of each of four major banks in the London interbank market to provide a quotation of the rate at which deposits in US Dollars are offered by it in the London interbank market at approximately 11.00 a.m. (London time) on the date for determination of the floating interest rate to prime banks in the London interbank market for a period equal to the relevant Coupon Payment Period and in an amount that is representative for a single transaction in that market at that time.

(b) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0,000005 being rounded upwards) of such quotations.

(b) Coupon Payment Date

Interest is payable (in accordance with Conditions 2(b)(i), 2(b)(ii), 4(g)) and 5 on a semi-annual basis in arrear at the end of each Coupon Payment Period. The first coupon payment falls due on 31 December 2011 for the period from the Issue Date (included) until 31 December 2011 (not included). Each Convertible Enhanced Capital Security will cease to bear interest from the day of its redemption or conversion.

Interest will be paid to the Holders registered on the registry of Convertible Enhanced Capital Securities Holders as at the relevant record date. The Bank will announce the Coupon Payment record date in a timely manner prior to each Coupon Payment Date pursuant to the provisions of Condition 11.

The Bank will announce the next Coupon Payment Date, as provided in Condition 11.

Interest Payment Dates are set as follows:

30 June
31 December

(c) Method of Payment

Coupon Payments will be made by means of a cheque which will be mailed to the Holder's address, or by transfer to a bank account maintained with the Bank of Cyprus, following the Holder's instructions. If the Convertible Enhanced Capital Securities are registered in the name of two or more persons as joint owners, the cheque will be posted to the address of the person whose name is listed first on the Holders Register or it will be transferred to the account indicated by the joint owners. Coupon Beneficiaries for any Coupon Period will be deemed the Holders registered in the Convertible Enhanced Capital Securities Registry as at the record date, as this will be announced.

(d) Interest Calculation Basis

Interest will be calculated on the basis of actual days elapsed for every Coupon Period divided by 365.

(e) Interest Accrual as at Redemption/ Conversion

Each Convertible Enhanced Capital Security will cease to bear interest (i) where the Conversion Right shall have been exercised by its Holder, from the Coupon Payment Date immediately preceding the relevant Conversion Date, (ii) upon Mandatory Conversion in the case of a Contingency Event or a Viability Event, or (iii) where such Convertible Enhanced Capital Security is being redeemed or repaid, from the due date for redemption or repayment thereof unless payment of principal is improperly withheld or refused, in which event interest will continue to accrue and be payable at the Interest Rate until the day on which all sums due in respect of the Convertible Enhanced Capital Securities up to that day, are received by or on behalf of the relevant Holder or the day after the Trustee has notified the Convertible Enhanced Capital Securities Holders of receipt of all sums due in respect of all the Convertible Enhanced Capital Securities up to that day.

(f) Payments Subject to Fiscal Laws

All payments in accordance with this Term are subject, in all cases, to any applicable fiscal or other laws and regulations and in accordance to the legislation in force regarding the Income Tax and the Special Contribution to the Defense Fund laws (or any other laws that replace or are enforced in addition to these). All applicable subscriptions and/or taxes will be deducted in accordance with Condition 8.

(h) Payments on Business Days

If the date for payment of any amount in respect of any Convertible Enhanced Capital Security or Coupon, or any later date on which any Convertible Enhanced Capital Security or Coupon is presented for payment, is not a business day, then the Holder thereof shall not be entitled to payment at that place of payment of the amount payable until the next following business day at that place of payment, and shall not be entitled to any further interest or other payment in respect of any such delay. In this Condition 4(h), "business day" means any day (not being a Saturday, Sunday or a bank holiday) on which commercial banks and foreign exchange markets which settle payments in Euro and/or Dollars are open in Cyprus, Greece and in any relevant place of payment.

(i) Publication of Coupon Rate and Coupon Payment Date

With the conversion of the Coupon Rate to floating after the first five years, the Bank shall cause notice of the Coupon Rate in respect of each relevant Coupon Period and the corresponding Coupon Payment Date, to be given to the Trustee and any stock exchange or other relevant authority on which the Convertible Enhanced Capital Securities are, for the time being, listed or admitted to trading and, in accordance with Condition 11, the Holders, in each case as soon as practicable after its determination but in any event not later than the eighth Business Day thereafter.

The Coupon Rate and the corresponding Coupon Payment Date may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions or in the event of proven or manifest error.

5. Coupon Cancellation

(a) Coupon Cancellation at the sole discretion of the Bank

The Bank, at its sole discretion and at all times, determines prior to any Coupon Payment Date taking into account its specific financial and solvency condition, may elect to cancel an interest payment on a non cumulative basis, subject to the restrictions described in Condition 5(c) below "Dividend and Capital Restrictions".

Any coupon payment cancelled in accordance with this Condition 5(a) will be fully and irrevocably cancelled and forfeited and will no longer be payable by the Bank. A Coupon Cancellation does not constitute an event of default of interest payment and does not entitle Holders to petition for the insolvency or dissolution of the Bank.

In the event that the Bank elects at its sole discretion any Coupon Cancellation according to the provisions of this condition, it must give notice according to the provisions of Condition 11, to the Trustee and the Stock Exchange Authorities that the Convertible Enhanced Capital Securities are traded and in any event prior to the relevant Coupon Payment Date on which the relevant Coupon would otherwise be payable.

If the Bank gives such notice of coupon cancellation under this Condition 5(a), the following consequential Dividend and Capital restrictions as described under Condition 5(c) shall apply from the date the notice is given until the Bank satisfies the next Coupon Payment.

(b) Mandatory Coupon Cancellation

The Bank will not proceed with the payment of any Coupons payable on any Coupon Payment Date and will effect a Mandatory Coupon Cancellation if:

(i) prior to the date of any Coupon Payment, the Bank does not satisfy the minimum solvency requirements as defined by the Central Bank of Cyprus or if the Coupon Payment will result in the Bank no longer satisfying the minimum solvency requirements; or

(ii) prior to any Coupon Payment Date, the Bank has insufficient Distributable Items for such Coupon Payment. “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; or

(iii) the Central Bank, at its sole discretion, requires the cancellation of Coupon Payments on the basis of the assessment of the financial and solvency situation of the Bank for the next three years.

Any coupon payment cancelled under this Condition 5(b) will be fully and irrevocably cancelled and forfeited and will no longer be payable by the Bank. A Coupon Cancellation does not constitute an event of default of interest payment and does not entitle Holders to petition for the insolvency or dissolution of the Bank.

In the event that there is a Mandatory Coupon Cancellation, the Bank must in a timely manner give notice according to the provisions of Condition 11, to the Trustee and the Stock Exchange Authorities that the Convertible Enhanced Capital Securities are traded and in any event prior to the relevant Coupon Payment Date on which the relevant Coupon would otherwise be payable.

If the Bank gives such notice of coupon cancellation under this Condition 5(b), the following Consequential Dividend and Capital restrictions as described under Condition 5(c) shall apply from the date the notice is given until the Bank satisfies the next Coupon Payment.

c) Consequential Dividend and Capital Restrictions

If on any Coupon Payment Date, the relevant Coupon is not paid due to the circumstances described in Conditions 5 (a) and 5 (b), the Bank shall not:

(a) declare or pay any distribution or dividend, or make any other payment on the ordinary share capital

(b) redeem, purchase, or otherwise acquire its share capital (save where those shares being redeemed, purchased or acquired are replaced contemporaneously by an issue of shares or securities of the same aggregate principal or nominal amount and the same ranking on a return of assets on a winding-up or administration or in respect of a distribution or payment of dividends or any other amounts hereunder to those shares being redeemed, purchased or acquired).

(c) declare or pay any distribution or make any other payment (including redemptions, repurchases or other acquisitions) in respect of other Tier 1 securities of the Bank, except if (i) such dividend or payment is not discretionary under the terms of such securities, or (ii) to the extent this paragraph (c) would cause the Convertible Enhanced Capital Securities not to be considered as Tier 1 by the Bank of Cyprus under any applicable future regulations.

If there has been any such Cancellation of a Coupon Payment as per the provisions of Conditions 5(a) and 5(b) then the above conditions of this Condition 5(c) will stay in force until any of the events described below take place: (i) the Payment of Coupon to the Holders on a subsequent Coupon Payment Date or the Payment of Coupon to a designated third party trust account for the benefit of the Holders on the immediately following Coupon Payment Date or (ii) the redemption or purchase or cancellation of the Convertible Enhanced Capital Securities are at least at par or (iii) the Conversion of the Convertible Enhanced Capital Securities to Shares as per the provisions of Condition 7.

6. Redemption, Substitution, Variation or Purchase

(a) No Fixed Redemption Date

The Convertible Enhanced Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Bank shall (subject to the provisions of Condition 6) have the right to redeem them at their principal amount together with accrued and unpaid interest on 30 June 2016 or any subsequent Coupon Payment Date, with the prior approval of the Central Bank of Cyprus, in accordance with the provisions of Condition 6(b).

(b) Issuer's Call Option

Subject to Condition 2(b)(i), the Bank may, by giving not less than 45 nor more than 60 days' notice to the Holders (in accordance with Condition 11) and the Trustee, elect to redeem all, but not some only, of the Convertible Enhanced Capital Securities on 30 June 2016 or any subsequent Coupon Payment Date. Any such notice for redemption will stipulate the specific redemption date.

Any redemption of Convertible Enhanced Capital Securities is subject to the prior approval of the Central Bank of Cyprus and conditional on that the Convertible Enhanced Capital Securities are replaced by Tier 1 capital of equal or better quality.

(c) Redemption, Substitution or Variation

If, in the opinion of the Bank, any variation or proposed variation in the legislation or relevant regulations of the Republic of Cyprus leads to unfavourable financial or tax consequences for the Bank in respect of the issue of Convertible Enhanced Capital Securities or the Convertible Enhanced Capital Securities are disqualified from Tier 1 capital by the Central Bank of Cyprus (except where such disqualification is solely a result of the principal amount of the Convertible Enhanced Capital Securities exceeding any applicable limits on Tier 1-qualifying securities specified in the Applicable Banking Regulations), the Bank may, at any time, subject to the prior approval of the Central Bank of Cyprus (and without any requirement for the consent or the approval of the Holders but after giving notice to the Trustee and the Holders in accordance with Condition 11), act as follows:

(i) substitute all, but not some only, of the Convertible Enhanced Capital Securities with Tier 1 securities, the terms of which will retain any rights that might arise from the terms of this issue in relation to payable claims.

or

(ii) vary the terms of these Convertible Enhanced Capital Securities so that they continue to qualify as Tier 1 securities with terms which will retain any rights that might arise from the terms of this issue in relation to payments and delivery of Ordinary Shares.

or

(iii) redeem all, but not some only, of the Convertible Enhanced Capital Securities at their principal amount together with accrued and unpaid interest on any interest payment date by giving not more than 60 days and not less than 45 days notice,

provided in case of (i) or (ii) that the substitution, variation should not result in terms that are materially less favorable to an investor than the terms of the Convertible Enhanced Capital Securities. In such a case an independent financial adviser will be appointed by the Issuer at the Issuer's expense that shall confirm to the Trustee in writing that the requirements set out above have been met prior to any such modification or variation is being made.

(d) Purchase

The Bank may, subject to the prior approval of the Central Bank of Cyprus (and only if such is allowed under regulations of the Central Bank at the time, and in the circumstances provided for in Condition 2(b)(i)), at any time purchase Convertible Enhanced Capital Securities in any manner and at any price.

Convertible Enhanced Capital Securities purchased by the Bank may be held, reissued or resold or, at the option of the Bank cancelled.

Transactions effected by the Bank that pursuant to this clause will not be in violation to the Law on Insider Dealing and Market Manipulation (Market Abuse) of 2005 of the Republic of Cyprus - N116(I) 2005 and the Bank will not proceed with any market making unless such market making is allowed based on the provisions of a possible future legislation for the role of Market Makers.

(e) Cancellation

All Convertible Enhanced Capital Securities so redeemed (in accordance with the provision of Condition 6(b) or 6(c) by the Bank will be cancelled and may not be reissued or resold. The obligations of the Bank in respect of any Convertible Enhanced Capital Securities so cancelled, shall be discharged.

(f) Trustee Not Obliged to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 or whether a Suspension under Condition 4(g) has occurred and will not be responsible to Holders for any loss arising from any failure by it to do so.

Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6 or the occurrence of a Suspension under Condition 4(g), it shall be entitled to assume that no such event or circumstance exists.

7. Conversion of the Convertible Enhanced Capital Securities to Shares

7.1 Holders Right for Conversion to Shares of the Bank

The Holder of each Convertible Enhanced Capital Security shall have the right to convert such Convertible Enhanced Capital Security into Shares credited as fully paid, as hereinafter provided.

The Shares of the Bank of Cyprus are traded on the Cyprus Stock Exchange with ticker symbol BOCY and ISIN number CY000010011 and on the Athens Exchange with ticker symbol ΚΥΠΡ and ISIN number CY000010011. Information on the shares of the Bank and the trading on the CSE and the ATHEX is available on the Bank of Cyprus webpage (www.bankofcyprus.com) and the webpages of CSE (www.cse.com.cy) and ATHEX (www.athex.gr).

The Bank undertakes, at any time during which the Convertible Enhanced Capital Securities may be converted to shares at the options of their Holders, to keep available, authorised but unissued such a number of Shares, that would satisfy the Convertible Enhanced Capital Securities' conversion and the subsequent issue of Shares arising from the conversion.

(a) Conversion Periods

The Holder of each Convertible Enhanced Capital Security shall have right to convert such Convertible Enhanced Capital Security into Shares (as provided in the conversion procedures, in Condition 7(i)) during the following Conversion Periods:

Year	Conversion Periods
2011	1-15 September & 15-30 November
2012	1-15 March & 15-31 May & 1-14 September & 15-30 November
2013	1-15 March & 15-31 May & 1-15 September & 15-30 November
2014	1-15 March & 15-31 May & 1-15 September & 15-30 November
2015	1-15 March & 15-31 May & 1-15 September & 15-30 November
2016	1-15 March & 15-31 May

If the last day of any Conversion Period is not a business day, then such Conversion Period will be considered to have ended at the preceeding business day before the last Conversion Date for the respective Conversion Period.

(b) Conversion Price

The initial Conversion Price is €3,30 per Ordinary Share of nominal value of €1,00 each. The Conversion Price is subject to adjustment in the circumstances described in Condition 7.1(c).

The number of new fully Ordinary Shares issued on conversion of the Convertible Enhanced Capital Securities, shall be determined by dividing the principal amount of the relevant Convertible Enhanced Capital Securities thereof being converted, by the Conversion Price in effect during the relevant Conversion Period. In the event that CECS will be issued in US dollars then at any Conversion Period and upon the selection of conversion by its Holders the principal amount of the CECS will be converted will be translated into Euros at a fixed rate of exchange of €:$ determined and announced by the Bank at the last Conversion Date (being a Business Day) of the respective Conversion Period and the number of new fully Ordinary Shares will be determined as stated above.

Fractions of Shares will not be issued on conversion and the relevant Holder will be paid, by means of a cheque or transfer to a bank account maintained with the Bank of Cyprus, the principal amount of the relevant Convertible Enhanced Capital Securities converted but not summing up to an integer number of Shares.

Shares resulting upon the conversion during any Conversion Period, will be registered to the name of the Holder on the last date of the relevant Conversion Period which will be regarded as the allocation/issue date for the new Ordinary Shares.

(c) Adjustment of the Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

i. If and whenever there shall be a consolidation, reclassification, or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction ${}^{A}/_{B}$ where:

   A = is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

   B = is the aggregate number of Ordinary Shares in issue immediately after such consolidation, reclassification or subdivision, as the case may be.

   Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect and notice will be given as provided in Condition 11.

ii. If and whenever the Bank shall issue any ordinary shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves other than (1) where such ordinary shares issued instead of the whole or part of a Dividend in cash which the Shareholders could otherwise have received or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction ${}^{A}/_{B}$ where:

   A = is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue as described in (ii) above; and;

B = is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue as described in (ii) above.

Such adjustment shall become effective on the relevant issue date as described in Condition (ii) above and notice will be given as provided in Condition 11.

iii. If and whenever the Bank shall pay or make any Capital Distribution (as defined below) to Shareholders the Conversion Price shall be adjusted in accordance with the result of the following calculation:

New Conversion Price = Conversion Price x $[^{(A-B)}/_{A}]$, where:

A = is the closing Share Price on the CSE, on the last trading day that the Share trades cum-dividend.

B = is the portion of the Capital Distribution attributable to one ordinary share.

"Capital Distribution" means (a) any Dividend which is expressed as or declared by the Issuer's Board of Directors to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders or any analogous or similar term, in which case the Capital Distribution shall be the value of such Dividend or (b) any portion of the total dividend per share (DPS) exceeding an amount equal to 70% of basic earnings per share (EPS) or (c) any purchase, redemption or share buy-back by the Bank or any person performing such purchase, redemption or share buy-back on behalf of the Bank at an average price per share (purchased, redeemed or bought-back) exceeding 105% of the average closing price of the Share at the last five trading sessions of the CSE. The Capital Distribution per ordinary Share in (c) shall be the portion of the average cost per share purchased, redeemed or bought back that exceeds 105% of the average closing price of the Share on the previous five trading sessions of the CSE multiplied by the number of shares purchased, redeemed or bought back and divided by the total number of Shares outstanding prior to such purchase, redemption or buy-back.

Such adjustment in the Conversion Price shall take place on the first date that the Shares trade ex-such Capital Distribution.

For the purposes of this condition the term Dividend includes any dividend payment made in ways other than cash, such as dividends in kind by a way of allotment of share in subsidiary companies, spin-offs, or else. In such case the value of the dividend in kind shall be calculated by the market value of the dividend in kind at the payment date or if such value cannot be calculated, the Bank shall appoint an independent professional adviser to calculate such value.

iv. If and whenever the Bank shall issue Ordinary Shares to Shareholders as a class by a way of rights, options, warrants, or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price of per Ordinary Share which is less than 95 per cent of the current Market Price per Ordinary Share on the trading day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Ordinary Shares, options, warrants or other rights, the Conversion Price shall be adjusted using the following formula:

New Conversion Price = $[(^{A} \text{ x } _{C})/(^{A} + _{B}) + (^{B} \text{ x } _{D})/(^{A} + _{B})] \text{ x } ^{E}/_{C}$

where:

A = is the number of Ordinary Shares in issue immediately before such announcement;
B = is the number of new ordinary share issued as described in (iv) above;
C = is the average closing price of the Share traded on the CSE and the ATHEX during the last five trading sessions where the Share was traded cum-rights, warrants, options or the right to subscribe or purchase shares issued as described in (iv) above;

D = is the exercise or subscription or purchase price of one new ordinary share issued as described in (iv) above;
E = is the Conversion Price in force at the last trading day before the Share was traded ex-Rights, ex-Options or Ex-Warrants or Ex-the right to subscribe in such issue as described in (iv) above.

Alternatively the Bank has the option to extend such rights, options, warrants or other rights to subscribe for such issues as described in (iv) above, to the Holders of the Convertible Enhanced Capital Securities , as if the Convertible Enhanced Capital Securities had been converted to Ordinary Shares on the previous day of such issue and if the Bank elects to extend such an offer to subscribe or purchase ordinary shares to the Holders of Convertible Enhanced Capital Securities then the Conversion Price shall not be adjusted.

(d) Appointment of Independent Financial Professional

If the Bank (in consultation with the Trustee) shall decide that the Conversion Price should be adjusted as a result of any other event not described above and which would require an adjustment of the Conversion Price, then the Bank shall appoint at its own cost, an Independent Financial Professional to calculate a fair adjustment to the Conversion Price and the relevant date of such an adjustment in the Conversion Price. The written opinion of the Independent Financial Professional on the adjustment of the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest error.

(e) Employee Share Schemes

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees of the Bank in any such case pursuant to any employee share or option scheme.

(f) Dividend Reinvestment Schemes

No adjustment will be made to the Conversion Price where Ordinary Shares are issued pursuant to a Dividend Reinvestment Scheme.

(g) Rounding Down and Notice of Adjustment to the Conversion Price

On any adjustment, if the adjusted Conversion Price is not an integral multiple of €0,01 the resultant Conversion Price shall be rounded down to the nearest whole multiple of €0,01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent (1%) of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

The Conversion Price shall not in any event be reduced to below the nominal value of the Ordinary Shares and the Bank undertakes that it shall not take any action and shall procure that no action is taken that would otherwise result in an adjustment to the Conversion Price to below such nominal value.

Notices regarding adjustments to the Conversion Price will be given by the Bank to the Holders and the Trustee in accordance to the provisions of Condition 11.

(h) Special Conversion Period

(i) Public Offer for the Share Capital of the Bank

If and whenever a Public Offer is announced for the acquisition of the whole or part of the share capital of the Bank, then a Special Automatic Conversion Period is activated, which shall begin on the first day of acceptance by the Shareholders of such Public Offer and will end 60 calendar days after the end of the Public Offer.

During the Special Automatic Conversion Period, a Change of Control Conversion Price shall be determined as set out below:

$$COCCP = {}^{OCP} / [1+ (CP \times {}^{c}/_{t})]$$

where:

COCCP =	the Change of Control Conversion Price, valid only during the activation of a Special Conversion Period
OCP =	is the Conversion Price in effect immediately prior to the activation of a Special Conversion Period.
CP =	25 per cent (expressed as a fraction)
c =	the number of days from and including the date of activation of a Special Automatic Conversion Period to but excluding the Last Conversion Date.
t =	the number of days from and including the date of this Prospectus to but excluding the Last Conversion Date.

If such Public Offer as described above is declared successful, the Holders of the Convertible Enhanced Capital Securities have the option to elect redemption of the Convertible Enhanced Capital Securities at their principal amount together with any accrued interest, provided that the Central Bank of Cyprus will grant its approval for such redemption.

In case that a motion or resolution is presented to the General Meeting of the Shareholders of the Bank relating to any consolidation, amalgamation or merger of the Bank with any other cooperation or in the case of any sale or transfer of all or substantially all, of the assets of the Bank, and such a resolution is presented at a General Meeting of the Shareholders of the Bank prior to the Last Conversion Period, then automatically a Special Conversion Period is activated. During this Special Conversion Period, which commences on the date of convention of such a General Meeting and lasts 60 calendar days after the date of such a General Meeting or unto the date of the General Meeting if such a motion or resolution is not approved by the General Meeting, Convertible Enhanced Capital Securities Holders may convert their Convertible Enhanced Capital Securities at the Change of Control Conversion Price as described above.

(ii) Consolidation, Amalgamation or Merger of the Bank

In the case of any consolidation, amalgamation or merger of the Bank with any other corporation (other than a consolidation, amalgamation or merger in which the Bank is the continuing corporation), or in the case of any sale or transfer of all, or substantially all of the assets of the Bank, the Bank will notify the Holders and the Trustee of such event and take such steps as shall be required by the Trustee (including the execution of a supplemental deed to or amending the Trust Deed) to ensure that each Convertible Bond then outstanding will be converted into such securities or property assets receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Ordinary Shares which would have become liable to be issued upon exercise of the Convertible Enhanced Capital Securities immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental deed, or amendment will provide for adjustments in the terms of the Convertible Enhanced Capital Securities. The above provisions of this paragraph (ii) will apply mutatis mutandis to any subsequent consolidations, amalgamations, mergers, sales or transfers.

(i) Conversion Procedure

Conversion Period

The Holders of Convertible Enhanced Capital Securities may elect to convert their Convertible Enhanced Capital Securities into Ordinary Shares of the Bank between 1-15 March, 15-31 May, 1-15 September and 15-30 November each year with the First Conversion Period being between 1-15 September 2011 and the Last Conversion Period between 15-31 May 2016.

As provided in 7(h)(i), in the case of corporate events described in 7(h)(i), an Special Conversion Period will be applicable allowing the Holders to exercise their right to convert their Convertible Enhanced Capital Securities into Ordinary Shares of the Bank, outside the standard Conversion Periods.

Procedure for Conversion

The application for Conversion by the Holder shall be considered irrevocable once delivered to the Bank.

Each Convertible Enhanced Capital Security entitles its Holder to convert to Ordinary Shares of the Bank at a Conversion Price of €3,30 per share or as adjusted. Holders of Convertible Enhanced Capital Securities may apply for the Conversion of Convertible Enhanced Capital Securities only during the set Conversion Periods, subject as provided in 7(h). Fractions of Ordinary Shares resulting from the conversion of the Convertible Enhanced Capital Securities into shares will not be issued upon the conversion and the Holders will be granted the integral number of shares not including any fractional shares. The Holders will be compensated (by means of a cheque which will be mailed to the Holder’s address, or by transfer to a bank account maintained with the Bank of Cyprus, following the Holder’s instructions) for the nominal value that corresponds to the fractional shares resulting from the conversion of the Convertible Enhanced Capital Securities for which the conversion right was exercised but which did not sum up to an integral number of shares.

The Bank shall notify the Holders and the Trustee as provided in Condition 11, at least 30 days prior to the beginning of each Conversion Period, of the exact conversion procedure for Convertible Enhanced Capital Securities traded on the CSE and the ATHEX, subject to the relevant laws, rules and regulations in Cyprus and Greece at the time of such Conversion Period.

(j) Interest on Conversion

If and whenever the Holder elects to convert Convertible Enhanced Capital Securities into Ordinary Shares (in any Conversion Period including the Special Conversion Period), the interest accrued shall cease to be calculated and accrued as of the previous Interest Payment Date.

(k) Ordinary Shares

Ordinary Shares issued as a result of Conversion will be fully paid and shall rank *pari passu* in all respects with the fully paid Ordinary Shares in issue on the relevant issue date and shall be entitled to any Dividend Payment with a record date on or after the issue date of the New Shares. The New Shares shall not be entitled to receive any dividends paid before by reference to a record date prior to such issue date.

The Bank shall, subject to the provisions of the applicable laws, rules and regulations, promptly proceed to all necessary filings and applications for the listing for trading of the New Ordinary Shares issued upon Conversion on the CSE and the ATHEX, respectively.

(l) Automatic Conversion during the last Conversion Period

If at the end of the last Conversion Period, the Share Price exceeds the Conversion Price and there are Convertible Enhanced Capital Securities which the Holders have not elected to convert, the Bank, at its discretion may elect to automatically convert these Convertible Enhanced Capital Securities within 45 days from the end of the last Conversion Period, after having received irrevocable commitments for the purchase of the Ordinary Shares issued upon Conversion at a price higher than the prevailing Conversion Price.

The Bank shall pay the Holders of the Convertible Enhanced Capital Securities that were converted under the Automatic Conversion during the last Conversion Period, the principal amount of the Convertible Enhanced Capital Securities and the net proceeds from the sale of the Ordinary Shares issued as a result of the Automatic Conversion during the last Conversion Period which exceed such principal amount.

7.2 Mandatory Conversion in the case of a Contingency Event or a Viability Event

In the case of a Contingency Event or a Viability Event at any time that there are Convertible Enhanced Capital Securities in issue, then the whole issue will be converted into Ordinary Shares of the Bank at the higher of the Mandatory Conversion Price and the Floor Price.

(a) Contingency Event

Contingency Event means the Bank has given notice that either:

(i) prior to the Basel III Regulation Date as will be adopted in the European Union , its Core Tier 1 Ratio is below 5% or, on or after the Basel III Regulation Date as will be adopted in the European Union, its Common Equity Tier 1 Ratio is below the minimum threshold as it will be determined ; or,

(ii) 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.

Based on the assessment of the financial and solvency situation of the Bank, 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.

"Basel III Regulation Date as adopted in the European Union " means the first date on which the Bank is required to comply with Applicable Banking Regulations that are amended or supplemented to incorporate and implement all or a substantial part of the regulatory guidelines set out in the Basel Committee on Banking Supervision documents "Basel III: A global regulatory framework for more resilient banks and banking systems" published in December 2010 and "Press Release: Basel Committee issues final elements to the reforms to raise the quality of capital" published in January 2011

"Core Tier 1 Ratio" means, in respect of any quarterly reporting period, the ratio of the tier 1 capital, less the aggregate amount of all items constituting hybrid tier 1 capital, divided by risk weighted assets, as calculated by the Bank pursuant to Applicable Banking Regulations and appearing in its quarterly financial reporting

"Common Equity Tier 1 Ratio" means, in respect of any quarterly reporting period, the ratio of common equity tier 1 capital, less deductions from common equity tier 1 capital, divided by risk weighted assets, as calculated by the Bank pursuant to Applicable Banking Regulations appearing in its quarterly financial reporting

"Applicable Banking Regulations" means at any time the capital adequacy regulations then in effect in the Republic of Cyprus (or if the Issuer becomes domiciled in a jurisdiction other than the Republic of Cyprus, such other jurisdiction) that are applicable to the Bank

(b) Viability Event

Viability Event occurs when:

(i) the Central Bank of Cyprus determines that the conversion of the Convertible Enhanced Capital Securities (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) the Central Bank of Cyprus determines that the Bank requires extraordinary public sector support to improve its capital adequacy (beyond customary transactions and arrangements in the ordinary course) to prevent it from becoming (a) insolvent, (b) bankrupt or (c) unable to pay a material amount of its debts or

(iii) other equivalent circumstances.

(c) Mandatory Conversion Price

In the event of a Contingency Event or a Viability Event all of the Convertible Enhanced Capital Securities will be converted into a number of Ordinary Shares determined by dividing the principal amount of each Convertible Enhanced Capital Securities by the higher of the Floor Price and the Mandatory Conversion Price in effect on the relevant Mandatory Conversion Date, subject to certain exceptions as further described below.

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

i. a ceiling price of €3,30 (subject to adjustments pursuant to Condition 7.1(c) for corporate action events) and
ii. 80% of the volume weighted average of the reference Market price of an Ordinary Share on the last 5 Business Days preceeding the Contingency Event or Viability Event notice during which the Ordinary Shares were traded on a recognised Stock Exchange.

The Floor Price means the nominal value of each Ordinary Share as stipulated in the Bank's Articles of Association from time to time (being at the Issue Date €1,00 per Ordinary Share).

The authorised share capital of the Company as at the date of the Prospectus stands €1.500.000.000 divided in 1.500.000.000 ordinary shares with a nominal value €1,00 each, which is sufficient for Mandatory Conversion of all of the Convertible Enhanced Capital Securities at the ceiling price of €3.30, pursuant to Condition 7.2 (c) i (subject to customary adjustments for corporate action events), but insufficient for conversion at a lower price such as the Floor Price. Until the Basel III Regulation Date, the Issuer undertakes to take all necessary measures to propose at one or more general meetings to be convened for this purpose the increase of the authorised share capital of the Bank so as the authorised share capital of the Bank to be sufficient for the Mandatory Conversion of all of the Convertible Enhanced Capital Securities at the Floor Price.

(d) Adjustment of the Mandatory Conversion Price

In the event that any of the situations as described under Condition 7.1 (c) arise, then the Ceiling Price for Mandatory Conversion of €3,30 will be adjusted per Ordinary Share of nominal value €1,00, will be adjusted according to the provisions of Condition 7.1 (c).

(e) Notification of Mandatory Conversion

The Bank will notify the Holders of Convertible Enhanced Capital Securities for the Mandatory Conversion according to the provisions of Condition 11 as follows:

i. In the case of a Contingency Event, within 5 business days from the date on which the financial statements are published or the Central Bank of Cyprus determine that the Bank does not satisfy the relevant regulatory capital ratio threshold.
ii. In the case of a Viability Event within 3 business days from its occurrence.

The Bank will deliver the Ordinary shares in accordance with Condition 7.1 (c) that result from the Mandatory Conversion to the Holders within 20 working days from the day of notification for the existence of a Contingency Event or a Viability Event.

(f) Interest payable at Mandatory Conversion

In the event of a Mandatory Conversion, the interest shall cease to accrue until the Mandatory Conversion Date.

8. Tax Regime

As at the date of this Prospectus, the following provisions apply in accordance with the tax laws. If any amendments are made to the legislation, the existing provisions at the time will apply. Prospective investors are advised to consult their own tax advisors as to any pending or proposed changes in applicable tax laws as at the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

The following is a general description of certain Cypriot tax laws relating to the CECS and does not purport to be a comprehensive description of all tax aspects relating to any such CECS.Prospective investors are advised to consult their own tax advisors as to the consequences of the purchase, ownership and disposition of the CECS in light of their particular circumstances, including, but not limited to, the consequences of the receipt of interest from CECS and the sale, redemption or conversion of the CECS.

Investors are encouraged to receive their own professional advice regarding the tax regime of the country in which each investor is a tax resident.

(a) Investors

Interest income

In cases where the interest income is subject to Special Contribution for the Defense of the Republic Law, the calculated amount for the special contribution will be withheld at source and will be subtracted from the interest income amount to be paid.

(i) Individuals – Cypriot residents

Pursuant to the provisions of the Income Tax Law of 2002, as amended, interest income is exempt from income tax. Interest income arising in the ordinary carrying on of business, including any interest closely connected with the ordinary carrying on of the business, is not considered as interest but trading profit and therefore it is not exempt from income tax.

Pursuant to the provisions of the Special Contribution for the Defense of the Republic Law of 2002, as amended, every individual who is a tax resident of the Republic, is subject to the Special Contribution for the Defense at the rate of 10% on any interest income received or accrued. Interest income received by or credited to any person from the ordinary carrying on of any business, including any interest closely connected with the ordinary carrying on of the business, is not subject to Special Contribution for the Defense.

An individual, whose total annual income including interest does not exceed the amount of €12.000, has the right to a refund of the tax withheld on interest in excess of the amount corresponding to 3%.

(ii) Cypriot Provident Funds

Interest earned by approved Provident Funds is subject to the Special Contribution for the Defence at the rate of 3%.

(iii) Legal persons – Cypriot residents

Pursuant to the provisions of the Income Tax Law of 2002, as amended, interest income is exempt from income tax. Interest income arising in the ordinary carrying on of business, including any interest closely connected with the ordinary carrying on of the business, is not considered as interest but trading profit and therefore it is not exempt from Income tax.

Pursuant to the provisions of the Special Contribution for the Defence of the Republic Law of 2002, as amended, any interest income received by or credited to any person who is a tax resident of the Republic, is subject to Special Contribution for the Defence at the rate of 10%. Interest income received by or credited to any person from the ordinary carrying on of any business, including any interest closely connected with the ordinary carrying on of the business, is not subject to the Special Contribution for the Defence.

(iv) Residents of Greece and of the United Kingdom

Investors who are residents of Greece or the United Kingdom will be taxed in accordance with the tax regime of each country.

Payment of interest to the above investors will not be subject to any withholding tax or Special Contribution for the Defence in Cyprus provided that the investor has submitted to the Bank of Cyprus the corresponding questionnaire for verifying the term “Non-Cypriot residents” for the corresponding year. This questionnaire must be submitted to the Bank of Cyprus every year.

(v) Other non-Cypriot residents

An investor, who is not a tax resident in the Republic, will be taxed in the country in which he is a tax resident in accordance with the corresponding tax regime of the country of tax residence of that investor.

Payment of interest to investors who are not tax residents of Cyprus will not be subject to any withholding tax or Special Contribution for the defence in Cyprus.provided that the investor has submitted to the Bank of Cyprus the corresponding questionnaire for verifying the term “Non-Cypriot residents” for the corresponding year. This questionnaire must be submitted to the Bank of Cyprus every year.

Disposal gains and losses

For the purposes of the comments below, the Bank is of the opinion that the CECS are bonds as listed within the meaning of “titles” for the purposes of the Income Tax Law of 2002, as amended.

As bonds that fall within the definition of titles for Cypriot tax purposes, gains on disposal of the CECS are exempt from Cypriot income tax and any losses arising from their disposal are not deductible for Cypriot income tax purposes.

Any gains realized on disposal of the CECS are also exempt from Cypriot capital gains tax.

Redemption and conversion

Payments made on the redemption of the CECS issued to Cypriot resident persons and non-Cypriot resident persons as well as the conversion of the CECS into shares will not be subject to Cypriot tax.

Notwithstanding the above, accrued interest paid at redemption or on conversion of the CECS will be taxed as stated in the section above “Interest income”.

(b) The Bank

The Bank is registered in the Republic of Cyprus as a legal person (public company). The Bank is subject to tax in accordance with the provisions of the applicable at the time tax legislation of the Republic and in accordance with the tax legislation of other countries in which the Bank or its subsidiaries or branches or its branches carry on their business.

9. Offer of Convertible Enhanced Capital Securities to non-Cypriot residents

Persons whose permanent residence is outside the Republic of Cyprus are entitled to purchase Convertible Enhanced Capital Securities pursuant to the applicable regulations from time to time of the Central Bank of Cyprus regarding the Monitoring of Foreign Currency.

The Capital Movement Law of the Republic of Cyprus does not affect the implementation of article 17(1) of the Banking Law of the Republic. Under the provisions of article 17(1) of the Banking Law, it is forbidden to anyone, either with an associate or associates, to have the control of a bank registered in the Republic of Cyprus or its parent company, unless it obtains the prior approval of the Central Bank of Cyprus (control is defined as (i) ownership of 10% or more of the voting rights at any general meeting of the company or its parent company, or (ii) the ability of a person to determine in any way the election of the majority of the directors of the company or its parent company).

The Convertible Enhanced Capital Securities are not offered within or to the United States, Canada, Australia, South Africa or Japan, or to any other country in which, under its laws, the offering of Convertible Enhanced Capital Securities is illegal or constitutes violation of any applicable legislation, law or regulation.

10. Trust Deed

By way of a Trust Deed dated 5 April 2011, the Bank has appointed KPMG Limited as Trustee of the Issue of the Convertible Enhanced Capital Securities. The Trust Deed will be available for inspection at the Bank’s registered office, at 51 Stasinou Street, Ayia Paraskevi, Strovolos 2002, Nicosia and at the Bank’s Custody, Shareholders and Derivatives Clearing Department in Greece, at Feidipidou 26 and Chalkidonos, 11527 Athens. In accordance with the Trust Deed, the Trustee is responsible for the safekeeping of the rights of the Holders of the Convertible Enhanced Capital Securities. The Trust Deed includes provisions for the indemnification of the Trustee and its acquittal from liability.

Pursuant to Condition 12(c), (Note: relates to Trust Deed Condition) but not withstanding the provisions of Condition 19 of the Trust Deed, a duly convened general meeting of the Holders of the Convertible Enhanced Capital Securities has the power, by a special resolution, to approve any person appointed by the Bank as Trustee of the Trust Deed, or if there is no Trustee, or the Trustee position is vacant and the Bank refuses or omits, for a period longer that 30 days since the Trustee ceased to exist or the Trustee position became vacant, to appoint any person or persons as Trustee or Trustees to fill the vacancy.

Pursuant to Condition 19 (Note: relates to Trust Deed Condition) of the Trust Deed, the Bank has the statutory power to appoint a new Trustee, but any such appointment of a new trustee should be, before such Trustee assumes its duties, approved by a special resolution of the Holders of the Convertible Enhanced Capital Securities. However, the General Meeting should not deny such approval without just cause.

11. Notices / Announcements

Notices to Convertible Enhanced Capital Securities holders shall be deemed to have been given either (i) when the notices are mailed by post to the Holders’ address as this appears in the Central Registry/ Depository of the Cyprus Stock Exchange, as well as in the Dematerialised Securities System (DSS) of the Greek Stock Exchanges and shall be deemed to have been given on the fourth day after the date of mailing or (ii) when the notices will be published to at least one daily newspaper in Cyprus and Greece. Provided that the Convertible Enhanced Capital Securities are listed, any announcement on the ATHEX and the CSE shall be deemed as notice to the Holders.

All announcements relating to the Convertible Enhanced Capital Securities will be posted on the website of the Bank (www.bankofcyprus.com). All announcements will be sent to the CSE and the ATHEX for publication.

12. Additional Issues

The Bank is at liberty from time to time, without the consent of the Holders, to create and issue further Convertible Enhanced Capital Securities which will rank *pari passu* in all respects with the Convertible Enhanced Capital Securities of this Issue.

Pursuant to the provisions of Condition 2(b)(iii), the Bank has the right, without the consent of the Holders, to proceed with the issue of any other Convertible Enhanced Capital Securities or other securities with terms as to the subordination, interest, premium/ discount, or redemption/ repayment or any other manner, as the Bank may think fit.

13. Listing and Trading

The Convertible Enhanced Capital Securities will be listed and traded on the Cyprus Stock Exchange and the Athens Exchange, upon receiving all necessary approvals from the competent regulatory authorities.

14. Applicable Law/ Jurisdiction

The operation of the Bank is governed by the Companies Law, Chapter 113. The announcement of information and data is deemed adequate.

The Trust Deed and the Convertible Enhanced Capital Securities are governed by, the laws of the Republic of Cyprus.

The Courts of the Republic of Cyprus are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and the Convertible Enhanced Capital Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed and the Convertible Enhanced Capital Securities may be brought in such courts.

B. OTHER RELEVANT INFORMATION RELATING TO THE ISSUE OF CONVERTIBLE ENHANCED CAPITAL SECURITIES

1. Use of Proceeds

The net proceeds of the Issue are estimated at around €1.342,4 mln. whereas the net proceeds after the deduction of the expenses of the Issue are estimated at €1.341,4 mln.

The net proceeds of the Issue will strengthen the Bank's Tier 1 capital, thus contributing to the maintenance of strong and competitive capital adequacy ratios.

The proposed issue will further strengthen and enhance the Group's strong, high quality capital base, with the pro-forma capital adequacy ratio and the Tier 1 ratio at 31 December 2010 reaching 14,0% and 12,7% respectively based on the assumption that all eligible securities (Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007) (€818 mln) are exchanged for the new Convertible Enhanced Capital Securities.

Expenses of the Issue

The total expenses of the Issue including the professional fees of the auditors, legal advisers, Lead Managers, as well as printing and advertising costs are estimated in the region of €1 mln.

2. Information on the offered securities

The following table summarises basic information regarding the Convertible Enhanced Capital Securities Issue and the new ordinary shares of the Company to be issued as a result of any Conversion of the Convertible Enhanced Capital Securities. It is noted that the Bank does not have any right to retract or suspend the issue and allotment of the securities offered with this Prospectus.

	Convertible Enhanced Capital Securities	**New Ordinary Shares to be issued as a result of any Conversion of the Convertible Enhanced Capital Securities**
Securities Category	Convertible Enhanced Capital Securities	Ordinary shares ranking *pari passu* with the existing issued shares of the Bank
Legislation according to which they are/going to be issued	In compliance with the provisions of the, Companies Law, the Public Offer and Prospectus Law of 2005 and the Commission Regulation (EC) No 809/2004 of the European Union	In compliance with the provisions of the, Companies Law, the Public Offer and Prospectus Law of 2005 and the Commission Regulation (EC) No 809/2004 of the European Union
Type of securities	Ordinary and dematerialised	Ordinary and dematerialised
Registry kept by	Central Depository/Registry of the CSE and on the Dematerialized Securities System (DSS) of the Hellenic Exchanges	Central Depository/Registry of the CSE and on the Dematerialized Securities System (DSS) of the Hellenic Exchanges
Issue Currency	Euro (€) [/ US Dollar ($)][Note 1]	Euro (€)
Trading Currency	Euro (€)[/ US Dollar ($)]	Euro (€)
ISIN	for CECS in Euro (€) - CY0141890117 for CECS in US Dollar ($) will be granted by the two exchanges only if the Bank decides to proceed with an Issue in US Dollar.	CY000010011
Trading	CSE/ATHEX	CSE/ATHEX
Right to Dividends	No	Yes - Ordinary Shares issued as a result of Conversion will be fully paid and shall rank pari passu in all respects with the fully paid Ordinary Shares in issue on the relevant record date and shall be entitled to any Dividend Payment with a record date after the issue date of the New Shares. - The New Shares shall not be entitled to receive any dividends paid before such relevant record date.
Voting Right	No	Yes (one vote per share)
Preference right to register for securities of the same	Not applicable	Yes

category		
Right to participate in the issuers profits	No – see right to dividend	See right to dividend
Right to any surplus in the event of liquidation	No	Yes
Decision according to which issued	According to the decision of the Board of Directors dated 28 February 2011 and with the approval of the Extraordinary General Meeting dated 23 March 2011.	n/a
Redemption provisions	Yes, See Section II, Part B/II/6	n/a
Conversion provisions	Yes, See Section II, Part B/II/7	n/a
Restrictions on Free Transfer	No[2]	No[2]

Note. 1: During subscription, the subscribed amount 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 Convertible Enhanced Capital Securities The Bank will proceed with the issue of Convertible Enhanced Capital Securities in US dollars provided total subscriptions and allocations to Eligible Shareholders and other investors exceed an aggregate of US$50m.

Note. 2: The Convertible Enhanced Capital Securities Issue under issue are freely transferable but it is noted that the Convertible Enhanced Capital Securities Issue is not addressed to investors of Exempt Countries who are not allowed to subscribe for the Issue.

3. Dilution

Due to the fact that the Priority Rights for Subscription to the current issue of Convertible Enhanced Capital Securities are distributed pro rata to existing shareholders, in the event that all the issue of the Convertible Enhanced Capital Securities is fully subscribed by existing shareholders on the basis of their Priority Rights and under the condition that the shareholders will not sell their shares until their conversion, there will be no dilution and the percentage participation in the Bank's share capital by existing shareholders will not change

Based on the existing 894.948.198 shares and the up to 406.794.635 New Shares that could be issued if holders of the CECS may elect to exercise their Conversion Right to ordinary shares of the Bank, the percentage participation of a shareholder in the Bank's share capital will decrease by up to 31,25%.

4. Withdrawal Right

In the event a Supplementary Prospectus is published as provided by articles14(1)(6) and 14(1)(7) of the Public Offer and Prospectus Law of 2005, investors who have agreed or have been bound in any manner prior to the publication of the supplement to the Prospectus to participate in the Convertible Enhanced Capital Securities Issue, in respect of which this Prospectus refers to, based on the information therein, may back-out and be released with no liability for them in respect of the promise and commitment they have undertaken. The backing-out right and statement of release is exercised within three working days from the publication of the supplementary prospectus.

III. APPLICATION PROCEDURE FOR THE ELIGIBLE HOLDERS OF THE PRIORITY FOR SUBSCRIPTION TO THE CONVERTIBLE ENHANCED CAPITAL SECURITIES ISSUE

1. Priority for Subscription for eligible shareholders

The current Convertible Enhanced Capital Securities Issue is offered to all Bank of Cyprus shareholders, according to the provisions of Article 3 of the Bank's Articles of Association. The Bank's shareholders will be granted Priority for Subscription to the issue of the Convertible Enhanced Capital Securities at the ratio of €3 worth of Convertible Enhanced Capital Securities for every 2 shares held on the Record Date. Priority for Subscription to the issue will be granted to the Bank's Shareholders registered at the Central Depository/ Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges on 12 April 2011 (the "Eligible Holders"). From 8 April 2011 onwards, the Bank's shares will be traded without the Priority for Subscription to the current issue, i.e., investors who will purchase shares by the market close of the Cyprus Stock Exchange and the Athens Stock Exchange on the 7 April 2011, will be granted with priority to participate to the Bank's Convertible Enhanced Capital Securities Issue.

The Bank offers the option to Eligible Shareholders for the Convertible Enhanced Capital Securities 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 Convertible Enhanced Capital Securities. The Bank will proceed with a relevant announcement on the Issue Date relating to the conversion rate that will be used if the issue will also be denominated in US dollars ($). Any fractions of Convertible Enhanced Capital Securities, resulting from the conversion of the Priority Rights from Euro to US Dollars, will be ignored. The Bank will proceed with the issue of Convertible Enhanced Capital Securities in US dollars provided total subscriptions and allocations to Eligible and Non Eligible Shareholders exceed an aggregate of US$50m. Fractional Priority Rights will not be granted and any fractions will be ignored.

Allotment Letters for the Priority for Subscription will be sent to Cyprus, Greece, the United Kingdom and other Member States of the European Union. Allotment Letters for the Priority for Subscription will not be sent to Exempt Countries.

The subscription to the Convertible Enhanced Capital Securities Issue by investors of Exempt Countries (Priority Right Holders or not) is prohibited. In the event that such investors subscribe to the Convertible Enhanced Capital Securities Issue and the Bank becomes aware of this fact, the Bank will cancel such a subscription and will return the subscription monies to the investor.

The Priority for Subscription to the issue of the Convertible Enhanced Capital Securities can be exercised within the Subscription Period which commences on 27 April 2011 and ends on 17 May 2011. The Final Subscription Date to the Convertible Enhanced Capital Securities Issue on the basis of the Priority for Subscription is the 17 May 2011.

The Priority for Subscription is not transferable to third parties and will not be traded on the electronic trading platform of the CSE and the ATHEX.

The Eligible Holders of the Priority for Subscription can only subscribe for an integer number of units of Convertible Enhanced Capital Securities.

The Lead Manager and Underwriter responsible for the collection of subscription money for the Convertible Enhanced Capital Securities Issue of the Bank, is The Cyprus Investment and Securities Corporation Limited (CISCO).

2. Procedure for the Exercise of the Priority for Subscription to the Convertible Enhanced Capital Securities Issue by Eligible Holders

(i) Procedure for the Exercise of the Priority for Subscription in Cyprus

The Exercise Period of the Priority for Subscription by Eligible Holders in Cyprus commences on 27 April 2011 and ends on 17 May 2011. The **Final Subscription Date to the Convertible Enhanced Capital Securities Issue on the basis of the Priority for Subscription is the 17 May 2011.**

The relevant Allotment Letters for the Priority for Subscription, which will also represent the Subscription Form which will state, among others, the number of Convertible Enhanced Capital Securities each shareholder is entitled to, will be dispatched on 20 April 2011. Eligible Holders may apply for a larger number of Convertible Enhanced Capital Securities than those allotted to them on the basis of their Priority for Subscription, in accordance with the Allotment Procedure described in Part IV. The Eligible Holders will be able to apply for a smaller number of Convertible Enhanced Capital Securities from the one they are entitled to on the basis of their Priority for Subscription, on the same Allotment Letters for the Priority for Subscription.

On the subscription form, the Eligible Shareholders will have the option to subscribe so that all or part of the Convertible Enhanced Capital Securities they subscribe for are issued in US Dollars. Eligible Shareholders that will elect to have all or part of the Convertible Enhanced Capital Securities issued in US Dollars, must also state on the subscription form that in the event that the minimum threshold for the issuance of Convertible Enhanced Capital Securities in US Dollars of $50 million is not satisfied by applications received, whether they wish the number of Convertible Enhanced Capital Securities they have applied for in US dollars to be finally allotted to them in Euro or whether they wish the application amount for the Convertible Enhanced Capital Securities in US Dollars to be cancelled. With the completion of subscriptions and provided that the Bank will proceed with the issue of Convertible Enhanced Capital Securities in US Dollars, the relevant consideration paid (in cash or in the form of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007) will be converted into US Dollars at the exchange rate €:$ as described above. Any fractions of Convertible Enhanced Capital Securities, resulting from the conversion of the Priority Rights from Euro to US Dollars, will be ignored.

In order to subscribe for Convertible Enhanced Capital Securities, Eligible Holders (entitled with the Priority of Subscription), should duly complete and submit the Allotment Letter sent to them and pay promptly the corresponding consideration of the subscription amount (€1 for every Convertible Enhanced Capital Security), either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value, by 1:30 p.m. of the Final Subscription Date for the Eligible Holders of the Priority for Subscription, i.e. 17 May 2011.

Furthermore, Eligible Holders will need to state (a) their Investor Share Code (b) their DSS Securities Account and (c) the designated Operator of their Securities Account.

It is expressly noted that investors who intent to use as payment for their subscription to the current issue of Convertible Enhanced Capital Securities, Convertible Bonds 2013/2018, and/or Convertible Capital Securities that are registered in the Dematerialized Securities System (DSS) of the Hellenic Exchanges must proceed with the blocking of their Convertible Bonds 2013/2018 and/or Convertible Capital Securities irrespective of whether their application is submitted either in Cyprus or in Greece.

The Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 to be exchanged as consideration for subscription to the new issue of the Convertible Enhanced Capital Securities of the Bank, will be cancelled and any obligations of the Bank in respect of any Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 so cancelled, shall be discharged. For all Convertible Bonds 2013/2018 and Convertible Capital Securities which will be accepted as consideration for subscribing to the new issue of Convertible Enhanced Capital Securities, the Bank will pay the corresponding interest that accrues for the period from 1 January 2011 to 17 May 2011. For all Capital Securities 12/2007 which will be accepted as consideration for subscribing to the new issue of Convertible Enhanced Capital Securities, the Bank will pay the corresponding interest that accrues for the period from 20 March 2011 to 17 May 2011.

The payment for the subscription to the Convertible Enhanced Capital Securities, either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value, may take place at all branches of Bank of Cyprus.

Cheques may be cashed by the Bank upon receipt. Duly completed and signed Allotment Letters for the Priority for Subscription accompanied by the relevant cheque, shall constitute sufficient evidence that the cheque is good for payment when presented. In the event of bounced cheques, it shall be deemed that the Eligible Holder has not exercised the Priority for Subscription to the Convertible Enhanced Capital Securities granted.

It is noted that for investors to be able to participate in the Convertible Enhanced Capital Securities Issue, they need to have an active Investor Share Code and a Securities Account on the CSE so that the Convertible Enhanced Capital Securities allotted to them, can be credited to their account. Their Investor Share Code and their Securities Account will be printed on the Allotment Letter for the Priority for Subscription. In addition, investors should, by completing the Operator's number on the Allotment Letter, state their designated Operator under whom the Convertible Enhanced Capital Securities allotted to them will be assigned.

The submission of the Allotment Letter for Priority for Subscription and the acceptance of the offered Convertible Enhanced Capital Securities as evidenced by the signature of the Holder render the acceptance of the Convertible Enhanced Capital Securities irrevocable.

Eligible Holders of the Priority for Subscription to the Convertible Enhanced Capital Securities Issue may, if they wish, subscribe for part of the Convertible Enhanced Capital Securities they are entitled to. In such case, Eligible Holders must submit their Allotment Letter for Priority for Subscription duly completed and signed in respect to the number of Convertible Enhanced Capital Securities they wish to subscribe for, and pay the corresponding consideration on the basis of €1 for every Convertible Enhanced Capital Securities, either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value to that of the number of Convertible Enhanced Capital Securities they wish to subscribe for.

Upon the exercise of the Priority for Subscription to the Convertible Enhanced Capital Securities Issue and payment of the subscription monies, the offer will be deemed as having been accepted based on the terms of the Convertible Enhanced Capital Securities Issue, as presented in this Prospectus and in the Bank's Memorandum and Articles of Association. If Eligible Holders do not pay the consideration for the exercise of their Priority Right for Subscription to Convertible Enhanced Capital Securities by 1:30 p.m. of the Final Subscription Date for Eligible Holders of the Priority for Subscription i.e. on 17 May 2011, this offer shall be deemed as having been rejected.

(ii) Procedure for the Exercise of the Priority for Subscription in Greece

The Exercise Period of the Priority for Subscription by Eligible Holders in Greece commences on 27 April 2011 and ends on 17 May 2011. **The Final Subscription Date to the Convertible Enhanced Capital Securities Issue on the basis of the Priority for Subscription is the 17th of May until, 1:30 p.m.**

The relevant Allotment Letters for the Priority for Subscription, which will also represent the Subscription Form which will state, among others, the number of Convertible Enhanced Capital Securities each shareholder is entitled to, will be dispatched on 20 April 2011. Eligible Holders may apply for a larger number of Convertible Enhanced Capital Securities than those allotted to them on the basis of their Priority for Subscription, in accordance with the Allotment Procedure described in Part IV. The Eligible Holders will be able to apply for a smaller number of Convertible Enhanced Capital Securities from the one they are entitled to on the basis of their Priority for Subscription, on the same Allotment Letter that they will receive for the Priority for Subscription.

On the subscription form, the Eligible Shareholders will have the option to subscribe so that all or part of the Convertible Enhanced Capital Securities they subscribe for are issued in US Dollars. Eligible

Shareholders that will elect to have all or part of the Convertible Enhanced Capital Securities issued in US Dollars, must also state on the subscription form that in the event that the minimum threshold for the issuance of Convertible Enhanced Capital Securities in US Dollars of $50 million is not satisfied by applications received, whether they wish the number of Convertible Enhanced Capital Securities they have applied for in US dollars to be finally allotted to them in Euro or whether they wish the application amount for the Convertible Enhanced Capital Securities in US Dollars to be cancelled. With the completion of subscriptions and provided that the Bank will proceed with the issue of Convertible Enhanced Capital Securities in US Dollars, the relevant consideration paid (in cash or in the form of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007) will be converted into US Dollars at the exchange rate €:$ as described above. Any fractions of Convertible Enhanced Capital Securities, resulting from the conversion of the Priority Rights from Euro to US Dollars, will be ignored.

The subscription to the Convertible Enhanced Capital Securities Issue on the basis of the Priority of Subscription which will be allocated to the registered shareholders of the Bank as at the Record Date, on 12 April 2011, will take place during the aforementioned Subscription Period as follows:

- to all the branches of Bank of Cyprus, or
- through the Operators (other than the Athens Central Depository) of the holders' DSS Securities Accounts (brokerage firm or custodian) by submitting the relevant documents and with the prior consent of such Operator.

Cheques may be cashed by the Bank upon receipt. Duly completed and signed Allotment Letters for the Priority for Subscription accompanied by the relevant cheque, shall constitute sufficient evidence that the cheque is good for payment when presented. In the event of bounced cheques, it shall be deemed that the Eligible Holder has not exercised the Priority for Subscription to the Convertible Enhanced Capital Securities granted.

In order to exercise their Priority Right for Subscription, Eligible Holders should duly complete and submit the relevant Allotment Letter for the Priority for Subscription that was sent to them and submit:

(i) their Tax Identification Number

(ii) their Identity card or passport

(iii) a copy of the DSS printout

(iv) the blocking certificate for the amount of Convertible Bonds 2013/2018 and Convertible Capital Securities of Bank of Cyprus that they wish to use as payment for the Convertible Enhanced Capital Securities. In order to obtain this certificate they must contact: (a) their designated operator of their Securities Account (brokerage company or custodian) or (b) the Hellenic Exchanges if the Operator is the Hellenic Exchanges.

It is expressly noted that investors who intent to use as payment for their subscription to the current issue of Convertible Enhanced Capital Securities, and/or Convertible Bonds 2013/2018, that are registered in the Dematerialized Securities System (DSS) of the Hellenic Exchanges must proceed with the blocking of their Convertible Bonds 2013/2018 and/or Convertible Capital Securities irrespective of whether their application is submitted either in Cyprus or in Greece.

It is noted that the Bank will not be able to accept as payment for subscription to the current issue, Convertible Bonds 2013/2018 and/or Convertible Capital Securities that have not been blocked as described above and in such case the Bank reserves the right to reject the subscription application or amend the subscription amount accordingly.

Furthermore, Eligible Holders are required to state (a) their Investor Share Code (b) their DSS Securities Account and (c) the designated Operator of their Securities Account.

At the same time, the Eligible Holders must pay in cash to a special account held by the Bank, the corresponding consideration on the basis of €1 for every Convertible Enhanced Capital Securities, or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital

Securities 12/2007 of an equal nominal value to that of the number of Convertible Enhanced Capital Securities they wish to subscribe for.

It is noted that for investors to be able to participate in the Convertible Enhanced Capital Securities Issue, they need to have an active Investor Share Code and a Securities Account on the DSS so that the Convertible Enhanced Capital Securities allotted to them, can be credited to their account. Their Investor Share Code and their Securities Account will be printed on the Allotment Letter for the Priority for Subscription. In addition, investors should, by completing the Operator's number on the Allotment Letter, state their designated Operator under whom the Convertible Enhanced Capital Securities allotted to them will be assigned.

The submission of the Allotment Letter for Priority for Subscription and the acceptance of the offered Convertible Enhanced Capital Securities as evidenced by the signature of the Holder render the acceptance of the Convertible Enhanced Capital Securities irrevocable.

Eligible Holders of the Priority for Subscription to the Convertible Enhanced Capital Securities Issue may, if they wish, subscribe for part of the Convertible Enhanced Capital Securities they are entitled to. In such case, Eligible Holders must submit their Allotment Letter for Priority for Subscription duly completed and signed in respect to the number of Convertible Enhanced Capital Securities they wish to subscribe for, and pay the corresponding consideration on the basis of €1 for every Convertible Enhanced Capital Securities, either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value to that of the number of Convertible Enhanced Capital Securities they wish to subscribe for.

Upon the exercise of the Priority for Subscription to the Convertible Enhanced Capital Securities Issue and payment of the subscription monies, the offer will be deemed as having been accepted based on the terms of the Convertible Enhanced Capital Securities Issue, as presented in this Prospectus and in the Bank's Memorandum and Articles of Association. **If Eligible Holders do not pay the consideration (either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value to that of the number of Convertible Enhanced Capital Securities they wish to subscribe for) for the exercise of their Priority Right for Subscription to Convertible Enhanced Capital Securities by 1:30 p.m. of the Final Subscription Date for Eligible Holders of the Priority for Subscription i.e. on 17 May 2011, this offer shall be deemed as having been rejected.**

3. Convertible Enhanced Capital Securities Allotment Letters

The Allotment Letters for the Convertible Enhanced Capital Securities will be sent to the Holders of Convertible Enhanced Capital Securities on 30 May 2011.

IV. PROCEDURE FOR THE APPLICATION TO THE PLACEMENT OF ANY CONVERTIBLE ENHANCED CAPITAL SECURITIES NOT SUBSCRIBED BY THE HOLDERS OF THE PRIORITY FOR SUBSCRIPTION TO THE CONVERTIBLE ENHANCED CAPITAL SECURITIES ISSUE

In the event that the Convertible Enhanced Capital Securities Issue is not covered by subscription of Eligible Shareholders the Board of Directors will place any unsubscribed Convertible Enhanced Capital Securities at its absolute discretion.

For the purpose of allocating any unsubscribed Convertible Enhanced Capital Securities, a subscription period of irrevocable applications from any interested investors (shareholders or not) in Cyprus and Greece, will run parallel to the Subscription Period of the Eligible Holders. Interested investors, shareholders or not, including Convertible Bond 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 holders, may submit applications, by paying the corresponding subscription amount, either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value. In the allotment of any unsubscribed Convertible Enhanced Capital Securities, priority will be given to holders of Convertible Bond 2013/2018, Convertible Capital Securities and Capital Securities 12/2007.

For the purpose of allocating any unsubscribed Convertible Enhanced Capital Securities and submission of irrevocable applications from interested investors, the price of the unsubscribed Convertible Enhanced Capital Securities is set by the Bank's Board of Directors to €1 as the nominal value of the Convertible Enhanced Capital Securities.

The Bank offers the option to investors for the Convertible Enhanced Capital Securities to be issued in US dollars ($). At subscription (and provided the application amount is paid in Euros (cash or by exchange of Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007), th such subscription amount that was paid in Euros will be converted into US dollars at the conversion rate of €:$ at the Issue Date of the Convertible Enhanced Capital Securities. The Bank will proceed with a relevant announcement on the Issue Date relating to the conversion rate that will be used if the issue will also be denominated in US dollars ($). Any fractions of Convertible Enhanced Capital Securities, resulting from the conversion of the application amount from Euro to US Dollars, will be ignored. The Bank will proceed with the issue of Convertible Enhanced Capital Securities in US dollars provided total subscriptions and allocations to Eligible Shareholders and other investors exceed an aggregate of US$50m.

The Lead Manager and Underwriter responsible for the collection of subscription money for the Convertible Enhanced Capital Securities Issue of the Bank, is The Cyprus Investment and Securities Corporation Limited.

1. Applications from the public for any unsubscribed Convertible Enhanced Capital Securities

Subscription period of any unsubscribed Convertible Enhanced Capital Securities

The subscription period for any unsubscribed Convertible Enhanced Capital Securities will run parallel to the Subscription Period of the Eligible Shareholders i.e. from 27 April 2011 until 17 May 2011.

Subscription Application Procedure

Irrevocable Applications for the subscription of any unsubscribed Convertible Enhanced Capital Securities from the general investing public (including Convertible Bond 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 Holders) must be completed and submitted on a separate application form which will be available from all Bank of Cyprus branches in Cyprus and Greece.

Investors submitting irrevocable applications for the subscription to any unsubscribed Convertible Enhanced Capital Securities, may subscribe for the Convertible Enhanced Capital Securities on a value basis in Euro (€) and pay promptly the corresponding subscription amount on the basis of €1 for every

Convertible Enhanced Capital Security, **either in cash or by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value**.

On the Irrevocable Applications, investors will have the option to subscribe so that all or part of the Convertible Enhanced Capital Securities they subscribe for are issued in US Dollars. Investors that will elect to have all or part of the Convertible Enhanced Capital Securities issued in US Dollars, must also state on the subscription form that in the event that the minimum threshold for the issuance of Convertible Enhanced Capital Securities in US Dollars of $50 million is not satisfied by applications received, whether they wish the number of Convertible Enhanced Capital Securities they have applied for in US dollars to be finally allotted to them in Euro or whether they wish the application amount for the Convertible Enhanced Capital Securities in US Dollars to be cancelled.

The subscription to the Convertible Enhanced Capital Securities Issue will take place during the period mentioned above as follows:

In Cyprus:

- to all the branches of Bank of Cyprus.

In Greece:

- to all the branches of Bank of Cyprus
- through the Operators (other than the Hellenic Exchanges) of the holders' DSS Securities Accounts (brokerage firm or custodian) by submitting the relevant documents, provided that such Operator consents to this.

In order to register to the issue of the Convertible Enhanced Capital Securities **in Greece**, investors should duly complete the application form and submit:

(i) their Tax Identification Number,
(ii) their Identity card or passport,
(iii) a copy of the DSS printout,
(iv) the **blocking certificate** for the amount of Convertible Bonds 2013/2018 and/or Convertible Capital Securities of Bank of Cyprus that they wish to use as payment for the Convertible Enhanced Capital Securities. In order to obtain this certificate they must contact: (a) their designated operator of their Securities Account (brokerage company or custodian) or (b) the Hellenic Exchanges if the Operator is the Hellenic Exchanges.

It is expressly noted that investors who intent to use as payment for their subscription to the current issue of Convertible Enhanced Capital Securities, Convertible Bonds 2013/2018 and/or Convertible Capital Securities that are registered in the Dematerialized Securities System (DSS) of the Hellenic Exchanges must proceed with the blocking of their Convertible Bonds 2013/2018 and/or Convertible Capital Securities irrespective of whether their application is submitted either in Cyprus or in Greece.

It is noted that the Bank will not be able to accept as payment for subscription to the current issue, Convertible Bonds 2013/2018 and/or Convertible Capital Securities that have not been blocked as described above and in such case the Bank reserves the right to reject the subscription application or amend the subscription amount accordingly.

In the allocation of any unsubscribed Convertible Enhanced Capital Securities priority will be given to the Convertible Bond 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 Holders.

The Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 to be deposited as consideration for subscription to the new issue of the Convertible Enhanced Capital Securities of the Bank, will be cancelled and any obligations of the Bank in respect of any Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 so cancelled, shall be discharged. For all Convertible Bonds 2013/2018 and Convertible Capital Securities which will be accepted as consideration for subscribing to the new issue of Convertible Enhanced Capital Securities, the Bank will pay the corresponding interest that accrues for the period from 1 January 2011 to 17 May 2011. For all Capital Securities 12/2007 which will be accepted as consideration for subscribing to the new issue of Convertible Enhanced Capital Securities, the Bank will pay the corresponding interest that accrues for the period from 20 March 2011 to 17 May 2011.

It is noted that for investors to be able to participate in the Convertible Enhanced Capital Securities Issue they need to have an active Investor Share Code and a Securities Account on the CSE or the DSS so that the Convertible Enhanced Capital Securities that they will subscribe to, can be credited to their account. In addition to the above, investors should also state their designated Operator for the Convertible Enhanced Capital Securities that will be allotted to them, by completing the Operator's number on the Allotment Letter / Subscription Form.

The unsubscribed Convertible Enhanced Capital Securities will be allocated at the sole discretion of the Bank's Board of Directors. In the event that the subscription applications received from non shareholders and institutional investors are not satisfied in full or in part, then the funds paid (all or part of it) will be refunded together with all accrued interest calculated at 6,5% on an annual basis for the period 18 May 2011- 30 May 2011. In the event that the subscription applications received from non shareholders and institutional investors who whish to pay the corresponding consideration by exchanging Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 of an equal nominal value are not satisfied in full or in part, then the Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007 will remain to their owners with the in force terms.

2. Announcement of Results

The Subscription results will be announced to the CSE and the ATHEX and through the Cypriot and Greek press, as derived from the current legislation.

3. Convertible Enhanced Capital Securities Allotment Letters

The Convertible Enhanced Capital Securities Allotment Letters will be sent to the Convertible Enhanced Capital Securities Holders on 30 May 2011.

V. PLACEMENT OF CONVERTIBLE ENHANCED CAPITAL SECURITIES NOT SUBSCRIBED BY THE HOLDERS

The Company will have the right, within 14 working days from the Final Subscription Day for the Convertible Enhanced Capital Securities, to place all or part of the Convertible Enhanced Capital Securities that have not been subscribed by their holders during the Subscription Period. Any distribution of Convertible Enhanced Capital Securities will take place at their nominal value.

PART C: INFORMATION ON THE BANK OF CYPRUS GROUP

PART C: INFORMATION ON BANK OF CYPRUS GROUP

1.0 GENERAL INFORMATION

Bank of Cyprus Public Company Ltd was founded in Cyprus in 1899 and was registered as a public limited company under the Cyprus Company Law 18/1922 with registration number 165.

The Bank of Cyprus Group is the leading financial services organisation in Cyprus, with a dynamic presence in Greece and operations in the United Kingdom, Channel Islands, Australia, Russia, Romania and Ukraine.

The Bank is licensed by the Central Bank of Cyprus and is operating under its Regulation and Supervision.

The Group offers a wide range of financial products and services, which include banking services, finance, leasing, factoring, brokerage, fund management, investment banking and general and life insurance services.

As of 31st December 2010, the Bank's market share in deposits and loans (including the cooperative societies) in Cyprus amounted to 31,4% and 27,5%, respectively while as of 31 December 2009 the same figure amounted to 28,1% and 27,5%, respectively[1]. The Bank operates 143 branches in Cyprus.

The Bank has been operating in Greece since 1991. The dynamic expansion of the Bank's Greek operations commenced in 1999. The Bank operates 185 branches in Greece. As of 31st December 2010, the Bank's market share in deposits and loans in Greece amounted to 4,2% and 4,2% respectively, while as of 31 December 2009 the same figure amounted to 4,0% and 4,0%[2] respectively. Kyprou Leasing, subsidiary company of the Bank, ranks second in the market of leasing in Greece (16,5% market share as of 31 December 2009[3])

The Bank is well established in the United Kingdom, where it operates four branches.

The Group's international activities were further enhanced in 2000 with the operation of a wholly owned subsidiary bank in Australia, which operates 12 branches.

In March 2007, the Bank expanded its operations in Romania with the provision of leasing services. In July 2007, the first banking branch became operational in Bucharest. Today the Bank operates 12 branches.

In August 2007, the Bank delivering on its strategic plan expanded its operations in Russia and is the first Greek banking institution to enter the Russian market. In October 2008, the Group successfully completed the acquisition of an 80% interest in CB Uniastrum Bank LLC in Russia. Founded in 1994 and headquartered in Moscow Uniastrum Bank has the 13th largest distribution network in Russia, consisting of 211 outlets. Uniastrum has a strong presence in Moscow and in another 48 regions of Russia.

In May 2008, the Bank acquired 97,2% of the share capital of the Ukrainian bank PJSB Bank of Cyprus (former JSC AvtoZAZbank), thus providing banking services in Ukraine. In December 2010 the Group's shareholding in PJSB Bank of Cyprus amounted to 99,7% and currently the Bank operates through 27 branches.

In September 2009 Cyprus Leasing LLC and Uniastrum Leasing LLC merged to form Leasing Company Uniastrum Leasing which provides leasing services in Russia and is 100% owned by the Group.

[1] *Source: Bank of Cyprus based on figures of the Central Bank of Cyprus.*
[2] *Source: Bank of Cyprus Group based on figures of Bank of Greece.*
[3] *Source: Bank of Cyprus Group based on market figures.*

During 2009 the Group proceeded with a reduction in the share capital of the subsidiary company LLC CB Bank of Cyprus, which was renamed to Leadbank LLC on 26 January 2010. On 9 June 2010 the Group finalised the sale 100% of the share capital of Leadbank LLC.

In October 2010, the Board of Directors of the Group, approved the establishment of a Representative Office in India, while in December 2010, it approved the establishment of a banking unit in the Dubai International Financial Centre (DIFC), in the Emirate of Dubai, in the United Arab Emirates, which will focus on providing Wealth Management and Private Banking services.

In January 2011, the Group signed a Memorandum of Understanding with China Development Bank Corporation. The main purpose of the cooperation is to jointly finance investments particularly in the areas of shipping, renewable energy and infrastructure projects which will actively strengthen the economic cooperation between Cyprus, Greece and China. The cooperation with China Development Bank Corporation is the first step of Bank of Cyprus in the promising Chinese market.

The Bank has 9 representative offices in Russia, Romania Canada, Ukraine and South Africa.

As at 31 December 2010 the Group employed 12.009 persons worldwide.

The Group's Total Assets at 31 December 2010 amounted to €42,6 billion. The Group's Shareholders' Funds at 31 December 2010 amounted to €2,8 billion. The Group's Total Assets at 31 December 2009 amounted to €39,4 billion. The Group's Shareholders' Funds at 31 December 2009 amounted to €2,5 billion

As at 31 December 2010 and 31 December 2009, the Group's capital adequacy ratio stood at 11,9% and 11,7% respectively

Moody's Investor Services Inc. and Fitch Ratings Ltd affirmed Bank of Cyprus with a long term credit rating of Baa2 (stable outlook) and BBB+ rating (negative outlook) respectively. The following table presents the most recent credit ratings of the Bank in accordance with Moody's Investor Services Inc. and Fitch Ratings Ltd estimations.

Credit Rating Agency and Investment grade	Rating
Moody's	
Outlook	Stable
Global local currency deposit ratings	Baa2/Prime2
Foreign currency deposit ratings	Baa3/Prime2
Bank financial strength	20DT
Fitch	
Outlook	Negative
Long-term issuer default rating	BBB+
Short-term issuer default rating	F2
Individual rating	C
Support rating	2

The long-term rating reflects the ability of a business to pay off its long-term liabilities and is denoted with a letter from A to C. Within this spectrum, there are different degrees of each rating, which Moody's denotes them by a number from 1 to 3, whilst Fitch Rating Ltd combines them with a positive or negative sign. Credit rating assists investors in their assessment of the market value and the investment risk level of a business.

It is noted that Fitch Ratings has, from 26 August 2010 submitted an application to be registered under the European Union Regulation on Credit Rating Agencies, as per the provisions of Regulation (EC) No 1060/2009 of the European Parliament and of the Council. In addition, Moody's (Cyprus) has from 11 August 2010, submitted an application for registration under the same Regulation. The two applications are under review and the procedure is not expected to be finalised before the end of the first quarter of 2011. It is noted that according to article 40 of the Regulation 1060/2009, "existing credit rating agencies may continue issuing credit ratings unless their application for registration under the European Union Regulation on Credit Rating Agencies is refused".

The Head Office and Group Headquarters of Bank of Cyprus are located at 51 Stassinou Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus (telephone number: +357-22-122100).

The following table includes Group's Financial Highlights and Footings based on the audited financial statements for the years ended 31 December 2008, 2009 and 2010.

Group Financial Highlights

	2010	**2009**	**2008**
Profit before tax (€000)	348.514	365.221	551.614
Profit after tax and non-controlling interests (€000)	306.189	313.144	502.388
Earnings per share (cent)	40,5	45,0[1]	87,3 [2]
Cost/income	50,0%	52,4%	45,8%
Return on equity	11,9%	14,0%	25,1%

1. The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010 as well as from the Rights Issue in October 2010.
2. The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June and November 2010 as well as from the Rights Issue in October 2010.

Group Financial Footings

	31 Dec. 2010	**31 Dec. 2009**	**31 Dec. 2008** *restated*
	€000	**€000**	**€000**
Loans	27.725.451	25.635.780	24.424.694
Deposits	32.952.567	28.584.561	27.935.747
Shareholders funds	2.828.349	2.485.498	2.056.367

2.0 BRIEF HISTORY

On 1 January 1899 a group of Cypriot businessmen, headed by Ioannis Economides, an important business and social figure, founded the “Nicosia Savings Bank”, the first Cypriot banking institution which evolved into today’s Bank of Cyprus Group.

“Nicosia Savings Bank” gradually gained the trust of the people of Nicosia and in December 1912, after a petition by its members to the British High Commissioner in 1909, was transformed into a company (equivalent to the Greek “Societe Anonyme”) and changed its name to Bank of Cyprus.

In 1930 it was registered as a limited liability company and started to offer a full range of banking services as the main local bank.

In 1943 it merged with Bank of Famagusta and Bank of Larnaca. In the years that followed it merged with banking institutions from other towns which enabled it to extend its reach all over the island. Its image was completely transformed and it adopted the ancient Cypriot coin with the inscription “KOINO ΚΥΠΡΙΩΝ” (“Common to all Cypriots”) as its emblem.

In 1951 it entered the insurance sector with the founding of General Insurance of Cyprus. In 1955 it opened its first overseas branch to serve the Cypriot community in London. In 1960 with the creation of the independent Republic of Cyprus it was at the forefront of building and organising the new state.

The Cyprus economy suffered a major setback with the Turkish invasion of Cyprus in 1974 and the occupation that followed. Bank of Cyprus Ltd, even though severely afflicted itself, played a major part in the rebuilding of the country and its economy.

During the 1980s the Bank experienced a period of impressive growth. It significantly increased its capital base and moved into new financial sectors.

The Bank established its first branch in Greece in 1991 as the Group embarked on its course of globalisation. In the 1990s the Group focused on upgrading its technology in preparation for the new millennium.

In August 1999, as provided with a Restructuring Plan, Bank of Cyprus Ltd became the holding and Listed Public Company of the Group, replacing Bank of Cyprus (Holdings) Ltd, which became inactive.

In November 2000, Bank of Cyprus shares were admitted to trading on the main Market of the Athens Exchange.

In 2007, the Group expanded its operations in Romania and Russia by successfully securing all related permissions for the commencement of its banking services (See “important milestones during the Group’s History” below).

In 2008, the Bank successfully completed the acquisition of the Ukrainian Bank PJSB Bank of Cyprus (former JSC AvtoZAZbank) and at the same time signed and completed the agreement for the acquisition of an 80% interest in Uniastrum Bank LLC in Russia, consisting 211 outlets (See “Important Milestones during the Group’s History” below).

In 2010, the Group completed the sale of 100% of the share capital of its subsidiary Leadbank LLC (former Bank Kypra LLC).

In October 2010, the Board of Directors of the Group, approved the establishment of a Representative Office in India

In December 2010, the Board of Directors of the Group approved the establishment of a banking unit in the Dubai International Financial Centre (DIFC), in the Emirate of Dubai, in the United Arab Emirates, which will focus on providing Wealth Management and Private Banking services to the Group’s existing clientele and to new clients active in the Middle East. The establishment of the banking unit in Dubai is subject to receiving the appropriate approvals from the relevant regulatory authorities in Cyprus and in Dubai.

In January 2011, the Group signed a Memorandum of Understanding with China Development Bank Corporation, a state-owned financial institution in China. The main purpose of the cooperation is to jointly finance investments particularly in the areas of shipping, renewable energy and infrastructure projects which will actively strengthen the economic cooperation between Cyprus, Greece and China. The cooperation with China Development Bank Corporation is the first step of Bank of Cyprus in the promising Chinese market.

3.0 IMPORTANT MILESTONES DURING THE GROUP'S HISTORY

The most important milestones during the Group's history of over one hundred years are described here below:

1899	Establishment and operation of the "Nicosia Savings Bank".
1912	Nicosia Savings Bank renamed "Bank of Cyprus" and recognised as a public company
1943	Bank of Cyprus merges with banking institutions in other towns and expands throughout Cyprus. Ancient Cyprus coin bearing the inscription "Koinon Kyprion" (common to all Cypriots) adopted as the Bank's emblem.
1944	Establishment of Mortgage Bank of Cyprus.
1951	Establishment of General Insurance of Cyprus.
1955	Establishment of Bank of Cyprus (London).
1964	Establishment of Bank of Cyprus Finance Corporation.
1973	Reorganisation of the Group, with the establishment of Bank of Cyprus (Holdings) to take over the shares of Bank of Cyprus and all its subsidiaries.
1982	Acquisition of the operations of Chartered Bank in Cyprus. Establishment of The Cyprus Investment and Securities Corporation (CISCO).
1983	Acquisition of Kermia by the Group. Representative Offices opened in Greece and Australia.
1984	Establishment of the Bank of Cyprus Cultural Foundation.
1989	Establishment of the life insurance company EuroLife.
1991	Bank of Cyprus opens its first branch in Greece. Establishment of the Bank of Cyprus Medical Foundation.
1992	Establishment of Bank of Cyprus Factors.
1993	Establishment of ABC Factors, the first factoring company in Greece. Karmazi Properties & Investments acquired and renamed Kermia Properties & Investments.
1995	Representative Office opened in South Africa. Museum of the History of Cypriot Coinage founded.
1996	The first Greek-speaking offshore bank, Bank of Cyprus (Channel Islands) established in Guernsey, Channel Islands. Representative Office opened in Canada (Toronto).
1997	Kyprou Leasing established in Greece. Opening of the first branch of Bank of Cyprus in the United Kingdom.
1998	Representative Office opened in Russia (Moscow). Kyprou Mutual Fund Management Company (AEDAK) established in Greece. Opening of the Bank of Cyprus Oncology Centre.

1999	Group restructuring, with shares of Bank of Cyprus (Holdings) being replaced by Bank of Cyprus shares. Representative Office opened in Bucharest. "Oikade" educational programme launched.
2000	Listing of the Group's share on the Athens Exchange. Establishment of Bank of Cyprus Australia and operation of its first branches. Electronic banking introduced to provide alternative service channels (internet, telephone, WAP).
2001	Kyprou Asfalistiki, a branch of General Insurance of Cyprus, and Kyprou Zois a branch of EuroLife, open in Greece. Greek company Victory Securities acquired and renamed Kyprou Securities. Sale of 50% stake in ABC Factors to Alpha Bank.
2002	Bank of Cyprus Factors starts providing factoring services in Greece.
2004	Merger of Bank of Cyprus (London) and the UK branch of Bank of Cyprus.
2005	Merger of the operations of Bank of Cyprus Factors and Bank of Cyprus Finance Corporation with Bank of Cyprus. 100th branch opened in Greece.
2006	Commencement of leasing operations in Romania through the establishment of the leasing subsidiary Cyprus Leasing (Romania).
2007	Banking services commenced in Romania and Russia.
2008	Commencement of banking services in Ukraine through the acquisition of PJSB Bank of Cyprus (former JSCAvtoZAZbank). Acquisition of 80% of Uniastrum Bank in Russia and expansion into the retail banking sector of the local market.
2010	Completion of Sale of 100% of the share capital of Leadbank LLC (former Bank Kypra LLC).
2011	Signing of a Memorandum of Understanding with China Development Bank Corporation, with the aim of jointly financing investments particularly in the areas of shipping, renewable energy and infrastructure projects which will actively strengthen the economic cooperation between Cyprus, Greece and China.

4.0 PRIMARY OBJECTIVES

According to article 3 of the Bank’s Memorandum of Association, as amended, the primary objectives of its establishment are:

1. To carry on the business of banking, that of an investment company and that of brokerage of any kind as well as the business of Leasing, of Hire Purchase, of Factoring, of Forfeiting and to establish, manage and carry on branches and agencies in and outside Cyprus and to appoint managers, officers and agents for the purpose of carrying on the same with such powers and on such terms and conditions as may be deemed expedient.

2. To lend or advance money on such security and on such terms and conditions as may be thought fit or without security; to discount, buy, sell and deal in bills of exchange, promissory notes, coupons, drafts, Bills of Lading, warrants, debentures, scrip and other instruments and securities, whether negotiable or not and to carry out any transactions relevant thereto; to grant and issue letters of credit and circular notes; to buy, sell and deal in gold and silver in bullion and specie, goods, merchandise and produce and any other transactions relevant thereto. To acquire, hold, issue on commission, underwrite and deal with stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds, and to carry on any other transaction relevant thereto. To negotiate loans and advances, to receive money and valuables on deposit or for safe custody or otherwise, to collect and transmit dividends and interest and other moneys and securities of all kinds, and to manage, develop, realise and turn to account any personal property and transact all kinds of agency business commonly transacted by bankers. To afford the services of transmission of money, of issuing and managing methods of payment, including credit cards, traveler’s cheques and banker’s drafts.

3. To acquire any such shares, stock, debentures, debentures stock, bonds, notes, obligations or securities by original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise, and whether or not fully paid up and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit.

4. To exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares, stock, obligations or other securities, including, without prejudice to the generality of the foregoing, of such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof and to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested, upon such terms as may be thought fit.

5. To undertake and execute any trust, the undertaking whereof may seem desirable and also to undertake the offices of executor, administrator, receiver, treasurer or auditor, and to keep for any company, government authority or body any registers to any stocks, fund, shares or securities and to undertake any duties in relation to the subscription of transfers, the issue of certificates or otherwise.

6. To establish and to manage mutual funds, unit trusts, investments, investment companies and investment trusts in Cyprus and elsewhere and to advise generally in relation to the said activities or any of them and to demand and charge for such services on a fee basis or on a commission basis or on a profit-sharing basis or on a participation basis or otherwise or to perform such services or any of them gratuitously.

7. To establish companies and associations for the prosecution or execution of undertakings, works, projects, or enterprises of any description, whether of a private or public character in Cyprus or elsewhere and to acquire, underwrite and dispose of shares and interests in such companies or associations or in any other company or association or in the undertakings thereof.

8. To undertake and carry out insurance business of any kind and of any nature including life assurance business, industrial assurance business, bond investment insurance business, fire insurance business, accident insurance business, marine aviation and transit insurance business,

employer's liability insurance business, workmen's compensation insurance business, burglary and theft insurance business and any other insurance business.

9. To purchase, take on lease or in exchange, hire, erect, construct or otherwise acquire and hold any estate or interest in Cyprus or in any country or place where the Company proposes to establish or has established any branch or agency or transacts or is proposing to transact business, any offices, houses, buildings, lands, easements, licenses or rights, and any real or personal property of any kind necessary or convenient for the Company's business and to sell and let such of them or such portions thereof as may not be required for occupation by the Company.

The remaining objectives of the Bank are detailed in its Memorandum, which is a public document and has been filed with the Registrar of Companies in Cyprus.

5.0 GROUP STRUCTURE

The following table presents the principal subsidiaries and affiliates of the Bank, that along with the Bank of Cyprus Public Company Limited form the Bank of Cyprus Group. The table illustrates the country of incorporation of each company, its activities and the Group's (directly and indirectly) percentage shareholding in each of them as at 31 December 2010.

Name of Company	Country of incorporation	Activities	Participation (Direct and Indirect)
	Cyprus		
Bank of Cyprus Public Company Ltd		Commercial bank	N/A
The Cyprus Investment and Securities Corporation Ltd (CISCO)		Investment banking	100,0%
General Insurance of Cyprus Ltd		General insurance	100,0%
EuroLife Ltd		Life insurance	100,0%
Kermia Ltd		Property trading and development	100,0%
Kermia Properties & Investments Ltd		Property trading and development	100,0%
Kermia Hotels Ltd		Hotel business	100,0%
BOC Ventures Ltd		Management of venture capital investments	100,0%
Tefkros Investments Ltd		Investment fund	100,0%
Bank of Cyprus Mutual Funds Ltd		Inactive	100,0%
Cytrustees Investment Public Company Ltd		Closed-end investment company	50,0%
Diners Club (Cyprus) Ltd		Diners Club credit card facilities	100,0%
BOC Russia (Holdings) Ltd		Intermediate holding company	80,0%
Otherland Properties Ltd		Intermediate holding company	100,0%
Gosman Properties Ltd		Intermediate holding company	100,0%
Pittsburg Properties Ltd		Intermediate holding company	100,0%
Battersee Properties Ltd		Intermediate holding company	100,0%
Trecoda Properties Ltd		Intermediate holding company	100,0%
Bonayia Properties Ltd		Intermediate holding company	100,0%
	Greece		
Bank of Cyprus Public Company Ltd (branch)		Commercial bank	N/A
Kyprou Leasing SA		Leasing	100,0%
Kyprou Commercial SA		Financing of motor vehicles and other consumer products	100,0%
Kyprou Securities SA		Investment banking	100,0%
Kyprou Asset Management (AEDAK)		Management of mutual funds	100,0%
Kyprou Properties SA		Property management	100,0%
Kyprou Insurance Services Ltd		General insurance brokers	100,0%
Kyprou Zois (branch of EuroLife Ltd)		Life insurance	100,0%

Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd)	General insurance	100,0%
United Kingdom		
Bank of Cyprus United Kingdom (branch)	Commercial bank	N/A
Katoikia I Mortgage Finance Plc	Special purpose entity	-
Katoikia I Holdings Ltd	Special purpose entity	-
Misthosis Funding Plc	Special purpose entity	-
Misthosis Funding (Holding) Ltd	Special purpose entity	-
Channel Islands		
Bank of Cyprus (Channel Islands) Ltd	Commercial bank	100,0%
Tefkros Investments (CI) Ltd	Investment fund	100,0%
Australia		
Bank of Cyprus Australia Ltd	Commercial bank	100,0%
Romania		
Bank of Cyprus Romania (branch)	Commercial bank	N/A
Cyprus Leasing Romania IFN SA	Leasing	100,0%
Otherland Properties Dorobanti SRL	Property investment	100,0%
S.C. ONT Carpati S.A.	Hotel business	94,0%
Pittsburg Properties SRL	Property investment	100,0%
Battersee Real Estate SRL	Property investment	100,0%
Trecoda Real Estate SRL	Property investment	100,0%
Green Hills Properties SRL	Property investment	100,0%
Russia		
CB Uniastrum Bank LLC	Commercial bank	80,0%
Leasing Company Uniastrum Leasing	Leasing	100,0%
Ukraine		
PJSB Bank of Cyprus	Commercial bank	100,0%
Netherlands		
Kyprou Finance (NL) B.V.	Financing company	100,0%

In addition the Group owns 45% of the share capital of JCC Payment Systems Ltd, 22,8% of Interfund Investments Plc and 30% of the Romanian company, Grand Hotel Enterprises Society Ltd.

6.0 REVIEW OF GROUP OPERATIONS

6.1 Bank of Cyprus Public Company Ltd

Bank of Cyprus Public Company Ltd is the holding company of the Bank of Cyprus Group. The Bank provides a wide range of financial products and services to retail and business clients and public organisations. The Bank holds a leading position in Cyprus, operating through a network of 143 service branches and has a significant presence abroad. The Bank firstly established its presence in Greece in 1991 and since then it has gradually expanded throughout the country. Currently, the Bank provides a full range of financial services through a network of 185 branches. In 1997, the Bank established a branch in London. At present, the Bank operates through 4 branches which mainly provide financial services to the Cypriot and Greek community. In 2007, the Bank entered the Romanian market with the provision of leasing services and the establishment of two retail branches. The Bank currently operates twelve branches in Romania. In May 2008, the Bank completed the acquisition of 97% of the share capital of PJSB Bank of Cyprus (former JSC AvtoZAZBank) – established in 1991, which provides a full range of banking services in Ukraine through a network of 27 branches.

In August 2007, the Bank commenced its operations in Russia having established a subsidiary company which mainly concentrated on corporate lending, capitalising on its well established customer relationship. In October 2008 the Group completed the acquisition of 80% of the share capital of CB Uniastrum Bank LLC in Russia. CB Uniastrum Bank LCC was founded in 1994 and is headquartered in Moscow with a distribution network, consisting of 211 branches. in 48 regions. In the beginning of 2009, the Group proceeded with the merger of the operations of its two banking units in Russia. In addition, the Bank operates through Representative Offices in Russia, Romania, Canada, Ukraine, Serbia and South Africa.

6.2 Group Operations in Cyprus

6.2.1 Retail Banking

The Bank of Cyprus has adopted a multidimensional approach in the servicing of retail clients.

The Group's network of braches, supported by a full range of alternative distribution channels, covers the requirements of retail clients in full. The Bank offers a complete range of products at competitive prices, like deposits, investment and insurance products, advances, loans, credit cards and current accounts. The Bank continuously develops its infrastructure through automation and centralisation, which contribute to the decrease of the Bank's expenses and provide a faster service to the client.

In 2010 Bank of Cyprus recorded growth in both retail loans and deposits. In terms of loans, the primary objective during 2010 was to resurrect the market by offering low-interest mortgages and car financing. This offered many of the Bank's customers the chance to take out loans in order to build or buy their own house and buy a new car.

As regards deposits, despite the fierce competition to attract deposits on the Cypriot market, the well-established relationships which the Bank has built up with retail customers and their confidence in the Bank were reflected in 2010 in the portfolio of local deposits which increased significantly.

Bank of Cyprus has secured the top position in the Cypriot card market, maintaining a market share that puts it way ahead of the competition thereby confirming its dynamism in providing new products and satisfying all its customers' needs in the Cypriot card market

Its success over the last few years is largely down to its card portfolio and the customer loyalty schemes it offers, thereby satisfying all its card customers' needs. The Bank offers MasterCard, VISA and American Express cards.

Alternative Distribution Channels

1bank offers subscribers the opportunity to carry out banking transactions through the phone or internet 24 hours a day, seven days a week. The 1Bank Division, as a pioneer in the area of security, was the first to introduce the Digipass device for additional security for third-party transactions.

The number of 1bank subscribers (which includes both retail and corporate customers) grows rapidly from year to year, recording an annual increase of 28% in 2010.

In addition to saving time, one other major advantage that the alternative distribution channels of 1bank offer, is lower transaction costs compared to transactions carried out through branches. This advantage enables the Bank to offer internet and telephone transactions at a lower cost or completely free.

In June 2010 the transfer of customers to the new internet banking system was completed. The new system incorporates major upgrades and new functionalities. The 1Bank Division aims to continue upgrading its operations, in order to offer customers an ever-improving service.

Furthermore, in November 2010, customers were offered the new Mobile Banking function which is an extension of the Wap Banking system. This new function allows customers who have subscribed to the service to access their accounts easily from their mobile telephones in order to complete various transactions.

6.2.2 Small and Medium-Sized Enterprises

Banking services are offered to Small and Medium-Sized Enterprises (SMEs) via the 20 Business Centres operating across Cyprus. In 2010, the Business Centres focused on the provision of new good quality loans, with the aim of helping customers maintain and expand their business at a time where the economy was in need of customer service.

In terms of supporting the economy, a contract was signed between the Bank and the European Investment Fund (Member of the European Investment Bank Group) on 30 September 2010, as part of the JEREMIE European Initiative in Cyprus. As a result, a new financial product was created, based on which Bank of Cyprus and the European Investment Fund will co-finance new loans for amounts of up to €100,000 for small and micro enterprises in order to support their expansion and development. These new loans will be offered under particularly favourable terms in relation to the repayment period, the grace period, the collateral required as well as pricing policy.

6.2.3 Corporate Banking Division

Cyprus' large corporate banking customers are served by the Bank's 10 Corporate Banking Centres and 50 specialised Customer Relationship Officers whose aim is the continual awareness of each customer's circumstances and needs.

Customer service is not solely confined to meeting customers' financing needs but also includes the continuous effort to develop and maintain the Bank's relationship with its customers and to add value to their businesses.

The goal of expanding the loan portfolio whilst simultaneously maintaining its quality was achieved in 2010, by both increasing business with existing customers and by attracting new clients. Meanwhile, the non performing loans of the Corporate Sector remain at acceptable levels.

Servicing corporate customers requires the provision of a comprehensive range of products and services, cooperation and coordination with other Group units and the provision of fast and flexible solutions in response to any financing needs. New financing options tailored to the new generation of business projects are constantly being introduced in order to update and develop products and services.

Consequently, in 2009 the Bank launched the Project Finance & Loan Syndication Unit, the purpose of which is to arrange syndicated loans and analyse and evaluate specialised funding such as Project Finance. This service was introduced in response to high demand for funding for public and private sector partnerships on projects such as roads, marinas, desalination plants etc., as well as for specialised private sector projects, such as renewable energy sources, shopping malls, hospitals, golf courses etc.

At the same time, new Cash Management services have been introduced within an integrated service framework predicated on further, long-term development of customer relations, in response to the increasing needs of corporate customers to optimise liquid funds, reduce operating costs and achieve effective financial management.

6.2.4 Factoring Services

The Factoring Division commenced operations in 1992 and since then it has operated in, both the domestic and international market. The Division is involved with the provision of Factoring services, cheque and invoice discounting regarding both domestic and international transactions. Apart from the provision of working capital financing, the division provides sales ledger administration, debtor collection services and insurance services.

The Division’s purpose is to provide its customers and associates with the highest quality of services by offering them with the most suitable financing solutions.

Bank of Cyprus’ Factoring Division continues to maintain its lead up position in the Cypriot factoring services market.

With the primary objective of promptly identifying, correctly assessing and effectively managing its credit risk, the Division has maintained its client-oriented policy by offering high quality products and services that meet its customers' needs. The broad range of factoring services offered, in conjunction with the new customer base assessment and insurance services provided, have proved to be exceptionally useful to the customers of the Factoring Division.

The Unit’s innovation in a number of sectors has established new levels of customer service. Using both internet banking as well as the branch network of Bank of Cyprus, clients have direct and easy access to their accounts enabling them to monitor on a daily basis their sales, account receivables and clients’ balances.

The long term experience of the Unit in conjunction with its extensive knowledge and flexibility has contributed to its success and will safeguard its prospects for the future.

6.2.5 International Banking Division

The International Business Units (IBUs) have been operating in Cyprus since 1991. There are currently four units, one in each city. The IBUs offer flexible and adaptable services designed to continuously satisfy the requirements of this constantly changing market.

In 2010, the IBUs continued to perform successfully, offering a high standard of customer service in an exceptionally competitive environment, as all banks operating in Cyprus are now giving priority and paying particular attention to the international business sector.

The Bank’s commitment to offering top-quality services and meeting customers’ needs was confirmed by independent experts in March 2009, when Bank of Cyprus became the first bank to receive an ISO 9001:2009 certification for all its IBUs in Cyprus.

Despite the downturn in the global economy and fierce competition, the IBUs managed to expand their activities and increase their profitability significantly. The increase in deposits in IBUs was especially notable and illustrates the confidence international clients have in the Bank of Cyprus Group.

The high level of service, the customer-oriented approach, which is the basis on which the IBUs operate, and the establishment of long-term relations with customers and associates based on trust are the major factors behind the success and rapid development of the IBUs.

Recognising the potential offered by technology, the IBUs are constantly promoting the improvement and enhancement of the use of technology with a view to automating and improving the efficiency of their operations. During 2010, several important technological and other projects were completed, which contribute to the improvement of customer service. In October 2010, the International Banking Services introduced the innovative IBU Gateway system for its associates, which provides direct access to the

Bank’s products and services and offers each associate the option to use on-line contact and servicing functionalities.

6.2.6 Brokerage and Investment Services

The Cyprus Investment and Securities Corporation (CISCO)

CISCO provides a full range of investment services, which comprise brokerage, fund management and investment banking services. From the commencement of the Common Trading Platform in October 2006, CISCO is a remote member of the Athens Exchange (ATHEX) for executing trades on the ATHEX.

CISCO’s main strategic objective remains the maintenance of its leading role in all of its three sectors of activity. Once again, the Company’s immediate objectives are the increase in turnover, the introduction of new innovative products and services, the expansion of its customer base and the mutual utilisation of synergies with the Group.

6.2.7 General Insurance Services

The Group provides general insurance services in Cyprus through its subsidiary General Insurance of Cyprus (GIC).

In addition, the Group provides life insurance services in Cyprus through its subsidiary EuroLife.

6.2.7.1 General Insurance of Cyprus

During 2010, the company’s main objectives were to upgrade its IT infrastructure and the further development of its activities. By applying prudent insurance principles in terms of pricing and risk taking, as well as through the rational development of each business line, GIC maintains an insurance portfolio that is unique in the Cypriot insurance market in terms of composition and quality, thereby maintaining its market share at 12%

Particular attention was also paid during the year to preparing the company for the adoption of the Solvency II Directive, the new framework for supervising and determining the capital adequacy of insurance companies, which is expected to enter into force at the beginning of 2013.

6.2.7.2 EuroLife

EuroLife specialises in the life insurance business in Cyprus and provides a wide range of modern and flexible insurance products.

In 2010, EuroLife maintained its leading position in the Cypriot life insurance market. Despite the slowdown of the Company’s growth because of the ongoing economic crisis, the total amount of premiums received in Cyprus increased in 2010. All of EuroLife’s investment funds recorded positive returns, adding value to customer contracts, despite the fact that the investment markets which affect the units in these funds registered mixed results.

The continuous rise in EuroLife's performance is the result of the following significant factors:

- Proper strategic planning,
- Effective utilisation of synergies with the Group,
- High level of professionalism,
- Prompt and high-quality customer service
- Proper investment management and
- Reliable personnel.

EuroLife's objective is to maintain its leading position in the life insurance market and to increase its market share in all sectors, by offering competitive and flexible products and services, thus aiming at higher customer satisfaction.

6.2.8 Property and Development Management

Kermia and Kermia Properties & Investments

Both Kermia and Kermia Properties & Investments specialise in developing, selling and managing properties, with activities mainly in Nicosia and Limassol. Kermia Hotels, a subsidiary of Kermia, operates the Kermia Beach Bungalow Hotel Apartments complex in Ayia Napa.

6.3 Group Operations in Greece

6.3.1 Retail Customers

The Bank has been operating in Greece since 1991. The dynamic expansion of the Bank's Greek operations started in 1999. The Bank operates 185 branches in Greece offering a wide range of financial products and services.

In 2010, which proved to be a particularly challenging year in an unstable and volatile environment, Bank of Cyprus achieved its main strategic targets and strengthened its position in the Greek market.

In the deposits sector, an improvement in the mix of deposit products was achieved in favour of sight deposits. The market share of Bank of Cyprus Greece for deposits increased to 4,2% in 2010 compared to 4,1% in 2009.

In the loans sector liquidity was in short supply in 2010, demand was weak and private consumption was down. However, despite the difficult environment, the Bank managed to maintain growth by continuously and cautiously monitoring the quality of its overall and individual loan portfolios.

6.3.2 Small and Medium-sized Enterprises

Recognising the importance of SMEs to economic growth in Greece and the need to provide them with specialised services, Bank of Cyprus services and supports businesses throughout Greece. While maintaining its high level of customer service, Bank of Cyprus Greece aims to broaden its customer base still further, despite the general economic recession.

Of particular note are the Bank's penetration of new customers and the establishment of healthy relationships, despite the overall drop in demand for loans from SMEs due to the recession and the freezing of investment plans.

The strong position of the Bank both in terms of liquidity and capital adequacy, enables the Bank to increase its market share of the SME's sector, through the further expansion of its network of Business Centres in all the central towns in Greece.

Bank of Cyprus aims to use its customer-oriented approach to build long-term relationships of trust and healthy cooperation with businesses, with the objective of strengthening its position in the SME sector.

6.3.3 Alternative Distribution Channels

In response to the needs of its clients for remote Banking Services, Bank of Cyprus Greece offers a series of Internet Banking and Phone Banking services.

The use of these services has grown substantially during 2010, while the foundations have been set for the next moves of the Bank which fall under the "1bank" concept. The aim is to provide customers with a uniform service experience regardless of their country of operation.

The following Services are provided by the Bank through the internet:

- Internet Banking, which covers the majority of the Bank's products, allowing customers to
  - monitor their bank accounts, cards, cheques, mutual funds and factoring,
  - carry out one-off or mass transactions, and
  - communicate their requests to the Bank at any time via a secure communication channel.
- On-Line Trading, which allows customers to manage their equity portfolio both on the ATHEX and on foreign exchanges.
- i-card, which allows cardholders to monitor their card transactions.

During 2011, it is planned for Bank of Cyprus Greece to join the 1bank service of the Group which will allow its clients a uniform Internet Banking system in order to manage both the accounts in Greece and Cyprus as well as their other banking products.

6.3.4 Corporate Banking and Shipping Division

6.3.4.1 Corporate Banking

The Corporate Banking Division continued to offer a broad range of services and specialised financial tools to corporate customers and organisations during 2010. Of particular note is the arrangement of corporate bonds and the participation in major construction and energy projects.

Despite the adverse international climate business development continued to be positive with the corporate loan portfolio increasing by 16% compared to 2009. This increase was achieved by attracting new corporate customers.

6.3.4.2 Shipping Division

The operations of the shipping community picked up in 2010 compared to the previous year. Most shipping companies noted a recovery as a result of the improvement of the international economic climate but also the measures taken to optimise the efficiency of their fleets, which had begun to bear a return. The best performance was noted in the dry cargo sector.

The activities of the Group's Shipping Division focused solely on the financing of liquid and dry cargo carriers. Security values are evaluated on a monthly basis and the portfolio remains fully covered by collateral. The results for the year are considered satisfactory with the number of customers having increased by 15%.

6.3.5 Leasing

6.3.5.1 Kyprou Leasing

Since its incorporation in 1997, Kyprou Leasing has grown into one of the leading leasing companies in the market. Having developed a broad customer base, with a market share of more than 16,5%[4], Kyprou Leasing is the second largest company in the market. It has obtained ISO 9001 certification from TÜV CERT and pursues a consistent policy of offering high-quality services to its customers.

6.3.5.2 Kyprou Factors

Kyprou Factors commenced operations in April 2002, offering factoring services. The Division continued to grow its business in 2010 achieving significant volume growth, despite the intense unfavourable economic conditions. Specifically, in 2010, Kyprou Factors presented growth of 28% in terms of turnover, compared to 2009.

Special emphasis was placed on optimising the organisation and operation of Kyprou Factors by upgrading its information system.

[4] *Source:Bank of Cyprus Group based on Market Data.*

The comparative advantages of Kyprou Factors are its high level of expertise and long-term experience in providing factoring services, the emphasis on organisation and operation using leading-edge technology, its flexibility and ability to take decisions quickly, its close cooperation with the Bank's network, its presence throughout Greece, the high standard of services provided and the professionalism and high quality of its human resources.

6.3.6 Investment Services

6.3.6.1 Kyprou Securites S.A

The negative impact of the ongoing recession on the real economy became clear in 2010, taking the form on the Greek securities market of an overall drop in share prices and trading on the Athens Stock Exchange. Despite this, Kyprou Securities continued to expand its activities, taking advantage of the increased number of Bank of Cyprus branches throughout Greece and attracting customers from competitors by providing consistent professional service, flexible pricing policy, enhanced product base and alternative distribution channels.

Against this background, the new online trading platform used for trading on international stock markets and involving multi-currency bank accounts was completed.

The number of customers trading online increased from 14% in 2009 to 25% in 2010 and the total number of customers increased by 12%.

6.3.6.2 Fund Management - Kyprou AEDAK

In what was a challenging year for the global economy and the international financial system, Kyprou Asset management showed notable adaptability. The investments in the Company's infrastructure over recent years have enabled it to respond to international challenges with flexibility and to take advantage of the opportunities presented by the current situation.

As at 31 December 2010, funds under management of Kyprou Asset management recorded a 20% increase, totalling EUR 105 million.
The aim of the Company's investment strategy continues to be the achievement of higher returns than those of the benchmark indices, with the lowest possible investment risk.

6.3.7 Insurance Services

6.3.7.1 Kyprou Asfalistiki

The Group operates in the Greek general insurance market through Kyprou Asfalistiki which is a branch of General Insurance of Cyprus. In the nine years or so since it was established, Kyprou Asfalistiki has grown dynamically in terms of both insurance premium production and profitability.

Kyprou Asfalistiki offers all general insurance services with the exception of motor, legal protection, letters of credit and guaranties. Its main objective continues to be the provision of insurance services to the customers of Bank of Cyprus Greece through the creation of products offering comprehensive coverage and which can be tailored to meet specialised requirements of specific sectors of the market. The products offered by Kyprou Asfalistiki are marketed through the Bank of Cyprus branch network, while more specialised customer requirements are serviced directly by the highly-trained officers of Kyprou Asfalistiki.

The key policy of Kyprou Asfalistiki is to maintain the high level of professionalism and customer orientation of its staff in order to ensure that Group customers are provided with the best possible insurance service.

6.3.7.2 Kyprou Zois

Kyprou Zois which is a branch of EuroLife, operates in the Greek life insurance market. Kyprou Zois aims to offer life insurance products which:

- are relevant and related to the products and services offered by the Group to both individuals and businesses,
- are marketed through the Bank's established distribution channels using simple procedures which comprise an extension of those used for banking products, and
- are mass marketed to targeted groups of the Bank's customers.

Kyprou Zois offers life insurance policies for all types of the Bank's loan products that are addressed to individuals, both retail customers and professionals. The insurance products which accompany loans (mortgage, business, consumer and personal loans) and credit cards have displayed some of the highest market penetration rates, as a percentage of the number of loans granted, in the Greek banking market. Moreover, Kyprou Zois has developed standalone products for accident cover, supplementary pension planning and beneficiary products for children. These are marketed both through the Bank's branch network and directly to customers.

Kyprou Zois has expanded consistently over the years, making it one of the most profitable companies in the Greek insurance market.

6.4 Group Operations in Russia

The Group's expansion into the Russian retail banking sector was achieved in November 2008 through the acquisition of Uniastrum Bank which has a branch network in the Russian market with 211 branches.

In the beginning of 2009 the Group decided to operationally merge its two Russian banking units, Bank of Cyprus Russia and Uniastrum Bank. The aim of this merger is to generate synergies between the two units more quickly, while at the same time minimising costs and optimising systems and procedures.

Uniastrum Bank (Uniastrum) completed its second full year of operation as a member of the Bank of Cyprus Group sustaining good ratings and achieving increased profitability. Uniastrum is one of Russia's top 30 systemically important banks, as ranked by the Central Bank of the Russian Federation, in terms of reliability and the quality of its financial services.

The revival of the Russian economy in general and the banking sector in particular, in 2010 was exploited by the Bank whereby improving significantly its performance indicators in all core business lines mostly due to bigger retail-side demand, the launch of products new to the Russian banking market and prudent risk assessment practices.

At the same time, significant work has been done in providing Uniastrum with the support of the centralised divisions of the Group. This support covers many aspects of organisation and management of the Bank and is implemented mainly through the transfer of know-how from the Group. The main objective is to improve the overall effectiveness of the Bank's operations, taking into account the conditions and general environment in the Russian market.

Retail Banking

The pickup of the Russian economy in 2010 resulted in increased competition in the retail banking market. Uniastrum streamlined its retail activities by merging separate business lines (auto finance, personal loans and payment cards). In this way, the groundwork was laid for optimising procedures governing the design, launch, and marketing of retail products and services, including follow-up and monitoring operations.

Corporate Banking

Corporate Lending
In 2010, despite the economic recession, Uniastrum managed to continue lending to its business clients and to remain one of the county's most dynamic lenders in this particular sector.

Small Business Lending

Uniastrum's SME lending strategy focuses on the growth of the Bank's credit portfolio, the launching of new, unique products and the improvement of its sales processes. In 2010 Uniastrum's lending portfolio reached €213 million, while the number of SME clients grew by 64%.

Also, with the aim of supporting SMEs Uniastrum participated in partnership programs with the Moscow and other regional small enterprise assistance funds, which subsidise lending rates and issue guarantees in cases for SMEs.

Cash Management Services
Uniastrum offers a wide range of high quality and reliable cash management services to corporate clients.

Alternative Distribution Channels
With a view to optimising interaction with clients, Uniastrum uses cutting-edge technologies, which enable clients to manage their accounts by remote access using the Internet Banking system. As at December 2010 Uniastrum's ATM network totalled to 678 Automatic Teller Machines.

6.5 Group Operations in other countries

6.5.1 United Kingdom

The Group commenced operations in the United Kingdom (UK) in 1955 and currently operates through four branches.

In view of the difficult market conditions, during 2010 Bank of Cyprus UK continued to focus on risk management, conserving liquidity for good quality and adequately remunerated business. Due to efficiency gains achieved through further automation and enhanced online banking capability, Bank of Cyprus UK is well placed to capitalise on opportunities arising from an upturn in the economic cycle.

Bank of Cyprus UK aims to continue to offer quality relationship-based service to small enterprises based on relationship banking and self-fund its lending capability by offering competitive rates to its savers.

6.5.2 Australia

In 2000 the Group expanded its banking operations in Australia through a wholly owned subsidiary company. Bank of Cyprus Australia mainly targets the Hellenic community of Australia and seeks to enhance its position by providing an alternative choice against the large banks of Australia.

6. 5.3 Channel Islands

Bank of Cyprus Channel Islands offers innovative deposit and lending products to Group customers. It also provides Private Banking customers with investment and brokerage services.

6.5.4 Romania

Bank of Cyprus Romania commenced operations in July 2007, offering a wide range of financial products and services.

During 2010 Bank of Cyprus Romania continued its prudent expansion. One new branch was launched, thus enhancing the Bank's branch network which comprises 14 outlets at the end of 2010 (12 branches and 2 agencies). In all branches there is dedicated personnel which focuses on servicing SME customers, while corporate clients are serviced by a specialised team at the Head Office.
In spite of the fragile situation of the Romanian economy and the fierce competition, Bank of Cyprus Romania succeeded in enhancing its customer base, particularly in the retail sector. Despite the relatively low investment in marketing, the Bank has managed to enhance its brand awareness, capitalising on its flexibility and the provision of personalised services.

Bank of Cyprus Romania is in a position not only to meet challenges but also to seize opportunities. It is moving swiftly and decisively to reposition its business and to demonstrate profitability and risk discipline.

Within this context, the main objectives of the Bank's Action Plan for 2011 are:

- to maintain strong liquidity,
- to maintain or increase of profitability combined with renewed risk and balance sheet discipline,
- to efficiently manage costs, and
- to gather deposits.

6.5.6 Ukraine

During 2010 Bank of Cyprus Ukraine completed its restructuring plan and centralised its major operations. New, modern and dynamic branches were established in key regions of Ukraine and by the end of 2010 the Bank operated through 27 branches, with a presence in seven regions, Plans are in place to expand the network to other economically important regions, such as Dnipropetrovsk and Donetsk, in the first half of 2011.

The Bank has pursued business development opportunities in all banking segments (retail, SMEs, corporate), while at the same time developing both lending and deposit products. Furthermore, Bank of Cyprus Ukraine has significantly improved its position in the cards sector. Debit card products were completely redesigned and re-priced while the introduction of credit cards to selective customers was initiated.

In 2010, Bank of Cyprus Ukraine improved and strengthened its corporate structure while continuing to pursue its prudent lending strategy.

A major landmark in 2010 has been the signing of an agreement to purchase a building (currently under construction) of 7.800 sq.m. in the commercial centre of Kiev to house the new Head Office of the Bank.

6.5.7 Representative Offices

In 2010, the Representative Offices continued to perform well in their respective countries, contributing significantly to Group's profitability. Their dynamic presence covers South Africa, Canada, Russia, Ukraine, Serbia and Romania. The experienced and well trained personnel of the Bank's Representative Offices provide information on and access to the entire range of Group services.

In Russia, the Group operates four Representative Offices with great success, located in Moscow, St. Petersburg, Samara and Ekaterinburg. Furthermore, great emphasis is placed on customer service and exploiting synergies with Uniastrum Bank.

The Ukrainian Representative Office has been generating very satisfactory results. As with Russia, it plays a key part in making the most of synergies between the Group and Bank of Cyprus (Ukraine).

The Bucharest Liaison Office operates as a Division of the Bank and is responsible for exploiting synergies between the Group and the Bank in Romania.

The other two Representative Offices in South Africa and Canada continued to perform well this year as well. They primarily serve the Hellenic communities in these countries, thereby contributing to the maintenance of economic and other ties between Greek immigrants and Greece and Cyprus.

The Representative Office in Belgrade was granted an operating license by the Serbian authorities in December 2010. It will commence operation in 2011

In 2010, the Group decided to open a Representative Office in Bombay, India. Officers at the bank visited the country and made preliminary contact with the local authorities. An application is expected to be submitted in 2011.

6.6 Other Group Operations

6.6.1 Group Treasury

The Group Treasury division is responsible for the proactive management of the Group's assets and liabilities based on a strategy laid down by the Group Asset and Liability Committee (ALCO).

The Group Treasury participates in the money and bond markets and manages the Group's liquidity risk with the objective of increasing Group profitability through the effective management of liquid funds and liabilities. Liquid funds are placed mainly in interbank deposits and liquid bonds with high credit ratings. Funds are raised mainly through bond issuance programmes in Cyprus and abroad. Alternative sources of liquidity are the European Central Bank (ECB) via its Main Refinancing Operations and interbank financing. Within this context, Bank of Cyprus obtained ECB funding using bonds issued as part of its two securitisations completed in 2009 as security for raising funds from the ECB.

Using its online platform, Group Treasury provides liquidity to the corresponding treasury divisions of the Group abroad, thus effectively managing foreign exchange risk within the strict limits set by ALCO. Also, for customer service purposes, Group Treasury introduced BOC e-trader, a foreign exchange trading platform to accommodate the needs of individuals with experience of foreign exchange markets.

The Group Treasury provides both standardised and customised services to institutional investors seeking high yield investments and to companies and institutional investors seeking to manage their risks.

6.6.2 Wealth Management & Global Markets

2010 witnessed the development of Private Banking and Treasury Sales into a fully fledged Wealth Management and Global Markets Unit in line with international market practices. The new Unit now comprises three distinct Units: Private Banking, Institutional Wealth Management & Global Markets and Investment Strategy & Advisory Management.

The product and service offering of the unit is further complemented through its cooperation with Asset Management, Custody, Brokerage and Investment Banking as part of a truly holistic, open architecture, approach.

<u>Private Banking</u>

Private Banking aims to provide a complete range of investment and banking services to high net worth individuals through its offices in Cyprus, Greece, Russia and the Channel Islands.

Private Banking continued to benefit from a flight to quality throughout 2010. The unit comprises highly skilled professionals with several years of experience in the investment and banking sectors both in Cyprus and overseas.

Through new collaborations with internationally renowned fund management houses and the development of an open architecture platform, Private Banking is now able to offer its clients access to the best of breed products. Private Banking also offers a wide range of investment products such as competitive deposit schemes, innovative structured products, as well as brokerage services in equities and bonds in both domestic and foreign markets.

<u>Institutional Wealth Management & Global Markets</u>

The Institutional Wealth Management & Global Markets unit was established to service the needs of the institutional client base of the Group by providing specialised wealth and risk management services. The unit consists a dedicated team of professionals who possess broad banking and financial products knowledge and have the capability and expertise to develop innovative, tailor-made solutions. Institutional clients include asset management firms, financial institutions, insurance companies, and pension/provident funds.

<u>Investment Strategy & Advisory Management</u>

In 2010, the Bank continued in implementing its strategic goals by further developing its capabilities in the area of investment research. This move led to the substantial upgrading of the investment strategy of the Group, which now forms an essential tool for advising clients on market developments as well as the Bank's view on a multitude of asset classes. April 2010 marked the launch of a series of Model Portfolios which are structured and actively monitored by the Investment Strategy Team, with the aim of offering clients a high quality product according to their investment objectives and risk profile.

Future Strategic Plans

Expansion plans of the Unit for 2011 include the provision of services though the Group's new office in Dubai to better service the Group's client base in the region. Furthermore, the Unit targets include the development of existing relationships with clients, further enhancement of its product offering and expansion of its client base both in Cyprus, Greece and abroad, especially focusing on the Russian market.

6.6.3 Group Risk Management

One of the key strategic objectives of the Bank of Cyprus Group is the effective management of risk which ensures the smooth operations of the Group, prudent business development and alignment with the directives of the regulatory authorities.

The Group has established a specific framework for sound risk management, which consists of committees and departments that are ultimately overseen by the Group's Board of Directors. The development and implementation of this framework has been assigned to the General Manager Risk Management to whom the units of Credit, Market and Operational Risk refer.

It is worth noting that within 2010, the Group has successfully passed the European Stress Testing Exercise, with a comfortable surplus in the capital ratio. The results confirm the robust financial position and strong capital adequacy of the Group even under extreme scenarios.

Credit Risk Management

Credit risk is the risk arising from the probability of one or more borrowers fulfilling their obligations towards the Group. The Group pays particular attention to best possible management of the credit risk, which is the most significant risk that commercial banks face.

Specific credit approval committees operate within the Group, with various approval limits, depending on the sector of the economy being financed. The approval committees are set by the Top Management of the Group and their approval limits are frequently reviewed. The approval limits take into account not only the amount of the facility but also other parameters like the business activity of the customer, the customer's credit rating using internal rating/scoring systems etc.

The Group, using its long term experience, has developed and applies a prudent credit risk policy which is based on traditional lending criteria with particular emphasis on repayment ability. A consequence of this multi year process and gradual institutionalisation of the credit risk policy in the new countries in which the Group operates is the gradual development of a uniform lending culture.

The traditional lending criteria are combined with modern methods of evaluating the creditworthiness of customers. Specifically, during 2010 the implementation of a new enhanced credit rating system for businesses has been completed, whereas during 2011 the enhancement of the credit scoring system for retail customers will be completed. In addition, the Group has invested in the purchasing of new systems aiming to further improve data automation for management reporting, capital adequacy calculation and risk measurement.

Finally, in all countries in which the Group operates, there are departments for monitoring the facilities and ensuring the implementation of the credit risk policies by the approval committees. Moreover, these departments monitor the progress of the Group's portfolio ensuring the timely identification of potential problematic customers.

Market Risk Management

Group Market Risk Management is responsible for measuring and monitoring market risks, liquidity risk and credit risk with correspondent banks and countries, at Group level. The monitoring of these risks at Group level is carried out by Market Risk Officers in the various countries in which the Group operates.

The Group Asset and Liability Committee (ALCO) sets out the policy for the management of these risks and approves the acceptable level of risk and limits, which are ratified by the Risk Committee of the Board of Directors.

As a result of the crisis in financial markets, which continued during the whole 2010, Group Market Risk Management, continuously monitored the limits with other banks and the liquidity of the Group.

The Group does not operate any trading books.

Currency and Interest Rate Risk

In 2010 the bulk of the structural FX positions, arising from the net assets of the Group abroad, were covered.

During the whole of 2010, the rest foreign currency positions of the Group were kept at very low levels, compared to the limits allowed by regulatory authorities.

Liquidity risk

Group Market Risk Management monitors the bank's liquidity position and ensures adherence to the various limits set by the regulatory authorities and the Board of Directors.

At the Central Bank of Cyprus, we participated in the Quantitative Impact Study for the new Basel III rules. The results were very satisfactory since the BOC Group complies with both liquidity ratios set by Basel III.

The legislation for the issue of covered bonds was approved in December 2010. The BOC Group plans the issue of covered bonds in Cyprus in 20111, in order to further strengthen its liquidity position.

Credit risk with correspondent banks and countries

During 2010, we continued the conservative policy for setting limits with other banks. Limits are based on a detailed assessment of the financials and other data for each bank. The changes in credit ratings, financial and other developments are monitored daily, and limits are adjusted where necessary.

Operational Risk Management

In 2010 the Group's strategy for managing operational risk focused on the following issues:

- Installation and support of a uniform framework of Operational Risk Management in all countries where the Group operates.
- Improving the effectiveness of processes and operational risk management tools
- Targeted training of personnel for the recognition and management of operational risks
- Analyzing the risks related to information security

The operational risk management framework, as adopted by the Group, defines a structured and systematic approach to implementing a uniform process for managing operational risks in all the countries the Group operates. Operational Risk Management units (ORM) have been established and adequately staffed in all countries the Group is present. These units have also been supplied with appropriate tools (specialized computerized incident reporting system for operational risk events). Concurrently the Operational Risk Management Units have conducted Risk Control Self Assessment workshops and have been involved from the operational risk management point of view, in the design and/or changes of existing procedures.

Within the framework of effective operational risk management, it was decided to invest in the purchase of a new Operational Risk Management software program. This significant investment proves the commitment of the Group to this area, with a view to capture timely and accurate information in order to take corrective measures to mitigate these risks. Implementation of the system is expected to be completed within 2011 and it will facilitate online registration of risk assessments, operational risk events, and reporting of Key risk indicators, linking them all together in order to allow the overview, analysis and presentation of the operational risk profile at Group level. Risk assessment is conducted at business unit level and is subject to editing and scaling in relation to tolerance levels that determine the operational risk exposure that the Group is prepared to accept.

In view of the breadth of its scope, effective operational risk management requires the continuous training of personnel in risk management. Particular emphasis was placed on the markets where the Group has been activated most recently, with on-site support for staff training. In parallel particular emphasis was given to the strengthening of the culture related to the awareness for operational risk in all countries.

Regarding the security of information, Group Operational Risk Management Unit conducted a gap analysis between the existing safeguards applied by the Group and the requirements of the respective international standard. Based on the results of this study an action plan was established to improve and mitigate any weaknesses..

Legal Risk

Legal risk is defined as the risk of damages, outflows or losses that the Group may be called upon to pay to third parties resulting from acts and/or omissions of the Group or its employees that may be proved to constitute violations of its legal obligations in all the countries in which it operates.

Internal Legal Services in Cyprus is responsible for the management of the Group’s legal risk, working in close cooperation with the companies and branches of the Group, and the legal departments and relevant business units of the countries in which the Group operates. Particular emphasis is given to contracts entered into by the Group so as to ensure compliance with the legal, regulatory and supervisory framework and at the same time to provide the counterparty (customer, associate, employee, etc) with all the necessary information regarding its commitments towards the Group.

The senior management of the Group places great importance on the proper measurement and monitoring of the risks associated with litigation and other legal issues.

Group Compliance Unit

Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation the Group may suffer as a result of a failure to comply with laws, regulations and codes of conduct.

The Bank of Cyprus Group implements a zero tolerance policy in relation to compliance. The Group Compliance Unit has as its primary goal the further enhancement of policies and procedures that relate to the effective management of compliance risks.

During 2010 the Group Compliance Unit’s activities focused on the following:

- Further enhancement of systems and procedures in relation to prevention of Money Laundering.
- Constant training of personnel on key compliance matters.
- Assessment of adherence to Group Compliance Governance Policy in each country in which the Group operates.
- Assessment of level of compliance in certain areas and formulating proposals accordingly for amendments of internal procedures.

- Constant monitoring of new regulatory developments in the European Union as well as in other countries in which the Group operates.
- Promotion and implementation of revised compliance policies in critical areas such as Conflict of Interest, Complaints handling etc.

The adverse financial environment, the increased regulatory obligations, the new regulatory developments and the strategic objectives of the Group highlight the need for strengthening the compliance function and enhance the necessary culture. In this context, the key priorities of Group Compliance Unit for 2011 are as follows:

- Upgrading infrastructure including implementing an effective automated system for compliance.
- Further enhancement of procedures for the identification, assessment and management of compliance risks.
- constant monitoring and implementation of new regulatory developments that affect the group.
- upgrading internal reporting procedures on compliance issues, especially for reporting to Top Management.
- the revision of the group governance policy and implementation of this across the Group so as to achieve homogeneity in relation to the organization of the compliance function.
- effective use of the role of the local compliance officer.

The activities planned are expected to further enhance the professionalism and integrity of the Group that constitute the main defence against any compliance challenges and risks that may arise in the continuously changing financial environment.

7.0 PERSONNEL

As at 31 December 2010 the Group employed 12.009 persons at an international level. Based on the Group's medium and long term policy, the Group recruits competent and qualified young personnel who posses the necessary academic qualifications or work experience mainly within the finance and economic sectors. New recruitments fill positions of strategic importance and undertake a quick-paced and dynamic training program after which they are placed in positions in branches or divisions mainly in the field of business development and financing.

Given the importance placed in the on-going education and training of the personnel, the personnel participate in a number of seminars aimed towards the development of their technical knowledge and capabilities. The improvement of their work quality, the growth of their knowledge and capabilities as well as their identification with the philosophy and the objectives of Bank, are of major importance in the planning and development of the educational programs. The education of personnel is contacted through internal educational programs as well as through the participation in external educational programs.

The geographical distribution of personnel as at the following dates was as follows:

	31 December 2010	**31 December 2009**	**31 December 2008**
Cyprus	3.556	3.568	3.608
Greece	3.148	3.148	3.183
Russia	4.343	4.497	4.354
United Kingdom	165	171	188
Other Countries	797	743	794
Total	**12.009**	**12.127**	**12.127**

8.0 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

8.1 Board of Directors

The Bank's Board of Directors comprises of 17 members:

Theodoros Aristodemou *Non Executive, Chairman*	He was born in 1951. He is a graduate of the Economics Science department of the University of Athens. He is the founder and Chairman of Aristo Developers Ltd Group of companies with activities in Cyprus and overseas. He is member of the Board of Directors of several companies. He served as Chairman of the Paphos Chamber of Commerce and Industry, Vice-Chairman of the Cyprus Chamber of Commerce and Industry, Chairman of other organisations, a member of the Tourism Advisory Committee, a member of the Board of Directors of the Cyprus Telecommunications Authority, Cyprus Airways and the Cyprus International Institute for the Environment and Public Health in association with the Harvard School of Public Health. He is a member of the Board of Directors of Bank of Cyprus since 1991 and he served as Chairman of the Divisional Board of Bank of Cyprus Greece from 2005 to 2008. In May 2008 he was elected Chairman of the Board of Directors of Bank of Cyprus.
Andreas Artemis *Non Executive, Vice Chairman, Independent*	He was born in 1954. He studied Civil Engineering at the Queen Mary and Imperial Colleges of London University and holds a B.Sc. (Engineering) and an M.Sc. degree. He is Chairman of the Board of Directors of the Commercial General Insurance Group and member of the Board of Directors of a number of other companies. He is also a member of the Board of Directors of the Cyprus Employers and Industrialists Federation and of the Council of the Cyprus Red Cross Society. He has served for a number of years on the Board of Directors of the Cyprus Telecommunications Authority and since 1996 he is the Honorary Consul General of South Africa in Cyprus. He is a member of the Board of Directors of Bank of Cyprus since March 2000 and Vice-Chairman since May 2005.
George M. Georgiades *Non Executive, Senior Independent Director*	He was born in 1946. He is a businessman and a business consultant for the hotels and tourism sector. He is a graduate of the Lausanne University in Switzerland and holds a degree in Economics and Business Administration. He also studied hotel management at the Centre International de Glion in Switzerland and attended a post-graduate hotel management course at Cornell University in the USA. He is a member of the Board of Directors of Bank of Cyprus since 2002. He is Chairman of the Board of Directors of General Insurance of Cyprus, Vice-Chairman of the Cyprus Association of Directors and a member of the Board of Directors of various public and other companies in Cyprus. He is also a member of the Board of the Limassol Chamber of Commerce and Industry. He is Honorary Chairman of the Cyprus Hotel Managers Association. He was Chairman of the Board of the Cyprus International Institute for the Environment and Public Health in association with the Harvard School of Public Health (2005-2008), Chairman of the Board of Governors of the Electricity Authority of Cyprus (1999-2005) and Chairman of the Board of Governors of the Cyprus Broadcasting Corporation (1994-1996).
Anna Diogenous *Non Executive*	She was born in 1947. She holds a B.Sc. (Econ.) degree from the London School of Economics. She has completed the Executive Leadership Program of the CIIM. She is Executive Chairwoman of P.M. Tseriotis Ltd, the holding company of the Tseriotis Group. She is a member of the Board of Directors of Bank of Cyprus since 2002. She is also a member of the Board of Directors of various other companies. She has served as a Board member of the Junior School in Nicosia.

Andreas Eliades *Executive Director*	He was born in 1955. He holds a degree in Economics from the Athens School of Economics and Commercial Sciences and an M.Sc. in Economics with distinction from the London School of Economics. He joined Bank of Cyprus in 1980. In 1991, upon the establishment of Bank of Cyprus Greece, he was appointed Country Manager. In 1998 he became Group General Manager of Bank of Cyprus Greece, having responsibility of the Group's growth in Greece. In 2005, he was appointed Group Chief Executive Officer and in 2006 he was also appointed as a member of the Bank of Cyprus Group Board of Directors.
Andreas J. Jacovides *Non-Executive, Independent*	He was born in Nicosia in 1936. He studied Law at the University of Cambridge (M.A., LL.B, LL.M with Double First Class Honours), the Inns of Court (Barrister-at-Law) and the Harvard Law School (Henry Fellow). He served for 14 years as Ambassador of Cyprus to the USA (including the World Bank and the International Monetary Fund / Signatory of the MIGA Convention), to Germany and the United Nations, and was accredited to a number of other countries (Canada, Brazil, Ecuador, Austria, Denmark) and organiszations (IAEA, UNIDO, ICAO, OAS, etc), as well as Permanent Secretary of the Ministry of Foreign Affairs. He also served for 15 years as elected member of the UN International Law Commission, Commissioner of the UN Compensation Commission and Arbitrator/Senior Judge of the Claims Resolution Tribunal for Dormant Swiss Accounts, as a member of the Committee for the Protection of Minorities of the Council of Europe and of various bodies of the Commonwealth. He is currently an international lawyer and consultant, Patron and member of the Executive Committee of the American Society of International Law and an Arbitrator with the ICSID of the World Bank and other international bodies (Law of the Sea, OSCE). He is a member of the Board of Directors of Bank of Cyprus since 2003. He is a member of the Board of Directors of other Cypriot and foreign organisations (including the A.G. Leventis Foundation and the Institute for the Study of Diplomacy, Georgetown University). He has written many studies on scientific subjects and he is an honorary citizen of many American cities and honorary doctor of American Universities. He has been decorated by the governments of Greece and Austria and he is an Honorary Fellow of St. John's College, Cambridge.
Yiannis Kypri *Executive Director*	He was born in 1951. He studied Economics at the London School of Economics on a scholarship and obtained his degree with distinction in 1974. In 1978, he returned to Cyprus holding the professional qualification of Chartered Accountant and worked for two years at the international audit firm Ernst & Young. In 1980, he joined the Bank of Cyprus Group and in 1982, he was appointed Chief Accountant of the Bank. From 1993 until 2004 he held the position of Group General Manager Finance. On 1st January 2005 he was appointed Group Chief General Manager. In 2006 he was appointed as a member of the Board of Directors of the Bank of Cyprus Group and in 2010 as Deputy Group Chief Executive Officer. He was a founding member and served as Chairman of the Cyprus Public Companies Association for six years. He is the Chairman of the Bank of Cyprus Cultural Foundation and a Trustee of the Bank of Cyprus Oncology Centre.
Stavros J. Constantinides *Non-Executive, Independent*	He was born in 1956. He studied Business Administration and Management in London. From 1984 until 2009 he served as Chairman and Managing Director of Alpha Copy S.A. in Greece and for a number of years he served as Chairman and Managing Director of subsidiary companies of Alpha Copy S.A. in Balkan countries. Mr. Stavros J. Constantinides has received numerous European and other awards. On 10 June 2010 he was appointed as a member of the Board of Directors of Bank of Cyprus.

Manthos Mavrommatis *Non-Executive, Independent*	He was born in Nicosia in 1957. He holds a B.Sc. (Econ.) degree from the London School of Economics and an MBA from the Business School of the University of Chicago. He is the General Manager of the family business and a member of the Board of other private companies. He served as Chairman of the Cyprus Youth Organisation and as a member of the Board of the Cyprus State Fairs Authority. He served as Chairman of the Board of the Nicosia Chamber of Commerce and Industry. He was elected Chairman of the Cyprus Chamber of Commerce and Industry in 2005. After the accession of Cyprus to the European Union he represented the Cyprus Chamber of Commerce and Industry for two years in the European Economic and Social Committee (EESC) in Brussels, which is the institutional body at European level for social partners. He is member of the Executive Committee of Eurochambers and of the Balkan Chambers. He is a member of the Board of Directors of Bank of Cyprus since 2005. He is a member of the Board of the Research Promotion Foundation, of the Cyprus International Institute of Management and of the Board of Trustees of the Research and Educational Institute of Cyprus. He is the Honorary-Consul of Mexico in Cyprus.
Christos Mouskis *Non-Executive*	He was born in Limassol in 1964. He studied Business Administration and Marketing in the USA. He is Executive Chairman of Muskita Holdings, a diversified group of companies employing more than one thousand people in Cyprus and overseas. The group's activities consist of aluminium manufacturing, with factories in Cyprus and the UK, and the hospitality industry with two hotels in Cyprus and one in Athens, Greece. The activities of the group also extend to real estate projects, mainly construction and leasing of office buildings, retail outlets and residential units. He is a member of the Board of Directors of Bank of Cyprus since 2003. He is also an active member of professional associations and director of other public and private companies.
Evdokimos Xenophontos *Non-Executive, Independent*	He was born in 1938. He studied in London on a scholarship from the Republic of Cyprus and obtained the professional qualification of Chartered Accountant in 1962. During the period 1963-1967, he worked as an Audit Manager for the international audit firm Ernst & Young in Cyprus. In 1967 he was appointed Chief Accountant of Bank of Cyprus and in 1974 he became General Manager of Bank of Cyprus (Holdings), which, until August 1999, was the holding company of the Group. In 1993 he assumed the role of Group Chief General Manager, a position that he held until the end of 2004 when he retired from executive duties. He is a member of the Board of Directors of Bank of Cyprus since 1998. He is Chairman of JCC Payment Systems and of the Cyprus Board of the UK Institute of Directors. He served as Chairman of the Institute of Certified Public Accountants of Cyprus and the Cyprus Anticancer Society and as a Board member of the Cyprus Institute of Genetics and Neurology and the Cyprus Electricity Authority for a number of years.
Yiannis Pechlivanidis *Executive Director*	He was born in Athens in 1953. He holds a BA in economics from Wesleyan University and an MSc in Economics from the London School of Economics. He has served in executive positions at a number of financial institutions (General Manager of Xiosbank 1997-1999, Deputy Managing Director of Piraeus Bank during 1999, Managing Director of Millenium Bank 1999-2002, First Vice-President of Bank Post (subsidiary of Eurobank EFG in Romania) 2003-2004, Vice-Chairman and Deputy CEO of National Bank of Greece 2004-2009). On 15 April 2010 he was appointed as a member of the Bank of Cyprus Group Board of Directors and from 1 May 2010 he holds the position of First Deputy Chief Executive Officer with primary responsibility for the Group's operations in Greece and the Balkans.

Vassilis G. Rologis *Non-Executive*	He was born in 1942. He studied Law and Business Administration, with specialisation in Marketing, in the United Kingdom. He has worked in the United Kingdom and in Greece. He was Vice-Chairman of the Cyprus Chamber of Commerce and Industry (1990-1996) and Chairman from 1996 until 2005. From 1980 to 1994 he was a member of the Board of Directors and from 1994 to 2005 he was Chairman of General Insurance of Cyprus. He served as Chairman of Cyprus Airways and Eurocypria Airlines (1993-1997). During 2001-2002, he served as Chairman of the Association of Balkan Chambers. He is a member of the Board of Directors of the Eurochambers, based in Brussels. He is a member of the Finance Advisory Committee, the Commerce and Industry Advisory Committee and the Cyprus delegation at the International Labour Organisation. He is a member of the Board of Directors of Bank of Cyprus since 1988. In 2004, he was elected Vice-Chairman and in 2005 he was elected Chairman of the Board of Directors of the Bank. In 2006 he resigned from the Chairmanship. He remains a member of the Board of Directors of Bank of Cyprus and he is a member of the Remuneration and Nomination Board Committees. He is also the Chairman of the UK Divisional Board and of Bank of Cyprus Channel Islands. In 2007 he was elected Chairman of the International Chamber of Commerce Cyprus and in December 2008 he was elected Honorary Chairman by the Annual General Meeting of the Cyprus Chamber of Commerce and Industry. As honorary and past Chairman, he is also a member of the Executive Committee of the Cyprus Chamber of Commerce and Industry.
Costas Z. Severis *Non-Executive*	He was born in 1949. He studied Economics (MA Honours) at the University of Cambridge. He is Honorary Consul of Finland in Cyprus since 1989. His main business activities are paper import and insurance. He is a member of the Board of Directors of Bank of Cyprus since 1991. He is also a member of the Board of Directors of the Cyprus Employers and Industrialists Federation and of other public companies.
Nikolas P. Tsakos *Non-Executive*	He was born in 1963 in Athens. He is a member of the well known family of ship-owners from Kardamilon, Chios. From 1981 to 1987, he was employed at Tsakos Shipping and Trading Ltd in the USA, with a focus on the energy sector. He studied Economics and Political Science at Columbia University New York and completed his studies at City University of London obtaining a Masters Degree in Shipping and Financial Services. He completed his military service in the Hellenic Navy and served for 25 months on various types of vessels. He is the Founder, President and CEO of Tsakos Energy Navigation (TEN) Limited, one of the first listed Greek shipping companies on the Oslo and New York exchanges. He has received various awards most recently 'Lloyd's List award for the Best Tanker Operator in 2006' as well as the 'EUROPE's 500 award in 2005', 'Lloyd's List award to HELMEPA for achievement for clean and safe seas in 2004' and 'Best Maritime Manager of the New Generation' award by the magazine 'Business Administration Bulletin' at the Academy of Athens. He is an active member of the Hellenic Marine Environment Protection Association (HELMEPA), the Union of Greek Ship-owners, the Greek Shipping Co-operation Committee of London (GSCC), the Greek Committee of Det Norske Veritas, the American Bureau of Shipping, the Bureau Veritas, the UK P&I Club and he is a member of the Executive Committee of the Independent Tanker Owners Organisation (INTERTANKO). He is a member of the Board of Directors of Bank of Cyprus since 2008.
Costas Hadjipapas *Non-Executive*	He was born in 1958. He holds a degree (BSc) in Business Administration and Economics from the Graduate School of Industrial Studies of Thessaloniki. In 1981, he joined the Bank of Cyprus Group. He has worked in various departments and has comprehensive knowledge of banking operations. He has held a number of positions and is currently the Regional Manager in Paphos. He is a member of the Board of Directors of Bank of Cyprus since 2007.

Christakis G. Christofides *Non-Executive, Independent*	He was born in 1948. He holds a B.Sc. Hons degree in Chemical Engineering from Birmingham University and an MBA from City University. He is a Chartered Engineer and a member of the Institution of Chemical Engineers of the United Kingdom. He is a member of the Board of Directors of Bank of Cyprus since 1994. He is Honorary Consul General of Austria in Cyprus. He is a businessman, supplying raw materials to industries in Cyprus and Greece.

The business address of all Board of Directors is the Bank's registered office 51 Stasinos Street, Ayia Paraskevi, Strovolos, 2002 , Nicosia, Cyprus.

Changes in the Board

At the meeting of the Board of Directors of the Bank held on 15 April 2010, the Board approved the appointment of Mr. Yiannis Pechlivanidis as First Deputy Group CEO with primary responsibility the Group's operations in Greece and the Balkans. At the same time, Mr. Pechlivanidis was appointed as a member of the Board of Directors of the Bank.

At its meeting held on 10 June 2010, the Board Directors of the Company Ltd has approved the following:

1. The appointment of Mr. Stavros J. Constantinides as an independent non executive member of the Board of Directors, with immediate effect.

2. To change the composition of the Committees of the Board of Directors, which is presented in Part C Chap. 8.1.1 of this Prospectus.

3. The appointment of Mr. George M. Georgiades as Senior Independent Director in place of Mrs Anna Diogenous who is no longer considered an independent Director.

8.1.1 Board Committees

Specific responsibilities have been delegated to Committees of the Board. The Terms of Reference of the Committees are based on the relevant provisions of the Corporate Governance Code and the relevant Directive of the Central Bank of Cyprus.

Audit Committee

As at the date of this Prospectus the majority of the members of the Audit Committee were independent Directors:

- George M. Georgiades, Chairman (independent)
- Andreas J. Jacovides (independent)
- Costas Z. Severis,
- Evdokimos Xenophontos (independent)
- Stavros J. Constantinides (independent)

The Audit Committee reviews and assesses, inter-alia, the Group's financial statements and the adequacy and effectiveness of the system of internal controls based on the reports prepared by the Group Internal Audit division.

The Audit Committee confirms that it is satisfied with the independence of the Group Internal Audit division, which reports directly to the Board of Directors through the Audit Committee. The Group Internal Audit division is organisationally independent of units with executive functions and is not subordinated to any other unit of the Bank.

The Audit Committee also recommends the appointment or retirement and the remuneration of the Group's independent auditors. The objectivity and independence of the independent auditors is safeguarded through monitoring of their relationship with the Group by the Audit Committee, including the monitoring of the balance between audit and auxiliary non-audit services.

Remuneration Committee

As at the date of this Prospectus the majority of the members of the Remuneration Committee were independent Directors:

- Manthos Mavrommatis, Chairman (independent)
- Vassilis G. Rologis
- Christos Mouskis
- Andreas J. Jacovides (independent)
- Stavros J. Constantinides (independent)

The Committee considers and makes recommendations to the Board on matters relating to the remuneration of executive and non-executive Directors and Senior Executive Management, as well as the overall Group remuneration policy. In addition, in accordance with Appendix 1 of the Code, the Committee prepares the annual Board of Directors' Remuneration Report which is ratified by the Board of Directors and submitted to the Shareholders' Annual General Meeting for approval.

Nominations and Corporate Governance Committee

As at the date of this Prospectus the members of the Nominations and Corporate Governance Committee were:

- Anna Diogenous, Chairperson
- Andreas Artemis (independent)
- Vassilis G. Rologis
- Christakis G. Christofides (independent)
- Manthos Mavrommatis (independent)

The Committee makes recommendations to the Board for the appointment of new Directors in order to fill vacant positions on the Board as well as for the re-election of retiring Board members, taking into consideration the relevant factors and criteria. The Committee also assesses the structure, size, composition and performance of the Board of Directors on an annual basis and submits any recommendations to the Board. The Committee is responsible for the formulation of the succession plans of the Board. Additionally, the Committee has general responsibility for the application of corporate governance principles by the Group.

Risk Committee

As at the date of this Prospectus the members of the Risk Committee were:

- Costas Z. Severis, Chairman
- George M. Georgiades, (independent)
- Andreas Artemis (independent)
- Andreas Eliades, Group Chief Executive Officer
- Costas Hadjipapas
- Nikolas P. Tsakos

The Committee examines, inter-alia, the Group's risk policy and systems and assesses annually the adequacy and effectiveness of the risk management policy and makes recommendations to the Board of Directors regarding these matters. The Pillar 3 Disclosures Report for 2009 was submitted by the Committee to the Board of Directors for approval and has been posted on the Bank's website. The Risk Committee ensures that there is a spherical perception and management of risks.

Regional Boards for International Operations

The Bank of Cyprus Board of Directors has set up Regional Boards which are responsible for the monitoring of the international operations in each market and which report to the Board of Directors. Specifically, the Group has set up Regional Boards for the monitoring of its operations in Romania, Russia, Ukraine and the United Kingdom. The aim is for the Regional Boards to assist the Bank of Cyprus Board of Directors to carry out its duties more effectively.

<u>Regional Board United Kingdom</u>
Vassilis G. Rologis (Chairman), Costas Z. Severis (Vice-Chairman), Andreas Artemis, John D. Buddle, Christakis G. Christofides, Demetris P. Ioannou, Andreas J. Jacovides, Iacovos Koumi, Spyros Neophytou, Philip H. Nunnerley, Vassos Shiarly.

<u>Regional Board Ukraine</u>
Christos Mouskis (Chairman), Manthos Mavrommatis (Vice-Chairman), Andreas Artemis, George M. Georgiades, Anna Diogenous, Andreas Eliades, Costas Hadjipapas, Yiannis Pechlivanidis, Nikolas Karydas, Yiannis Kypri, Evdokimos Xenophontos, Christis Hadjimitsis.

<u>Regional Board Romania</u>
Christos Mouskis (Chairman), Anna Diogenous (Vice-Chairperson), Athanasios Andreadakis, Andreas Artemis, George M. Georgiades, Andreas Eliades, Nikolas Karydas, Yiannis Kypri, Manthos Mavrommatis, Yiannis Pehlivanides, Vassos Shiarly, Evdokimos Xenophontos, Costas Hadjipapas, Christis Hadjimitsis.

<u>Regional Board Russia</u>
Andreas Artemis (Chairman), George M. Georgiades (Vice-Chairman), Andreas Eliades, Andreas J. Jacovides, Nikolas Karydas, Yiannis Kypri, Christis Hadjimitsis, Stavros Constantinides, Manthos Mavrommatis, Christos Mouskis, Yiannis Pehlivanides, Vassilis G. Rologis, Vassos Shiarly, Nikolas P. Tsakos, Christis Hadjimitsis.

8.2 Group's Senior Executive Management

The Group's Senior Executive Management comprises of 6 members:

Andreas Eliades	**Group Chief Executive Officer** see "Board of Directors".
Yiannis Pechlivanidis	**First Deputy Group Chief Executive Officer** see "Board of Directors"
Yiannis Kypri	**Deputy Group Chief Executive Officer** see "Board of Directors"

Vassos Shiarly	**Group Chief General Manager** He was born in 1948. In 1966 he graduated from high school in London. He studied accounting and worked for 19 years in various accounting firms in London. His last employment before his return to Cyprus in 1985 was with Coopers & Lybrand, where he held the position of Senior Manager. In 1985, he joined the Bank of Cyprus Group, and later took over the position of Senior Manager of the Customer Management Services Unit until 1998. During the period 1998-2007 he held the position of Group General Manager Branch Banking and from 2008-2009 held the position of Group General Manager Domestic Banking. He then held the position of Senior Group General Manager and since May 2010 he holds the position of Group Chief General Manager. He was elected Chairman of the Board of Directors of the Association of Cyprus Banks for the period 2009-2010. In December 2010 he was elected Chairman of the Board of Directors of the Cyprus Anti-Cancer Society.
Christis Hadjimitsis	**Senior Group General Manager** He was born in 1957. In 1976 he graduated from the English School in Nicosia. He studied economics at the London School of Economics and obtained his degree with distinction. He worked for the accounting firm Peat Marwick, Mitchell & Co London and in 1985 he returned to Cyprus having obtained the title of Chartered Accountant, with a specialisation in banking and financial services. From 1985 until 1988 he worked for Peat Marwick, Mitchell & Co in Cyprus. In 1988 he was recruited by the Bank of Cyprus Group and in 1992 he was appointed Financial Controller of the Bank. From 1995 until 2004 he held the position of Group Financial Controller. In 2005 he was appointed Group General Manager Finance with responsibility, among others, for the Group Finance and Group Strategic Planning Divisions. On 7 February 2008 he became Group General Manager Finance and Strategy and his duties were extended with the additional responsibility for the Mergers and Acquisitions Unit. In May 2010 he was appointed Senior Group General Manager. He also served for a number of years as a member of the Board of Directors of the Cyprus Public Companies Association and of the Advisory Committee of the Cyprus Stock Exchange for the FTSE/CySE20.
Nicolas Karydas	**Senior Group General Manager** He was born in 1955. He has a degree in Business Administration from the Athens Graduate School of Economics and Business Science and an M.Soc.Sc. in Accounting from the University of Birmingham. From 1980 to 1982 he worked at the Central Bank of Cyprus. During the period 1982 to 1986 he worked for Deloitte Haskins & Sells in London and in 1985 he obtained the professional qualification of Chartered Accountant. From 1986 until 2004 he worked at the Central Bank of Cyprus where he held various positions including Manager of the Domestic Bank Supervision Department and Internal Auditor of the Central Bank. He joined the Bank of Cyprus Group in November 2004 and took up the position of Group General Manager Risk Management. In September 2009 he was appointed Group General Manager Risk Management & Markets and in May 2010 he was appointed Senior Group General Manager.

8.3 Corporate Governance Code

The Group recognises the importance of implementing sound corporate governance policies, practices and procedures. In February 2011 the Cyprus Stock Exchange (CSE) issued the 3rd Revised Edition of the Corporate Governance Code. As a company listed on the CSE, Bank of Cyprus has adopted the Code and applies its principles.

The Group complies with the provisions of the 3rd Revised Edition of the Corporate Governance Code except for provision A.2.3. Provision A.2.3. requires that at least 50% of the Board of Directors, excluding the Chairman, be independent non-executive Directors. If the 50% rule is not met, then at least one third of the Directors must be independent and a relevant application must be submitted to the Council of the CSE to grant a reasonable time period for compliance. As at 31 December 2010, seven Directors were considered independent, representing 44% of the Board of Directors excluding the Chairman. It should be noted that the Group satisfies the minimum proportion for independent Directors of one third and the Council of the CSE has granted a reasonable time period for compliance, specifically by 31 December 2011.

The new edition of the Code includes new provisions which are effective from 2011 and will be reflected in the Annual Corporate Governance Report of the Bank for the year 2011. The Board of Directors will proceed with all necessary actions to ensure compliance with the new requirements.

As a company listed on the Athens Exchange, Bank of Cyprus Public Company Ltd follows the provisions for the corporate governance of listed companies, as laid out in law L3016/2002 of the Hellenic Republic.

8.4 Statements of the Members of the Board of Directors and Senior Management

The members of the Board of Directors and Senior Management of the Company made the following statements:

(i) There is no family relationship or relationship by marriage of up to second degree, with any members of the administrative, management or supervisory bodies or senior management of the Company.

(ii) They have not been convicted in relation to fraudulent offences for the previous five years.

(iii) They have not been associated with any bankruptcies, receiverships or liquidations for the previous five years.

(iv) No official public incrimination and/or sanctions have been made against them by statutory or regulatory authorities (including designated professional bodies) and they have never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company or from acting in the management or conduct of the affairs of the Company, for the previous five years.

(v) There are no conflicts of interests between their duties as members of the administrative, management or supervisory bodies of the Company and their private or other interests. The service contracts of Board members and the Group's Senior Executive Management comprise of the service contracts of Messrs Andreas Eliades, Yiannis Pechlivanides and Yiannis Kypri. The service contracts of the Group's Senior Executive Management have five-year duration and on expiry are submitted to the Nominations Committee and subsequently to the Board of Directors for renewal. The service contracts include a clause for compensation in the event of an unjustified early termination. The compensation payable is two annual salaries. At the expiry of the aforementioned contracts and in the event that those are not renewed, they provide for payment of retirement benefits based on the Group's Retirement Benefit Plan.

(vi) There has been no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of them was selected as a member of the administrative, management or supervisory bodies or member of senior management.

(vii) With the exception of any restrictions deriving from the current legislation, they do not have any contractual restriction on the disposal within a certain period of time of their holdings in the Company's securities, except the shares that have been granted to them in 2009 as part of the bonus in shares as described in Part D, Paragraph 2.2, and any future bonus in shares that will be granted to them, which the Directors are not allowed to sell for a period of 3 years from the day the shares are granted to them.

8.5 Participation of Directors and Executive Management Team in the Board of other Companies

8.5.1 Participation of the members of the Board of Directors in the boards of directors of other companies

The following table presents the participation of the members of the Board of Directors in the boards of directors of other companies in the last five years (excluding Group's subsidiaries).

THEODOROS ARISTODEMOU

Company Name	Type of Company	Position in the Board	Notes
A&S PUBLICATION LTD	Private	CEO	
AGROFIELD LTD	Private	CEO	
AMITY DESIGNERS LTD	Private	CEO	
ARISTO DEVELOPERS LTD	Private	Chairman	
ARISTO DEVELOPERS LTD A.E.	Private	Member	
ARISTO KTHMATIKH LTD	Private	CEO	
ARSINOE INVESTMENTS LTD	Private	CEO	
ARTHA ESTATES LTD	Private	CEO	
ASTICOM ENTERPRISES LTD	Private	CEO	
ATLAS INVEST & DEVELOPERS SRL	Private	Member	
BETTER DAYS ENTERPRISES LTD	Private	CEO	
CARIN GLOBAL MANAGEMENT SERVICES LTD	Private	CEO	
CHRIS LIVERAS INVESTMENTS LTD	Private	CEO	
DCI HOLDINGS ONE (BVI)	Private	Member	
DCI HOLDINGS TWO (BVI)	Private	Member	
DIAS INVEST SRL	Private	Member	
DOLPHIN CAPITAL ATLANTIS (CYPRUS) LTD	Private	Member	
DOLPHIN CAPITAL INVESTORS LTD	Private	Member	
ECOFUND SRL (MOLDAVIA)	Private	CEO	
ELEA BULGARIA EOOD	Private	CEO	
EURODEVELOPMENT SRL	Private	CEO	
EUROSTAR INVEST & DEVELOPERS SRL	Private	Member	
FUTURE DEVELOPMENT GROUP SRL	Private	CEO	
G.A. GABRIELIDES LTD	Private	Member	
GABS HOLDING LTD	Private	Member	
I.V. EDUCATIONAL MANAGEMENT SERVICES LTD	Private	CEO	
ICS CIDEF SRL	Private	CEO	
KADMOS OOD	Private	Member	
KENTORIA ESTATES LTD	Private	Member	
KORADJISSA INVEST. LTD	Private	Member	
LANDMARK INVEST & DEVELOPERS SRL	Private	Member	

MAGIOKO LTD	Private	Member	
MARMARIS PROPERTIES LTD	Private	Member	
MESSIEURS CHIRS LIVERAS RESTAURANT	Private	CEO	
PALEPAPHOS DEVELOPMENT LTD	Private	Member	
PAPHONI LTD	Private	Member	
RANDI GOLFERS LTD	Private	Member	
REAL YELLOW LTD (BVI)	Private	CEO	
RELIANCE INVESTMENTS SRL	Private	Member	
SILVER CAPITAL HOLDINGS LTD	Private	CEO	
SKYLARK INSURANCE LTD	Private	CEO	
SKYROM DEVELOPERS LTD	Private	Member	
SKYROM HOLDINGS LTD	Private	Member	
SKYROM INVESTMENTS LTD	Private	Member	
SKYROM REAL PROPERTIES LTD	Private	Member	
TITANIA CINEMAS ENTERPRISES LTD	Private	Member	
VALUE ADDED HOLDINGS LTD (BVI)	Private	CEO	
VENUS ROCK DEVELOPMENT LTD	Private	Member	
VENUS ROCK ESTATES LTD	Private	Member	
VERESAT GROUP SRL (MOLDAVIA)	Private	CEO	
Y&M MICHAELIDES	Private	CEO	
C.A.C. PAPANTONIOU	Public	Member	Has been a Member in the last 5 year period

ANDREAS ARTEMIS

Company Name	Type of Company	Position in the Board	Notes
COMMERCIAL GENERAL INSURANCE LIMITED	Private	Chairman	
J.C. CHRISTOPHIDES (HOLDINGS) LIMITED	Private	Member	
AKINITA CHARALAMBOUS AND AVRAS ARTEMI LTD	Private	Member	
CITY FINANCE COMPANY LIMITED	Private	Member	
MEDRISK MANAGEMENT SERVICES LIMITED	Private	Member	
N.J. DIMITRIOU (INSURANCES) LIMITED	Private	Member	
AIXMH AE	Private	Chairman	
MIDAS AE	Private	Chairman	
IKTINOS AE	Private	Chairman	

GEORGE M. GEORGIADES

Company Name	Type of Company	Position in the Board	Notes
LOUIS PUBLIC LTD	Public	Member	
LOUIS HOTELS LTD	Public	Member	
CYPRUS LIMNI RESORTS & GOLF COURSES PLC	Public	Member	
CHR. GEORGIADES LTD	Private	CEO	
GEORGE M GEORGIADES & ASSOCIATES	Private	CEO	
MANOTEL LTD	Private	CEO	
CYPRUS ASSOCIATION OF DIRECTORS	Association	Vice chairman	
KEVE	Institute	Member	
EVEL	Institute	Member	
OPTIONS CASSOULIDES PUBLIC LTD	Public	Member	Has been a Member in the last 5 year period
CYPRUS INTERNATIONAL INSTITUTE FOR THE ENVONMENT PUBLIC HEALTH – HARVARD SCHOOL OF PUBLIC HEALTH	Institute	Chairman	Has been a Member in the last 5 year period

ANNA DIOGENOUS

Company Name	Type of Company	Position in the Board	Notes
P. M. TSERIOTIS LTD	Private	Chairman	
P.M.T. (HOLDINGS)LTD	Private	Chairman	
UNICARS LTD	Private	Member	
UNICARS EMPORIKI LTD	Private	Member	
UNICARS SERVICES LTD	Private	Member	
UNILEVER PMT INDUSTRIES LTD	Private	Chairman	
PYLONES (HELLAS) S.A.	Private	Member	
EVESTOR HOLDING LTD	Private	Member	
TSERIOTIS CONSUMER GOODS LTD	Private	Chairman	
TGA INSURANCE AGENCIES LTD	Private	Chairman	
E.P.T (HOLDINGS) LTD	Private	Chairman	
ASPA TRADING LTD	Private	Member	Has been a Member in the last 5 year period
ALPHADIO LTD	Private	Member	Has been a Member in the last 5 year period
ALGEANNA INVESTMENTS LTD	Private	Member	Has been a Member in the last 5 year period
ALGEANNA ESTATES LTD	Private	Member	Has been a Member in the last 5 year period
SYNERGY INVESTMENTS LTD	Private	Member	Has been a Member in the last 5 year period

ANDREAS ELIADES

Company Name	Type of Company	Position in the Board	Notes
No participation			

ANDREAS JACOVIDES

Company Name	Type of Company	Position in the Board	Notes
LEPTOS CALYPSO HOTELS LTD	Public	Member	
A. G. LEVENTIS FOUNDATION	Charitable Foundation	Member	

STAVROS I.CONSTANTINIDES

Company Name	Type of Company	Position in the Board	Notes
ALPHA COPY S.A.	Private	Chairman	Has been a Member in the last 5 year period

YIANNIS KYPRI

Company Name	Type of Company	Position in the Board	Notes
No participation			

MANTHOS MAVROMMATIS

Company Name	Type of Company	Position in the Board	Notes
CHR. MAVROMMATIS & SONS LTD	Private	Chairman	
CHR. MAVROMMATIS (PUMPS) LTD	Private	Member	
LINETTE LTD	Private	Member	
MENEOU PLANTATIONS LTD	Private	Member	
HELLENIC TECHNICAL ENTERPRISES LTD	Private	Member	
APOLLO INVESTMENT FUND		Member	Has been a Member in the last 5 year period

CHRISTOS MOUSKIS

Company Name	Type of Company	Position in the Board	Notes
MUSKITA ALUMINIUM INDUSTRIES LTD	Public	Member	
MUSKITA HOTELS LTD	Private	Chairman	
MUSKITA TOURIST ENTERPRISES LTD	Private	Chairman	
G.M.LATOUR (ALAMINOS) LTD	Private	Chairman	
MUSKITA REALTY LTD	Private	Chairman	
MUSKITA HOLDINGS LTD	Private	Chairman	
MUSKITA INVESTMENTS LTD	Private	Member	
COSTA LIVERDOS SUCCESSORS HOTELIERS LTD	Private	Chairman	
C.M.LEISURE CONSULTANCY SERVICES LTD	Private	Chairman	
EMEKTAL ALUMINIUM LTD	Private	Member	
G.M. HOTELS TOURIST ENTERPRISES S.A.	Private	Member	
CYPRUS INTERNATIONAL INSTITUTE FOR THE ENVIRONMENT AND PUBLIC HEALTH IN ASSOCIATION WITH THE HARVARD SCHOOL OF PUBLIC HEALTH	Institute	Member	
ASSOCIATION OF CYPRUS TOURIST ENTERPRISES (ACTE)	Association	Member	
G.M. HOTELS TOURIST ENTERPRISES S.A	Private	Chairman	
M.K. CHR. INVESTMENTS LTD	Private	Chairman	
Q.L.S. QUALITY LAUNDRY SERVICES LTD	Private	Member	
RAWLTON HOLDINGS LTD	Private	Chairman	
CHRISTOS MOUSKIS INVESTMENTS LTD	Private	Chairman	

EVDOKIMOS XENOPHONTOS

Company Name	Type of Company	Position in the Board	Notes
CYPRUS ANTICANCER ASSOCIATION	Association	Chairman	

JCC PAYMENT SYSTEMS	Private	Chairman	

YIANNIS PECHLIVANIDES

Company Name	Type of Company	Position in the Board	Notes
ATLANTIS - M. PEHLIVANIDIS	Private	Member	
FOUNDATION FOR ECONOMIC & INDUSTRIAL RESEARCH		Member	
NATIONAL BANK OF GREECE	Public	Member	Has been a Member in the last 5 year period
NATIONAL BANK OF GREECE (CYPRUS)	Private	Vice-Chairman	Has been a Member in the last 5 year period
HELLENIC EXCHANGES S.A HOLDING	Public	Member	Has been a Member in the last 5 year period
FINANSBANK	Public	Member	Has been a Member in the last 5 year period
VOJVODJANSKA BANKA	Private	Chairman	Has been a Member in the last 5 year period
DIAS INTERBANKING SYSTEMS S.A.	Private	Vice-Chairman	Has been a Member in the last 5 year period
SIEMENS TELE INDUSTRIE S.A.	Private	Vice-Chairman	Has been a Member in the last 5 year period
NATIONAL MANAGEMENT AND ORGANIZATION CO	Private	Chairman	Has been a Member in the last 5 year period
UNITED BULGARIAN BANK AD	Private	Chairman	Has been a Member in the last 5 year period
BANCA ROMANEASCA	Private	Chairman	Has been a Member in the last 5 year period
PHOSPHORIC FERTILIZERS INDUSTRY S.A.	Private	Chairman	Has been a Member in the last 5 year period
STOPANSKA BANKA AD-SKOPJE	Private	Chairman	Has been a Member in the last 5 year period
HERACLES GENERAL CEMENT COMPANY S.A.	Public	Vice-Chairman	Has been a Member in the last 5 year period
NATIONAL BANK OF GREECE PENSION FUND		Chairman	Has been a Member in the last 5 year period
SUPPLEMENTARY INSURANCE FUND MANAGEMENT COMMITTEE FOR THE NATIONAL BANK OF GREECE STAFF		Chairman	Has been a Member in the last 5 year period

VASSILIS ROLOGIS

Company Name	Type of Company	Position in the Board	Notes
No participation			

COSTAS SEVERIS

Company Name	Type of Company	Position in the Board	Notes
D. SEVERIS & SONS LTD	Private	Chairman	
SEVERIS BROS LTD	Private	Chairman	
Z & A SEVERIS (ESTATE) LTD	Private	Member	
A.Z.S. LTD	Private	Member	
ANTIGONE SEVERIS HOLDINGS LTD	Private	Chairman	
CYPRUS UNITED OILS LTD	Private	Member	
C & R SEVERIS ESTATES LTD	Private	Chairman	

C & R INVESTMENTS LTD	Private	Chairman	
ONASAGORAS PROPERTIES LTD	Private	Member	
SYNERGY INVESTMENTS LTD	Private	Chairman	
ITTL TRADE TOURIST & LEISURE PARK LIMITED	Private	Member	
ERMES DEPARTMENT STORES LTD	Private	Vice-Chairman	
PAULIG SERVICES LTD	Private	Member	
SOLARTE INVESTMENTS LTD	Private	Chairman	
COSTAS & RITA SEVERIS FOUNDATION		Chairman	
MEDOCHEMIE LTD	Private	Member	Has been a Member in the last 5 year period

NICOLAOS P. TSAKOS

Company Name	Type of Company	Position in the Board	Notes
TSAKOS ENERGY NAVIGATION (TEN) LTD	Public	Chairman	

COSTAS HADJIPAPAS

Company Name	Type of Company	Position in the Board	Notes
No participation			

CHRISTAKIS CHRISTOPHIDES

Company Name	Type of Company	Position in the Board	Notes
F.J. CLASSIC LIVING LTD	Private	CEO	
G.G. CHRISTOPHIDES INDUSTRIAL LTD			

8.5.2 Participation of Bank's Executives in the Boards of other Companies

The Group's executives do not participate in the boards of other Companies other than subsidiaries of the Group.

9.0 INFORMATION ON THE LOAN AND SHARE CAPITAL OF THE GROUP

9.1 Authorised and Issued Share Capital

9.1.1 Authorised Share Capital

As at 31 December 2010, the authorised share capital of the Bank was €1.100.000.000 divided into 1.100.000.000 ordinary Shares of nominal value €1,00 each.

At the date of the Prospectus, the authorised share capital of the Bank is €1.500.000.000 divided into 1.500.000.000 ordinary Shares of nominal value €1,00 each.

9.1.2 Issued Share Capital

As at the date of this Prospectus the issued share capital of the Bank amounts to €894.948.198 divided into 894.948.198 ordinary Shares of nominal value €1,00 each, which are listed on the Cyprus Stock Exchange and Athens Exchange.

Dividend Reinvestment Plan

The Company has in force a Dividend Reinvestment Plan under which all shareholders have the option to reinvest all or part of their dividend in shares of the Company at a discount of 10% on the market value of the shares.

Share-based payments – share options

On 14 May 2008, the Annual General Meeting of the Company's shareholders approved the granting of share options to Group employees, without these shares being first offered to existing shareholders and authorised the Board of Directors to issue up to 15 million shares of the Company.

In the context of the above decision, on 28 May 2008 the Board of Directors authorised the granting of 12,5 million share options to Group employees in Cyprus and Greece who were in service on 28 May 2008 ('Share Options 2008/2010'). The Extraordinary General Meeting of the shareholders of the Company on 23 June 2009 approved the amendment of the terms of the Share Options 2008/2010, modifying their exercise price and exercise period.

On 9 July 2009, the Board of Directors, authorised the granting of up to 2,5 million additional Share Options 2008/2010 to Group employees who were in service on 30 June 2009.

Under the amended terms, each Share Option 2008/2010 gives its holder the right to purchase one share of the Company at the price of €5,50 per share. As a result of the rights issue to the Company's shareholders and the special distribution of interim dividend in the form of shares during 2010, the exercise price of the Share Options was adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. On 31 December 2009, 2/3 of the Share Options 2008/2010 granted had vested to the beneficiaries; the remaining 1/3 of the share options had been vested on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 31 March of 2011, 2012 and 2013 and from 1 November to 31 December 2012 and 2013. The Share Options 2008/2010 are not transferable and are unlisted.

On 23 March 2011, the Extraordinary General Meeting of the Company's shareholders approved the amendment of the terms of the Share Options Plan of the Bank, for the employees of the Bank of Cyprus Group, so as to align their exercise price with the Conversion Price of the proposed issue of Convertible Enhanced Capital Securities at the price of €3,30.

The Bank's Share Capital as from 31 December 2007 until the date of the Prospectus evolved as follows:

As at 31 December 2007, the issued and fully paid share capital of the Bank was £283.111.541,50 (€476.929.702,81) divided into 566.223.083 ordinary Shares of nominal value £0,50 (€0,8423) each.

(i) As at 1 January 2008, the nominal value of the share capital of the Company was converted to €1,00 per share. Share premium amounting €82.497 thousand (C£48.284 thousand) was applied for the increase in the nominal value of the shares, so that the number of issued shares remain the same.

(ii) On 23 January 2008, the issued share capital of the Bank increased by 255.579 ordinary shares resulted from the exercise of 255.579 Share Options on 31 December 2007 by 365 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,26 (€5,57) per new share, according to the 19 April 2000 resolution of the Bank's Extraordinary General Meeting and the 19 January 2001 resolution of the Bank's Board of Directors. After the above increase, the Bank's share capital on 31 December 2007 amounted to £283.111.541,50 divided into 566.223.083 ordinary shares, of a nominal value of £0,50 each.

(iii) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 10 June 2008, 7.186.618 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €7,74 per share. As a result of the dividend reinvestment, 7.186.618 shares were issued and the Company's issued share capital increased by €7.186.618 amounting to €573.409.701,00 divided into 573.409.701 ordinary shares, of nominal value €1,00 each. The Bank's share premium increased by €48.437.805,32.

(iv) Within the framework of the Dividend Reinvestment Plan for the dividend paid on 9 December 2008, 13.251.955 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €2,71 per share. As a result of the dividend reinvestment, 13.251.955 shares were issued and the Company's issued share capital increased by €13.251.955 amounting to €586.661.656,00 divided into 586.661.656,00 ordinary shares, of nominal value €1,00 each. The Bank's share premium increased by €22.660.843,00.

(v) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 10 June 2009, 7.082.906 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €3,93 per share. As a result of the dividend reinvestment, 7.082.906 shares were issued and the Company's issued share capital increased by €7.082.906 amounting to €593.744.562,00 divided into 593.744.562,00 ordinary shares, of nominal value €1,00 each. The Bank's share premium increased by €20.752.914,58.

(vi) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 8 December 2009, 4.451.780 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €4,25 per share. As a result of the dividend reinvestment, 4.451.780 shares were issued and the Company's issued share capital increased by €4.451.780 amounting to €598.196.342,00 divided into 598.196.342,00 ordinary shares, of nominal value €1,00 each. The Bank's share premium increased by €14.468.285.

(vii) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 17 June 2010, 6.009.613 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €2,91 per share. As a result of the dividend reinvestment, 6.009.613 shares were issued and the Company's issued share capital increased by €6.009.613 amounting to €604.205.955,00 divided into 604.205.955,00 ordinary shares, of nominal value €1,00 each. The Bank's share premium increased by €11.478.360,83.

(viii) During the First Conversion Period of the Convertible Bonds 2013/2018, between 15-30 September 2010, 45.866 Convertible Bonds were converted into shares. 4,971 shares have been issued to the investors that applied for conversion of Convertible Bonds into shares of the Bank at the adjusted Conversion Price of €9,22 per share. Following the conversion of the Convertible Bonds into shares of the Bank, the total share capital of the Bank amounts to €604.210.926,00 comprising of 604.210.926 shares of nominal value of €1.00 each and the share premium account has increased by €40.861,62.

(ix) During the First Conversion Period of the Convertible Capital Securities, between 15-30 September 2010, 90.001 Convertible Capital Securities were converted into shares. 18,661 shares have been issued to the investors that applied for conversion of Convertible Capital Securities into shares of the Bank at the adjusted Conversion Price of €4,82 per share. Following the conversion of the Convertible Capital Securities into shares of the Bank, the total share capital of the Bank amounts to €604.229.587,00 comprising of 604.229.587 shares of nominal value of €1.00 each and the share premium account has increased by €70.185,02.

(x) On 22 October 2010 the Group completed the increase of its share capital through a rights issue of up to €345 million. Each outstanding ordinary share received one nil paid pre-emptive subscription right. Every 7 pre-emptive subscription rights exercised were converted into 2 new ordinary shares at €2,00 per each new share. As a result, 172.630.273 new shares were issued and the Company's share capital and share premium increased by €172.630 thousand each. Following the aforementioned increase of share capital, the total share capital of the Bank on 10 November 2010 amounts to €776.859.860,00 comprising of 776.859.860 shares of nominal value of €1.00 each.

(xi) On 20 September 2010, the Extraordinary General Meeting of the Company's shareholders approved the special distribution of an interim dividend of €0,50 per share in the form of shares at the Issue Price €3,25. As a result, on 11 November 2011, 113.198.589 shares were issued of nominal value €1,00 each and the share capital of the Bank increased by €113.198.589, amounting to €781.749.609 divided into 781.749.609 shares of nominal value €1,00 each and share premium increased by €254.696.825,25.

(xii) Within the framework of the Dividend Reinvestment Plan for the dividend paid on 11 November 2010, 4.889.749 new ordinary shares of a nominal value €1,00 each were issued by the Bank. The price at which the shares were issued was €3,04 per share. As a result of the dividend reinvestment, 4.889.749 shares were issued and the Company's issued share capital increased by €4.889.749 and the Bank's share premium increased by €9.975.087,96. Taking into account the 113.198.589 shares which have resulted from the special distribution of an interim dividend in the form of shares the Bank's share capital amounts to €894.948.198,00 divided into 894.948.198 ordinary shares, of nominal value €1,00 each and the Bank's share premium increased by €9.975.087,96.

9.2 Major Shareholders

Major Shareholders

Bank of Cyprus Public Company Limited is a company with a large number of shareholders amounting as at 31 December 2010 to 82.338 shareholders.

As at 31 December 2010 9,99% of the share capital of the Company was held by Odella Resources Ltd, which belongs to the Trustees of a Cypriot international discretionary trust, the beneficiaries of which are Mr. Dmitriy Rybolovlev and his two daughters. The Company is not aware of any other shareholders holding, directly or indirectly, more than 5% of the issued share capital of the Company. All shareholders have similar voting rights. There were no changes in the Company's major shareholders, as at the date of this Prospectus.

9.3 Directors Shareholding interest

The Shareholding Interest of the Directors of the Company (direct and indirect) as at 30 December 2010 was as follows:

Director's Name	Number of shares (directly)	Number of shares (indirectly)	Total number of shares	Holding %
Theodoros Aristodemou	15.986.979	39.052	16.026.031	1,791
Andreas Artemis	42.942	3.188.429	3.231.371	0,361

Georgios M. Georgiades	1.641	233.258	234.899	0,026
Anna Diogenous	71.687	1.470.137	1.541.824	0,172
Andreas Eliades	78.484	241.166	319.650	0,036
Andreas J. Jacovides	200.000	0	200.000	0,022
Yiannis Kypri	82.181	26.109	108.290	0,012
Stavros J. Constantinides	29265	0	29265	0,003
Manthos Mavrommatis	352.856	99.524	452.380	0,051
Christos Mouskis	13.672	281.989	295.661	0,033
Evdokimos Xenophontos	1.563	541	2.104	0,000
Yiannis Pechlivanides	0	3000	3000	0,000
Vassilis G. Rologis	6.238	1.062.131	1.068.369	0,119
Costas Z. Severis	697.505	3.375.029	4.072.534	0,455
Nicolaos P. Tsakos	0	0	0	0,000
Costas Hadjipapas	2.180	3.931	6.111	0,001
Christakis G. Christofides	364.713	246.741	611.454	0,068

As at 31 December 2010, the Shareholding Interest (exluding the Shareholding Interest of the three Executive Managers) of the Directors of the Company (direct and indirect) amounted to 593.454 ordinary shares (0,066%).

9.4 Subordinated Loan Stock

	Contractual interest rate	31 December 2010	2009	2008
		€000	€000	€000
Subordinated Bonds 2011/2016 (€200 million.)	Three-month Euribor plus 0,60%	127.315	142.618	187.748
Capital Securities Series B (€51 million)	Base rate plus 1,00%	-	-	50.713
Capital Securities 12/2007 (€126 million)	Three-month Euribor plus 1,25%	122.023	123.773	124.034
Convertible Bonds 2013/2018 (€573 million)	7,50% until June 30 2009 and six-month Euribor plus 1% thereafter	40.986	41.090	563.726
Convertible Capital Securities (€645 million)	5,50%	634.034	633.304	-
Subordinated Bonds in Ukrainian Hryvnia 12/2016	12,0%	-	-	1.806
Subordinated Bonds in US Dollars 2013/2014/2015	2,5%	6.584	6.058	6.058
Total		**930.942**	**946.843**	**934.085**

The subordinated loan stock issued by the Company is not secured and the rights and claims of loan stockholders are subordinated to the claims of depositors and other creditors of the Company, but have priority over those of the shareholders of the Company. The Subordinated Bonds are classified as Tier 2 Capital and the Capital Securities as Tier 1 Capital for capital adequacy purposes.

Subordinated Bonds

In 2003 the Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (31 December 2009: €4.000 million).

Under the EMTN Programme, the Bank has the flexibility to issue, according to its needs, senior debt and/or subordinated debt in all major currencies.

Under this Programme, the Company issued on October 2003 €200 million 2008/2013 bonds, maturing in October 2013. The interest rate of the Bonds was set at the three-month Euribor plus 1,00% until October 2008, increasing to plus 2,20% thereafter. The Company had the option to call the Bonds during or after October 2008 and has exercised this option in October 2008, redeeming the Bonds at par. The Bonds were listed on the Luxembourg Stock Exchange.

Under the EMTN Programme, the Company issued in May 2006, €200 million 2011/2016 bonds maturing in May 2016. The Company has the option to call the bonds in whole during or after May 2011. On April 4, 2011, the Bank announced that on May 2011 it will redeem at par the Subordinated Bonds 2011/2016 amounting to €200 million that mature in May 2016. The redemption is pursuant to the terms and conditions of the bonds. The interest rate of the bonds was set at the three-month Euribor plus 0,60% until May 2011, increasing to plus 1,60% thereafter. The issue price of the bonds was 99,861%. The bonds are listed on the Luxembourg Stock Exchange.

The Subordinated Bonds in Ukrainian Hryvnia maturing on 31 December 2016 were issued by PJSB Bank of Cyprus in Ukraine in May 2008 and were redeemed at par in January 2009.

The Subordinated Bonds in US Dollars 2013/2014/2015 were issued by CB Uniastrum Bank LLC and mature as follows: US$2 million on 31 December 2013, US$2,5 million on 31 December 2014 and US$2 million on 31 December 2015. Interest can be changed unilaterally by the issuer at any time until maturity.

Convertible Bonds
In July 2008, the Company issued Convertible Bonds 2013/2018 in Euro, with nominal value of €573 million, maturing in June 2018. The Convertible Bonds carried a fixed interest rate of 7,50% per annum until 30 June 2009 and floating interest rate thereafter, set at the six-month Euribor plus 1,00% until June 2013 and plus 3,00% thereafter.

In accordance with the share capital increase through a rights issue of up to €345 million, and the distribution of special interim dividend for the year 2010 of €0,50 per share, the conversion price of the Convertible Bonds has been amended, according to their terms, from €10,50 to €8,11 per share. The conversion periods are between 15-30 September of years 2010-2012 and 15-31 March of years 2011-2013. The Convertible Bonds may be redeemed at the option of the Company on or after 30 June 2013, subject to the prior consent of the Central Bank of Cyprus. The Convertible Bonds 2013/2018 are listed on the Cyprus Stock Exchange and the Athens Exchange. On 6 June 2009, Convertible Bonds 2013/2018 with nominal value €527 million were exchanged for Convertible Capital Securities of an equal nominal rate.

During the First Conversion Period, between 15-30 September 2010, 45.866 Convertible Bonds were converted into 4.971 shares.

Convertible Capital Securities
On 6 June 2009, the Company issued €645 million Convertible Capital Securities. The Convertible Capital Securities were offered to eligible shareholders of the Company (in the ratio of Convertible Capital Securities with nominal value of €11 for every 10 shares held). The issue proceeds were received through the exchange of Convertible Bonds 2013/2018 with nominal value of €527 million and the remaining €118 million was received in cash.

The Convertible Capital Securities bear a fixed interest rate of 5,50% per annum for the first five years and a floating interest rate of the 6-month Euribor plus 3,00% per annum thereafter. The Convertible Capital Securities may be converted into ordinary shares of the Company at the option of the holders. As a result of the rights issue to the Company's shareholders and the special distribution of interim dividend in the form of shares during 2010, the conversion price of the Convertible Capital Securities was adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. The conversion periods are between 15-30 September of years 2010-2013 and 15-31 March of years 2011-2014.

The Convertible Capital Securities are perpetual, but may be redeemed at the option of the Company, at par together with any accrued interest, on 30 June 2014 or on any other interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus. During the first conversion period between 15-30 September 2010, 90.001 Convertible Capital Securities were converted into 18.661 shares. The Convertible Capital Securities are listed on the Cyprus Stock Exchange and the Athens Exchange.

Capital Securities
The €51 million Capital Securities Series B and the €126 million Capital Securities 12/2007 were issued in Cyprus Pounds in March 2004 and in December 2007 respectively. The Capital Securities are perpetual, but may be redeemed in whole, at the option of the Company, at par together with any accrued interest, five years after their issue date or on any interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus. In May 2009, the Company exercised its option to redeem the Capital Securities Series B at par.

Capital Securities Series B bore a floating interest rate, which was equal to the base rate at the beginning of each three-month period plus 1,00%. The interest rate of Capital Securities 12/2007 was fixed at 6,00% per annum for the first six months and floating thereafter, equal to the three-month Euribor plus 1,25% per annum. The Capital Securities 12/2007 are listed on the Cyprus Stock Exchange.

The base rate during 2010 fluctuated between 0,6% and 1,1% (2009: 0,7%-2,9%) per annum. The six-month Euribor during 2010 fluctuated between 0,9% and 1,3% (2009: 1,0%-2,9%) per annum.

9.5 Debt Securities in Issue

Debt Securities in issue as presented in the audited financial statements of the Group for the financial years 2010, 2009 and 2008 are as follows:

	Annual Interest Rate	31 December		
		2010 €000	2009 €000	2008 €000
Medium term senior debt				
€500 million 2007/2010	Three-month Euribor plus 0,20%	-	450.992	480.130
€300 million 2006/2009	Three-month Euribor plus 0,33%	-	-	286.350
€30 million 2008/2011	Three-month Euribor plus 0,65%	-	-	30.349
SEK50 million 2009/2012	OMX Stockholm 30 index	5.315	4.852	-
SEK100 million 2010/2014	Return of specific shares	11.371	-	-
US$50 million 2008/2013	Six-month Libor plus 0,50%	-	-	36.275
RUB 1.500 million 2010	16%	-	2.303	1.651
RUB 1.000 million 2009	11%	-	-	2.073
€2 million 2010/2016	DJ EUROSTOXX 50 Index	2.000	-	-
USD 2 million 2010/2016	S&P 500 Index	1.545	-	-
		20.231	458.147	836.828
Short term commercial paper				
Euro	-	4.997	29.495	74.933
US Dollars	-	7.470	13.527	20.092
		12.467	43.022	95.025
Other Debt Securities in Issue				
RUB Certificates of Deposit and Promissory Notes	11%	50.767	17.450	26.824
Interest-free loan from the European Development Bank	-	492	492	492
Total		83.957	**519.111**	**959.169**

Debt securities in issue are not secured and the rights and claims of debt security holders rank pari passu with the claims of depositors and other creditors of the Group.

The fair value of the Group's debt securities in issue at 31 December 2010 was €86.074 thousand (2009: €514.612 thousand).

The Group purchases its debt securities in issue for trading purposes. The nominal amount of the debt securities in issue held by the Group was:

	2010	2009	2008
	€000	**€000**	**€000**
€500 million 2007/2010	-	48.900	19.750

In May 2009 the Group completed the securitisation of mortgage loans, as a result of which €1.000 million residential mortgage backed notes were issued. In September 2009, the Group completed the securitisation of finance lease receivables, as a result of which €689 million notes were issued. The liability arising from the issue of these notes is not included in the consolidated balance sheet of the Group as all notes issued are held by the Group.

Medium term senior debt
The Company maintains a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (2009: €4.000 million).

Under the EMTN Programme, the Bank has the flexibility to issue, according to its needs, senior debt and/or subordinated debt in all major currencies.

Under the EMTN Programme, the Company issued in May 2009 the SEK 50 million 2009/2012 bonds, the redemption amount of which is linked to the OMX Stockholm 30 Index.

Also under the EMTN Programme, the Company issued in March 2010, SEK 100 million 2010/2014 bonds, the redemption amount of which is linked to the return of specific shares listed on the Stockholm Stock Exchange.

The RUB 1.500 million 2010 bonds were issued at par by CB Uniastrum Bank LLC in April 2007 and were redeemed at par at April 2010.

In May 2010, the Company issued the €2 million 2010/2016 and USD 2 million 2010/2016 bonds, the redemption amount of which is linked to the DJ EUROSTOXX 50 and S&P 500 indices, respectively.

The €500 million 2007/2010 bond which was issued in June 2007 matured in June 2010 and was redeemed at par.

The €500 million 2007/2010 bonds are listed on the Luxembourg Stock Exchange. The RUB 1.500 million 2010 bond was listed on the Moscow Interbank Currency Exchange (MICEX).

The €300 million 2006/2009 bonds issued in June 2006, matured in June 2009 and were redeemed at par.

In addition, the holders of the US$50 million 2008/2013 bonds, issued in July 2008, and the holders of the €30 million 2008/2011 bonds, issued in April 2008, exercised their put option in January and April 2009 respectively and the bonds were redeemed at par.

The RUB1.000 million 2009 and RUB1.500 million 2010 bonds were issued at par by CB Uniastrum Bank LLC in February 2006 and April 2007 and mature in February 2009 and April 2010, respectively. During 2009, the issuer has redeemed the RUB 1.000 million 2009 bond at par.

The three-month Euribor fluctuated during 2010 between 0,6% and 1,1% (2009: 0,7%-2,9%) per annum.

Short term commercial paper
The Company maintains a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 million (2009: €1.000 million). According to the terms of the Programme, the Commercial Paper is issued in various currencies at a discount and pays no interest. Each issue has a maturity period up to 364 days and is unlisted.

Other debt securities in issue
The RUB Certificates of Deposits and Promissory Notes were issued by CB Uniastrum Bank LLC at par, are unlisted and have maturities up to one year.

	2010	**2009**	**2008**
	€000	**€000**	**€000**
€300 mln. 2006/2009	-	-	13.900

9.6 Debt securities in issue, subordinated loan stock and equity as at 31 December 2010

The Group's capital and net financial assets, as presented in the Consolidated Financial Statements for the year ended 31 December 2010, are summarised in the following tables:

The Group's debt securities in issue, subordinated loan stock and equity as at 31 December 2010 is presented as follows:

Debt securities in issue, subordinated loan stock and equity (31 December 2010)		**€000**
Liabilities		
Debt Securities in issue		
-	Medium term senior debt	20.231
-	Short term commercial paper	12.467
-	Other debt securities in issue	51.259
		83.957
Subordinated loan stock		
-	Subordinated Bonds 2011/2016	127.315
-	Capital Securities 12/2007	122.023
-	Convertible Bonds 2013/2018	40.986
-	Convertible Capital Securities	634.034
-	Subordinated Bonds in US Dollars 2013/2014/2015	6.584
		930.942
Total debt securities in issue and subordinated loan stock		**1.014.899**
Total equity		
-	Share Capital	894.948
-	Share Premium	1.159.819
-	Revaluation and other reserves	(186.253)
-	Retained earnings	868.531
-	Equity attributable to the owners of the Company	2.737.045
-	Non-controlling interests	91.304
Total Equity		**2.828.349**
Indebtedness to Equity Ratio		**35,88%**

Debt securities in issue are not secured and the rights and claims of debt security holders rank pari passu with the claims of depositors and other creditors of the Group. The subordinated loan stock is not secured and the rights and claims of loan stockholders are subordinated to the claims of depositors and other creditors of the Company, but have priority over those of the shareholders of the Company.

The following table summarises the Group's net financial assets as at 31 December 2010:

	31/12/2010
	€000
A. Cash and balances with central banks	1.499.512
B Placements with Banks	4.840.255
C. Investments available for sale	2.320.246
D. Total Liquidity **(D) = (A) + (B) + (C)**	**8.660.013**
E. Advances to banking institutions	1.166.686
F. Obligations to central banks and amounts due to banks – Short term	2.965.580
G1. Debt Securities in issue- Short term	83.957

G2. Subordinated Loan Stock- Short term	127.315
H. Current Financial Debt **(H) = (F) + (G)**	**3.176.852**
I. Net Current Financial Assets (Indebtedness) **(I) = (D) + (E)- (H)**	**6.649.847**
J. Obligations to central banks and amounts due to banks – Long term	**741.395**
K. Subordinated loan stock – Long term	803.627
L. Non current Financial Indebtedness **(L) = (J) + (K)**	**1.545.022**
M. Net Financial Assets (Indebtedness) **(M) = (I) - (L)**	**741.395**

9.7 Use of Cash Flows accrued from the issue of Share Capital or Subordinated Loans or other Debt Securities

Group's cash flows accrued from the issue of share capital or subordinated loans or other debt securities were used to strengthen the Bank's capital base and to reinforce Group's liquidity.

As at 31 December 2010 the Capital Adequacy Ratio of the Group stood at 11,9% (31 December 2009: 11,7%. The Group believes that this ratio is adequate for its ongoing activities.

It is noted that in July 2010, Bank of Cyprus Public Company Ltd (Bank of Cyprus) was subject to the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank, and the Central Bank of Cyprus The Bank of Cyprus has successfully passed the stress test exercise, reaffirming its robust financial position and its strong capital adequacy, even under adverse stress scenarios. Even under the "additional sovereign shock on the adverse scenario", the Bank is expected to achieve a Tier 1 ratio of 8,0% in 2011, without receiving any capital support from government and without taking into consideration the share capital increase (rights issue) as per this Prospectus. The exercise was conducted using the scenarios, methodology and key assumptions provided by CEBS. As a result of the assumed shock under the adverse scenario, the estimated consolidated Tier 1 capital ratio would change to 9,4% in 2011 compared to 10,5% as of end of 2009. An additional sovereign risk scenario would have a further impact of 1,4 percentage points on the estimated Tier 1 capital ratio, bringing it to 8,0% at the end of 2011, compared with the regulatory minimum of 4%..

9.8 Working Capital Statement

The Issuer states that in its opinion, the working capital is sufficient for the issuers present requirements over the next 12 months form the date of this Prospectus.

9.9 Capital Adequacy

In December 2006 the Central Bank of Cyprus issued a Directive to local banks on the Calculation of the Capital Adequacy Ratio and Large Exposures that enact the provisions of the European Union Directives 2006/48/EC and 2006/49/EC, that are the European Union's version of Basel II capital adequacy rules.

The Bank of Cyprus is implementing the new Capital Adequacy rules from 1 January 2007. It is adopting the Standardised approach for both Credit and Operational Risk. According to the Standardised approach, risk weights are assigned to exposures according to their credit rating and to the exposure class to which they belong. For exposures with institutions and corporates the risk weight also depends on the term of the exposure.

For derivative contracts (such as swaps, forwards and options) the credit risk equivalent amount is calculated using the mark-to-market method.

The Central Bank of Cyprus requires each bank to maintain a minimum ratio of capital to risk weighted assets (which include off balance sheet items) of 8%. The Central Bank may impose an additional capital charge for risks not covered under Pillar 1. It should be noted that the 8% ratio is applicable from January 2007 when the new Capital Adequacy rules came into force.

Tier I or core capital includes the following:

- Share capital, such as ordinary and preference shares,,
- Retained profit reserves,
- Certain other published reserves, and
- Hybrid capital instruments (up to 35 per cent. of Tier I capital).

Tier II, or supplementary capital includes:

- Revaluation reserves,
- Subordinated debt, and
- General provisions for bad and doubtful debts provided that they are not tax deductible.

A bank's Tier II capital should not exceed its Tier I capital. Additionally there are limitations as to the maximum amount of certain Tier II capital items that can be included in the calculation of a bank's capital requirements. Specifically, the total amount of fixed term subordinated debt is not allowed to exceed 50 per cent of Tier I capital.

In December 2010 the Basel Committee on Banking Supervision published the Basel III framework, which presents the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. Basel III's focus is on capital and funding. It specifies new capital target ratios, sets new standards for short-term funding and requirements for long term funding. Basel III is in the process of being adopted by the EU and it will then need to be transposed into national legislation in Cyprus.

10.0 DIVIDEND POLICY

The Board of Directors continuously monitor and adjust the dividend policy of the Group by taking into account market conditions, the results of the Group and the Group's capital requirements for expansion of its activities. The dividend policy of the Group for the last 15 years is summarised as follows:

For Financial Year	Payment Date		Amount paid in cash	Total amount for the year	Share Nominal Value
1996	15 October 1996	(interim)	£0,06	£0,18	£1,00
	24 April 1997	(final)	£0,12		
1997	9 October 1997	(interim)	£0,06	£0,18	£1,00
	16 April 1998	(final)	£0,12		
1998	9 October 1998	(interim)	£0,08	£0,23	£1,00
	8 April 1999	(final)	£0,15		
1999	30 September 1999	(interim)	£0,04	£0,12	£0,50
	11 April 2000	(final)	£0,08		
2000	6 October 2000	(interim)	£0,05	£0,13	£0,50
	10 May 2001	(final)	£0,08		
2001	4 October 2001	(interim)	£0,05	£0,13	£0,50
	14 May 2002	(final)	£0,08		
2002		*No dividends paid*			
2003		*No dividends paid*			
2004	30 May 2005	(final)	£0,04	£0,04	£0,50
2005	27 June 2006	(final)	£0,07	£0,07	£0,50
2006	24 November 2006	(interim)	£0,07	£0,17	£0,50
	8 June 2007	(final)	£0,10		
2007	26 November 2007	(interim)	£0,11	£0,26	£0,50
	23 May 2008	(final)	€0,25		
2008	21 November 2008	(interim)	€0,15	€0,27	€1,00
	25 May 2009	(final)	€0,12		
2009	25 November 2009	(interim)	€0,08	€0,16	€1,00
	4 June 2010	(final)	€0,08		
2010	29 October 2010	(interim)	€0,06		
	29 October 2010	(special distribution)	€0,50*		
	28 June 2011	(proposed final)	€0,03	€0,09**	€1,00

** Dividend €0,50 per share in the form of shares*
*** Excluding the special distribution of €0,50 in the form of shares*

The Board of Directors of the Bank, at its meeting held on 28 Februry 2011, decided to propose at the Shareholders' Annual General Meeting to be held on Tuesday, 24 May 2011, the distribution of a dividend of €0,03 per share, in addition to the interim dividend of €0,06, which was paid to all the shareholders in October 2010.

11.0 PROPERTY

The Group's property is comprised of land and premises meant for the Bank's operations. The net book value of the Group's property and equipment comprises of:

	2010 € 000	2009 € 000	2008 € 000
Freehold Property	342.231	336.370	348.881
Improvements on leasehold property	34.757	29.116	29.152
Total	**376.988**	**365.486**	**378.033**
Equipment	**41.793**	**40.786**	**43.328**
Property and Equipment	**418.781**	**406.272**	**421.361**

Property includes land amounting to €108.791 thousand (2009: €105.091 thousand) for which no depreciation is charged. The Group's freehold property of PJSB Bank of and CB Uniastrum Bank LLC was revalued at 31 October 2008 and 31 December 2008 respectively. The remaining freehold property of the Group was revalued at 30 June 2007. These valuations were carried out by independent qualified valuers, on the basis of market value using observable prices and recent market transactions.

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2010 would have amounted to €225.750 thousand (2009: €216.986 thousand).

12.0 INVESTMENTS

The Group's major investments during the last three fiscal periods ended on 31 December 2010, 2009 and 2008 are presented as follows:

	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**
Investments at fair value through profit and loss	200.855	346.127	334.371
Investments available-for-sale	2.320.239	4.168.056	3.050.378
Investments held-to-maturity	1.022.850	93.079	309.851
Investments classified as loans and receivables	1.801.650	320.851	542.768
Total	**5.345.594**	**4.928.113**	**4.237.368**
Investment Properties	116.307	53.007	33.293
Investment in associate company	3.805	6.552	5.663

There were no major changes on the Group's investments as at the date of this Prospectus.

The above investments include amounts pledged as collateral under repurchase agreements with banks, as follows:

	2010	2009
	€000	**€000**
Investments at fair value through profit or loss	**26.812**	-
Investments available-for-sale	**770.894**	581.926
Investments held-to-maturity	**210.880**	-

Investments classified as loans and receivables	**29.450**	-
	1.038.036	581.926

All investments pledged as collateral for the repurchase agreements can be sold or repledged by the counterparty.

12.1 Investments at fair value through profit and loss

	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**
Debt securities	184.730	315.027	311.175
Equity securities	16.125	29.304	21.106
Mutual funds	-	1.796	2.090
Total	**200.855**	**346.127**	**334.371**
Debt securities			
Cyprus government	154.177	284.242	281.488
Other governments	1.388	1.995	1.869
Banks and other corporations	29.165	28.790	27.346
Cyprus local authorities	-	-	472
	184.730	**315.027**	**311.175**
Equity securities			
Listed on the Cyprus Stock Exchange	5.835	16.700	6.283
Listed on other stock exchanges	10.205	11.129	11.766
Unlisted	85	1.475	3.057
	16.125	**29.304**	**21.106**
Mutual funds	-	**1.796**	**2.090**
Total	**200.855**	**346.127**	**334.371**

Investments at fair value through profit or loss on 31 December 2010 include of debt securities pledged as collateral for funding from central banks of €26.812 thousand (2009: Nil) of debt securities pledged as collateral under repurchase agreements with banks.

12.2 Investments available-for-sale

	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**
Debt securities	2.257.442	4.088.368	3.029.540
Equity securities	62.797	79.688	20.838
Total	**2.320.239**	**4.168.056**	**3.050.378**
Debt Securities			
Cyprus government	314.219	445.437	187.211
Other governments	488.194	1.079.012	648.704
Cyprus local authorities	1.454.707	4.401	2.134
Banks and other corporations	322	2.559.518	2.191.491
	2.257.442	**4.088.368**	**3.029.540**
Geographic dispersion by country of issuer			
Cyprus	335.519	511.300	223.361
Greece	356.064	927.318	584.212
United Kingdom	236.364	660.113	444.963
Ireland	136.063	259.635	303.674
France	84.310	116.642	182.549
Germany	558.377	804.425	388.097
Other European countries	416.793	662.027	681.678
U.S.A. and Canada	59.172	98.587	141.614
Australia	32.464	17.757	16.288
Other countries	42.316	30.564	63.104
	2.257.442	**4.088.368**	**3.029.540**
Equity Securities			
Listed on the Cyprus Stock Exchange	14.856	21.063	19.359
Listed on other stock exchanges	47.368	57.974	239
Unlisted	573	651	1.240
	62.797	**79.688**	**20.838**
Total	**2.320.239**	**4.168.056**	**3.050.378**

Available-for-sale investments include €1.420 thousand (2009: €581.926 thousand) of debt securities which have been determined to be individually impaired.

Available-for-sale investments also include €770.894 thousand (2009: €581.926 thousand) of debt securities pledged as collateral under repurchase agreements with banks.

12.3 Investments held-to-maturity

	2010	2009	2008
	€000	**€000**	**€000**
Debt securities			
Cyprus government	1.349	1.347	2.431
Other governments	686.271	37.235	284.610
Local authorities	216	3.636	4.579
Banks and other corporations	335.014	50.598	17.974
Cyprus public companies	-	263	257
	1.022.850	**93.079**	**309.851**
Geographic dispersion by country of issuer			
Cyprus	1.565	1.825	3.761
Greece	588.080	-	76.520
United Kingdom and Ireland	374.756	-	142.134
Russia	6.103	12.409	16.121
Other European countries	18.887	44.418	71.315
Supranational organisations	33.459	34.427	-
	1.022.850	**93.079**	**309.851**

Held-to-maturity investments at 31 December 2010 included €14.987 thousand (2009: €3.855 thousand) of debt securities which have been determined to be individually impaired.

The fair value of held-to-maturity investments and loans and receivables at 31 December 2010 was €912.048 thousand (2009: €95.796 thousand) and €1.377.595 thousand (2009: €313.669 thousand) respectively.

Held-to-maturity investments and loans and receivables include debt securities of €210.880 thousand (2009: Nil) and €29.450 thousand (2009: Nil) respectively pledged as collateral under repurchase agreements with banks.

12.4 Investments reclassified to loans and receivables

	2010	2009	2008
	€000	**€000**	**€000**
Debt securities			
Cyprus government	301.264	320.851	542.768
Other governments	1.490.462	-	-
Banks and other corporations	9.924	-	-
	1.801.650	**320.851**	**542.768**

Investments in loans and receivables include debt securities of €705.046 thousand (2009: Nil) pledged as collateral for funding from central banks. The fair value of loans and receivables at 31 December 2010 was €1.377.595 thousand (2009: €313.669 thousand).

12.5 Reclassification of investments

Reclassification of trading investments
On 1 April 2010, the Group reclassified certain debt securities from trading investments to investments classified as loans and receivables in view of the fact that the Group had no intention to trade or sell these debt securities in the near future and these securities met the definition of loans and receivables at the date of reclassification. The book value and fair value of the reclassified debt securities is presented below:

	31 December 2010		1 April 2010
	Book value	Fair value	Book value and fair value
	€000	€000	€000
Trading investments reclassified to loans and receivables	132.226	131.095	132.570

Had the Group not reclassified the debt securities on 1 April 2010, the consolidated income statement would have included losses from the revaluation of these debt securities of €344 thousand.

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 1,2% to 4,4% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 July 2008, in light of the rare circumstances arising as a result of the deterioration of the world's markets in 2008, the Group identified the investments which it had no intention to trade or sell in the foreseeable future. These investments in debt securities were reclassified from trading investments to available-for-sale investments. The book value of the reclassified debt securities which is equal to their fair value, is presented below:

	31 December 2010	31 December 2009	31 December 2008
	€000	€000	€000
Trading investments reclassified to available-for-sale	19.939	19.081	15.454

Reclassification of available-for-sale investments

On 1 April 2010, the Group reclassified certain available-for-sale debt securities to investments classified as loans and receivables in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

	31 December 2010		1 April 2010
	Book value	Fair Value	Book and fair value
	€000	€000	€000
Available-for sale investments reclassified to loans and receivables	1.316.801	970.033	1.328.231

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included additional losses from the revaluation of these debt securities of €375.431 thousand.

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 3,4% to 6,1% per annum. The Group expects to recover all cash flows relating to these debt securities.

The Group had also reclassified certain available-for-sale debt securities to investments classified as loans and receivables as from 1 October 2008, in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

	31 December 2010		**31 December 2009**		**31 December 2008**		**1 October 2008**
	Book value	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book and fair value**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Investments available-for-sale reclassified to loans and receivables	169.038	165.072	172.941	170.678	169.768	164.895	169.196

Had the Group not reclassified these debt securities on 1 October 2008, the Group's equity would have included losses from revaluation of these debt securities of €6.011 thousand (2009: losses of €3.395 thousand) which would have been included in the revaluation reserve of available-for-sale investments in equity.

On 1 October 2008, the effective interest rate of the reclassified debt securities ranged from 4,6% to 4,7% with expected recoverable cash flows of €221 million.

On 1 April 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

	31 December 2010		**1 April 2010**
	Book value	**Fair value**	**Book and fair value**
	€000	**€000**	**€000**
Available-for sale investments reclassified to held-to-maturity investments	493.970	402.484	498.237

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included losses from the revaluation of these debt securities of €93.959 thousand which would have been included in the revaluation reserve of available-for-sale investments in equity.

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 4,0% to 6,3% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 October 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

	31 December 2010		**1 April 2010**
	Book value	**Fair value**	**Book and fair value**
	€000	**€000**	**€000**
Available-for sale investments reclassified to held-to-maturity investments	374.756	334.502	363.114

The loss recognised in the revaluation reserve of available-for-sale investments in equity as a result of the revaluation of the reclassified investments from 1 January 2010 until 30 September 2010 amounted to €34.908 thousand (2009: loss of €206 thousand).

Had the Group not reclassified these debt securities on 1 October 2010, the Group's equity would have included losses from the revaluation of these debt securities of €38.415 thousand which would have been included in the revaluation reserve of available-for-sale investments in equity.

On 1 October 2010 the effective interest rate of the reclassified debt securities ranged from 1,4% to 5,0% per annum. The Group expects to recover all cash flows relating to these debt securities.

12.6 Investment properties

The movement of investment properties is summarised below:

	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**
1 January	53.007	33.293	35.385
Acquisition of subsidiary	-	-	839
Exchange adjustments	(152)	(28)	(280)
Transfer from stock of property held for sale		-	1.711
Transfer from property and equipment	2.953	340	-
Additions	63.456	16.187	1.450
Disposals	(2.135)	(214)	(20.110)
Gains from revaluation at the initial transfer from property and equipment		36	-
Gains from revaluation	(822)	3.393	14.298
31 December	**116.307**	**53.007**	**33.293**

12.7 Investment in associate

The Company has a 22,83% interest in Interfund Investments Plc, which is a closed-end investment company listed on the Cyprus Stock Exchange. The holding was acquired on 21 May 2007.

The Group's interest in Interfund Investments Plc is as follows:

	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**
Carrying amount of the investment	3.805	6.552	5.663
Market value of the investment on the Cyprus Stock Exchange	2.353	4.967	3.137

As a result of the acquisition of S.C. ONT Carpati S.A. on 1 April 2010, the Group acquired 30% of the share capital of the company Grand Hotel Enterprises Society Ltd (GHES), which is incorporated in Romania and owns a hotel in Romania. The Group's share of the associate at 31 December 2010 did not have any value as the net assets of the associate had a negative balance.

The Group has granted a loan to GHES which amounted to €104.139 thousand at 31 December 2010 and which is secured by a mortgage on the hotel owned by GHES. In addition, GHES owes an amount of €17.446 thousand to the Group. The Group's income statement for 2010 includes interest income of €4.074 thousand from GHES for the period since the acquisition.

13.0 SEGMENTAL ANALYSIS

The Group is organised into operating segments based on the geographic location of each unit and has the following reportable operating segments: Cyprus, Greece and Russia. The Group's activities in the United Kingdom, Australia, Romania and Ukraine are separate operating segments for which information is provided to management but, due to their size, have been aggregated for disclosure purposes into one segment, namely 'Other countries'.

The Group's activities in Cyprus include the provision of banking, financial and insurance services and property and hotel business. The Group's activities in Greece include the provision of banking, financial and insurance services. The Group's activities in other countries include the provision of banking services.

Group management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit after tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation and are made on an arm's length basis.

Operating segment disclosures are provided as presented to the Group's Senior Executive Management. Each segment's capital and the related interest income and expense are adjusted in order to be on the same basis as a percentage of the segment's risk weighted assets, as calculated for capital adequacy purposes in accordance with the relevant regulations of the Central Bank of Cyprus. The results of each segment are also adjusted to reflect the liquidity surplus/shortfall of each segment. The Group's total profit as presented in the consolidated income statement is not affected.

The loans and advances to customers, the customer deposits and the related income and expense are included in the segment where the business is originated, instead of the segment where the transaction is recorded.

13.1 Geographical Segments

Segmental Analysis – Year ended on 31 December 2010, 2009 and 2008

	Cyprus	Greece	Russia	Other countries	Total
31 December 2010	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	523.207	309.472	119.356	88.384	1.040.419
Net fee and commission income	127.324	50.969	40.738	12.148	231.179
Foreign exchange income	22.774	3.490	9.859	2.511	38.634
Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	52.884	18.778	(434)	152	71.380
Net insurance income	47.944	11.417	-	-	59.361
Other income	5.264	994	1.530	1.128	8.916
	779.397	**395.120**	**171.049**	**104.323**	**1.449.889**
Staff costs	(225.461)	(113.446)	(62.740)	(28.561)	(430.208)
Depreciation and amortisation	(19.411)	(15.340)	(6.754)	(3.975)	(45.480)
Other operating expenses	(97.794)	(72.011)	(55.895)	(23.537)	(249.237)
Profit before provisions	**436.731**	**194.323**	**45.660**	**48.250**	**724.964**
Provisions for impairment of loans and advances	(144.966)	(184.597)	(24.461)	(20.473)	(374.497)
Share of loss of associates	(1.953)	-	-	-	(1.953)
Profit before tax	**289.812**	**9.726**	**21.199**	**27.777**	**348.514**
Taxation	(39.239)	1.529	(3.914)	(4.365)	(45.989)
Profit after tax	**250.573**	**11.255**	**17.285**	**23.412**	**302.525**
Non-controlling interests (loss/(profit))	5.434	-	(1.768)	(2)	3.664
Profit after tax and non-controlling interests	**256.007**	**11.255**	**15.517**	**23.410**	**306.189**

	Cyprus	Greece	Russia	Other countries	Total
31 December 2009	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	427.915	262.885	71.809	85.221	847.830
Net fee and commission income	122.959	54.763	55.345	10.305	243.372
Foreign exchange income	10.847	1.983	14.698	1.061	28.589
Net gains on sale, revaluation and impairment of investments and derivative financial instruments	76.262	7.859	2.609	381	87.111
Net insurance income	52.450	10.385	-	-	62.835
Other income	7.961	2.235	6.086	479	16.761
	698.394	**340.110**	**150.547**	**97.447**	**1.286.498**
Staff costs	(224.426)	(109.633)	(55.271)	(24.603)	(413.933)
Depreciation and amortisation	(12.985)	(14.789)	(12.891)	(3.590)	(44.255)
Other operating expenses	(83.805)	(70.755)	(41.608)	(19.896)	(216.064)
Profit before provisions	**377.178**	**144.933**	**40.777**	**49.358**	**612.246**
Provisions for impairment of loans and advances	(78.201)	(120.230)	(27.587)	(21.917)	(247.935)
Share of profit of associates	910	-	-	-	910
Profit before tax	**299.887**	**24.703**	**13.190**	**27.441**	**365.221**
Taxation	(13.394)	(21.641)	(1.675)	(6.517)	(43.227)
Profit after tax	**286.493**	**3.062**	**11.515**	**20.924**	**321.994**
Non-controlling interests (profit)	(4.512)	-	(4.338)	-	(8.850)
Profit after tax and non-controlling interests	**281.981**	**3.062**	**7.177**	**20.924**	**313.144**

31 December 2008	Cyprus €000	Greece €000	Russia €000	Other countries €000	Total €000
Net interest income	425.059	272.349	34.448	60.295	792.151
Net fee and commission income	132.301	58.160	15.828	11.517	217.806
Foreign exchange income	141.928	3.322	10.133	3.407	158.790
Net losses on sale, revaluation and impairment of investments and derivative financial instruments	(37.066)	(17.255)	(4.783)	(615)	(59.719)
Insurance income net of insurance claims	51.415	9.705	-	-	61.120
Other income	32.374	1.212	971	547	35.104
	746.011	**327.493**	**56.597**	**75.151**	**1.205.252**
Staff costs	(185.365)	(105.134)	(19.522)	(20.967)	(330.988)
Depreciation and amortisation	(13.635)	(13.785)	(2.563)	(2.189)	(32.172)
Other operating expenses	(82.983)	(65.520)	(21.334)	(18.622)	(188.459)
Profit before provisions	**464.028**	**143.054**	**13.178**	**33.373**	**653.633**
Provisions for impairment of loans and advances	(12.343)	(65.217)	(1.694)	(12.347)	(91.601)
Share of loss of associate	(10.418)	-	-	-	(10.418)
Profit before tax	**441.267**	**77.837**	**11.484**	**21.026**	**551.614**
Taxation	(63.684)	(3.984)	(3.652)	(1.611)	(72.931)
Profit after tax	**377.583**	**73.853**	**7.832**	**19.415**	**478.683**
Non-controlling interests	23.706	-	-	(1)	23.705
Profit after tax and non-controlling interests	**401.289**	**73.853**	**7.832**	**19.414**	**502.388**

13.2 Business Segments

Segmental Analysis – Year ended on 31 December 2010, 2009 and 2008

2010	€000
Total revenue:	
Banking and financial services	1.387.210
Insurance services	60.783
Property and hotel business	1.896
Total revenue with third parties	1.449.889
Inter-segment (expense)/revenue	-
Total revenue	**1.449.889**

2009	€000
Total revenue:	
Banking and financial services	1.217.485
Insurance services	66.099
Property and hotel business	2.914
Total revenue with third parties	1.286.498
Inter-segment (expense)/revenue	-
Total revenue	**1.286.498**

2008	**€000**
Total revenue:	
Banking and financial services	1.121.433
Insurance services	65.102
Property and hotel business	18.717
Total revenue with third parties	1.205.252
Inter-segment (expense)/revenue	-
Total revenue	**1.205.252**

14.0 FINANCIAL INFORMATION

14.1 Group Financial Information

14.1.1 Financial Information extracted from the Consolidated Financial Statements for the years ended 31 December 2010, 2009 and 2008

The following summarized financial information set out below was extracted from the Group's financial statements for years 2008, 2009 and 2010, which have been audited by the Group's independent auditors. The Group's independent auditors for years 2008-2010 were Ernst & Young Cyprus Ltd.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2008, 2009 and 2010 in accordance with International Financial Reporting Standards as adopted by European Union and the requirements of the Cyprus Companies Law, Cap. 113. The consolidated financial statements of the Group for the years 2008, 2009 and 2010 are incorporated by reference in this prospectus in accordance with the provisions of article 28 of Law 809/2004 of the European Union Commission.

CONSOLIDATED INCOME STATEMENT
for the years ended 31 December 2010, 2009 and 2008

	2010	2009	2008
	€000	€000	€000
Turnover	2.577.028	2.481.561	2.690.380
Interest income	2.091.794	1.997.034	2.098.057
Interest expense	(1.051.375)	(1.149.204)	(1.305.906)
Net interest income	1.040.419	847.830	792.151
Fee and commission income	244.589	257.658	227.214
Fee and commission expense	(13.410)	(14.286)	(9.408)
Foreign exchange income	38.634	28.589	158.790
Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	71.380	87.111	(59.719)
Insurance income	175.435	227.509	31.590
Insurance expenses	(116.074)	(164.674)	29.530
Other income	8.916	16.761	35.104
	1.449.889	**1.286.498**	**1.205.252**
Staff costs	(430.208)	(413.933)	(330.988)
Other operating expenses	(294.717)	(260.319)	(220.631)
Profit before provisions	724.964	**612.246**	**653.633**
Provisions for impairment of loans and advances	(374.497)	(247.935)	(91.601)
Profit before share of profit of associates	**350.467**	**364.311**	**562.032**
Share of (loss)/profit of associates	(1.953)	910	(10.418)
Profit before tax	348.514	365.221	551.614
Taxation	(45.989)	(43.227)	(72.931)
Profit after tax	**302.525**	**321.994**	**478.683**
Profit after tax attributable to:			
Minority interest ((profit)/loss)	**(3.664)**	**8.850**	**(23.705)**
Owners of the Company	**306.189**	**313.144**	**502.388**
Basic earnings per share (cent)	**40,5**	**45,0**[1]	**74,2**[2]
Diluted earnings per share (cent)	**37,3**	**41,4**[1]	**69,5**[2]

1. The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010, as well as from the Rights Issue in October 2010.
2. The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June and November 2010, as well as from the Rights Issue in October 2010.

CONSOLIDATED BALANCE SHEET
as at 31 December 2010, 2009 and 2008

	2010	2009	2008 *restated*
	€000	€000	€000
Assets			
Cash and balances with central banks	2.241.825	1.043.791	1.017.073
Placements with banks	5.264.628	5.947.768	4.582.076
Reverse repurchase agreements	120.166	120.137	120.000
Investments	5.345.594	4.928.113	4.237.368
Derivative financial assets	76.278	60.739	153.240
Loans and advances to customers	27.725.451	25.635.780	24.424.694
Life insurance business assets attributable to policyholders	561.695	541.574	447.679
Property and equipment	418.781	406.272	421.361
Intangible assets	479.058	453.141	475.211
Other assets	400.459	267.534	246.208
Investment in associate	3.805	6.552	5.663
Total assets	**42.637.740**	**39.411.401**	**36.130.573**
Liabilities			
Obligations to central banks and amounts due to banks	3.706.975	5.290.897	2.832.298
Repurchase agreements	913.109	494.806	305.000
Derivative financial liabilities	240.412	139.551	161.515
Customer deposits	32.952.567	28.584.561	27.935.747
Insurance liabilities	658.309	618.097	516.692
Debt securities in issue	83.957	519.111	959.169
Other liabilities	323.120	332.037	429.700
Subordinated loan stock	930.942	946.843	934.085
Total liabilities	**39.809.391**	**36.925.903**	**34.074.206**
Equity			
Share capital	894.948	598.197	586.662
Share premium	1.159.819	712.170	676.949
Revaluation and other reserves	(186.253)	28.613	(99.759)
Retained earnings	868.531	1.084.132	877.225
Equity attributable to the owners of the Company	**2.737.045**	**2.423.112**	**2.041.077**
Non-controlling interests	**91.304**	**62.386**	**15.290**
Total equity	**2.828.349**	**2.485.498**	**2.056.367**
Total liabilities and equity	**42.637.740**	**39.411.401**	**36.130.573**

It is noted that the retrospective restatement of information in the financial statements for the year ended 2008, has been reclassified to conform to changes in the presentation in the year 2009. Such reclassifications relate to the presentation of outstanding claims from life insurance contract liabilities

which are now included in insurance liabilities instead of being presented net in other assets. These reclassifications had no impact on profit after tax or equity of the Group.
In addition, the comparative figures for 2008 in relation to the determination of the fair value and the purchase price allocation of CB Uniastrum Bank LLC, have been restated accordingly. The accounting treatment in the consolidated financial statements of 2008 was based on a provisional assessment of the fair value as the purchase price allocation was still in progress.

During 2009 the Company completed the determination of the fair value and the purchase price allocation of CB Uniastrum Bank LLC. The comparative figures for 2008 have been restated accordingly. The restatements primarily relate to the fair value of ‘Loans and advances to customers’, ‘Property and equipment’ and ‘Investments’. As a result, the acquired assets decreased by €26.658 thousand and the related deferred tax amounted to €6.538 thousand. Furthermore, intangible assets amounting to €51.350 thousand were recognised and the related deferred tax amounted to €12.324 thousand. The above adjustments did not have any significant effect on the 2008 consolidated income statement.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended 31 December 2010, 2009 and 2008

	2010	2009	2008
	€000	€000	€000
Net cash flow from operating activities	**816.369**	**2.173.527**	**(1.139.187)**
Cash flows used in investing activities			
Purchases of investments:			
- debt securities	(4.203.037)	(5.673.891)	(1.976.706)
- equity securities	(5.213)	(59.980)	(4.417)
Proceeds on disposal/redemption of investments:			
- debt securities	3.640.374	5.262.324	1.583.472
- equity securities	108	869	8.484
Interest on debt securities	176.026	185.588	123.208
Dividend income from equity securities	2.859	1.659	10.461
Dividends received from associates	314	392	1.237
Cash acquired on acquisition of subsidiary	4.571		
Proceeds on disposal of subsidiary	2.892	-	(343.915)
Purchase of property and equipment	(40.598)	(29.965)	(43.279)
Proceeds on disposal of property and equipment	4.228	1.954	2.223
Purchase of intangible assets	(10.152)	(8.023)	(8.654)
Purchase of investment properties	-	-	252
Proceeds on disposal of investment properties	(63.456)	(16.187)	(1.450)
Net cash flow used in investing activities	2.135	214	20.110
	(488.949)	**(335.046)**	**(628.974)**
Cash flows used in financing activities			
Issue of share capital net issue costs paid	344.016	-	-
Issue of subordinated loan stock	-	118.161	576.083
Redemption of subordinated loan stock	-	(50.284)	(299.463)
Issue of senior debt	14.517	4.852	-
Redemption of senior debt	(449.671)	(444.910)	(296.090)
Dividend payment net of reinvestment	(82.050)	(70.955)	(135.655)
Dividend paid by subsidiaries to non-controlling interests net of reinvestment	(70)	(1.439)	(368)
Increase of capital of subsidiary attributed to non-controlling interests	620	6.982	-
Interest on subordinated loan stock	(43.669)	(46.919)	(46.723)
Acquisition of own shares	(3.754)	(423)	(1.361)
Disposal of own shares	4.299	1.516	1.949
Net cash flow used in financing activities	**(215.762)**	**(483.419)**	**(201.628)**
Net increase in cash and cash equivalents for the year	**111.658**	**1.355.062**	**(1.969.789)**

Cash and cash equivalents			
1 January	6.156.656	4.787.851	6.793.636
Exchange adjustments	71.453	13.743	(35.996)
Net increase in cash and cash equivalents for the year	111.658	1.355.062	(1.969.789)
31 December	**6.339.767**	**6.156.656**	**4.787.851**

14.2 Analysis of Group Financial Results

14.2.1 Summary of Group Financial Results for year 2010

- The Group's total income recorded a significant annual increase of 13% reaching €1.450 mn for 2010, demonstrating the Group's ability to achieve increased recurring income even in adverse economic conditions.

- Profit before provisions for 2010 reached €725 mn recording an increase of 18% compared to 2009 (€612 mn).

- The Group's net interest margin reached 2,66% for 2010 which is a significant increase of 27 basis points compared to 2,39% for 2009.

- The Group achieved satisfactory profitability for 2010, with increased recurring income and positive contribution to profit from all the markets in which it operates. Profit before provisions for 2010 reached €725 million recording an increase of 18% compared to 2009 (€612 million). Despite the important increase in profits before provision, the conservative Group policy to strengthen the balance sheet footings through increased provisions the profit after tax and non-controlling interests for 2010 reached €306 mn versus €313 mn for 2009.

- In Cyprus, profit before provisions reached €437mn recording an increase of 16% compared to 2009. However, given the deterioration of the economic environment, the charge for impairment of loans was significantly increased, resulting in a profit after tax of €256 mn which is 9% lower than 2009 (€282 mn).

- In Greece, profit before provisions for 2010 reached €194 mn, recording an increase of 34% compared to 2009 (€145 mn). Despite the increased provision charge (€184 mn for 2010 compared to €120 mn for 2009), profit after tax reached €11 mn versus €3 mn for 2009.

- In Russia profit before provisions for 2010 reached €46 mn, an increase of 12% compared with 2009 with profit after tax reaching €16 mn compared to €7 mn for 2009 (annual increase of 116%).

- Profit after tax for other countries (Australia, United Kingdom, Ukraine and Romania) reached €23 mn recording an increase of 12% compared to 2009 (€21 mn).

- The capital adequacy ratio reached 11,9% at 31 December 2010 with the tier 1 ratio and the core tier 1 ratio reaching 11,0% and 8,1% respectively. Taking into consideration the forthcoming issue of Convertible Enhanced Capital Securities of €1.342 mn, the pro-forma capital adequacy ratio and tier 1 ratio at 31 December 2010 amount to 14,0% and 12,7% respectively.

- The Group maintained its strong liquidity with a post provision loan to deposit ratio of 84,1%.

- The Group maintained its efficiency, with the cost to income ratio improving to 50,0% for 2010 from 52,4% for 2009.

- At 31 December 2010 Group loans and deposits recorded an annual increase of 9% and 15% respectively.

- The Group's loan quality remained at healthy levels as a result of the emphasis placed on effective credit risk management. The non-performing loans ratio reached 7,3% at 31 December 2010 compared to 5,6% at 31 December 2009. Non-performing loans (NPLs) are defined as the loans which are in arrears for longer than three months and which are not fully covered by tangible collateral. Despite the increase in the NPLs ratio during 2010, the provisions coverage ratio (provisions as a percentage of nonperforming loans) remained at a satisfactory level of 55% at 31 December 2010 (2009: 59%). The remaining balance of non-performing loans is fully covered by tangible collateral with the coverage ratio including tangible collateral amounting to 118% (106% taking into account tangible collateral valued at forced sales value).

14.2.2 Summary of Group Financial Results for year 2009

- Group profit after tax and non-controlling interests for 2009 amounted to €313 million (2008: €502 million), thus achieving the target set for the year.

- Profit before provisions for 2009 reached €612 million (2008: €654 million), recording a decrease of only 6% compared to 2008 despite the adverse economic conditions and intense competition.

- Net interest income and fee and commission income for 2009 reached €1.091 million compared to €1.010 million for 2008, recording an annual increase of 8%, confirming the Group's ability to achieve high recurring income even under adverse economic conditions. Net interest income increased by 7%, reaching €848 million in 2009.

- The Group's net interest margin amounted to 2,39% compared to 2,52% for 2008. It is noted that the net interest margin was significantly improved during 2009, thus reaching to 2,51% in the fourth quarter of 2009 compared to 2,13% in the first quarter of 2009.

- The Group's capital adequacy ratio at 31 December 2009 stood at 11,7%. The tier 1 and core tier 1 ratios improved significantly and reached 10,6% and 7,4% respectively at 31 December 2009, up from 7,2% and 6,5% respectively in 2008.

- The Group maintained its strong liquidity with the loans to deposits ratio standing at 90%. The Group enjoyed strong liquidity in its two main geographic markets, with the loans to deposits ratio in Cyprus and Greece standing at 83% and 87% respectively at 31 December 2009.

- Group return on equity remained at a satisfactory level (14,0%) in the context of a particularly challenging and negative environment.

- The Group maintained its efficiency, with the cost to income ratio contained at 52,4% for 2009 despite the continuing adverse economic conditions and the recent expansion of its branch network in Russia, Romania, Ukraine and Greece.

- All countries in which the Group operates had a positive contribution to Group profits. In the two main markets where the Group operates, Cyprus and Greece, profit before provisions for 2009 reached €377 million and €145 million respectively. Profit after tax for 2009 in Cyprus reached €282 million and in Greece €3 million.

- The Group's operations in the United Kingdom and Australia recorded profits after tax for 2009 of €9 million and €2 million respectively. In Romania and Ukraine profit after tax for 2009 reached €9 million and €0,4 million respectively.

- In Russia profit after tax for 2009 reached €7 million. The recovery in profitability which started in the third quarter of 2009 led to profit of €20 million for the second half of 2009, compared to losses of €13 million for the first half of the year. The Group, having identified opportunities for growth in the Russian market, recorded an increase in loans of 20% during 2009.

- The prudent credit policy followed by the Group, as well as the weak demand for lending, led to a limited increase in Group loans (6%) and deposits (2%) for 2009.

- The Group's loan quality remained at healthy levels as a result of the emphasis placed on effective credit risk management. As a result of the worsening economic environment in Cyprus and Greece, the non-performing loans ratio (defined as the ratio of loans in arrears for longer than three months which are not fully covered by tangible collateral divided by total loans) reached 5,6% at 31 December 2009 up from 5,2% at 30 September 2009. The worsening economic environment led to an increase in provisions for impairment of loans to 0,96% of total loans for 2009. As a result, the Group maintained a satisfactory provisions coverage ratio (provisions as a percentage of non-performing loans) of 59% at 31 December 2009. The remaining balance of non-performing loans is fully covered by tangible collateral with the coverage ratio including tangible collateral amounting to 127% (113% taking into account tangible collateral valued at forced sales value).

14.2.3 Summary of Group Financial Results for year 2008

- Profit after tax attributed to the Company's shareholders for 2008 reached €502 million compared to €485 million for 2007, recording an increase of 4%.

- Group return on equity was maintained at a satisfactory level (25,1%) in a particularly demanding and negative environment.

- The Group maintained its efficiency with the cost to income ratio for 2008 remaining at low levels (44,9%).

- Despite the negative economic environment the high quality of the Group's loan portfolio was maintained and at 31 December 2008 the relevant ratio stood at 3,8% (2007: 3,8%). The provision charge was contained at 0,4% (2007: 0,3%) of total loans.

- The strong liquidity of the Group allowed the unhindered growth of operations in Cyprus, Greece and the new markets resulting in a significant annual increase of total Group loans by 29%.

- There was a successful increase of the customer base and an annual increase of deposits by 11%.

- Cost growth was contained (14%) at rates lower than the rate of growth of business volumes (29%).

- The Group maintained its strong liquidity with a loan to deposit ratio of 90%.

- The above results include:
    - the positive results of actions taken by the Group for hedging foreign exchange risk. The foreign exchange income for 2008 reached €159 million from €47 million in 2007 mainly as result of gains from transactions for hedging foreign exchange risk.
    - losses of €36 million from the sale and change in the fair value of financial instruments compared to €24 million gains for 2007 as a result of the significant drop in the capital markets.

- The contribution to profitability of the Group's operations in its two main geographic markets, Cyprus and Greece, has been significant. Profit after tax in Cyprus reached €401 million, including the significant gains from transactions for hedging foreign exchange risk. In Greece, profit after tax for 2008 reached €74 million in parallel with the very satisfactory growth rates of loans and deposits.

- The Group results in the new markets were positive in all the countries of operation. Profit after tax for 2008 reached €3 million each for Russia (excluding Uniastrum) and Romania and €1 million for

Ukraine. The net profit of Uniastrum Bank for 2008 reached €16 million and its contribution to the total profits of the Group for 2008 amounted to €5 million, as only the last two months of its 2008 profits were consolidated.

15.0 PROSPECTS

The Group continues on its course and remains strong despite the unprecedented crisis that has affected the global banking system and continues to affect the international economic environment. The consistency, flexibility, conservative risk management, strong liquidity and capital position ensure that the Group will be able to achieve future targets and take advantage of future challenges.

Over the next three years, the Group's strategy will focus on the following:

- Healthy liquidity which relies primarily on customer deposits.
- Strong capital adequacy.
- Healthy recurring profitability.
- Adequate geographical diversification.
- Effective risk management.

The strategy of the Group in each country in which it operates is analysed below:

Cyprus:
- Rational pricing and rate of increase in deposits and loans based on market conditions (liquidity and macroeconomic growth).
- Effective management of the asset quality and non-performing loans.
- Cost containment and increase in productivity.
- Maintenance of leading position in international banking services and further enhancement of the synergies between this sector and other Group units.
- Strengthening of the asset management services.

Greece:
- Increase in deposit market share.
- Rational pricing of loans and deposits.
- Focus on increasing commission income.
- Effective management of asset quality and non-performing loans.
- Cost containment and increase in productivity.
- Gradual expansion of the branch network to enhance geographical coverage.

Russia:
- Increase in productivity, leading to an increase in profitability.
- Increase in market share in both loans and deposits (especially in the retail and SME segments).
- Effective monitoring and management of risks and internal controls.
- Improvement in systems and processes, automation and centralisation.
- Utilisation of synergies with other Group units.

Ukraine:
- Increase in market share, especially in deposits by improving the selling capabilities of the branch network.
- Expansion of the branch network to enhance geographical coverage.
- Effective management of credit risk.
- Utilisation of synergies with other Group units.
- Improvement in systems, processes and automation.

Romania:
- Balanced growth in loans and deposits.
- Effective management of credit risk.

United Kingdom:
- Improvement in the loans to deposits ratio, with adequate pricing.
- Effective management of asset quality.
- Utilisation of synergies with other Group units.

Australia:
- Improvement in the loans to deposits ratio, with adequate pricing.
- Increase in commission income.
- Gradual expansion of the branch network.
- Utilisation of synergies with other Group units, especially with Bank of Cyprus Greece.

The strategic priorities of the Group for the year 2011 focus on maintaining its healthy liquidity position and strong capital adequacy, on achieving satisfactory profitability with improved efficiency and cost containment, and on effectively managing risks. In addition, the Group aims to further enhance its presence in the new markets in which it operates, which have strong growth potential, thereby creating long term diversification of income, profitability and risks.

For 2011, the Group will continue its conservative policy of strengthening its balance sheet, through increased provisions. The Group expects that the profit before provisions and the profit before tax for 2011 will be higher relative to 2010, while the profit after tax for 2011 is estimated to be at around similar levels as 2010, with a positive contribution from all the markets in which it operates. Regarding the operations in Russia, the Group expects the consistent substantial business expansion and improvement in profitability to continue, resulting in a higher contribution to Group profitability.

PART D: STATUTORY AND OTHER INFORMATION

PART D: STATUTORY AND OTHER INFORMATION

1.0 EXTRACTS FROM THE ARTICLES OF ASSOCIATION

Extracts from the Company's Articles of Association relating to voting rights, rights for profit distribution, rights in the case of a winding up and other rights are presented below:

"SHARES

3. Subject to any directions to the contrary that may be contained in a Special Resolution passed at the General Meeting of the Company, all new shares and/or other securities which give the right to purchase shares in the Company and/or which may be converted into shares in the Company, shall before issue be offered to the members of the Company in proportion (pro-rata) to the shares held by them on a date fixed by the Board of Directors. Such offer shall be made to the members by a notice in writing specifying the number of shares and/or other securities which give the right to purchase shares in the Company and/or which may be converted into shares in the Company, to which the member is entitled and limiting a time period within which the offer should be accepted, otherwise it will be deemed to be declined. If until the expiration of the said time period, no notification is received from the person to whom the offer was made or to whom the rights have been allotted, that he accepts all or any part of the offered shares or other securities which give the right to purchase shares in the Company or which may be converted into shares in the Company, the directors may dispose of the same in such manner, as they may think most beneficial to the Company. If, owing to any inequality in the number of the new shares of the other securities which give the right to purchase shares in the Company or which may be converted into shares in the Company and the number of shares held by members entitled to have the offer of such new shares or such other new securities that give the right to purchase shares in the Company or which may be converted into shares in the Company, any difficulty shall arise in the apportionment of such new shares and/or other securities amongst the members, such difficulty, shall, in the absence of directions by the Company in General Meeting to the contrary, be determined by the Directors.

VOTES OF MEMBERS

69. If two or more persons are jointly entitled to a share, then in voting upon any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

70. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through any person appointed by the court, and any such person may, on a poll, vote by proxy.

71. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through any person appointed by the court, and any such person may, on a poll, vote by proxy.

73. Votes may be given either personally or by proxy. On a show of hands a member (other than a corporation) present only by proxy shall have no vote, but a proxy or representative of a corporation may vote on a show of hands. A proxy need not be a member of the Company.

74. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.

75. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or an officially certified copy thereof, shall be deposited at the office at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the

person named in such instrument proposes to vote or in the case of a poll not less than twenty-four hours before the time appointed for taking the poll, and, in default, the instrument of proxy shall not be treated as valid.

DIRECTORS

81. The number of Directors (10) shall no be less than ten nor more than eighteen (18).

82. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. The Directors may also be paid all travelling, hotel and other expenses incurred by them in attending and returning from meetings of the Board of Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

ROTATION OF DIRECTORS

94. At the First and every subsequent Annual General Meeting of the Company one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the nearest number to one-third, shall retire from office.

95. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.

MANAGING DIRECTOR

121. The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment.

122. A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

DIVIDENDS AND RESERVE

128. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

129. The Directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

130. No dividend shall be paid otherwise than out of profits.

131. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

132. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion of the period in respect of which the dividend is paid; but if any share is issued on terms

providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

133. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

134. Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly, or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

135. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

136. No dividend shall bear interest against the Company.

CAPITALISATION OF PROFITS

142. The Company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

WINDING UP

151. If the Company shall be wound up the liquidator may, with the sanction of an Extraordinary Resolution of the Company and any other sanction required by the Law, divide amongst the members in specie or kind the whole or any part of the assets of the assets of the Company (whether they consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any other securities whereon there is any liability."

2.0 RELATED PARTY TRANSACTIONS -DIRECTORS AND KEY MANAGEMENT EMOLUMENTS

2.1 Related Party Transactions

The following table presents the loans and other advances, to members of the Board of Directors, key management personnel of the Bank and connected persons by the Group as at 31 December 2010, 2009 and 2008 (audited). There were no significant related party transactions as from the 31st December 2010 and until the date of this Prospectus except of an increase of €25 million in contingent liabilities and commitments.

	2010	2009	2008	2010	2009	2008
	Number of Directors			€000	€000	€000
Loans and advances to members of the Board of Directors and connected persons:						
- more than 1% of the Group's net assets per director	1	3	3	184.753	187.737	196.079
- less than 1% of the Group's net assets per director	16	12	13	57.821	23.454	24.569
	17	**15**	**16**	**242.574**	**211.191**	**220.648**
Loans and advances to key management personnel and connected persons				1.769	2.581	2.657
Total loans and other advances				**244.343**	**213.772**	**223.305**
Analysis of loans and advances						
- members of the Board of Directors and key management personnel				7.330	8.576	7.321
- connected persons				237.013	205.196	215.984
				244.343	**213.772**	**223.305**
Interest income				10.641	9.551	11.806
Deposits of:						
- members of the Board of Directors and key management personnel				71.069	82.906	78.287
- connected persons				25.568	42.787	66.218
				96.637	**125.693**	**144.505**
Interest expense on deposits				4.607	6.274	6.992
Debt securities in issue and subordinated loan stock:						
- members of the Board of Directors and key management personnel				17.133	17.508	13.800
- connected persons				2.401	3.615	1.569
				19.534	**21.123**	**15.369**
Interest expense on debt securities in issue and subordinated loan stock				1.086	1.094	442

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend amounting to €113.102 thousand (2009: €58.094 thousand). Of these, €86.928 thousand (2009: €55.473 thousand) relate to directors and their connected persons, whose total credit facilities exceed 1% of the net assets of the Group per director. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €327 thousand (2009: €512 thousand). Using forced-sales values, the total unsecured amount of the loans and advances and contingent liabilities and commitments in respect of related parties at 31 December 2010 amounted to €8.065 thousand (2009: €27.086 thousand).

During 2010 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €283 thousand (2009: €303 thousand) to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €541 thousand (2009: €400 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €855 thousand (2009: €324 thousand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €149 thousand (2009: €144 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis..

Connected persons include spouses, minor children and companies in which directors/key management personnel hold, directly or indirectly, at least 20% of the voting shares in a general meeting, or act as directors or exercise control of the entities in any way.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions with customers of a similar credit standing. A number of credit facilities have been extended to key management personnel and their connected persons on the same terms as those applicable to the rest of the Group's employees.

Fees and emoluments of members of the Board of Directors and key management personnel

	2010	2009	2008
Director emoluments	**€000**	**€000**	**€000**
Executives			
Emoluments in executive capacity:			
Salaries and other short term benefits	1.749	1.543	1.065
Ex-gratia payment	-	-	678
Employer's contributions	58	57	54
Retirement benefit plan costs	381	182	157
	2.188	1.782	1.954
Share options	486	1.944	752
Non-executives			
Fees	813	822	700
Emoluments of a non executive director who is also an employee of the Company	154	142	118
Total fees and emoluments of directors	3.641	4.690	3.524
Key management personnel emoluments			
Salaries and other short term benefits	901	1.218	881
Employer's contributions	51	59	63
Retirement benefit plan costs	123	153	140
Share options	182	972	376
Total key management personnel emoluments	1.257	2.402	1.460
Total	**4.898**	**7.092**	**4.984**

The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers and include the bonus that has been approved by the Board of Directors.

As at 31 December 2010, the remuneration of the members of the Board of Directors and key management personnel amounted to €4.898 thousand (2009: €7.092 thousand).

Share Options

During 2010 and until the date of this Prospectus, no Share Options have been granted to executive directors.

In the context of the Share Options 2008/2010 granted by the Company on 28 May 2008 to the Group's employees, 1.500 thousand share options were granted to Mr Andreas Eliades and 500 thousand options were granted to Mr Yiannis Kypri. The cost of share options granted to Messrs Andreas Eliades and Yiannis Kypri amounted to €364 thousand (2009: €1.458 thousand) and €122 thousand (2009: €486 thousand) respectively. As at 31 December 2010, each Share Option 2008/2010 gave its holders the right to purchase one share of the Company at €4,24 per share. The theoretical fair value of the Share Options 2008/2010 granted on 28 May 2008 was measured at the grant date and amounted to €1,17 per option. As a result of the amendment of the terms of the Share Options 2008/2010 on 23 June 2009, the Share Options were revalued and the additional cost amounted to €0,42 per option.

In the context of the Share Options 2008/2010 granted by the Company to Group employees on 28 May 2008, 750 thousand (2009: 1.000 thousand) options were granted to Group key management personnel the total cost of which amounted to €182 thousand (2009: €972 thousand).

Pursuant to a special resolution that was approved by shareholders on 23rd March 2011, the exercise price of the Share Options 2008/2010 has been amended to €3,30 per share.

Fees and emoluments

The salaries and other short term benefits of executive directors amounting to €1.749 thousand (2009: €1.543 thousand) relate to Mr Andreas Eliades €898 thousand (2009: €980 thousand), Mr Yiannis Pehlivanidis €334 thousand (2009: Nil) and Mr Yiannis Kypri €517 thousand (2009: €563 thousand).

The salaries and other short term benefits of executive directors include a bonus which is determined by the Board of Directors based on the recommendation of the Remuneration Committee. The maximum bonus for each executive director is specified in his contract of employment with the Group. For 2010, the Board of Directors, having considered the performance of the Group as regards the achievement of its goals and profitability, has approved a total bonus of €341 thousand (2009: €327 thousand) for Mr Andreas Eliades and €195 thousand (2009: €187 thousand) for Mr Yiannis Kypri. The bonus will be paid in the form of shares of the Company, which will be purchased immediately and will be bestowed to a trust that will transfer the shares to the beneficiaries provided all specified conditions are satisfied.

One third of the bonus has vested and will be paid immediately, while the remaining two thirds will vest equally at the end of 2011 and 2012, provided the Group achieves the goals set with respect to profitability and key performance indicators, taking into account the performance of other peer banks. After vesting, the shares awarded will be subject to a retention period of one year. Additionally, 25% of the shares granted to executive directors, must be kept until their retirement or the expiry of their contracts of employment.

Based on the above terms, the cost recognised in the financial statements in relation to the 2010 bonus is €209 thousand for Mr Andreas Eliades and €119 thousand for Mr Yiannis Kypri.

The bonus for 2009 was paid 50% in cash and 50% in shares of the Company in the name of the executive directors, which are subject to a retention period of three years.

The retirement benefit plan costs amounting to €381 thousand (2009: €182 thousand) relate to Mr Andreas Eliades €133 thousand (2009: €118 thousand), Mr Yiannis Pehlivanides €175 thousand (2009: Nil) and Mr Yiannis Kypri €73 thousand (2009: €64 thousand).

Messrs Andreas Eliades and Yiannis Kypri participate in the main retirement benefit plan for the Group's employees in Cyprus, which is a defined benefit plan. Mr Yiannis Pehlivanides participates in the retirement benefit plans for the Group's employees in Greece, which are the defined contribution plan and the defined benefit plan for retirement benefits which are required by the law. The total retirement benefits of the executive directors increased during 2010 by €800 thousand (2009: €771 thousand).

The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers and include the bonus that has been approved by the Board of Directors. The bonus will be paid in the form of shares of the Company, which will be purchased immediately and will be bestowed to a trust that will transfer the shares to the beneficiaries provided all specified conditions are satisfied. One third of the bonus has vested and will be paid immediately, while the remaining two thirds will vest equally at the end of 2011 and 2012, provided the Group achieves the goals set with respect to profitability and key performance indicators, taking into account the performance of other peer banks. After vesting, the shares awarded will be subject to a retention period of one year.

2.3 Other transactions with related parties

Mr Andreas Artemis, Vice-Chairman of the Board of Directors of the Company, holds an indirect interest and is Chairman of the Board of Directors of the Commercial General Insurance Ltd group which is engaged in general insurance business. The Commercial General Insurance Ltd group has entered into reinsurance arrangements with General Insurance of Cyprus Ltd, a subsidiary of the Group.

Mrs Anna Diogenous, member of the Board of Directors of the Company, holds an indirect interest in the company Pylones SA Hellas, which supplies the Company with equipment and services following tender procedures and in the company Unicars Ltd which supplies the Group in Cyprus with cars and related services.

Mr Costas Z. Severis, member of the Board of Directors of the Company, is the main shareholder of the company D. Severis and Sons Ltd, which is a general agent of the Group's subsidiary, General Insurance of Cyprus Ltd.

During 2010 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €283 thousand (2009: €303 thousand) to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €541thousand (2009: €400 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €855 thousand (2009: €324 thousand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €149 thousand (2009: €144 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis.

3.0 OTHER STATUTORY INFORMATION

(i) Save as disclosed in the Prospectus, there has been no significant change in the financial position of the Bank or the Group since 31 December 2010.

(ii) Save as disclosed in the Prospectus, there has been no adverse change in the prospects of the Bank or of the Group since 31 December 2010.

(iii) As form 1st January 2008, first date of adoption of the Euro as the official currency in the Republic of Cyprus, the currency relating to the operations of the Bank and its subsidiaries has changed to Euro from Cyprus Pound. To this end as from 1st January 2008 all assets and liabilities of the Bank and its subsidiaries have been converted to Euro, based on the fixing rate of €1 = £0,585274.

(iv) On 1 January 2008 the nominal value of the Company's Shares has been converted to €1,00 per share from £0,50.

(v) As at the date of the Prospectus, no legal actions or claims of material importance are pending or threatened against the Company or the Group with the exception of the following:

i. In September 2009, an action was filed against the Company by the Trustees of the AremiSoft Corporation Liquidating Trust, which is similar in substance to the one filed in New York, in 2006. In the detailed statement of claim filed in October 2010 the Trustees, on behalf of the investors of AremiSoft, claim the amount of approximately USD 550 million (€411 million) plus interest and costs, in damages, which according to their allegations, have resulted from, inter alia, an alleged conspiracy between the Company and two of the major shareholders of AremiSoft, alleged fraudulent transactions through bank accounts held with the Company in Cyprus and the United Kingdom, alleged breach of contract and alleged negligence. The Group does not expect to have any material financial impact as a result of this action.

(vi) There are no, nor have there been any in the recent past, legal or arbitration proceedings in which the Group has been or is engaged in, which may have, or have had a significant effect on the financial position of the Company or any of its subsidiaries.

(vii) Save as disclosed in the Prospectus, there are no financial contracts entered into by the Company which are fundamentally material to the activities of the Company or of the Group.

(viii) Save as disclosed in the Prospectus, as from 31 December 2010 until the date of this Prospectus neither the Company nor the Group had any other borrowings or indebtedness in the nature of bonds, loan stock, borrowing, or any other mortgage or charges on the Company's assets.

(ix) Except for the members of the Executive Management there are no existing service contracts between the Company and its employees or of the employees of any of its subsidiaries, the termination of which will entail the payment of compensation, if terminated without cause.

(x) Save as disclosed in Part C, Section 9.0 there are no other employee share option schemes.

(xi) As at the date of the Prospectus there has been no disruption in the activities of the Company that has to date or would in the future significantly affect the financial position of the Company or its subsidiaries.

(xii) There are no patents or licenses, industrial, commercial or financial contracts that would be of fundamental importance to the business or profitability and on which the Company or any of its subsidiaries are dependant.

(xiii) During the current or immediately preceding financial year there was no public offer by any third parties in respect of the Company's or any subsidiary's shares.

(xiv) Save as disclosed in the Prospectus and the documents incorporated by reference to the Prospectus, as at the date of the Prospectus, the Directors of the Company have not made any firm commitments on principal future investments or acquisitions.

(xv) Save as disclosed in the Prospectus, during the two years preceding the date of the Prospectus, no material contract has been entered into by the Company which is outside its normal course of business.

4.0 CONSENTS

(i) The statutory independent auditors Ernst & Young Cyprus Ltd have given and have not withdrawn their written consent presented below relating to the references to their name in the form and context in which they appear in the Prospectus.

Nicosia
5 April 2011

Board of Directors
Bank of Cyprus Public Company Ltd
Nicosia

Prospectus for the issue of Convertible Enhanced Capital Securities

We are the auditors of Bank of Cyprus Public Company Ltd for the years 2008 – 2010.

The financial statements of the Company and the Group at 31 December 2008, 2009 and 2010 were audited by us in accordance with International Standards on Auditing. We have issued unqualified opinions on these financial statements.

With this letter, we give and do not withdraw our consent for:
a) the inclusion of our reports within the Prospectus dated 5 April 2011 in the form and format those are presented; and
b) for the references to our name in the form and context in which they appear in the Prospectus dated 5 April 2011, for which you as Directors are solely responsible.

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

(ii) The Lead Manager of the issue, The Cyprus Investment and Securities Corporation Ltd (CISCO) has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears.

5 April 2011
Board of Directors
Bank of Cyprus Public Company Ltd
Nicosia

Dear Sirs,

With this letter, we give and do not withdraw our consent for the references to our name in the form and context in which it appears in the Prospectus of Bank of Cyprus Public Company Ltd dated 5 April 2011 for which you, as Directors, are solely responsible.

The Cyprus Investment and Securities Corporation Limited (CISCO)

(iii) The solicitors Messrs Chryssafinis & Polyviou have given and have not withdrawn their written consent.

5 April 2011

Board of Directors
Bank of Cyprus Public Company Limited
Nicosia

Dear Sirs,

The undersigned Chryssafinis & Polyviou, lawyers in Nicosia, hereby confirm the following regarding the Prospectus of Bank of Cyprus Public Company Ltd dated 5 April 2011:

The aforementioned company is incorporated and operates in accordance with the Cyprus Companies Law, Cap. 113 and has the power to issue securities to the public.

The information in the Prospectus under "Statutory and other Information on the Issuer and its Share Capital" is in accordance with the details and documents to be found in the records of the Company as these are kept in the Companies Registry at the Department of the Registrar of Companies and Official Receiver.

We authorise the Cyprus Securities and Exchange Commission to publicise, at its discretion, any of the information which appears in the present confirmation to the public or any other party, if it deems this necessary.

With this letter, we give and do not withdraw our consent for the inclusion of our Confirmation within the Prospectus dated 5 April 2011 in the form and format those are presented as well as for the references to our name in the form and context in which they appear in the Prospectus dated 5 April 2011 for which you, as Directors, are solely responsible.

Chryssafinis & Polyviou

(iv) The Prospectus has been presented to the Board of Directors of the Company and has been approved. The Directors of the Company, who have taken all reasonable care to ensure that such is the case, accept responsibility for the accuracy, correctness and completeness of the information contained in the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

5.0 DOCUMENTS AVAILABLE FOR INSPECTION

(i) The documents attached to the copy of the Prospectus as filed with the Cyprus Securities and Exchange Commission were the consent letters described in Paragraph 4.0 above.

(ii) Copies of the following documents may be inspected during working days, between 9.00 a.m. and 12.00 noon, at the Bank's headquarters, 51 Stassinou Street, Ayia Paraskevi, Nicosia, Cyprus and during the period that the Prospectus shall be valid:

(1) Memorandum and Articles of Association of the Company,
(2) written consents and certificates, as set out in Paragraph 4.0 above,
(3) audited consolidated financial statements of the Group for years 2008, 2009 and 2010,

The Prospectus as it has been approved by the Cyprus Securities Exchange Commission will be available in electronic form as follows:

1. the Bank of Cyprus' website, www.bankofcyprus.com
2. the website of the Lead Manager, The Cyprus Investment and Securities Corporation Ltd, CISCO, www.cisco-online.com
3. the website of the Cyprus Stock Exchange, www.cse.com.cy
4. the website of the Cyprus Securities and Exchange Commission, www.cysec.gov.cy

6.0 INCORPORATIONS BY REFERENCE

The Group's consolidated financial statements for years 2008, 2009 and 2010 have been incorporated to the Prospectus by reference pursuant to article 28 of the Commission Regulation 809/2004 of the European Union.

Incorporations by Reference	Document	Pages
Financial Statements 31 December 2008	Annual Report 2008	74-161
Independent Auditor's Report 31 December 2008	Annual Report 2008	162
Financial Statements 31 December 2009	Annual Report 2009	77-168
Independent Auditor's Report 31 December 2009	Annual Report 2009	169
Financial Statements 31 December 2010	Financial Statements 2010	10-123
Independent Auditor's Report 31 December 2010	Financial Statements 2010	124-125

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2008
(ii) consolidated financial statements for year 2009
(iii) consolidated financial statements for year 2010

during working days, between 9.00 a.m. and 12.00 noon, from the Bank's headquarters, 51 Stassinou Street, Ayia Paraskevi, Nicosia, Cyprus during the period that the Prospectus shall be valid, as well as on the Group's website www.bankofcyprus.com (select Investor Relations/ Financial Information).

PART E: DEFINITIONS

6 month Euribor	Euro Interbank Offered Rate is the rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank. (Published every business day at 11:00 CET for spot value T+2).
6 month Libor	London Interbank Offered Rate is the rate at which interbank term deposits in London are offered by one prime bank to another prime bank. (Published every business day at 11:00 CET for spot value T+2).
Allotment Letter for the Priority for Subscription	means the allotment letter for the Priority for Subscription to the issue which will be sent to shareholders registered on Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges as of 12 April 2011.
Allotment Ratio	the allotment ratio of €3 CECS for every 2 shares held to all registered shareholders as at Record Date.
Assets	The total non consolidated assets of the Bank as these are presented in the balance sheet, which is included in the latest audited financial statements, adjusted for contingencies and post balance sheet events as per the decision of the Directors, the Auditors or the Receiver as the case may be.
ATHEX	the Athens Exchange.
Bank, Issuer, Company	Bank of Cyprus Public Company Limited.
Board of Directors, Board	means the Board of Directors of the Company
Business Day	any day (except Saturday, Sunday or bank holiday) during which commercial banks and foreign currency markets provides settlements in Euro, in Cyprus and Greece.
Capital Adequacy Regulations	the regulations and circulars of the Central Bank of Cyprus regarding capital adequacy, at any given time
Capital and Dividend Restrictions	has the meaning defined in Part B, Chapter II, Condition 5(c)
Capital Securities	Capital Securities issued by the Bank which are included in the subordinated loan stock of the Bank. The Capital Securities are classified as Tier I Capital, are perpetual securities in respect of which there is no fixed redemption date and are callable by the Bank at its discretion subject to an approval by the Central Bank of Cyprus.
Capital Securities 12/2007, Capital Securities Series C	means the Capital Securities 12/2007 issued by the Bank of nominal value €1 each
Central Bank	The Central Bank of Cyprus.
Central Depository/Registry	means the Central Depository/Registry of the CSE.
Claims in the case of winding up	has the meaning defined in Part B, Chapter II, Condition 3.
Contingency Event	means the Contingency Event as defined in Part B Chapter II of this Prospectus.

Conversion Period	the period as defined in Part B, Chapter II, Condition 7a of this Prospectus, during which the Holders of the Convertible Enhanced Capital Securities may elect to exercise their Conversion Right to ordinary shares of the Bank.
Conversion Price	the price at which the Holders of Convertible Enhanced Capital Securities may exercise their right to convert them into ordinary shares of the Company during the stated Conversion Periods and any adjustments to it as provided in the relevant terms and conditions of this Prospectus.
Conversion Right	the right of the Convertible Enhanced Capital Securities Holder to elect to convert them into ordinary share of the Bank as provided in the terms and conditions of this Prospectus.
Convertible Bonds 2013/2018	means the Convertible Bonds 2013/1018 of Bank of Cyprus of nominal value €1,00 each.
Convertible Capital Securities	means the Convertible Capital Securities issued by the Bank which are included in the subordinated loan stock of the Bank. The Convertible Capital Securities are classified as Tier I Capital and are perpetual securities in respect of which there is no fixed redemption date.
Convertible Enhanced Capital Securities	up to €1.342.422.297 Convertible Enhanced Capital Securities in accordance with the terms of this Prospectus.
Coupon Cancellation	any Interest Payment, which the Bank, according to Part B, Chapter II, Condition 5, may cancel
CSE	the Cyprus Stock Exchange.
Directors	the members of the Board of Directors of the Bank of Cyprus Public Company Limited.
Dividend Reinvestment Scheme	the Bank's Dividend Reinvestment Scheme as is currently in force and any other similar plan that replaces it or is approved by the Bank.
DSS	means the Dematerialised Securities System of the Hellenic Exchanges
Eligible Holders, Priority Holders	the Priority for Subscription to the issue will be granted to the Bank's Shareholders registered at the Central Depository/ Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges as at the Record Date on 12 April 2011. From 8 April 2011 onwards, the Bank's shares will be traded without the Priority (ex-priority) for Subscription to the current Convertible Enhanced Capital Securities issue. Consequently, 7 April 2011 is set as the Cum Priority Date for the determination of the Eligible Holders of the Priority for Subscription, meaning that investors who purchase shares by the market close of the Cyprus Stock Exchange and the Athens Stock Exchange on 7 April 2011 will be granted with Priority to participate to the Bank's Convertible Enhanced Capital Securities issue. The 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).
Employee Share Option Scheme	the Employee Share Option Scheme as approved by the shareholders' Annual General Meeting on May 14 2008 and any other scheme that replaces it or subsequently follows it.

Exempt Countries	means the United States, Canada, Australia, South Africa, Japan and any other country which is not a Member State of the European Union and in which according to the laws of such country, such an offer or the distribution of this Prospectus is illegal or constitutes breach of any applicable law, rule or regulation.
Exercise Period	means the period for Subscription by interested investors (shareholders or not), commencing on 27 April 2011 and ending on 17 May 2011.
Exercise Period for the Priority for Subscription	means the period of the Priority for Subscription by Eligible Holders, commencing on 27 April 2011 and ending on 17 May 2011.
Group	Bank of Cyprus Public Company Limited and its subsidiary companies.
HELEX	means Hellenic Exchanges.
Holder	the Holder of Convertible Enhanced Capital Securities as registered on the Convertible Enhanced Capital Securities Register of the Bank.
Interest	the interest payable to the Convertible Enhanced Capital Securities Holders for the Interest Period in reference.
Interest Payment	for every Interest Payment Date, the total Interest payable for the period ending on the Interest Payment Date.
Interest Payment Beneficiaries	In addition to the Holders as defined above, Holders that have sold Convertible Enhanced Capital Securities during an ex-interest period and as such are not defined as Holders but have a claim as to the Interest Payment at the relevant Interest Payment Date.
Interest Payment Date	the 30th of June and the 31st of December of each year, starting 31 December 2011.
Interest Period	the period from and including the Issue Date, to and not including, the First Interest Payment Date, and each continuing period from and including the Interest Payment Date, to and not including the next Interest Payment Date.
Issue Date	the 18th of May 2011, the date of issue of the Convertible Enhanced Capital Securities.
Last Submission Date	means the 17th May 2011, as the last date for submission of applications from Eligible Priority Right Holders and other investors.
Liabilities	the total non-consolidated liabilities of the Bank as these are presented in the balance sheet, which is included in the latest audited financial statements, adjusted for contingencies and post balance sheet events as per the decision of the Directors, the Auditors or the Receiver as the case may be.
Mandatory Conversion	the event where the CECS shall be mandatorily converted into Ordinary Shares at a Mandatory Conversion Price, if a Contingency Event or Viability Event occurs.
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 during the 5 Business Days prior to the Contingency Event or Viability Event notice. The Floor Price means the nominal value of each Ordinary Share (being at the Issue Date €1,00).
Member of the stock exchange, Member	means stockbroker, brokerage company or Cypriot Investment Firm (CIF) that is registered on the Member Registry of the Cyprus Stock Exchange.
Merger or Combination	as defined in the Company's Act Cap. 113.

New Shares	the new ordinary shares of the Bank to be issued as a result of Conversion of Convertible Enhanced Capital Securities as provided in the Terms and Conditions in this Prospectus.
Other Tier I Capital	any other securities classified as Tier I Capital and which in the case of solvency of the Bank or dividend or profit distribution, or other payments, they rank pari passu with the Convertible Enhanced Capital Securities, provided that the Convertible Enhanced Capital Securities are still classified as Tier I Capital.
Payment	any Interest Payment, Interest Deferral, Deferred Interest Payment or interest not defined as Interest Payment.
Prospectus	the current Prospectus in accordance under which the Convertible Enhanced Capital Securities will be issued and admitted for trading on the CSE and the ATHEX.
Public Offer	as defined in Law 41(I)/2007 of the Republic of Cyprus or as otherwise amended.
Record Date	means the 12th April 2011
Register	the Register of the Convertible Enhanced Capital Securities Holders held by the Share and Loan Stock Department of the Bank. The Holders registered on the Register of the Convertible Enhanced Capital Securities Holders held by at the Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges
Securities and Exchange Commission	the Cyprus Securities and Exchange Commission.
Senior Creditors	Senior Creditors means creditors of the Bank (i) who are unsubordinated depositors of other unsubordinated creditors of the Bank or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Bank or otherwise) to the claims of unsubordinated depositors and other unsubordinated creditors of the Bank but not further or otherwise, or (iii) who are subordinated creditors of the Bank other than those whose claims are, or are expressed to rank, pari passu with, or junior to the claims of the holders of the Convertible Enhanced Capital Securities
Shares, Ordinary Shares	the ordinary shares of the Bank.
Shareholders Register	means the Register of Holders of shares of the Company.
Shareholders	means the shareholders of the Company appearing in the Shareholders Register of the Company.
Special Conversion Period	any conversion period as defined above, other than the stated Conversion Periods, as provided in Part B, Chapter II, Condition 7 (h) of this Prospectus.
Subsidiary company	has the meaning defined in Companies Act cap. 113.
Tier I Capital	as defined in the Capital Adequacy Regulations.
Tier I Securities	securities issued by the Bank and classified as Tier I Capital.
Tier II Capital	as defined in the Capital Adequacy Regulations.
Trust Deed	the Trust Deed dated 5 April 2011 between the Bank and the Trustee.
Trustee	KPMG Ltd as the trustee for the Holders and any of the Trustee's replacements.
Viability Event	means the Viability Event as defined in Part B Chapter II of this Prospectus.

DIRECTOR'S DECLARATIONS

The following Prospectus of Bank of Cyprus Public Company Limited dated 5 April 2011 has been signed by the Directors of the Company. The Company and the Directors signing the Prospectus ensure that to the best of their knowledge and belief (after taking all reasonable care), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information:

Theodoros Aristodemou	Chairman – Non Executive
Andreas Artemis	Vice Chairman – Non Executive - Independent Director
Andreas Eliades	Executive Director
Yiannis Kypri	Executive Director
Yiannis Pechlivanides	Executive Director

LEAD MANAGER'S DECLARATION

The present Prospectus of Bank of Cyprus Public Company Limited dated 5 April 2011 has been signed by the Lead Manager of the issue The Cyprus Investment and Securities Corporation Limited (CISCO) which declares that, having taken all responsible care to ensure that such is the case the information contained in the Prospectus is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import

The Cyprus Investment and Securities Corporation Limited (CISCO)