BANK OF CYPRUS PUBLIC COMPANY LTD

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

PROSPECTUS

DATE: 20 AUGUST 2010

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

SHARE CAPITAL INCREASE IN THE FORM OF RIGHTS ISSUE TO THE EXISTING SHAREHOLDERS

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 (CISCO) or any other professional duly authorised to give such information, accountants, lawyers, or investment advisors.

Bank of Cyprus Public Company Ltd 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 Public Company Ltd 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

ISSUE OF 604.205.955 RIGHTS TO THE EXISTING SHAREHOLDERS OF BANK OF CYPRUS THAT WILL BE REGISTERED AS AT 9 SEPTEMBER 2010 AND LISTING OF THE RIGHTS AND THE SHARES RESULTING FROM THEIR EXERCISE FOR TRADING ON THE CYPRUS STOCK EXCHANGE AND ATHENS EXCHANGE

THE RIGHTS WILL BE ISSUED AND ALLOTTED IN THE RATIO OF 1 RIGHT FOR EACH ONE EXISTING SHARE. EVERY SEVEN (7) RIGHTS EXERCISED WILL BE CONVERTED INTO TWO (2) FULLY PAID ORDINARY NEW SHARES OF NOMINAL VALUE €1 EACH AT THE EXERCISE PRICE OF €2,00 PER NEW SHARE

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 for the purpose of giving information with regard to the Rights Issue. 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 Rights to be admitted for 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 Rights and Shares of the Company 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 Rights 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 167 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 43 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 18 branches offering banking services in the Ukrainian market through a subsidiary.

Prospects and Financial Targets

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.

The Bank of Cyprus Group has set its strategic priorities for the year 2010 which aim to create shareholder value on a sustainable basis. The strategic priorities of the Group for the year 2010 focus on maintaining a strong liquidity position and capital adequacy, improving efficiency and cost containment, satisfactory profitability and effective risk management. 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.

Given the uncertainty affecting most of the countries in which the Group operates, the precise determination of a profit target is rendered difficult. The Group however, remains true to its policy of communicating with the investing community and providing a profit target even in periods of great uncertainty. Having taken into consideration the results for the first quarter 2010 and the results to date, the Group estimates that it will achieve satisfactory profitability for the year 2010 within the estimated range already announced. Specifically the Group estimates that the profit after tax will range between €300 mln and €400 mln, with positive contribution from all the markets in which it operates.

Selected Financial Information

The following summarized financial information set out below was extracted from the Group's financial statements for years 2007, 2008 and 2009, which have been audited by the Group's statutory independent auditors Ernst & Young Cyprus Ltd which is is a successor firm of Ernst & Young Ernst & Young. The published audited consolidated financial statements for year 2007 were prepared in Cyprus Pounds which was the reporting currency for the Group's financial statements during the relevant period. The conversion from Cyprus Pounds to Euro for the presentation of the following summarized financial information, was effected using the conversion ratio of €1=£0,585274.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2007, 2008 and 2009 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	**2009**	**2008**	**2007**
	€000	**€000**	**€000**
Net Interest Income	847.830	792.151	752.379
Profit before provisions	612.246	653.633	629.091
Profit before tax	365.221	551.614	582.362
Profit after tax	321.994	478.683	490.519
Profit after tax attributable to owners of the Company	313.144	502.388	485.168

SELECTED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET as at December 31	**2009**	**2008**	**2007**
	€000	**€000**	**€000**
Total assets	39.411.401	36.130.573	31.763.190
Total equity	2.485.498	2.056.367	2.005.190
Subordinated loan stock	946.843	934.085	668.748
Share Capital	598.197	586.662	483.726
Debt Securities in Issue	519.111	959.169	1.253.690
Loans and advances to customers	25.635.780	24.424.694	18.920.921
Customers deposits	28.584.561	27.935.747	25.178.966

The following summarized financial information set out below was extracted from the Group's Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2010 which have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

The Interim Condensed Consolidated Financial Statements of the Group for the three months ended 31 March 2010 have not been audited by the Group's statutory independent auditors.

SELECTED FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONSOLIDATED INCOME STATEMENT for the three months ended 31 March	**2010**	**2009**
	€000	**€000**
Net Interest Income	241.542	181.254
Profit before provisions	165.432	113.243
Profit before tax	91.461	78.205
Profit after tax	79.400	62.129
Profit after tax attributable to owners of the Company	81.362	63.071

SELECTED FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONSOLIDATED BALANCE SHEET as at	**31 March 2010**	**31 December 2009**
	€000	**€000**
Total assets	39.729.073	39.411.401
Total equity	2.553.420	2.485.498
Subordinated loan stock	956.486	946.843
Share Capital	598.197	598.197
Debt Securities in Issue	524.804	519.111
Loans and Advances to customers	26.265.962	25.635.780
Customers Deposits	29.203.103	28.584.561

Capitalisation and Indebtedness

Market Capitalisation	
Number of shares issued	604.205.955
Closing share price as at 30 July 2010 on the Cyprus Stock Exchange	€4,12
Market Capitalisation of the Company as at 30 July 2010 based on the closing share price on the Cyprus Stock Exchange	€2.489.328.535

Debt securities in issue, subordinated loan stock and equity: (31 March 2010)		**€000**
Liabilities		
Debt Securities in issue		
-	Medium term senior debt	468.039
-	Short term commercial paper	45.569
-	Other debt securities in issue	11.196
		524.804
Subordinated loan stock		
-	Subordinated Bonds 2011/2016	142.020
-	Capital Securities 12/2007	123.774
-	Convertible Bonds 2013/2018	41.544
-	Convertible Capital Securities	642.703
-	Subordinated Bonds in US Dollars 2013/2014/2015	6.445
		956.486
Total debt securities in issue and subordinated loan stock		**1.481.290**
Total equity		
-	Share Capital	598.197
-	Share Premium	712.170
-	Revaluation and other reserves	14.685
-	Retained earnings	1.163.980
-	Equity attributable to the owners of the Company	2.489.032
-	Non-controlling interests	64.388
Total Equity		**2.553.420**
Indebtedness to Equity Ratio		**58,01%**

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*
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*

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)
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

As a company listed on the Cyprus Stock Exchange (CSE), Bank of Cyprus has adopted the CSE's Corporate Governance Code and applies its principles. The Group complies with the provisions of the 2nd Revised Edition of the Corporate Governance Code except provision A.2.3., due to the criterion for the definition of independent Directors according to which, a Director with tenure exceeding nine years is not considered independent. Provision A.2.3. requires that at least 50% of the members of the Board of Directors, excluding the Chairman, be independent non-executive Directors. As at 31 December 2009, six Directors were considered independent, representing 43% of the Board of Directors excluding the Chairman. As at the date of this Prospectus, five Directors were considered independent.

In September 2009, the CSE issued the 3rd Edition of the Corporate Governance Code which is effective from 1 January 2010 and will be reflected in the Annual Report of the Bank for the year 2010. 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 30 June 2010, 31 March 2010 (unaudited) and 31 December 2009, 2008 and 2007 (audited):

	30 Jun 2010	31 Mar 2010	2009	2008	2007	30 Jun 2010	31 Mar 2010	2009	2008	2007
			Number of Directors				€000	€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	3	3	3	3	4	195.348	188.061	187.737	196.079	120.598
- less than 1% of the Group's net assets per director	14	12	12	13	14	28.512	27.658	23.454	24.569	20.339
	17	15	15	16	18	223.860	215.719	211.191	220.648	140.937
Loans and advances to key management personnel and connected persons						2.522	2.630	2.581	2.657	877
Total loans and other advances						226.382	218.349	213.772	223.305	141.814
Analysis of loans and advances										
- members of the Board of Directors and key management personnel						7.892	9.994	8.576	7.321	9.814
- connected persons						218.490	208.355	205.196	215.984	132.000
						226.382	218.349	213.772	223.305	141.814
Interest income						4.883	2.470	9.551	11.806	8.032
Deposits of										
- members of the Board of Directors and key management personnel						74.334	77.856	82.906	78.287	85.965
- connected persons						46.027	42.265	42.787	66.218	42.654
						120.361	120.121	125.693	144.505	128.619
Interest expense on deposits						2.339	1.184	6.274	6.992	3.677
Debt securities in issue and subordinated loan stock:										
- members of the Board of Directors and key management personnel						17.133	17.215	17.508	13.800	171
- connected persons						2.547	3.547	3.615	1.569	50
						19.680	20.762	21.123	15.369	221
Interest expense on debt securities in issue and subordinated loan stock						548	280	1.094	442	3

In addition to loans and advances as at 31 December 2009, there were contingent liabilities 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 €58.094 thousand (2008: €49.689 thousand., 2007: €85.017 thousand). Of these €55.473 thousand (2008: €44.283 thousand, 2007: €79.532 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 to Group key management personnel and their connected persons amounting to €512 thousand (2008: €378 thousand, 2007: €326 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 2009 amounted to €27.086 thousand (31 December 2008 €55.520 thousand).

On 31 March 2010 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 €57.153 thousand. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €259 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 March 2010 amounted to €9.888 thousand.

In 30 June 2010, 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 €85.562 thousand. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €246 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 30 June 2010 amounted to €8.789 thousand.

Connected persons include spouses, minor children and companies in which directors or 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 Group key management personnel

	Unaudited 30 June 2010	Unaudited 31 March 2010	2009	2008	2007
Director emoluments		**€000**	**€000**	**€000**	**€000**
Non-executives					
Fees	379	188	822	700	740
Non-executives					
Emoluments in executive capacity:					
Salaries and other short term benefits	951	455	1.543	1.065	2.640
Ex-gratia payment	-	-	-	678	-
Employer's contributions	33	24	57	54	79
Retirement benefit plan costs	97	47	182	157	186
Share options	243	122	1.944	752	9
Total emoluments in executive capacity	1.324	648	3.726	2.706	2.914
Emoluments of a non executive director who is also an employee of the Company	97	52	142	118	97
Total fees and emoluments of directors	1.800	888	4.690	3.524	3.751
Key management personnel emoluments					
Salaries and other short term benefits	520	287	1.218	881	2.098
Employer's contributions	27	16	59	63	87
Retirement benefit plan costs	56	28	153	140	195
Share options	91	46	972	376	17
Total key management personnel emoluments	694	377	2.402	1.460	2.397
Total	**2.494**	**1.265**	**7.092**	**4.984**	**6.148**

During the six months ended 30 June 2010, the remuneration of the members of the Board of Directors and key management personnel amounted to €2.494 thousand (corresponding period of 2009: €3.280 thousand) and €1.265 thousand in the three-month period ended 31 March 2010 (corresponding period of 2009: €1.392 thousand).

Share Options

From 1 January 2009 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 €1.458 thousand (2008: €564 thousand) and €486 thousand (2008: €188 thousand) respectively. Each Share Option 2008/2010 gives its holders the right to purchase one share of the Company at €5,50 per share (previously €9,41 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, 1.000 thousand options were granted to Group key management personnel the total cost of which amounted to €972 thousand (2008: €376 thousand).

During 2007, 10.000 Share Options 2001/2007 which were granted to two non executive directors in 2000 while they were executive directors, were exercised at the price of €5,57 per option. Also during 2007, the executive directors exercised 3.000 Share Options 2001/2007 at the price of €5,57 per option and 15.000 Share Options 2006/2007 at the price of €7,38 per option.

Salaries and other benefits

The salaries and other short term benefits of executive directors amounting to €1.543 thousand for 2009 (2008: €1.065 thousand), relate to Mr Andreas Eliades €980 thousand (2008: €509 thousand), Mr Yiannis Kypri €563 thousand (2008: €335 thousand) and Mr Charilaos Stavrakis nil (2008: €221 thousand). The ex-gratia payment in 2008 amounting to €678 thousand relates to Mr Charilaos Stavrakis, who left the Group.

The salaries and other short term benefits of executive directors include a bonus which is based on the performance of the Group with regards to the achievement of its targets and profitability. The bonus for 2009 amounting to €327 thousand for Mr Andreas Eliades and €187 thousand for Mr Yiannis Kypri have been paid as follows: 50% in cash and 50% in shares of the Company in the name of the executive directors, which the directors will not be allowed to sell for a period of 3 years. During 2008, although the financial performance of the Group justified the payment of bonuses to the executive directors in accordance with their employment contracts, in light of the conditions prevailing in the global economy, both Mr. Andreas Eliades and Mr. Yiannis Kypri waived their entitlement to bonuses.

The retirement benefit plan costs amounting to €182 thousand (2008: €157 thousand) relate to Mr Andreas Eliades €118 thousand (2008: €93 thousand), Mr Yiannis Kypri €64 thousand (2008: €53 thousand) and Mr Charilaos Stavrakis nil (2008: €11 thousand).

The executive directors participate in the main retirement benefit plan for the Group's permanent employees in Cyprus, which is a defined benefit plan. The total retirement benefits of the two executive directors increased during 2009 by €771 thousand (2008: €517 thousand).

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. The total reinsurance premiums assigned to the Commercial General Insurance Ltd group in 2009 amounted to €303 thousand (2008: €920 thousand.,2007: €1.218 thousand), for the period ended 31 March 2010 amounted to €47 thousand compared to €48 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €108 thousand compared to €114 thousand in the corresponding period of 2009.

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. The total purchases from these companies in 2009 amounted to €400 thousand (2008: €699 thousand, 2007: €926 thousand), for the period ended 31 March 2010 amounted €38 thousand compared to €112 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €82 thousand compared to €218 thousand in the corresponding period of 2009. In addition, the company Mellon Cyprus Ltd which supplies the Group with equipment is significantly influenced by a person connected to Mrs Anna Diogenous. The total purchases from this company in 2009 amounted to €324 thousand (2008: €439 thousand, 2007: €899 thousand), for the period ended 31 March 2010 amounted to €339 thousand compared to €128 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €375 thousand compared to €155 thousand in the corresponding period of 2009. On 13 July 2010 the Group announced that it has approved the purchase of goods with a total value of €260.000 from a company which is significantly influenced by a person connected to Mrs. Anna Diogenous, member of the Bank of Cyprus Board of Directors.

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. The total commissions paid to D. Severis and Sons Ltd in 2009 amounted to €144 thousand (2008: €147 thousand, 2007: €166 thousand), for the period ended 31 March 2010 amounted to €38 thousand compared to €37 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €73 thousand compared to €74 thousand in the corresponding period of 2009.

Personnel

As at 30 June 2010 the Group employed 11.945 persons.

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

	30 June 2010	31 December 2009	31 December 2008	31 December 2007
Cyprus	3.539	3.568	3.608	3.424
Greece	3.129	3.148	3.183	3.001
Russia	4.415	4.497	4.354	63
United Kingdom	173	171	188	212
Other Countries	689	743	794	209
Total	**11.945**	**12.127**	**12.127**	**6.909**

Authorised and Issued Share Capital

The authorised share capital of the Bank amounts to €1.100.000.000 divided into 1.100.000.000 ordinary Shares of nominal value €1,00 each.

As at the date of this Prospectus the issued share capital of the Bank amounts to €604.205.955 divided into 604.205.955 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 30 June 2010 to 80.678 shareholders.

As at 30 June 2010 7,6% of the share capital of the Company was held by pension/retirement plans funded by the Bank of Cyprus Group. 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.

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 Rights 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 'RISK FACTORS' together with all other information included or incorporated by reference in this Prospectus before making an investment decision regarding the Bank's Right and its ordinary shares. If any of the events described in Section II, Part A Chapter 1 '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 '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 Rights Issue and the ordinary shares of the Bank 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.
- 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.

- Risk 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 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 litigation risk.

- 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 obligations.

- It is uncertain when the Bank will be in position to distribute dividend.

Risks related to the current Rights Issue

- The market price of Bank's shares may experience fluctuations and may trade at lower levels from the subscription price of the new common shares that will be issued from the exercise of the nil paid Rights.

- The nil paid Rights will be traded on the Cyprus Stock Exchange and the Athens Exchange and the trading price of the Rights may experience fluctuations.

- The nil paid Rights give the right to purchase newly issued ordinary shares of the Bank which are subject to the same risks as the existing ordinary shares of the Bank.

- The subscription period of the nil paid Rights is predefined and in the event that investors do not exercise their nil paid Rights until the end of the subscription period these Rights will lapse unexercised.

- Shareholders who do not exercise all their nil paid Rights under the current share capital increase will experience dilution in their ownership in the Bank.

- The holders of shares of the Bank in the Exempt Countries will not be able to exercise their nil paid Rights.

Risks related to the Bank's shares

- The Cyprus Stock Exchange and the Athens Exchange are less liquid and more volatile than other Exchanges.
- The price of Bank of Cyprus shares may be volatile.
- Marketability of the shares resulting from the Rights.

Proceeds of the Issue

The proceeds of the Issue from the full exercise of the Rights are estimated at around €345,2 mln. whereas the net proceeds after the deduction of the expenses of the Issue are estimated at €344,7 mln.

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.

Expenses of the Issue

The total expenses of the issue including the professional fees of the auditors, legal advisers, Lead Managers, duties of the Cyprus Stock Exchange and the Registrar of Companies, as well as printing and advertsing costs are estimated in the region of €500 thousand.

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 2007, 2008 and 2009 and
(iii) Interim Condensed Consolidated Financial Statements of the Group for the three months ended on 31 March 2010.

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 2007, 2008 and 2009 have been incorporated to the Prospectus by reference pursuant to article 28 of the Commission Regulation 809/2004 of the European Union

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2007
(ii) consolidated financial statements for year 2008
(iii) consolidated financial statements for year 2009
(iv) Interim Condensed Consolidated Financial Statements for the three months ended on 31 March 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).

General Rights Issue Terms

The basic terms of the Rights Issue are as follows

ISSUER	Bank of Cyprus Public Company Ltd.
PROSPECTUS DATE	20 August 2010
AUTHORISED SHARE CAPITAL	€1.100.000.000 divided into 1.100.000.000 ordinary shares of nominal value of €1,00 each.
ISSUED SHARE CAPITAL BEFORE THE CURRENT RIGHTS ISSUE	€604.205.955 divided into 604.205.955 ordinary shares of nominal value of €1,00 each.
NUMBER OF RIGHTS TO BE ISSUED	604.205.955
TOTAL SHARE CAPITAL TO BE LISTED (IN THE EVENT THAT ALL RIGHTS ARE EXERCISED)	Up to €172.630.273 divided into 172.630.273 ordinary shares of nominal value of €1,00 each .
NOMINAL VALUE PER SHARE	€1,00
SUBSCRIPTION PRICE PER NEW SHARE	€ 2,00
SUBSCRIPTION RATIO	Every seven (7) Rights exercised will be converted to two (2) fully paid new ordinary shares of nominal value of €1,00 at the exercise price of € 2,00 per New Share.
RANKING OF NEW SHARES THAT WILL BE DERIVED FROM THE SUBSCRIBED RIGHTS	All New Shares will rank pari passu with the existing issued shares in all respects
USE OF PROCEEDS OF THE RIGHTS ISSUE	The proceeds of the issue will be used to strengthen the Group's capital adequacy and specifically its Tier 1 capital.
TAX STATUS FOR THE INVESTOR	Details relating to the tax status of investors appear in Part B Section III of the Prospectus.
LEAD MANAGER	The Cyprus Investment and Securities Corporation Limited (CISCO).

Timeplan of the Rights Issue by Bank of Cyprus

Date of approval for the publication of this Prospectus	20 August 2010
Ex-Rights date	07 September 2010
Record Date for the Rights Issue	09 September 2010
Dispatch of Allotment Letters for shareholders registered on the Central Depository/ Registry of the CSE *(not applicable for shareholders of Exempt Countries)*	17 September 2010
Dispatch of informative letter for shareholders registered on the Dematerialized Securities System (DSS) of the Hellenic Exchanges *(not applicable for shareholders of Exempt Countries)*	17 September 2010
Rights Trading period on the CSE and ATHEX	28 September – 14 October 2010
Subscription Period for holders of Rights registered on the Central Depository/Registry of the CSE and on the DSS of the Hellenic Exchanges *(not applicable for shareholders of Exempt Countries)*	28 September – 21 October 2010
Final Subscription Date of the Rights *(not applicable for shareholders of Exempt Countries)*	21 October 2010

The Company will file all relevant documents relating to the listing of the New Shares with both the CSE and the ATHEX within eight working days from the Final Subscription Date of the Rights.

The date of the introduction for trading of the New Shares 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 New Shares will be within five working days from the date that the listing of the New Shares 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.

It is forbidden to address, distribute, send or otherwise promote copies of the Prospectus and any other promotional and related document or other material relating to this public offer by any person to or from the Exempt Countries. Furthermore, the exercise of the Rights by persons in the Exempt Countries is prohibited.

SECTION II

PART A:

SECTION II

PART A΄

1.0 RISK FACTORS

Any investment in the Bank's Rights 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 Rights and 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 ordinary shares may drop, resulting in a loss of all or part of any investment in the Bank's Rights 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 the majority of its income is generated.

Since the autumn of 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.

Intense 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 adversly 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 values 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 40 of the Consolidated Financial Statements of the Group for the year 2009 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 or its insurance funds.

Special reference regarding the management of risks arising from market price fluctuations of shares and other securities is made in note 40 of the Consolidated Financial Statements of the Group for the year 2009 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 40 of the Consolidated Financial Statements of the Group for the year 2009 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 impaired loans and advances (i.e. those with arrears exceeding 3 months and which are not fully collateralised) as at 31 December 2009, the Group's impaired loans and advances, represented 5,6% of total Group loans and advances. The majority of impaired loans and advances originate from banking operations in Cyprus. The impaired loans and advances of the loan portfolio in Cyprus represent 5,4% of the Cyprus portfolio.

The Group has taken measures for the improvement of its loan portfolio and intents to take further resources 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 39 of the Consolidated Financial Statements of the Group for the year 2009 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 current and 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 41 of the Consolidated Financial Statements of the Group for the year 2009 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.

According to the Consolidated Financial Statements of the Group for the year ending 31 December 2009, the Capital Adequacy Ratio of the Group stood at 11,7%, 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 43 of the Consolidated Financial Statements of the Group for the year 2009 which are incorporated by reference in this Prospectus.

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.

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 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 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 A3 (negative 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.

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.

Risks relating to the Group's operations in Greece

The Issuer'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 Bank 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. There can be no assurance that a weakening in the Greek economy will not have an effect on the Issuer'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 relatively small part of the Bank's assets and operations is located in Russia and, therefore, the Bank 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.

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 litigation risk

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

Litigation 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 smooth operation 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 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 won't 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 2009 are presented under note 9 of the Consolidated Financial Statements for the year 2009. 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 dividend

The last financial year in which the Bank distributed dividend was in 2009. The Bank does not know at present whether in the future it will be in position to distribute dividend as this depends from the future financial results of Bank in combination with the prevailed economic conditions.

RISKS RELATED TO THE CURRENT RIGHTS ISSUE

The market price of Bank's shares may experience fluctuations and may trade at lower levels from the subscription price of the new common shares that will be issued from the exercise of the nil paid Rights

The market price of the new common shares and/or of the existing shares is subject to fluctuations. The Bank cannot guarantee that the market price of the shares will be higher than the subscription price of the nil paid rights before and after the shares trade without the right to participate in the current Rights issue and/or after the issue of the new shares. In the event that the market traded price of the shares of the Bank is decreased to lower levels than the subscription price of the new shares, investors who have exercised their rights will experience loss from valuation.

The investors will be able to sell their new shares resulting from the exercise of their rights following the registration of these shares in their stock accounts which will take effect following the completion of their issue process. The admission and commencement of trading of the new shares on the CSE and the ATHEX requires approvals from the Board of the CSE and the ATHEX. The Bank cannot offer any assurances that these approvals will be obtained within the estimated timeframe.

Moreover, the Bank cannot give any assurance that following the exercise of the nil paid rights, the holders of the new shares will be in a position to sell their new shares at a price equal to or greater than the Subscription Price.

Trading of nil paid Rights

The nil paid Rights will be traded on the Cyprus Stock Exchange and the Athens Exchange. The trading market for the nil paid Rights is expected to be directly influenced by the share price of the Bank's ordinary shares.

The bank cannot assure investors that an active trading market for the nil paid Rights will develop or that the trading price of the rights will not experience fluctuations.

Risks related to the new shares issued from the exercise of the nil paid Rights

The nil paid Rights give the right to purchase newly issued ordinary shares of the Bank which are subject to the same risks as the existing ordinary shares of the Bank. The risks related to the Bank's common shares are described below.

Subscription period of nil paid Rights

The subscription period of the nil paid Rights is defined in Part B of this Prospectus. In the event that investors do not exercise their nil paid Rights until the end of the subscription period these rights will lapse.

The holders of the nil paid Rights that acquired them due to their participation in the Bank's share capital and do not exercise these Rights for any reason will suffer a dilution of their percentage participation in the Bank's share capital.

Shareholders who do not exercise all their nil paid Rights under the current share capital increase will experience dilution in their ownership in the Bank

The current increase of the Bank's share capital gives the right to all existing shareholders to participate in the issue, as per applicable legislation. Shareholders that will not exercise all their Rights under the current share capital increase will experience an up to 22,2% dilution of their percentage ownership in the Bank's share capital in the event that the issue is fully subscribed and/or fully placed.

The holders of shares of the Bank in the Exempt Countries will not be able to exercise their nil paid Rights

Te issue of the new shares provides existing shareholders of the Bank with nil paid Rights so that they are able to maintain their percentage participation in the share capital of the Bank. The nil paid Rights are transferable during the subscription period and will be traded on the CSE and the ATHEX.

The holders of common shares in the Exempt Countries will not be able to exercise their nil paid Rights for new shares related to the current issue and their percentage participation in the share capital of the Bank will be diluted.

RISKS RELATED TO THE BANK'S SHARES

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

Bank of Cyprus 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 Bank of Cyprus shares may face difficulties disposing of their 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 Bank of Cyprus share.

The price of Bank of Cyprus shares may be volatile

The market price of the Bank's 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 shares and the Rights

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

If for any reason the CSE and ATHEX Councils do not approve the listing of the aforementioned shares on the CSE or ATHEX, the marketability of such shares resulting from the conversion of the Convertible Capital Securities decreases 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 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 current Rights issue.

This Prospectus, contains all the information necessary for the investors to evaluate the assets, liabilities, financial position, performance and prospects of the Company as well as the rights incorporated in the Bank's ordinary shares and Rights offered under this Prospectus.

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 are also responsible jointly and severally for the information contained in this Prospectus and declare that, 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, 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.

In accordance with the provisions of the Public Offer and Prospectus Law of 2005 this Registration Document has been signed by all the Directors of the Bank of Cyprus.

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

Auditors

The Group's financial statements are audited by external auditors. Ernst & Young Cyprus Ltd (ICPAC Reg. No. E146/062 and address 36 Vironos Avenue, Nicosia Tower Centre, P.O.Box 21656, 1511, Nicosia), which is a successor firm of Ernst & Young has audited the Group's consolidated financial statements for the years 2007-2009.

3.0 SELECTED HISTORICAL FINANCIAL INFORMATION

The following summarized financial information set out below was extracted from the Group's financial statements for years 2007, 2008 and 2009, which have been audited by the Group's statutory independent auditors Ernst & Young Cyprus Ltd which is is a successor firm of Ernst & Young Ernst & Young. The published audited consolidated financial statements for the year 2007 were prepared in Cyprus Pounds which was the reporting currency for the Group's financial statements during the relevant period. The conversion from Cyprus Pounds to Euro for the presentation of the following summarized financial information, was effected using the conversion ratio of €1=£0,585274.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2007, 2008 and 2009 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 2007, 2008 and 2009 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 2009, 2008 and 2007

	2009	2008	2007	2007
	€000	€000	€000	£000
Turnover	2.481.561	2.690.380	2.170.650	1.270.425
Interest income	1.997.034	2.098.057	1.728.818	1.011.832
Interest expense	(1.149.204)	(1.305.906)	(976.439)	(571.484)
Net interest income	847.830	792.151	752.379	440.348
Fee and commission income	257.658	227.214	210.504	123.202
Fee and commission expense	(14.286)	(9.408)	(12.381)	(7.246)
Foreign exchange income	28.589	158.790	46.711	27.339
Net gains/(losses) on sale, change in fair value and impairment of investments and derivative financial instruments	87.111	(59.719)	29.050	17.002
Insurance income	227.509	31.590	174.826	102.321
Insurance claims	(164.674)	29.530	(118.376)	(69.282)
Other income	16.761	35.104	32.372	18.947
	1.286.498	**1.205.252**	**1.115.085**	**652.631**
Staff costs	(413.933)	(330.988)	(295.597)	(173.005)
Other operating expenses	(260.319)	(220.631)	(190.397)	(111.435)
Profit before provisions	**612.246**	**653.633**	**629.091**	368.191
Provisions for impairment of loans and advances	(247.935)	(91.601)	(55.877)	(32.703)
Profit before share of profit of associates	**364.311**	**562.032**	**573.214**	335.488
Share of profit/(loss) of associates	910	(10.418)	9.148	5.354
Profit before tax	365.221	551.614	582.362	340.842
Taxation	(43.227)	(72.931)	(91.843)	(53.754)
Profit after tax	**321.994**	**478.683**	**490.519**	**287.088**
Profit after tax attributable to:				
Minority interest loss/(profit)	**8.850**	**(23.705)**	**5.351**	**3.132**
Owners of the Company	**313.144**	**502.388**	**485.168**	**283.956**
Basic earnings per share (cent)	**52,9**	**87,3**	**86,3**	**50,5**
Diluted earnings per share (cent)	**48,7**	**81,8**[1]	**86,3**[2]	**50,5**[2]

1. 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.
2. The weighted number of shares for the year ended 31 December 2007 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 2008.

CONSOLIDATED BALANCE SHEET
as at 31 December 2009, 2008 and 2007

	2009	2008 *restated*	2007	2007
	€000	**€000**	**€000**	**£000**
Assets				
Cash and balances with central banks	1.043.791	1.017.073	1.325.191	775.600
Placements with banks	5.947.768	4.582.076	6.158.367	3.604.332
Reverse repurchase agreements	120.137	120.000	-	-
Investments	4.928.113	4.237.368	4.131.148	2.417.854
Derivative financial assets	60.739	153.240	55.642	32.566
Life insurance business assets attributable to policyholders	541.574	447.679	530.610	310.552
Loans and advances to customers	25.635.780	24.424.694	18.920.921	11.073.923
Property and equipment	406.272	421.361	319.662	187.090
Intangible assets	453.141	475.211	82.127	48.067
Other assets	267.534	246.208	229.554	134.351
Investment in associate	6.552	5.663	17.318	10.136
Total assets	**39.411.401**	**36.130.573**	**31.770.540**	**18.594.471**
Liabilities				
Obligations to central banks and amounts due to banks	5.290.897	2.832.298	1.233.337	721.840
Repurchase agreements	494.806	305.000	435.140	254.676
Derivative financial liabilities	139.551	161.515	30.396	17.790
Customer deposits	28.584.561	27.935.747	25.178.966	14.736.594
Insurance liabilities	618.097	516.692	615.916	360.480
Debt securities in issue	519.111	959.169	1.253.690	733.752
Other liabilities	332.037	429.700	349.157	204.353
Subordinated loan stock	946.843	934.085	668.748	391.401
Total liabilities	**36.925.903**	**34.074.206**	**29.765.350**	**17.420.886**
Equity				
Share capital	598.197	586.662	483.726	283.112
Share premium	712.170	676.949	688.349	402.873
Revaluation and other reserves	28.613	(99.759)	186.325	109.051
Retained earnings	1.084.132	877.225	607.668	355.652
Equity attributable to the owners of the Company	**2.423.112**	**2.041.077**	**1.966.068**	**1.150.688**
Non-controlling interests	**62.386**	**15.290**	**39.122**	**22.897**
Total equity	**2.485.498**	**2.056.367**	**2.005.190**	**1.173.585**
Total liabilities and equity	**39.411.401**	**36.130.573**	**31.770.540**	**18.594.471**

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.

The following summarized financial information set out below was extracted from the Group’s Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2010 which have been prepared in accordance with the International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

The Interim Condensed Consolidated Financial Statements of the Group for the three months ended 31 March 2010 have not been audited by the Group’s external auditors.

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 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.

Interim Consolidated Income Statement
for the three months ended 31 March 2010

	Three months ended on 31 March 2010	**Three months ended on 31 March 2009**
	€000	**€000**
Turnover	598.367	644.739
Interest income	478.323	522.167
Interest expense	(236.781)	(340.913)
Net interest income	241.542	181.254
Fee and commission income	55.056	57.015
Fee and commission expense	(2.784)	(2.975)
Foreign exchange income	7.976	20.303
Net gains/(losses) on sale, revaluation and impairment of investments and derivative financial instruments	19.031	(2.763)
Insurance income net of insurance claims	15.072	15.261
Other income	1.776	1.018
	337.669	269.113
Staff costs	(107.663)	(98.259)
Other operating expenses	(64.574)	(57.611)
Profit before provisions	**165.432**	**113.243**
Provisions for impairment of loans and advances	(73.498)	(34.878)
Profit before share of profit of associate	**91.934**	**78.365**
Share of (loss)/profit of associate	(473)	(160)
Profit before tax	**91.461**	**78.205**
Taxation	(12.061)	(16.076)

Profit after tax	**79.400**	**62.129**
Attributable to:		
Non-controlling interests ((loss)/profit)	**(1.962)**	**(942)**
Owners of the Company	**81.362**	**63.071**
Basic earnings per share (cent)	**13,6**	**10,7**
Diluted earnings per share (cent)	**12,5**	**10,7**[1]

1. The weighted number of shares for the three months ended 31 March 2010 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.

INTERIM CONSOLIDATED BALANCE SHEET
as at 31 March 2010

	31 March 2010	31 December 2009
	€000	€000
Assets		
Cash and balances with central banks	913.186	1.043.791
Placements with banks	4.799.215	5.947.768
Reverse repurchase agreements	120.097	120.137
Investments	5.719.404	4.928.113
Derivative financial assets	156.464	60.739
Loans and advances to customers	26.265.962	25.635.780
Life insurance business assets attributable to policyholders	555.407	541.574
Property and equipment	411.563	406.272
Intangible assets	486.398	453.141
Other assets	295.298	267.534
Investment in associate	6.079	6.552
Total assets	**39.729.073**	**39.411.401**
Liabilities		
Obligations to central banks and amounts due to banks	4.994.262	5.290.897
Repurchase agreements	305.939	494.806
Derivative financial liabilities	264.381	139.551
Customer deposits	29.203.103	28.584.561
Insurance liabilities	636.641	618.097
Debt securities in issue	524.804	519.111
Other liabilities	290.037	332.037
Subordinated loan stock	956.486	946.843
Total liabilities	**37.175.653**	**36.925.903**
Equity		
Share capital	598.197	598.197
Share premium	712.170	712.170
Revaluation and other reserves	14.685	28.613
Retained earnings	1.163.980	1.084.132
Equity attributable to the owners of the Company	**2.489.032**	**2.423.112**
Non-controlling interests	**64.388**	**62.386**
Total equity	**2.553.420**	**2.485.498**
Total liabilities and equity	**39.729.073**	**39.411.401**

PART B: TERMS AND CONDITIONS OF RIGHTS ISSUE AND OTHER IMPORTANT INFORMATION

PART B΄: TERMS OF RIGHTS ISSUE AND OTHER INFORMATION

I. TIMEPLAN OF THE RIGHTS ISSUE BY BANK OF CYPRUS

<table>
<tr><td>Date of approval for the publication of this Prospectus</td><td>20 August 2010</td></tr>
<tr><td>Ex-Rights date</td><td>07 September 2010</td></tr>
<tr><td>Record Date for the Rights Issue</td><td>09 September 2010</td></tr>
<tr><td>Dispatch of Allotment Letters for shareholders registered on the Central Depository/ Registry of the CSE

(not applicable for shareholders of Exempt Countries)</td><td>17 September 2010</td></tr>
<tr><td>Dispatch of informative letter for shareholders registered on the Dematerialized Securities System (DSS) of the Hellenic Exchanges

(not applicable for shareholders of Exempt Countries)</td><td>17 September 2010</td></tr>
<tr><td>Rights Trading period on the CSE and ATHEX</td><td>28 September –
14 October 2010</td></tr>
<tr><td>Subscription Period for holders of Rights registered on the Central Depository/Registry of the CSE and on the DSS of the Hellenic Exchanges

(not applicable for shareholders of Exempt Countries)</td><td>28 September –
21 October 2010</td></tr>
<tr><td>Final Subscription Date of the Rights

(not applicable for shareholders of Exempt Countries)</td><td>21 October 2010</td></tr>
<tr><td colspan="2">The Company will file all relevant documents relating to the listing of the New Shares with both the CSE and the ATHEX within eight working days from the Final Subscription Date of the Rights.

The date of the introduction for trading of the New Shares 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 New Shares will be within five working days from the date that the listing of the New Shares 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.

It is forbidden to address, distribute, send or otherwise promote copies of the Prospectus and any other promotional and related document or other material relating to this public offer by any person to or from the Exempt Countries. Furthermore, the exercise of the Rights by persons in the Exempt Countries is prohibited.</td></tr>
</table>

GENERAL RIGHTS ISSUE TERMS

ISSUER	Bank of Cyprus Public Company Ltd.
PROSPECTUS DATE	20 August 2010
AUTHORISED SHARE CAPITAL	€1.100.000.000 divided into 1.100.000.000 ordinary shares of nominal value of €1,00 each.
ISSUED SHARE CAPITAL BEFORE THE CURRENT RIGHTS ISSUE	€604.205.955 divided into 604.205.955 ordinary shares of nominal value of €1,00 each.
NUMBER OF RIGHTS TO BE ISSUED	604.205.955
TOTAL SHARE CAPITAL TO BE LISTED (IN THE EVENT THAT ALL RIGHTS ARE EXERCISED)	Up to €172.630.273 divided into 172.630.273 ordinary shares of nominal value of €1,00 each.
NOMINAL VALUE OF THE SHARES	€1,00
SUBSCRIPTION PRICE PER NEW SHARE	€2,00
SUBSCRIPTION RATIO	Every seven (7) Rights exercised will be converted to two (2) fully paid new ordinary shares of nominal value of €1,00 at the exercise price of € 2,00 per New Share.
RANKING OF NEW SHARES THAT WILL BE DERIVED FROM THE SUBSCRIBED RIGHTS	All New Shares will rank pari passu with the existing issued shares in all respects
USE OF PROCEEDS OF THE RIGHTS ISSUE	The proceeds of the issue will be used to strengthen the Group's capital adequacy and specifically its Tier 1 capital.
TAX STATUS FOR THE INVESTOR	Details relating to the tax status of investors appear in Part B Section III of the Prospectus.
TAX STATUS FOR THE COMPANY	Details relating to the Company's tax status appear in Part B Section III of the Prospectus.
LEAD MANAGER	The Cyprus Investment and Securities Corporation Limited (CISCO).

II. TERMS OF ISSUE OF THE RIGHTS

1.0 ISSUE AND ALLOTMENT OF RIGHTS

At its meeting held on 8 July 2010, the Board of Directors of the Bank of Cyprus Public Company Limited decided the increase of the share capital of the company in the form of a Rights issue to the existing shareholders. The Rights issue is addressed to the Bank's shareholders registered on the Central Depository/Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 9 September 2010 (Record Date).

Up to 172.630.273 new ordinary shares of nominal value €1,00 each will be issued in the form of a Rights Issue to the existing shareholders, in the ratio of 2 new shares for every 7 existing shares, at the price of € 2,00 per share.

The rights will be issued and allotted at the ratio of 1 right for each one 1 existing ordinary share. Every seven (7) rights exercised at the price of €2,00 per New Share will be converted into two (2) new fully paid ordinary shares of nominal value €1,00.

Fractional shares will not be issued and any fractions will be ignored.

Example:

Number of existing shares: 100

Ratio for issue of New Shares 2:7.

Allotment of Rights for 100 existing shares = 100 Rights.

Exercise of 100 Rights: [(100/7) x 2] = 28,57 = 28 new shares (the fraction 0,57 will be ignored).

It is forbidden to address, distribute, send or otherwise promote copies of the Prospectus, in full or in part, and any other promotional and related documents or other material relating to this offer by any person to or from the Exempt Countries. Furthermore the exercise of the Rights by persons from Exempt Countries is prohibited.

2.0 SUBSCRIPTION PRICE OF NEW SHARES

The Subscription Price has been set by the Board of Directors of the Bank at its meeting on 8 July 2010.

The Subscription Price has been set at €2,00 for every fully paid New Share of nominal value €1,00.

3.0 TERMS OF PAYMENT

The subscription amount (number of New Shares x Subscription Price) is payable in full at the time of exercising the Rights and shall be paid from 28 September 2010 until 1.30 p.m. on 21 October 2010, otherwise the offer shall be deemed as having been rejected by the eligible holder and the Rights will remain under the Company's power.

4.0 PARALLEL TRADING ON THE CSE AND ATHEX

4.1 Trading of Rights on the CSE and ATHEX

The Rights will be transferable and tradable on the CSE and ATHEX.

The trading of the Rights on both the CSE and ATHEX will commence on 28 September 2010 and will continue up to and including 14 October 2010. As from 7 September 2010 (Ex Rights Date) the Bank's shares will be traded on the CSE and ATHEX excluding the right to participate in the Rights issue.

4.1.1 Trading on the CSE

On 17 September 2010, Allotment Letters will be dispatched to shareholders registered on the Central Depository/Registry of the CSE. Allotment Letters will be sent to Greece, United Kingdom and all the other countries- Member States of the European Union. Allotment Letters will not be sent to Exempt Countries.

The Rights registered on the Central Depository/Registry of the CSE can be transferred in full or in part. In order for the eligible holder to trade his Rights on the CSE, he will have to take the necessary steps for opening a trading account with a Member of the CSE and grant access to his Rights to such Member.

If the eligible holder already has a trading account with a Member of the CSE, then the opening of a new account is not necessary as long as he grants access to his Rights to such Member for transfer of all or part of his Rights. All transfers are registered on the Central Depository and the securities are registered in the name of the eligible holder on the same working day from the transaction date.

4.1.2 Trading on the ATHEX

Eligible Holders who have their shares registered on the DSS of the Hellenic Exchanges will receive a notification letter informing them of, among others, the Number of the Rights that they are entitled to. These notification letters will not be sent to Exempt Countries.

The Rights of all shareholders registered on the DSS of the Hellenic Exchanges will be kept electronically on the DSS and will be traded electronically on the ATHEX.

4.2 Transferring procedures for Rights

All or part of the Rights can be transferred from the Central Depository/Registry of the CSE to the DSS of the Hellenic Exchanges in order to be traded on the ATHEX. Also, all or part of the Rights can be transferred from the DSS of the Hellenic Exchanges to the Central Depository/Registry of the CSE in order to be traded on the CSE.

The Rights to be transferred need to be already cleared and registered in the name of the holder and not subject to any charge or encumbrance as at the date of the transfer. The total time required for the transfer of cleared Rights is one working day from the day a transfer request is received by the CSE or the ATHEX accordingly.

Transfer of Rights will be effected from 28 September 2010 until 14 October 2010 (Last Day of Trading). It is noted that no transfer of Rights will be possible after the end of the trading period.

4.2.1 Transfer of Rights from the Central Depository/Registry of the CSE to the DSS of the Hellenic Exchanges

The eligible holder of Rights that arise from shares registered on the Central Depository/Registry of the CSE who wishes to sell them on the ATHEX has to:

(a) be a registered investor on the ATHEX, i.e. he should have an Investor Share Code, a DSS Securities Account and a designated Operator for his Account, and

(b) to request from his designated CSE Account operator where his Rights are registered to transfer them. In the event that his Rights are registered under the Special Account of the Investors Share Code, the investor must complete and submit the relevant application for transfer directly to the CSE which will execute the respective actions.

4.2.2 Transfer of Rights from the DSS of the Hellenic Exchanges to the Central Depository/Registry of the CSE

The eligible holder of Rights that are arise from shares registered on the DSS of the Hellenic Exchanges who wishes to sell them on the CSE has to:

(a) be a registered investor on the CSE i.e. have a Share Code at the Central Depository/Registry of the CSE and assign an operator of his Trading Account with a Member of the CSE, and

(b) request the operator of his DSS Securities Account to transfer those Rights. In the event that the Hellenic Exchanges is the operator then the eligible holder must directly submit an application for transfer to the Depository which will in turn execute the respective actions.

5.0 PROCEDURE FOR THE EXERCISE OF THE RIGHTS

The Sponsor responsible for the collection of the subscription monies of the exercised Rights is The Cyprus Investment and Securities Corporation Limited (CISCO).

The exercise of Rights by investors of the Exempt Countries is prohibited. In the event that such investors exercise their Rights and the Bank becomes aware of this fact, the Bank will cancel such an exercise and will return the subscription monies to the investor.

Subscription Procedures for shareholders registered on the Central Depository/Registry of the CSE

The Subscription Period for the Rights for shareholders registered on the Central Depository/Registry of the CSE has been set from 28 September 2010 until 21 October 2010. The Final Subscription Date is 21 October 2010.

The relevant Allotment Letters for the Rights which will state, among other, the number of Rights and the number of New Shares which each eligible holder is entitled to, will be dispatched on 17 September 2010. Allotment letters will be sent to Cyprus, Greece, United Kingdom and all the other countries -Member States of the European Union. Allotment Letters for the subscription of New Shares will not be sent to Exempt Countries.

Investors who will acquire Rights through the CSE during their trading period should contact any Bank of Cyprus branch in Cyprus during the Subscription Period to secure the relevant Allotment Letter in order to be able to subscribe for the New Shares.

In order to subscribe for New shares, eligible holders should submit the Allotment Letter that would have been sent to them and pay the subscription amount, promptly (i.e. before 1.30p.m. of the Final Subscription Date, i.e. 21 October 2010).

The subscription can take place at all the branches of Bank of Cyprus.

Cheques may be cashed by the Company upon receipt. Duly completed and signed Allotment Letters for subscription in New Shares 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 subscribed for the New Shares.

It is noted that for investors to be able to participate in the Rights issue they need to have an active Investor Share Code and Securities Account on the CSE, so that the shares that they will subscribe to can be credited to their account. Their Investor Share Code and their Securities Account will be printed on the Subscription Form. Investors should also state their designated Operator for the New Shares that will be allotted to them, by completing the Operator's number on the Subscription Form. In the case the investors do not wish to designate an Operator, then the code number of the Central Depository of the CSE 9999999999 should be written on the Subscription Form, so that the shares are transferred to the Special Account of the Investors Share Code, whose Operator is the Cyprus Stock Exchange. It is advised though that investors designate an Operator for their New Shares and avoid the transfer of their New Shares to the Special Account, so that they are able to trade their New Shares as soon as the shares are introduced for trading.

The submission of the Subscription Form and the acceptance of the offered shares as evidenced by the signature of the eligible holder renders the acceptance of the shares irrevocable.

A relevant receipt will be provided to those subscribing for the New Shares. Such receipt does not constitute a security, or a temporary title, and it is not tradable on the CSE or the ATHEX.

Eligible Holders may, if they wish, subscribe for part of the New Shares they are entitled to. In such case, eligible holders must submit their Allotment Letter, duly completed and signed in respect of the number of New Shares they wish to subscribe for, and to pay the subscription amount that corresponds to the number of New Shares that they wish to subscribe for.

Upon subscription of the New Shares and payment of the subscription monies the offer will be deemed as having been accepted based on the terms of the Rights issue as presented in the Prospectus and the Company's Memorandum and Articles of Association. If the subscription amount for the New Shares offered is not paid by eligible holders by 1.30 p.m. of the final Subscription Date on 21st October 2010, at the latest, the present offer shall be deemed as having been rejected.

Subscription Procedure for shareholders registered on the DSS of the Hellenic Exchanges

The Subscription Period for shareholders registered on the DSS of the Hellenic Exchanges has been set from 28 September 2010 until 21 October 2010. The Final Subscription Date is the 21st of October 2010.

The subscription for New Shares will take place during the Subscription Period (as described above) as follows:

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

Cheques may be cashed by the Company upon receipt. Duly completed and signed Subscription Forms (as described below) for subscription in New Shares accompanied by the relevant cheques shall constitute sufficient evidence that the cheques are good for payment when presented. In the event of bounced cheques, it shall be deemed that the eligible holder has not subscribed for the New shares.

In order to subscribe for New Shares, eligible holders must complete the relevant Subscription Form and present:

(i) the relevant Blocking Certificate of Rights, which can be provided to them by the Operator of their Securities Account on the DSS of the Hellenic Exchanges, or from the Hellenic Exchanges in the case that the Depository is the Operator,
(ii) Tax Identification Number,
(iii) Identity card or passport,
(iv) a copy of the DSS printout.

Furthermore, eligible holders need 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, they must pay the subscription amount for the New Shares (€2,00 per share) for which they are entitled to and wish to subscribe for, to a special Bank of Cyprus account.

A relevant receipt will be provided to those subscribing for the New Shares. Such receipt does not constitute a security, or a temporary title, and it is not tradable on the CSE or the ATHEX.

It is noted that for investors to be able to participate in the Rights issue they need to have an active Investor Share Code and Securities Account on the DSS, so that the shares that they will subscribe to can be credited to their account. Their Investor Share Code and their Securities Account will be printed on the Subscription Form. Investors should also state their designated Operator for the New Shares that will be allotted to them, by completing the Operator's number on the Subscription Form.

The submission of the subscription form and the acceptance of the offered shares as evidenced by the signature of the eligible holder renders the acceptance of the shares irrevocable.

Eligible Holders may, if they wish, subscribe for part of the New Shares they are entitled to. In such case, eligible holders must duly complete and sign the Subscription Form in respect of the number of New Shares they wish to subscribe for, and to pay the subscription amount that corresponds to those New Shares.

Upon subscription of the New Shares and payment of the subscription monies the offer will be deemed as having been accepted based on the terms of the Rights issue as presented in the Prospectus and the Company's Memorandum and Articles of Association. If the subscription amount for the New Shares offered is not paid by eligible holders by 21 October 2010, 1.30p.m. at the latest, the present offer shall be deemed as having been rejected.

6.0 DILUTION

Due to the fact that the Rights are distributed pro rata to existing shareholders, in the event that all the Rights are exercised, there will be no dilution and the percentage participation in the Bank's share capital by existing shareholders will not change.

In the case of existing shareholders that do not intend to exercise any of their assigned Rights, their percentage participation in the Bank's share capital will decrease by up to 22,2% (based on the existing 604.205.955 shares and the up to 172.630.273 new shares that could be issued from the subscription of the Rights).

The final percentages of each case will depend from the final total subscription percentage for the Rights which will provide the total number of shares of the Bank.

7.0 VOTING RIGHTS/DIVIDENDS

The New Shares which will be issued pursuant to the Rights exercise shall rank pari passu in all respects with the existing fully paid shares of the Company. They shall be entitled to fully participate in any dividend payment with a record date that follows the date of issue of the New Shares.

The New Shares shall not, however, participate in any dividends which will be distributed to registered shareholders on any date prior to the record date.

8.0 INFORMATION ON THE OFFERED SECURITIES

The nil paid rights will be traded on the Cyprus Stock Exchange and the Athens Exchange, as described in Chapter 4.0 of this Prospectus. Following their exercise, they will be converted into new fully paid ordinary shares that will be listed on the CSE and ATHEX and will be traded together with the existing ordinary shares of the Bank. The following table summarises basic information regarding the Rights Issue and the new ordinary shares of the Company to be issued as a result of Exercise of Rights.

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.

	Nil Paid Rights	New Ordinary Shares to be issued as a result of the Rights exercise
Securities Category	nil paid rights.	Ordinary shares ranked 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 (€)	Euro (€)
Trading Currency	Euro (€)	Euro (€)
ISIN	CY 0121410118	CY000010011
Trading	CSE/ATHEX	CSE/ATHEX
Right to Dividends	No	Yes
Voting Right	No	Yes (one vote per share)
Preference right to register for securities of the same category	Not applicable	Yes
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 8 July 2010.	According to the decision of the Board of Directors dated 8 July 2010.
Restrictions on Free Transfer	No*	No*

∗ The Rights under issue are freely transferable but it is noted that the Rights issue is not addressed to investors of Exempt Countries who are not allowed to exercise them.

9.0 SUBSCRIPTION FOR NEW SHARES OF UNEXERCISED RIGHTS

The Bank will have the right, within 14 working days from the Final Subscription Day for the Rights, to exercise all or part of the rights that have not been subscribed by their holders during the Subscription Period and to sell the New Shares resulting from such exercise, provided that the Company has already received irrevocable offers for the purchase of such number of shares. Any distribution of shares can take place at the same or a higher price than the Subscription Price of the New Shares provided that in the opinion of the Company the net proceeds of the allocation of the shares after deducting the distribution costs exceeds the Subscription Price of the New Shares. The shares resulting from the exercise by the Company of any unsubscribed Rights will be distributed duly to investors that have submitted irrevocable offers for the purchase of shares of the Company.

For this purpose a Book Building procedure will be carried out in Cyprus and abroad in cooperation with advisors from Cyprus and abroad.

The Company shall distribute pro rata by cheque to the holders of unexercised Rights including investors from Exempt Countries the net proceeds of such sale after deduction of the Subscription Price and any costs and expenses incurred by the Company in relation to the sale within forty-five (45) days of the Final Subscription Date, provided that entitlements are at least €10,00 per eligible investor It is noted that no such amount will be paid in respect of fractional shares, which will be ignored.

III. OTHER IMPORTANT INFORMATION

1.0 USE OF PROCEEDS OF THE ISSUE

The proceeds from the issue of the Rights will be used to strengthen the Group's capital adequacy and specifically its Tier 1 capital.

The issue proceeds from the full exercise of the Rights amounts to €345,2 mln. Approximately, while after deduction of the issue expenses, the net proceeds are expected to reach €344,7 mln approximately.

2.0 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 exercise their Rights and to purchase by registration New Shares, 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.

3.0 TAX REGIME

3.1 Tax Regime for 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.

3.2 Tax Regime for the Bank for Investors

It is noted that the tax treatment for investment income is subject to a number of factors and parameters, and investors should seek advice from a specialist tax advisor.

3.2.1 Taxation of dividends

Cypriot Tax Residents
Dividends derived from Cyprus tax resident companies, are exempt from any form of taxation if are deemed to be paid to another company resident in Cyprus, while they are subject to a 15% defence contribution if paid to an individual resident in Cyprus. This deduction constitutes the final tax.

Cyprus Residents are:
(a) Individuals who stay in Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment, and
(b) a company whose management and control is exercised in Cyprus.

Non-Cypriot Tax Residents
Dividends paid to persons who are not tax residents in Cyprus are exempt from Income tax regardless of whether a Double Taxation Avoidance Treaty exists.

In case of Non-Cypriot residents dividends are exempt from the special contribution to the defence fund of 15%, provided that the investor has submitted to the Bank the corresponding questionnaire for verifying the term “Non-Cypriot residents” for the corresponding year. This questionnaire must be submitted to the Bank every year.

3.2.2. Taxation of gains on disposal of shares which are listed on the CSE

Any gains from the disposal of shares and other Companies’ titles which are listed on the CSE are exempt from taxation.

3.2.3 Special Tax Duty on the sales of securities traded on the CSE

All transactions executed on the CSE or announced to the CSE (excluding some exceptions) are subject to a 0.15% special tax duty on the value of each transaction. This tax is borne by the seller or the person who announces the transaction as the case may be.

4.0 MOVEMENT OF CAPITAL AND PARTICIPATION BY FOREIGN INVESTORS

According to the Capital Movement Law (115(I)/2003) of the Republic of Cyprus which was put in effect at the admission of Cyprus to the European Union on 1st May 2004, there are no restrictions for the capital movement and payments to and from Cyprus, with some exceptions as provided by the Treaty establishing the European Community. As per the Capital Movement Law the direct investment from residence of European Union member countries in Cyprus companies listed on the CSE is allowed.

The Capital Movement Law of the Republic of Cyprus does not affect the provisions of article 17(1) of the Banking Law of the Republic of Cyprus. According to article 17(1) of the Banking Law of the Republic of Cyprus no person can, either alone or through an associate or associates, have directly or indirectly the control of any bank established in the Republic or its parent undertaking, unless that person obtains the prior written approval of the Central Bank (control means the (i) owner of 10% or more of the voting power at any general meeting of the company or its holding company, or (ii) the ability by a person to determine in any manner the election of a majority of the directors of the company or of its holding company).

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 2009, the Bank's market share in deposits and loans (including the cooperative societies) in Cyprus amounted to 28,1% and 27,5%, respectively[1] while as of March 2010 the same figure amounted to 27,7% and 27,3%, respectively and on 30 June 2010 to 31,3% and 27,5% respectively[2]. 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 167 branches in Greece. As of 31st December 2009, the Bank's market share in deposits and loans in Greece amounted to 4,0% and 3,8%[3] respectively, while as of 30 May 2010 the same figure amounted to 4,2% and 3,8% 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[4]).

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 ten 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 twelve 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 43 regions of Russia.

In May 2008, the Bank acquired 97,2% of the share capital of the Ukrainian bank OJSB Bank of Cyprus (former JSC AvtoZAZbank), thus providing banking services in Ukraine. In December 2009 the Group's shareholding in OJSB Bank of Cyprus amounted to 99.7% and currently the Bank operates through 18 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.

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[1] *Source: Bank of Cyprus based on figures of the Central Bank of Cyprus.*
[2] *Source: Bank of Cyprus based on figures of the Central Bank of Cyprus.*
[3] *Source: Bank of Cyprus Group based on figures of Bank of Greece.*
[4] *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.

The Bank has eight representative offices in Russia, Canada, Ukraine and South Africa and liaison office in Romania.

As at 30 June 2010 the Group employed 11.945 persons worldwide.

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. The Group's Total Assets at 31 March 2010 amounted to €39,7 billion. The Group's Shareholders' Funds at 31 March 2010 amounted to €2,6 billion

As at 31 December 2009 and 31 March 2010, the Group's capital adequacy ratio stood at 11,2% and 11,3% respectively.

Moody's Investor Services Inc. and Fitch Ratings Ltd affirmed Bank of Cyprus with a long term credit rating of A3 (negative outlook) and BBB+ rating (negative outlook) respectively.

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.

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 2007, 2008 and 2009 and the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2010

Group Financial Highlights

	2009	2008	2007
Profit before tax (€000)	365.221	551.614	582.362
Profit after tax and non-controlling interests (€000)	313.144	502.388	485.168
Earnings per share [1]	52,9	87,3 cent[1]	86,3 cent[2]
Cost/ income	52,4%	45,8%	43,6%
Return on equity	14,0%	25,1%	27,6%

1. 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.
2. The weighted number of shares for the year ended 31 December 2007 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 2008.

	31 March 2010	31 March 2009
Profit before tax (€000)	91.461	78.205
Profit after tax and non-controlling interests (€000)	81.362	63.071
Earnings per share	13,6 cent	10,7 cent[1]
Cost/ income	51,0%	57,9%
Return on equity	13,3%	12,4%

1. The weighted number of shares for the three months ended 31 March 2010 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.

Group Financial Footings

	31 March 2010	31 Dec. 2009	31 Dec. 2008 Restated	31 Dec. 2007
	€000	€000	€000	€000
Loans	26.265.962	25.635.780	24.424.694	18.920.921
Deposits	29.203.103	28.584.561	27.935.747	25.178.966
Shareholders funds	2.553.420	2.485.498	2.056.367	2.005.190

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 OJSB 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) to CJSC Renaissance Capital.

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 herebelow:

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 OJSB 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). Approval by Central Bank of Cyprus to transfer the business and the assets and liabilities of the Bank's subsidiary company Mortgage Bank of Cyprus Ltd to the Bank of Cyprus Public Company Ltd.

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 Bank's percentage shareholding in each of them as at 31 December 2009:

Country of incorporation	Activities	Participation (Direct and Indirect)
Cyprus		
Mortgage Bank of Cyprus Ltd	Commercial bank	100,0%
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%
JCC Payment Systems Ltd	Credit card transactions processing	45,0%
Cytrustees Investment Public Company Ltd	Closed - end investment company	49,9%
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%
Interfund Investments Plc	Closed - end investment company	22,8%
Greece		
Bank of Cyprus Public Company Ltd (branch)	Commercial bank	N/A
Kyprou Leasing	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 Company (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 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%
Russia		
LLC CB Bank of Cyprus	Commercial bank	100,0%
CB Uniastrum Bank LLC	Commercial bank	80,0%
Leasing Company Uniastrum Leasing	Leasing	100,0%
Ukraine		
OJSB Bank of Cyprus (former JSC AvtoZAZbank)	Commercial bank	99,7%
Netherlands		
Kyprou Finance (NL) B.V.	Financing company	100,0%

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 it has gradually expanded throughout the country ever since. Currently, the Bank provides a full range of financial services through a network of 167 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 agreement for the acquisition of 97% of the share capital of OJSB Bank of Cyprus (former JSC AvtoZAZBank) – established in 1991, which provides a full range of banking and financial services in Ukraine through a network of 18 branches.

In addition, in August 2007, the Bank commenced officially its operations in Russia after having established a subsidiary company which is mainly concentrated in the area of corporate lending, exploiting in this way its well established relationship with its customers. In October 2008 the Group completed the procedure for 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 and has the 13th largest distribution network in Russia, consisting of 211 branches and sub-offices. Uniastrum Bank is a universal commercial bank with a strong presence in Moscow and in another 43 regions of Russia. In the beginning of 2009, the Group decided to proceed with the merger of operations of its two banking units in Russia. In addition, the Bank operates through Representative Offices in Russia, Canada, Ukraine, South Africa, and Romania.

6.2 Group Operations in Cyprus

6.2.1 Retail Banking

Branch network and product development

The Bank of Cyprus has adopted a multidimensional approach in the servicing of retail clients in Cyprus, Greece and other countries in which it operates.

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 in competitive prices, like deposits, investment and insurance products, advances, business, consumer and housing loans, credit cards and current accounts. The Bank continuously develops its infrastructure through automatisation and centralisation, which contribute to the decrease of the Bank's expenses and provide a faster service to the client.

At the same time, Bank of Cyprus has managed, with the support of technology, to timely anticipate the needs of each and every customer. As a result, the Bank is now ideally positioned to offer the right product to selected target groups of customers at the right time. The Bank uses a combination of promotional channels, such as personalised letters, text messages (SMS) and personal contact by bank staff, thus strengthening the effectiveness of sales activities and improving its communication with customers.

Bank of Cyprus is now the established pioneer in the card sector, well ahead of the competition in terms of market share thus proving that it moves dynamically in terms of its approach to new products and customer satisfaction.

Card usage figures showed an increase during the last years, highlighting the trust placed by cardholder customers in the products and services offered by Bank of Cyprus. The Bank currently offers VISA, MasterCard, Diners Club 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 number of 1bank subscribers (which includes both retail and corporate customers) grows rapidly from year to year, recording an annual increase of 20% in 2009.

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 transactions at a lower cost or completely free.

In November 2009, 1bank introduced a new version of internet banking which includes major enhancements, new functionality and a choice of language between English, Greek and Russian.

Bank customers can now subscribe to 1bank and obtain their usernames and passwords from any Bank of Cyprus branch.

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 2009, the Business Centres focused on customer service.

In line with the measures announced by Bank of Cyprus in mid-2009 to support the economy, the Bank specifically designed a loan with a low fixed interest rate for acquiring business premises which it offered through the Business Centres. In addition, the Bank secured financing of €120 million from the European Investment Bank which was used to provide loans to SMEs at preferential interest rates.

6.2.3 Corporate Banking Division

Bank of Cyprus is the first choice for Cyprus' large corporate banking customers who receive exceptional service from the Bank's 10 Corporate Banking Centres and 50 specialised Customer Relationship Officers whose aim is continual awareness of each customer's circumstances and needs.

Exceptional customer service is not solely confined to meeting customers' financial 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 development and maintenance of a productive relationship with corporate banking customers requires the offering of a comprehensive range of products and services, cooperation and coordination with other Group units and the provision of suitable solutions to all client financing requirements, in a fast and flexible manner.

As part of its efforts to constantly improve and expand its range of products and services, the Bank has set up the Cash Management and Project Finance & Loan Syndication units for servicing a new generation of business projects such as marinas, golf courses, desalination plants, etc.

6.2.4 Factoring Services

The Factoring division commenced operations in 1992 and during that period it has managed to establish itself as the key player in the factoring industry, both in the domestic and international fields. 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.

Bank of Cyprus' Factoring Division is the leading provider of factoring services in the Cypriot market.

Given the unprecedented uncertainty and instability generated by the ongoing economic crisis, the Factoring Division recently overhauled its existing services and introduced an innovative range of services that offer credit insurance on receivables for any factoring service provided.

In effect, this range of services provides credit assessment and insurance of company receivables as well as risk-free customer base management. 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.

It is expected that the broad range of factoring services offered, in conjunction with the new customer base assessment and insurance services provided, will prove to be exceptionally useful to the customers of the Bank of Cyprus Factoring Division.

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.

The primary objective of IBUs has always been the provision of superior services to the sector's customers and associates. In order to ensure that this objective is achieved, the International Banking Division obtained the ISO 9001:2009 certification in March 2009, making Bank of Cyprus the first bank in all of Cyprus with ISO certification in this sector.

6.2.6 Brokerage and Investment Services

The Cyprus Investment and Securities Corporation (CISCO)

CISCO provides a full range of investment services in Cyprus, which comprise brokerage, fund management and investment banking services. Since 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

The General Insurance of Cyprus was founded in 1951 by Bank of Cyprus. The company specialises in the general insurance business in Cyprus and provides a wide range of insurance plans, which cover completely all personal and business insurance requirements.

By applying sound insurance principles, both in terms of pricing and risk taking and the rational expansion of each business line, the company maintains an insurance portfolio that is unique in the Cyprus insurance market in terms of composition and quality. This strategy has not prevented the Company from expanding further, maintaining a market share of 12,3% in 2008 as confirmed by the official statistics released by the Office of the Superintendent of Insurance.

The Company's success can also be attributed to its clear strategy which is based on a professional approach, selling insurance products using the latest bancassurance methods, exploiting the potential offered by modern technology and providing ongoing training and development for its staff.

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 2009, 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 2009.

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. Great importance is placed on human resource development and the improvement of customer service quality. Investment in both innovation and technology will continue apace.

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 167 branches in Greece offering a wide range of financial products and services.

Bank of Cyprus continued its success in the Greek market strengthening its position against the competition, achieving higher growth rates than the market and increasing its market share in all sectors.

This success was mainly achieved by expanding the branch network to 167 branches throughout Greece and by promoting competitive and innovative products through effective customer-oriented practices which strengthen the customer base and raise the profile of the Bank and its products

In 2009, which proved to be a particularly challenging year in an unstable and volatile environment, Bank of Cyprus achieved its strategic targets and strengthened its position in the Greek market.

Volumes increased at above market-average rates, especially in the deposits sector, resulting in a significant increase in the Bank's liquidity and market share. According to the most recent statistics published by the Bank of Greece (30 May 2009), the market share of Bank of Cyprus Greece amounted to 4,2%.

These results were achieved as a result of a series of coordinated actions, including:

- Immediate and flexible decision-taking and execution;
- Effective utilisation of customer base with targeted actions;
- Constant motivation of the branch network and central divisions to focus on the set targets.

In the loans sector liquidity was in short supply in 2009, demand was weak and private consumption was down. However, despite the difficult environment, the Bank managed to maintain growth by taking calculated and controlled risks and continuously and cautiously monitoring the quality of its overall and individual loan portfolios.

At the same time, it focussed on specific products, such as consumer and business loans which saw an increase in market share.

The Bank raised its profile by supporting and promoting its customer-oriented approach and demonstrating reliability, transparency, efficiency and flexibility as the keystones of its operations, both in terms of actual services and through its communication policy.

The objective for 2010 given the current environment is to maintain the Bank's high liquidity and to continuously and consistently increase its customer base by:

- Attracting more high quality deposits;
- Maintaining the loans to deposits ratio;
- Continuing to apply and further improving credit quality procedures;
- Completing the operational and technological infrastructure optimisation plan with a view to increasing volumes, improving customer service and containing costs;

- Strengthening the branch network;
- Launching technological innovations and new products in the market.

6.3.2 Small and Medium-sized Enterprises

The considerable contribution made by Small and Medium-sized Enterprises (SMEs) both to gross domestic product and to overall job numbers puts this sector at the vanguard of the Greek economy.

Recognising on the one hand the importance of SMEs to the development of the local economy and on the other hand the need to provide them with specialised services, Bank of Cyprus now has 80 Business Centres in Greece.

Bank of Cyprus aims to provide bespoke solutions tailored to the needs of each business and to optimise the standard of services provided, through fast and flexible procedures. While maintaining its high level of customer service, the Bank aims to broaden its customer base still further, despite the general economic recession.

Loans to SMEs in 2009 remained at similar levels to those of the previous year, despite the generally adverse climate which prevailed in Greece and in global markets.

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.

It is important to note that non performing loans were maintained at satisfactory levels especially given the level of non performing loans in Greece as a whole.

Equally important was the increase in interest margins on business loans to satisfactory levels, despite the increase in funding costs in 2009.

At the same time, the Bank, aiming to create new relationships with healthy business, continued to play a successful part in the Regional Business Programmes under the 3rd Community Support Framework and the NSRF, achieving an increase in the number of SME investment proposals. Bank of Cyprus ranks 5th in Greece in terms of participation of self-employed individuals in NSRF and 4th in terms of participation of SMEs, with shares in NSRF programmes of 11,4% and 9,7% respectively.

The objective is to manage non performing loans effectively and to maintain healthy interest margins on business loans in conjunction with volume growth.

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

6.3.3 Alternative Distribution Channels

The Alternative Distribution Channels Division in Greece include Automatic Teller Machines (ATMs), Internet Banking, Phone Banking and Online Trading and are available to both retail customers and businesses.

The Group had a network of 214 ATMs in Greece by the end of 2009. The Bank also introduced new technology to improve transactional security, by fitting keypads with covers to prevent PIN theft.

The Bank started installing new infrastructure in the call centre in 2009 to support card services, Phone Banking and Internet Banking. This new infrastructure further enhanced transactional security over the telephone through automatic customer identification and paved the way for new services and further improvements to the standard of customer service, in conjunction with the potential offered by the Bank's customer-oriented CRM platform.

Online banking services provided by the Bank grew significantly in 2009. These services include:

- **Internet Banking,** which covers the majority of the Bank's products, allowing customers to:
  - monitor their bank accounts, credit cards and prepaid 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.

- **i-card**, which allows cardholders to monitor their card transactions. This service began in 2009.

Transactions are executed under highly secure conditions, for example by utilising one-time password generation devices (digipass).

Developments in remote banking services are proceeding apace. Bank of Cyprus is closely monitoring them and is developing the infrastructure needed in order to provide the highest possible standard of customer service.

6.3.4 Corporate Banking and Shipping Division

The Corporate Banking Division offers a broad range of services and specialised financial tools to corporate customers and organisations. As a result, despite the adverse international climate. Business development was positive and direct financing increased compared to 2008 while indirect financing remained at the same high levels as the previous year. This increase was achieved both by enhancing the volume of work with existing customers and by attracting new customers. It is worth noting that despite the crisis arrears were kept at low levels.

It is noted that in July 2007 the Group's shipping division commenced operations offering financing and other services in the Greek Shipping sector. The Bank's financing services to the shipping sector were very well received by the shipping community. Despite these dire market conditions and the fact that it has only been involved in direct financing of shipping activities for a short period, the Shipping Division of the Bank of Cyprus Group achieved satisfactory results,.

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, it is the second largest company in the market, a position it has maintained for a number of years. It has obtained ISO 9001 certification from TÜV CERT for all its leasing services and pursues a consistent policy of offering high-quality, up-to-date, efficient services. According to the latest statistics (2009), Kyprou Leasing has a market share of over 16,5%[5].

Kyprou Leasing relies on its highly trained personnel and invests in its continuous development. The Company has created flexible and specialised products for both equipment leasing and property leasing, thereby meeting the needs of its self-employed and business customers. The Company also works with selected equipment suppliers (vendor leasing), thereby boosting mutual sales through the financing of vendors' 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 2009 and improved its performance across the board, maintaining at the same time its market share, despite the intense competition and the unfavourable economic conditions in the sector. Kyprou Factors ranks third in the Greek factoring sector, in terms of turnover[6].

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[5] Source: Bank of Cyprus based on market figures.

[6] Source: Bank of Cyprus based on market figures.

At the same time, special attention is given to the organisational and operational improvements of Kyprou Factors with the basic aim of upgrading its information system by automating customer data processing, completing the online customer information system on the Internet (e-factoring) and improving administration information systems.

The comparative advantages of the Division are the Group's high level of expertise and long-term experience in providing these specific services, the emphasis on organisation and operations using leading-edge technology, its flexibility and ability to take decisions quickly in cooperation with the relevant approval authorities, 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 Investment Banking

The services carried out by the Investment Banking Division concentrated in consultancy services to companies wishing to float on the Athens Exchange's newly-established Alternative Market, which offers more flexible listing criteria for small companies compared to the markets for Large and Small/Mid cap companies. In 2008, the Investment Banking Division acted as consultant to three companies whose shares are now being traded on the Alternative Market of the Athens Exchange.

The Bank's strategic objectives are on the one hand to continue and enhance its activity in listings on the Alternative Market of the Athens Exchange and on the other hand to broaden the scope of its activities by advising listed companies on other matters (such as issuing share capital, issuing bonds, mergers and acquisitions).

6.3.6.2 Fund Management - Kyprou AEDAK

2009 was a year of intense volatility for the international capital markets. As a result of its prudent fund management strategy during the year, Kyprou AEDAK contributed to the preservation of the high qualitative characteristics of the investments of its mutual funds and generated competitive returns.

In addition to mutual fund management, Kyprou AEDAK also offers investment advice and discretionary portfolio management services. The aim of these services is to cover all investment needs of investors by capitalising on the reputation and experience of the Group and the Group's cooperation with large international investment houses.

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.

6.3.6.3 Kyprou Securities

Kyprou Securities operates in Greece offering brokerage services for trading on the Athens Exchange, Athens Derivatives Exchange and the Cyprus Sock Exchange.

The main strategic objectives are to further strengthen Kyprou Securities' market position and to expand the range of services offered. In particular, the Company plans to introduce international derivatives trading, to upgrade the on-line trading system for foreign markets and to promote its corporate profile via new marketing activities.

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 eight years 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

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

- are relevant and related to the products and services offered by Bank of Cyprus Greece 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 and professionals. The insurance products which accompany loans (mortgage, business, consumer and personal loans) and credit cards have displayed one 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 presents a stable expansionary strategy over the years, making it one of the most profitable companies in the Greek insurance market

6.4 Group Operations in Russia

Bank of Cyprus is the first commercial bank from the Greek-speaking world to establish an official full banking presence in Russia.

The Group commenced operations in the fast growth Russian market when it established a subsidiary bank in August 2007, providing banking services to corporate customers and SMEs, and a leasing company. In order to complete its expansion in the Russian market, the Group needed to expand into the retail banking sector and attract liquidity from the domestic Russian market so as to optimise its performance relative to risk. This expansion into the retail banking sector was achieved in November 2008 through the acquisition of Uniastrum Bank which has the 13th largest 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) marked its first full year of operation as a member of the Bank of Cyprus Group by fortifying its position as one of Russia's leading lenders. Despite the liquidity crisis that forced many Russian banks into a standstill, Uniastrum succeeded not only in delivering on its commitments to its customers, but also in boosting its customer base and earnings. In 2009, Uniastrum increased its footings and achieved strong ratings while being profitable in a tough year.

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.

6.4.1 Retail Banking

Cards and Personal Lending
The core services provided by Uniastrum's card operations involve the issue of Visa and MasterCard cards, the granting of personal loans, merchant acquiring and the management of the Bank's ATM network.

Retail Deposits
Uniastrum's deposit range features 13 different types of deposit products and has been carefully designed to take into account clients' interests and financial goals; it is one of the most diverse product ranges in the Russian market.

Auto Lending
In 2009, Russia's car finance market contracted by 75%, mostly due to a 50% downturn in car sales, rising lending rates in the first half of the year, tighter bank borrowing requirements and the lack of available liquidity among financial entities. Consequently, Uniastrum revised its car lending product mix several times during 2009.

ATM Network
During 2009, Uniastrum expanded its network of ATMs bringing their total number to 1.270. The increase in volumes, coupled with a more simplified procedure for making credit card and utility payments, resulted in an increase of commission earnings.

6.4.2 Corporate Banking

Corporate Lending
In 2009, 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. During the year, Uniastrum's business loan portfolio increased by 110% and granted new facilities in the amount of 27,5 billion RUB (€635 mln.) comprising of loans and overdraft facilities. The products of the Corporate Banking Division are available in all regions in which Uniastrum has a presence.

Small Business Lending
Uniastrum's SME strategy focuses on the expansion of its loan portfolio, the design and launching of new and innovative products and the enhancement of its sales system. Uniastrum's SME loan portfolio more than doubled in 2009, increasing by 118%.

In 2009, the SME Lending Division successfully launched U-Prime, a new product that enables clients to obtain loans of up to RUB 20 million (€0,5 million) with a maximum repayment period of 10 years, at a competitive rate.

During 2009, the Bank opened several Small Business Loan Centres in Moscow and the surrounding region which offer SMEs advice on the products and services that are best suited to their individual needs.

Throughout 2009, the Bank participated in a number of partnership programmes with Moscow-based and other regional funds which aim to assist local small businesses. Under these programmes, the funds subsidise the lending rates and provide loan guarantees to SMEs.

Business Deposits
Uniastrum has put together a wide mix of deposit products for corporate clients satisfying all their savings needs. Corporate clients are offered five types of deposit accounts in Rubles, US Dollars and Euros, each with different terms and conditions tailored to the needs of different client groups. Despite the problems caused by the financial crisis, the Bank managed to attract a significant amount of business deposits.

6.4.3 Cash Management Services

Uniastrum offers a wide range of high quality and reliable cash management services to corporate clients at competitive rates. The analysis of the client base enables Uniastrum to gain timely and up to date information on customer requirements, thereby offering products that meet their needs.

6.4.4 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. The system allows customers to execute payments and manage their accounts easier and faster.

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.

Bank of Cyprus UK achieved satisfactory profitability in 2009 despite the difficult financial environment. The liquidity squeeze, which persisted throughout 2009, kept funding costs high as UK banks continued to price retail deposits aggressively to secure funding. In response, BOC UK’s efforts focused on improving interest margins and liquidity, ensuring that lending remained economically viable and thus enabling BOC UK to compete for customer deposits.

BOC UK’s credit risk management required a balanced combination of actions for reducing exposure to least creditworthy borrowers and for adapting pricing where appropriate to reflect the prevailing market conditions.

Customer advances in the UK decreased by 11% while total deposits increased by 13% compared to 2008, in line with the Group’s policy that individual operations aim to self fund their domestic lending capability. As a result, BOC UK is well placed to capitalise on opportunities arising from an upturn in the economic cycle.

Costs, excluding one-off items, remained flat in 2009 compared to 2008, benefiting from efficiencies achieved through improved use of the online banking service, the introduction of mobile account payment services and other automations.

Going forward, BOC UK will continue to concentrate on relationship-based business banking, providing its customers with an outstanding service and flexible, transparent and competitive products.

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, while continuing to add value to the Group with the provision of alternative banking products and services for SMEs.

6.4.3 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 late July 2007, offering integrated financial products and services.

During 2009 Bank of Cyprus Romania continued to expand its branch network in Bucharest and four other major cities, offering a wide range of financial products and high quality services.

In 2009, new branches were launched in Brasov and Craiova, thus enhancing the geographical spread of the Bank's presence. At the end of 2009, the Bank's branch network comprised 13 outlets; 11 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. The Bank places particular emphasis on the expansion of its Retail Sector business and the enrichment of its customer portfolio. The launch of Online Banking and a Debit Card programme in late 2008, has helped to enhance the Bank's penetration of the Retail Sector.

The Bank maintained a prudent approach to both its corporate and retail lending activities, thus establishing a solid foundation for its future growth. Bank of Cyprus Romania aims to improve the operational set-up of its branch network in order to provide more specialised and diversified high quality services to its customers.

In 2009, despite the difficult economic environment, Bank of Cyprus Romania continued to grow in a cautious manner. The Bank achieved very satisfactory growth in its deposit base, whereas in lending, its prudent growth focused on medium-sized businesses, resulting in a satisfactory growth of advances.

Within this framework the goals of Bank of Cyprus Romania include:

- Consolidation of its market position by attracting sound business opportunities in SMEs.,
- Penetration of economic sectors that attract EU funding and seeking lending opportunities to creditworthy businesses operating in these sectors.

6.5.6 Ukraine

For Bank of Cyprus Ukraine, 2009 marked the beginning of the implementation of a series of changes that affect almost every aspect of the Bank's operations. Some of the key changes were the rebranding of the Bank from AvtoZAZbank to Bank of Cyprus Ukraine, the implementation of a new organisational structure, the reorganisation and redesign of the Bank's branch network and the development and standardisation of products and procedures.

By the end of the year, Bank of Cyprus Ukraine's network comprised 18 branches operating under the new brand in seven of the most populous regions of Ukraine.

In 2009, the Group's operations in Ukraine managed to generate a positive result, despite the severe financial problems of the Ukrainian economy and the large losses suffered by the banking sector. The lending policy of the Bank focused mainly on prudent and balanced lending to retail and SME customers. Great emphasis was placed on attracting new customers and increasing deposit and loan portfolios, especially in the Retail Sector.

In June 2009, a nationally recognised Credit Rating Agency upgraded Bank of Cyprus Ukraine's rating from 'uaBBB' to 'uaA-stable'. This rating was confirmed again in December 2009. The Bank was also included in the list of a small number of banks approved by the Ukraine State Pension Fund and since the beginning of 2010 the Bank acts as the Fund's agent for the payment of pensions and other social benefits.

The main strategic plans of the Bank for 2010 include the following:

- Expansion of the branch network as well as its services and products.
- Prudent expansion of the loan portfolio in the Retail, SME and Corporate Sectors.
- Adoption and implementation of the Group's IT systems.
- Improvement of procedures in order to sustain a high level of service quality and risk management.

6.5.7 Representative Offices

In 2009, despite the economic crisis, the Representative Offices continued to perform well in their respective countries, contributing significantly to Group operations. Their dynamic presence covers South Africa, Canada, Russia, Ukraine 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. The last two offices obtained operating licenses from the Russian authorities in August 2009. Furthermore, great effort is being made to exploit the synergies arising from the acquisition of Uniastrum Bank. To this end, an action plan was prepared and its implementation will commence in 2010.

The Ukrainian Representative Office has been fully operational since 2008, generating very satisfactory results.

The Bucharest Liaison Office has been operating as a division of the Bank since July 2008 and is responsible for exploiting synergies between Cyprus and 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.

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.

Due to its dominant position in the foreign exchange market, the Group Treasury has been rated by the internationally renowned journal Global Finance as the best foreign exchange bank in Cyprus for the third consecutive year. 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 highyield investments and to companies and institutional investors seeking to manage their risks. The products and services offered by Group Treasury include:

- deposits for institutional investors,
- bond trading services for institutional investors and Private Banking customers,
- customised solutions for companies wishing to minimise borrowing costs given the current market trends,
- innovative yield-enhancing structured products which cover a wide range of investment alternatives,
- risk hedging solutions for customer exposures to interest rate, foreign currency, equity, commodity and other risks,,
- asset/liability management services for pension funds and insurance companies, and
- deposits in gold.

6.6.2 Private Banking

The Private Banking Division of Bank of Cyprus provides a complete range of high quality international investment and other banking services to high net worth individuals, through its offices in Cyprus, Greece, Russia and the Channel Islands.

In 2009, the Bank completed the consolidation of all its private banking units under a central management whilst the operation of the Division evolved into a "complete customer relationship" model covering all banking and deposit/investment needs of high net worth customers.

The Private Banking Division of Bank of Cyprus operates four offices in Cyprus and two offices in Greece The Department aims to have a leading role in the establishment and updating of the investment policy implemented by Private Banking at Group level.

In Russia, the Private Banking Division of Uniastrum Bank has a staff of 25 people and offices in both Moscow and St. Petersburg.

The products offered include:

- deposit schemes in all major foreign currencies,
- structured products with innovative investment mechanisms,
- mutual funds offering geographical, currency and other forms of diversification, and
- international brokerage services in equities and bonds.

Private Banking's products will also be complemented by specialised products to be developed by Bank of Cyprus for capitalising on the opportunities given the financial situation and for generating added value to high net worth customers.

6.6.2 Group Risk Management

Effective Risk Management is one of the standing goals of the Bank of Cyprus GroupThe institutional body that sets the policy and ensures that risks are properly managed at Group level is the Executive Risk Management Committee,. The Credit Risk, Operational Risk and Market Risk Departments report to the General Manager Risk. Risk management units operate in every country where the Group has operations, applying the common principles and philosophy of the Group, and developing policies that are adjusted to the particularities of each market. The practices followed are harmonised to the guidelines of supervisory bodies and the corresponding Basel II guidelines.

Group Credit Risk Policy Management

Credit Risk is the most significant risk that commercial banks have to manage due to the nature of their activities. Credit Risk is associated with the probability of borrowers breaching their contractual obligations.

The Group Credit Risk Policy Management Unit develops the policy for the assessment and approval process of loans, the frequency of their revision, the development of control systems, the development of credit relationships and the effective management of non performing loans. The Unit also monitors on a systematic basis the various economic sectors with regard to their prospects or the problems that they may face and accordingly revises its policies for the effectivemanagement of concentration risk.

The credit approval process includes the differentiation of the unit preparing the application from that approving the loan, while the levels of approving authorities depend on the type and the amount of the loan. Approving authorities can be committees or experienced officers that are appointed by the senior management of the Group. Approval limits are regularly revised.

The Group has also invested in the acquisition and development of modern credit risk assessment systems for the measurement of the financial and credit risk of customers. Specifically, in the Retail Sector credit scoring systems are used for new customers and behavioural scoring systems for existing customers. These systems have been developed internally and are continuously being upgraded and improved. In the Corporate and Small and Medium Sized Enterprise (SME) Sectors, the Group was among the first banking organisations that applied credit rating systems in Cyprus and Greece.

In addition, for portfolio credit risk analysis, the Unit carries out analyses for different stress testing scenarios. Furthermore, the portfolio credit risk concerning the bad debt recovery rate from the liquidation of collaterals that have been committed in favour of the credit granting is systematically evaluated.

The effective management of credit risk is reflected in the limited increase of non performing loans of the Group taking into consideration the current negative economic climate.

Market Risk Management

Group Market Risk Management (GMRM) is responsible for measuring and monitoring market risk, liquidity risk and credit risk with correspondent banks and countries, at Group level.

The Group Assets and Liabilities Committee (ALCO) sets 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.

The Group does not operate any trading books.

Interest Rate Risk
In order to manage interest rate risk, there are maximum loss limits from interest rate mis-matches for each banking unit of the Group. There are different limits for the Euro and for foreign currencies.

Maximum loss limits apply for each of the first three years. These limits are set as a percentage of Group capital and as a percentage of net interest income and are allocated to the various banking units of the Group based on their contribution to net interest income. Small limits for open interest rate positions have been approved for periods of more than three years.

Currency Risk

In order to manage currency risk, the Group Assets and Liabilities Committee ('ALCO') has approved open position limits for each currency or group of currencies and total foreign exchange position limits. There are larger limits for intra-day positions and lower limits for overnight positions. The foreign exchange position limits are lower than those prescribed by the Central Bank of Cyprus. These limits are monitored daily by market risk officers in all banking units of the Group. A report indicating the overnight foreign currency position of each unit is sent to Group Market Risk Management daily.

The Group does not maintain a currency trading book.

Liquidity risk

GMRM monitors the Group's liquidity position and ensures adherence to the various limits set by the regulatory authorities and the Board of Directors.

The completion of two securitisation transactions for mortgage loans of Bank of Cyprus Greece and leasing receivables in Greece have significantly strengthened the liquidity position of the Group. Moreover, the issue of three year special bonds by the Republic of Cyprus in December 2009 has further strengthened the liquidity of the Group. During 2010, it is expected that the regulatory and legal framework in Cyprus enabling the issuance of covered bonds will be completed. This development will provide the possibility to raise more liquidity at favourable rates.

Credit Risk with Correspondent Banks and Countries

During 2009, the conservative policy for setting limits with other banks was continued. All limits are decided at Group level and are then distributed to the various units, according to their needs.

Limits are based on a detailed assessment of the financial and other data of each unit. The changes in credit ratings, financial and other developments are monitored daily, and limits are adjusted where necessary.

Group Operational Risk Management

The Group Operational Risk Management Division continues working on the development of specialised methods for identifying, evaluating and measuring the operational risks faced by the Group, to allow for proper monitoring and timely identification of any shortcomings and their mitigation.

Potential losses from operational risks may occur in all the Group's activities as a result of inefficiency or failure of internal processes or systems caused either by external events or human error. Consequently, a wide range of possible scenarios which are difficult to foresee are included under the umbrella of operational risks. The global financial crisis has altered the environment in which the Group operates and this is expected to increase the possibility of losses arising from operational risks. Nonetheless, with proper operational risk management it is possible to limit any adverse consequences that may result.

Under the umbrella of operational risks falls a wide spectrum of possible incidents that could occur anywhere within the organisation. Therefore, the adequate training of staff in the management of operational risks that fall within the scope of their everyday work is the best possible means of prevention. For this reason, great emphasis is given on the strengthening of risk culture and training of personnel.

At the same time, the timely identification of possible gaps in procedures and systems is considered of paramount importance, so that the necessary corrective measures can be taken to reduce them. This is achieved through risk selfassessment workshops where risks in the various business operations are identified and evaluated and an action plan is drawn with the corrective measures to be taken or adoption of internal controls that will help to minimise the risks as much as possible.

These results are further strengthened through the analysis of operational loss incidents that are entered in the incident reporting system and the subsequent adoption of corrective measures. At the same time, a number of Key Risk Indicators are monitored that allow the timely identification of possible problems.

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.

Internal Legal Services in Cyprus is responsible for the management of the Group's legal risk, working in close cooperation with the legal departments and relevant business units of the countries in which the Group operates. Internal Legal Services also works in close cooperation with external legal counsel in all countries in which the Group operates. The experience gained by Internal Legal Services over the years and the expertise of its officers in various legal areas ensures the right approach in all areas of legal risk. 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 main activities of the Unit include, among others, the following::

- The continuous training on key compliance issues, emphasising the importance of the application of not just the letter but also the spirit of the law, taking into account the basic principles of the Group that are honesty, professionalism and integrity.

- The evaluation of the compliance structure in various departments/companies of the Group and presentations to their management on key compliance issues relevant to them.
- The implementation of the compliance governance policy in all countries in which the Group operates.
- The promotion of the application of new legislation such as the payment services directive.
- The further strengthening of processes and systems for the detection and prevention of money laundering and training of front line personnel on these processes.
- The application of the customer acceptance policy in all countries in which the Group operates.
- The completion of the installation of the anti-money laundering system.

The continuous promotion of a compliance culture constitutes a major defence tool to current or new challenges and risks that exist or may that may arise in the continuously changing financial sector.

7.0 PERSONNEL

As at 30 June 2010 the Group employed 11.945 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:

	30 Ιουνίου 2010	31 December 2009	31 December 2008	31 December 2007
Cyprus	3.539	3.568	3.608	3.424
Greece	3.129	3.148	3.183	3.001
Russia	4.415	4.497	4.354	63
United Kingdom	173	171	188	212
Other Countries	689	743	794	209
Total	**11.945**	**12.127**	**12.127**	**6.909**

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 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 Cyprus Chamber of Commerce and Industry and 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 is Executive Chairperson of P.M. Tseriotis Ltd (the holding company of the Tseriotis Group of Companies). She is a member of the Board of Directors of various companies. She 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 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 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. 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. In 2006 he was appointed as a member of the Board of Directors of the Bank of Cyprus Group.
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.

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. He is the Honorary-Consul of Mexico in Cyprus. 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 represented Cyprus in the EESC in relation to the Lisbon Strategy for competition and entrepreneurship. He is member of the Executive Committee of Eurochambers and of the Balkan Chambers. He is a member of the Board of the Cyprus International Institute of Management and of the Board of Trustees of the Research and Educational Institute of 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 Ltd, holding company of the Muskita Group, which is a diversified group of companies employing more than one thousand people in Cyprus and overseas The group's activities include aluminium manufacturing and the hotel industry. The activities also extend to the real estate sector in Cyprus and Europe. He is an active member in the Board of various organisations.
Evdokimos Xenophontos *Non-Executive*	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. 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 served as Chairman of the Institute of Certified Public Accountants of Cyprus and as a board member of the Cyprus Institute of Genetics and Neurology and of 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). During the last 5 years he was the Vice-Chairman and Deputy CEO of National Bank of Greece. On 15 April he was appointed as a member of the Board of Directors of Bank of Cyprus from I May 2010 he holds the position of First Deputy Chief Executive Officer with primary responsibility 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. In 2004, he was elected Vice-Chairman of the Bank 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.
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 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, which also operates in many other business sectors worldwide. From 1981 to 1985, he was Shipping and Operations Manager of Tsakos Shipping and Trading Ltd in the USA with a focus on the off-shore energy sector. He received his BA Degree in Economics and Political Science from Columbia University in 1985 and his Masters Degree in Shipping, Trade and Finance from the City University Business School of London. He served as officer in the Hellenic Navy in 1988. He is the Founder, President and CEO of Tsakos Energy Navigation (TEN) Limited, a pioneering company and one of the oldest listed Greek shipping companies He has received various awards most recently 'Lloyd's List award for the Best Tanker Operator in 2006', '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, the Union of Greek Shipowners, the Greek Shipping Co-operation Committee, the Greek Committee of Det Norske Veritas, the American Bureau of Shipping, the Bureau Veritas and the UK P&I Club and he is a member of the Executive Committee of the Independent Tanker Owners Organisation.
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.
Christakis G. Christofides *Non-Executive*	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 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 approval of this Prospectus the majority of the members of the Audit Committee were independent Directors:

- George M. Georgiades, Chairman (independent)
- Costas Z. Severis
- Evdokimos Xenophontos
- Andreas J. Jacovides (independent)
- Stavros J. Constantinides (independent)

The Audit Committee reviews, inter-alia, the Group's financial statements, reports prepared by Group Internal Audit and reports on the Group's system of internal controls and its effectiveness.

The Audit Committee confirms that it is satisfied with the independence of Group Internal Audit, which reports directly to the Board of Directors through the Audit Committee. Group Internal Audit 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 external auditors. The objectivity and independence of the Group's external auditors is safeguarded through monitoring, by the Audit Committee, of their relationship with the Group, including the monitoring of the balance between audit and auxiliary non-audit services.

Remuneration Committee

As at the date of approval of this report by the Board of Directors 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 Directors and Senior Executive Management, as well as the overall Group remuneration policy. Shareholders at the Annual General Meeting approve the remuneration of Directors in their capacity as members of the Board based on the Recommendations of the Remuneration Committee.

Nominations and Corporate Governance Committee

As at the date of approval of this report by the Board of Directors the members of the Nominations and Corporate Governance Committee were:

- Anna Diogenous, Chairperson
- Andreas Artemis (independent)
- Vassilis G. Rologis
- Christakis G. Christofides
- 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 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 approval of this report by the Board of Directors 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 management policies and systems and their effectiveness, and makes recommendations to the Board of Directors regarding these matters. The Risk Committee together with the Audit Committee ensure that there is a spherical perception and management of risks.

Regional Boards for International Operations

In light of the Group's continued volume growth and recent expansion to new markets, the 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, boards have been set up for the monitoring of the Group's operations in Russia, Ukraine, Romania and the United Kingdom. The aim is for the boards to assist the Board of Directors to carry out its duties more effectively.

Regional Board United Kingdom
Vassilis G Rologis (Chairman), Costas Z Severis (Vice-Chairman), Andreas Artemis, John D. Buddle, Andreas J Jacovides, Demetris P Ioannou, Iacovos Koumi, Spyros Neophytou, Philip H. Nunnerley, Vassos Shiarly, Christakis G Christofides.

Regional Board Ukraine
Christos Mouskis (Chairman), Manthos Mavrommatis (Vice-Chairman), Andreas Artemis, George M Georgiades, Anna Diogenous, Andreas Eliades, Kyriakos Iacovides, Nikolas Karydas, Yiannis Kypri, Evdokimos Xenophontos Costas Hadjipapas, Christis Hadjimitsis.

Regional Board Romania
Christos Mouskis (Chairman), Anna Diogenous (Vice-Chairperson), Andreas Artemis, George M Georgiades, Andreas Eliades, Kyriakos Iacovides, Nikolas Karydas, Yiannis Kypri, Manthos Mavrommatis, Evdokimos Xenophontos, Yiannis Pechlivanidis, Vassos Shiarly, Costas Hadjipapas, Christis Hadjimitsis.

Regional Board Russia
Andreas Artemis (Chairman), George Georgiades (Vice-Chairman), Andreas Eliades, Andreas J Jacovides, Kyriakos Iacovides, Nikolas Karydas, Yiannis Kypri Manthos Mavrommatis, Christos Mouskis, Vassilis G Rologis, 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. During the period 1998-2003 he held the position of Group General Manager Branch Banking and from May 2010 the position of Group Chief General Manager.

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 May 2010 he was appointed Senior Group General Manager.

8.3 Corporate Governance Code

As a company listed on the Cyprus Stock Exchange (CSE), Bank of Cyprus has adopted the CSE's Corporate Governance Code and applies its principles. The Group complies with the provisions of the 2nd Revised Edition of the Corporate Governance Code except provision A.2.3., due to the criterion for the definition of independent Directors according to which, a Director with tenure exceeding nine years is not considered independent. Provision A.2.3. requires that at least 50% of the members of the Board of Directors, excluding the Chairman, be independent non-executive Directors. As at 31 December 2009, six Directors were considered independent, representing 43% of the Board of Directors excluding the Chairman. As at the date of this Prospectus, five Directors were considered independent.

In September 2009, the CSE issued the 3rd Edition of the Corporate Governance Code which is effective from 1 January 2010 and will be reflected in the Annual Report of the Bank for the year 2010. 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 a 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
ARISTO DEVELOPERS LTD	Private	CEO	
RANDI GOLFERS LTD	Private	Member	
ARTHA ESTATES LTD	Private	CEO	
BETTER DAYS ENTERPRISES LTD	Private	Member	
AMITY DESIGNS LTD	Private	Member	
CHRIS LIVERAS INVESTMENTS LTD	Private	Member	
TITANIA CINEMAS ENTERPRISES LTD	Private	Member	
I.V. EDUCATIONAL MANAGEMENT SERVICES LTD	Private	CEO	
MAGIOKO LTD	Private	Member	
I.T.C. TANAGRA ESTATES LTD	Private	Member	
PAFIA TV LTD	Private	Member	
ARISTO KTHMATIKH LTD	Private	Member	
KENTORIA ESTATES LTD	Private		
VENUS ROCK ESTATES LTD	Private	Member	
G.A. GABRIELIDES LTD	Private	Member	
GABS HOLDING LTD	Private	Member	
KORADJISSA INVEST. LTD	Private	Member	
PENDESO COAST LTD	Private	Member	
SKYLARK TRAVEL LTD	Private	Member	
SKYLARK INSURANCE LTD	Private	Member	
KADMOS LTD	Private	CEO	
ATLAS INVEST & DEVELOPERS LTD	Private	Member	
DIAS INVEST LTD	Private	Member	
EUROSTAR INVEST & DEVELOPERS LTD	Private	Member	
LANDMARK INVEST & DEVELOPERS LTD	Private	Member	
FUTURE DEVELOPMENT GROUP	Private	Member	
EURODEVELOPMENT	Private	Member	
SILVER CAPITAL HOLDINGS LTD	Private	CEO	
RELIANCE INVESTMENTS LTD	Private	Member	
KEBE	Institute	Member	Has been a Member in the last 5 year period
A & A SUPER APHRODITE LTD	Private	Member	Has been a Member in the last 5 year period
ARISTO INVESTMENTS LTD	Private	Member	Has been a Member in the last 5 year period
T & R ARISTODEMOU LTD	Private	Member	Has been a Member in the last 5 year period
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	
CLEANTHIS CHRISTOPHIDES LIMITED	Private	Member	Has been a Member in the last 5 year period
J.C. CHRISTOPHIDES (INVESTMENTS) LIMITED	Private	Member	Has been a Member in the last 5 year period
CITY MANAGEMENT SERVICES LIMITED	Private	Member	Has been a Member in the last 5 year period
WARWICK INSURANCE CO LIMITED	Private	Member	Has been a Member in the last 5 year period
KION MANAGEMENT LIMITED	Private	Member	Has been a Member in the last 5 year period
INNOVATIVE DISTRIBUTORS OF ENGINEERING APPLICATIONS LTD	Private	Member	Has been a Member in the last 5 year period
CLERKLAND CONSULTANTS LTD	Private	Member	Has been a Member in the last 5 year period
ACTIVA INSURANCE SA	Private	Chairman	Has been a Member in the last 5 year period

GEORGE M. GEORGIADES

Company Name	Type of Company	Position in the Board	Notes
CYPRUS INTERNATIONAL INSTITUTE FOR THE ENVONMENT PUBLIC HEALTH – HARVARD SCHOOL OF PUBLIC HEALTH	Institute	Chairman	
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

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
TELEDEV EAST 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	Member	
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	
EMBAL ALUMINIUM NICOSIA LTD	Private	Member	
EMEKTAL ALUMINIUM LTD	Private	Member	
G.M. HOTELS TOURIST ENTERPRISES S.A.	Private	Member	
NEOLAND PROPERTIES LTD	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	Chairman	
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 2009, the authorised share capital of the Bank was €750.000.000 divided into 750.000.000 ordinary Shares of nominal value €1,00 each.

At the Extraordinary General Meeting held on 24 July 2010, it was decided that the authorised share capital of the Bank, be increased by €350.000.000, amounting to €1.100.000.000 divided into 1.100.000.000 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 €604.205.955 divided into 604.205.955 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 on the market value of the shares. For the dividend paid in December 2008 the discount was set at 15%. For all other dividends, the discount has been set at 10%.

Share-based payments – share options

In 2000, the Company granted Share Options 2001/2007 to all Group employees who were in service at 31 December 2000. The total number of Share Options granted was 3.216.700 and they gave the holder the right to buy one share of the Company at the price of C£3,26 per option (as adjusted after the rights issue in December 2005). The Share Options 2001/2007 were exercisable by their holders from 31 January 2004 to 31 December 2007.

In 2006, the Company granted Share Options 2006/2007 to all permanent employees of the Group in Cyprus and Greece who were in service at 30 September 2006 (grant date) provided they remained in service until 31 March 2007. The number of Share Options 2006/2007 issued was 4.283.300. The exercise price of the options had been set at €6,32 (C£3,70) and the exercise period was from 31 March 2007 to 30 June 2007 and was extended until 31 August 2007. During the exercise period, 4.189.106 options were exercised, as a result of which the Company's share capital and share premium increased by €3.580 thousand and €22.921 thousand respectively, while 94.194 options were forfeited because of the departure of their holders from the Group.

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 (previously €9,41 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 will vest 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 (previously 2011-2012) and from 1 November to 31 December 2012 and 2013 (previously 2012). The Share Options 2008/2010 are not transferable and are unlisted.

The Bank's Share Capital as from January 1st 2007 until the date of the Prospectus evolved as follows:

As at 1 January 2007, the issued and fully paid share capital of the Bank was £276.919.573,50 divided into 553.839.147 ordinary Shares of nominal value £0,50 each.

(i) On 25 January 2007, the issued share capital of the Bank increased by 770.840 ordinary shares, which have resulted from the exercise of 770.840 Share Options on 31 December 2006 by 1.211 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,26 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 rose to £276.919.573,50 divided into 553.839.147 ordinary shares, of nominal value of £0,50 each.

(ii) On 25 April 2007, the issued share capital of the Bank increased by 328.963 ordinary shares, which have resulted from the exercise of 328.963 Share Options on 31 March 2007 by 495 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,26 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 rose to £277.084.055,00 divided into 554.168.110 ordinary shares, of nominal value of £0,50 each.

(iii) On 23 May 2007, the issued share capital of the Bank increased by 3.162.241 ordinary shares, which have resulted from the exercise of 3.162.241 Share Options on 30 April 2007 by 4.229 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,70 (€6,35) per new share and the exercise of 5.000 Share Options by 1 beneficiary (staff of the Bank of Cyprus Group) at the exercise price of £4,32 (€7,42), according to the 19 April 2000 resolution of the Bank's Extraordinary General Meeting and the 14 September 2006 resolution of the Bank's Board of Directors. After the above increase, the Bank's share capital rose to £278.667.675,50 divided into 557.335.351 ordinary shares, of a nominal value of £0,50 each.

(iv) On 4 July 2007, the issued share capital of the Bank increased by 3.162.241 ordinary shares, which have resulted from the exercise of Share Options 2006/2007 on 31 May 2007 by 986 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,70 (€6,34) per new share and by two beneficiaries (staff of the Bank of Cyprus Group) at the exercise of C£4,32 (€7,41), according to the 19 April 2000 resolution of the Bank's Extraordinary General Meeting and the 14 September 2006 resolution of the Bank's Board of Directors. After the above increase, the Bank's share capital rose to £279.044.264 (€470.077.967,13) divided into 558.088.528 ordinary shares, of a nominal value of £0,50 each.

(v) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 26 June 2007, 3.770.158 new ordinary shares of a nominal value of C£0,50 each were issued by the Bank. The price at which the shares were issued was £6,63 per share. As a result of the dividend reinvestment, 3.770.158 shares were issued and the Company's issued share capital increased by £1.885.079,00 amounting to £280.929.343,00 divided into 561.858.686 ordinary shares, of nominal value £0,50 each. The Bank's share premium increased by £23.111.068,54.

(vi) On 18 July 2007, the issued share capital of the Bank increased by 175.735 ordinary shares, which have resulted from the exercise of 175.735 Share Options on 30 June 2007 by 259 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,26 (€5,59) per new share. After the above increase, the Bank's share capital rose to £281.017.210,50 divided into 562.034.421 ordinary shares, of a nominal value of £0,50 each.

(vii) On 25 July 2007, the issued share capital of the Bank increased by 241.837 ordinary shares, which have resulted from the exercise of 241.837 Share Options on 30 June 2007 by 335 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,70 (€6,341) per new share, according to the 19 April 2000 resolution of the Bank's Extraordinary General Meeting and the 14 September 2006 resolution of the Bank's Board of Directors. After the above increase, the Bank's share capital rose to £281.138.129,00 divided into 562.276.258 ordinary shares, of a nominal value of £0,50 each.

(viii) On 26 September 2007, the issued share capital of the Bank increased by 26.851 ordinary shares resulted from the exercise of 26.851 Share Options on 31 August 2007 by 57 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,70 (€6,33) per new share, according to the resolution of the Bank's Extraordinary General Meeting of 19th April 2000 and the Bank's Board of Directors resolutions of 14th September 2006 and 12th July 2007. After the above increase, the Bank's share capital rose to £281.151.554,50 divided into 562.303.109 ordinary shares, of a nominal value of £0,50 (€0,8423) each.

(ix) On 31 October 2007, the issued share capital of the Bank increased by 36.530 ordinary shares resulted from the exercise of 36.530 Share Options on 30 September 2007 by 55 beneficiaries (staff of the Bank of Cyprus Group) at the exercise price of £3,26 (€5,59) 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 rose to £281.169.819,50 divided into 562.339.639 ordinary shares, of a nominal value of £0,50 each.

(x) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 12 December 2007, 3.627.865 new ordinary shares of a nominal value C£0,50 each were issued by the Bank. The price at which the shares were issued was £6,78 per share. As a result of the dividend reinvestment, 3.627.865 shares were issued and the Company's issued share capital increased by £1.813.932,50 amounting to £282.983.752,00 divided into 565.967.504 ordinary shares, of nominal value £0,50 each. The Bank's share premium increased by £22.782.992,20

(xi) As at 1 January 2008, the nominal value of the share capital of the Company was increased 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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

(xvi) 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

(xvii) . 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.

9.2 Major Shareholders

Major Shareholders

Bank of Cyprus Public Company Limited is a company with a large number of shareholders amounting as at 30 June 2010 to 80.678 shareholders.

As at 30 June 2010 7,6% of the share capital of the Company was held by pension/retirement plans funded in Cyprus by the Group. 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.

9.3 Directors Shareholding interest

The Shareholding Interest of the Directors of the Company (direct and indirect) as at 30 June 2010 was as follows:

Director's Name	Number of shares (directly)	Number of shares (indirectly)	Total number of shares	Holding %
Theodoros Aristodemou	10.835.577	26.789	10.862.366	1,798
Andreas Artemis	38.713	2.112.732	2.151.445	0,356
Georgios M. Georgiades	1.129	202.159	203.288	0,034
Anna Diogenous	49.309	1.014.654	1.063.963	0,176
Andreas Eliades	55.540	301.767	357.307	0,059
Andreas J. Jacovides	120.000	0	120.000	0,020
Yiannis Kypri	56.103	31.232	87.335	0,014
Stavros J. Constantinides[7]	0	0	0	0,000
Manthos Mavrommatis	233.495	67.693	301.188	0,050
Christos Mouskis	2.831	206.196	209.027	0,035
Evdokimos Xenophontos	1.075	365	1.440	0,000
Yiannis Pechlivanides[8]	0	0	0	0,000
Vassilis G. Rologis	4.291	758.873	763.164	0,126
Costas Z. Severis	506.988	2.453.193	2.960.181	0,490
Nicolaos P. Tsakos	0	0	0	0,000
Costas Hadjipapas	1.500	2.704	4.204	0,001
Christakis G. Christofides	256.800	177.809	434.609	0,072

As at 30 June 2010, the Shareholding Interest (exluding the Shareholding Interest of the three Executive Managers) of the Directors of the Company (direct and indirect) amounted to 402.246 ordinary shares (0,067%).

[7] He was appointed in the Board of Directors on 10 June 2010
[8] He was appointed in the Board of Directors on 15 April 2010

9.4 Subordinated Loan Stock

	Contractual interest rate	31 March	31 December		
		2010	2009	2008	2007
		€000	€000	€000	€000
Subordinated Bonds 2008/2013 (€200 million)	Three-month Euribor plus 1,00%	-	-	-	202.227
Subordinated Bonds 2011/2016 (€200 million.)	Three-month Euribor plus 0,60%	142.020	142.618	187.748	197.222
Capital Securities Series A (€111 million)	Base rate plus 1,00%	-	-	-	91.229
Capital Securities Series B (€51 million)	Base rate plus 1,00%	-	-	50.713	51.381
Capital Securities 12/2007 (€126 million)	Three-month Euribor plus 1,25%	123.774	123.773	124.034	126.689
Convertible Bonds 2013/2018 (€573 million)	7,50% until June 30 2009 and six-month Euribor plus 1% thereafter	41.544	41.090	563.726	-
Convertible Capital Securities (€645 million)	5,50%	642.703	633.304	-	-
Subordinated Bonds in Ukrainian Hryvnia 12/2016	12,0%	-	-	1.806	-
Subordinated Bonds in US Dollars 2013/2014/2015	2,5%	6.445	6.058	6.058	-
Total		**956.486**	**946.843**	**934.085**	**668.748**

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. 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 OJSB 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. The Bonds can be converted to shares at the price of €10,50 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 September 2013, subject to the prior consent of the Central Bank of Cyprus. The Convertible Bonds 2013/2018 are listed on the Cyprus Stock 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.

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 six-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 at the conversion price of €5,50 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. 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 2009 fluctuated between 1,0% and 2,5% (2008: 2,5%-4,0%) per annum. The three-month Euribor during 2009 fluctuated between 0,7% and 2,9% (2008: 2,9%-5,4%) per annum.

9.5 Debt Securities in Issue

Debt Securities in issue as presented in the Interim Condensed Consolidated Financial Statements for the three months ended on 31 March 2010 as well as the audited financial statements of the Group for the financial years 2009, 2008 and 2007 are us follows:

	Contractual interest rate	31 March	31 December		
		2010 €000	**2009** €000	**2008** €000	**2007** €000
Medium term senior debt					
€500 million 2007/2010	Three-month Euribor plus 0,20%	450.055	450.992	480.130	492.209
€300 million 2006/2009	Three-month Euribor plus 0,33%	-	-	286.350	289.162
€300 million 2005/2008	Three-month Euribor plus 0,30%	-	-	-	300.478
€30 million 2008/2011	Three-month Euribor plus 0,65%	-	-	30.349	-
SEK50 million 2009/2012	OMX Stockholm 30 index	4.911	4.852	-	-
SEK100 million 2010/2014	Return of specific shares	10.466	-	-	-
US$50 million 2008/2013	Six-month Libor plus 0,50%	-	-	36.275	-
€3 million 2003/2008	Three-month Euribor plus 0,45%	-	-	-	3.023
RUB 1.500 million 2010	16%	2.607	2.303	1.651	-
RUB 1.000 million 2009	11%	-	-	2.073	-
		468.039	458.147	836.828	1.084.872
Short term commercial paper					
Euro	-	31.485	29.495	74.933	160.926
US Dollars	-	14.084	13.527	20.092	7.400
		45.569	43.022	95.025	168.326
RUB Certificates of Deposit and Promissory Notes	11%	10.704	17.450	26.824	-
Interest-free loan from the European Development Bank	-	492	492	492	492
Total		**524.804**	**519.111**	**959.169**	**1.253.690**

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.

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.

The fair value of the Group's debt securities in issue at 31 December 2009 was €514.612 thousand (2008: €921.523 thousand, 2007: €1.243.574 thousand).

Medium term senior debt
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 the EMTN Programme, the Company issued in March 2010 SEK100 million 2010/2014 bonds, the redemption amount of which is linked to the return of specific shares listed on the Stockholm Stock Exchange.

In May 2009, the Company issued the SEK50 million 2009/2012 bonds, the redemption amount of which is linked to the OMX Stockholm 30 Index.

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.

In May 2008, €100 million 2008/2013, which offered debt holders a put option at par during or after November 2008. This option was exercised in November 2008.

In June 2008, the €300 million 2005/2008 issued in June 2005 was redeemed at par.

Under the EMTN Programme, the Company also issued in June 2007, €500 million 2007/2010 bonds, with floating rate and an issue price of 99,915%. The €3 million 2003/2008 was repaid at maturity in November 2008 at par.

The €500 million 2007/2010 bonds are listed on the Luxembourg Stock Exchange. The RUB1.500 million 2010 bond is listed on the Moscow Interbank Currency Exchange (MICEX).

The three-month Euribor fluctuated during 2009 between 0,7% and 2,9% (2008: 2,9%-5,4%) per annum.

Short term commercial paper
In 2006 the Company established a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 million (31 December 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.

9.6 Debt securities in issue, subordinated loan stock and equity as at 31 March 2010

The Group's capital and net financial assets, as presented in the Interim Condensed Consolidated Financial Statements for the three months ended on 31 March 2010, are summarised in the following tables:

The Group's debt securities in issue, subordinated loan stock and equity as at 31 March 2010 is presented as follows:

Debt securities in issue, subordinated loan stock and equity: (31 March 2010)	**€000**
Liabilities	
Debt Securities in issue	
- Medium term senior debt	468.039
- Short term commercial paper	45.569
- Other debt securities in issue	11.196
	524.804
Subordinated loan stock	
- Subordinated Bonds 2011/2016	142.020
- Capital Securities 12/2007	123.774
- Convertible Bonds 2013/2018	41.544
- Convertible Capital Securities	642.703
- Subordinated Bonds in US Dollars 2013/2014/2015	6.445
	956.486
Total debt securities in issue and subordinated loan stock	**1.481.290**
Total equity	
- Share Capital	598.197
- Share Premium	712.170
- Revaluation and other reserves	14.685
- Retained earnings	1.163.980
- Equity attributable to the owners of the Company	2.489.032
- Non-controlling interests	64.388
Total Equity	**2.553.420**

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.

As from March 31, 2010 there has not been any material change in the debt securities, subordinated loan stocks, and equity capital of the Bank except from:

- repayment of the Medium term senior debt 2007/2010 amounting of €500 m. in June 2010 and
- the issue of 6.009.613 new ordinary shares issued as a result of the dividend reinvestment for the final 2009 dividend paid on 17 June 2010.

The following table summarises the Group's net financial assets as at 31 March 2010:

	Unaudited 31/03/2010
	€'000
A. Cash and balances with central banks	329.997
B Placements with Banks	4.640.096
C. Investments available for sale	4.987.381
D. Total Liquidity (D) = (A) + (B) + (C)	**9.957.474**
E. Advances to banking institutions	742.308
F. Obligations to central banks and amounts due to banks – Short term	4.494.836
G. Debt Securities in issue- Short term	524.804
H. Current Financial Debt (H) = (F) + (G)	**5.019.640**
I. Net Current Financial Assets (Indebtedness) (I) = (D) + (E)- (H)	**5.680.142**
J. Obligations to central banks and amounts due to banks – Long term	499.426
K. Subordinated loan stock – Long term	956.486
L. Non current Financial Indebtedness (L) = (J) + (K)	**1.455.912**
M. Net Financial Assets (Indebtedness) (M) = (I) - (L)	**4.224.230**

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 March 2010 the Capital Adequacy Ratio of the Group stood at 11,3% (31 December 2009: 11,7%, and 11,2% in 31 December 2008). 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.

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:

Financial Year	Record Date		Amount	Total amount for the year	Nominal Value per share
1995	17 October 1995	(interim)	£0,06	£0,18	£1,00
	28 March 1996	(final)	£0,12		
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)	£0,15		
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		

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:

	31 March 2010 €000	2009 € 000	2008 € 000	2007 € 000
Freehold Property	341.311	336.370	348.881	262.892
Improvements on leasehold property	29.513	29.116	29.152	21.911
Total	**370.824**	**365.486**	**378.033**	**284.803**
Equipment	**40.739**	**40.786**	**43.328**	**34.859**
Property and Equipment	**411.563**	**406.272**	**421.361**	**319.662**

Property includes land amounting to €105.091 thousand (2008: €105.196 thousand) for which no depreciation is charged. The Group's freehold property of OJSB Bank of Cyprus (previously JSC AvtoZAZbank) 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 2009 would have amounted to €219.986 thousand (2008: €219.231 thousand).

There were no major encumbrances on the Group's property assets as at 31 December 2009, 2008 and 2007.

12.0 INVESTMENTS

The Group's major investments during the last three fiscal periods ended on 31 December 2009, 2008 and 2007 as well as for the three month period ended on 31 March 2010 are presented as follows

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Investments at fair value through profit and loss	345.957	346.127	334.371	528.379
Investments available-for-sale	4.987.381	4.168.056	3.050.378	3.477.143
Investments held-to-maturity	68.039	93.079	309.851	125.626
Investments classified as loans and receivables	318.027	320.851	542.768	-
Total	**5.719.404**	**4.928.113**	**4.237.368**	**4.131.148**
Investment Properties	51.546	53.007	33.293	35.385
Investment in associate company	6.079	6.552	5.663	17.318

12.1 Investments at fair value through profit and loss

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Debt securities	316.495	315.027	311.175	462.178
Equity securities	26.932	29.304	21.106	63.606
Mutual funds	2.530	1.796	2.090	2.595
Total	**345.957**	**346.127**	**334.371**	**528.379**
Debt securities				
Cyprus government	286.079	284.242	281.488	414.989
Other governments	1.694	1.995	1.869	3.034
Banks and other corporations	28.722	28.790	27.346	43.682
Cyprus local authorities	-	-	472	473
	316.495	**315.027**	**311.175**	**462.178**
Equity securities				
Listed on the Cyprus Stock Exchange	6.446	16.700	6.283	25.508
Listed on other stock exchanges	19.011	11.129	11.766	35.272
Unlisted	1.475	1.475	3.057	2.826
	26.932	**29.304**	**21.106**	**63.606**
Mutual funds	**2.530**	**1.796**	**2.090**	**2.595**
Total	**345.957**	**346.127**	**334.371**	**528.379**

Investments at fair value through profit or loss include debt securities pledged as collateral for funding from central banks €279.749 thousand (2008: Nil).

12.2 Investments available-for-sale

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Debt securities	4.899.576	4.088.368	3.029.540	3.400.189
Equity securities	87.805	79.688	20.838	76.954
Total	**4.987.381**	**4.168.056**	**3.050.378**	**3.477.143**
Debt securities				
Cyprus government	274.203	445.437	187.211	444.016
Other governments	2.635.340	1.079.012	648.704	879.851
Local authorities	4.092	4.401	2.134	1.317
Banks and other corporations	1.985.941	2.559.518	2.191.491	2.075.005
	4.899.576	**4.088.368**	**3.029.540**	**3.400.189**
Geographic dispersion by country of issuer				
Cyprus	121.727	511.300	223.361	447.392
Greece	2.261.015	927.318	584.212	514.854
United Kingdom and Ireland	698.041	660.113	444.963	475.696
France	198.281	259.635	303.674	316.196
Germany	97.594	116.642	182.549	205.014
Other European countries	933.456	804.425	388.097	596.269
U.S.A. and Canada	461.902	662.027	681.678	598.749
Australia	81.574	98.587	141.614	153.878
Other countries	3.766	17.757	16.288	13.760
Supranational organisations	42.220	30.564	63.104	78.381
	4.899.576	**4.088.368**	**3.029.540**	**3.400.189**
Equity securities				
Listed on the Cyprus Stock Exchange	23.501	21.063	19.359	73.408
Listed on other stock exchanges	63.653	57.974	239	1.907
Unlisted	651	651	1.240	1.639
	87.805	**79.688**	**20.838**	**76.954**
Total	**4.987.381**	**4.168.056**	**3.050.378**	**3.477.143**

Available-for-sale investments include €1.999 thousand (2008: €7.737 thousand) of debt securities which have been determined to be individually impaired.

Available-for-sale investments also include €581.926 thousand (2008: €312.356 thousand) of debt securities pledged as collateral under repurchase agreements with banks and €2.629.190 thousand (2008: €516.735 thousand) of debt securities pledged as collateral for funding received from central banks.

12.3 Investments held-to-maturity

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Debt securities				
Cyprus government	1.348	1.347	2.431	2.428
Other governments	16.911	37.235	284.610	-
Local authorities	3.926	3.636	4.579	1.088
Banks and other corporations	45.595	50.598	17.974	121.854
Cyprus public companies	259	263	257	256
	68.039	**93.079**	**309.851**	**125.626**
Geographic dispersion by country of issuer				
Cyprus	1.821	1.825	3.761	3.773
Greece	-	-	76.520	-
United Kingdom and Ireland	-	-	142.134	3.451
Russia	8.818	12.409	16.121	-
Other European countries	7.120	33.637	71.315	94.909
Other countries	16.911	10.781	-	23.493
Supranational organisations	33.369	34.427	-	-
	68.039	**93.079**	**309.851**	**125.626**

The fair value of held-to-maturity investments was €95.796 thousand (2008: €293.467 thousand).

Held-to-maturity investments at 31 December 2008 included €3.855 thousand of debt securities which have been determined to be individually impaired.

12.4 Investments reclassified to loans and receivables

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Debt securities				
Cyprus government	318.027	320.851	542.768	-
	318.027	**320.851**	**542.768**	**-**

The fair value of investments reclassified to loans and receivables as at 31 December 2009 was €313.669 thousand (2008: €537.895 thousand).

12.5 Reclassification of investments

Reclassification of trading investments

In accordance with the provisions of the Amended IAS 39, 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 on 1 July 2008 did not intend to trade or sell in the foreseeable future. These investments in debt securities were reclassified from trading to available-for-sale investments. The book value of the reclassified debt securities which is equal to their fair value, is presented below:

	31 March 2010	31 December 2009	31 December 2008	1 July 2008
	€000	€000	€000	€000
Investments reclassified from trading to available-for-sale	18.506	19.081	15.454	17.385

Had the Group not reclassified the debt securities on 1 July 2008, the income statement would have included gains from the revaluation of these securities of €610 thousand (2009: €2.480 thousand and 2008: losses €1.845 thousand) which, following the reclassification, were recorded in the revaluation reserve of available-for-sale investments in equity.

As at 1 July 2008, effective interest rates on the reclassified debt securities ranged from 5,3% to 7,4% with expected recoverable cash flows of €30 million.

Reclassification of available-for-sale investments

In accordance with the provisions of the Amended IAS 39, the Group has reclassified certain available-for-sale debt securities to 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 did not have the intention to sell these securities in the foreseeable future. The book value and fair value of the reclassified debt securities, is presented below:

	31 March 2010		31 December 2009		31 December 2008		1 October 2008
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value and fair value
	€000	€000	€000	€000	€000	€000	€000
Investments available-for-sale reclassified to loans and receivables	169.741	171.489	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 €393 thousand (2009: €3.395 thousand and 2008: €4.158 thousand) that would have been included in the revaluation reserve of available-for-sale investments in equity.

As at 1 October 2008, effective interest rates on the reclassified debt securities ranged from 4,6% to 4,7% with expected recoverable cash flows of €221 million.

In view of the fact that there was no active market, some capital securities of the Hellenic Republic Government Bonds have been reclassified from the Investments Available for Sale Category to the Loans and Receivables Category. In addition some of the Hellenic Republic Government Bonds have been reclassified from the Investments Available for Sale Category to the Investments Held to Maturity category.

12.6 Investment properties

The movement of investment properties is summarised below:

	31 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
1 January	53.007	33.293	35.385	38.288
Acquisition of subsidiary	-	-	839	-
Exchange adjustments	96	(28)	(280)	16
Transfer from stock of property held for sale	-	-	1.711	-
Transfer from property and equipment	-	340	-	-
Additions	288	16.187	1.450	941
Disposals	(1.845)	(214)	(20.110)	(10.059)
Gains from revaluation at the initial transfer from property and equipment	-	36	-	-
Gains from revaluation	-	3.393	14.298	6.199
31 December	**51.546**	**53.007**	**33.293**	**35.385**

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 March 2010	31 December 2009	31 December 2008	31 December 2007
	€000	**€000**	**€000**	**€000**
Carrying amount of the investment	6.079	6.552	5.663	17.318
Market value of the investment on the Cyprus Stock Exchange	3.006	4.967	3.137	15.164

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, Channel Islands, 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, whereby each segment's capital is 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. As a result, subsidiaries or branches with capital in excess of the predefined level are charged with additional interest expense using current market interest rates, whereas subsidiaries or branches with lower capital than the predefined level benefit accordingly. 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.

The total income includes the net fee and commission income, the foreign exchange income, the net gains/(losses) from sale, revaluation and impairment of investments and derivative financial instruments, the Insurance income net of insurance claims and other income.

13.1 Geographical Segments

Segmental Analysis – Year ended on 31 December 2009, 2008 and 2007

	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
Insurance income net of insurance claims	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 associate	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	(4.512)	-	(4.338)	-	(8.850)
Profit after tax and non-controlling interests	**281.981**	**3.062**	**7.177**	**20.924**	**313.144**

	Cyprus	Greece	Russia	Other countries	Total
31 December 2008	**€000**	**€000**	**€000**	**€000**	**€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**

	Cyprus	Greece	Russia	Other countries	Total
31 December 2007	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	435.337	275.898	530	40.614	752.379
Net fee and commission income	135.031	50.991	53	12.048	198.123
Foreign exchange income/(expenses)	42.922	3.829	11	(51)	46.711
Net gains on sale, revaluation and impairment of investments and derivative financial instruments	28.234	86	-	730	29.050
Insurance income net of insurance claims	47.330	9.120	-	-	56.450
Other income	31.390	701	-	281	32.372
	720.244	340.625	594	53.622	1.115.085
Staff costs	(181.057)	(92.305)	(885)	(21.350)	(295.597)
Other operating expenses	(89.570)	(81.055)	(3.894)	(15.878)	(190.397)
Profit/(losses) before provisions	**449.617**	**167.265**	**(4.185)**	**16.394**	**629.091**
Provisions for impairment of loans and advances	(25.349)	(30.011)	-	(517)	(55.877)
Share of profit of associate	9.148	-	-	-	9.148
Profit/(losses) before tax	**433.416**	**137.254**	**(4.185)**	**15.877**	**582.362**
Taxation	(50.996)	(37.002)	2	(3.847)	(91.843)
Profit/(losses) after tax	**382.420**	**100.252**	**(4.183)**	**12.030**	**490.519**
Non-controlling interests	5.351	-	-	-	5.351
Profit/(losses) after tax and non-controlling interests	**377.069**	**100.252**	**(4.183)**	**12.030**	**485.168**

Segmental Analysis –Three-month period ended on 31 March 2010 and 2009

	Cyprus	Greece	Russia	Other countries	Total
Three months ended on 31 March 2010	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	120.078	76.770	23.412	21.282	241.542
Net fee and commission income	30.802	11.575	7.432	2.463	52.272
Foreign exchange income	4.699	888	1.667	722	7.976
Net gains/(losses) on sale, revaluation and impairment of investments and derivative financial instruments	8.985	10.111	(6)	(59)	19.031
Insurance income net of insurance claims	12.197	2.875	-	-	15.072
Other (expenses)/income	(76)	220	1.314	318	1.776
	176.685	**102.439**	**33.819**	**24.726**	**337.669**
Staff costs	(55.712)	(29.721)	(15.552)	(6.678)	(107.663)
Other operating expenses	(25.102)	(20.352)	(13.328)	(5.792)	(64.574)
Profit before provisions	**95.871**	**52.366**	**4.939**	**12.256**	**165.432**
Provisions for impairment of loans and advances	(29.175)	(37.699)	(3.266)	(3.358)	(73.498)
Share of loss of associate	(473)	-	-	-	(473)
Profit before tax	**66.223**	**14.667**	**1.673**	**8.898**	**91.461**
Taxation	(5.347)	(4.547)	(1.339)	(828)	(12.061)
Profit after tax	**60.876**	**10.120**	**334**	**8.070**	**79.400**
Non-controlling interests	1.378	-	585	(1)	1.962
Profit after tax and non-controlling interests	**62.254**	**10.120**	**919**	**8.069**	**81.362**

	Cyprus	Greece	Russia	Other countries	Total
Three months ended on 31 March 2009	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	95.334	48.609	18.974	18.337	181.254
Net fee and commission income	29.367	12.686	9.477	2.510	54.040
Foreign exchange income	14.042	473	5.240	548	20.303
Net (losses)/gains on sale, revaluation and impairment of investments and derivative financial instruments	(3.476)	819	(359)	253	(2.763)
Insurance income net of insurance claims	12.801	2.460	-	-	15.261
Other income	187	208	522	101	1.018
	148.255	**65.255**	**33.854**	**21.749**	**269.113**
Staff costs	(50.942)	(25.244)	(15.662)	(6.411)	(98.259)
Other operating expenses	(19.730)	(18.678)	(14.063)	(5.140)	(57.611)
Profit before provisions	**77.583**	**21.333**	**4.129**	**10.198**	**113.243**
Provisions for impairment of loans and advances	(14.850)	(12.046)	(6.008)	(1.974)	(34.878)
Share of loss of associate	(160)	-	-	-	(160)
Profit before tax	**62.573**	**9.287**	**(1.879)**	**8.224**	**78.205**
Taxation	(8.124)	(2.235)	(3.882)	(1.835)	(16.076)
Profit after tax	**54.449**	**7.052**	**(5.761)**	**6.389**	**62.129**
Non-controlling interests	943	-	-	(1)	942
Profit after tax and non-controlling interests	**55.392**	**7.052**	**(5.761)**	**6.388**	**63.071**

13.2 Business Segments

Segmental Analysis – Year ended on 31 December 2009, 2008 and 2007

	Total
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**

	Total
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**

	Total
2007	**€000**
Total revenue:	
Banking and financial services	1.032.349
Insurance services	66.998
Property and hotel business	15.738
Total revenue with third parties	1.115.085
Inter-segment (expense)/revenue	-
Total revenue	**1.115.085**

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 2009, 2008 and 2007

The following summarized financial information set out below was extracted from the Group's financial statements for years 2007, 2008 and 2009, which have been audited by the Group's external auditors. The Group's external auditors for the year 2007 were Ernst & Young whilst for years 2008 and 2009 were Ernst & Young Cyprus Ltd. The published audited consolidated financial statements for year 2007 were prepared in Cyprus Pounds which was the reporting currency for the Group's financial statements during the relevant period. The conversion from Cyprus Pounds to Euro for the presentation of the following summarized financial information, was effected using the conversion ratio of €1=£0,585274.

The consolidated financial statements give a true and fair view of the financial position of the Group for the years ended 31 December 2007, 2008 and 2009 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 2007, 2008 and 2009 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 2009, 2008 and 2007

	2009	2008	2007	2007
	€000	€000	€000	£000
Turnover	2.481.561	2.690.380	2.170.650	1.270.425
Interest income	1.997.034	2.098.057	1.728.818	1.011.832
Interest expense	(1.149.204)	(1.305.906)	(976.439)	(571.484)
Net interest income	847.830	792.151	752.379	440.348
Fee and commission income	257.658	227.214	210.504	123.202
Fee and commission expense	(14.286)	(9.408)	(12.381)	(7.246)
Foreign exchange income	28.589	158.790	46.711	27.339
Net gains/(losses) on sale, change in fair value and impairment of investments and derivative financial instruments	87.111	(59.719)	29.050	17.002
Insurance income	227.509	31.590	174.826	102.321
Insurance claims	(164.674)	29.530	(118.376)	(69.282)
Other income	16.761	35.104	32.372	18.947
	1.286.498	**1.205.252**	**1.115.085**	**652.631**
Staff costs	(413.933)	(330.988)	(295.597)	(173.005)
Other operating expenses	(260.319)	(220.631)	(190.397)	(111.435)
Profit before provisions	**612.246**	**653.633**	**629.091**	368.191
Provisions for impairment of loans and advances	(247.935)	(91.601)	(55.877)	(32.703)
Profit before share of profit of associates	**364.311**	**562.032**	**573.214**	335.488
Share of profit/(loss) of associates	910	(10.418)	9.148	5.354
Profit before tax	365.221	551.614	582.362	340.842
Taxation	(43.227)	(72.931)	(91.843)	(53.754)
Profit after tax	**321.994**	**478.683**	**490.519**	**287.088**
Profit after tax attributable to:				
Minority interest loss/(profit)	**8.850**	**(23.705)**	**5.351**	**3.132**
Owners of the Company	**313.144**	**502.388**	**485.168**	**283.956**
Basic earnings per share (cent)	**52,9**	**87,3**	**86,3**	**50,5**
Diluted earnings per share (cent)	**48,7**	**81,8**[1]	**86,3**[2]	**50,5**[2]

1. 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.
2. The weighted number of shares for the year ended 31 December 2007 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 2008.

CONSOLIDATED BALANCE SHEET
as at 31 December 2009, 2008 and 2007

	2009	2008 *restated*	2007	2007
	€000	**€000**	**€000**	**£000**
Assets				
Cash and balances with central banks	1.043.791	1.017.073	1.325.191	775.600
Placements with banks	5.947.768	4.582.076	6.158.367	3.604.332
Reverse repurchase agreements	120.137	120.000	-	-
Investments	4.928.113	4.237.368	4.131.148	2.417.854
Derivative financial assets	60.739	153.240	55.642	32.566
Life insurance business assets attributable to policyholders	541.574	447.679	530.610	310.552
Loans and advances to customers	25.635.780	24.424.694	18.920.921	11.073.923
Property and equipment	406.272	421.361	319.662	187.090
Intangible assets	453.141	475.211	82.127	48.067
Other assets	267.534	246.208	229.554	134.351
Investment in associate	6.552	5.663	17.318	10.136
Total assets	**39.411.401**	**36.130.573**	**31.770.540**	**18.594.471**
Liabilities				
Obligations to central banks and amounts due to banks	5.290.897	2.832.298	1.233.337	721.840
Repurchase agreements	494.806	305.000	435.140	254.676
Derivative financial liabilities	139.551	161.515	30.396	17.790
Customer deposits	28.584.561	27.935.747	25.178.966	14.736.594
Insurance liabilities	618.097	516.692	615.916	360.480
Debt securities in issue	519.111	959.169	1.253.690	733.752
Other liabilities	332.037	429.700	349.157	204.353
Subordinated loan stock	946.843	934.085	668.748	391.401
Total liabilities	**36.925.903**	**34.074.206**	**29.765.350**	**17.420.886**
Equity				
Share capital	598.197	586.662	483.726	283.112
Share premium	712.170	676.949	688.349	402.873
Revaluation and other reserves	28.613	(99.759)	186.325	109.051
Retained earnings	1.084.132	877.225	607.668	355.652
Equity attributable to the owners of the Company	**2.423.112**	**2.041.077**	**1.966.068**	**1.150.688**
Non-controlling interests	**62.386**	**15.290**	**39.122**	**22.897**
Total equity	**2.485.498**	**2.056.367**	**2.005.190**	**1.173.585**
Total liabilities and equity	**39.411.401**	**36.130.573**	**31.770.540**	**18.594.471**

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 2009, 2008 and 2007

	2009	2008 *restated*	2007	2007
	€000	**€000**	**€000**	**£000**
Net cash flow from/(used in) operating activities	**2.168.918**	**(1.139.187)**	**1.780.695**	**1.042.194**
Cash flows used in investing activities				
Purchases of investments:				
- debt securities	(5.673.891)	(1.976.706)	(1.165.555)	(682.168)
- equity securities	(59.980)	(4.417)	(6.906)	(4.042)
Proceeds on disposal/redemption of investments:				
- debt securities	5.262.324	1.583.472	1.215.252	711.255
- equity securities	869	8.484	18.289	10.704
Interest on debt securities	128.821	123.208	194.519	113.847
Dividend income from equity securities	1.659	10.461	4.620	2.704
Dividends received from associate	392	1.237	(30.263)	(17.712)
Acquisition of subsidiaries net of cash acquired	-	(343.915)	(14.685)	(8.595)
Purchase of property and equipment	(29.965)	(43.279)	(35.686)	(20.886)
Proceeds on disposal of property and equipment	1.954	2.223	2.636	1.543
Purchase of intangible assets	(8.023)	(8.654)	(7.631)	(4.466)
Proceeds on disposal of intangible assets	-	252	-	-
Purchase of investment properties	(16.187)	(1.450)	(941)	(551)
Proceeds on disposal of investment properties	214	20.110	10.059	5.887
Net cash flow used in investing activities	**(391.813)**	**(628.974)**	**183.708**	**107.520**
Cash flows from financing activities				
Issue of subordinated loan stock	-	-	30.938	18.107
Redemption of subordinated loan stock	118.161	576.083	126.437	74.000
Redemption of senior debt	(50.284)	(299.463)	-	-
Dividend payment net of reinvestment	(378.682)	(296.090)	-	-
Dividend paid by subsidiaries to non-controlling interests net of reinvestment	(70.955)	(135.655)	(115.966)	(67.872)
Increase of capital of subsidiary attributed to non-controlling interests	(1.439)	(368)	(812)	(475)
Interest on subordinated loan stock	6.982	-	-	-
Acquisition of own shares	(46.919)	(46.723)	(24.705)	(14.459)
Disposal of own shares	(423)	(1.361)	-	-
Issue of subordinated loan stock	1.516	1.949	-	-
Net cash flow used in financing activities	**(422.043)**	**(201.628)**	**15.892**	**9.301**
Net increase/(decrease) in cash and cash equivalents for the year	**1.355.062**	**(1.969.789)**	**1.980.295**	**1.159.015**

Cash and cash equivalents				
1 January	4.787.851	6.793.636	4.812.201	2.816.456
Exchange adjustments	13.743	(35.996)	1.140	667
Net increase/(decrease) in cash and cash equivalents for the year	1.355.062	(1.969.789)	1.980.295	1.159.015
31 December	**6.156.656**	**4.787.851**	**6.793.636**	**3.976.138**

14.1.2 Financial Information extracted from the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2010

The following summarized financial information set out below was extracted from the Group's Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2010 which have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

The Interim Condensed Consolidated Financial Statements of the Group for the three months ended 31 March 2010 have not been audited by the Group's external auditors.

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 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.

The Group's Interim Condensed Consolidated Financial Statements for the quarter ended 31 March 2010, are available between 9:00 a.m and 12:00 p.m at the Bank of Cyprus Public Company Ltd Registered Office 51 Stassinos Street, Ayia Paraskevi, Nicosia, and on the Group's website www.bankofcyprus.com (Inv. Relations/Financial Information)

Interim Consolidated Income Statement
for the three months ended 31 March 2010

	Three months ended on 31 March 2010	Three months ended on 31 March 2009
	€000	€000
Turnover	598.367	644.739
Interest income	478.323	522.167
Interest expense	(236.781)	(340.913)
Net interest income	241.542	181.254
Fee and commission income	55.056	57.015
Fee and commission expense	(2.784)	(2.975)
Foreign exchange income	7.976	20.303
Net gains/(losses) on sale, revaluation and impairment of investments and derivative financial instruments	19.031	(2.763)
Insurance income net of insurance claims	15.072	15.261
Other income	1.776	1.018
	337.669	269.113
Staff costs	(107.663)	(98.259)
Other operating expenses	(64.574)	(57.611)
Profit before provisions	**165.432**	**113.243**
Provisions for impairment of loans and advances	(73.498)	(34.878)
Profit before share of profit of associate	**91.934**	**78.365**
Share of (loss)/profit of associate	(473)	(160)
Profit before tax	**91.461**	**78.205**
Taxation	(12.061)	(16.076)
Profit after tax	**79.400**	**62.129**
Attributable to:		
Non-controlling interests ((loss)/profit)	**(1.962)**	**(942)**
Owners of the Company	**81.362**	**63.071**
Basic earnings per share (cent)	**13,6**	**10,7**
Diluted earnings per share (cent)	**12,5**	**10,7**[1]

1. The weighted number of shares for the three months ended 31 March 2010 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.

INTERIM CONSOLIDATED BALANCE SHEET
as at 31 March 2010

	31 March 2010	31 December 2009
	€000	€000
Assets		
Cash and balances with central banks	913.186	1.043.791
Placements with banks	4.799.215	5.947.768
Reverse repurchase agreements	120.097	120.137
Investments	5.719.404	4.928.113
Derivative financial assets	156.464	60.739
Loans and advances to customers	26.265.962	25.635.780
Life insurance business assets attributable to policyholders	555.407	541.574
Property and equipment	411.563	406.272
Intangible assets	486.398	453.141
Other assets	295.298	267.534
Investment in associate	6.079	6.552
Total assets	**39.729.073**	**39.411.401**
Liabilities		
Obligations to central banks and amounts due to banks	4.994.262	5.290.897
Repurchase agreements	305.939	494.806
Derivative financial liabilities	264.381	139.551
Customer deposits	29.203.103	28.584.561
Insurance liabilities	636.641	618.097
Debt securities in issue	524.804	519.111
Other liabilities	290.037	332.037
Subordinated loan stock	956.486	946.843
Total liabilities	**37.175.653**	**36.925.903**
Equity		
Share capital	598.197	598.197
Share premium	712.170	712.170
Revaluation and other reserves	14.685	28.613
Retained earnings	1.163.980	1.084.132
Equity attributable to the owners of the Company	**2.489.032**	**2.423.112**
Non-controlling interests	**64.388**	**62.386**
Total equity	**2.553.420**	**2.485.498**
Total liabilities and equity	**39.729.073**	**39.411.401**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2010

	Three months ended 31 March 2010	Three months ended 31 March 2009
	€000	€000
Net cash flow from operating activities		
Profit before tax	91.461	78.205
Share of loss of associate	473	160
Provisions for impairment of loans and advances	73.498	34.878
Depreciation of property and equipment and amortisation of intangible assets	8.863	8.001
Amortisation of discounts/premiums	(298)	23.144
Cost of share-based payments	856	2.015
Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock	(57.020)	(52.242)
	117.833	94.161
Net increase in loans and advances to customers and other accounts	(743.182)	(25.171)
Net increase in customer deposits and other accounts	215.140	311.409
	(410.209)	380.399
Tax paid	(10.016)	(13.067)
Net cash flow (used in)/from operating activities	**(420.225)**	**367.332**
Cash flow from investing activities		
Purchases of investments	(1.841.628)	(920.305)
Proceeds on disposal/redemption of investments	1.036.289	704.590
Interest from investments	48.677	56.256
Dividend income from equity shares	5	41
Purchase of property and equipment	(5.902)	(7.039)
Proceeds on disposal of property and equipment	291	237
Purchase of intangible assets	(2.287)	(1.814)
Proceeds on disposal of intangible assets	18	-
Purchase of investment properties	(288)	(55)
Proceeds on disposal of investment properties	1.845	-
Net cash flow used in investing activities	**(762.980)**	**(168.089)**
Cash flow from financing activities		
Issue of subordinated loan stock	35	-
Issue/(redemption) of debt securities in issue	9.892	(69.168)
Interest on subordinated loan stock	(10.674)	(12.666)
Purchases of own shares	-	(66)
Disposal of own shares	249	-
Net cash flow used in financing activities	**(498)**	**(81.900)**
Net (decrease)/increase in cash and cash equivalents for the period	**(1.183.703)**	**117.343**

Cash and cash equivalents		
At 1 January	6.156.656	4.787.851
Exchange adjustments	(2.860)	(105.685)
Net (decrease)/increase in cash and cash equivalents for the period	(1.183.703)	117.343
At 31 March	**4.970.093**	**4.799.509**

14.2 Analysis of Group Financial Results

14.2.1 Summary of Group Financial Results for the three months ended 31 March 2010

- Profit before provisions for the first quarter 2010 reached €165 mln recording an increase of 46% compared to the first quarter 2009 (€113 mln) and an increase of 4% compared to the fourth quarter 2009 (€158 mln). Profit after tax reached €81 mln recording an annual increase of 29%.

- Net interest income recorded an increase of 33% reaching €242 mln in the first quarter 2010, demonstrating the Group's ability to achieve increased recurring income even in adverse economic conditions.

- The Group maintained its strong liquidity with the loans to deposits ratio standing at 90%.

- The return on equity reached the satisfactory level of 13,3% in a particularly demanding and negative environment.

- The capital adequacy ratio reached 11,3% at 31 March 2010 with the tier 1 ratio and the core tier 1 ratio reaching 10,2% and 7,1% respectively.

- The Group's net interest margin reached 2,60% for the first quarter 2010, an increase of 47 basis points compared to the first quarter 2009 (2,13%) and 9 basis points compared to the fourth quarter 2009 (2,51%).

- Cost to income ratio has improved to 51,0% from 57,9% in the first quarter 2009.

- At 31 March 2010 Group loans and deposits recorded an annual increase of 8% and 4% respectively, while from the beginning of 2010 the increase amounted to 3% and 2% respectively.

- The non-performing loan ratio reached 6,0% at 31 March 2010 compared to 5,6% at 31 December 2009 and the provision coverage ratio (provisions % non-performing loans) stood at 58%. The coverage ratio including tangible collateral amounted to 122% (109% taking into account tangible collateral valued at forced sale 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 and 2007

- 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.

The Bank of Cyprus Group has set its strategic priorities for the year 2010 which aim to create shareholder value on a sustainable basis. The strategic priorities of the Group for the year 2010 focus on maintaining a strong liquidity position and capital adequacy, improving efficiency and cost containment, satisfactory profitability and effective risk management. 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.

16.0 PROJECTED PROFIT FOR THE YEAR 2010

Given the uncertainty affecting most of the countries in which the Group operates, the precise determination of a profit target is rendered difficult. The Group however, remains true to its policy of communicating with the investing community and providing a profit target even in periods of great uncertainty.

Having taken into consideration the results for the first quarter 2010 and the results to date, the Group estimates that it will achieve satisfactory profitability for the year 2010 within the estimated range already announced. Specifically the Group estimates that the projected net profit after tax will range between €300 mln and €400 mln, with positive contribution from all the markets in which it operates.

The projection as well as the range of the net profit for 2010 is based on the following basic assumptions:

- increase of loans of about 10% (before provisions). It is noted that on 31 December 2009, loans amounted to €26,508 mln. (see note 18 of the consolidated financial statements for the year ended 31 December 2009)
- increase of customer deposits of about 8%. It is noted that on 31 December 2009, deposits amounted to €28,585 mln. (see note 25 of the consolidated financial statements for the year ended 31 December 2009)
- maintaining the cost to income ratio at around the same level as in 2009 (the cost to income ratio for 2009 stood at 52,4%)
- further worsening in the quality of the loan portfolio due to the deterioration of the economic environment in the main markets the group is operating, with the ratio of non-performing loans to gross loans rising to around 6,5% (on 31 December 2009, the ratio of non-performing loans to gross loans stood at 5,6%)
- maintaining the coverage ratio of non-performing loans with provisions between 55% and 60% (on 31 December 2009, the coverage ratio of non-performing loans with provisions stood at 59%)

It is noted that the statutory independent auditors of the Bank, Ernst & Young Cyprus Ltd have provided their consents as regards to the accounting principles used for the projected consolidated profit of the Group for the year 2010 (Part D, Chap.,4.0).

17.0 FINANCIAL PERFORMANCE UPDATE

In the period following the announcement of the financial results for the first quarter of 2010 Bank of Cyprus maintained its sound financial performance amid a challenging market environment. The Bank is currently tracking towards a strong financial performance for the first six months of 2010 supported by continued positive deposit inflows and a notable recovery in credit demand.

The Group's liquidity position is maintained at very high levels with a net loans to deposits ratio on 30 June 2010 of around 83% and total Group's loans and deposits at 30 June 2010 reaching approximately €28 bn and €33 bn respectively, compared to €27 bn of loans and €29 bn of deposits at 31 December 2009.

The market for certain Greek government bonds became inactive in the second quarter of 2010 and the Group reclassified these from the Available For Sale category to the Loans and Receivables category. In addition, other Greek bonds were reclassified from the Available For Sale to the Held To Maturity category.

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

67. 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.

68. 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.

69. Save as herein expressly provided, no member other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to vote on any question either personally or by proxy, or to be reckoned in a quorum at any General Meeting.

71. 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.

72. 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.

73. 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

79. The number of Directors (10) shall no be less than ten nor more than eighteen (18).

80. 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

92. 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.

93. 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

119. 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.

120. 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

126. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

127. 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.

128. No dividend shall be paid otherwise than out of profits.

129. 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.

130. 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.

131. 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.

132. 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.

133. 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.

134. No dividend shall bear interest against the Company.

CAPITALISATION OF PROFITS

140. 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

149. 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

(i) 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 30 June 2010, 31 March 2010 (unaudited) and 31 December 2009, 2008 and 2007 (audited):

	30 Jun 2010	31 Mar 2010	2009	2008	2007	30 Jun 2010	31 Mar 2010	2009	2008	2007
			Number of Directors				€000	€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	3	3	3	3	4	195.348	188.061	187.737	196.079	120.598
- less than 1% of the Group's net assets per director	14	12	12	13	14	28.512	27.658	23.454	24.569	20.339
	17	15	15	16	18	223.860	215.719	211.191	220.648	140.937
Loans and advances to key management personnel and connected persons						2.522	2.630	2.581	2.657	877
Total loans and other advances						226.382	218.349	213.772	223.305	141.814
Analysis of loans and advances										
- members of the Board of Directors and key management personnel						7.892	9.994	8.576	7.321	9.814
- connected persons						218.490	208.355	205.196	215.984	132.000
						226.382	218.349	213.772	223.305	141.814
Interest income						4.883	2.470	9.551	11.806	8.032
Deposits of										
- members of the Board of Directors and key management personnel						74.334	77.856	82.906	78.287	85.965
- connected persons						46.027	42.265	42.787	66.218	42.654
						120.361	120.121	125.693	144.505	128.619
Interest expense on deposits						2.339	1.184	6.274	6.992	3.677
Debt securities in issue and subordinated loan stock:										
- members of the Board of Directors and key management personnel						17.133	17.215	17.508	13.800	171
- connected persons						2.547	3.547	3.615	1.569	50
						19.680	20.762	21.123	15.369	221
Interest expense on debt securities in issue and subordinated loan stock						548	280	1.094	442	3

In addition to loans and advances as at 31 December 2009, there were contingent liabilities 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 €58.094 thousand (2008: €49.689 thousand, 2007: €85.017 thousand). Of these €55.473 thousand (2008: €44.283 thousand., 2007: €79.532 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 to Group key management personnel and their connected persons amounting to €512 thousand (2008: €378 thousand, 2007: €326 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 2009 amounted to €27.086 thousand (31 December 2008 €55.520 thousand).

On 31 March 2010 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 €57.153 thousand. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €259 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 March 2010 amounted to €9.888 thousand.

In 30 June 2010, 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 €85.562 thousand. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €246 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 30 June 2010 amounted to €8.789 thousand.

Connected persons include spouses, minor children and companies in which directors or 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.

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

	Unaudited 30 June 2010	**Unaudited 31 March 2010**	**2009**	**2008**	**2007**
Director emoluments		**€000**	**€000**	**€000**	**€000**
Non-executives					
Fees	379	188	822	700	740
Non-executives					
Emoluments in executive capacity:					
Salaries and other short term benefits	951	455	1.543	1.065	2.640
Ex-gratia payment	-	-	-	678	-
Employer's contributions	33	24	57	54	79
Retirement benefit plan costs	97	47	182	157	186
Share options	243	122	1.944	752	9
Total emoluments in executive capacity	1.324	648	3.726	2.706	2.914
Emoluments of a non executive director who is also an employee of the Company	97	52	142	118	97
Total fees and emoluments of directors	1.800	888	4.690	3.524	3.751
Key management personnel emoluments					
Salaries and other short term benefits	520	287	1.218	881	2.098
Employer's contributions	27	16	59	63	87
Retirement benefit plan costs	56	28	153	140	195
Share options	91	46	972	376	17
Total key management personnel emoluments	694	377	2.402	1.460	2.397
Total	**2.494**	**1.265**	**7.092**	**4.984**	**6.148**

During the six months ended 30 June 2010, the remuneration of the members of the Board of Directors and key management personnel amounted to €2.494 (corresponding period of 2009: €3.280 thousand) and €1.265 thousand in the three-month period ended 31 March 2010 (corresponding period of 2009: €1.392 thousand).

Share Options

From 1 January 2009 up to the date of this Prospectus, there have been no Share Options 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 €1.458 thousand (2008: €564 thousand) and €486 thousand (2008: €188 thousand) respectively. Each Share Option 2008/2010 gives its holders the right to purchase one share of the Company at €5,50 per share (previously €9,41 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, 1.000 thousand options were granted to Group key management personnel the total cost of which amounted to €972 thousand (2008: €376 thousand).

During 2007, 10.000 Share Options 2001/2007 which were granted to two non executive directors in 2000 while they were executive directors, were exercised at the price of €5,57 per option. Also during 2007, the executive directors exercised 3.000 Share Options 2001/2007 at the price of €5,57 per option and 15.000 Share Options 2006/2007 at the price of €7,38 per option.

Salaries and other short term benefits

The salaries and other short term benefits of executive directors amounting to €1.543 thousand (2008: €1.065 thousand) relate to Mr Andreas Eliades €980 thousand (2008: €509 thousand), Mr Yiannis Kypri €563 thousand (2008: €335 thousand) and Mr Charilaos Stavrakis nil (2008: €221 thousand). The ex-gratia payment in 2008 amounting to €678 thousand relates to Mr Charilaos Stavrakis, who left the Group.

The salaries and other short term benefits of executive directors include a bonus which is based on the performance of the Group with regards to the achievement of its targets and profitability. The bonus for 2009 amounting to €327 thousand for Mr Andreas Eliades and €187 thousand for Mr Yiannis Kypri have been paid as follows: 50% in cash and 50% in shares of the Company in the name of the executive directors, which the directors will not be allowed to sell for a period of 3 years. During 2008, although the financial performance of the Group justified the payment of bonuses to the executive directors in accordance with their employment contracts, in light of the conditions prevailing in the global economy, both Mr Andreas Eliades and Mr Yiannis Kypri waived their entitlement to bonuses.

The retirement benefit plan costs amounting to €182 thousand (2008: €157 thousand) relate to Mr Andreas Eliades €118 thousand (2008: €93 thousand), Mr Yiannis Kypri €64 thousand (2008: €53 thousand) and Mr Charilaos Stavrakis nil (2008: €11 thousand). .

The executive directors participate in the main retirement benefit plan for the Group's permanent employees in Cyprus, which is a defined benefit plan. The total retirement benefits of the two executive directors increased during 2009 by €771 thousand (2008: €517 thousand).

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. The total reinsurance premiums assigned to the Commercial General Insurance Ltd group in 2009 amounted to €303 thousand (2008: €920 thousand.,2007: €1.218 thousand), for the period ended 31 March 2010 amounted to €47 thousand compared to €48 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €108 thousand compared to €114 thousand in the corresponding period of 2009.

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. The total purchases from these companies in 2009 amounted to €400 thousand (2008: €699 thousand, 2007: €926 thousand), for the period ended 31 March 2010 amounted €38 thousand compared to €112 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €82 thousand compared to €218 thousand in the corresponding period of 2009. In addition, the company Mellon Cyprus Ltd which supplies the Group with equipment is significantly influenced by a person connected to Mrs Anna Diogenous. The total purchases from this company in 2009 amounted to €324 thousand (2008: €439 thousand, 2007: €899 thousand), for the period ended 31 March 2010 amounted to €339 thousand compared to €128 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €375 thousand compared to €155 thousand in the corresponding period of 2009. On 13 July 2010 the Group announced that it has approved the purchase of goods with a total value of €260.000 from a company which is significantly influenced by a person connected to Mrs. Anna Diogenous, member of the Bank of Cyprus Board of Directors.

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. The total commissions paid to D. Severis and Sons Ltd in 2009 amounted to €144 thousand (2008: €147 thousand, 2007: €166 thousand), for the period ended 31 March 2010 amounted to €38 thousand compared to €37 thousand in the corresponding period of 2009 and for the six-month period ended 30 June 2010 amounted to €73 thousand compared to €74 thousand in the corresponding period of 2009.

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 March 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 March 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 2006, the Trustees of the AremisSoft Corporation Liquidating Trust filed a civil action against the Company in the USA for at least US$50 million (€35 million), their main claim being that the Company, in breach of its obligations to AremisSoft, permitted the principal owner of AremisSoft to execute transactions leading to the appropriation by him of significant sums belonging to AremisSoft. In August 2007, a US federal judge granted the Company's motion to dismiss the civil action and held that the appropriate forum for trial are the courts of the Republic of Cyprus. On 29 August 2007, the Trustees filed an application for reconsideration of the judgment issued by the court, which was denied on 31 March 2009. On 14 April 2009, the Trustees filed a further application for reconsideration of the court's denial of the application which was also denied on 7 August 2009. On 29 April 2009 the Trustees filed a notice of appeal against the judgment of August 2007 and on 28 August 2009 this appeal was dismissed by the Court of Appeals. As a result, all proceedings before the American courts have now come to an end. The Group does not expect to have any material financial impact as a result of this action.

ii. The US Attorney for the Southern District of New York, pursuant to a coordination agreement with the Trustees of the AremisSoft Corporation Liquidating Trust, filed on 15 October 2007 a civil action against the Company based on very similar allegations as the ones set out in the Trustees of the AremisSoft Corporation Liquidating Trust's civil action already dismissed by the federal judge. Despite the fact that the Company did not engage in any conduct in the United States, the US Attorney's civil action claims that the Company violated US Law by enabling the principal owner of AremisSoft to transfer US$162 million (€112 million) of proceeds, emanating from his own fraudulent conduct, through accounts maintained with the Company. On 31 March 2009, a judgement was issued dismissing this civil action. On 14 April 2009, the US Attorney filed a motion to amend the judgement, reinstate the action and grant it leave to file an amended complaint. The motion to amend the judgement, reinstate the action and grant it leave to file an amended complaint was denied on 5 August 2009. Furthermore, on 1 June 2009, the US Attorney filed a notice of appeal against the judgement of 31 March 2009 which was withdrawn on 27 October 2009. As a result all proceedings before the American courts have now come to an end. The Group does not expect to have any material financial impact as a result of this action.

iii. In September 2009, an action was filed against the Company in Cyprus by the Trustees of the AremisSoft Corporation Liquidating Trust, which is similar in substance to the one filed in New York, in 2006. No detailed statement of claim has been filed to date. In the generally endorsed writ, the Trustees, on behalf of the investors of AremisSoft, claim the amount of US$350 million (€243 million), 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 AremisSoft, alleged fraudulent transactions through bank accounts held with the Company in Cyprus and in 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) 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 2009 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) 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

Board of Directors
Bank of Cyprus Public Company Ltd
Nicosia

Prospectus for the issue of Rights

We are the auditors of Bank of Cyprus Public Company Ltd for the years 2007 – 2009.
Ernst & Young Cyprus Ltd is a successor firm of Ernst & Young.

The financial statements of the Company and the Group at 31 December 2007, 2008 and 2009 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 20 August 2010 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 20 August 2010, for which you as Directors are solely responsible.

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

Nicosia
20 August 2010

(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.

20 August 2010

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 20 August 2010 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.

20 August 2010

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 20 August 2010:

The aforementioned company is incorporated and operates in accordance with the Cyprus Companies Law, Cap. 113 and has the power to issue shares 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 20 August 2010 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 20 August 2010 for which you, as Directors, are solely responsible

Chryssafinis & Polyviou

(iv) Auditors' report on calculation of projected consolidated profit for the year 2010

Board of Directors
Bank of Cyprus Public Company Ltd
Nicosia

We have been engaged by you to express an opinion on whether the calculation of projected consolidated profit of Bank of Cyprus Public Company Ltd (the 'Company') for the year ending 31 December 2010 of between €300 m and €400 m has been prepared using the same accounting policies as those reported in the consolidated financial statements of the Company for the year ended 31 December 2009 and on the basis of the assumptions set out under paragraph 16.0, Section II, Part C of the Prospectus dated 20 August 2010.

The calculation of projected consolidated profit, the selection of assumptions as well as the accuracy of the data provided to us is the responsibility of the Company's management. We have not performed an audit in accordance with the International Standards on Auditing or carried out any other audit procedures to verify the accuracy or completeness of the data. Accordingly we do not take any responsibility or provide any assurance in respect of the accuracy or completeness of the information included in the Prospectus, and in particular the reasonableness of the assumptions based on which the Company's management has prepared the calculation of projected consolidated profit.

In our opinion, the calculation of projected consolidated profit of Bank of Cyprus Public Company Ltd for the year ending 31 December 2010 of between €300 m and €400 m, has been prepared using the same accounting policies as those reported in the consolidated financial statements of the Company for the year ended 31 December 2009 and on the basis of the assumptions set out under paragraph 16.0, Section II, Part C of the Prospectus dated 20 August 2010.

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

Nicosia
20 August 2010

(v) 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 Section 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 Section 4.0 above,
(3) audited consolidated financial statements of the Group for years 2007, 2008 and 2009,
(4) Interim Condensed Consolidated Financial Statements for the three months ended on 31 March 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 2007, 2008 and 2009 have been incorporated to the Prospectus by reference pursuant to article 28 of the Commission Regulation 809/2004 of the European Union

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2007
(ii) consolidated financial statements for year 2008
(iii) consolidated financial statements for year 2009
(iv) Interim Condensed Consolidated Financial Statements for the three months ended on 31 March 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

“ Company ”, “Bank of Cyprus ”, “Bank”, “Issuer”,	:	means Bank of Cyprus Public Company Limited.
“Group”	:	means Bank of Cyprus Public Company Limited and its subsidiary companies.
“Central Bank”	:	means The Central Bank of Cyprus.
“Board of Directors”, “Board”	:	means the Board of Directors of the Company.
“Directors”	:	means the members of the Board of Directors of the Company.
“CSE”	:	means the Cyprus Stock Exchange.
“ATHEX”	:	means the Athens Exchange.
“Shares”	:	means the issued and fully paid ordinary shares of the Company of nominal value €1 each.
“New Shares”	:	means the new ordinary shares of the Company of nominal value €1 each to be issued as a result of th exercise of Rights as provided in the Terms and Conditions in this Prospectus.
“Rights”,“Nil-paid Rights”	:	means the Rights offered to shareholders of the Company with this Prospectus. The Rights will be allocated to Company’s shareholders which will be registered on 9 September 2010.
“Allocation Letter of Rights ”	:	means the allocation letter regarding the Company’s Rights under issue which will be send to shareholders registered on Central Depository/Registry of the CSE.
“Prospectus”	:	means the current Prospectus issued in accordance with the Provisions of the Public Offer and Prospectus Law and the Provisions of the Commission Regulation (EC) No 809/2004 of the European Union.
“Shareholders Register”	:	means the Register of Holders of shares of the Company.
“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.
“Rights Trading Period”	:	means the period from 28 September 2010 until the 14 October 2010 during which the Rights will be traded on the CSE and the ATHEX.
“Shareholders”	:	means those shareholders of the Company appearing as of record in the Shareholders Register of the Company.

“Eligible Holders”	:	means the Company’s shareholders that are registered on Register of Holders of shares of the Company on 9 September 2010.
“Holders of nil paid Rights”, “Holders”	:	means the holders of the Rights that are registered on the Register of Rights Holders after the last day of trading of the Rights on the stock exchange.
“Record Date”	:	means the 9th of September 2010.
“Subscription Price”	:	means the amount of €2,00 for every share that every Holder of Rights must pay to purchase shares issued with this Prospectus.
“Rights Register”	:	means the Register of the Rights’ Holders for purchase of shares offered by this issue held by at the Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges
“Central Depository/Registry”	:	means the Central Depository/Registry of the CSE.
“Exercise Period”	:	means the period from 28 September 2010 until 21 October 2010 for the eligible holders registered on the Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges.
“Last Date of Exercise Period ”	:	means the 21 October 2010 last exercise day for the Rights.
“DSS”	:	means the Dematerialized Securities System (DSS) of the Hellenic Exchanges.
“HELEX”	:	means Hellenic Exchanges.
“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.

DIRECTOR'S DECLARATIONS

The present Prospectus of Bank of Cyprus Public Company Limited dated 20 August 2010 has been signed by the Directors of the Company. The Directors of the Company 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
George M. Georgiades	Non-Executive, Senior Independent Director
Anna Diogenous	Non Executive
Andreas Eliades	Executive Director
Andreas Iacovides	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
Yiannis Pechlivanides	Executive Director
Vasillis G. Rologis	Non-Executive

Costas Z. Severis	Non-Executive
Nicolaos P. Tsakos	Non-Executive
Costas Hadjipapas	Non Executive
Christakis Christofides	Non Executive

LEAD MANAGER'S DECLARATION

The present Prospectus of Bank of Cyprus Public Company Limited dated 20 August 2010 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)