BANK OF CYPRUS PUBLIC COMPANY LTD

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

PROSPECTUS

DATE: 12 January 2012

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, of up to €396,9 mn. The Rights will be issued and allotted at the ratio of one (1) right for each one (1) existing ordinary share to the shareholders and the holders of Eligible Securities as if these securities had been converted into shares on the Record Date, based on their current conversion prices. Every three (3) Rights exercised will be converted to one (1) fully paid new ordinary share of nominal value of €1,00. In addition, bonus shares will be issued and granted in the ratio of one (1) fully paid bonus ordinary share for each one (1) New Share resulting from the Rights Offering.**

- **Tender Offer for voluntary exchange ("Tender Exchange Offer") of Convertible Enhanced Capital Securities ("CECS") via the issue of Mandatory Convertible Notes ("MCN") of up to €600 mn, to all registered CECS holders for the exchange of CECS of nominal value of €1,00 each with MCN of a corresponding nominal value. The MCN will have a duration of eight calendar days and will be zero coupon. Immediately following the completion of the Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of MCN, bonus shares will be issued and granted in the ratio of one (1) fully paid ordinary bonus share for every three (3) new ordinary shares resulting from the redemption of MCN.**

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 AND UNDERWRITER RESPONSIBLE FOR DRAWING UP THE PROSPECTUS

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, bankers, accountants, lawyers, or investment advisors.

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

BANK OF CYPRUS PUBLIC COMPANY LIMITED

SHARE CAPITAL INCREASE, IN THE FORM OF RIGHTS ISSUE, OF UP TO €396,9 MN. THE RIGHTS WILL BE ISSUED AND ALLOTTED AT THE RATIO OF ONE (1) RIGHT FOR EACH ONE (1) EXISTING ORDINARY SHARE TO THE SHAREHOLDERS AND THE HOLDERS OF ELIGIBLE SECURITIES AS IF THESE SECURITIES HAD BEEN CONVERTED INTO SHARES ON THE RECORD DATE, BASED ON THEIR CURRENT CONVERSION PRICES. EVERY THREE (3) RIGHTS EXERCISED WILL BE CONVERTED TO ONE (1) FULLY PAID NEW ORDINARY SHARE OF NOMINAL VALUE OF €1,00. IN ADDITION, BONUS SHARES WILL BE ISSUED AND GRANTED IN THE RATIO OF ONE (1) FULLY PAID BONUS ORDINARY SHARE FOR EACH NEW SHARE RESULTING FROM THE RIGHTS OFFERING.

TENDER OFFER FOR VOLUNTARY EXCHANGE ("TENDER EXCHANGE OFFER") OF CONVERTIBLE ENHANCED CAPITAL SECURITIES ("CECS") VIA THE ISSUE OF MANDATORY CONVERTIBLE NOTES ("MCN") OF UP TO €600 MN, TO ALL REGISTERED CECS HOLDERS FOR THE EXCHANGE OF CECS OF NOMINAL VALUE OF €1,00 EACH WITH MCN OF A CORRESPONDING NOMINAL VALUE. THE MCN WILL HAVE A DURATION OF EIGHT CALENDAR DAYS AND WILL BE ZERO COUPON. IMMEDIATELY FOLLOWING THE COMPLETION OF THE TENDER EXCHANGE OFFER AND THE ISSUANCE OF THE NEW ORDINARY SHARES FROM THE REDEMPTION OF MCN, BONUS SHARES WILL BE ISSUED AND GRANTED IN THE RATIO OF ONE (1) FULLY PAID ORDINARY BONUS SHARE FOR EVERY THREE (3) NEW ORDINARY SHARES RESULTING FROM THE REDEMPTION OF MCN.

This offer for a Share Capital increase in the form of the Rights Issue and the tender offer for voluntary exchange ("Tender Exchange Offer") of Convertible Enhanced Capital Securities ("CECS") with Mandatory Convertible Notes (the "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 or the subsequent participation by any person of these countries in this Offer.

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, of Regulation 809/2004 of the Committee of the European Union for the purpose of giving information with regard to the Rights Issue and Tender Exchange Offer. 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.

Prospective investors must carefully consider all the information included or incorporated by reference in this Prospectus before making an investment decision regarding the Rights, for which applications have been made for their admission in the Cyprus Stock Exchange and the Athens Exchange and the decision regarding the acceptance of the voluntary offer for exchange of Convertible Enhanced Capital Securities with Mandatory Conversion Notes. More specifically for a discussion of Risks involved in the Rights, Mandatory Convertible Notes and their subsequent subscription/conversion into Shares of the Company see discussion in Section II, Part A, Chapter 1 'Risk Factors'.

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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 and Tender Exchange Offer which are set out in 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 in 1930 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, 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 141 branches in Cyprus and has the largest market share in deposits and loans in Cyprus[1]. The Bank has been operating in Greece since 1991. The dynamic expansion of the Bank's Greek operations started in 1999. The Bank operates 185 branches in Greece.

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 a network of 209 branches in 48 regions. Uniastrum Bank offers an extensive range of products to the retail sector and enjoys high brand recognition. In Romania the Group expanded its operations with the provision of banking and leasing services and currently operates 12 branches. In Ukraine the Group operates 44 branches offering banking services in the Ukrainian market through a subsidiary

Credit Rating

Moody’s Investor Services Inc. and Fitch Ratings Ltd, international rating agencies providing credit ratings, research, tools and analysis, affirmed Bank of Cyprus with a long term credit rating of Ba2 (on review for possible further downgrade) and BBB- rating (negative outlook) respectively. The following table presents the most recent credit ratings of the Bank in accordance with Moody’s Investor Services Inc. (22 November 2011) and Fitch Ratings Ltd estimations (30 December 2011).

[1]Source: Bank of Cyprus based on figures of the Central Bank of Cyprus

Credit Rating Agency and Investment grade	Rating
Moody's Investor Services Inc. *(last date of rating 22/11/2011)*	
Outlook	On review for possible further downgrade
Deposit and senior debt ratings	Ba2/Not Prime
Bank financial strength	D-
Fitch Ratings Ltd *(last date of rating 30/12/2011)*	
Outlook	Negative
Long-term issuer default rating	BBB-
Short-term issuer default rating	F3
Individual rating	C/D
Viability rating	bb
Support rating	2

Prospects and Strategic Priorities

The Company believes that the Group remains in a position to face the challenges of the ongoing negative environment in the main European markets in which it operates.

The strategic priorities of the Group are:
- Maintaining a healthy liquidity position and high capital adequacy.
- Improving operational efficiency and containing costs.
- Managing risks effectively.
- Achieving satisfactory recurring profitability.

Regarding capital, the Group's priority is to comply with the stricter regulatory regime set by the Central Bank of Cyprus and the European Banking Authority, through the completion of the Capital Strengthening Plan, and other actions including the effective management of risk weighted assets and through internal capital generation from profits.

Selected Financial Information

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

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

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

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

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

The following summarised financial information set out below was extracted from the Group's interim condensed consolidated financial statements for the nine months ended 30 September 2011 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 nine months ended 30 September 2011 have not been audited by the Group's statutory independent auditors.

It is noted that on 21 July 2011 the political leaders of the eurozone member states announced a support plan for Greece. On 26 October 2011, the eurozone summit announced a revised support plan for Greece, which includes a decision for the restructuring of Greek public debt with the voluntary exchange of existing GGBs held by private investors with a parallel discount on nominal value of the bonds of 50%. The specific terms of the restructuring and GGB exchange plan have not as yet been determined.

The Group has impaired GGBs by 50% of face value, based on the decisions of the eurozone summit on 26 October 2011. The total GGBs impairment, including the related hedging adjustments, amounted of €1.048 mn for the first nine months of 2011. The impairment recognised on the second and third quarter of 2011 amounted to €281 mn and €767 mn respectively. At 30 September 2011, the nominal value of the GGBs held by the Group totalled €2.092 mn. The post impairment book value of the GGBs totalled €1.157 mn at 30 September 2011. Additional information on GGBs impairment is presented in Part C, Chapter 12.6.

Main financial highlights excluding the impairment of Greek Government Bonds for the nine months ended	**30 September 2011**	**30 September 2010**
Total Income (€ mn)	1.127	1.043
Profit before provisions (€ mn)	597	512
Profit before tax (€ mn)	301	281
Profit after tax excluding the special tax on banks (€ mn)	259	248
Profit after tax (€ mn)	245	248
Earnings per share	27,4 cent	35,1 cent

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010.

Main financial highlights including the impairment of Greek Government Bonds for the nine months ended	30 September 2011	30 September 2010
Total Income (€ mn)	79	1.043
Profit before provisions (€ mn)	(451)	512
Profit before tax (€ mn)	(745)	281
(Loss)/Profit after tax (€ mn)	(801)	248
(Losses)/Earnings per share	(89,5 cent)	35,1 cent

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010.

Main financial highlights	30 September 2011	30 September 2010	FY 2010
Total Loans (€ bn)	29,8	28,3	28,9
Total Deposits (€ bn)	31,9	31,4	33,0
Loans to Deposits [2]	89,0	86,8	84,1%
Non-performing loans ratio	8,6	6,7	7,3%

* p.p. = percentage points, 1 percentage point = 1%

Capitalisation and Indebtedness

Capitalisation	
Number of shares issued	899.527.638
Closing share price as at 11 January 2012 on the Cyprus Stock Exchange	€0,533
Market Capitalisation of the Company as at 11 January 2012 based on the closing share price on the Cyprus Stock Exchange	€ 479.448.231

Debt securities in issue, subordinated loan stock and equity - 30 September 2011	€000
<u>**Liabilities**</u>	
Debt Securities in issue	
Medium term senior debt	19.638
Short term commercial paper	-
Other debt securities in issue	45.185
	64.823
Subordinated loan stock	
Capital Securities 12/2007	22.159
Convertible Bonds 2013/2018	27.479
Convertible Capital Securities	72.636
Subordinated Bonds in US Dollars 2013/2014/2015	6.571
	128.845
Total debt securities in issue and subordinated loan stock	**193.668**
<u>**Total equity**</u>	
Share Capital	899.173
Share Premium	1.164.087
Convertible Enhanced Capital Securities	860.405
Revaluation and other reserves	(50.230)
Retained earnings	27.148
Equity attributable to the owners of the Company	2.900.583
Non-controlling interests	87.140
Total Equity	**2.987.723**
Indebtedness to Equity Ratio	**6,48%**

[2] Net loans to deposits

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, Independent*
Anna Diogenous	*Non – Executive*
Andreas Eliades	*Executive Director*
Irene Karamanou	*Non – Executive, Independent*
Yiannis Kypri	*Executive Director*
Stavros J. Constantinides	*Non – Executive, Independent*
Manthos Mavrommatis	*Non – Executive, Senior Independent Director*
Christos Mouskis	*Non – Executive*
Evdokimos Xenophontos	*Non – Executive, Independent*
Vassilis G. Rologis	*Non – Executive*
Yiannis Pechlivanidis	*Executive Director*
Costas Z. Severis	*Non – Executive*
Nicolaos P. Tsakos	*Non – Executive*
Costas Hadjipapas	*Non – Executive*
Christakis G. Christofides	*Non – Executive, Independent*

The Group's Senior Executive Management comprises of 5 members:

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

Professional Advisors

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

Corporate Governance Code

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

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

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

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

Related Party Transactions

The following table presents the loans and other advances by the Group, to members of the Board of Directors, key management personnel of the Bank and their connected persons as at 30 September 2011 (unaudited) and 31 December 2010, 2009 and 2008 (audited). There were no significant related party transactions as from the 30 September 2011 and until the date of this Prospectus. Additional information on related party transactions is presented in Section II, Part D, Chapter 2.0

	30 Sep 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	30 Sep 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
	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	1	1	3	3	207.599	184.753	187.737	196.079
- less than 1% of the Group’s net assets per director	17	16	12	13	58.799	57.821	23.454	24.569
	18	**17**	**15**	**16**	**266.398**	**242.574**	**211.191**	**220.648**
Loans and advances to key management personnel and connected persons					1.831	1.769	2.581	2.657
Total loans and other advances					**268.229**	**244.343**	**213.772**	**223.305**
Analysis of loans and advances								
- members of the Board of Directors					7.866	7.330	8.576	7.321

and key management personnel				
- connected persons	260.363	237.013	205.196	215.984
	268.229	**244.343**	**213.772**	**223.305**
Interest income	10.606	10.641	9.551	11.806
Deposits of				
- members of the Board of Directors and key management personnel	64.458	71.069	82.906	78.287
- connected persons	48.558	25.568	42.787	66.218
	113.016	**96.637**	**125.693**	**144.505**
Interest expense on deposits	2.881	4.607	6.274	6.992

Debt securities in issue and subordinated loan stock:				
- members of the Board of Directors and key management personnel	22.706	17.133	17.508	13.800
- connected persons	3.034	2.401	3.615	1.569
	25.740	**19.534**	**21.123**	**15.369**
Interest expense on debt securities in issue and subordinated loan stock	415	1.086	1.094	442

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

	Unaudited 30 September 2011	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008
Director emoluments	**€000**	**€000**	**€000**	**€000**
Executives				
Salaries and other short term benefits	1.213	1.749	1.543	1.065
Waiver of 2010 bonus	(328)	-	-	-
Ex-gratia payment	-	-	-	678
Employer's contributions	41	58	57	54
Retirement benefit plan costs	117	381	182	157
	1.043	2.188	1.782	1.954
Share options	359	486	1.944	752
Non-executives				
Fees	620	813	822	700
Emoluments of a non executive director who is also an employee of the Company	103	154	142	118
Total fees and emoluments of directors	2.125	3.641	4.690	3.524
Key management personnel emoluments				
Salaries and other short term benefits	557	901	1.218	881
Waiver of 2010 bonus	(175)	-	-	-
Employer's contributions	29	51	59	63
Retirement benefit plan costs	57	123	153	140
Share options	134	182	972	376
Total remuneration of key management personnel	602	1.257	2.402	1.460
Total	**2.727**	**4.898**	**7.092**	**4.984**

Additional information on fees and emoluments of members of the Board of Directors and key management personnel is presented in Section II, Part D, Chapter 2.0

Personnel

As at 30 September 2011 the Group employed 11.551 persons. As at the date of this Prospectus, there has not been any material change in the total number of personnel employed by the Group.

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

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
Cyprus	3.548	3.556	3.568	3.608
Greece	3.097	3.148	3.148	3.183
Russia	3.798	4.343	4.497	4.354
United Kingdom	172	165	171	188
Other Countries	936	797	743	794
Total	**11.551**	**12.009**	**12.127**	**12.127**

Authorised and Issued Share Capital

As at the date of this Prospectus, the authorised share capital of the Company amounts to €3.000.000.000 divided into 3.000.000.000 ordinary Shares of nominal value €1,00 each.

As at the date of this Prospectus the issued share capital of the Company amounts to €899.527.638 divided into 899.527.638 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 September 2011 to 86.152 shareholders.

As at 30 September 2011, 9,99% of the share capital of the Company was held by Odella Resources Ltd, which belongs to the trustees of a Cypriot international discretionary trust. The beneficiaries of the trust are Mr Dmitriy Rybolovlev and his two daughters. There were not any other shareholders holding, directly or indirectly, more than 5% of the issued share capital of the Company. As from 30 September 2011 and until the date of this Prospectus there were no changes in the major shareholders of the Company.

Memorandum of Association

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

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

Risk Factors

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

Summary of Risk Factors

The headlines of the major risk factors related to the business operations of the Group, the current Rights Issue and Mandatory Convertible Notes Issue and the ordinary shares of the Company are as follows:

<u>**Risks related to the business operations of Bank of Cyprus Group**</u>

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.

- Disruptions in European markets and concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations.

- The eurozone debt crisis could lead to further political and financial instability, and to a dislocation of financial markets and the financial and monetary system .

- Uncertainty resulting from the budgetary and economic crisis in Greece is having and is likely to continue to have a significant adverse impact on the Group's business, operational results and financial condition.

- The pressures of the crisis as a result of the prevailing economic conditions in Cyprus and Greece, as well as abroad have, and are expected to have a negative impact on the Group's operations, its results of operations and its finances.

- The Group is subject to risks concerning borrower and counterparty credit quality which could affect the recoverability and the value of assets on the balance sheet
- A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Group's results of operations and financial condition.
- Market conditions have resulted, and may in the future result, in material negative adjustments to the estimated fair values and impairment of financial assets of the Group. Negative fair value adjustments have had, and may continue to have in the future, a further material adverse effect on the Group's results of operations, financial condition and prospects.
- Limited liquidity and dependence of the Bank on the European Central Bank for liquidity particularly if current market conditions continue to reduce the availability of traditional sources of funding could affect the Group's ability to meet its financial obligations.
- Government and Central Bank actions intended to support liquidity may be insufficient or discontinued, thus the Group may be unable to obtain the required liquidity.
- A material decrease in funds available from customer deposits, particularly retail deposits, could impact the Group's funding.
- The Group's operations are exposed to market fluctuations and volatility which could adversely affect its results, financial condition and prospects.
- Risk of fluctuation of prevailing share and other stock prices.
- Volatility in interest rates and interest rate risk may negatively affect the Group's income and have other adverse consequences.
- Currency risk may affect the Group's results of operations, financial condition and prospects.
- The Bank's hedging strategies may not prevent losses.
- The Group's capital adequacy ratios as at 30 September 2011 are below the minimum requirements set by its relevant regulators and the Group is exposed to the risk that it will not be able to increase its capital in order to meet these minimum requirements. In addition, the minimum capital adequacy requirements set by the relevant regulating bodies may be amended in the future.
- The Group may not successfully complete all elements of its Capital Strengthening Plan.
- Any state aid support measures will have important repercussions in the control of the Group, in the management of its capital and in its financial position.
- Government and inter-government interventions aimed at alleviating the financial crisis are uncertain and carry additional risks.
- Systemic risk could adversely affect the Group's financials.
- 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.
- The impairment of goodwill and intangible assets would have a negative effect on the Group's business.

- 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 Russia and other CEE countries.

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

- The Bank may be affected by the actions or inactions of its joint venture partners.

- 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 legal risk given the nature of its operations in various countries with different regulatory frameworks.

- The Group is exposed to tax risk and failure to manage such risk can have an adverse impact on the Group.

- Additional taxes and duties may be imposed on the Bank and its subsidiaries.

- The Group's businesses are conducted in highly competitive environment.

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

- The Group is exposed to Insurance Risk.

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

- Risk of contingent obligations for the retirement benefit plans.

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

Risks related to the current Rights Issue

- The market price of Bank's shares may experience fluctuations and may trade at levels below 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 their trading price may experience fluctuations.

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

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

- Shareholders who do not exercise all their nil paid Rights under the current share capital increase will experience a higher dilution in their ownership in the Company compared to the ones who exercise them.

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

Risks related to the Offer for Voluntary Exchange of the Convertible Enhanced Capital Securities with Mandatory Convertible Notes

- Risks attached to the acceptance of the Voluntary Offer for Exchange of Convertible Enhanced Capital Securities with Mandatory Conversion Notes.
- The Mandatory Conversion Notes may not be a suitable investment for all investors.
- Holders of Convertible Enhanced Capital Securities accepting the Voluntary Exchange Offer to exchange the Convertible Enhanced Capital Securities with Mandatory Conversion Notes may be subject to disclosure obligations and/or may need approval by the Bank's regulator.
- Status and Subordination in the event of default.
- Holders of Convertible Enhanced Capital Securities in US Dollars and exchange rate fluctuations.
- Legal investment considerations may restrict certain investments.
- Effect of the Voluntary Exchange Offer of Convertible Enhanced Capital Securities via the issue of Mandatory Convertible Notes on the price of the Company's ordinary shares.
- Limited liquidity for the trading of the Convertible Enhanced Capital Securities not offered for exchange or not exchanged.
- Event of over acceptance.

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 and the Rights and the redemption of the Mandatory Conversion Notes into shares.

Reasons for and Use of Proceeds of the Capital Strengthening Plan

The proceeds of the Issue from the full exercise of the Rights are estimated at around €396,9 mn whereas the net proceeds after the deduction of the Issue expenses are estimated at €394,5 mn.

The net proceeds from the Rights Issue and from the voluntary exchange (Tender Exchange Offer) of CECS with MCN and the subsequent issuance of the new ordinary shares from the redemption of MCN will strengthen and enhance the Group's capital base and Core Tier 1 capital.

Taking into account the current Rights issue of €396,9 mn and the Voluntary exchange of Convertible Enhanced Capital Securities via the issue of up to €600 mn Mandatory Convertible Notes, the pro-forma core tier 1 ratio and tier 1 ratio at 30 September 2011 based on Basel II requirements will amount to 9,6% and 11,0% respectively, based on the assumption that all Rights will be exercised by their holders and that all Convertible Enhanced Capital Securities will be converted to new ordinary shares from the redemption of Mandatory Convertible Notes.

Issue Expenses

The total expenses of the Capital Strengthening Plan including the professional fees of the auditors, legal advisers, Lead Manager, as well as printing and advertising costs are estimated in the region of €2,4 mn.

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) written consents and certificates, as set out in Section II, Part D, Chapter 4.0,
(iii) audited consolidated financial statements of the Group, for years 2008, 2009 and 2010 and
(iv) unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2011.

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

(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.bankofcyprus.com
(iii) the website of the Cyprus Stock Exchange, www.cse.com.cy
(iv) the website of the Cyprus Securities and Exchange Commission, www.cysec.gov.cy

Incorporations by Reference

The Group's consolidated financial statements for years 2008, 2009 and 2010 and the interim condensed consolidated financial statements for the nine months ended 30 September 2011, have been incorporated to the Prospectus by reference pursuant to article 28 of the Commission Regulation 809/2004 of the European Union.

Incorporations by Reference	Document	Pages
Financial Statements 31 December 2008	Annual Report 2008	68-161
Independent Auditor's Report 31 December 2008	Annual Report 2008	162
Financial Statements 31 December 2009	Annual Report 2009	70-168
Independent Auditor's Report 31 December 2009	Annual Report 2009	169
Financial Statements 31 December 2010	Annual Report 2010	68-170
Independent Auditor's Report 31 December 2010	Annual Report 2010	171
Unaudited Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2011	Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2011	1-36

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2008
(ii) consolidated financial statements for year 2009
(iii) consolidated financial statements for year 2010
(v) interim condensed consolidated financial statements for the nine months ended 30 September 2011

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

Key Terms of the Rights Offering

ISSUER	Bank of Cyprus Public Company Ltd (the "Bank, the "Company")
SECURITIES OFFERED	Nil Paid Rights ("Rights")
RIGHTS ISSUE	To all the shareholders and holders of securities of the Company which, according to their terms of issue, can be converted to shares ("Eligible Securities") (i.e. the Convertible Bonds 2013/2018, Convertible Capital Securities, Convertible Enhanced Capital Securities ("CECS") of the Company) as if these securities had been converted into ordinary shares on the Record Date for the Rights Issue (the "Eligible Securities Holders") (subject to the restrictions for Exempt Countries as described below). This issue will not be offered to any shareholders or Eligible Securities Holders in any country in which, according to the laws of such country, such an offer is illegal or constitutes breach of any applicable law, rule or regulation (Exempt Countries) (e.g. United States, Canada, Australia, South Africa, Japan).
RIGHTS ALLOCATION RATIO	One (1) Right for each existing ordinary share held by shareholders on the Record Date and one (1) Right for each share that would have been be held by the holders of Eligible Securities on Record Date as if these securities were converted into ordinary shares of the Company according to their Terms of Issue at their effective conversion price.
RIGHTS SUBSCRIPTION RATIO FOR NEW SHARES	Every three (3) Rights exercised will be converted to one (1) fully paid new ordinary share of nominal value of €1,00. Fractional shares will not be issued and any fractions will be ignored.
NEW SHARES' SUBSCRIPTION PRICE	€1,00 per New Share
NOMINAL VALUE OF THE SHARES	€1,00
ISSUE AND GRANTING OF BONUS SHARES	Immediately following the completion of the Rights subscription period and the issue of the New Shares resulting from the Rights Offering, bonus shares will be issued and granted in the ratio of one fully paid Bonus ordinary Share for each New Share resulting from the Rights Offering. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company.
ISSUED SHARE CAPITAL PRIOR TO RIGHTS OFFERING	€899.527.638 divided into 899.527.638 ordinary shares of nominal value of €1,00 each.
NUMBER OF RIGHTS TO BE ISSUED	1.190.859.410 (see note below).
TOTAL SHARE CAPITAL TO BE LISTED (IN THE EVENT THAT ALL RIGHTS ARE EXERCISED)	Up to €396.953.137 divided into 396.953.137 ordinary shares of nominal value of €1,00 each from the exercise of the Rights and up to €396.953.137 divided into 396.953.137 ordinary shares of nominal value of €1,00 each from the issue of bonus shares to the holders of New Shares resulting from the exercise of the Rights though capitalisation of reserves. (see note below) In total up to €793.906.274 divided into 793.906.274 ordinary shares of nominal value of €1,00 each. (see note below)
RANKING OF NEW SHARES	All new shares issued and granted following the exercise of the Rights from eligible holders and the subsequent issue and granting of Bonus Shares will rank pari passu with existing issued shares in all respects.

USE OF PROCEEDS	The proceeds of the issue will be used to strengthen the Group's capital adequacy and specifically its Core Tier 1 capital.
LISTING AND TRADING	The Nil Paid Rights will be listed and traded on the Cyprus Stock Exchange ("CSE") and the Athens Exchange ("ATHEX") upon receiving the necessary approvals from the competent authorities.
GOVERNING LAW/ JURISDICTION	The Laws of the Republic of Cyprus/the Courts of the Republic of Cyprus.
TAX STATUS FOR THE INVESTOR	Details relating to the tax status of investors appear in Part B Section III of the Prospectus.

Note: For the calculation of the number of Rights resulting from the CECS issued in US Dollars, the exchange rate of 1€=1,2720$ as at the date of this Prospectus was used. Fractions will be ignored.

Expected Timetable of Rights Issue

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

Date	Event
12/01/2012	Date of approval for the publication of this Prospectus.
27/01/2012	Ex-Rights date.
31/01/2012	Record Date for the Rights Issue.
09/02/2012	Dispatch of Allotment Letters for shareholders and Eligible Securities Holders registered on the Central Depository/ Registry of the CSE and dispatch of informative letter for shareholders and Eligible Securities Holders registered on the Dematerialized Securities System (DSS) of the Hellenic Exchanges. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries)*
23/02/2012 - 12/03/2012	Rights Trading period on the CSE and ATHEX.
23/02/2012 - 19/03/2012	Rights Subscription Period for shareholders and Eligible Securities Holders registered on the Central Depository/Registry of the CSE and for shareholders and Eligible Securities Holders registered on the DSS of the Hellenic Exchanges and period for Pre-registration Applications. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries).*
19/03/2012	Final Subscription Date of the Rights and Pre-registration Applications. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries),*
20/3/2012	Issue date for the New Shares arising from Rights Subscription and the respective Bonus Shares

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 commencement of trading of the New Shares will be announced to the CSE and the ATHEX. 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.

Upon approval by the CSE and ATHEX of the listing of the New Shares (including Bonus Shares) these will be delivered to subscribers by registration of such Shares in each subscriber's individual book-entry securities account at the Central Depository/ Registry of the CSE or at the DSS of the Hellenic Exchanges. The delivery is expected to take place on the business day prior to the listing of the New Shares on the two 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 or through the Cypriot and Greek press or with the publication of a supplementary prospectus (if applicable).

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.

Placement of New Shares of unexercised Rights

The Company will have the right, at any time within 60 working days from the Final Subscription Day for the Rights, to exercise in full or in tranches all or part of the rights that have not been subscribed by their holders and have not been fully covered by using their right to participate in the Pre-registration for unexercised Rights, during the Subscription and Pre-registration Period and to grant the New Shares and Bonus Shares resulting from such exercise(the Unsubscribed Shares), provided that the Company has already received irrevocable offers for the purchase of such number of shares. Any distribution of Unsubscribed Shares will be on the discretion of the Board of Directors and 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 (including the Bonus Shares) will be distributed duly to investors that have submitted irrevocable offers for the purchase of shares of the Company.

Key Terms of the Mandatory Convertible Notes Issue

ISSUER	Bank of Cyprus Public Company Limited ("Bank", "Issuer")
SECURITIES OFFERED FOR EXCHANGE	Mandatory Convertible Notes ("MCN")
TOTAL ISSUE SIZE	Up to €600.000.000
MCN NOMINAL VALUE	€1,00 (one Euro)
MCN ISSUE PRICE	At par and multiples thereof.
COUPON	Zero
MATURITY	Eight (8) calendar days from issue date.
MCN ISSUE DATE	The date of issuance of MCN is 20 March 2012 (i.e. the date that follows the Last date of Acceptance Period of Voluntary Tender Exchange Offer).
MCN MATURITY DATE	27 March 2012
VOLUNTARY TENDER EXCHANGE OFFER	MCN will be offered to all registered Convertible Enhanced Capital Securities holders (Eligible CECS Holders) for the exchange of CECS with nominal value of €1,00 each with MCN of a corresponding nominal value. This Voluntary Tender Exchange Offer will not be offered to any CECS' holders in any country in which, according to the laws of such country, such an offer is illegal

	or constitutes breach of any applicable law, rule or regulation (Exempt Countries) (e.g. United States, Canada, Australia, South Africa, Japan).
EXCHANGE RATIO	1 MCN with nominal value €1,00 each for every CECS of nominal value €1,00 each.
EXCHANGE OF CECS WITH MCN	The holders of CECS will be eligible to participate in the Voluntary Tender Exchange Offer for the exchange of CECS with MCN of a corresponding nominal value. Any CECS that will be exchanged and accepted by the Company for subscription to the issue of MCN, will be cancelled and the Company will cease to have any obligations in relation to the cancelled CECS.
EXCHANGE OF CECS ISSUED IN US DOLLARS	The holders of CECS issued in US Dollars will be eligible to participate in the Tender Exchange Offer for the exchange of CECS with MCN of a corresponding nominal value in Euro, calculated using the €:$ exchange rate at the last date of Acceptance Period of the Tender Exchange Offer i.e. at 19 March 2012 as will be announced by the Company. Fractional MCN will be ignored.
ALLOTMENT IN CASE OF OVER ACCEPTANCE	If acceptance of the Voluntary Tender Exchange Offer exceeds the aggregate amount of €600 mn MCN, the final allocation of MCN will be on a pro-rata basis of the subscribed amount.
REDEMPTION OF MCN WITH SHARES	Upon Maturity, each MCN of nominal value €1,00 will be fully redeemed by the Company with the issuance of one new ordinary share of nominal value €1 without any further consideration to be paid.
EFFECT OF REDEMPTION OF MCN	Cancellation of MCN and respective increase of the share capital of the Issuer by an equal amount.
ISSUE OF BONUS SHARES	Immediately following the completion of the Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of MCN, bonus shares will be issued and granted in the ratio of one fully paid Bonus Share for every 3 New ordinary Shares resulting from the redemption of MCN i.e. up to 200 mn Bonus Shares will be issued. Fractional Bonus Shares will not be issued. The payment of the Bonus Shares will be effected, through the allocation of an amount equal to the total nominal value of the Bonus Shares issued, from the share premium account of the Company.
RANKING OF NEW SHARES	All new shares issued and granted following the redemption of MCNs and the subsequent issue and granting of Bonus Shares will rank pari passu with existing issued shares in all respects.
VOLUNTARY TENDER EXCHANGE OFFER RATIONALE	The capital that will be raised from the Voluntary Tender Exchange Offer of CECS with MCN and the subsequent redemption of MCN with shares will used for the strengthening of the Group's capital adequacy and specifically its Core Tier 1 capital.
LISTING AND TRADING	MCN will not be transferable and will not be listed and traded on any organised market. The New Shares from the MCN's redemption and the Bonus Shares will be listed and traded on the Cyprus Stock Exchange and the Athens Exchange, upon receiving all necessary approvals from the competent regulatory authorities.
GOVERNING LAW/ JURISDICTION	The Laws of the Republic of Cyprus/the Courts of the Republic of Cyprus

Expected Timetable for the Voluntary Tender Exchange Offer

The following table illustrates the expected timetable of this Voluntary Tender Exchange Offer. It is noted that this is an indicative timetable for the purpose of providing an initial time estimate of the required procedure.

Date	Event
12/01/2012	Date of approval of the Prospectus.
31/01/2012	Record date for the purpose of the dispatch of the relevant Acceptance Forms to the CECS Holders for the Voluntary Tender Exchange Offer of CECS with the issue of MCN.
09/02/2012	Dispatch of Acceptance Forms for the Tender Exchange of CECS to MCN. *(not applicable for Eligible CECS Holders of Exempt Countries)*
23/02/2012-19/03/2012	Acceptance period of the Voluntary Tender Exchange Offer. *(not applicable for Eligible CECS Holders of Exempt Countries)*
19/03/2012	Last date of Acceptance Period of Voluntary Tender Exchange Offer. *(not applicable for Eligible CECS Holders of Exempt Countries)*
20/03/2012	Issue date of MCN.
27/03/2012	Date of redemption of MCN with New Shares and issuance of Bonus Shares.

The Company will file all relevant documents relating to the listing of the New Shares and the Bonus Shares with both the CSE and the ATHEX within eight working days from the Redemption Date of MCN into shares.

The date of the commencement of trading of the New Shares that will result from the redemption of MCN with shares of the Company and the Bonus Shares will be announced to the CSE and the ATHEX. The date of the introduction for trading of the New Shares and the Bonus shares will be within five working days from the date that the listing of the New Shares (including the Bonus Shares) is approved by both Exchanges.

Upon approval by the CSE and ATHEX of the listing of the New Shares (including Bonus Shares), these will be delivered to subscribers by registration of such Shares in each subscriber's individual book-entry securities account at the Central Depository/ Registry of the CSE or at the DSS of the Hellenic Exchanges . The delivery is expected to take place on the business day prior to the listing of the New Shares (including the Bonus Shares) on the two 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 or through the Cypriot and Greek press or with the publication of a supplementary prospectus (if applicable).

SECTION II

PART A

SECTION II

PART A

1.0 RISK FACTORS

Investment in the Bank's Rights, Mandatory Convertible Notes 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 Rights, the Bank's Shares, the Mandatory Convertible Notes and the ordinary shares of the Bank. 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, the Mandatory Convertible Notes 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 materialised could adversely affect the Group's financial results. These risks are presented here below.

Disruptions in European markets and concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations

The global financial system has yet to overcome some of the difficulties which started in August 2007 and were intensified by the bankruptcy of Lehman Brothers in September 2008. European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to support and/or refinance their debt obligations and four countries (Greece, Ireland, Portugal and Italy) have requested the financial aid of the European Union and the International Monetary Fund ("IMF"). Financial markets have been negatively impacted by ongoing fears surrounding the large sovereign debts and/or fiscal deficits of several countries in Europe and the possibility of one or more sovereign debt defaults. Credit quality, has been reflected by the repeated downgrades suffered by several countries in the eurozone periphery since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of eurozone financial institutions and their exposures to such countries, particularly institutions with exposure to Greek Government Bonds and other sovereign bonds. These concerns and disruptions have contributed to increased volatility in the exchange rate of the euro against other major currencies have, had an impact on most eurozone banks' ability to access interbank markets, have led to a tightening of liquidity, affected the levels of stock market indices and created uncertainty regarding the economic prospects of countries in the European Union. There has also been an indirect impact on financial markets worldwide.

If economic conditions in the relevant European countries or in Europe more generally were to remain unchanged or deteriorate or if further disruptions were to impair the capacity of the European or global markets to recover from the recent worldwide financial crisis, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The eurozone debt crisis could lead to further political and financial instability, and to a dislocation of financial markets and the financial and monetary system

Global markets and economic conditions have been negatively impacted by the sovereign debt crisis that has been emerging in Europe since 2010, triggered by high budget deficits and rising direct and contingent sovereign debt in certain countries, including Greece, which created concerns about the ability of these nations to continue to service their sovereign debt obligations. The eurozone sovereign debt crisis has also caused increased political and economic disruption and social tensions in a number of eurozone countries. In several countries in Europe, including in Greece, governments or government members have lost support and resigned as a result of the crisis. Public opinion has become increasingly critical of the prevailing political and economic system. Initiatives intended to combat the crisis, such as austerity programmes or the support of troubled financial institutions, increasingly lack public support. Financial markets have been reacting to the crisis and related political uncertainty with high volatility and downward price pressure for most asset classes and risk spreads have widened significantly. If the current crisis persists or worsens, it could lead to further political uncertainty and disruption of financial markets. In such case social tensions may become more prevalent and spread to other countries across Europe and in particular Southern and Eastern Europe, which could prevent the successful implementation of stability measures.

After Greece's credit rating was downgraded to "CCC" in March 2011 and it emerged that further financing was needed in addition to the Euro 110 billion provided in May 2010 by eurozone countries and the International Monetary Fund to prevent the country from defaulting, the eurozone has seen an increase in credit spreads, together with reduced liquidity and access to financing on the market. These negative trends have worsened and have caused considerable turbulence on the global financial and credit markets due to the fear that Greece's problems could spread to the rest of the eurozone, resulting in the downgrading of the sovereign debt of other eurozone countries (Spain, Italy, Portugal and Ireland in particular) and fiscal instability in countries such as France, Japan, the United Kingdom and the United States, which saw its credit rating downgraded in August 2011.

Sovereigns, financial institutions and corporates may fail to obtain refinancing or new funding and may default on their outstanding debt. Counter balancing measures to reduce debt levels and fiscal deficits could result in negative economic growth. There is a growing risk that other eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Greece, Italy, Spain and Portugal, as well as the risk that some countries, albeit those with a relatively small GDP, could leave the eurozone (either voluntarily or involuntarily). Further eurozone countries could come under pressure to leave the European Monetary Union, the eurozone could split or the euro could cease to exist. Any of these developments could have a negative impact on the Group's activities in Europe, just as the impact of these events on Europe and the global financial system could be severe.

The economic and financial uncertainty created by such events would likely have a significant negative impact on asset values and business confidence and may lead to economic decline in parts or all of Europe and the rest of the world. If any country were to leave the European Monetary Union, the eurozone were to split or the euro were to cease to exist, this could lead to the reintroduction of individual currencies in eurozone member states, which could result in the redenomination of the Company's euro-issued assets and liabilities to the individual currencies of the countries, which could result in a mismatch in the values of assets and liabilities and expose the Company to additional currency risks. Any country leaving the eurozone could entail substantial economic, political and procedural costs.

Furthermore, any decision by the ECB to suspend or revise the terms that apply to buying back the sovereign debt of certain European countries, as well as the failure of the initiatives implemented by supranational institutions to resolve the debt crisis, could have a negative impact on the value of sovereign debt securities, resulting in major negative effects on the operating results and capital and financial position of the Group. Any of these developments, or the expectation that any of these developments are more likely to occur, could have a material adverse effect on the economic development of the affected countries and could lead to severe economic recession or prolonged depression. The anticipation that such risks could materialise in the future would endanger the stability of financial markets as well as the overall financial and monetary system. This, in turn, would have a material adverse effect on the Group's business, financial position and results of operations.

Uncertainty resulting from the budgetary and economic crisis in Greece is having and is likely to continue to have a significant adverse impact on the Group's business, operational results and financial condition

The Group's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economy and market interest rates at the time. The Group currently conducts a significant part of its business in Greece (as at 30 September 2011 26% of total income and 34%

of total loans were derived in Greece) and in addition the holdings of €2.092bn nominal value of Greek Government debt which (following their impairment) represented 5,3% of its total assets and 70% of its total equity as at 30 September 2011. Accordingly the quality of the Group's assets, its financial condition and its performance are heavily dependent on macroeconomic and political conditions prevailing in Greece and are influenced by the level and cyclical nature of business activity in Greece.

The Greek economy is experiencing a severe recession and Greece is experiencing unprecedented pressure on its public finances. The severe increase of Greece's deficit has led to fears in global financial markets of a possible default by Greece, leading to a steep increase in the yields on 10 year government bonds with Greece's credit rating experiencing a series of multiple credit rating downgrades from the international credit rating agencies reflecting the depth of the Greek economic crisis. The tension relating to the Greek public finances have put the financial system in Greece, in terms of liquidity and profitability, under considerable stress and unrest and have resulted in:

- lower market values for Greek government debt,
- an additional burden on bank balance sheets from the impact of the loss in market value of Greek government bonds,
- limited liquidity to the Greek banking system and, as a result, an increase in funding from the European Central Bank (ECB),
- an increase in competition between Greek banks and other banks participating in the Greek market mainly relating to securing deposits and consequently higher cost,
- limited credit extension to customers and limited lending to customers, and
- an increase in the amount of non performing loans.

In addition, the stability of the Greek banking system is under significant pressure.

In early May 2010, the Greek government agreed to a stabilisation program, jointly supported by the IMF, the European Central Bank and the member states of the eurozone. A Memorandum of Understanding and a Memorandum on Specific Economic Policy ("Memorandum") were also agreed according to which the Greek government committed to implement measures to decrease expenses and increase revenues with specific goals as to the level of reduction of the public debt and the government deficit as a percentage of the GDP. The Memorandum also includes structural measures aiming to strengthen the competitiveness of the country and improve the growth in Greece. Specifically, the program requires the Greek Government to apply measures, inter alia, aiming at:

- increasing income from tax,
- reducing non financed obligations of the retirement system and the amount of expenses for public health,
- improving the flexibility of Greek job market, and
- liberalising markets of products and services.

In its meeting on 21 July 2011, the European Summit and IMF jointly decided on a support financing program to reduce the Greek Government's debt burden, involving the voluntary participation of private sector holders of Greek Government Debt. The total official financing amounts to €110 billion. In addition to the €110 billion under the first adjustment programme, the Euro Summit statement of 26 October 2011 envisages further support for Greece with measures to lighten the burden of government debt and its servicing costs. The finalisation of the proposals of the Euro summit statement of 26 October 2011 are expected in the beginning of 2012. The new interim Greek government is called upon to implement the agreement of 26 October 2011 and to promote the policy measures stemming from it.

Turmoil resulting from recent developments has stabilised to a certain extent and a new coalition government was formed under the premiership of a respected economist and former vice president of the European Central Bank. The interim coalition government is expected to stay in place for a limited period of time and, among others, has a mandate to:

1. ratify the 26 October 2011 EU Summit
2. formulate and approve the 2012 State Budget
3. ensure that Greece receives the payments from the support package
4. execute the voluntary rollover of Greek Government Bonds which was agreed on 26 October 2011

The risk of economic instability in Greece and the ability of Greece to honour its international obligations, individually or in combination with other negative developments (included, as an example, the deterioration of international economic conditions or economic conditions in the eurozone or further downgrades), could influence, inter alia:

- the total value of the Groups holdings in Greek Government Bonds. It is noted that the Group has impaired Greek Government Bonds (GGBs) by 50% of face value, based on the decisions of the eurozone summit on 26 October 2011 relating to the revised support plan for Greece. The total GGBs impairment, including the related hedging adjustments, amounted of €1.048 mln for the nine months of 2011. The impairment recognised in the second and third quarter of 2011 amounted to €281 mln and €767 mln respectively. At 30 September 2011 the nominal value of the GGBs held be the Group totalled €2.092 mln. The post impairment book value of the GGBs totalled €1.157 mln at 30 September 2011,
- unfavourably the Bank's ability to raise capital and to comply with the regulatory minimum capital requirements,
- the Bank's access to liquidity, and
- affect the Bank's capital position, its results of operations and financial position negatively.

However, even if Greece's commitments are successfully implemented, it is uncertain whether it will achieve the set targets. A failure of these measures will exacerbate current macroeconomic conditions in Greece and may prolong the recession. There also exists the possibility of non disbursement of the future loan instalments should Greece fail to honour its commitments. In such a case, the market reaction will be negative and business activity will deteriorate, which will have a material adverse effect on the business, results of operations and financial results and prospects of the Group.

It is noted that, even if Greece successfully implements the required measures, it remains uncertain whether the Greek economy will grow sufficiently to ease the financing constraints of Greece. Any further significant deterioration of global economic conditions, including the credit profile of the EU countries, or the credit worthiness of Greek or international banks, or changes to the eurozone with the exit of any country from the eurozone or split of eurozone may give rise to concerns regarding the ability of Greece to meet its funding needs.

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

Should 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.

The pressures of the crisis as a result of the prevailing economic conditions in Cyprus and Greece, as well as abroad have and are expected to have a negative impact on the Group's operations, its results of operations and its finances

The Group's operations are affected to a large extent by the prevailing economic conditions as well as by the economic conditions of specific sectors of the economy in Cyprus and Greece from where a significant part of the Group's income is generated.

The Greek economy faces a serious recession and Greece is suffering from an unprecedented pressure on its public finances. The Cypriot economy is experiencing a slowdown of its public finances and the rating agencies have proceeded with a number of multiple downgrades of the credit ratings of both Cyprus and Greece.

The world economy as well as the international financial system have been faced with intense uncertainty and turmoil with one area of great concern being problems faced by a material number of large international banks, investment banks, insurers and other financial corporations facing significant difficulties. The resulting dislocation in global capital markets may significantly influence liquidity levels, fair value of financial assets, the availability of and the terms of credit. An economic recession may continue to put pressure on the global financial system internationally including the countries where the Group operates. These conditions have to 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 other countries in which the Group operates, have affected and will continue to affect certain key macro economic drivers including the level and trend of unemployment, the trends of the real estate sector, the development of money markets, bond markets and foreign exchange markets, inflation and liquidity in the global capital markets. The deterioration of the economic drivers mentioned above could 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.

In particular, the Group may face the following challenges in connection with worsening economic conditions:

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

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

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

- Market developments may affect consumer confidence and may cause adverse changes in payment patterns, leading to increases in write-offs and loan impairment charges on 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.

- Increased government ownership of and control over, financial institutions as well as further consolidation of the financial industry could significantly alter the competitive landscape.

In addition, the main Cypriot financial institutions are of relatively large size in comparison to the GDP of Cyprus. As a result in the event of instability of any or all of these financial institutions the impact on the economy of Cyprus could be more significant than it would be on countries with larger economies.

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

The Group is subject to risks regarding the credit quality of, and the recovery of loans to and amounts due from, customers and market counterparties. Credit risk arises from a potential untimely settlement of current or prospective obligations from counterparties which may result in loss of equity and profit. Adverse changes in the credit quality of the Group's Greek, Cypriot and/or other international borrowers and counterparties, or in their behaviour or businesses, may reduce the value of the Group's assets and materially increase the Group's writedowns and allowances for impairment losses.

The Group's impaired loans and advances (i.e. those in arrears exceeding 3 months and which are not fully collateralised) as at 30 September 2011 reached 8,6% of total Group loans and advances (31 December 2010: 7,3%). The impaired loans and advances of the loan portfolio in Cyprus as at 30 September 2011 represent 8,3% of the Cyprus portfolio (31 December 2010: 7,0%).

No assurance can be provided that any measures taken by the Bank will effectively contain impaired loans and advances. Furthermore there can be no assurance as to the Bank's economic satisfaction from the liquidation of collateral.

Future provisions for impaired loans and advances could have a material negative impact on the Group's financial results. The economic crisis, especially in Greece and Cyprus, and the austerity measures adopted by both countries (including increased taxation and public spending cuts in both countries) could lead to an increase in the level 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 the Cypriot and Greek economies, may 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 meet loan repayments. In addition, the economic crisis may further impact the prospects for the Cypriot, Greek and theglobal economies resulting in deterioration in the value of securities 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 a decrease in property prices and increased unemployment, which could adversely impact the Group's mortgage portfolio. Such developments would likely cause a material increase in impairment losses which could materially affect the operations, financial condition and prospects of the Group.

The austerity measures adopted by the Greek government as part of the Memorandum as well as the Cypriot government's austerity measures have added to political and economic instability. This has been particularly evident in Greece. Any of the above developments may lead to unforeseen material further provisions which may have a significant adverse effect on the Group's operations, financial condition and prospects.

A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Group's results of operations and financial condition

In connection with its lending activities, the Group regularly establishes provisions for loan losses, which are recorded in its profit and loss account. The Group's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. As a result of deteriorating economic conditions or other causes it is possible that the Group's lending businesses may have to increase its provisions for loan losses substantially in the future

Any significant increase in provisions for loan losses or a significant change in the Group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Market conditions have resulted, and may in the future result, in material negative adjustments to the estimated fair values and impairment of financial assets of the Group. Negative fair value adjustments have had, and may continue to have in the future, a further material adverse effect on the Group's results of operations, financial condition and prospects

For its investment portfolio the Group maintains positions in the markets for shares, bonds and other securities. The Group's portfolio has significant exposure to the public debt of countries that have entered the European Stability Mechanism, mainly in the form of Greek Government Bonds and to a lesser extent to Irish Government Bonds. Any negative fair value adjustments to these securities could have a material adverse effect on the Group's operating results, financial condition or prospects. Financial markets have been subject to significant stress conditions resulting in large decreases in the value of financial assets.

As at 30 September 2011, the Group has impaired its investments in Greek Government Bonds (GGBs) by 50% of their nominal value, in accordance with the decisions of the eurozone Summit on 26 October 2011 relating to the revised support plan for Greece. The Summit decisions include the restructuring of Greek public debt with a Voluntary Exchange of GGBs held by private investors for new bonds with a nominal value of 50% of the existing GGBs. The detailed terms of the restructuring of GGBs are still under negotiation and as a result there is a risk that the Group may incur further impairment losses on the GGBs upon finalisation of the plan. If the impairment loss of the GGBs is higher than the loss recognised in the 30 September 2011 Group financial statements, the Group's income statement will record higher impairment losses and the Group's capital position will thus be adversely affected.

The Group has reclassified its GGBs investments. From 1 July 2008 until 30 September 2011, the Group reclassified investments according to the provisions of IAS 39 "Financial instruments: Recognition and Measurement" out of the available-for-sale category into held-to-maturity and loans-and-receivables. The effect of these reclassifications has been, and will be, that changes to the fair value of these investments are not recorded in the income statement and/or the balance sheet of the Group as the reclassified investments are held at amortised cost. Any charge in the income statement as a result of changes in the fair value of these reclassified assets as from the date of their reclassification is not recognised until such time as the assets become impaired or are disposed of.

In addition, in circumstances where fair values are determined using financial valuation models, the Group's valuation methodologies may require it to make assumptions, judgements and estimates in order to establish fair value. These valuation models are complex and some of the assumptions used are inherently uncertain. Particularly, in light of the uncertainty regarding a potential global recovery, the high volatility of financial markets and continuing downside risks, the inputs are not easily foreseeable and such assumptions may prove to be inaccurate ex post. Given the above, any consequential impairments or write-downs could have a material adverse effect on the Group's operating results, financial condition and prospects.

Given the market dislocations, the fair value of the Group's financial assets could fall further and therefore result in negative adjustments and/or losses. 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 the Group's operating results, financial condition or prospects.

Limited liquidity and dependence of the Bank on the European Central Bank for liquidity particularly if current market conditions continue to reduce the availability of traditional sources of funding 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. The adverse market conditions have led to increased instability, reduced liquidity and increased credit spreads. From 2008 the world credit markets have experienced reduction in their liquidity and their financing.

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 Cypriot banking system.

In the current environment of unprecedented market volatility, banks' access to traditional sources of liquidity has been and in the future may continue to be significantly restricted which may affect the Group's access to such sources of liquidity. In light of the continuous downgrades and the worsening of public finances, access to the capital markets for funding, particularly unsecured funding and funding through the short term inter-bank market has decreased substantially for banks due to concerns over counterparty risk. The liquidity pressures have moderated to a certain extent since the purchase by the ECB of Greek Government Bonds on the secondary market and since the announcement by ECB that it will accept Greek Government Bonds as collateral irrespective of their credit ratings and that it is suspending certain minimum credit ratings requirements for the Greek government bonds. Moreover the ECB has yet to specify the duration of the above suspension.

The ability of banks to access liquidity (for example though the issue or sale of financial or other products or though medium term loans) during the recent liquidity shortages for the banks has been reduced which resulting in almost all the Greek banks entering liquidity programs of the Central Bank. The Group's ECB funding was lower compared to other Greek and Cypriot banks. On 30.09.2011, the total funding of the Bank from the ECB amounted to €1,4 billion compared to €2,2 billion on 31.12.2010. The Group on 30.09.2011 has €3,1 billion (31.12.10 €2,3 billion) unencumbered ECB eligible assets. The liquidity received by the Bank and which may need to be received by the Bank in the future from the ECB, may be influenced by changes to the ECB regulation including amongst others the graduated haircuts applied to asset backed securities.

The above suspension of the ECB's minimum rating requirement in respect of Greek Government Bonds may end at a time when the Greek government's credit ratings make them ineligible for use as collateral to obtain ECB liquidity. In addition, the amount of funding available from the ECB is calculated by reference to the value of the collateral the Bank provides, including the market value of holdings of Greek government bonds, which themselves may decline in response to ratings actions. If the value of the Group's assets declines, then the amount of funding the Group can obtain from the ECB will be correspondingly reduced. In addition, if the ECB were to revise its collateral standards or increase the rating requirements for collateral securities such that these instruments were not eligible to serve as collateral with the ECB, this could materially increase the Group's funding costs and limit access to liquidity. Furthermore, it is unclear how long the ECB will offer unlimited access to short-term repos. In the event that access to short-term repos is terminated, or the terms on which such access is offered change of less favourable terms, this could adversely affect the Group's access to liquidity and increase its funding costs.

Government and Central Bank actions intended to support liquidity may be insufficient or discontinued, thus the Group may be unable to obtain the required liquidity

The financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the higher capital requirements demanded by investors, have led to intervention and requirements for increased levels of capitalisation of banking institutions. In many countries, this was achieved through measures of support to the financial system and the direct intervention by governments in the share capital of banks in different forms. In order to permit such government support, financial institutions were required to pledge securities deemed appropriate by different Central Banks as collateral.

The ECB's Governing Council has declared that it will continue with the main refinancing operations, as well as those with a maturity equal to the period of the compulsory reserve by means of fixed-rate tenders fulfilling all requests of the demand for as long as this is necessary. The ECB has also stated that it will accept all requests for 3-month operations carried out by that date and at a rate equal to the average of the main refinancing operations during this entire period.

In the event the Group is unable to obtain liquidity by pledging suitable collateral to Central Banks or if there is a significant reduction or elimination in the liquidity support provided to the system by governments and central authorities, the Group may encounter increased difficulties in procuring liquidity in the market and/or higher costs for procurement of such liquidity, thereby adversely affecting its business, financial condition or results of operations.

A material decrease in funds available from customer deposits, particularly retail deposits, could impact the Group's funding

Historically, one of the Group's principal sources of funds has been customer deposits. If its depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, and if the Group is not able to obtain the necessary liquidity by other means, at a similar rate of interest it may be unable to maintain its current levels of funding without incurring higher funding costs or having to liquidate some of its assets. The Group's total deposits as at 30 September 2011 reached €31,85 billion, exhibiting an annual increase of 1% compared to 30 September 2010 and a 3% decrease from 31 December 2010 (See Section C, Chap. 13.4, Breakdown of deposits). In addition a large part of deposits in Cyprus relates to deposits from the international banking unit. On 30 September 2011, €8,4 bln was from this unit.

The ongoing availability of deposits to fund the Bank's loan portfolio is subject to potential changes in certain factors outside the Bank's control, such as depositors' concerns regarding the economy in general, concerns on rumours or speculation concerning the financial services industry or the Bank specifically, ratings downgrades, significant further deterioration in economic conditions and the availability and extent of deposit guarantees. In addition, there is currently heavy competition among Cypriot and Greek banks for retail customer deposits, which has increased the cost of procuring new deposits and impacted the Group's ability to grow its deposit base. These factors could lead to a reduction in the Bank's ability to access customer deposit funding on appropriate terms in the future and to sustain deposit outflows, both of which would impact the Bank's ability to fund its operations and meet its minimum liquidity requirements.

Any loss in consumer confidence in the Bank's banking businesses, or in banking businesses generally, could significantly increase the amount of customer deposit withdrawals in a short period of time. If the Bank or its subsidiaries experience an unusually high level of withdrawals including the deposits from the international banking unit, this may have an adverse effect on the Group's results, financial condition and prospects. In extreme circumstances, unusually high levels of withdrawals could prevent the Bank or any other member of the Group from funding its operations and meeting its minimum liquidity requirements. In those extreme circumstances the Bank or any other member of the Group may not be in a position to continue to operate without additional funding support, which it may be unable to secure.

The Group's operations are exposed to market fluctuations and volatility which could adversely affect its results, financial condition and prospects

The Group's operations are exposed to risks in financial markets and in the wider economy, including fluctuations in, and increased volatility of, interest rates, credit spreads, foreign exchange rates and other financial instruments on its investment positions during the management of its assets and liabilities as it does not maintain any trading books. These positions could be adversely affected by increased volatility and the Greek and European sovereign debt crisis, creating a risk of substantial losses. Significant declines in perceived or actual values of the Group's assets have resulted from previous market events. Increased volatility and further dislocation affecting certain financial markets and assets could further impact the Group's operating results, financial condition and prospects.

Volatility can also lead to losses relating to a broad range of hedging products that the Group uses, including swaps, futures, options and structured products.

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 (mainly equity and bond 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" and "held to maturity" affect the equity of the Group.

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 businesses are subject to the risk of negative price adjustments in the value of shares and other securities held in their investment portfolios.

Volatility in interest rates and interest rate risk may negatively affect the Group's income and have other adverse consequences

Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies and domestic and international economic and political conditions. There is a risk that future events, in view of the tight liquidity conditions in the domestic deposit market, may alter the interest rate environment.

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 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.

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

Competitive pressures and/or fixed rates in existing loan commitments or loan facilities may restrict the Group’s ability to increase interest rates in the event of an increase in lending interest rates.

Furthermore, the existence of fixed interest rate term deposits mainly denominated 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.

Although the Group carries out hedges with the aim of minimising the risk of interest rate fluctuations via entering into derivative contracts, such hedging could be inadequate. As a result, changes in interest rates could have a material and adverse impact on the financial position and operating results of the Group.

Currency risk may affect the Group’s results of operations, financial condition and prospects

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. Such fluctuations and the degree of volatility with respect thereto may affect earnings reported by the Group. 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. It is difficult to predict with any accuracy changes in market conditions, and such fluctuations may have a material effect on the Group’s results of operations, financial condition and prospects.

For further details on the impact of eurozone debt crisis refer to the risk factor “*The eurozone debt crisis could lead to further political and financial instability, and to a dislocation of financial markets and the financial and monetary system*”.

The Bank’s hedging strategies may not prevent losses

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its operations is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. The hedges may only be partial, or the strategies used may not protect against all future risks or may not be fully effective or may not be acceptable by the IAS in mitigating the Bank’s risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank’s hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in Group’s reported earnings. The Group has sought to hedge part of the interest rate risk from the Greek Government Bonds.

The Group’s capital adequacy ratios as at 30 September 2011 are below the minimum requirements set by its relevant regulators and the Group is exposed to the risk that it will not be able to increase its capital in order to meet these minimum requirements. In addition, the minimum capital adequacy requirements set by the relevant regulating bodies may be amended in the future

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

According to the Interim Condensed Consolidated Financial Statements of the Group for the nine months ended 30 September 2011 the Capital Adequacy Ratio of the Group was 9,6% (31 December 2010: 11,9%). The Group's capital adequacy ratios are lower than the minimum requirements of the Central Bank of Cyprus. The Group expects that with the implementation of the Capital Strengthening Plan, its future profitability and the effective management of its risk weighted assets, it will be in a position to cover the minimum required ratios within a reasonable period of time.

In July 2011, the Central Bank of Cyprus amended its Directive for the Calculation of Capital Requirements and Large Exposures, introducing a new ratio for Core Tier 1 capital. The minimum level of the new ratio was set at 8% plus an increment based on the ratio of the Group's assets to the Republic of Cyprus' gross domestic product. This increment was set at zero until 30 December 2012. The Directive provides for a transitional period up to 2014 for the progressive increase of the minimum requirement for the Core Tier I ratio. The minimum levels of the Tier 1 and total capital ratios were set at 9,5% and 11,5% respectively. The Central Bank of Cyprus may also impose additional capital requirements not covered by Pillar I.

The Group was subject to a capital exercise for addressing concerns over sovereign exposure on its portfolio of sovereign bonds conducted by the European Banking Authority (EBA) in cooperation with the Central Bank of Cyprus. 71 banks across Europe, including Bank of Cyprus, were subject to the capital exercise whose objective was to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risk related to the current difficult market environment. This buffer would explicitly not be designed to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

Following completion of the capital exercise conducted by the European Banking Authority, in close cooperation with the Central Bank of Cyprus, the exercise has determined that Bank of Cyprus has a capital shortfall of €1.560 mln which must be addressed by end June 2012. The EBA intends to consider contingent convertibles, which are intended to absorb potential contingent losses, as eligible for the capital buffer. Bank of Cyprus has in issue €887 mln Convertible Enhanced Capital Securities (CECS) which are currently part of Tier 1 capital, are Basel III compliant and which have truly loss absorbing characteristics. Taking into account the already issued €887 mln CECS, the remaining capital shortfall based on the estimate by EBA is €673 mln. Bank of Cyprus intends to take measures to ensure that by the end of June 2012 it will adhere to the 9% core tier ratio and, to this end, submit a plan to the Central Bank of Cyprus setting out the proposed mix of actions to meet the required 9% core tier capital ratio thereby bringing the shortfall to zero by June 2012. The plan – to be submitted by 20 January 2012 – will be discussed with Central Bank of Cyprus, in consultation with the relevant college of supervisors and the EBA.

The Group's ability to maintain its regulatory capital ratios, and those of its subsidiary regulated institutions, could be affected by a number of factors, including the level of risk-weighted assets. In addition, the Bank's capital adequacy ratio will be directly impacted by its after-tax results, which could be affected by, among others, greater than anticipated worsening of economic conditions which could mean higher asset impairments and provisions. The Bank is required by regulators in Cyprus and other countries in which it undertakes regulated activities to maintain adequate capital. The Bank is subject to the risk of having insufficient capital resources to meet the minimum regulatory capital requirements. In addition, those minimum regulatory requirements may increase in the future and/or the manner in which the existing regulatory requirements are applied may change.

The potential deterioration in the credit quality of the Group's assets may exceed expectations and generate an additional regulatory capital requirement. Effective management of the Group's regulatory capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. Any change that limits the Bank's ability to manage its balance sheet and regulatory capital resources effectively including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or an inability to syndicate loans as a result of market conditions or otherwise or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position.

There is a risk that the Bank will be unable to raise all the capital it needs to meet current regulatory requirements and potentially any higher capital requirements and any additional regulatory capital the Bank requires to absorb any potential losses on its loan portfolio or impairments on its assets, including its holdings of Greek Government Bonds. If the Bank is unable to raise the requisite capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposal of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to the Group.

Any failure by the Group to maintain its minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on the Bank's operating results, financial condition and prospects. If the Group is required to bolster its capital position, it may not be possible for it to raise additional capital including the capital from the current Capital Strengthening Plan (see risk factor "*The Group may not successfully complete all elements of its Capital Strengthening Plan*") from the financial markets or to dispose of marketable assets to reduce capital requirements. That could potentially lead the Group to enter state aid support programs (see risk factor "*Any state aid support measures will have important repercussions on the control of Group, in the management of its capital and in its financial position*") which could dilute the other Shareholders holdings.

The Group may not successfully complete all elements of its Capital Strengthening Plan

The Group's Capital Strengthening Plan comprises the Rights Offering of €396,9 mln as well as the Offer for Voluntary Exchange of up to €600mln of Convertible Enhanced Capital Securities into Mandatory Convertible Notes and their subsequent redemption into ordinary shares.

The success of the abovementioned capital offerings are subject to various considerations, including market conditions. The Rights Offering and the Convertible Enhanced Capital Securities conversion into MCNs and the consequential conversion of MCNs into ordinary shares may not be fully subscribed and the Company may not raise the anticipated net proceeds required to strengthen its capital adequacy and its capital ratio levels. If it is not possible for the Company to raise additional capital from the financial markets as per its Capital Strengthening Plan and if the Group does not satisfy the minimum capital adequacy ratios, then a Contingency Event may occur and a mandatory conversion of the Convertible Enhanced Capital Securities, (which are currently part of Tier 1 capital) into ordinary shares, may take place as per the terms of the CECSs issue. If the Group is not in a position to cover the required additional capital buffer or shortfall through internal profit generation and other actions including the efficient management of risk weighted assets and disposal of assets its financial condition, results of operations and prospects would be materially and adversely affected and there is the risk that the Group could enter state aid support programs (see risk factor "*Any state aid support measures will have important repercussions on the control of Group, in the management of its capital and in its financial position*").

Any state aid support measures will have important repercussions in the control of the Group, in the management of its capital and in its financial position

There is the risk that declining profitability and the possibility of operating losses in what could be a drawn-out recession could erode the capital basis of Cypriot banks. For this reason, according to the Financial Crisis Management Law of 2011 the power is assigned to the Council of Ministers and the Central Bank of Cyprus to take measures addressing liquidity and/or solvency problems in the financial system and/or to enhance the capital base and/or the balance sheet of financial institutions in Cyprus, which if not supported may cause systemic disturbances in the financial system. These measures include issuing of governmental loans in financial institutions, governmental guarantees to financial institutions for lending or debt issuance as well as measures addressing liquidity and/or solvency problems in the financial system and/or to enhance the capital base and/or the balance sheet of financial institutions in Cyprus though a series of actions including the increase of share capital of the above financial institutions through the issue of ordinary shares. Specifically, after its own initiative or with the instructions of the Central Bank of Cyprus, any financial institution facing valid risk of non compliance with its capital adequacy requirements and which has failed to raise its capital with the participation of existing or new Shareholders, may apply for capital.

On 30 September 2011, the Group did not meet the minimum capital adequacy ratios. In the event that the implementation of the Capital Strengthening Plan is unsuccessful, if reaching the minimum capital ratios is not achieved through other measures, including the mandatory conversion of the Convertible Enhanced

Capital Securities to ordinary shares (according to their terms of issue), the need to apply for government support cannot be ruled out. In such a case, Shareholders may experience a significant dilution of their shareholding in the Bank, while at the same time the value of their shares could decrease significantly.

In addition, the Group's compliance with the provisions of the Financial Crisis Management Law may negatively impact the results of the Group including the management of its capital and its financial position. In addition, the Cyprus Republic may become the Bank's controlling Shareholder. In such an event the support measures are of limited extend and of temporary form and are evaluated every six months. Specifically, it must draft a detailed report regarding the restructuring of the Group and it must examine the possibility of terminating the support to the Group every six months in accordance with the relevant EU regulation on governmental aid as well as the practices followed by the European Committee. Such actions may lead, among others, to the management and intervention to the balance sheet, including the disposal of core and other non-core businesses and assets and/or to additional burdens for the Group which can negatively impact the Group's future results, financial position and prospects.

In the event of state aid support through a shareholding interest of the Cyprus government in the Bank, the Cyprus government may attempt to influence the Group in other ways which would have a material effect on the Group's business, including for example, through the appointment of Directors and senior management, staff remuneration policies, lending policies and commitments and overall management of the Group's business (in particular, the management of such Group assets as its existing retail and corporate loan portfolios, significant corporate transactions and any issues of new ordinary shares). Moreover the Cyprus government may, at that time, also hold an interest in other Cypriot financial institutions, as well as an interest in the general health of the Cyprus banking system and the wider Cypriot economy. The pursuit of those interests may not always be aligned with the commercial interests of the Group and its other Shareholders.

Government and inter-government interventions aimed at alleviating the financial crisis are uncertain and carry additional risks

Government and inter-governmental interventions aimed at alleviating the financial crisis could lead to increased ownership and control of financial institutions by the Greek Government in Greece and by the Cypriot Government in Cyprus or other persons and further consolidation in the banking sector. In the 2008-2009 global financial crisis, various governments responded to credit or liquidity concerns in certain banks by nationalising or partially nationalising those banks or putting them through a form of resolution or recapitalisation process. During that period, even if banks were not fully nationalised, shareholders experienced significant dilution and loss of value.

The recent assessment (capital exercises) by the European Banking Authority (EBA) examined how much of a capital buffer the European banking sector would require to reach a 9% Core Tier 1 by the end of June 2012 assuming all sovereign bonds are written down to their market prices as at 30 September 2011. European banks were asked to submit their updated sovereign debt holdings to the EBA, and mark-to market was applied on a bank-by-bank basis to assess the size of the required capital buffers. For Greek banks, the estimated capital buffer was stated by the EBA to be €30 billion, in-line with the top-down target mentioned by the EU on 21 July 2011 for recapitalisation of the Greek banks. The Hellenic Financial Stability Fund (HFSF) has been setup and is standing-by to inject common equity into the banks, should it be required. The markdowns arising from the Private Sector Investment (PSI) and the suggested EBA sovereign capital cushions suggest that banks could potentially soon look to recapitalise, with shareholders experiencing significant dilution and loss of value.

Systemic risk could adversely affect the Group's financials

In recent years, the global credit environment has been adversely affected by significant instances of default and there can be no certainty that further credit defaults will not occur. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Group interacts on a daily basis and therefore, as a result the Group could be adversely affected.

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 European Banking Authority, together with the local banking supervisors and the ECB released the results of the 2011 stress tests in July 2011 and the results of the Capital Exercise in October and December 2011 for a sample of banks in the European Union. In the future, the results of any other tests/exercises could result in a negative perception of the sector and speculation on the soundness of certain banks failing to cope with extreme financial circumstances.

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

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

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

Since May 2010, the Bank has experienced a series of credit rating downgrades principally reflecting the Greek economic crisis as well as the series of multiple downgrades of Greece and Cyprus. These downgrades may continue. As at the date of this Prospectus, the long-term credit ratings for the Bank are Ba2 (under revision for further downgrade) from Moody's Investors Service Inc and BBB- (negative outlook) from Fitch Rating Ltd. In determining the rating these rating agencies consider and will continue to review various factors, including the Group's performance, profitability and its consolidated capital ratios. Furthermore a further downgrade in the Cypriot sovereign rating could result in the Bank's further downgrade. If one or more of these factors are not in line with rating agency expectations, this may result in further downgrades.

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 have a material adverse effect on the Group's access to liquidity and competitive position and, consequentially on its business, financial position and results of operations.

The impairment of goodwill and intangible assets would have a negative effect on the Group's business

As of 30 September, 2011, the Group's intangible assets amounted to €459,6 million (of which €314,96 million related to goodwill) and represented 15,4% of the Group's consolidated shareholders' equity, including minority interests. The intangible assets other than goodwill with a finite life are amortised over their estimated useful life at constant amounts. Assets with an indefinite useful life are not amortised but instead regularly undergo impairment testing. If the Group determines that there is evidence of impairment as at a balance sheet date, the recoverable value of the asset is estimated. The amount of the impairment loss recorded in the income statement is the difference between the book value of the asset and its recoverable value.

The process of identifying and evaluating goodwill impairment is inherently uncertain because it requires significant management judgment in making a series of estimates, the results of which are highly sensitive to the assumptions used. The review of goodwill impairment represents management's best estimate of the factors below.

Firstly, significant management judgment is required in estimating the future cash flows of the Cash Generating Units (CGUs) of the acquired entities. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data in future years; however, the cash flow forecasts necessarily and appropriately reflect management's view of future business prospects.

Secondly, the cost of capital assigned to each acquired entity and used to discount its future cash flows, can have a significant effect on the entity's valuation. The cost of capital is generally derived from a Capital Asset Pricing Model, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned, a premium to reflect the inherent risk of the business being evaluated and foreign exchange rates. These variables are established on the basis of significant management judgment and are subject to uncertainty.

When this exercise demonstrates that the expected cash flows of a CGU have declined and/or that its cost of capital has increased, the effect is to reduce the CGU's estimated fair value. If this results in an estimated recoverable amount that is lower than the carrying value of the CGU, an impairment of goodwill will be recorded, thereby reducing the Group's profit for the year by a corresponding amount.

Impairment tests are carried out on an annual basis or more frequently if required by circumstances that indicate an impairment of goodwill and intangible assets. The impairment test involves comparing the book value of the CGU to which the goodwill was allocated with its recoverable value, which is equal to the higher of the value in use and the possible selling price on the market (fair value less costs of sale of the CGU). If this test shows that the recoverable value is lower than the book value, an impairment is recorded.

Impairment testing involves identifying the CGU to which the goodwill is allocated and for which the impairment test is carried out. In order to identify the CGU to which the assets subject to impairment testing have been allocated, the units so potentially identified have to generate cash inflows that are independent from those deriving from other potentially identified units.

Goodwill impairment testing performed in 2010 indicated that there was no impairment of goodwill as the recoverable amount based on expected cash flows continued to exceed the carrying amount including goodwill of these entities.

The parameters and information used to determine the recoverability of goodwill, including the interest rates directly affecting the profitability of the entities involved in the impairment test, are significantly influenced by the general market and macroeconomic environment, which could change rapidly, as has happened recently. It is possible that the outcomes on future balance sheet dates in the event of further significant deterioration in the economic and credit conditions beyond the levels already reflected by management in the cash flow forecasts for each CGU, could be different from the assumptions used, resulting in a material adjustment to the carrying amount of goodwill. Therefore, there is no assurance that future impairment tests carried out on intangible assets with an indefinite life that could require write-downs of the Group's goodwill or intangible assets may not adversely affect the business, financial condition or 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. Operational risk refers to losses from fraud, misappropriation or theft of assets from the Group, unauthorised transactions, errors, omissions and problems with the orderly operation of information systems or other systems of the Group.

The Group manages operational risk via a control environment in which processes are recorded and transactions are agreed and monitored. The analysis of incidents that are reported in the operational risk incident reporting system is conducted on a regular basis and in combination with the results of risks and related control environment (RCSAs)' evaluation workshops of which constitute an important tool for the recognition and management of risks that are identified for preventive as well as for corrective purposes. Also for major operational risks on Group level indicators monitoring indicators are established (KRIs) via which the adequate and timely management of risks is achieved.

Any weakness in the internal control systems and processes of the Group, could have a negative impact on the Group's results. Furthermore, a major operational event may cause damage to the Group's reputation resulting in lower confidence of customers and counterparties in the Group. This damage may arise from inadequacies, weaknesses or failures in such systems and could have a significant adverse impact on the Group's business.

In addition, whilst the Bank has implemented measures in accordance with applicable legislation aimed at the prevention of money laundering and terrorist finance, there can be no assurance that the Bank's anti-money laundering and anti-terrorist finance measures will be effective.

In addition, some of the Bank's operations are located in countries (such as Russia) which are generally perceived to present a relatively high risk of money laundering activities. If the Bank were to be associated with money laundering or terrorist finance, the Bank may suffer losses and reputational damage and be subject to legal proceedings or regulatory investigations, which could have a material adverse effect on the Bank's business, financial condition, and results of operations.

Risks relating to the Group's operations in Russia and other CEE countries

Bank of Cyprus has a presence in CEE countries including Russia, Ukraine and Romania. Although the risks and uncertainties related to each of these countries differ in nature and scale, these countries have a common history of extremely volatile capital markets and exchange rates and political, economic and financial instability.

In particular, the largest presence of the Group's operations in CEE countries is in Russia where a part of the Group's assets and operations is located and therefore the Group is exposed to the risk of deteriorating economic conditions 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 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 and in particular a decline in the growth rate of the Russian banking sector as well as political disturbance, may have an adverse effect on the Bank's results.

As with Russia, factors that are not under the control of the Group, such as changes in governmental policy, community directives for the banking sector, political instability, economic and social developments in these countries may have a material adverse effect on the Group's financial condition and results of operations of the Group.

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 Europe and/or on other regions; and
- taxation and other political, economic or social developments affecting Cyprus, Greece, Russia or other countries in which the Group operates.

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

For reasons including, among others the international economic crisis and the explosion in Mari, Cyprus in July 2011, the Cypriot economy is exhibiting a slowdown of its public finances while the rating agencies have downgraded the sovereign credit ratings of Cyprus. If budgetary and structural reforms that are necessary for the correction of the increased budget deficit and the improvement of public finances are not undertaken, or if such measures prove inefficient, then Cyprus may require external financial support from the European Union and the International Monetary Fund through the support mechanism for EU member states.

There can be no assurance as to the realisation of abovementioned events or that a further weakening in the Cyprus economy will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects of the Group.

The Bank may be affected by the actions or inactions of its joint venture partners

The Bank has entered into joint venture arrangements with a number of parties and in the future it may enter into additional joint ventures Accordingly the Bank may be affected by the actions and inactions of its partners in such joint ventures. The joint venture partners may:

- have economic or business interests or goals that are inconsistent with or are opposed to those of the Bank;
- exercise veto rights or take shareholders' decisions so as to block actions that the Bank believes to be in its best interests and/or in the best interests of all Shareholders;
- take action contrary to the Bank's policies or objectives with respect to its investments or commercial arrangements; and/or
- as a result of financial or other considerations or difficulties, are unable or unwilling to fulfil their obligations under any joint venture or other agreement.

Where projects and operations are controlled and managed by the Bank's co-investors or where control is shared in any way with such co-investors the Bank may have limited or restricted ability to direct the management of the joint venture or ensure compliance with the Bank's policies and/or objectives. Improper management or ineffective policies, procedures or controls of a non-controlled entity could adversely affect the business, financial condition and results of operations of the relevant joint venture and of the Bank.

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.

Recent years have seen 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, nationalisation and confiscation of assets, and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

The Group is exposed to various forms of legal risk given the nature of its operations in various countries with different regulatory frameworks

The Group may, from time to time, become involved in legal or arbitration proceedings which may affect its operations and results. Legal risk arises from pending or potential legal proceedings against the Group which may result in expenses incurred by the Group.

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

The Group is exposed to tax risk and failure to manage such risk can have an adverse impact on the Group

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 the risks associated with changes in the taxation rates or law, or misinterpretation of the law, could materially and adversely affect the Group's results of operations financial condition or prospects.

Additional taxes and duties may be imposed on the Bank and its subsidiaries

In the context of the economic austerity measures that are being adopted in Cyprus and in Greece is the likely imposition of new taxes or even contributions, such as the imposition of the Special Tax on Credit Institutions in Cyprus which was put in force on 1 January 2011 and amounts to 0,095% of customers deposits of the Group in Cyprus. Moreover, the Cypriot government is expected to promote relevant legislation in the context of what was agreed at the European Council meeting held on 17 June 2010 that the member countries of the European Union must promote a system of tax and levy imposition on financing institutions, which will promote the fair distribution of the world economic crisis cost. The likely imposition of new taxes, contributions or duties may have a material adverse effect on the Group's business, financial condition and results of operations of the Group.

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

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

The Group is exposed to Insurance Risk

Insurance risk is the risk that an insured event under an insurance contract occurs and the Group will be obligated to pay an uncertain amount for the claim at an uncertain time. 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.

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

For conducting its business, the Group relies on information technology systems and telecommunication systems. The Group's Information Technology Department is responsible for the 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 of the Group.

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

Risk of contingent obligations for the retirement benefit plans

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

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

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

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

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

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

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

RISKS RELATED TO THE CURRENT RIGHTS ISSUE

The market price of Bank's shares may experience fluctuations and may trade at levels below 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 for the exercise of the New Shares for 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 price of the shares of the Bank trades down to lower levels than the Subscription Price of the new shares, investors who have exercised their rights will experience losses from valuation.

Assuming there is a liquid market in the shares of the Company investors will be able to sell their new shares resulting from the exercise of their rights following the registration of these shares in their share 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 Company cannot offer any assurances that these approvals will be obtained within the estimated timeframe.

Moreover, the Company 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.

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

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 Company's ordinary shares.

The Company 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 and trading of the nil paid Rights may be more volatile than the trading of the Company's shares.

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 Company which are subject to the same risks as the existing ordinary shares of the Company. The risks related to the Company's common shares are described below.

The subscription period of the nil paid Rights is predefined and in the event that investors do not exercise their nil paid Rights within the subscription period these rights will lapse

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 within the subscription period these rights will lapse.

The holders of the nil paid Rights that acquired them due to their participation in the Company's share capital and do not exercise these Rights for any reason will suffer a greater dilution of their percentage participation in the Company's share capital than holders that exercise their nil paid Rights. In addition, the trading of the nil paid Rights may be more volatile that the trading of the Company's shares.

Shareholders who do not exercise all their nil paid Rights under the current share capital increase will experience a higher dilution in their ownership in the Company compared to the ones who exercise them

The current increase of the Company's share capital gives the right to all existing Shareholders and holders of Eligible Securities 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 46,88% dilution of their percentage ownership in the Company's share capital in the event that the Rights Issue is fully subscribed and/or fully placed.

Even if Shareholders exercise in full their rights under the current share capital increase they will experience an up to 11,47% dilution of their percentage ownership in the Company's share capital in the event that the Rights Issue is fully subscribed and/or fully placed.

The above figures do not take into account the issue of €600 mln Mandatory Convertible Notes.

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

The issue of the new shares provides existing Shareholders of the Company and holders of Eligible Securities with nil paid Rights. The nil paid Rights are transferable during the subscription period and will be traded on the CSE and the ATHEX.

The holders of ordinary 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 Company will be diluted.

RISKS RELATED TO THE OFFER FOR OFFER FOR THE VOLUNTARY EXCHANGE OF THE CONVERTIBLE ENHANCED CAPITAL SECURITIES WITH MANDATORY CONVERTIBLE NOTES

Risks attached to the acceptance of the Voluntary Offer for Exchange of Convertible Enhanced Capital Securities with Mandatory Conversion Notes

Holders of Convertible Enhanced Capital Securities should be aware that the Mandatory Convertible Notes may carry additional risks. Mandatory Convertible Notes will not be transferable, and will not be traded on any securities Exchange. Depending on the performance of the Company's ordinary shares, the value of the resulting New Shares received upon the mandatory conversion of the Mandatory Conversion Notes may be substantially lower than their conversion price. In addition, the value of the New Shares may vary substantially between the date of the repayment of the Mandatory Conversion Notes and the date that such shares are credited to their securities accounts.

The Mandatory Conversion Notes may not be a suitable investment for all investors

Each potential investor accepting the Voluntary Exchange of Convertible Enhanced Capital Securities via the purchase of Mandatory Convertible Notes must determine the suitability of such investment in light of its own circumstances. In particular, each holder of Convertible Enhanced Capital Securities should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of merits and risks of investing in the Mandatory Convertible Notes and the shares of the Company and the information contained or incorporated by reference in this Prospectus;
(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Mandatory Convertible Notes and the shares of the Company and the impact the Mandatory Convertible Notes and the shares of the Company will have on its overall investment portfolio;
(iii) understand thoroughly the terms of the Mandatory Convertible Notes which are mandatory converted into shares of the Company;
(iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment, and its ability to bear the applicable risks.

A holder of Convertible Enhanced Capital Securities should not accept the Voluntary Exchange of Convertible Enhanced Capital Securities via the purchase of Mandatory Convertible Notes unless he has the knowledge and expertise (either alone or with a financial adviser) to evaluate the terms of the Mandatory Convertible Notes and the impact this will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

Holders of Convertible Enhanced Capital Securities accepting the Voluntary Exchange Offer to exchange the Convertible Enhanced Capital Securities with Mandatory Conversion Notes may be subject to disclosure obligations and/or may need approval by the Bank's regulator

As the Mandatory Conversion Notes upon maturity will be redeemed with the issuance of ordinary shares of the Company, the exchange with Mandatory Conversion Notes may result in Holders, upon conversion of their Mandatory Conversion Notes into ordinary shares, having to comply with certain disclosure and/or approval requirements and particularly relating to reaching certain thresholds pursuant to the legislation in Cyprus (or other relevant jurisdiction for the Bank) and in accordance with the provisions of the Banking Laws in Cyprus (or other relevant law or regulations which the Bank is subject to). Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by Holders of substantial fines and/or suspension of voting rights associated with the ordinary shares.

Status and Subordination in the event of default

The Mandatory Conversion Notes are mandatorily converted into Ordinary Shares and each holder of Convertible Enhanced Capital Securities accepting the Voluntary Offer to exchange the Convertible Enhanced Capital Securities with Mandatory Conversion Notes will be effectively further subordinated due to their mandatory conversion from being the holder of a debt instrument to being the holder of Ordinary Shares of the Company resulting in an enhanced risk that Holders will lose all or some of their investment.

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

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

- are subordinated to the claims of the creditors of the Bank, who are:
  - depositors or other unsubordinated creditors of the Bank
  - subordinated creditors, except those creditors whose claims rank or are expressed to rank pari passu with the claims of the holders of the Convertible Enhanced Capital Securities.
  - holders of subordinated Bonds of the Company.
- rank pari passu with the rights and claims of holders of other junior capital subordinated issues qualifying as Tier 1 capital including but not limited to issues of Capital Securities and Convertible Capital Securities.
- have priority over the Shareholders of the Company.

Therefore, if the Company was wound up, liquidated or dissolved, the Company’s liquidator would first apply assets of the Company to satisfy all claims of depositors or other unsubordinated creditors of the Company, subordinated creditors, except those creditors whose claims rank pari passu with the claims of the holders of the Convertible Enhanced Capital Securities and holders of subordinated Bonds of the Company before satisfying claims of equity holders. If the Company does not have sufficient assets to settle claims of holders of unsubordinated obligations in full, the claims of the Holders under the Convertible Enhanced Capital Securities will not be settled. In such a situation, Holders could lose all or part of their investment.

Holders of Convertible Enhanced Capital Securities in US Dollars and exchange rate fluctuations

The Mandatory Conversion Notes are denominated and issued in euro. The holders of Convertible Enhanced Capital Securities issued in US Dollars are eligible to participate in the Tender Exchange Offer for the exchange of their Convertible Enhanced Capital Securities with Mandatory Conversion Notes of a corresponding nominal value in euro. For calculating the number of Convertible Enhanced Capital Securities the nominal value of the Convertible Enhanced Capital Securities in US Dollars will be converted into euro using the €:$ exchange rate on the last subscription date of the offer for the Voluntary Exchange of Convertible Enhanced Capital Securities. Fractional Mandatory Conversion Notes will be ignored. Therefore the nominal value of the Mandatory Conversion Notes that a holder of Convertible Enhanced Capital Securities will be entitled to will depend on the relevant currency rate fluctuations of the €:$.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

Each holder of Convertible Enhanced Capital Securities should consult its legal advisers to assess the terms of the Mandatory Conversion Notes (including as to their redemption with shares) and to determine whether and to what extent (i) Mandatory Conversion Notes are legal investments for it, and (ii) other restrictions applying to its purchase or pledge of any Mandatory Conversion Notes and the Ordinary Shares in which they are mandatorily converted upon maturity. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Mandatory Conversion Notes under any applicable risk-based capital or similar rules.

Effect of the Voluntary Exchange Offer of Convertible Enhanced Capital Securities via the issue of Mandatory Convertible Notes on the price of the Company's ordinary shares

The market price of the Company's Ordinary Shares is expected to experience fluctuations which may result from a) the estimates of investors for the exchange of the Convertible Enhanced Capital Securities with Mandatory Convertible Notes and b) the estimates of investors for the Company's rights offering.

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

Limited liquidity for the trading of the Convertible Enhanced Capital Securities not offered for exchange or not exchanged

The Convertible Enhanced Capital Securities, for which their holders will not accept the Voluntary Offer for Exchange with Mandatory Convertible Notes, will continue to be traded on the CSE and the ATHEX. Depending on the number of Convertible Enhanced Capital Securities that are not exchanged and will continue to be traded on the two exchanges, the resulting liquidity of the Convertible Enhanced Capital Securities may be significantly diminished.

The market price of the Convertible Enhanced Capital Securities not exchanged, may be significantly lower than other issues that present higher outstanding amounts with similar features. Due to the exchange, the remaining Convertible Enhanced Capital Securities that will remain listed may present significant fluctuations of their trading price.

As a consequence, the trading price of the Convertible Enhanced Capital Securities not exchanged, may be adversely affected by the present voluntary offer for exchange with Mandatory Convertible Notes.

Event of over acceptance

The Company will issue up to €600 mln of Mandatory Convertible Notes. If the acceptance of the Tender Exchange Offer for exchange of the Convertible Enhanced Capital Securities exceeds the aggregate amount of €600 mln Mandatory Convertible Notes, the final allocation of Mandatory Convertible Notes will be on a pro-rata basis of the subscribed amount.

The holders of Convertible Enhanced Capital Securities that will accept the Voluntary Offer for voluntary exchange with Mandatory Convertible Notes may not exchange all the Convertible Enhanced Capital Securities they offered for exchange according to the level of acceptance of the Voluntary Exchange Offer. The Convertible Enhanced Capital Securities not exchanged will continue to be traded on the CSE and the ATHEX. Depending on the number of Convertible Enhanced Capital Securities that are not exchanged and will continue to be traded on the two exchanges, the resulting liquidity of the remaining Convertible Enhanced Capital Securities may be significantly diminished.

RISKS RELATED TO THE BANK'S ORDINARY SHARES OF THE COMPANY

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 shares.

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 developments in the Cyprus and Greek 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;
- political instability or military conflict in Cyprus or abroad; and
- the general state of the securities markets.

Marketability of the shares and the Rights and the redemption of the Mandatory Conversion Notes into shares

No approval has been granted from the Cyprus Stock Exchange (CSE) and Athens Exchange (ATHEX) Councils for the listing of the shares resulting from the rights issue and the shares from the redemption of the Mandatory Conversion Notes into shares, the mandatory conversion of the Mandatory Conversion Notes and the Bonus Shares to be granted.

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 or liquidity of such shares 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 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 Company's ordinary shares, the Rights and Mandatory Convertible Notes 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 signing this Prospectus, are also responsible jointly and severally for the information contained in this Prospectus and declare that, (a) having taken all reasonable care to ensure that such is the case, the information and facts contained in it are to the best of their knowledge, in accordance with the facts, complete and true, (b) there are no other facts and no other events have taken place, the omission of which could affect the import of the information contained in it and (c) save as disclosed in the Prospectus no legal actions or claims of material importance are pending or threatened against the Company or the Group that could materially affect the Group's financial condition

As per the Company, the Capital Strenghtening Plan as described in the present Prospectus fully complies with the provisions of the Cyprus Companies Law Cap. 113 as well as any other applicable law or regulation in force.

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 Public Company Ltd.

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

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

• The Lead Manager

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

• The following departments of Bank of Cyprus :

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

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

Independent Auditors

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

3.0 SELECTED HISTORICAL FINANCIAL INFORMATION

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

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

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

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

	2010 €000	**2009 €000**	**2008 €000**
Turnover	2.577.028	2.481.561	2.690.380
Interest income	2.091.794	1.997.034	2.098.057
Interest expense	(1.051.375)	(1.149.204)	(1.305.906)
Net interest income	1.040.419	847.830	792.151
Fee and commission income	244.589	257.658	227.214
Fee and commission expense	(13.410)	(14.286)	(9.408)
Foreign exchange income	38.634	28.589	158.790
Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	71.380	87.111	(59.719)
Insurance income	175.435	227.509	31.590
Insurance expenses	(116.074)	(164.674)	29.530
Other income	8.916	16.761	35.104
	1.449.889	**1.286.498**	**1.205.252**
Staff costs	(430.208)	(413.933)	(330.988)
Other operating expenses	(294.717)	(260.319)	(220.631)
Profit before provisions	**724.964**	**612.246**	**653.633**
Provisions for impairment of loans and advances	(374.497)	(247.935)	(91.601)
Profit before share of profit of associates	**350.467**	**364.311**	**562.032**
Share of (loss)/profit of associates	(1.953)	910	(10.418)
Profit before tax	**348.514**	**365.221**	**551.614**
Taxation	(45.989)	(43.227)	(72.931)
Profit after tax	**302.525**	**321.994**	**478.683**
Profit after tax attributable to:			
Minority interest ((profit)/loss)	**(3.664)**	**8.850**	**(23.705)**
Owners of the Company	**306.189**	**313.144**	**502.388**
Basic earnings per share (cent)	**40,4**[1]	**45,0**[2]	**87,3**[3]
Diluted earnings per share (cent)	**37,3**	**41,4**[2]	**69,5**[3]

1. The weighted number of shares for the year ended 31 December 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 2011.
2. The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010, and June 2011 as well as from the Rights Issue in October 2010.
3. The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June, November 2010 and June 2011 as well as from the Rights Issue in October 2010.

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

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

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

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

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

The following summarised financial information set out below was extracted from the Group’s interim condensed consolidated financial statements for the nine months ended 30 September 2011which 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 nine months ended 30 September 2011 have not been audited by the Group’s external auditors.

The interim condensed consolidated financial statements for the nine months ended 30 September 2011 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 nine months ended 30 September 2011

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	€000	€000
Turnover	**2.090.619**	**1.899.767**
Interest income	1.711.537	1.546.913
Interest expense	(857.059)	(779.357)
Net interest income	854.478	767.556
Fee and commission income	180.886	179.854
Fee and commission expense	(9.984)	(9.219)
Foreign exchange income	35.087	27.654
Impairment of Greek Government Bonds (GGBs)	(1.048.100)	-
Net (losses)/gains on other financial instrument transactions	(2.169)	26.792
Insurance income net of insurance claims	46.862	45.656
Other income	21.891	4.862
	78.951	1.043.155
Staff costs	(329.618)	(323.327)
Other operating expenses	(200.008)	(208.240)
(Loss)/profit before provisions	**(450.675)**	**511.588**
Provisions for impairment of loans and advances	(294.564)	(229.001)
(Loss)/profit before share of loss of associates	**(745.239)**	**282.587**
Share of loss of associates	(1.209)	(1.818)
(Loss)/profit before tax	**(746.448)**	**280.769**
Taxation	(56.423)	(36.786)
(Loss)/profit after tax	**(802.871)**	**243.983**
Attributable to:		
Non-controlling interests (loss)	**(1.704)**	**(3.818)**
Owners of the Company ((loss)/profit)	**(801.167)**	**247.801**
Basic earnings/(losses) per share (cent)	**(89,5)**	**35,1**
Diluted earnings/(losses) per share (cent)	**(89,5)**	**30,1**
Basic earnings per share excluding the impairment of GGBs (cent)	**27,4**	**35,1**
Diluted earnings per share excluding the impairment of GGBs (cent)	**18,5**	**30,1**

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010, as well as from the Rights Issue in October 2010.

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 September 2011

	30 September 2011	31 December 2010
	€000	€000
Assets		
Cash and balances with central banks	1.674.073	2.241.825
Placements with banks	2.920.024	5.264.628
Reverse repurchase agreements	304.238	120.166
Investments	2.506.607	4.307.558
Investments pledged as collateral	1.713.729	1.038.036
Derivative financial assets	195.387	76.278
Loans and advances to customers	28.386.320	27.725.451
Life insurance business assets attributable to policyholders	506.451	561.695
Property and equipment	415.743	418.781
Intangible assets	459.648	479.058
Other assets	485.657	400.459
Investment in associates	3.113	3.805
Total assets	**39.570.990**	**42.637.740**
Liabilities		
Obligations to central banks and amounts due to banks	2.813.703	3.706.975
Repurchase agreements	397.693	913.109
Derivative financial liabilities	380.667	240.412
Customer deposits	31.852.468	32.952.567
Insurance liabilities	600.276	658.309
Debt securities in issue	64.823	83.957
Other liabilities	344.792	323.120
Subordinated loan stock	128.845	930.942
Total liabilities	**36.583.267**	**39.809.391**
Equity		
Share capital	899.173	894.948
Share premium	1.164.087	1.159.819
Convertible Enhanced Capital Securities	860.405	-
Retained earnings	27.148	868.531
Revaluation and other reserves	(50.230)	(186.253)
Equity attributable to the owners of the Company	**2.900.583**	**2.737.045**
Non-controlling interests	**87.140**	**91.304**
Total equity	**2.987.723**	**2.828.349**
Total liabilities and equity	**39.570.990**	**42.637.740**

PART B: TERMS AND CONDITIONS AND GENERAL INFORMATION FOR THE CAPITAL STRENGTHENING PLAN

PART B: TERMS AND CONDITIONS AND GENERAL INFORMATION FOR THE CAPITAL STRENGTHENING PLAN

I. RIGHTS ISSUE OFFERING

A. Key Terms of the Rights Offering

ISSUER	Bank of Cyprus Public Company Ltd (the "Bank, the "Company")
SECURITIES OFFERED	Nil Paid Rights ("Rights")
RIGHTS ISSUE	To all shareholders and holders of securities of the Company which, according to their terms of issue, can be converted to shares ("Eligible Securities") (i.e the Convertible Bonds 2013/2018, Convertible Capital Securities, Convertible Enhanced Capital Securities ("CECS") of the Company) as if these securities had been converted into ordinary shares on the Record Date for the Rights Issue (the "Eligible Securities Holders") (subject to the restrictions for Exempt Countries as described below). This issue will not be offered to any shareholders or Eligible Securities Holders in any country in which, according to the laws of such country, such an offer is illegal or constitutes breach of any applicable law, rule or regulation (Exempt Countries) (e.g. United States, Canada, Australia, South Africa, Japan).
RIGHTS ALLOCATION RATIO	One (1) Right for each existing ordinary share held by shareholders on the Record Date and one (1) Right for each share that would have been held by the holders of Eligible Securities on record date as if these securities were converted into ordinary shares of the Company according to their Terms of Issue at their effective conversion price.
RIGHTS SUBSCRIPTION RATIO FOR NEW SHARES	Every three (3) Rights exercised will be converted to one (1) fully paid new ordinary share of nominal value of €1,00. Fractional shares will not be issued and any fractions will be ignored.
NEW SHARES' SUBSCRIPTION PRICE	€1,00 per New Share
NOMINAL VALUE OF THE SHARES	€1,00
ISSUE OF BONUS SHARES	Immediately following the completion of the Rights subscription period and the issue of the New Shares resulting from the Rights Offering, bonus shares will be issued and granted in the ratio of one fully paid bonus ordinary share for each New Share resulting from the Rights Offering. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company.
ISSUED SHARE CAPITAL PRIOR TO RIGHTS OFFERING	€899.527.638 divided into 899.527.638 ordinary shares of nominal value of €1,00 each.
NUMBER OF RIGHTS TO BE ISSUED	1.190.859.410 (see note below).
TOTAL SHARE CAPITAL TO BE LISTED (IN THE EVENT THAT ALL RIGHTS ARE EXERCISED)	Up to €396.953.137 divided into 396.953.137 ordinary shares of nominal value of €1,00 each from the exercise of the Rights and up to €396.953.137 divided into 396.953.137 ordinary shares of nominal value of €1,00 each from the issue of bonus shares to the holders of New Shares resulting from the exercise of the Rights though capitalisation of reserves. (see note below)

	In total up to €793.906.274 divided into 793.906.274 ordinary shares of nominal value of €1,00 each. (see note below)
RANKING OF NEW SHARES	All new shares issued and granted following the exercise of the Rights from eligible holders and the subsequent issue and granting of Bonus Shares will rank pari passu with existing issued shares in all respects.
USE OF PROCEEDS	The proceeds of the issue will be used to strengthen the Group's capital adequacy and specifically its Core Tier 1 capital.
LISTING AND TRADING	The Nil Paid Rights will be listed and traded on the Cyprus Stock Exchange ("CSE") and the Athens Exchange ("ATHEX") upon receiving the necessary approvals from the competent authorities.
GOVERNING LAW/ JURISDICTION	The Laws of the Republic of Cyprus/the Courts of the Republic of Cyprus.
TAX STATUS FOR THE INVESTOR	Details relating to the tax status of investors appear in Part B Section III of the Prospectus.

Note: For the calculation of the number of Rights resulting for CECS holders issued in US Dollars, the exchange rate of 1€=1,2720$ as at the date of this Prospectus was used. Fractions will be ignored.

B. Expected Timetable of Rights Issue

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

Date	Event
12/01/2012	Date of approval for the publication of this Prospectus.
27/01/2012	Ex-Rights date.
31/01/2012	Record Date for the Rights Issue Offering.
09/02/2012	Dispatch of Allotment Letters for shareholders and Eligible Securities Holders registered on the Central Depository/ Registry of the CSE and dispatch of informative letter for shareholders and Eligible Securities Holders registered on the Dematerialized Securities System (DSS) of the Hellenic Exchanges. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries)*
23/02/2012 - 12/03/2012	Rights Trading period on the CSE and ATHEX.
23/02/2012 - 19/03/2012	Rights Subscription Period for shareholders and Eligible Securities Holders registered on the Central Depository/Registry of the CSE and for shareholders and Eligible Securities Holders registered on the DSS of the Hellenic Exchanges and period for Pre-registration Applications. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries)*
19/03/2012	Final Subscription Date of the Rights and Pre-registration Applications. *(not applicable for shareholders and Eligible Securities Holders of Exempt Countries)*

20/03/2012	Issue date for the New Shares arising from Rights Subscription and the respective Bonus Shares.

The Company will file all relevant documents relating to the listing of the New Shares and the Bonus 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 and the Bonus Shares will be announced to the CSE and the ATHEX and will be within five working days from the date that the listing of the New Shares (including the Bonus Shares) is approved by both Exchanges.

Upon approval by the CSE and ATHEX of the listing of the New Shares (including Bonus Shares) these will be delivered to subscribers by registration of such Shares in each subscriber's individual book-entry securities account at the Central Depository/ Registry of the CSE or at the DSS of the Hellenic Exchanges. The delivery is expected to take place on the business day prior to the listing of the New Shares (including the Bonus Shares) on the two 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 or through the Cypriot and Greek press or through the publication of a supplementary prospectus (if applicable).

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.

C. RIGHTS ISSUE TERMS

1. Issue and Allotment of Rights

At its meeting held on 2 November 2011, the Board of Directors of the Company decided on a share capital increase of the Company in the form of a Rights issue with payment in cash, to the existing shareholders and holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Convertible Enhanced Capital Securities (together "Eligible Securities") as if these securities had been converted into shares on the Record Date, based on their current conversion prices. For this purpose, the Extraordinary General Meeting of the Company, dated 5 December 2011, approved a resolution for the issue of Rights, which according to their terms are addressed to the shareholders of the Company and to the holders of securities of the Company which, according to their terms of issue, can be converted to shares (i.e. the Convertible Bonds 2013/2018, the Convertible Capital Securities and the Convertible Enhanced Capital Securities. The Extraordinary General Meeting also approved the issuance of Bonus Shares (as described below) and the payment of these Bonus Shares through the application of a sum from the share premium account of the Company, which shall be equal to the total nominal value of the Bonus Shares that will be issued. The Rights issue is addressed to the Company's shareholders and Eligible Securities holders registered on the Central Depository/Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 31 January 2012 (Record Date).

In total, up to 396.953.137 new ordinary shares of nominal value €1,00 each will be issued pursuant a Rights Issue to the existing shareholders and holders of Eligible Securities.

The Rights will be issued and allotted at the ratio of one (1) right for each one (1) existing ordinary share to the shareholders and one (1) Right for each one (1) ordinary share to the holders of Eligible Securities as if these Eligible Securities had been converted into shares on the Record Date as at 31 January 2012, based on their current conversion prices.

Every three (3) rights exercised will be converted into one (1) new fully paid ordinary share of nominal value €1,00 at the subscription price of €1,00 per New Share.

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

In addition bonus shares will be issued and granted in the ratio of one (1) Bonus Ordinary Share for each one (1) New Share which will arise from the exercise of Rights. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company. In total up to 396.953.137 fully paid Bonus Shares of nominal value of €1,00 each will be issued and granted.

In total up to 793.906.274 New Shares will be issued by the Company from the exercise of the Rights by the holders and the subsequent granting of Bonus Shares.

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.

1.1 Issue and Allotment of Rights to the Shareholders

According to the Terms of the Rights Issue all shareholders who are registered on the Central Depository/Registry of the CSE and the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 31 January 2012 (Record Date) will have the right to participate in the rights issue.

For Example:

Number of existing shares: 100.

Ratio for issue of New Shares 1:3.

Allotment of Rights for 100 existing shares = 100 Nil paid Rights.

Exercise of 100 Rights: [(100/3) x €1 per New Share] = 33,33 = 33 new shares (the fraction 0,33 will be ignored).

1 Bonus Share granted for each New Share resulting from the exercise of Rights: 33 New Shares

Total Ordinary Shares following the rights exercise and granting of bonus shares: 166

100 Existing Shares
33 New Shares from the Rights exercise (payment of subscription price €33,00)
33 New Bonus Shares granted
166 Ordinary Shares in Total

1.2 Issue and Allotment of Rights to Eligible Securities Holders

The Rights will be issued and allotted at the ratio of one (1) Right for each one (1) Ordinary Share to the shareholders and one (1) Right for each one (1) Ordinary Share to the holders of Eligible Securities, where according to their terms can been converted into shares as if these Eligible Securities had been converted into shares on the Record Date as at 31 January 2012, based on their current conversion prices.

The current conversion prices of the above Eligible Securities are as follows:

Eligible Securities	Current Conversion Price
Convertible Enhanced Capital Securities	€3,30
Convertible Capital Securities	€4,24
Convertible Bonds 2013/2018	€8,11

In particular, the holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Convertible Enhanced Capital Securities registered on the Central Depository/Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 31 January 2012 (Record Date) will have the right to participate in the Rights Issue.

Every three (3) rights exercised will be converted into one (1) New Share of nominal value €1,00.

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

The holders of Convertible Enhanced Capital Securities on the Record Date will receive the Nil Paid Rights they are entitled to irrespective if they accept the offer for voluntary exchange of their Convertible Enhanced Capital Securities with Mandatory Convertible Notes as described in Section B II.

In addition bonus shares will be issued and granted in the ratio of one (1) Bonus Share for each one (1) New Share which will arise from the exercise of Rights. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company.

The number of the Nil paid Rights for the holders of Eligible Securities registered on the Central Depository/Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 31 January 2012 (Record Date) is calculated as follows:

Number of Nil Paid Rights= Nominal Value of Eligible Securities/ Current Conversion Price

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

Example for a respective holding of 1.000 Eligible Securities:

		Calculation	Convertible Enhanced Capital Securities (€)	Convertible Enhanced Capital Securities ($)	Convertible Capital Securities	Convertible Bonds 2013/2018
Current Conversion Price			**€3,30**	**€3,30**	**€4,24**	**€8,11**
Number of Eligible Securities	=		1.000	1.000	1.000	1.000
Nominal Value of Eligible Securities	=		€1.000	$1.000 ($1.000/$1,2720:€)= €786,16	€1.000	€1.000
Rights to be offered	=	Nominal Value in €/ Current Conversion Price	303	€786,16/€3,30= 238	235	123

New Shares Subscription	=	1:3 Number of Rights/3	101	79	78	41
Consideration for full exercise of the Rights	=	Subscription Ratio x €1	€101	€79	€78	€41
Bonus Shares	=	1:1	101	79	78	41
Total number of Shares following rights exercise	=	Subscription for New Shares + Bonus Shares	101+101=202	79+79=158	78+78=156	41+41=82

<u>Note for Convertible Enhanced Capital Securities issued in US dollars:</u>

For calculation purposes the nominal value of the CECS issued in US Dollars will be converted to euro using the exchange rate 1€=1,2720$ as at the date of this Prospectus. Fractions will be ignored.

2. Subscription Price of New Shares

The Subscription Price has been set by the Board of Directors of the Company at its meeting on 2 November 2011. The Subscription Price has been set at €1,00 for every one (1) fully paid New Share of nominal value €1,00.

For every one (1) New Share that results from the exercise of Rights, one (1) Bonus fully paid Share will be granted. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company.

3. 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 23 February 2012 until 1.30 p.m. on 19 March 2012, otherwise the offer shall be deemed as having been rejected by Rights Eligible Holder and the Rights will remain under the Company's power.

The subscription amount must be paid in cash promptly i.e. before 1.30p.m.of the Final Subscription Date, i.e.19 March 2012.

4. Parallel Trading of Rights (Nil paid rights) 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 23 February 2012 and will continue up to and including 12 March 2012. As from 27 January 2012 (Ex Rights Date) the Company's shares and Eligible Securities 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 9 February 2012, Allotment Letters will be dispatched to the Rights' Eligible Holders registered on the Central Depository/Registry of the CSE. Allotment Letters will be sent to Greece, United Kingdom and all the other 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 Rights' 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

Rights' Eligible Holders who have their Shares and Eligible Securities registered on the DSS of the Hellenic Exchanges will receive a notification letter that will be posted at 9 February 2012 informing them of, among others, the Number of Rights that they are entitled to. These notification letters will not be sent to Exempt Countries.

The Rights of all Eligible Holders 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 23 February 2012 until 12 March 2012 (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 or Eligible Securities 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 arise from shares or Eligible Securities registered on the DSS of the Hellenic Exchanges and who wishes to transfer them to 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. Procedure for the Exercise of the Rights

The Underwriter 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 Company becomes aware of this fact, the Company will cancel such an exercise and will return the subscription monies to the investor.

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

The Subscription Period for the Rights for Eligible Holders registered on the Central Depository/Registry of the CSE and for investors who will acquire Rights during trading on the CSE, has been set from 23 February 2012 until 19 March 2012 (inclusive). The Final Subscription Date is 19 March 2012.

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 9 February 2012. Allotment letters will be sent to Cyprus, Greece, United Kingdom and all the other 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 promptly, ie before 1.30p.m. of the Final Subscription Date of 19th March 2012. 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.

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 in a dedicated Bank of Cyprus account that will be opened for the present share capital increase, promptly (i.e. before 1.30p.m. of the Final Subscription Date, i.e.19 March 2012). 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.

The subscription of the Rights can take place at all of Bank of Cyprus branches in Cyprus and Greece.

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 Holders and Holders of Rights have 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. In addition, investors should, by completing the Operator's number on the Subscription Form state their designated Operator under whom the New Shares allotted to them will be assigned. In the event investors do not designate an Operator, New Shares will be credited to the Special Account of the Investors Share Code, whose Operator is the Cyprus Stock Exchange. It is noted that Bonus Shares that will be issued post Rights subscription will be credited to the same operator as the New Shares arising from Rights Subscription period.

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.

Holders of Rights 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 19 March 2012, at the latest, the present offer shall be deemed as having been rejected.

Subscription Procedure for Eligible Holders and Holders of Rights registered on the DSS of the Hellenic Exchanges

The Subscription Period for Eligible Holders registered on the DSS of the Hellenic Exchanges as well as Holders of Rights that will acquire Rights on the ATHEX during trading, has been set from 23 February 2012 until 19 March 2012. The Final Subscription Date is the 19 March 2012.

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

- all branches of Bank of Cyprus in Cyprus and Greece, 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, Holders of Rights 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, they 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 (€1,00 per share) for which they are entitled to and wish to subscribe for, to a special Bank of Cyprus account that will be opened for the purpose of the current share capital increase.

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. It is noted that the Bonus shares that will arise following the exercise of Rights will be also credited to the designated Operator that the investors state 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.

Holders of Rights may, if they wish, subscribe for part of the New Shares they are entitled to. In such case, they 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 Holders of Rights by 19 March 2012, 1.30p.m. at the latest, the present offer shall be deemed as having been rejected.

6. Pre-registration Right for New Shares that may arise from unexercised Rights

Concurrently with the Rights subscription period, Rights' Eligible Holders and investors who acquire Rights during their trading on the CSE and the ATHEX will have the right to participate in a Pre-registration for New Shares by completing the relevant application at any Bank of Cyprus branch in Cyprus and Greece.

Any interested investors can participate in the Pre-registration procedure, even if they do not hold or subscribe any Nil Paid Rights. There is no maximum number for New Shares that may be subscribed via the Pre-registration.

The Pre-registration right will be exercised simultaneously with the exercise of the Nil paid Rights i.e. from 23 February 2012 until 19 March 2012. The Final Subscription Date is the 19 March 2012. Eligible Holders and Holders of Rights, as even as other investors who wish to exercise their Pre-registration right, must complete and submit the relevant Pre-registration Form to any Bank of Cyprus branch in Cyprus and Greece, together with the payment of the consideration amount that corresponds to the Unsubscribed Shares they subscribe for or by blocking an equal amount in an account that they hold with the Bank of Cyprus. To last day for Pre-registration is 19th March 2012.

For every one (1) New Share that results from the exercise of Rights, one (1) Bonus fully paid Share will be granted.

Applicants need to state on the Subscription Pre-registration Form (a) their Investor Share Code (b) their DSS Securities Account and (c) the designated Operator of their Securities Account for the New Shares that will be allotted to them. It is noted that the Bonus shares that will arise following the exercise of Rights will be also be credited to the designated Operator that the investors state on the Pre-registration Subscription Form.

The Pre-registration right will be exercised during the above mentioned period as follows:

In Cyprus:

- to all the branches of Bank of Cyprus.

In Greece:

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

In order to exercise their Pre-registration right, Eligible Holders that will be registered in the Dematerialized Securities System (DSS) of the Hellenic Exchanges must duly complete the relevant Allotment Letter and submit:

(i) their Tax Identification Number,
(ii) their Identity card or passport,
(iii) a copy of the DSS printout.

At the same time, they must pay the subscription amount for the New Shares (€1,00 per share) for which they wish to exercise the Pre-registration right, to a special Bank of Cyprus account.

A relevant receipt will be provided to those exercising the Pre-registration right. Such receipt does not constitute a security, or a temporary title, and it is not tradable on the CSE or the ATHEX.

The submission of the Pre-registration application as evidenced by the signature of the investor renders the acceptance of the shares irrevocable, according to the terms of this Prospectus and the Company's Articles of Association.

Cheques may be cashed by the Company upon receipt. A duly completed and signed Pre-registration application 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 Pre-registration application is void.

Applications of Eligible Holders exercising their Pre-registration right will be satisfied in the event of Unsubscribed Shares, whereas in the event that there is insufficient number of New Shares to satisfy all Pre-registration applications, the allocation of New Shares will be in the following order:

(i) pro-rata to applicants for an amount equal to two times the number of New Shares arising from their subscribed Rights (this category does not include any applicants that will not exercise their Rights), or
(ii) applications up to 100.000 New Shares, and
(iii) at the discretion of the Board of Directors.

Shareholders that will receive New Shares through Pre-registration will also be granted bonus shares in the ratio of one (1) Bonus Share for each one (1) New Share.

In the event that the Pre-registration applications received are not satisfied in full or in part, then the amount paid (all or part of it whichever applies) will be refunded together with all accrued interest calculated at 3,0% on an annual basis for the period 20 March 2012 until 29 March 2012, with a cheque issuance or with the transfer of funds to the account specified according to the relevant instructions on the Pre-registration application form.

7. Announcement of the Rights Subscription Results

The Subscription results and the disposal of Unsubscribed Shares will be announced to the CSE and the ATHEX, as derived from the current legislation.

8. New Shares Allotment Letters

The Allotment Letters for the New Shares and Bonus Shares will be sent to the shareholders by the 29 March 2012.

9. Placement of New Shares of unexercised Rights

The Company will have the right, at any time within 60 working days from the Final Subscription Day for the Rights, to exercise in full or in tranches all or part of the rights that have not been subscribed by their holders and have not been fully covered by using their right to participate in the Pre-registration for unexercised Rights, during the Subscription and Pre-registration Period and to grant the New Shares and Bonus Shares resulting from such exercise (the Unsubscribed Shares), provided that the Company has already received irrevocable offers for the purchase of such number of shares. Any distribution of Unsubscribed Shares will be on the discretion of the Board of Directors and 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 (including the Bonus Shares) will be distributed duly to investors that have submitted irrevocable offers for the purchase of shares of the Company.

II. TENDER OFFER FOR VOLUNTARY EXCHANGE OF CONVERTIBLE ENHANCED CAPITAL SECURITIES WITH MANDATORY CONVERTIBLE NOTES

A. KEY TERMS OF THE MANDATORY CONVERTIBLE NOTES ISSUE

ISSUER	Bank of Cyprus Public Company Limited (“Bank”, “Issuer”)
SECURITIES OFFERED FOR EXCHANGE	Mandatory Convertible Notes (“MCN”)
TOTAL ISSUE SIZE	Up to €600.000.000
MCN NOMINAL VALUE	€1,00 (one Euro)
MCN ISSUE PRICE	At par and multiples thereof
COUPON	Zero
MATURITY	Eight (8) calendar days from issue date.
MCN ISSUE DATE	The date of issuance of MCN is 20 March 2012 (i.e. the date that follows the Last date of Acceptance Period of Voluntary Tender Exchange Offer.
MCN MATURITY DATE	27 March 2012
VOLUNTARY TENDER EXCHANGE OFFER	MCN will be offered to all registered Convertible Enhanced Capital Securities holders (Eligible CECS Holders) for the exchange of CECS with nominal value of €1,00 each with MCN of a corresponding nominal value. This Voluntary Tender Exchange Offer will not be offered to any CECS’ holders in any country in which, according to the laws of such country, such an offer is illegal or constitutes breach of any applicable law, rule or regulation (Exempt Countries) (e.g. United States, Canada, Australia, South Africa, Japan).
EXCHANGE RATIO	1 MCN with nominal value €1,00 each for every CECS of nominal value €1,00 each.
EXCHANGE OF CECS WITH MCN	The holders of CECS will be eligible to participate in the Voluntary Tender Exchange Offer for the exchange of CECS with MCN of a corresponding nominal value. Any CECS that will be exchanged and accepted by the Company for subscription to the issue of MCN, will be cancelled and the Company will cease to have any obligations in relation to the cancelled CECS.
EXCHANGE OF CECS ISSUED IN US DOLLARS	The holders of CECS issued in US Dollars will be eligible to participate in the Tender Exchange Offer for the exchange of CECS with MCN of a corresponding nominal value in Euro, calculated using the €:$ exchange rate at the last date of Acceptance Period of the Tender Exchange Offer i.e. at 19 March 2012, as will be announced by the Company. Fractional MCN will be ignored.
ALLOTMENT IN CASE OF OVER ACCEPTANCE	If acceptance of the Voluntary Tender Exchange Offer exceeds the aggregate amount of €600 mn MCN, the final allocation of MCN will be on a pro-rata basis of the tendered amount.
REDEMPTION OF MCN WITH SHARES	Upon Maturity, each MCN of nominal value €1,00 will be fully redeemed by the Company with the issuance of one new ordinary share of nominal value €1 without any further consideration to be paid.
EFFECT OF REDEMPTION OF MCN	Cancellation of MCN and respective increase of the share capital of the Issuer by an equal amount.
ISSUE OF BONUS SHARES	Immediately following the completion of the Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of MCN, bonus shares will be issued and granted in the ratio of one fully paid Bonus Share for every 3

	New ordinary Shares resulting from the redemption of MCN i.e. up to 200 mn Bonus Shares will be issued. Fractional Bonus Shares will not be issued. The payment of the Bonus Shares will be effected, through the allocation of an amount equal to the total nominal value of the Bonus Shares issued, from the share premium account of the Company.
RANKING OF NEW SHARES	All new shares issued and granted following the redemption of MCN and the subsequent issue and granting of Bonus Shares will rank pari passu with existing issued shares in all respects.
VOLUNTARY TENDER EXCHANGE OFFER RATIONALE	The capital that will be raised from the Voluntary Tender Exchange Offer of CECS with MCN and the subsequent redemption of MCN with shares will be used for the strengthening of the Group's capital adequacy and specifically its Core Tier 1 capital.
LISTING TRADING	MCN will not be transferable and will not be listed and traded on any organised market. The New Shares from the MCN's redemption and the Bonus Shares will be listed and traded on the Cyprus Stock Exchange and the Athens Exchange, upon receiving all necessary approvals from the competent regulatory authorities.
GOVERNING LAW/ JURISDICTION	The Laws of the Republic of Cyprus/the Courts of the Republic of Cyprus

B. EXPECTED TIMETABLE FOR THE VOLUNTARY TENDER EXCHANGE OFFER

The following table illustrates the expected timetable of this Voluntary Tender Exchange Offer. It is noted that this is an indicative timetable for the purpose of providing an initial time estimate of the required procedure.

Date	Event
12/01/2012	Date of approval of the Prospectus.
31/01/2012	Record date for the purpose of the dispatch of the relevant Acceptance Forms to the CECS Holders for the Voluntary Tender Exchange Offer of CECS with the issue of MCN.
09/02/2012	Dispatch of Acceptance Forms for the Tender Exchange of CECS to MCN. *(not applicable for Eligible CECS Holders of Exempt Countries)*
23/02/2012- 19/03/2012	Acceptance period of the Voluntary Tender Exchange Offer. *(not applicable for Eligible CECS Holders of Exempt Countries)*
19/03/2012	Last date of Acceptance Period of Voluntary Tender Exchange Offer. *(not applicable for Eligible CECS Holders of Exempt Countries)*
20/03/2012	Issue date of MCN.
27/03/2012	Date of redemption of MCN with New Shares.

The Company will file all relevant documents relating to the listing of the New Shares that will result from the redemption of MCN with shares of the Company and the Bonus Shares with both the CSE and the ATHEX within eight working days from the Redemption Date of MCN into Ordinary Shares.

The date of the commencement of trading of the New Shares and the Bonus Shares will be announced to the CSE and the ATHEX. The date of the commencement for trading of the New Shares and the Bonus Shares will be within five working days from the date that the listing of the New Shares (including the Bonus Shares) is approved by both Exchanges.

Upon approval by the CSE and ATHEX of the listing of the New Shares (including Bonus Shares), these will be delivered to subscribers by registration of such Shares in each subscriber's individual book-entry securities account at the Central Depository/ Registry of the CSE or at the DSS of the Hellenic Exchanges. The delivery is expected to take place on the business day prior to the listing of the New Shares (including the Bonus Shares) on the two 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 or through the Cypriot and Greek press or through the publication of a supplementary prospectus (if applicable).

C. TERMS OF THE VOLUNTARY TENDER EXCHANGE OFFER

The Board of Directors of the Company at its meeting held on 2 November 2011 decided to declare a Tender Exchange Offer for the voluntary exchange of Convertible Enhanced Capital Securities ("CECS") with Mandatory Convertible Notes (MCN) for an amount up to €600 mn in nominal value. For this purpose the Extraordinary General Meeting of the Company, held on 5 December 2011, approved a resolution for the offering of Mandatory Convertible Notes exclusively to the CECS' holders and subsequently the offering of ordinary shares (including the Bonus Shares) which will be issued for the repayment of the MCN in accordance with the terms of the Mandatory Convertible Notes Issue. The Extraordinary General Meeting also approved that issuance of Bonus Shares (as described below) and the payment of Bonus Shares through the application of a sum from the share premium account of the Company, which shall be equal to the total nominal value of the Bonus Shares that will be issued.

Acceptance Forms of the Voluntary Tender Exchange Offer will be sent to all Convertible Enhanced Capital Securities holders (Eligible CECS Holders) registered at the Central Depository/ Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges on 31 January 2012. All the investors who hold CECS up until the last date of Acceptance Period of the Voluntary Tender Exchange Offer will be eligible to participate in the Voluntary Tender Exchange Offer.

During the Acceptance period of the Voluntary Tender Exchange Offer (i.e. from 23 February 2012 till 19 March 2012) the holders of CECS will be able to exchange the CECS owned with Mandatory Convertible Notes of a corresponding nominal value. Totally up to €600.000.000 Mandatory Convertible Notes (MCN) will be issued of nominal value €1,00 each. The Mandatory Convertible Notes will have duration of eight (8) calendar days and will be zero coupon. Upon maturity each MCN of nominal value €1,00 will be fully redeemed by the Company with the issuance of one new fully paid ordinary share of the Company of nominal value €1,00. In addition, immediately following the completion of the Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of MCN, bonus shares will be issued and granted in the ratio of one (1) New fully paid Bonus ordinary Share for every three (3) New ordinary Shares resulting from the redemption of MCN i.e. up to 200 mn Bonus Shares will be issued. Fractional Bonus Shares will not be issued. The payment of the Bonus Shares will be effected, through the allocation of an amount equal to the total nominal value of the Bonus Shares issued, from the share premium account of the Company.

Holders of Convertible Enhanced Capital Securities should consult their own tax, accounting, financial and legal advisers regarding the suitability of the acceptance or not of the Voluntary Tender Exchange Offer to themselves as well as the tax or accounting consequences of participating or declining the Voluntary Tender Exchange Offer to exchange their investment in CECS.

1. Size of Voluntary Tender Exchange Offer, Nominal Value and Denomination

(a) Size of Voluntary Tender Exchange Offer

The size of the current issue of MCN that will be used for the Voluntary Tender Exchange Offer will be up to €600.000.000. The issued CECS that are listed on the CSE and ATHEX at the date of this Prospectus amount to 818.780.911 of nominal value €1,00 each and 94.926.112 of nominal value $1,00 each.

(b) Nominal Value, Issue price and Denomination

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

(c) Transferability - Trading

The Mandatory Convertible Notes will not be transferable, will not be listed or traded on any organized exchange. The New Shares from the redemption of MCN and the Bonus Shares that will be issued following MCN's maturity and redemption into ordinary shares of the Company, will be listed and traded on the Cyprus Stock Exchange and the Athens Exchange, upon receiving all necessary approvals from the competent regulatory authorities.

2. Exchange Ratio

Exchange of CECS issued in Euro

The exchange ratio is 1 MCN with nominal value €1,00 each for every CECS of nominal value €1,00 each.

Exchange of CECS issued in US Dollars

The holders of CECS issued in US Dollars will be eligible to participate in the Voluntary Tender Exchange Offer for the exchange of their CECS with MCN of a corresponding nominal value in Euro, calculated using the €:$ exchange rate on the last date of Acceptance Period of Voluntary Tender Exchange Offer, as this exchange rate will be accordingly announced by the Company. Fractional MCN will be ignored.

3. Coupon rate

The Mandatory Convertible Notes will bear zero coupon.

4. Duration

The Mandatory Convertible Notes will have a duration of eight (8) calendar days from their issue date, i.e. they will be issued on 20 March 2012 and will expire on 27 March 2012.

5. Procedure for the acceptance of the Voluntary Tender Exchange Offer

The acceptance period for the Voluntary Tender Exchange Offer for CECS' holders registered on the Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges has been set from 23 February 2012 until 19 March 2012. The Final Acceptance Date is the 19 March 2012.

The relevant Acceptance Forms which will state, among other, the number of MCN which each eligible CECS holder is entitled to, will be dispatched on 9 February 2012. Acceptance Forms will be sent to Cyprus, Greece, United Kingdom and all the other Member States of the European Union. Acceptance Forms for the exchange with MCN will not be sent to Exempt Countries.

The acceptance of the Voluntary Tender Exchange Offer by investors of the Exempt Countries is prohibited. In the event that such investors accept the Voluntary Tender Exchange Offer and the Company becomes aware of this fact, the Company will cancel such an acceptance.

Procedure for the acceptance of the Voluntary Tender Exchange Offer by Eligible CECS Holders in Cyprus and Greece

In order to accept the Voluntary Tender Exchange Offer, eligible CECS holders should submit the Acceptance Form that would have been sent to them, promptly (i.e. before 1.30 p.m. of the Final Acceptance Date, i.e.19 March 2012).

Investors who will acquire CECS through the CSE after the record date should contact any Bank of Cyprus branch in Cyprus during the Acceptance Period to secure the relevant Acceptance Form in order to be able to exchange their CECS with MCN.

It is noted that during the Voluntary Exchange of CECS with MCN the CECS need to be free from any and all encumbrance or lien.

In addition, CECS holders must note on the Acceptance Form (a) their Investor Share Code (b) their Securities Account and (c) the designated Operator of their Securities Account. It is noted that the Bonus Shares that will arise following the redemption of MCN with shares will be also be credited to the designated Operator that the investors state on the Acceptance Form.

The acceptance of the Voluntary Tender Exchange Offer with the submission of the Acceptance Forms can take place during the above mentioned period as follows:

In Cyprus:

- to all the branches of Bank of Cyprus.

In Greece:

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

In order to accept the Voluntary Tender Exchange Offer, eligible CECS holders registered on the Dematerialized Securities System (DSS) of the Hellenic Exchanges should submit the Acceptance Form that would have been sent to them, promptly and present:

(i) the relevant Blocking Certificate of CECS, which can be provided to them by (a) the Operator of their Securities Account on the DSS of the Hellenic Exchanges, or (b) 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.

The submission of the Acceptance Form and the acceptance of the offered MCN as evidenced by the signature of the eligible CECS holder renders the acceptance of the exchange with MCN irrevocable.

Eligible CECS holders may, if they wish, exchange part of the CECS that they hold. In such case, eligible CECS holders must submit their Acceptance Form, duly completed and signed in respect of the number of MCN they wish to acquire through the exchange with CECS.

The Voluntary Tender Exchange Offer with the submission of a signed Acceptance Form will be deemed as acceptance of the Tender Exchange Offer based on the terms of this Prospectus and the Company's Memorandum and Articles of Association.

6. Accrued Interest

If the CECS holder elects to exchange its Convertible Enhanced Capital Securities with Mandatory Exchange Notes, the interest accrued on CECS shall cease to be calculated and accrued as of the previous Interest Payment Date of CECS. i.e. as of 31 December 2011.

7. Allotment in case of over acceptance

If the acceptance of the Voluntary Tender Exchange Offer exceeds the aggregate amount of €600mn MCN, the final allocation of MCN will be on a pro-rata basis of the tendered acceptance amount that is stated on the respective Acceptance Form.

8. Redemption of the Mandatory Convertible Notes with new ordinary Shares

Upon Maturity (i.e. 27 March 2012), the Mandatory Convertible Notes will be fully redeemed by the Company with the issuance of new fully paid ordinary shares. Specifically each Mandatory Convertible Note of nominal value €1 will be redeemed by the Company at maturity with the issuance of one new ordinary share of nominal value €1 without any further consideration to be paid.

Bank of Cyprus shares are traded on the Cyprus Stock Exchange with ticker symbol BOCY and ISIN number CY0000100111 and on the Athens Exchange with ticker symbol ΚΥΠΡ and ISIN number CY0000100111. Information on the shares of the Company and the trading on the CSE and the ATHEX is available on the Bank of Cyprus webpage (www.bankofcyprus.com) and the webpages of CSE (www.cse.com.cy) and ATHEX (www.athex.gr).

The Company keeps available, authorised but unissued such a number of shares that would satisfy the MCN redemption with shares and the subsequent issue of ordinary shares arising from the redemption.

(a) Date of Redemption with Shares

Upon Maturity (i.e. 27 March 2012), the Mandatory Convertible Notes will be fully redeemed by the **Company** with new ordinary shares.

(b) Redemption Price per share

The Redemption Price per share is set at €1,00 per ordinary share of nominal value €1,00.

The total number of the new fully paid ordinary shares that will be issued from the redemption of MCN with shares will be determined by dividing the total nominal value of the MCN with the Redemption Price per share of redemption of €1,00 per New Share.

The New Shares resulting from the redemption of MCN with Shares will be registered on the name of the holder of the Mandatory Convertible Notes.

(c) Rights-Ordinary Shares

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

9. Issue of Bonus Shares

Immediately following the completion of the Voluntary Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of the MCN on their maturity date, bonus shares will be issued and granted in the ratio of one (1) Bonus fully paid Share for every three (3) new ordinary shares resulting from the redemption of MCN with New Shares i.e. up to 200 mn Bonus Shares will be issued. Fractional Bonus Shares will not be issued. The payment of the Bonus Shares will be effected through the allocation of an amount equal to the total nominal value of the Bonus Shares issued from the share premium account of the Company.

10. Announcement of the Voluntary Tender Exchange Offer Result

The Results of the Voluntary Tender Exchange Offer and the issuance of the new ordinary shares from the redemption of the MCN on their maturity date, will be announced to the CSE and the ATHEX, as derived from the current legislation.

11. New Shares Allotment Letters

The Allotment Letters for the New Shares resulting from the redemption of MCN with Shares on their maturity date and the subsequent issuance of Bonus Shares will be sent by the 29 March 2012.

III. GENERAL INFORMATION FOR THE CAPITAL STRENGTHENING PLAN

1. Reasons for and use of Proceeds of the Capital Strengthening Plan

The net proceeds of the current Rights Issue and the tender offer for voluntary exchange of CECS with MCN and the subsequent redemption of MCN with shares will strengthen the capital adequacy of the Bank and more specifically the Bank's Core Tier 1 capital.

The net proceeds of the Rights Issue (subject to a full exercise of the Rights) are estimated at around €396,9 mn whereas the net proceeds after the deduction of the expenses of the Rights Issue is estimated at €394,5 mn.

Taking into account the current Rights issue of €396,9mn and the Voluntary exchange of Convertible Enhanced Capital Securities via the issue of up to €600mn Mandatory Convertible Notes the pro-forma Core Tier 1 and the Tier 1 ratio at 30 September 2011 based on Basel II requirements would reach 9,6% and 11,0% respectively based on the assumption that Rights offered to Shareholders and Eligible Securities Holders are exercised and that the Convertible Enhanced Capital Securities of face value €600mn are converted into shares through the Mandatory Convertible Notes issue.

It is noted that the regulatory authorities have significantly raised the minimum capital adequacy ratios with minimum ratios of 8,0% for Core Tier 1, 9,5% for Tier 1 and 11,5% for total capital adequacy ratio. With the completion of the Plan, assuming all Rights are fully exercised and the Tender Offer is taken up in full and taking into account the Group's internally generated capital through profits and other actions, including the effective management of risk-weighted assets, the Group is expected to be in a position to meet the capital adequacy requirements within a reasonable period of time**.**

2. Expenses of the Issue

The total expenses of the Capital Strengthening Plan including the professional fees of the auditors, legal advisers, Lead Managers, as well as printing and advertising costs are estimated in the region of €2,4 mn.

3. Information on the Offered Securities

The nil paid rights will be traded on the Cyprus Stock Exchange and the Athens Exchange, as described in Section II, Part B, Chapter I 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 Company.

The Voluntary Tender Exchange Offer of Convertible Enhanced Capital Securities with the Mandatory Convertible Notes is exclusively addressed to Convertible Enhanced Capital Securities holders. The Convertible Enhanced Capital Securities that will be exchanged as consideration and accepted by the Company for subscription to the issue of the Mandatory Convertible Notes, will be cancelled and the Company will cease to have any obligations on them. Each MCN of nominal value €1,00 on maturity will be mandatorily converted into one New Fully Paid ordinary Share of the Company of nominal value €1,00 without any extra payment. It is noted that during the Voluntaty Exchange of CECS with MCN the CECS need to be free from any and all encumbrance or lien.

It is noted that the Mandatory Convertible Notes are mandatorily converted into shares and the holders of Convertible Enhanced Capital Securities who accept the Voluntary Tender Exchange Offer through the issuance of Mandatory Convertible Notes will be effectively further subordinated from being the holder of a debt instrument to being the holder of Ordinary Shares.

The following table summarises basic information regarding the Rights Issue and the ordinary shares of the Company to be issued as a result of Exercise of Rights and the conversion of the Mandatory Convertible Notes to New Shares and the Bonus Shares granted.

It is noted that the Company does not have any right to retract or suspend the issue and allotment of the securities offered with this Prospectus.

	Nil Paid Rights	Mandatory Convertible Notes	New Ordinary Shares to be issued as a result of the Rights exercise, the mandatory conversion of the MCNs and the Bonus Shares that will be granted
Securities Category	Nil paid rights.	Mandatory Convertible Notes	Ordinary shares ranking pari passu with the existing issued shares of the Company
Legislation according to which they are/will 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.	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.	Ordinary and dematerialised.
Registry kept by	Central Depository/Registry of the CSE and on the Dematerialized Securities System (DSS) of the Hellenic Exchanges	Bank of Cyprus Shares & Loan Stock Department.	Central Depository/Registry of the CSE and on the Dematerialized Securities System (DSS) of the Hellenic Exchanges.
Issue Currency	euro (€)	euro (€)	euro (€)
Trading Currency	euro (€)	Not applicable	euro (€)
ISIN	CY0122300110	Not applicable	CY0000100111
Trading	CSE/ATHEX	No	CSE/ATHEX
Right to Dividends	No	No	Yes
Voting Rights	No	No	Yes (one vote per share)
Preference right to register for securities of the same category	Not applicable	Not applicable	Yes

Right to participate in the issuers profits	No – see right to dividend	No – see right to dividend	See right to dividend
Right to any surplus in the event of liquidation	No	No	Yes
Decision according to which issued	According to the decision of the Board of Directors dated 2 November 2011 and decision of the Company's EGM dated 5th December 2011.	According to the decision of the Board of Directors dated 2 November 2011 and decision of the Company's EGM dated 5th December 2011.	According to the decision of the Board of Directors dated 2 November 2011 and decision of the Company's EGM dated 5th December 2011.
Restrictions on Free Transfer	No*	They are not transferable.	No*
Redemption provisions	No	No	N/A
Conversion provisions	No	Yes (See Part B, Section II, Chapter 8.0)	N/A

*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

4. Dilution

The Rights are distributed pro-rata to existing shareholders and holders of Convertible Bonds 2013/2018, Convertible Capital Securities and Convertible Enhanced Capital Securities (Eligible Securities) as if these securities had been converted into shares on the Record Date (subject to the restrictions for Exempt Countries).

Regarding the Rights Issue and without taking into consideration the new shares that will result from the exchange of CECS with Mandatory Convertible Notes, for existing shareholders that do not intend to exercise any of their assigned Rights, the percentage participation in the Company's share capital will decrease by up to 46,88%[3] (based on the 899,5 mn existing shares and the up to 793,9 mn new shares that could be issued from the exercise of the Rights and the Bonus Shares that will be granted).

Regarding the Rights Issue and without taking into consideration the new shares that will result from the exchange of CECS with Mandatory Convertible Notes, the percentage participation in the Company's share capital of the shareholders who intend to exercise the Rights assigned to them will decrease by up to 11,47%[4] (based on the 899,5 mn existing shares and the up to 793,9 mn new shares that could be issued from the exercise of the Rights and the Bonus Shares that will be granted).

Regarding the Rights Issue and the new shares that will result from the exchange of CECS with Mandatory Convertible Notes the percentage participation in the Company's share capital of the shareholders who do not intend to exercise any of their assigned Rights will decrease by up to 63,92%[4] (based on the 899,5 mn existing shares and the up to 1.593,9 mn shares that could be issued from the exercise of the Rights, the voluntary exchange of CECS with Mandatory Convertible Notes and the Bonus Shares that will be granted).

Regarding the Rights Issue and the new shares that will result from the exchange of CECS with Mandatory Convertible Notes the percentage participation in the Company's share capital of the shareholders who intend to exercise the Rights assigned to them will decrease by up to 39,87%[4] (based on the 899,5 mn existing shares and the up to 1.593,9 mn new shares that could be issued from the exercise of the Rights, the voluntary exchange of CECS with Mandatory Convertible Notes and the Bonus Shares that will be granted).

[3] For the calculation of the number of Rights resulting for CECS holders issued in US Dollars, the exchange rate of 1€=1,2720$ as at the date of this Prospectus was used. Fractions will be ignored.

The final percentages of each case will depend from the final total subscription percentage for the Rights and the acceptance percentage for the voluntary exchange of CECS with Mandatory Convertible Notes which will provide the total number of shares of the Company.

5. 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 or accept the offer for the Voluntary Tender Exchange Offer of Convertible Enhanced Capital Securities with Mandatory Convertible Notes, 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 withdrawal right and statement of release is exercised within three working days from the publication of the supplementary prospectus.

It is noted that, upon the announcement regarding the results of the subscription of the Rights Issue and the issuance of the New Shares as well as the results of the Voluntary Tender Exchange Offer the withdrawal right will not be applicable, even if the new Shares will not be listed on both Exchanges.

6. Voting Rights/Dividends

The New Shares which will be issued pursuant to the Rights exercise and the redemption of the Mandatory Convertible Notes with shares, as well as the Bonus Shares granted 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 and the Bonus Shares shall not, however, participate in any dividends which will be distributed to registered shareholders on any date prior to the record date.

7. Tax Regime

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

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

7.1 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.

7.2 Tax Regime 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.

7.2.1 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 20% 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 derived from Cyprus tax resident companies and 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 20%, 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.

7.2.2. 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.

7.2.3 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.

7.2.4 Special Tax Duty on the sales of securities traded on the ATHEX

All transactions executed on the ATHEX or announced to the ATHEX (excluding some exceptions) are subject to a 0,2% 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.

8. 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

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1.0 GENERAL INFORMATION

Bank of Cyprus Public Company Ltd was founded in Cyprus in 1899 and was registered as a public limited company in 1930 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, Russia, Romania and Ukraine.

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

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

As of 31st December 2010, the Bank's market share in deposits and loans (including the cooperative societies) in Cyprus amounted to 31,4% and 27,5%, respectively while as of 31 December 2009 the same figure amounted to 28,1% and 27,5%, respectively. The Bank's market share in deposits and loans in Cyprus amounted to 31,5% and 28,0% respectively[4] as of 30 September 2011. The Bank operates 141 branches in Cyprus.

The Bank has been operating in Greece since 1991. The dynamic expansion of the Bank's Greek operations commenced in 1999. The Bank operates 185 branches in Greece. As of 31st December 2010, the Bank's market share in deposits and loans in Greece amounted to 4,2% and 4,2% respectively, while as of 31 December 2009 the same figure amounted to 4,0% and 3,8%[5] respectively. As of 30 September 2011, the same figure amounted to 4,0% and 4,2%, respectively.

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 13 branches. It is noted that in December 2011, the Bank signed a binding agreement to sell its subsidiary bank in Australia and is subject to the approval of the relevant regulatory authorities in Australia and Cyprus.

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

In August 2007, the Bank delivering on its strategic plan expanded its operations in Russia and is the first Greek banking institution to enter the Russian market. In October 2008, the Group successfully completed the acquisition of an 80% interest in CB Uniastrum Bank LLC in Russia, headquartered in Moscow consisting of 209 outlets in 48 regions of Russia.

In May 2008, the Bank acquired 97,2% of the share capital of the Ukrainian bank PJSB Bank of Cyprus (former JSC AvtoZAZbank), thus providing banking services in Ukraine. In December 2010 the Group's shareholding in PJSB Bank of Cyprus amounted to 99,7% and currently the Bank operates through 44 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 80% owned by the Group.

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

In October 2010, the Board of Directors of the Group, approved the establishment of a Representative Office in India, while in December 2010, it approved the establishment of a banking unit in the Dubai International

[4] Source: Bank of Cyprus based on figures of the Central Bank of Cyprus
[5] Source: Bank of Cyprus Group based on figures of Bank of Greece

Financial Centre (DIFC), in the Emirate of Dubai, in the United Arab Emirates, which will focus on providing Wealth Management and Private Banking services.

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

The Bank has 7 representative offices in Russia, Canada, Ukraine, Serbia and South Africa.

As at 30 September 2011 the Group employed 11.551 persons worldwide.

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 Group's Total Assets at 31 December 2010 amounted to €42,6 billion. The Group's Shareholders' Funds at 31 December 2010 amounted to €2,8 billion. The Group's Total Assets at 30 September 2011 amounted to €39,6 billion and the Group's Shareholders' Funds at 30 September 2011 amounted to €2,9 billion.

As at 31 December 2010 and 30 September 2010, the Group's capital adequacy ratio stood at 11,9% and 9,6% respectively.

Moody's Investor Services Inc. and Fitch Ratings Ltd affirmed Bank of Cyprus with a long term credit rating of Ba2 (on review for possible further downgrade) and BBB- rating (negative outlook) respectively. The following table presents the most recent credit ratings of the Bank in accordance with Moody's Investor Services Inc. (22 November 2011) and Fitch Ratings Ltd (30 December 2011) estimations.

Credit Rating Agency and Investment grade	**Rating**
Moody's Investor Services Inc. *(last date of rating 22/11/2011)*	
Outlook	on review for possible further downgrade
Deposit and senior debt ratings	Ba2/Not Prime
Bank financial strength	D-
Fitch Ratings Ltd *(last date of rating 30/12/2011)*	
Outlook	Negative
Long-term issuer default rating	BBB-
Short-term issuer default rating	F3
Individual rating	C/D
Viability rating	bb
Support rating	2

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

On 31 October 2011 the European Securities and Markets Authority – ESMA announced the registration of DBRS, Standard and Poor's, Moody's and Fitch as Credit Rating Agencies – CRAs. Their registration was issued pursuant the European Regulation No. 1060/2009 on CRAs and is the result of careful and coordinated assessment of the above CRAs' applications, from the supervisory authorities of the European member states.

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

Group Financial Highlights

	2010	**2009**	**2008**
Profit before tax (€000)	348.514	365.221	551.614
Profit after tax attributable to owners of the company (€000)	306.189	313.144	502.388
Earnings per share (cent)	40,4[1]	45,0[2]	87,3 [3]
Cost/income	50,0%	52,4%	45,8%
Return on equity	11,9%	14,0%	25,1%

[1.] The weighted number of shares for the year ended 31 December 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 2011.
[2.] The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010 and June 2011, as well as from the Rights Issue in October 2010.
[3.] The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June and November 2010, in June 2011, as well as from the Rights Issue in October 2010.

Group Financial Footings

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

The following summarised financial information set out below was extracted from the Group's unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2011 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 nine months ended 30 September 2011 have not been audited by the Group's statutory independent auditors.

It is noted that on 21 July 2011 the political leaders of the eurozone member states announced a support plan for Greece. On 26 October 2011, the eurozone summit announced a revised support plan for Greece, which includes a decision for the restructuring of Greek public debt with the voluntary exchange of existing GGBs held by private investors with a parallel discount on nominal value of the bonds of 50%. The specific terms of the restructuring and GGB exchange plan have not as yet been determined.

The Group has impaired GGBs by 50% of face value, based on the decisions of the eurozone summit on 26 October 2011. The total GGBs impairment, including the related hedging adjustments, amounted of €1.048 mn for the first nine months of 2011. The impairment recognised on the second and third quarter of 2011 amounted to €281 mn and €767 mn respectively. At 30 September 2011 the nominal value of the GGBs held be the Group totalled €2.092 mn. The post impairment book value of the GGBs totalled €1.157 mn at 30 September 2011. Additional information on GGBs impairment is presented in Part C, Chapter 12.6.

Main financial highlights excluding the impairment of Greek Government Bonds for the nine months ended	**30 September 2011**	**30 September 2010**
Total Income (€ mn)	1.127	1.043
Profit before provisions (€ mn)	597	512
Profit before tax (€ mn)	302	281
Profit after tax excluding the special tax on banks (€ mn)	259	248
Profit after tax (€ mn)	245	248
Earnings per share	27,4 cent	35,1 cent

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010.

Main financial highlights including the impairment of Greek Government Bonds for the nine months ended	**30 September 2011**	**30 September 2010**
Total Income (€ mn)	81	1.043
Profit before provisions (€ mn)	(449)	512
Profit before tax (€ mn)	(745)	281
(Loss)/Profit after tax (€ mn)	(801)	248
(Losses)/Earnings per share	-89,5 cent	35,1 cent

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010.

Main financial highlights	**30 September 2011**	**30 September 2010**	**FY 2010**
Total Loans (€ bn)	29,8	28,3	28,9
Total Deposits (€ bn)	31,9	31,4	33,0
Loans to Deposits[6]	89,0	86,8	84,1%
Non-performing loans ratio	8,6	6,7	7,3%

* p.p. = percentage points, 1 percentage point = 1%

[6] Net loans to deposits

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 "ΚΟΙΝΟ 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 (See "important milestones during the Group's History" below).

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

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

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

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

In 2008, the Bank successfully completed the acquisition of the Ukrainian Bank PJSB Bank of Cyprus (former JSC AvtoZAZbank) and at the same time signed and completed the agreement for the acquisition of an 80% interest in Uniastrum Bank LLC in Russia, consisting 209 outlets (See "Important Milestones during the Group's History" below).

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

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

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

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

In December 2011, the Bank signed a binding agreement to sell its subsidiary bank in Australia (Bank of Cyprus Australia Ltd), to Bendigo and Adelaide Bank Limited. The sale consideration is estimated at around €100 mn and the sale is subject to the approval of the relevant regulatory authorities in Australia and Cyprus. The sale is expected to have an estimated positive impact of about €250 mn on the Group's liquid funds. In addition, the sale is expected to result in a positive impact on the Group's capital adequacy ratios. Specifically, a positive impact of around €77 mn is expected on Bank of Cyprus' capital buffer as calculated in the Capital Exercise carried out by the European Banking Authority and the Central Bank of Cyprus. The Group's expected profit from the sale is estimated at around €8 mn. The sale is expected to be completed towards the end of February 2012. The decision to sell Bank of Cyprus Australia Ltd is in line with the Group strategy of further strengthening its capital position and its liquid funds.

3.0 IMPORTANT MILESTONES DURING THE GROUP'S HISTORY

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

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

1998	Representative Office opened in Russia (Moscow). Kyprou Mutual Fund Management Company (AEDAK) established in Greece. Opening of the Bank of Cyprus Oncology Centre.

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

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, realize 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 relating to any stocks, fund, shares or securities and to undertake any duties in relation to the subscription of transfers, the issue of certificates or otherwise.

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

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

8. To undertake and carry out insurance business of any kind and of any nature including life assurance business, industrial assurance business, bond investment insurance business, fire insurance business, accident insurance business, marine aviation and transit insurance business, employer's liability insurance business, workmen's compensation insurance business, burglary and theft insurance business and any other insurance business.

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

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

5.0 GROUP STRUCTURE

The following table presents the principal subsidiaries and affiliates of the Bank, that along with the Bank of Cyprus Public Company Limited form the Bank of Cyprus Group. The table illustrates the country of incorporation of each company, its activities and the Group's (directly and indirectly) percentage shareholding in each of them as at 30 September 2011.

Name of Company	Country of incorporation	Activities	Participation (Direct and Indirect)
Bank of Cyprus Public Company Ltd	Cyprus	Commercial bank	N/A
The Cyprus Investment and Securities Corporation Ltd (CISCO)	Cyprus	Investment banking	100%
General Insurance of Cyprus Ltd	Cyprus	General insurance	100%
EuroLife Ltd	Cyprus	Life insurance	100%
Kermia Ltd	Cyprus	Property trading and development	100%
Kermia Properties & Investments Ltd	Cyprus	Property trading and development	100%
Kermia Hotels Ltd	Cyprus	Hotel business	100%
BOC Ventures Ltd	Cyprus	Management of venture capital investments	100%
Tefkros Investments Ltd	Cyprus	Investment fund	100%
Bank of Cyprus Mutual Funds Ltd	Cyprus	Inactive	100%
Cytrustees Investment Public Company Ltd	Cyprus	Closed-end investment company	50%
Diners Club (Cyprus) Ltd	Cyprus	Diners Club credit card facilities	100%
BOC Russia (Holdings) Ltd	Cyprus	Intermediate holding company	80%
Otherland Properties Ltd	Cyprus	Intermediate holding company	100%
Gosman Properties Ltd	Cyprus	Intermediate holding company	100%
Pittsburg Properties Ltd	Cyprus	Intermediate holding company	100%
Battersee Properties Ltd	Cyprus	Intermediate holding company	100%
Trecoda Properties Ltd	Cyprus	Intermediate holding company	100%
Bonayia Properties Ltd	Cyprus	Intermediate holding company	100%
Bocaland Properties Ltd	Cyprus	Intermediate holding company	100%
Buchuland Properties Ltd	Cyprus	Intermediate holding company	100%
Commonland Properties Ltd	Cyprus	Intermediate holding company	100%
Romaland Properties Ltd	Cyprus	Intermediate holding company	100%
BC Romanoland Properties Ltd	Cyprus	Intermediate holding company	100%
Janoland Properties Ltd	Cyprus	Property investment	100%
Blindingqueen Properties Ltd	Cyprus	Intermediate holding company	100%
Fledgego Properties Ltd	Cyprus	Intermediate holding company	100%
Treerich Properties Ltd	Cyprus	Intermediate holding company	100%
Rosequeens Properties Ltd	Cyprus	Intermediate holding company	100%
Loneland Properties Ltd	Cyprus	Intermediate holding company	100%
Unknownplan Properties Ltd	Cyprus	Intermediate holding company	100%
Frozenport Properties Ltd	Cyprus	Intermediate holding company	100%
Bank of Cyprus Public Company Ltd (branch)	Greece	Commercial bank	N/A
Kyprou Leasing SA	Greece	Leasing	100%

Kyprou Commercial SA	Greece	Financing of motor vehicles and other consumer products	100%
Kyprou Securities SA	Greece	Investment banking	100%
Kyprou Asset Management (AEDAK)	Greece	Management of mutual funds	100%
Kyprou Properties SA	Greece	Property management	100%
Kyprou Insurance Services Ltd	Greece	General insurance brokers	100%
Kyprou Zois (branch of EuroLife Ltd)	Greece	Life insurance	100%
Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd)	Greece	General insurance	100%
Bank of Cyprus United Kingdom (branch)	United Kingdom	Commercial bank	N/A
Katoikia I Mortgage Finance Plc	United Kingdom	Special purpose entity	-
Katoikia I Holdings Ltd	United Kingdom	Special purpose entity	-
Misthosis Funding Plc	United Kingdom	Special purpose entity	-
Misthosis Funding (Holding) Ltd	United Kingdom	Special purpose entity	-
Bank of Cyprus (Channel Islands) Ltd	Channel Islands	Commercial bank	100%
Tefkros Investments (CI) Ltd	Channel Islands	Investment fund	100%
Bank of Cyprus Australia Ltd	Australia	Commercial bank	100%
Bank of Cyprus Romania (branch)	Romania	Commercial bank	N/A
Cyprus Leasing Romania IFN SA	Romania	Leasing	100%
Otherland Properties Dorobanti SRL	Romania	Property investment	100%
S.C. O.N.T. Carpati S.A	Romania	Hotel business	94%
Pittsburg Properties SRL	Romania	Property investment	100%
Battersee Real Estate SRL	Romania	Property investment	100%
Trecoda Real Estate SRL	Romania	Property investment	100%
Green Hills Properties SRL	Romania	Property investment	100%
Bocaland Properties SRL	Romania	Property investment	100%
Buchuland Properties SRL	Romania	Property investment	100%
Commonland Properties SRL	Romania	Property investment	100%
Romaland Properties SRL	Romania	Property investment	100%
Blindingqueen Properties SRL	Romania	Property investment	100%
Fledgego Properties SRL	Romania	Property investment	100%
Treerich Properties SRL	Romania	Property investment	100%
Rosequeens Properties SRL	Romania	Property investment	100%
Loneland Properties SRL	Romania	Property investment	100%
Unknownplan Properties SRL	Romania	Property investment	100%
Frozenport Properties SRL	Romania	Property investment	100%
CB Uniastrum Bank LLC	Russia	Commercial bank	80%
Leasing Company Uniastrum Leasing	Russia	Leasing	80%
PJSB Bank of Cyprus	Ukraine	Commercial bank	100%
LLC Ikos Finance	Ukraine	Financing company	100%
Kyprou Finance (NL) B.V.	Netherlands	Financing company	100%

In July 2011, the Group sold 20% of its shareholding in Leasing Company Uniastrum Leasing to the minority shareholders of BOC Russia (Holdings) Ltd.

In addition the Group owns 45% of the share capital of JCC Payment Systems Ltd, for which proportional consolidation is used.

The Group's investments in associates comprise of Interfund Investments Plc (shareholding of 23%) and Grand Hotel Enterprises Society Ltd (shareholding of 30%).

6.0 REVIEW OF GROUP OPERATIONS

6.1 Bank of Cyprus Public Company Ltd

Founded in 1899, the Bank of Cyprus Group ("Group") is the leading banking and financial services group in Cyprus, with a well established presence in Greece and operations in Eastern European countries with strong links with Cyprus. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance.

With assets totaling €39,57 billion at 30 September 2011, the Group currently operates through a total of 609 branches, of which 209 are located in Russia, 185 in Greece, 141 in Cyprus, 44 in Ukraine, 12 in Romania, 13 in Australia[7], 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has seven representative offices in Russia, Ukraine, Serbia, Canada and South Africa.

6.2 Group Operations in Cyprus

Bank of Cyprus is the leading financial institution in Cyprus with market shares (among commercial banks and credit cooperatives) of 31,9% and 27,9% in deposits and loans respectively as at October 2011. As at 30 September 2011 total loans stood at €14,72 bn recording an annual increase of 8% and total deposits stood at €19,61 bn recording an annual increase of 7%. Net interest income reached €443 mn for the first nine months of 2011, noting an increase of 15% compared to the nine months of 2010 and the net interest margin for the first nine months of 2011 reached 2,34% compared to 2,10% for the nine months of 2010.

6.2.1 Retail Banking

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

Bank of Cyprus has secured the top position in the Cypriot card market, maintaining a market share that puts it way ahead of the competition thereby confirming its dynamism in providing new products and satisfying all its customers' needs in the Cypriot card market. Its success over the last few years is largely down to its card portfolio and the customer loyalty schemes it offers, thereby satisfying all its card customers' needs. The Bank offers MasterCard, VISA and American Express cards.

Alternative Distribution Channels

1bank offers subscribers the opportunity to carry out banking transactions through the phone or internet 24 hours a day, seven days a week. The number of 1bank subscribers (which includes both retail and corporate customers) grows rapidly from year to year.

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

In June 2010 the new internet banking system was completed. The new system incorporates major upgrades and new functionalities.

Bank of Cyprus now offers its new smart banking functionality to all users of smartphones with iOS (iphone, ipad, ipod touch) and Android software through smart.1bank.com. Users of all other types of mobile phones can carry out their banking transactions with full security through mobi.1bank.com.

[7] In December 2011, the Bank signed a binding agreement to sell its subsidiary bank in Australia and is subject to the approval of the relevant regulatory authorities in Australia and Cyprus.

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

6.2.3 Corporate Banking Division

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

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

Servicing corporate customers requires the provision of a comprehensive range of products and services, cooperation and coordination with other Group units and the provision of fast and flexible solutions in response to any financing needs. New financing options tailored to the new generation of business projects are constantly being introduced in order to update and develop products and services. Consequently, in 2009 the Bank launched the Project Finance & Loan Syndication Unit, the purpose of which is to arrange syndicated loans and analyse and evaluate specialised funding such as Project Finance.

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

6.2.4 Factoring Services

The Factoring Division commenced operations in 1992 and since then it has operated in, both the domestic and international market. The Division's purpose is to provide its customers and associates with the highest quality of services by offering them with the most suitable financing solutions. The Division is involved with the provision of Factoring services, cheque and invoice discounting regarding both domestic and international transactions. Apart from the provision of working capital financing, the division provides sales ledger administration, debtor collection services and insurance services. The broad range of factoring services offered, in conjunction with the new customer base assessment and insurance services provided, have proved to be exceptionally useful to the customers of the Factoring Division.

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

Bank of Cyprus' Factoring Division continues to maintain its leading position in the Cypriot factoring services market.

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 (Nicosia, Limassol, Larnaca, Paphos). The IBUs offer flexible and adaptable services designed to continuously satisfy the requirements of this constantly changing market. The products and services offered are: deposit accounts, loans, local and international payments, escrow services, cards, trade finance services, private banking and custodian services.

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

The Bank's commitment to offering top-quality services and meeting customers' needs was confirmed by independent experts in March 2009, when Bank of Cyprus became the first bank to receive an ISO 9001:2009 certification for all its IBUs in Cyprus. In October 2011, the International Banking Services of the Group attained the internationally recognized European Certification of Professional Excellence in the level of "Committed to Excellence" that is provided by the EFQM organization and the Greek Certification "Ai In Aristevin" in the level of "Adopting the principles of the Excellence Model". The certifications validate the commitment of the International Banking Services to continuously deliver the highest quality of service to the clients.

Recognising the potential offered by technology, the IBUs are constantly promoting the improvement and enhancement of the use of technology with a view to automating and improving the efficiency of their operations. In October 2010, the International Banking Services introduced the innovative IBU Gateway system for its associates, which provides direct access to the Bank's products and services and offers each associate the option to use on-line contact and servicing functionalities.

6.2.6 Brokerage and Investment Services

The Cyprus Investment and Securities Corporation (CISCO)

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

6.2.7 General Insurance Services

6.2.7.1 General Insurance of Cyprus

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

By applying prudent insurance principles in terms of pricing and risk taking, as well as through the rational development of each business line, GIC maintains an insurance portfolio that is unique in the Cypriot insurance market in terms of composition and quality, and has a market share of 12,2%[8] for 2010 based on the latest official statistics of the Insurance Association of Cyprus.

The company's main objectives are to upgrade its IT infrastructure and the further development of its activities. Particular attention is also being given for the preparation of the company for the adoption of the Solvency II Directive, the new framework for supervising and determining the capital adequacy of insurance companies, which is expected to enter into force at the beginning of 2014.

6.2.7.2 EuroLife

The Group provides life insurance services in Cyprus through its subsidiary EuroLife.

EuroLife plays a leading role in the Cypriot life insurance market, providing a wide range of modern and flexible insurance products.

EuroLife's successful 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

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

- Reliable personnel.

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

6.2.8 Property and Development Management

Kermia and Kermia Properties & Investments

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

6.3 Group Operations in Greece

The Bank has been operating in Greece since 1991. Its market shares currently stand at 4,1% for loans (October 2011) and 4,2% for deposits (September 2011). Under the challenging conditions prevailing in Greece, total Group deposits stood at €8,5 bn as at 30 September 2011 noting an annual decrease of 13% whereas total loans remained stable at €10,16 bn. The Bank selectively increased its corporate loan portfolio whereas it noted a reduction in its SME and retail loan portfolios. Despite the challenging operating environment, net interest income reached €243 mn for the first nine months of 2011, recording an increase of 6% compared to the first nine months of 2010. In addition, the net interest margin for the first nine months of 2011 reached 2,62% recording an increase of 44 basis points compared to the first nine months of 2010 (2,18%).

6.3.1 Retail Customers

The Bank operates 185 branches in Greece offering a wide range of products and services to its retail customers.

6.3.2 Small and Medium-sized Enterprises

Recognising the importance of SMEs to economic growth in Greece and the need to provide them with specialised services, Bank of Cyprus services and supports businesses throughout Greece. While maintaining its high level of customer service, through its customer-oriented approach, Bank of Cyprus Greece aims to build long-term relationships of trust and healthy cooperation with businesses, with the objective of strengthening its position in the SME sector.

6.3.3 Alternative Distribution Channels

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

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

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

- Internet Banking, which covers the majority of the Bank’s products.
- On-Line Trading, which allows customers to manage their equity portfolio both on the ATHEX and on foreign exchanges.
- i-card, which allows cardholders to monitor their card transactions.

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. Of particular note is the arrangement of corporate bonds and the participation in major construction and energy projects. The Group provides its services to its shipping customers through a specialised Shipping Division.

6.3.5 Leasing

6.3.5.1 Kyprou Leasing

Since its incorporation in 1997, Kyprou Leasing has grown into one of the leading leasing companies in the market. Having developed a broad customer base, with a market share of more than 15%[9] as at 30 June 2011, Kyprou Leasing plays a leading role in the Greek market. It has obtained ISO 9001 certification from TÜV CERT and pursues a consistent policy of offering high-quality services to its customers.

6.3.5.2 Kyprou Factors

Kyprou Factors commenced operations in April 2002, offering factoring services.

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

6.3.6 Investment Services

6.3.6.1 Kyprou Securites S.A

The Bank began offering brokerage services in Greece through Kyprou Securities in 2001.

Kyprou Securities continues to expand its activities, despite the negative impact of the ongoing recession on the Greek securities market, taking advantage of the increased number of Bank of Cyprus branches throughout Greece and attracting customers from competitors by providing consistent professional service, flexible pricing policy, enhanced product base and alternative distribution channels.

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

6.3.6.2 Fund Management - Kyprou AEDAK

In recent years, Kyprou Asset management showed notable adaptability. The investments in the Company's infrastructure over recent years have enabled it to respond to international challenges with flexibility and to take advantage of the opportunities presented by the current situation.

The aim of the Company's investment strategy continues to be the achievement of higher returns than those of the benchmark indices, with the lowest possible investment risk.

6.3.7 Insurance Services

6.3.7.1 Kyprou Asfalistiki

The Group operates in the Greek general insurance market through Kyprou Asfalistiki which is a branch of General Insurance of Cyprus. Since its establishment in 2001, Kyprou Asfalistiki has grown dynamically in terms of both insurance premium production and profitability.

Kyprou Asfalistiki offers all general insurance services except for 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.

[9] Source: Bank of Cyprus Group based on Market Data

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

6.3.7.2 Kyprou Zois

Kyprou Zois which is a branch of EuroLife, operates in the Greek life insurance market since 2001. Kyprou Zois aims to offer life insurance products which:

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

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

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

6.4 Group Operations in Russia

The Group operates in the Russian market through CB Uniastrum Bank LLC (“Uniastrum”). The Group completed the acquisition of 80% of the share capital of Uniastrum in October 2008. Uniastrum was founded in 1994 and is headquartered in Moscow with a distribution network (the 18th largest in Russia) of 209 outlets.

In Russia during 2011 the Group continued the improvement in operations, processes and controls. The ongoing recovery of the domestic environment has allowed the Group to embark on its expansion plan during the last few quarters and improve its performance indicators in core business lines, SMEs and retail, and prudent risk assessment practices.

At 30 September 2011 total loans stood at €1,98 bn recording an annual increase of 10% and total deposits stood at €1,29 bn recording an annual increase of 21%. Net interest income for the first nine months of 2011 reached €97 mn versus €86 mn for the first nine months of 2010 noting an increase of 13% and the net interest margin for the first nine months of 2011 reached 5,81% recording an increase of 9 basis points compared to the first nine months of 2010 (5,72%).

Retail Banking

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

Corporate Banking

Corporate
For the first nine months of 2011 Uniastrum continued its activities in lending to its business clients.

Small Business
Uniastrum’s SME lending strategy focuses on the growth of the Bank’s credit portfolio, the launching of new products and the improvement of its sales processes.

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

For the first nine months of 2011 Uniastrum continued lending to its SME clients remaining one of the country's most dynamic lenders in this particular sector.

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

Alternative Distribution Channels
With a view to optimising interaction with clients, Uniastrum uses cutting-edge technologies, which enable clients to manage their accounts by remote access using the Internet Banking system.

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. As at 30 September 2011 total loans and deposits of the Group in the UK stood at €1,02 bn and €1,24 bn respectively.

In view of the difficult market conditions, Bank of Cyprus UK continued to focus on risk management, conserving liquidity for good quality and adequately remunerated business.

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

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. As at 30 September 2011 total loans and deposits of the Group in Australia stood at €968mn and €969mn respectively.

In December 2011, the Bank signed a binding agreement to sell its subsidiary bank in Australia to Bendigo and Adelaide Bank Limited. The sale consideration is estimated at around €100 mn and the sale is subject to the approval of the relevant regulatory authorities in Australia and Cyprus. The decision to sell Bank of Cyprus Australia is in line with the Group strategy of further strengthening its capital position and its liquid funds.

6.5.3 Romania

Bank of Cyprus Romania commenced operations in July 2007. The Bank offers a wide range of financial products and services through a network of 12 branches. As at 30 September 2011 total loans and deposits of the Group in Romania stood at €641mn and €184mn respectively.

In all branches there is a dedicated personnel which focuses on servicing SME customers, while corporate clients are serviced by a specialised team at the Head Office.

In spite of the fragile situation of the Romanian economy and the fierce competition, Bank of Cyprus Romania succeeded in enhancing its customer base, particularly in the retail sector. The Bank has managed to enhance its brand awareness, capitalising on its flexibility and the provision of personalised services.

6.5.4 Ukraine

The Group commenced operations in Ukraine in 2008. During 2010 Bank of Cyprus Ukraine completed its restructuring plan and centralised its major operations. New, modern and dynamic branches have been established in key regions of Ukraine, thus increasing its network to 44 branches. As at 30 September 2011 total loans and deposits of the Group in Ukraine stood at €292mn and €51mn respectively.

The Bank has pursued business development opportunities in all banking segments (retail, SMEs, corporate), while at the same time developing both lending and deposit products. Furthermore, Bank of Cyprus Ukraine has significantly improved its position in the cards sector. Debit card products were completely redesigned and re-priced while the introduction of credit cards to selective customers has been initiated.

6. 5.5 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.

6.5.6 Representative Offices

Bank of Cyprus operates 7 representative offices in Russia, Ukraine, Serbia, Canada and South Africa. The experienced and well trained personnel of the Bank's Representative Offices provide information on and access to the entire range of Group services.

The operating license for the representative office in Belgrade was granted by the Serbian authorities in December 2010. Furthermore, the Group has decided to open a Representative Office in Bombay, India.

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.

Using its online platform, Group Treasury provides liquidity to the corresponding treasury divisions of the Group abroad, thus effectively managing foreign exchange risk within the strict limits set by ALCO. Also, for customer service purposes, Group Treasury introduced BOC e-trader, a foreign exchange trading platform to accommodate the needs of individuals with experience of foreign exchange markets.

The Group Treasury provides both standardised and customised services to institutional investors seeking high yield investments and to companies and institutional investors seeking to manage their risks.

6.6.2 Wealth Management & Global Markets

The Wealth Management and Global Markets Unit comprises three distinct Units: Private Banking, Institutional Wealth Management & Global Markets and Investment Strategy & Advisory Management.

The product and service offering of the unit is further complemented through its cooperation with Asset Management, Custody, Brokerage and Investment Banking as part of a truly holistic, open architecture, approach.

Private Banking

Private Banking aims to provide a complete range of investment and banking services to high net worth individuals through its offices in Cyprus, Greece, Russia and the Channel Islands.

The unit comprises highly skilled professionals with several years of experience in the investment and banking sectors both in Cyprus and overseas.

A specialised 'Banking Services' team has also been established under Private Banking to fully complement the investment services offered. The goal is to meet the daily needs of high net worth clients with speed and flexibility.

Institutional Wealth Management & Global Markets

The Institutional Wealth Management & Global Markets unit was established to service the needs of the institutional client base of the Group by providing specialised wealth and risk management services. The unit consists a dedicated team of professionals who possess broad banking and financial products knowledge and have the capability and expertise to develop innovative, tailor-made solutions. Institutional clients include asset management firms, financial institutions, insurance companies, and pension/provident funds.

Investment Strategy & Advisory Management

In 2010, the Bank continued implementing its strategic goals by further developing its capabilities in the area of investment research. This move led to the substantial upgrading of the Group's investment strategy now forming an essential tool for advising clients on market developments as well as the Bank's view on a multitude of asset classes. April 2010 marked the launch of a series of Model Portfolios which are structured and actively monitored by the Investment Strategy Team, with the aim of offering clients a high quality product according to their investment objectives and risk profile.

6.6.3 Group Risk Management

One of the key strategic objectives of the Bank of Cyprus Group is the effective management of risk which ensures the smooth operations of the Group, prudent business development and alignment with the directives of the regulatory authorities.

The Group has established a specific framework for sound risk management, which consists of committees and departments that are ultimately overseen by the Group's Board of Directors. The development and implementation of this framework has been assigned to the General Manager Risk Management to whom the units of Credit, Market and Operational Risk refer.

Credit Risk Management

Credit risk is the risk arising from the probability of one or more borrowers not fulfilling their obligations towards the Group. The Group pays particular attention to best possible management of the credit risk, which is the most significant risk that commercial banks face.

Specific credit approval committees operate within the Group, with various approval limits, depending on the sector of the economy being financed. The approval committees are set by the Top Management of the Group and their approval limits are frequently reviewed. The approval limits take into account not only the amount of the facility but also other parameters like the business activity of the customer, the customer's credit rating using internal rating/scoring systems etc.

The Group, using its long term experience, has developed and applies a prudent credit risk policy which is based on traditional lending criteria with particular emphasis on repayment ability. A consequence of this multi year process and gradual institutionalisation of the credit risk policy in the new countries in which the Group operates is the gradual development of a uniform lending culture.

The traditional lending criteria are combined with modern methods of evaluating the creditworthiness of customers. Specifically, during 2010 the implementation of a new enhanced credit rating system for businesses was completed. Work is also being carried out for the enhancement of the credit scoring system for retail customers. In addition, the Group has invested in the purchasing of new systems aiming to further improve data automation for management reporting, capital adequacy calculation and risk measurement.

Finally, in all countries in which the Group operates, there are departments for monitoring the facilities and ensuring the implementation of the credit risk policies by the approval committees. Moreover, these departments monitor the progress of the Group's portfolio ensuring the timely identification of potential problematic customers.

The quality of the Group's loan portfolio remains at satisfactory levels taking into consideration the continuing economic crisis. At 30 September 2011, the ratio of loans in arrears for longer than three months which are not fully covered by tangible collateral ("non-performing loans") over the total loans of the Group (non-performing loans ratio) was 8,6%, compared to 8,2% at 30 June 2011 noting an increase of 40 basis points. At 31 December 2011 the relevant ratio was 7,3%.

At 30 September 2011, the relevant ratio was 8,3% in Cyprus (30 June 2011: 8,0%) and 10,0% in Greece (30 June 2011: 9,3%).

The Group, taking into consideration the macro-economic environment and the deterioration of the loan portfolio, increased the charge for impairment of loans, which reached 1,34% of total loans on an annual basis (nine months of 2010: 1,11%).

As a result of the relatively high provisions, the provision coverage ratio (provisions/NPLs) was maintained at 54% at 30 September 2011. The remaining balance of NPLs is fully covered by tangible collateral. The coverage ratio including tangible collateral amounted to 120%.

The credit risk that is associated with the Sovereign exposure to countries which have entered the European Support Mechanism is presented in Part C, Chapter 12.7.

Market Risk Management

Group Market Risk Management is responsible for measuring and monitoring market risks, liquidity risk and credit risk with correspondent banks and countries, at Group level. The monitoring of these risks at Group level is carried out by Market Risk Officers in the various countries in which the Group operates.

The Group Asset and Liability Committee (ALCO) sets out the policy for the management of these risks and approves the acceptable level of risk and limits, which are ratified by the Risk Committee of the Board of Directors.

As a result of the crisis in financial markets, Group Market Risk Management continuously monitors the limits with other banks and the liquidity of the Group.

The Group does not operate any trading books.

Currency and Interest Rate Risk

All structural FX positions, arising from the net assets of the Group abroad, are hedged.

During 2011, other foreign currency positions of the Group were kept at very low levels, compared to the limits allowed by regulatory authorities.

Liquidity risk

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

Following the request of the Central Bank of Cyprus, Bank of Cyprus Group participated in the new Quantitative Impact Study for the new Basel III rules, with data as at end of June 2011. The results were very satisfactory since the Group complied with both liquidity ratios set by Basel III. The Liquidity Coverage Ratio amounted to 179%, compared to the minimum requirement of 100% and indicated a surplus of Eur 1,5 bn. The Net Stable Funding ratio was 106% and indicated a surplus of Eur 1,6 bn.

The legislation for the issue of covered bonds was approved in December 2010. Within this context the Bank has established a €5bn Covered Bond Programme. Under the Programme the Group issued on 19 July 2011 €700 mn of covered bonds using a pool of residential loans secured by mortgages on properties located in Greece and on 12 December 2011 €1 bn of covered bonds using a pool of residential mortgage loans secured by mortgages on properties located in Cyprus and complementary assets in the form of deposits with credit institutions or other eligible investments in accordance with the Cypriot legislation.

Credit risk with correspondent banks and countries

The Bank continues the conservative policy for setting limits with other banks. Limits are based on a detailed assessment of the financials and other data for each bank. The changes in credit ratings, financial and other developments are monitored daily, and limits are adjusted where necessary.

Operational Risk Management

The operational risk management framework, as adopted by the Group, defines a structured and systematic approach to implementing a uniform process for managing operational risks in all the countries the Group operates. Operational Risk Management units (ORM) have been established and adequately staffed in all countries the Group is present. These units have also been supplied with appropriate tools (specialized computerized incident reporting system for operational risk events). Concurrently the ORM Units have conducted Risk Control Self Assessment workshops and have been involved from the operational risk management point of view, in the design and/or changes of existing procedures.

Within the framework of effective operational risk management, it was decided to invest in the purchase of a new operational risk management software program. This significant investment proves the commitment of the Group to this area, with a view to capture timely and accurate information in order to take corrective measures to mitigate these risks. The system will facilitate online registration of risk assessments, operational risk events, and reporting of key risk indicators, linking them all together in order to allow the overview, analysis and presentation of the operational risk profile at Group level. Risk assessment is conducted at business unit level and is subject to editing and scaling in relation to tolerance levels that determine the operational risk exposure that the Group is prepared to accept.

In view of the breadth of its scope, effective operational risk management requires the continuous training of personnel in risk management. Particular emphasis was placed on the markets where the Group has been activated most recently, with on-site support for staff training. In parallel particular emphasis was given to the strengthening of the culture related to the awareness for operational risk in all countries.

Regarding the security of information, Group Operational Risk Management Unit conducted a gap analysis between the existing safeguards applied by the Group and the requirements of the respective international standard. Based on the results of this study an action plan was established to improve and mitigate any weaknesses.

Legal Risk

Legal risk is defined as the risk of damages, outflows or losses that the Group may be called upon to pay to third parties resulting from acts and/or omissions of the Group or its employees that may be proved to constitute violations of its legal obligations in all the countries in which it operates.

Internal Legal Services in Cyprus is responsible for the management of the Group's legal risk, working in close cooperation with the companies and branches of the Group, and the legal departments and relevant business units of the countries in which the Group operates. Particular emphasis is given to contracts entered into by the Group so as to ensure compliance with the legal, regulatory and supervisory framework and at the same time to provide the counterparty (customer, associate, employee, etc) with all the necessary information regarding its commitments towards the Group.

The senior management of the Group places great importance on the proper measurement and monitoring of the risks associated with litigation and other legal issues.

Group Compliance Unit

Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation the Group may suffer as a result of a failure to comply with laws, regulations and codes of conduct.

The Group Compliance Unit has as its primary goal the further enhancement of policies and procedures that relate to the effective management of compliance risks.

The adverse financial environment, the increased regulatory obligations, the new regulatory developments and the strategic objectives of the Group highlight the need for strengthening the compliance function and enhance the necessary culture. In this context, the key priorities of Group Compliance Unit are as follows:

- Upgrading infrastructure including implementing an effective automated system for compliance.
- Further enhancement of procedures for the identification, assessment and management of compliance risks.

- Constant monitoring and implementation of new regulatory developments that affect the group.
- Upgrading internal reporting procedures on compliance issues.
- The implementation of the group's governance policy across the Group so as to achieve homogeneity in relation to the organization of the compliance function.
- Effective use of the role of the local compliance officer.
- Enhance further systems and procedures in relation to AML & Terrorist financing in accordance with senior management's decision zero tolerance policy.

The activities planned are expected to further enhance the professionalism and integrity of the Group that constitute the main defence against any compliance challenges and risks that may arise in the continuously changing financial environment.

7.0 PERSONNEL

As at 30 September 2011 the Group employed 11.551 persons at an international level.

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 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**
Cyprus	3.548	3.556	3.568	3.608
Greece	3.097	3.148	3.148	3.183
Russia	3.798	4.343	4.497	4.354
United Kingdom	172	165	171	188
Other Countries	936	797	743	794
Total	**11.551**	**12.009**	**12.127**	**12.127**

There were no major changes on the Group's personnel as at the date of this Prospectus.

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, Independent*	He was born in 1946. He is a businessman and a business consultant for the hotels and tourism sector. He is a graduate of the Lausanne University in Switzerland and holds a degree in Economics and Business Administration. He also studied hotel management at the Centre International de Glion in Switzerland and attended a post-graduate hotel management course at Cornell University in the USA. He is a member of the Board of Directors of Bank of Cyprus since 2002. He is Chairman of the Board of Directors of General Insurance of Cyprus, Vice-Chairman of the Cyprus Association of Directors and a member of the Board of Directors of various public and other companies in Cyprus. He is also a member of the Board of the Limassol Chamber of Commerce and Industry. He is Honorary Chairman of the Cyprus Hotel Managers Association. He was Chairman of the Board of the Cyprus International Institute for the Environment and Public Health in association with the Harvard School of Public Health (2005-2008), Chairman of the Board of Governors of the Electricity Authority of Cyprus (1999-2005) and Chairman of the Board of Governors of the Cyprus Broadcasting Corporation (1994-1996). He served as Non-Executive Senior Independent Director of Bank of Cyprus from 10 June 2010 until 11 January 2012.
Anna Diogenous *Non-Executive*	She was born in 1947. She holds a B.Sc. (Econ.) degree from the London School of Economics. She has completed the Executive Leadership Program of the CIIM. She is Executive Chairwoman of P.M. Tseriotis Ltd, the holding company of the Tseriotis Group. She is a member of the Board of Directors of Bank of Cyprus since 2002. She is also a member of the Board of Directors of various other companies. She has served as a Board member of the Junior School in Nicosia.

Andreas Eliades *Executive Director*	He was born in 1955. He holds a degree in Economics from the Athens School of Economics and Commercial Sciences and an M.Sc. in Economics with distinction from the London School of Economics. He joined Bank of Cyprus in 1980. In 1991, upon the establishment of Bank of Cyprus Greece, he was appointed Country Manager. In 1998 he became Group General Manager of Bank of Cyprus Greece, having responsibility of the Group's growth in Greece. In 2005, he was appointed Group Chief Executive Officer and in 2006 he was also appointed as a member of the Bank of Cyprus Group Board of Directors.
Irene Karamanou *Non-Eexecutive, Independent*	She was born in 1968. Ms. Irene Karamanou is an Assistant Professor in the Department of Public and Business Adminstration of the University of Cyprus since 2005. In the past, she worked at an audit firm as a Senior Auditor and for a banking organisation. She holds a PhD in Business Administration, an MBA in Marketing and Management, a BBA in Accounting and a Certified Public Accountant Certificate of America. She is Non-executive Independent Director of Bank of Cyprus since 8 April 2011.
Yiannis Kypri *Executive Director*	He was born in 1951. He studied Economics at the London School of Economics on a scholarship and obtained his degree with distinction in 1974. In 1978, he returned to Cyprus holding the professional qualification of Chartered Accountant and worked for two years at the international audit firm Ernst & Young. In 1980, he joined the Bank of Cyprus Group and in 1982, he was appointed Chief Accountant of the Bank. From 1993 until 2004 he held the position of Group General Manager Finance. On 1st January 2005 he was appointed Group Chief General Manager. In 2006 he was appointed as a member of the Board of Directors of the Bank of Cyprus Group and in 2010 as Deputy Group Chief Executive Officer. He was a founding member and served as Chairman of the Cyprus Public Companies Association for six years. He is the Chairman of the Bank of Cyprus Cultural Foundation and a Trustee of the Bank of Cyprus Oncology Centre.
Stavros J. Constantinides *Non-Executive, Independent*	He was born in 1956. He studied Business Administration and Management in London. From 1984 until 2009 he served as Chairman and Managing Director of Alpha Copy S.A. in Greece and for a number of years he served as Chairman and Managing Director of subsidiary companies of Alpha Copy S.A. in Balkan countries. Mr. Stavros J. Constantinides has received numerous European and other awards. On 10 June 2010 he was appointed as a member of the Board of Directors of Bank of Cyprus.
Manthos Mavrommatis *Non-Executive, Senior Independent Director*	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, a position that held up until November 2011. After the accession of Cyprus to the European Union he represented the Cyprus Chamber of Commerce and Industry for two years in the European Economic and Social Committee (EESC) in Brussels, which is the institutional body at European level for social partners. He is member of the Executive Committee of Eurochambers and of the Balkan Chambers. He is a member of the Board of Directors of Bank of Cyprus since 2005. He is a member of the Board of the Research Promotion Foundation, of the Cyprus International Institute of Management and of the Board of Trustees of the Research and Educational Institute of Cyprus. He is the Honorary-Consul of Mexico in Cyprus.

Christos Mouskis *Non-Executive*	He was born in Limassol in 1964. He studied Business Administration and Marketing in the USA. He is Executive Chairman of Muskita Holdings, a diversified group of companies employing more than one thousand people in Cyprus and overseas. The group's activities consist of aluminium manufacturing, with factories in Cyprus and the UK, and the hospitality industry with two hotels in Cyprus and one in Athens, Greece. The activities of the group also extend to real estate projects, mainly construction and leasing of office buildings, retail outlets and residential units. He is a member of the Board of Directors of Bank of Cyprus since 2003. He is also an active member of professional associations and director of other public and private companies.
Evdokimos Xenophontos *Non-Executive, Independent*	He was born in 1938. He studied in London on a scholarship from the Republic of Cyprus and obtained the professional qualification of Chartered Accountant in 1962. During the period 1963-1967, he worked as an Audit Manager for the international audit firm Ernst & Young in Cyprus. In 1967 he was appointed Chief Accountant of Bank of Cyprus and in 1974 he became General Manager of Bank of Cyprus (Holdings), which, until August 1999, was the holding company of the Group. In 1993 he assumed the role of Group Chief General Manager, a position that he held until the end of 2004 when he retired from executive duties. He is a member of the Board of Directors of Bank of Cyprus since 1998. He is Chairman of JCC Payment Systems and of the Cyprus Board of the UK Institute of Directors. He served as Chairman of the Institute of Certified Public Accountants of Cyprus and the Cyprus Anticancer Society and as a Board member of the Cyprus Institute of Genetics and Neurology and the Cyprus Electricity Authority for a number of years.
Yiannis Pechlivanidis *Executive Director*	He was born in Athens in 1953. He holds a BA in economics from Wesleyan University and an MSc in Economics from the London School of Economics. He has served in executive positions at a number of financial institutions (General Manager of Xiosbank 1997-1999, Deputy Managing Director of Piraeus Bank during 1999, Managing Director of Millenium Bank 1999-2002, First Vice-President of Bank Post (subsidiary of Eurobank EFG in Romania) 2003-2004, Vice-Chairman and Deputy CEO of National Bank of Greece 2004-2009). On 15 April 2010 he was appointed as a member of the Bank of Cyprus Group Board of Directors and from 1 May 2010 he holds the position of First Deputy Chief Executive Officer with primary responsibility for the Group's operations in Greece and the Balkans.
Vassilis G. Rologis *Non-Executive*	He was born in 1942. He studied Law and Business Administration, with specialisation in Marketing, in the United Kingdom. He has worked in the United Kingdom and in Greece. He was Vice-Chairman of the Cyprus Chamber of Commerce and Industry (1990-1996) and Chairman from 1996 until 2005. From 1980 to 1994 he was a member of the Board of Directors and from 1994 to 2005 he was Chairman of General Insurance of Cyprus. He served as Chairman of Cyprus Airways and Eurocypria Airlines (1993-1997). During 2001-2002, he served as Chairman of the Association of Balkan Chambers. He is a member of the Board of Directors of the Eurochambers, based in Brussels. He is a member of the Finance Advisory Committee, the Commerce and Industry Advisory Committee and the Cyprus delegation at the International Labour Organisation. He is a member of the Board of Directors of Bank of Cyprus since 1988. In 2004, he was elected Vice-Chairman and in 2005 he was elected Chairman of the Board of Directors of the Bank. In 2006 he resigned from the Chairmanship. He remains a member of the Board of Directors of Bank of Cyprus and he is a member of the Remuneration and Nomination Board Committees. He is also the Chairman of the UK Divisional Board and of Bank of Cyprus Channel Islands. In 2007 he was elected Chairman of the International Chamber of Commerce Cyprus and in December 2008 he was elected Honorary Chairman by the Annual General Meeting of the Cyprus Chamber of Commerce and Industry. As honorary and past Chairman, he is also a member of the Executive Committee of the Cyprus Chamber of Commerce and Industry.

Costas Z. Severis *Non-Executive*	He was born in 1949. He studied Economics (MA Honours) at the University of Cambridge. He is Honorary Consul of Finland in Cyprus since 1989. His main business activities are paper import and insurance. He is a member of the Board of Directors of Bank of Cyprus since 1991. He is also a member of the Board of Directors of the Cyprus Employers and Industrialists Federation and of other public companies.
Nikolas P. Tsakos *Non-Executive*	He was born in 1963 in Athens. He is a member of the well known family of ship-owners from Kardamilon, Chios. From 1981 to 1987, he was employed at Tsakos Shipping and Trading Ltd in the USA, with a focus on the energy sector. He studied Economics and Political Science at Columbia University New York and completed his studies at City University of London obtaining a Masters Degree in Shipping and Financial Services. He completed his military service in the Hellenic Navy and served for 25 months on various types of vessels. He is the Founder, President and CEO of Tsakos Energy Navigation (TEN) Limited, one of the first listed Greek shipping companies on the Oslo and New York exchanges. He has received various awards most recently 'Lloyd's List award for the Best Tanker Operator in 2006' as well as the 'EUROPE's 500 award in 2005', 'Lloyd's List award to HELMEPA for achievement for clean and safe seas in 2004' and 'Best Maritime Manager of the New Generation' award by the magazine 'Business Administration Bulletin' at the Academy of Athens. He is an active member of the Hellenic Marine Environment Protection Association (HELMEPA) where he served as a chairman, the Union of Greek Ship-owners, the Greek Shipping Co-operation Committee of London (GSCC), the Greek Committee of Det Norske Veritas, the American Bureau of Shipping, the Bureau Veritas, the UK P&I Club and he is a member of the Executive Committee of the Independent Tanker Owners Organisation (INTERTANKO). He is a member of the Board of Directors of Bank of Cyprus since 2008.
Costas Hadjipapas *Non-Executive*	He was born in 1958. He holds a degree (BSc) in Business Administration and Economics from the Graduate School of Industrial Studies of Thessaloniki. In 1981, he joined the Bank of Cyprus Group. He has worked in various departments and has comprehensive knowledge of banking operations. He has held a number of positions and is currently the Regional Manager in Paphos. He is a member of the Board of Directors of Bank of Cyprus since 2007.
Christakis G. Christofides *Non-Executive, Independent*	He was born in 1948. He holds a B.Sc. Hons degree in Chemical Engineering from Birmingham University and an MBA from City University. He is a Chartered Engineer and a member of the Institution of Chemical Engineers of the United Kingdom. He is a member of the Board of Directors of Bank of Cyprus since 1994. He is Honorary Consul General of Austria in Cyprus. He is a businessman, supplying raw materials to industries in Cyprus and Greece.

The business address of all Board of Directors is the Bank's registered office 51 Stasinos Street, Ayia Paraskevi, Strovolos, 2002 , Nicosia, Cyprus.

Changes in the Board

At its meeting held on 8 April 2011, the Board of Directors of the Company has approved the appointment of Mrs Irene Karamanou as an independent non executive member of the Board of Directors. Moreover, Mr Andreas Jacovides resigned from the Board of Directors of the Bank with effect as at 1 January 2012 since he has reached 75 years of age and, according to the Articles of Association of Bank of Cyprus, must retire from the Board of Directors by the next Annual General Meeting of the Bank.

8.1.1 Board Committees

Specific responsibilities have been delegated to Committees of the Board. The Terms of Reference of the Committees are based on the relevant provisions of the Corporate Governance Code and the relevant Directive of the Central Bank of Cyprus.

Audit Committee

As at the date of this Prospectus the majority of the members of the Audit Committee were independent Directors:

- Stavros J. Constantinides, Chairman (independent)
- Costas Z. Severis
- George M. Georgiades (independent)
- Irene Karamanou (independent)
- Manthos Mavrommatis (independent)

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

The Audit Committee confirms that it is satisfied with the independence of the Group Internal Audit division, which reports directly to the Board of Directors through the Audit Committee. The Group Internal Audit division is organisationally independent of units with executive functions and is not subordinated to any other unit of the Bank.

The Audit Committee also recommends the appointment or retirement and the remuneration of the Group's independent auditors. The objectivity and independence of the independent auditors is safeguarded through monitoring of their relationship with the Group by the Audit Committee, including the monitoring of the balance between audit and auxiliary non-audit services.

Remuneration Committee

As at the date of this Prospectus the majority of the members of the Remuneration Committee were independent Directors:

- Manthos Mavrommatis, Chairman (independent)
- Christos Mouskis
- Stavros J. Constantinides (independent)

The Committee considers and makes recommendations to the Board on matters relating to the remuneration of executive and non-executive Directors and Senior Executive Management, as well as the overall Group remuneration policy. In addition, in accordance with Appendix 1 of the Code, the Committee prepares the annual Board of Directors' Remuneration Report which is ratified by the Board of Directors and submitted to the Shareholders' Annual General Meeting for approval.

Nominations and Corporate Governance Committee

As at the date of this Prospectus the members of the Nominations and Corporate Governance Committee were:

- Anna Diogenous, Chairperson
- Andreas Artemis (independent)
- Vassilis G. Rologis
- Christakis G. Christofides (independent)
- Manthos Mavrommatis (independent)

The Committee makes recommendations to the Board for the appointment of new Directors in order to fill vacant positions on the Board as well as for the re-election of retiring Board members, taking into consideration the relevant factors and criteria. The Committee also assesses the structure, size, composition and performance of the Board of Directors on an annual basis and submits any recommendations to the Board. The Committee is responsible for the formulation of the succession plans of the Board. Additionally, the Committee has general responsibility for the application of corporate governance principles by the Group.

Risk Committee

As at the date of this Prospectus the members of the Risk Committee were:

- Costas Z. Severis, Chairman
- George M. Georgiades, (independent)
- Andreas Artemis (independent)
- Andreas Eliades, Group Chief Executive Officer
- Costas Hadjipapas
- Nikolas P. Tsakos
- Irene Karamanou (independent)

The Committee examines, inter-alia, the Group's risk policy and systems and assesses annually the adequacy and effectiveness of the risk management policy and makes recommendations to the Board of Directors regarding these matters. The Risk Committee ensures that there is a spherical perception and management of risks.

Regional Boards for International Operations

The Bank of Cyprus Board of Directors has set up Regional Boards which are responsible for the monitoring of the international operations in each market and which report to the Board of Directors. Specifically, the Group has set up Regional Boards for the monitoring of its operations in Romania, Russia, Ukraine and the United Kingdom. The aim is for the Regional Boards to assist the Bank of Cyprus Board of Directors to carry out its duties more effectively.

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

<u>Regional Board Ukraine</u>
Christos Mouskis (Chairman), Manthos Mavrommatis (Vice-Chairman), Andreas Artemis, George M. Georgiades, Anna Diogenous, Andreas Eliades, Nikolas Karydas, Yiannis Kypri, Evdokimos Xenophontos, Yiannis Pechlivanidis, Takis Taousianis, Christis Hadjimitsis Costas Hadjipapas.

<u>Regional Board Romania</u>
Christos Mouskis (Chairman), Anna Diogenous (Vice-Chairperson), Athanasios Andreadakis, Andreas Artemis, George M. Georgiades, Andreas Eliades, Nikolas Karydas, Yiannis Kypri, Manthos Mavrommatis, Evdokimos Xenophontos, Yiannis Pehlivanides, Vassos Shiarly, Christis Hadjimitsis, Costas Hadjipapas.

<u>Regional Board Russia</u>
Andreas Artemis (Chairman), George M. Georgiades (Vice-Chairman), Andreas Eliades, Andreas J. Jacovides, Nikolas Karydas, Yiannis Kypri, Stavros Constantinides, Manthos Mavrommatis, Christos Mouskis, Yiannis Pehlivanides, Vassilis G. Rologis, Vassos Shiarly, Takis Taousianis, Nikolas P. Tsakos, Christis Hadjimitsis.

8.2 Group's Senior Executive Management

The Group's Senior Executive Management comprises of 5 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".

Christis Hadjimitsis	**Senior Group General Manager** He was born in 1957. In 1976 he graduated from the English School in Nicosia. He studied economics at the London School of Economics and obtained his degree with distinction. He worked for the accounting firm Peat Marwick, Mitchell & Co London and in 1985 he returned to Cyprus having obtained the title of Chartered Accountant, with a specialisation in banking and financial services. From 1985 until 1988 he worked for Peat Marwick, Mitchell & Co in Cyprus. In 1988 he was recruited by the Bank of Cyprus Group and in 1992 he was appointed Financial Controller of the Bank. From 1995 until 2004 he held the position of Group Financial Controller. In 2005 he was appointed Group General Manager Finance with responsibility, among others, for the Group Finance and Group Strategic Planning Divisions. On 7 February 2008 he became Group General Manager Finance and Strategy and his duties were extended with the additional responsibility for the Mergers and Acquisitions Unit. In May 2010 he was appointed Senior Group General Manager. He also served for a number of years as a member of the Board of Directors of the Cyprus Public Companies Association and of the Advisory Committee of the Cyprus Stock Exchange for the FTSE/CySE20.
Nicolas Karydas	**Senior Group General Manager** He was born in 1955. He has a degree in Business Administration from the Athens Graduate School of Economics and Business Science and an M.Soc.Sc. in Accounting from the University of Birmingham. From 1980 to 1982 he worked at the Central Bank of Cyprus. During the period 1982 to 1986 he worked for Deloitte Haskins & Sells in London and in 1985 he obtained the professional qualification of Chartered Accountant. From 1986 until 2004 he worked at the Central Bank of Cyprus where he held various positions including Manager of the Domestic Bank Supervision Department and Internal Auditor of the Central Bank. He joined the Bank of Cyprus Group in November 2004 and took up the position of Group General Manager Risk Management. In September 2009 he was appointed Group General Manager Risk Management & Markets and in May 2010 he was appointed Senior Group General Manager.

8.3 Corporate Governance Code

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

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

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

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

8.4 Statements of the Members of the Board of Directors and Senior Management

The members of the Board of Directors and Senior Management of the Company made the following statements:

(i) There is no family relationship or relationship by marriage of up to second degree, with any members of the administrative, management or supervisory bodies or senior management of the Company.

(ii) They have not been convicted in relation to fraudulent offences for the previous five years.

(iii) They have not been associated with any bankruptcies, receiverships or liquidations for the previous five years.

(iv) No official public incrimination and/or sanctions have been made against them by statutory or regulatory authorities (including designated professional bodies) and they have never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company or from acting in the management or conduct of the affairs of the Company, for the previous five years.

(v) There are no conflicts of interests between their duties as members of the administrative, management or supervisory bodies of the Company and their private or other interests. The service contracts of Board members and the Group’s Senior Executive Management comprise of the service contracts of Messrs Andreas Eliades, Yiannis Pechlivanides and Yiannis Kypri. The service contracts of the Group’s Senior Executive Management have five-year duration and on expiry are submitted to the Nominations Committee and subsequently to the Board of Directors for renewal. The service contracts include a clause for compensation in the event of an unjustified early termination. The compensation payable is two annual salaries. At the expiry of the aforementioned contracts and in the event that those are not renewed, they provide for payment of retirement benefits based on the Group’s Retirement Benefit Plan.

(vi) There has been no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of them was selected as a member of the administrative, management or supervisory bodies or member of senior management.

(vii) With the exception of any restrictions deriving from the current legislation, they do not have any contractual restriction on the disposal within a certain period of time of their holdings in the Company’s securities, except the shares that have been granted to them as part of the bonus in shares as described in Part D, Chapter 2.2, and any future bonus in shares that will be granted to them.

8.5 Participation of Directors and Executive Management Team in the Board of other Companies

8.5.1 Participation of the members of the Board of Directors in the boards of directors of other companies

The following table presents the participation of the members of the Board of Directors in the boards of directors of other companies in the last five years (excluding Group's subsidiaries).

THEODOROS ARISTODEMOU

Company Name	Type of Company	Position in the Board	Notes
A&S PUBLICATION LTD	Private	CEO	
AGROFIELD LTD	Private	CEO	
AMITY DESIGNERS LTD	Private	CEO	
ARISTO DEVELOPERS LTD	Private	Chairman	
ARISTO DEVELOPERS LTD A.E.	Private	Member	
ARISTO KTHMATIKH LTD	Private	CEO	
ARSINOE INVESTMENTS LTD	Private	CEO	
ARTHA ESTATES LTD	Private	CEO	
ASTICOM ENTERPRISES LTD	Private	CEO	
ATLAS INVEST & DEVELOPERS SRL	Private	Member	
BETTER DAYS ENTERPRISES LTD	Private	CEO	
CARIN GLOBAL MANAGEMENT SERVICES LTD	Private	CEO	
CHRIS LIVERAS INVESTMENTS LTD	Private	CEO	
DCI HOLDINGS ONE (BVI)	Private	Member	
DCI HOLDINGS TWO (BVI)	Private	Member	
DIAS INVEST SRL	Private	Member	
DOLPHIN CAPITAL ATLANTIS (CYPRUS) LTD	Private	Member	
DOLPHIN CAPITAL INVESTORS LTD	Private	Member	
ECOFUND SRL (MOLDAVIA)	Private	CEO	
ELEA BULGARIA EOOD	Private	CEO	
EURODEVELOPMENT SRL	Private	CEO	
EUROSTAR INVEST & DEVELOPERS SRL	Private	Member	
FUTURE DEVELOPMENT GROUP SRL	Private	CEO	
G.A. GABRIELIDES LTD	Private	Member	
GABS HOLDING LTD	Private	Member	
I.V. EDUCATIONAL MANAGEMENT SERVICES LTD	Private	CEO	
ICS CIDEF SRL	Private	CEO	
KADMOS OOD	Private	Member	
KENTORIA ESTATES LTD	Private	Member	
KORADJISSA INVEST. LTD	Private	Member	
LANDMARK INVEST & DEVELOPERS SRL	Private	Member	
MAGIOKO LTD	Private	Member	
MARMARIS PROPERTIES LTD	Private	Member	
MESSIEURS CHIRS LIVERAS RESTAURANT	Private	CEO	
PALEPAPHOS DEVELOPMENT LTD	Private	Member	
PAPHONI LTD	Private	Member	
RANDI GOLFERS LTD	Private	Member	
REAL YELLOW LTD (BVI)	Private	CEO	
RELIANCE INVESTMENTS SRL	Private	Member	
SILVER CAPITAL HOLDINGS LTD	Private	CEO	
SKYLARK INSURANCE LTD	Private	CEO	
SKYROM DEVELOPERS LTD	Private	Member	
SKYROM HOLDINGS LTD	Private	Member	
SKYROM INVESTMENTS LTD	Private	Member	
SKYROM REAL PROPERTIES LTD	Private	Member	
TITANIA CINEMAS ENTERPRISES LTD	Private	Member	
VALUE ADDED HOLDINGS LTD (BVI)	Private	CEO	
VENUS ROCK DEVELOPMENT LTD	Private	Member	
VENUS ROCK ESTATES LTD	Private	Member	
VERESAT GROUP SRL (MOLDAVIA)	Private	CEO	
Y&M MICHAELIDES	Private	CEO	
THEODOROS ARISTODEMOU INVESTMENTS LTD	Private	CEO	
MEDITERRANEAN ISLAND DEVELOPERS LTD	Private	CEO	
ARITHEA INVESTMENTS LTD	Private	CEO	
C.A.C. PAPANTONIOU	Public	Member	Has been a Member in the last 5 year period

ANDREAS ARTEMIS

Company Name	Type of Company	Position in the Board	Notes
COMMERCIAL GENERAL INSURANCE LIMITED	Private	Chairman	
J.C. CHRISTOPHIDES (HOLDINGS) LIMITED	Private	Member	
AKINITA CHARALAMBOUS AND AVRAS ARTEMI LTD	Private	Member	
CITY FINANCE COMPANY LIMITED	Private	Member	
MEDRISK MANAGEMENT SERVICES LIMITED	Private	Member	
N.J. DIMITRIOU (INSURANCES) LIMITED	Private	Member	
AIXMH AE	Private	Chairman	
MIDAS AE	Private	Chairman	
IKTINOS AE	Private	Chairman	
HD CAPITAL LTD	Private	Chairman	

GEORGE M. GEORGIADES

Company Name	Type of Company	Position in the Board	Notes
LOUIS PUBLIC LTD	Public	Member	
LOUIS HOTELS LTD	Public	Member	
CYPRUS LIMNI RESORTS & GOLF COURSES PLC	Public	Member	
CHR. GEORGIADES LTD	Private	CEO	
GEORGE M GEORGIADES & ASSOCIATES	Private	CEO	
MANOTEL LTD	Private	CEO	
CYPRUS ASSOCIATION OF DIRECTORS	Association	Vice chairman	
KEVE	Institute	Member	
EVEL	Institute	Member	
OPTIONS CASSOULIDES PUBLIC LTD	Public	Member	Has been a Member in the last 5 year period
CYPRUS INTERNATIONAL INSTITUTE FOR THE ENVONMENT PUBLIC HEALTH – HARVARD SCHOOL OF PUBLIC HEALTH	Institute	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
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			

IRENE KARAMANOU

Company Name	Type of Company	Position in the Board	Notes
No participation			

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	

CHRISTOS MOUSKIS

Company Name	Type of Company	Position in the Board	Notes
MUSKITA ALUMINIUM INDUSTRIES LTD	Public	Member	
MUSKITA HOTELS LTD	Private	Chairman	
MUSKITA TOURIST ENTERPRISES LTD	Private	Chairman	
G.M.LATOUR (ALAMINOS) LTD	Private	Chairman	
MUSKITA REALTY LTD	Private	Chairman	
MUSKITA HOLDINGS LTD	Private	Chairman	
MUSKITA INVESTMENTS LTD	Private	Member	
COSTA LIVERDOS SUCCESSORS HOTELIERS LTD	Private	Chairman	
C.M.LEISURE CONSULTANCY SERVICES LTD	Private	Chairman	
EMEKTAL ALUMINIUM LTD	Private	Member	
G.M. HOTELS TOURIST ENTERPRISES S.A.	Private	Member	
CYPRUS INTERNATIONAL INSTITUTE FOR THE ENVIRONMENT AND PUBLIC HEALTH IN ASSOCIATION WITH THE HARVARD SCHOOL OF PUBLIC HEALTH	Institute	Member	Has been a Member in the last 5 year period
ASSOCIATION OF CYPRUS TOURIST ENTERPRISES (ACTE)	Association	Member	
M.K. CHR. INVESTMENTS LTD	Private	Chairman	
Q.L.S. QUALITY LAUNDRY SERVICES LTD	Private	Member	
RAWLTON HOLDINGS LTD	Private	Chairman	
CHRISTOS MOUSKIS INVESTMENTS LTD	Private	Chairman	

EVDOKIMOS XENOPHONTOS

Company Name	Type of Company	Position in the Board	Notes
CYPRUS ANTICANCER ASSOCIATION	Association	Member	
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	Vice-Chairman	Has been a Member in the last 5 year period
NATIONAL BANK OF GREECE (CYPRUS)	Private	Member	Has been a Member in the last 5 year period
HELLENIC EXCHANGES S.A HOLDING		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 TRADING CORPORATION PUBLIC COMPANY LTD	Private	Member	
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	Private	CEO	

8.5.2 Participation of Bank's Senior Executive Management in the Boards of other Companies

The Group's executives do not participate in the boards of other Companies other than subsidiaries of the Group.

9.0 INFORMATION ON THE LOAN AND SHARE CAPITAL OF THE GROUP

9.1 Authorised and Issued Share Capital

9.1.1 Authorised Share Capital

As at 31 December 2010 the authorised share capital of the Company was €1.100.000.000 divided into 1.100.000.000 ordinary Shares of nominal value €1,00 each.

On 23 March 2011, the Extraordinary General Meeting of the Company's shareholders approved a resolution for the increase of the authorised share capital of the Company from €1.100.000.000 divided into 1.100.000.000 ordinary shares of nominal value €1,00 each to €1.500.000.000 divided into 1.500.000.000 ordinary shares of nominal value €1,00 each with the creation of 400.000.000 new ordinary shares of nominal value €1,00 each, which have the same rights (rank pari passu) with the existing ordinary shares of the Company.

On 5 December 2011, the Extraordinary General Meeting of the Company's shareholders approved a resolution for the increase of the authorised share capital of the Company from €1.500.000.000 divided into 1.500.000.000 ordinary shares of nominal value €1,00 each to €3.000.000.000 divided into 3.000.000.000 ordinary shares of nominal value €1,00 each with the creation of 1.500.000.000 new ordinary shares of nominal value €1,00 each, which have the same rights (rank pari passu) with the existing ordinary shares of the Company.

As at the date of the Prospectus, the authorised share capital of the Company is €3.000.000.000 divided into 3.000.000.000 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 Company amounts to €899.527.638 divided into 899.527.638 ordinary Shares of nominal value €1,00 each, which are listed on the Cyprus Stock Exchange and Athens Exchange.

Dividend Reinvestment Plan

The Company has in force a Dividend Reinvestment Plan under which all shareholders have the option to reinvest all or part of their dividend in shares of the Company at a discount of 10% on the market value of the shares.

Share-based payments – share options

On 14 May 2008, the Annual General Meeting of the Company's shareholders approved the granting of share options to Group employees, without these shares being first offered to existing shareholders and authorised the Board of Directors to issue up to 15 mn 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 mn 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 mn additional Share Options 2008/2010 to Group employees who were in service on 30 June 2009.

Each Share Option 2008/2010 gave its holder the right to purchase one share of the Company at the price of €5,50 per share. As a result of the rights issue to the Company's shareholders in October 2010 and the special distribution of interim dividend in the form of shares in November 2010, the exercise price of the Share Options was adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. On 31 December 2009, 2/3 of the Share Options 2008/2010 granted had vested to the beneficiaries; the remaining 1/3 of the share options had been vested on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 31 March of 2011, 2012 and 2013 and from 1 November to 31 December 2012 and 2013. The Share Options 2008/2010 are not transferable and are unlisted.

On 23 March 2011, the Extraordinary General Meeting of the Company's shareholders approved the amendment of the terms of the Share Options Plan of the Bank for the employees of the Bank of Cyprus Group, regarding the exercise price of the Share Options that was amended to €3,30.

The Company's Share Capital as from 31 December 2007 until the date of the Prospectus evolved as follows:

As at 31 December 2007, the issued and fully paid share capital of the Company was £283.111.541,50 (€476.929.702,81) divided into 566.223.083 ordinary Shares of nominal value £0,50 (€0,8423) each.

(i) As at 1 January 2008, the nominal value of the share capital of the Company was converted from £0,50 to €1,00 per share. Share premium amounting €82.497 thousand (£48.284 thousand) was applied for the increase in the nominal value of the shares, so that the number of issued shares remain the same.

(ii) On 23 January 2008, the issued share capital of the Company 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 Company's share capital on 31 December 2007 amounted to £283.111.541,50 divided into 566.223.083 ordinary shares, of a nominal value of £0,50 each.

(iii) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 10 June 2008, 7.186.618 new ordinary shares of a nominal value €1,00 each were issued by the Company. 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 Company's share premium increased by €48.437.805,32.

(iv) Within the framework of the Dividend Reinvestment Plan for the dividend paid on 9 December 2008, 13.251.955 new ordinary shares of a nominal value €1,00 each were issued by the Company. The price at which the shares were issued was €2,71 per share. 22.877 shareholders exercised their right and participated in the Bank's Dividend Reinvestment Plan. 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 Company's share premium increased by €22.660.843,00.

(v) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 10 June 2009, 7.082.906 new ordinary shares of a nominal value €1,00 each were issued by the Company. The price at which the shares were issued was €3,93 per share. 24.878 shareholders exercised their right and participated in the Bank's Dividend Reinvestment Plan. 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 Company's share premium increased by €20.752.914,58.

(vi) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 8 December 2009, 4.451.780 new ordinary shares of a nominal value €1,00 each were issued by the Company. 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 Company's share premium increased by €14.468.285.

(vii) Under the terms of the Dividend Reinvestment Plan, for the dividend paid on 17 June 2010, 6.009.613 new ordinary shares of a nominal value €1,00 each were issued by the Company. 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 Company's share premium increased by €11.478.360,83.

(viii) During the first conversion period of the Convertible Bonds 2013/2018, between 15-30 September 2010, 45.866 Convertible Bonds were converted into shares. 4,971 shares have been issued to the investors that applied for conversion of Convertible Bonds into shares of the Company at the adjusted conversion price of €9,22 per share. Following the conversion of the Convertible Bonds into shares of the Company, the total share capital of the Company amounts to €604.210.926,00 comprising of 604.210.926 shares of nominal value of €1.00 each and the share premium account has increased by €40.861,62.

(ix) During the first conversion period of the Convertible Capital Securities, between 15-30 September 2010, 90.001 Convertible Capital Securities were converted into shares. 18,661 shares have been issued to the investors that applied for conversion of Convertible Capital Securities into shares of the Company at the adjusted conversion price of €4,82 per share. Following the conversion of the Convertible Capital Securities into shares of the Company, the total share capital of the Company amounts to €604.229.587,00 comprising of 604.229.587 shares of nominal value of €1.00 each and the share premium account has increased by €70.185,02.

(x) On 22 October 2010 the Group completed the increase of its share capital through a rights issue of up to €345 mn. Each outstanding ordinary share received one nil paid pre-emptive subscription right. Every 7 pre-emptive subscription rights exercised were converted into 2 new ordinary shares at €2,00 per each new share. As a result, 172.630.273 new shares were issued and the Company's share capital and share premium increased by €172.630 thousand each. Following the aforementioned increase of share capital, the total share capital of the Company on 10 November 2010 amounts to €776.859.860,00 comprising of 776.859.860 shares of nominal value of €1.00 each.

(xi) On 20 September 2010, the Extraordinary General Meeting of the Company's shareholders approved the special distribution of an interim dividend of €0,50 per share in the form of shares at the Issue Price €3,25. As a result, on 11 November 2010, 113.198.589 shares were issued of nominal value €1,00 each and the share capital of the Company increased by €113.198.589, amounting to €781.749.609 divided into 781.749.609 shares of nominal value €1,00 each and share premium increased by €254.696.825,25.

(xii) Within the framework of the Dividend Reinvestment Plan for the dividend paid on 11 November 2010, 4.889.749 new ordinary shares of a nominal value €1,00 each were issued by the Company. The price at which the shares were issued was €3,04 per share. As a result of the dividend reinvestment, 4.889.749 shares were issued and the Company's issued share capital increased by €4.889.749 and the Company's share premium increased by €9.975.087,96. Taking into account the 113.198.589 shares which have resulted from the special distribution of an interim dividend in the form of shares the Company's share capital increased to €894.948.198,00 divided into 894.948.198 ordinary shares, of nominal value €1,00 each and the Company's share premium increased by €9.975.087,96.

(xiii) Within the framework of the Dividend Reinvestment Plan for the dividend paid on 16 June 2011, 4.192.331 new ordinary shares of a nominal value of €1,00 each were issued by the Company. The price at which the shares were issued is €2,00 per share. 26.843 shareholders participated in the Plan and as a result of the dividend reinvestment 4.192.331 new shares were issued and the Company's issued share capital increased by €4.192.331 amounting to €899.140.529 divided into 899.140.529 ordinary shares, of a nominal value of €1,00 each.

(xiv) During the first conversion period of the CECS from 1 to 15 September 2011, the following shares were issued from the conversion of CECS both in euro and US Dollars:

- 14.963 shares were issued from the conversion of CECS in euro to Bank of Cyprus shares at the conversion price of €3,30
- 16.323 shares were issued from the conversion of CECS in US Dollars of nominal value $73.888, to Bank of Cyprus shares and the conversion price of €3,30. The principal amount in US Dollars was translated into Euros on 15 September 2011 at the fixed rate of €1:$1,3717. As a result of the aforementioned conversion increased to 94.926.112 CECS in US Dollars and the Company's share premium increased by €71.957,80.

(xv) During the conversion period between 15-30 September 2011, 1.366 new ordinary shares have been issued from the conversion of Capital Securities having a nominal value of €5.798 at the conversion price of €4,24. With the above conversion the Company's share premium account has increased by €4.425,84.

(xvi) Taking into account the conversion of Capital Securities and CECS into shares of the Company, the total share capital of the Company amounts to €899.173.181,00 comprising of 899.173.181 shares of nominal value of 1,00 each.

(xvii) During the second conversion period of the CECS from 15 to 30 November 2011, 354.457 shares were issued from the conversion of CECS in euro with nominal value of €1.169.709 at the conversion price of €3,30. With the above conversion the Company's share premium account has increased by €815.251,10. Taking into account the conversion of CECS into shares of the Company, the total share capital of the Company amounts to €899.527.638,00 comprising of 899.527.638 shares of nominal value of €1,00 each.

9.2 Shareholder Structure

Major Shareholders

Bank of Cyprus Public Company Limited is a company with a large number of shareholders amounting as at 30 September 2011 to 86.152 shareholders.

As at 30 September 2011 9,99% of the share capital of the Company was held by Odella Resources Ltd, which belongs to the trustees of a Cypriot international discretionary trust. The beneficiaries of the trust are Mr Dmitriy Rybolovlev and his two daughters. There were not any other shareholders holding, directly or indirectly, more than 5% of the issued share capital of the Company. As from 30 September 2011 and until the date of this Prospectus there were no changes in the major shareholders of the Company, so far as the Company is aware.

Company's issued shares have the same voting rights (ranking pari passu) and as a result Odella Resources Ltd has the same voting rights and the same priority class (ranking pari passu) with all the other shareholders of the Company.

9.3 Directors Shareholding interest

The Shareholding Interest of the Directors of the Company (direct and indirect) as at 30 September 2011 was as follows:

Director's Name	Number of shares (directly)	Number of shares (indirectly)	Total number of shares	Holding %
Theodoros Aristodemou	16.340.813	39.144	16.379.957	1,822
Andreas Artemis	43.776	3.255.395	3.299.171	0,367
Georgios M. Georgiades	1.641	233.258	234.899	0,026
Anna Diogenous	71.687	1.470.137	1.541.824	0,171
Andreas Eliades	363.846	292.241	656.087	0,073
Andreas J. Jacovides*	200.000	0	200.000	0,022
Irene Karamanou	4.000	1.556	5.556	0,001
Yiannis Kypri	82.486	26.239	108.725	0,012
Stavros J. Constantinides	135.265	0	135.265	0,015

Manthos Mavrommatis	356.014	99.524	455.538	0,051
Christos Mouskis	18.793	286.219	305.012	0,034
Evdokimos Xenophontos	1.563	541	2.104	0,000
Yiannis Pechlivanides	0	3.000	3.000	0,000
Vassilis G. Rologis	6.238	1.059.195	1.065.433	0,118
Costas Z. Severis	697.398	3.325.402	4.022.800	0,447
Nicolaos P. Tsakos	0	0	0	0,000
Costas Hadjipapas	2.180	3.931	6.111	0,001
Christakis G. Christofides	364.713	230.546	595.259	0,066

* Note: Mr Andreas J. Jacovides has resigned from the Board of Directors on the 1st of January 2011

As at 30 September 2011, the Shareholding Interest (exluding the Shareholding Interest of the three Executive Managers) of the Directors of the Company (direct and indirect) amounted to 597.332 ordinary shares 0,066%.

9.4 Subordinated Loan Stock

	Contractual interest rate	30 September 2011	31 December 2010	2009	2008
		€000	€000	€000	€000
Subordinated Bonds 2011/2016 (€200 mn)	Three-month Euribor plus 0,60%	-	127.315	142.618	187.748
Capital Securities Series B (€51 mn)	Base rate plus 1,00%	-	-	-	50.713
Capital Securities 12/2007 (€126 mn)	Three-month Euribor plus 1,25%	22.159	122.023	123.773	124.034
Convertible Bonds 2013/2018 (€573 mn)	7,50% until June 30 2009 and six-month Euribor plus 1% thereafter	27.479	40.986	41.090	563.726
Convertible Capital Securities (€645 mn)	5,50%	72.636	634.034	633.304	-
Subordinated Bonds in Ukrainian Hryvnia 12/2016	12,00%	-	-	-	1.806
Subordinated Bonds in US Dollars 2013/2014/2015	2,50%	6.571	6.584	6.058	6.058
Total		**128.845**	**930.942**	**946.843**	**934.085**

The subordinated loan stock issued by the Company is not secured and the rights and claims of loan stockholders are subordinated to the claims of depositors and other creditors of the Company, but have priority over those of the shareholders of the Company. The Subordinated Bonds are classified as Tier 2 Capital and the Capital Securities as Tier 1 Capital for capital adequacy purposes.

Subordinated Bonds

The Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 mn (31 December 2010: €4.000 mn).

Under the EMTN Programme, the Bank has the flexibility to issue, according to its needs, senior debt and/or subordinated debt in all major currencies.

Under the EMTN Programme, the Company issued in May 2006, €200 mn 2011/2016 bonds maturing in May 2016. The Company had the option to call the bonds in whole during or after May 2011. The Company exercised the call option on 4 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 at 9,861%. The bonds were listed on the Luxembourg Stock Exchange.

The Subordinated Bonds in Ukrainian Hryvnia maturing on 31 December 2016 were issued by PJSB Bank of Cyprus in Ukraine in May 2008 and were redeemed at par in January 2009.
The Subordinated Loans in US Dollars 2013/2014/2015 were issued by CB Uniastrum Bank LLC and mature as follows: US$2 mn on 31 December 2013, US$2,5 mn on 31 December 2014 and US$2 mn on 31 December 2015. The interest rate can be changed unilaterally by the issuer at any time until maturity.

Convertible Bonds
In July 2008, the Company issued Convertible Bonds 2013/2018, with nominal value of €573 mn in Euro, maturing in June 2018. The Convertible Bonds carried a fixed interest rate of 7,50% per annum until 30 June 2009 and floating interest rate thereafter, set at the six-month Euribor plus 1,00% until June 2013 and plus 3,00% thereafter.

In accordance with the share capital increase through a rights issue of up to €345 mn, and the distribution of special interim dividend for the year 2010 of €0,50 per share, the conversion price of the Convertible Bonds has been amended, according to their terms, from €10,50 to €8,11 per share. The conversion periods are between 15-30 September of years 2010-2012 and 15-31 March of years 2011-2013. The Convertible Bonds may be redeemed at the option of the Company on or after 30 June 2013, subject to the prior consent of the Central Bank of Cyprus. On 6 June 2009, Convertible Bonds 2013/2018 with nominal value €527 mn were exchanged for Convertible Capital Securities of an equal nominal rate.

On 17 May 2011, Convertible Bonds 2013/2018 with nominal value of €19 mn were exchanged for Convertible Enhanced Capital Securities. The Convertible Bonds 2013/2018 are listed on the Cyprus Stock Exchange and the Athens Exchange.

Convertible Capital Securities
On 6 June 2009, the Company issued €645 mn Convertible Capital Securities that 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 mn and the remaining €118 mn 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 set at 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 holder. Their conversion price was adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. The conversion periods are between 15-30 September of years 2010-2013 and 15-31 March of years 2011-2014.

The Convertible Capital Securities are perpetual, but may be redeemed at the option of the Company, at par together with any accrued interest, on 30 June 2014 or on any other interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus.

On 17 May 2011, Convertible Capital Securities with nominal value of €572 mn were exchanged for Convertible Enhanced Capital Securities. The Convertible Capital Securities are listed on the Cyprus Stock Exchange and the Athens Exchange.

Capital Securities
The €51 mn Capital Securities Series B and the €126 mn 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.

On 17 May 2011, €104 mn of nominal value Capital Securities 12/2007 were exchanged for Convertible Enhanced Capital Securities.

9.5 Convertible Enhanced Capital Securities

	30 September 2011	31 December 2010
	€000	**€000**
Convertible Enhanced Capital Securities (CECS)	860.405	-

The Convertible Enhanced Capital Securities (CECS) were issued by the Company on 18 May 2011, following the approval by the Extraordinary General Meeting of shareholders held on 23 March 2011. The CECS qualify as tier 1 capital. The CECS were offered via a priority right to subscribe to the existing shareholders. Existing shareholders and other applicants could subscribe to the CECS issue by paying the corresponding consideration for the CECS either in cash or in the form of 'Eligible Securities' of the Company and specifically (i) Convertible Bonds 2013/2018 (ii) Convertible Capital Securities and (iii) Capital Securities 12/2007, of an equal nominal value, which had priority after the existing holders and before any other applicants.

The issue of the CECS consists of €820 mn in euro and $95 mn in US Dollars out of which €695 mn originated from the exchange of Eligible Securities. The CECS issued in Euro, bear a fixed interest rate of 6,50% per annum until 30 June 2016 and 6-month Euribor plus 3,00% per annum thereafter. The CECS issued in US Dollars bear a fixed interest rate of 6,00% per annum until 30 June 2016 and 6-month Libor plus 3,00% per annum thereafter. The Company may, at any time at its sole discretion, taking into account its specific financial and solvency condition, elect to cancel an interest payment on a non cumulative basis. Any coupon not paid is no longer due and payable by the Company.

The CECS may be converted at the option of the holder during any conversion period. The conversion periods are: 1-15 September 2011, and then 1-15 March, 15-31 May, 1-15 September and 15-30 November of each subsequent year. The last conversion date is 31 May 2016.

The CECS are perpetual without a maturity date but the Company may elect to redeem all but not some of the CECS at their principal amount together with any accrued interest, on 30 June 2016 or on any other interest payment date thereafter, subject to the prior approval of the Central Bank of Cyprus.

If a Contingency Event or Viability Event occurs, the CECS shall be mandatorily converted into ordinary shares of the Company. The conversion price is set at 80% of the weighted average market price of the shares during the previous 5 business days, with a ceiling price of €3,30 and a floor price equal to the nominal value of the ordinary shares (€1,00).

A Contingency Event occurs if (i) the Company's core tier 1 ratio is below 5% or, after the implementation of the Basel III regulations, its common equity tier 1 ratio is below the required capital adequacy regulatory limits or (ii) the Central Bank of Cyprus determines that the Company is in non-compliance with the required capital adequacy regulatory limits.

A Viability Event occurs if (i) the Central Bank of Cyprus determines that the conversion of the CECS is required to improve the capital adequacy and financial position of the Company to prevent insolvency and/or (ii) the Central Bank of Cyprus determines that the Company requires public sector support to prevent it from becoming (a) insolvent (b) bankrupt or (c) unable to pay a material amount of its debts, or (iii) other similar circumstances.

The CECS are listed on the Cyprus Stock Exchange and the Athens Exchange.

9.6 Debt Securities in Issue

Debt Securities in issue as presented in the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2011 and the audited consolidated financial statements of the Group for the financial years 2010, 2009 and 2008 are as follows:

	Contractual interest rate	30 September 2010 €000	31 December 2010 €000	2009 €000	2008 €000
Medium term senior debt					
€500 mn 2007/2010	Three-month Euribor plus 0,20%	-	-	450.992	480.130
€300 mn 2006/2009	Three-month Euribor plus 0,33%	-	-	-	286.350
€30 mn 2008/2011	Three-month Euribor plus 0,65%	-	-	-	30.349
SEK50 mn 2009/2012	OMX Stockholm 30 index	5.151	5.315	4.852	-
SEK100 mn 2010/2014	Return of specific shares	11.061	11.371	-	-
US$50 mn 2008/2013	Six-month Libor plus 0,50%	-	-	-	36.275
RUB 1.500 mn 2010	16%	-	-	2.303	1.651
RUB 1.000 mn 2009	11%	-	-	-	2.073
€2 mn 2010/2016	DJ EUROSTOXX 50 Index	1.897	2.000	-	-
USD 2 mn 2010/2016	S&P 500 Index	1.529	1.545	-	-
		19.638	**20.231**	**458.147**	**836.828**
Short term commercial paper					
Euro	-	-	4.997	29.495	74.933
US Dollars	-	-	7.470	13.527	20.092
		-	**12.467**	**43.022**	**95.025**
Other Debt Securities in Issue					
RUB Certificates of Deposit and Promissory Notes	11%	44.693	50.767	17.450	26.824
Interest-free loan from the European Development Bank	-	492	492	492	492
Total		**64.823**	**83.957**	**519.111**	**959.169**

Debt securities in issue are not secured and the rights and claims of debt security holders rank pari passu with the claims of depositors and other creditors of the Group.

The fair value of the Group's debt securities in issue at 31 December 2010 was €86.074 thousand (2009: €514.612 thousand).

The Group purchases its debt securities in issue for trading purposes. The nominal amount of the debt securities in issue held by the Group was:

	2010	2009	2008
	€000	€000	€000
€500 mn 2007/2010	-	48.900	19.750
€300 mn 2006/2009	-	-	13.900

In May 2009 the Group completed the securitisation of mortgage loans, as a result of which €1.000 mn residential mortgage backed notes were issued. In September 2009, the Group completed the securitisation of finance lease receivables, as a result of which €689 mn 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 residential mortgage backed notes issued in May 2009 were repaid at par in March 2011.

Medium term senior debt
The Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 mn (31 December 2010: €4.000 mn and 31 December 2009: €4.000 mn).

Under the EMTN Programme, the Bank has the flexibility to issue, according to its needs, senior debt and/or subordinated debt in all major currencies.

Under the EMTN Programme, the Company issued in May 2009 the SEK 50 mn 2009/2012 bonds, the redemption amount of which is linked to the OMX Stockholm 30 Index.

Also, under the EMTN Programme, the Company issued in March 2010 SEK 100 mn 2010/2014 bonds, the redemption amount of which is linked to the return of specific shares listed on the Stockholm Stock Exchange.

The RUB 1.500 mn 2010 bonds were issued at par by CB Uniastrum Bank LLC in April 2007 and were redeemed at par at April 2010.

In May 2010, the Company issued the €2 mn 2010/2016 and USD 2 mn 2010/2016 bonds, the redemption amount of which is linked to the DJ EUROSTOXX 50 and S&P 500 indices, respectively.

The €500 mn 2007/2010 bond which was issued in June 2007 matured in June 2010 and was redeemed at par.

The €500 mn 2007/2010 bonds are listed on the Luxembourg Stock Exchange. The RUB 1.500 mn 2010 bond was listed on the Moscow Interbank Currency Exchange (MICEX).

The €300 mn 2006/2009 bonds issued in June 2006, matured in June 2009 and were redeemed at par.

In addition, the holders of the US$50 mn 2008/2013 bonds, issued in July 2008, and the holders of the €30 mn 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 mn 2009 bond was issued at par by CB Uniastrum Bank LLC in February 2006 and mature in February 2009. During 2009, the issuer has redeemed the RUB 1.000 mn 2009 bond at par.

Short term commercial paper

The Company established a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 mn (31 December 2010: €1.000 mn and 31 December 2009: €1.000 mn). 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 which were issued by CB Uniastrum Bank LLC at par, are unlisted and have maturities up to one year.

9.7 Debt securities in issue, subordinated loan stock and equity as at 30 September 2011

The Group's capital and net financial assets, as presented in the interim condensed consolidated financial statements for nine months ended 30 September 2011, are summarised in the following tables:

The Group's debt securities in issue, subordinated loan stock and equity as at 30 September 2011 is presented as follows:

Debt securities in issue, subordinated loan stock and equity - 30 September 2011	€000
Liabilities	
Debt Securities in issue	
Medium term senior debt	19.638
Short term commercial paper	-
Other debt securities in issue	45.185
	64.823
Subordinated loan stock	
Capital Securities 12/2007	22.159
Convertible Bonds 2013/2018	27.479
Convertible Capital Securities	72.636
Subordinated Bonds in US Dollars 2013/2014/2015	6.571
	128.845
Total debt securities in issue and subordinated loan stock	**193.668**
Total equity	
Share Capital	899.173
Share Premium	1.164.087
Convertible Enhanced Capital Securities	860.405
Revaluation and other reserves	(50.230)
Retained earnings	27.148
Equity attributable to the owners of the Company	2.900.583
Non-controlling interests	87.140
Total Equity	**2.987.723**
Indebtedness to Equity Ratio	**6,48%**

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.

There were no major changes on the Company's debt securities in issue, subordinated loan stock and equity from 30 September 2011 until the date of this Prospectus.

The following table summarises the Group's net financial assets as at 30 September 2011:

	€'000
A. Cash and balances with central banks	953.705
B. Placements with Banks	2.524.742
C. Investments available for sale	1.673.605
D. Total Liquidity (D) = (A) + (B) + (C)	**5.152.052**
E. Advances to banking institutions	1.115.650
F. Obligations to central banks and amounts due to banks – Short term	2.279.099
G. Debt Securities in issue- Short term	64.823
H. Current Financial Debt (H) = (F) + (G)	**2.343.922**
I. Net Current Financial Assets (Indebtedness) (I) = (D) + (E)- (H)	**3.923.780**
J. Obligations to central banks and amounts due to banks – Long term	534.604
K. Subordinated loan stock – Long term	128.845
L. Non current Financial Indebtedness (L) = (J) + (K)	**663.449**
M. Net Financial Assets (Indebtedness) (M) = (I) - (L)	**3.260.331**

9.8 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.

At 30 September 2011, the Group's shareholder funds amounted to €2,99 bn and the Group's core tier 1 ratio and tier 1 ratio amounted to 5,8% and 9,5% respectively. Upon the completion of the Plan in its entirety, the pro-forma Core Tier 1 capital ratio and Tier 1 capital ratio as at 30 September 2011 are estimated at 9,6% and 11,0% respectively.

The Group expects that with the completion of the Capital Strengthening Plan, internally generated capital through profits and effective management of risk weighted assets it will be in a position to cover the minimum required ratios within a reasonable period of time.

9.9 Working Capital Statement

The Issuer states that in its opinion, the working capital is sufficient for the Groups's present requirements over the next 12 months from the date of this Prospectus.

9.10 Capital Management

The capital adequacy of the Group is monitored by reference to regulations issued by the Central Bank of Cyprus through its Directive for the Calculation of the Capital Requirements and Large Exposures.

The primary objective of the Group's capital management is to ensure that it complies with the regulatory capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder value.

In July 2011, the Central Bank of Cyprus amended its Directive for the Calculation of Capital Requirements and Large Exposures, introducing a new ratio for core tier 1 capital. The minimum level of the new ratio was set at 8% plus an increment based on the ratio of the Group's assets to the Republic of Cyprus' gross domestic product. This increment was set at zero until 30 December 2012. The minimum levels of the tier 1 and total capital ratios were set at 9,5% and 11,5% respectively. The Directive provides for a transitional period up to 2014. The Central Bank of Cyprus may also impose additional capital requirements not covered by Pillar I.

There are also local regulatory capital requirements for banking subsidiaries operating overseas. These subsidiaries comply with the regulatory capital requirements of their host regulator as well as the requirements of the directives of the Central Bank of Cyprus. The insurance subsidiaries of the Group comply with the requirements of the Superintendent of Insurance, including minimum solvency ratios.

	Pro forma	**As submitted to the regulatory authorities**	
	30 September 2011	**30 September 2011**	**31 December 2010**
Regulatory capital	**€000**	**€000**	**€000**
Core original own funds	2.526.777	1.530.777	2.204.195
Original own funds	2.881.977	2.485.977	2.955.847
Additional own funds	180.093	180.093	313.027
Book value of insurance companies	(150.571)	(150.571)	(140.370)
Total regulatory capital	**2.911.499**	**2.515.499**	**3.128.504**
Risk weighted assets – credit risk	23.884.262	23.884.262	23.854.855
Risk weighted assets – market risk	2.650	2.650	2.588
Risk weighted assets – operational risk	2.419.175	2.419.175	2.419.175
Total risk weighted assets	**26.306.087**	**26.306.087**	**26.276.618**

	%	%	%
Core Tier 1 ratio	9,6	5,8	8,4
Tier 1 ratio	11,0	9,5	11,3
Tier 2 ratio	0,7	0,7	1,2
Total capital ratio	**11,1**	**9,6**	**11,9**

The pro-forma capital ratios presented in the table above have been calculated including the Rights Issue of up to €396,9 mn and the voluntary exchange of Convertible Enhanced Capital Securities of up to €600 mn, assuming they are taken up in full.

The decrease in regulatory capital during the nine months ended 30 September 2011 is the result of (i) the financial results of the Group for the nine months including the impairment of GGBs, (ii) the issue of Convertible Enhanced Capital Securities and (iii) the issue of shares under the dividend reinvestment plan.

The Group's capital adequacy ratios are lower than the minimum requirements of the Central Bank of Cyprus. The Group currently expects that with the implementation of the Capital Strengthening Plan, its future profitability and the effective management of its risk weighted assets, it will be in a position to cover the minimum required ratios within a reasonable period of time.

European Banking Authority Capital Exercise

It is noted that the Group was subject to a Capital Exercise for addressing concerns over sovereign exposure on its portfolio of sovereign bonds conducted by the European Banking Authority (EBA) in cooperation with the Central Bank of Cyprus.

The capital exercise proposed by the EBA and agreed by the Council on 26 October 2011 requires banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect current market prices. In addition, it requires them to establish a buffer such that the Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012. The amount of any final capital shortfall identified is based on September 2011 figures. The amount of the sovereign capital buffer will not be revised.

71 banks across Europe, including the Bank of Cyprus, were subject to the capital exercise whose objective is to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risk related to the current difficult market environment. This buffer would explicitly not be designed to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

Following completion of the capital exercise conducted by the European Banking Authority, in close cooperation with the Central Bank of Cyprus, the exercise has determined that Bank of Cyprus has a capital shortfall of €1.560 mn which must be addressed by end June 2012. The EBA intends to consider contingent convertibles, which are intended to absorb potential contingent losses, as eligible for the capital buffer. Bank of Cyprus has in issue €887 mn Convertible Enhanced Capital Securities (CECS) which are currently part of Tier 1 capital, are Basel III compliant and which have truly loss absorbing characteristics. Taking into account the already issued €887 mn CECS, the remaining capital shortfall based on the estimate by EBA is €673 mn. Bank of Cyprus expects to be in a position to cover the capital shortfall of €673 mn through the expected completion of a rights issue to raise up to €396,9 mn which is offered to the current shareholders (assuming full exercise of the Rights) and to holders of eligible convertible securities according to the current Prospectus, internal profit generation for the 9 month period ending June 2012 and other actions among which is the efficient management of risk weighted assets. Bank of Cyprus intends to take measures to ensure that by the end of June 2012 it will adhere to the 9% core tier ratio and, to this end, submit a plan to the Central Bank of Cyprus. In this plan the Bank will set out the proposed mix of actions to meet the required 9% target thereby bringing the shortfall to zero by June 2012. The plan – to be submitted by 20 January 2012 – will be discussed with Central Bank of Cyprus, in consultation with the relevant college of supervisors and the EBA.

10.0 DIVIDEND POLICY

The Board of Directors continuously monitor and adjust the dividend policy of the Group by taking into account market conditions, the results of the Group and the Group's capital requirements for expansion of its activities. The dividend policy of the Group for the last 15 years is summarised as follows:

For Financial Year	Payment Date		Amount paid in cash	Total amount for the year	Share Nominal Value
1996	15 October 1996	(interim)	£0,06	£0,18	£1,00
	24 April 1997	(final)	£0,12		
1997	9 October 1997	(interim)	£0,06	£0,18	£1,00
	16 April 1998	(final)	£0,12		
1998	9 October 1998	(interim)	£0,08	£0,23	£1,00
	8 April 1999	(final)	£0,15		
1999	30 September 1999	(interim)	£0,04	£0,12	£0,50
	11 April 2000	(final)	£0,08		
2000	6 October 2000	(interim)	£0,05	£0,13	£0,50
	10 May 2001	(final)	£0,08		
2001	4 October 2001	(interim)	£0,05	£0,13	£0,50
	14 May 2002	(final)	£0,08		
2002	*No dividends paid*				
2003	*No dividends paid*				
2004	25 May 2005	(final)	£0,04	£0,04	£0,50
2005	1 June 2006	(final)	£0,07	£0,07	£0,50
2006	24 November 2006	(interim)	£0,07	£0,17	£0,50
	8 June 2007	(final)	£0,10		
2007	26 November 2007	(interim)	£0,11	£0,26	£0,50
	23 May 2008	(final)	€0,25		
2008	21 November 2008	(interim)	€0,15	€0,27	€1,00
	25 May 2009	(final)	€0,12		
2009	25 November 2009	(interim)	€0,08	€0,16	€1,00
	4 June 2010	(final)	€0,08		
2010	29 October 2010	(interim)	€0,06		
	29 October 2010	(special distribution)	€0,50*		
	2 June 2011	(final)	€0,03	€0,09**	€1,00

* Dividend €0,50 per share in the form of shares
** Excluding the special distribution of €0,50 in the form of shares in November 2011.

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 (cost & valuation) and equipment comprises of:

	30 September 2011 €000	2010	2009	2008
Freehold Property	342.744	342.231	336.370	348.881
Improvements on leasehold property	32.092	34.757	29.116	29.152
Total	**374.836**	**376.988**	**365.486**	**378.033**
Equipment	**40.907**	**41.793**	**40.786**	**43.328**
Property and Equipment	**415.743**	**418.781**	**406.272**	**421.361**

Property includes land amounting to €108.791 thousand (2009: €105.091 thousand) for which no depreciation is charged. The Group's freehold property of PJSB Bank of and CB Uniastrum Bank LLC was revalued at 31 October 2008 and 31 December 2008 respectively. The remaining freehold property of the Group was revalued at 30 June 2007. These valuations were carried out by independent qualified valuers, on the basis of market value using observable prices and recent market transactions.

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2010 would have amounted to €225.750 thousand (2009: €216.986 thousand).

There were no major changes on the Company's property as at the date of this Prospectus.

12.0 INVESTMENTS

The Group's major investments during the last three fiscal periods ended on 31 December 2010, 2009 and 2008 as well as during the nine month period ended 30 September 2011 are presented as follows:

	30 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**
	€000	**€000**	**€000**	**€000**
Investments at fair value through profit and loss	55.203	200.855	346.127	334.371
Investments available-for-sale	1.673.605	2.320.239	4.168.056	3.050.378
Investments held-to-maturity	946.817	1.022.850	93.079	309.851
Investments classified as loans and receivables	1.544.711	1.801.650	320.851	542.768
Total	**4.220.336**	**5.345.594**	**4.928.113**	**4.237.368**
Investment Properties	163.669	116.307	53.007	33.293
Investment in associate company	3.113	3.805	6.552	5.663

There were no major changes on the Group's investments as at the date of this Prospectus.

The above investments include amounts pledged as collateral under repurchase agreements with banks, as follows:

	30 September 2011	**2010**	**2009**
	€000	**€000**	**€000**
Investments at fair value through profit or loss	25.955	26.812	-
Investments available-for-sale	821.871	770.894	581.926
Investments held-to-maturity	146.431	210.880	-
Investments classified as loans and receivables	719.472	29.450	-
	1.713.729	**1.038.036**	**581.926**

All investments pledged as collateral for the repurchase agreements can be sold or repledged by the counterparty.

12.1 Investments at fair value through profit and loss

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€000	€000	€000	€000
Debt securities	46.307	184.730	315.027	311.175
Equity securities	8.715	16.125	29.304	21.106
Mutual funds	181	-	1.796	2.090
Total	**55.203**	**200.855**	**346.127**	**334.371**

Debt securities				
Cyprus government	16.710	154.177	284.242	281.488
Other governments	28.210	1.388	1.995	1.869
Banks and other corporations	1.387	29.165	28.790	27.818
	46.307	**184.730**	**315.027**	**311.175**

Equity securities				
Listed on the Cyprus Stock Exchange	6.294	5.835	16.700	6.283
Listed on other stock exchanges	2.336	10.205	11.129	11.766
Unlisted	85	85	1.475	3.057
	8.715	**16.125**	**29.304**	**21.106**
Mutual Funds	**181**	**-**	**1.796**	**2.090**
Total	**55.203**	**200.855**	**346.127**	**334.371**

12.2 Investments available-for-sale

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**	**€000**
Debt securities	1.624.578	2.257.442	4.088.368	3.029.540
Equity securities	49.027	62.797	79.688	20.838
Total	**1.673.605**	**2.320.239**	**4.168.056**	**3.050.378**
Debt Securities				
Cyprus government	147	314.219	445.437	187.211
Other governments	995.781	488.194	1.079.012	648.704
Banks and other corporations	628.308	1.454.707	2.559.518	2.191.491
Cyprus local authorities	342	322	4.401	2.134
	1.624.578	**2.257.442**	**4.088.368**	**3.029.540**
Geographic dispersion by country of issuer				
Cyprus	1.707	335.519	511.300	223.361
Greece	174.568	356.064	927.318	584.212
United Kingdom and Ireland	162.117	236.364	660.113	444.963
France	533.425	136.063	259.635	303.674
Germany	38.896	84.310	116.642	182.549
Other European countries	458.299	558.377	804.425	388.097
U.S.A. and Canada	114.358	416.793	662.027	681.678
Australia	34.188	59.172	98.587	141.614
Other countries	57.569	32.464	17.757	16.288
Supranational organisations	49.451	42.316	30.564	63.104
	1.624.578	**2.257.442**	**4.088.368**	**3.029.540**
Equity Securities				
Listed on the Cyprus Stock Exchange	8.226	14.856	21.063	19.359
Listed on other stock exchanges	40.126	47.368	57.974	239
Unlisted	675	573	651	1.240
	49.027	**62.797**	**79.688**	**20.838**
Total	**1.673.605**	**2.320.239**	**4.168.056**	**3.050.378**

Available-for-sale investments at 31 December 2010, include €1.420 thousand (2009: €1.999 thousand) of debt securities which have been determined to be individually impaired.

12.3 Investments held-to-maturity

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€000	€000	€000	€000
Debt securities				
Cyprus government	1.347	1.349	1.347	2.431
Other governments	414.169	686.271	37.235	284.610
Banks and other corporations	531.087	335.014	50.861	4.579
Local authorities	-	216	3.636	17.974
Cyprus public companies	-	-	-	257
	946.817	**1.022.850**	**93.079**	**309.851**
Geographic dispersion by country of issuer				
Cyprus	41.597	1.565	1.825	3.761
Greece	237.310	588.080	-	76.520
United Kingdom and Ireland	380.451	374.756	-	142.134
Other European countries	129.678	18.887	44.418	71.315
Russia	4.495	6.103	12.409	16.121
U.S.A	119.977	-	-	-
Supranational organisations	33.309	33.459	34.427	-
	946.817	**1.022.850**	**93.079**	**309.851**

Held-to-maturity investments at 31 December 2010 included €14.987 thousand (2009: €3.855 thousand) of debt securities which have been determined to be individually impaired.

The fair value of held-to-maturity investments and loans and receivables at 31 December 2010 was €912.048 thousand (2009: €95.796 thousand) and €1.377.595 thousand (2009: €313.669 thousand) respectively.

12.4 Investments reclassified to loans and receivables

	30 September 2011	2010	2009	2008
	€000	€000	€000	€000
Debt securities				
Cyprus government	614.286	301.264	320.851	542.768
Other governments	697.650	1.490.462	-	-
Banks and other corporations	232.775	9.924	-	-
	1.544.711	**1.801.650**	**320.851**	**542.768**

Investments in loans and receivables at 31 December 2010 include debt securities of €705.046 thousand (2009: Nil) pledged as collateral for funding from central banks.

12.5 Reclassification of investments

Reclassification of trading investments
On 1 July 2008 and 1 April 2010, in light of the circumstances arising as a result of the crisis prevailing in global markets, the Group identified the investments which it had no intention to trade or sell in the foreseeable future. These investments in debt securities were reclassified from trading investments to available-for-sale investments.

Reclassification of available-for-sale investments to loans and receivables
On 1 October 2008, 1 April 2010 and 30 June 2011 the Group reclassified certain available-for-sale debt securities to investments classified as loans and receivables, in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities in the foreseeable future.

Reclassification of available-for-sale investments to investments held-to-maturity
On 1 April 2010 the Group reclassified certain available-for-sale debt securities to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these securities until their maturity.

The table below presents the debt securities reclassified by the Group, by date of reclassification.

	Reclassification date	Book and fair value on reclassification date	30 September 2011		31 December 2010		Nine months ended 30 September 2011		Effective interest rate on reclassification date
			Book value	Fair value	Book value	Fair value	Additional gain/(loss) in the income statement had the bonds not been reclassified	Additional loss in other comprehensive income had the bonds not been reclassified	
Reclassification of trading investments to:		*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	
- available-for-sale investments	1 July 2008	17.385	10.231	10.231	19.939	19.939	454	-	5,3%-7,4%
- loans and receivables	1 April 2010	132.570	34.752	34.638	132.226	131.095	(143)	-	1,2%-4,4%
Reclassification of available-for-sale investments to:									
- loans and receivables	1 October 2008	169.196	169.653	163.398	169.038	165.072	-	(5.797)	4,6%-4,7%
- loans and receivables	1 April 2010	1.328.231	1.140.068	503.208	1.316.801	970.033	-	(773.693)	3,4%-6,1%
- loans and receivables	30 June 2011	299.784	268.700	294.242	-	-	-	(25.025)	2,8%-6,3%
- investments held-to-maturity	1 April 2010	498.237	344.505	207.589	493.970	402.484	-	(135.005)	4,0%-6,3%
- investments held-to-maturity	1 October 2010	363.114	348.986	327.539	374.756	334.502	-	(30.652)	1,4%-5,0%
- investments held-to-maturity	1 July 2011	265.223	266.114	248.250	-	-	-	(14.773)	1,4%-14,3%

12.6 Impairment of Greek Government Bonds

On 21 July 2011 the leaders of the eurozone member-states announced a support plan for Greece. On 26 October 2011, the Euro Summit announced a revised support plan for Greece which includes a decision for the reorganisation of Greek public debt with voluntary exchange of existing GGBs that are held by private investors with simultaneous 50% cut from their nominal value. The specific terms of the restructuring and exchange plan of the bonds have not yet been determined.

The Group holds GGBs of nominal value of €2.087.874 thousand, which it has impaired on the basis of the aforementioned 26 October 2011 Euro Summit Statement. The impairment recognised in the income statement, including the related hedging cost, amounts to €1.048.100 thousand.

The determination of the amount of the impairment loss depends on the classification of the GGBs, as follows:

- **Investments available-for-sale**: Impairment was calculated with reference to market prices of GGBs at 30 September 2011. As a result, the total amount that was included in the revaluation reserve of available-for-sale investments for these bonds was transferred to the income statement.

- **Investments held-to-maturity and investments classified as loans and receivables:** Impairment was calculated on the basis of a discount on the nominal value of GGBs by 50%. The total amount included in the revaluation reserve of available-for-sale investments due to their previous reclassification, has been transferred to the income statement.

The table below shows information regarding the GGBs which were impaired as at 30 September 2011.

	Amortised cost	Book value before impairment	Impairment recognised in the income statement	Book value after impairment	Transfer to the income statement from reserves
	€000	**€000**	**€000**	**€000**	**€000**
Available-for-sale	390.332	167.403	249.643	167.403	249.643
Loans and receivables	1.450.192	1.483.459	675.171	864.913	56.625
Held-to-maturity	247.350	247.054	123.286	123.675	(93)
Total	**2.087.874**	**1.897.916**	**1.048.100**	**1.155.991**	**306.175**

The book value before impairment of GGBs of €1.897.916 thousand includes an amount of €249.936 thousand which relates to hedging adjustments on these bonds.

12.7 Sovereign exposure to countries which have entered the European Support Mechanism (Greece, Ireland and Portugal)

	Available-for-sale investments	Trading investments	Held-to-maturity investments		Loans and receivables		Total	Total
	Carrying and fair value	Carrying and fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000	€000	€000	€000	€000
Cyprus	147	16.710	-	-	609.383	592.415	**626.240**	**609.272**
Greece	167.403	1.343	123.675	103.862	864.913	530.199	**1.157.334**	**802.807**
France	492.659	-	-	-	-	-	**492.659**	**492.659**
Ireland	-	-	318.610	301.847	-	-	**318.610**	**301.847**
Italy	103.381	-	-	-	-	-	**103.381**	**103.381**
Belgium	39.971	-	-	-	-	-	**39.971**	**39.971**
Czech Republic	5.355	-	-	-	-	-	**5.355**	**5.355**
Hungary	3.512	-	11.545	11.200	-	-	**15.057**	**14.712**
Luxemburg	10.324	-	-	-	-	-	**10.324**	**10.324**
Poland	36.049	-	-	-	-	-	**36.049**	**36.049**
Romania	11.033	-	-	-	-	-	**11.033**	**11.033**
Slovenia	35.467	-	-	-	-	-	**35.467**	**35.467**
	905.301	**18.053**	**453.830**	**416.909**	**1.474.296**	**1.122.614**	**2.851.480**	**2.462.877**

The Group’s sovereign and non-sovereign exposure to countries which have entered the European Support Mechanism is presented below. The countries for which disclosures are presented are Greece and Ireland. The Group has no exposure to Portugal.

Credit risk

The Group’s sovereign exposure includes government bonds and other assets owed by governmental, semi-governmental and other organisations in which the state holds more than 50%.

On 30 September 2011, the Group’s exposure to Greece and Ireland is presented in the table below:

	Nominal Value	Carrying Value	Fair value
Greece	**€000**	**€000**	**€000**
Greek Government Bonds (GGBs)			
- available-for-sale	390.332	167.403	167.403
- loans and receivables	1.450.192	864.913	530.199
- held-to-maturity	247.350	123.675	103.862
- at fair value through profit or loss	3.700	1.343	1.343
Total exposure to GGBs	**2.091.574**	**1.157.334**	**802.807**
Other assets			

Loans and advances to customers	300.796	300.796	300.796
Deposits with the Bank of Greece	240.947	240.947	240.947
Total exposure	**2.633.317**	**1.699.077**	**1.344.550**

Ireland			
Irish government bonds held-to-maturity	335.000	318.610	301.847

The revaluation reserve of available-for-sale investments includes losses relating to the above bonds of €36.449 thousand.

Fair values

The Group uses the following hierarchy for determining and disclosing fair value:

Level 1: investments valued using quoted prices in active markets.

Level 2: investments valued using models for which all inputs that have a significant effect on fair value are market observable.

Level 3: investments valued using models for which inputs that have a significant effect on fair value are not based on observable market data.

The Greek Government Bonds classified as available-for-sale and at fair value through profit or loss are measured at Level 1.

Liquidity risk

The table below presents the Group's sovereign exposure, based on the remaining contractual maturity of the financial assets. The analysis is based on the number of days remaining from 30 September 2011 to the contractual maturity date of the assets. Specifically for the GGBs, the analysis is presented without taking into account the restructuring and exchange plan of Greek sovereign debt.

	On demand and up to one month	Between three months and one year	Between one and five years	Over five years	Total
Greece	**€000**	**€000**	**€000**	**€000**	**€000**
Greek Government Bonds (GGBs)					
- available-for-sale	-	13.571	61.120	92.712	**167.403**
- loans and receivables	-	-	212.596	652.317	**864.913**
- held-to-maturity	-	-	123.675	-	**123.675**
- at fair value through profit or loss	-	91	1.252	-	**1.343**
Total exposure to GGBs	**-**	**13.662**	**398.643**	**745.029**	**1.157.334**
Other assets					
Loans and advances to customers	-	-	150.727	150.069	**300.796**
Deposits with the Bank of Greece	240.947	-	-	-	**240.947**
Total exposure	**240.947**	**13.662**	**549.370**	**895.098**	**1.699.077**

Ireland	Between three months and one year €000	Between one and five years €000	Over five years €000	Total €000
Investments held-to-maturity	**55.274**	**74.363**	**173.210**	**301.847**

Exposure to other assets

At 30 September 2011 the Group's exposure to other assets in the above countries comprises placements with banks, loans and advances to customers and investments in bonds and is presented below:

	Loans and advances to customers	Investments available-for-sale	Investments held-to-maturity	Total
Greece	**€000**	**€000**	**€000**	**€000**
Placements with banks	2.404	-	-	**2.404**
Bonds	-	6.835	139.972	**146.807**
Loans and advances to customers (after provisions)	9.284.424	-	-	**9.284.424**
On balance sheet total	9.286.828	6.835	139.972	**9.433.635**
Contingent liabilities				**942.284**
Commitments				**1.802.999**
Off balance sheet total				**2.745.283**
Total credit risk exposure				**12.178.918**
Ireland				
Bonds	-	-	38.150	**38.150**

The revaluation reserve for available-for-sale investments includes losses relating to the above bonds of €10.276 thousand.

12.8 Investment property

The movement of investment properties is summarised below:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**	**€000**
1 January	116.307	53.007	33.293	35.385
Acquisition of subsidiary	-	-	-	839
Exchange adjustments	(1.727)	(152)	(28)	(280)
Transfer from stock of property held for sale	-	-	-	1.711
Transfer from property and equipment	2.886	2.953	340	-
Additions	43.126	63.456	16.187	1.450
Disposals	(439)	(2.135)	(214)	(20.110)
Gains from revaluation at the initial	-	-	36	-

transfer from property and equipment				
Gains from revaluation	3.516	(822)	3.393	14.298
30 September /31 December	**163.669**	**116.307**	**53.007**	**33.293**

12.9 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:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€000	**€000**	**€000**	**€000**
Carrying amount of the investment	3.113	3.805	6.552	5.663
Market value of the investment on the Cyprus Stock Exchange	1.699	2.353	4.967	3.137

As a result of the acquisition of S.C. ONT Carpati S.A. on 1 April 2010, the Group acquired 30% of the share capital of the company Grand Hotel Enterprises Society Ltd (GHES), which is incorporated in Romania and owns a hotel in Romania. The Group's share of the associate at 31 December 2010 did not have any value as the net assets of the associate had a negative balance.

The Group has granted a loan to GHES which amounted to €104.139 thousand at 31 December 2010 and which is secured by a mortgage on the hotel owned by GHES. In addition, GHES owes an amount of €17.446 thousand to the Group. The Group's income statement for 2010 includes interest income of €4.074 thousand from GHES for the period since the acquisition.

13. 0 SEGMENTAL ANALYSIS

The Group is organised into operating segments based on the geographic location of each unit and has the following reportable operating segments: Cyprus, Greece and Russia. The Group's activities in the United Kingdom, Australia[10], 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 attributable to the owners of the company. Inter-segment transactions and balances are eliminated on consolidation and are made on an arm's length basis.

Operating segment disclosures are provided as presented to the Group's Senior Executive Management. Each segment's capital and the related interest income and expense are adjusted in order to be on the same basis as a percentage of the segment's risk weighted assets, as calculated for capital adequacy purposes in accordance with the relevant regulations of the Central Bank of Cyprus. The results of each segment are also adjusted to reflect the liquidity surplus/shortfall of each segment. The Group's total profit as presented in the consolidated income statement is not affected.

[10] In December 2011, the Bank signed a binding agreement to sell its subsidiary bank in Australia and is subject to the approval of the relevant regulatory authorities in Australia and Cyprus.

The loans and advances to customers, the customer deposits and the related income and expense are included in the segment where the business is originated, instead of the segment where the transaction is recorded.

13.1 Geographical Segments

Segmental Analysis – Year ended on 31 December 2010, 2009 and 2008

	Cyprus	Greece	Russia	Other countries	Total
31 December 2010	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	523.207	309.472	119.356	88.384	1.040.419
Net fee and commission income	127.324	50.969	40.738	12.148	231.179
Foreign exchange income	22.774	3.490	9.859	2.511	38.634
Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	52.884	18.778	(434)	152	71.380
Net insurance income	47.944	11.417	-	-	59.361
Other income	5.264	994	1.530	1.128	8.916
	779.397	**395.120**	**171.049**	**104.323**	**1.449.889**
Staff costs	(225.461)	(113.446)	(62.740)	(28.561)	(430.208)
Depreciation and amortisation	(19.411)	(15.340)	(6.754)	(3.975)	(45.480)
Other operating expenses	(97.794)	(72.011)	(55.895)	(23.537)	(249.237)
Profit before provisions	**436.731**	**194.323**	**45.660**	**48.250**	**724.964**
Provisions for impairment of loans and advances	(144.966)	(184.597)	(24.461)	(20.473)	(374.497)
Share of loss of associates	(1.953)	-	-	-	(1.953)
Profit before tax	**289.812**	**9.726**	**21.199**	**27.777**	**348.514**
Taxation	(39.239)	1.529	(3.914)	(4.365)	(45.989)
Profit after tax	**250.573**	**11.255**	**17.285**	**23.412**	**302.525**
Non-controlling interests (loss/(profit))	5.434	-	(1.768)	(2)	3.664
Profit after tax and non-controlling interests	**256.007**	**11.255**	**15.517**	**23.410**	**306.189**

	Cyprus	Greece	Russia	Other countries	Total
31 December 2009	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	427.915	262.885	71.809	85.221	847.830
Net fee and commission income	122.959	54.763	55.345	10.305	243.372
Foreign exchange income	10.847	1.983	14.698	1.061	28.589
Net gains on sale, revaluation and impairment of investments and derivative financial instruments	76.262	7.859	2.609	381	87.111
Net insurance income	52.450	10.385	-	-	62.835
Other income	7.961	2.235	6.086	479	16.761
	698.394	**340.110**	**150.547**	**97.447**	**1.286.498**
Staff costs	(224.426)	(109.633)	(55.271)	(24.603)	(413.933)
Depreciation and amortisation	(12.985)	(14.789)	(12.891)	(3.590)	(44.255)
Other operating expenses	(83.805)	(70.755)	(41.608)	(19.896)	(216.064)
Profit before provisions	**377.178**	**144.933**	**40.777**	**49.358**	**612.246**
Provisions for impairment of loans and advances	(78.201)	(120.230)	(27.587)	(21.917)	(247.935)
Share of profit of associates	910	-	-	-	910
Profit before tax	**299.887**	**24.703**	**13.190**	**27.441**	**365.221**
Taxation	(13.394)	(21.641)	(1.675)	(6.517)	(43.227)
Profit after tax	**286.493**	**3.062**	**11.515**	**20.924**	**321.994**
Non-controlling interests (profit)	(4.512)	-	(4.338)	-	(8.850)
Profit after tax and non-controlling interests	**281.981**	**3.062**	**7.177**	**20.924**	**313.144**

	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)
Net 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**

Segmental Analysis – nine months ended 30 September 2011 and 2010

	Cyprus	Greece	Russia	Other Countries	Total
Nine months ended 30 September 2011	**€000**	**€000**	**€000**	**€000**	**€000**
Net interest income	443.220	243.040	96.655	71.563	854.478
Net fee and commission income	97.852	38.363	25.769	8.918	170.902
Foreign exchange income	25.320	1.805	6.056	1.906	35.087
Net losses on other financial instrument transactions	(346)	(77)	-	(1.746)	(2.169)
Insurance income net of insurance claims	38.584	8.278	-	-	46.862
Other income	7.132	4.381	6.937	3.441	21.891
	611.762	**295.790**	**135.417**	**84.082**	**1.127.051**
Staff costs	(168.931)	(88.487)	(47.325)	(24.875)	(329.618)
Other operating expenses	(73.300)	(61.772)	(42.740)	(22.196)	(200.008)
Profit before provisions	**369.531**	**145.531**	**45.352**	**37.011**	**597.425**
Provisions for impairment of loans and advances	(103.250)	(149.023)	(25.299)	(16.992)	(294.564)
Share of loss of associates	(1.209)	-	-	-	(1.209)
Profit/(loss) before tax	**265.072**	**(3.492)**	**20.053**	**20.019**	**301.652**
Taxation	(41.168)	(8.557)	(3.407)	(5.057)	(58.189)
Profit/(loss) after tax	**223.904**	**(12.049)**	**16.646**	**14.962**	**243.463**
Non-controlling interests (loss/(profit))	3.495	-	(1.789)	(2)	1.704
Profit/(loss) after tax and non-controlling interests	**227.399**	**(12.049)**	**14.857**	**14.960**	**245.167**

Total profit by segment	245.167
Impairment of GGBs after tax	(1.046.334)
Loss after tax as presented in the income statement	**(801.167)**

The impairment of Greek Government Bonds (GGBs) is not considered by management to be part of each segment's operating results, and consequently the segmental analysis is presented excluding the impairment of GGBs.

Nine months ended 30 September 2010	Cyprus €000	Greece €000	Russia €000	Other Countries €000	Total €000
Net Interest income	386.879	229.625	85.755	65.297	767.556
Net fee and commission income	94.392	36.782	30.574	8.887	170.635
Foreign exchange income	17.393	2.878	5.659	1.724	27.654
Net gains/(losses) on other financial instrument transactions	14.432	13.074	(534)	(180)	26.792
Net insurance income	37.434	8.222	-	-	45.656
Other income/(losses)	3.270	1.183	1.224	(815)	4.862
	553.800	**291.764**	**122.678**	**74.913**	**1.043.155**
Staff costs	(168.080)	(85.869)	(48.211)	(21.167)	(323.327)
Other operating expenses	(81.280)	(63.579)	(44.864)	(18.517)	(208.240)
Profit before provisions	**304.440**	**142.316**	**29.603**	**35.229**	**511.588**
Provisions for impairment of loans and advances	(100.515)	(101.467)	(16.864)	(10.155)	(229.001)
Share of loss of associates	(1.818)	-	-	-	(1.818)
Profit before tax	**202.107**	**40.849**	**12.739**	**25.074**	**280.769**
Taxation	(21.838)	(6.687)	(4.613)	(3.648)	(36.786)
Profit after tax	**180.269**	**34.162**	**8.126**	**21.426**	**243.983**
Non-controlling interests (loss/(profit))	4.323	-	(501)	(4)	3.818
Profit after tax and non-controlling interests	**184.592**	**34.162**	**7.625**	**21.422**	**247.801**

13.2 Business Segments

Segmental Analysis – Year ended on 31 December 2010, 2009 and 2008

Total revenue:	**2010**	**2009**	**2008**
	€000	**€000**	**€000**
Banking and financial services	1.387.210	1.217.485	1.121.433
Insurance services	60.783	66.099	65.102
Property and hotel business	1.896	2.914	18.717
Total revenue with third parties	1.449.889	1.286.498	1.205.252
Inter-segment (expense)/revenue	-	-	-
Total revenue	**1.449.889**	**1.286.498**	**1.205.252**

Segmental Analysis – Nine months ended 30 September 2011 and 2010

Total revenue:	**€000**
30 September 2011	
Banking and financial services	1.074.461
Insurance services	48.931
Property and hotel business	3.659
Total revenue with third parties	1.127.051
Inter-segment revenue/(expense)	-
Total revenue	**1.127.051**
Total revenue by segment	1.127.051
Impairment of GGBs after tax	(1.048.100)
Total revenue as presented in the income statement	**78.951**

Total revenue:	**€000**
30 September 2010	
Banking and financial services	993.743
Insurance services	47.793
Property and hotel business	1.619
Total revenue from third parties	1.043.155
Inter-segment (expense)/revenue	-
Total revenue	**1.043.155**

13.3 Loan book-Volume by industry & country

	30 September 2011	**2010**	**2009**	**2008**
By economic activity	**€000**	**€000**	**€000**	**€000**
Trade	3.705.439	3.617.946	3.333.762	3.483.250
Manufacturing	1.920.497	1.755.320	1.545.488	1.583.127
Hotels and catering	2.345.297	2.297.776	2.121.902	1.977.281
Construction	3.332.101	2.747.557	2.462.311	2.678.265
Real estate	3.776.805	3.866.022	3.331.556	3.029.948

Private individuals	8.700.830	8.591.309	8.787.667	7.541.962
Professional and other services	3.852.373	4.065.604	3.076.706	3.411.377
Other sectors	2.145.268	1.944.316	1.848.656	1.407.398
	29.778.610	**28.885.850**	**26.508.048**	**25.112.608**
By geographical area				
Cyprus	14.718.762	13.882.964	12.753.230	11.969.118
Greece	10.158.107	10.154.385	9.780.263	9.660.974
Russia	1.977.520	1.887.215	1.409.405	1.174.298
United Kingdom	1.023.521	1.076.814	1.063.252	1.110.568
Australia	967.931	1.011.560	618.420	411.213
Romania	640.766	624.673	677.591	578.449
Ukraine	292.003	248.239	205.887	207.988
	29.778.610	**28.885.850**	**26.508.048**	**25.112.608**
By customer sectors				
Corporate	13.039.671	11.915.470	10.766.195	9.830.540
Small and medium sized-enterprises (SMEs)	7.381.069	7.684.854	7.123.908	6.957.468
Retail				
- housing	5.633.005	5.573.178	4.990.559	4.693.518
- credit cards	410.804	399.742	346.715	301.758
- consumer and other	3.314.061	3.312.606	3.280.671	3.329.324
	29.778.610	**28.885.850**	**26.508.048**	**25.112.608**

Concentrations of loans and advances

The analysis of loans and advances to customers (before provisions) in Greece excluding loans to sovereigns is presented below.

30 September 2011	**Greece**	**Cyprus**
	€000	**€000**
By economic activity		
Trade	1.426.273	1.679.025
Manufacturing	971.648	676.626
Hotels and catering	1.112.278	979.851
Construction	926.144	2.162.163
Real estate	613.072	1.631.569
Private individuals	3.071.054	4.650.825
Professional and other services	909.914	1.995.235
Other sectors	826.928	943.468
	9.857.311*	**14.718.762**

By customer sector		
Corporate	3.372.101	6.948.183
Small and medium-sized enterprises (SMEs)	3.423.802	2.351.527
Retail - housing	1.722.983	3.566.143
Retail - credit cards	185.313	130.658
Retail - consumer and other	1.153.112	1.722.251
	9.857.311*	**14.718.762**

* this amount does not include an amount of €300,79 ml. loans and advances to sovereigns

13.4 Breakdown of deposits

	30 September 2011	2010	2009	2008
By category				
Demand	6.317.834	5.893.902	4.512.915	3.916.475
Savings	2.342.284	2.415.718	2.149.604	1.614.524
Time or notice	23.192.350	24.642.947	21.922.042	22.404.748
	31.852.468	**32.952.567**	**28.584.561**	**27.935.747**
By geographical area				
Cyprus	19.612.930	19.695.404	14.732.426	15.030.099
Greece	8.509.957	9.790.616	10.910.747	10.507.701
Russia	1.289.499	1.115.532	1.021.751	900.893
United Kingdom	1.236.042	1.259.618	1.205.586	1.071.274
Australia	968.706	897.274	511.118	266.836
Romania	183.716	153.171	166.795	85.847
Ukraine	51.618	40.952	36.138	73.097
	31.852.468	**32.952.567**	**28.584.561**	**27.935.747**

14.0 FINANCIAL INFORMATION

14.1 Group Financial Information

14.1.1 Financial Information extracted from the Consolidated Financial Statements for the years ended 31 December 2010, 2009 and 2008

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

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

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

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

	2010	2009	2008
	€000	€000	€000
Turnover	2.577.028	2.481.561	2.690.380
Interest income	2.091.794	1.997.034	2.098.057
Interest expense	(1.051.375)	(1.149.204)	(1.305.906)
Net interest income	1.040.419	847.830	792.151
Fee and commission income	244.589	257.658	227.214
Fee and commission expense	(13.410)	(14.286)	(9.408)
Foreign exchange income	38.634	28.589	158.790
Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	71.380	87.111	(59.719)
Insurance income	175.435	227.509	31.590
Insurance expenses	(116.074)	(164.674)	29.530
Other income	8.916	16.761	35.104
	1.449.889	**1.286.498**	**1.205.252**
Staff costs	(430.208)	(413.933)	(330.988)
Other operating expenses	(294.717)	(260.319)	(220.631)
Profit before provisions	724.964	**612.246**	**653.633**
Provisions for impairment of loans and advances	(374.497)	(247.935)	(91.601)
Profit before share of profit of associates	**350.467**	**364.311**	**562.032**
Share of (loss)/profit of associates	(1.953)	910	(10.418)
Profit before tax	348.514	365.221	551.614
Taxation	(45.989)	(43.227)	(72.931)
Profit after tax	**302.525**	**321.994**	**478.683**
Profit after tax attributable to:			
Minority interest ((profit)/loss)	**(3.664)**	**8.850**	**(23.705)**
Owners of the Company	**306.189**	**313.144**	**502.388**
Basic earnings per share (cent)	**40,4**[1]	**45,0**[2]	**87,3**[3]
Diluted earnings per share (cent)	**37,3**	**41,4**[2]	**69,5**[3]

[1.] The weighted number of shares for the year ended 31 December 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 2011.
[2.] The weighted number of shares for the year ended 31 December 2009 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and November 2010, as well as from the Rights Issue in October 2010, as well as the dividend payment in June 2011.
[3.] The weighted number of shares for the year ended 31 December 2008 has been adjusted for the bonus element of the shares which have resulted from the Dividend Reinvestment Scheme at the payment of dividends in June and December 2009, in June, November 2010 and June 2011 as well as from the Rights Issue in October 2010.

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

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

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended 31 December 2010, 2009 and 2008

	2010	**2009**	**2008** ***restated***
	€000	**€000**	**€000**
Net cash flow from operating activities	**816.369**	**2.173.527**	**(1.139.187)**
Cash flows used in investing activities			
Purchases of investments:			
- debt securities	(4.203.037)	(5.673.891)	(1.976.706)
- equity securities	(5.213)	(59.980)	(4.417)
Proceeds on disposal/redemption of investments:			
- debt securities	3.640.374	5.262.324	1.583.472
- equity securities	108	869	8.484
Interest on debt securities	176.026	185.588	123.208
Dividend income from equity securities	2.859	1.659	10.461
Dividend received from associates	314	392	1.237
Cash acquired/used on acquisition of subsidiary	4.571		(343.915)
Proceeds on disposal of subsidiary	2.892	-	-
Purchase of property and equipment	(40.598)	(29.965)	(43.279)
Proceeds on disposal of property and equipment	4.228	1.954	2.223
Purchase of intangible assets	(10.152)	(8.023)	(8.654)
Proceeds on disposal of intangible assets	-	-	252
Purchase of investment properties	(63.456)	(16.187)	(1.450)
Proceeds on disposal of investment properties	2.135	214	20.110
Net cash flow used in investing activities	**(488.949)**	**(335.046)**	**(628.974)**
Cash flows used in financing activities			
Issue of share capital net issue costs paid	344.016	-	-
Issue of subordinated loan stock	-	118.161	576.083
Redemption of subordinated loan stock	-	(50.284)	(299.463)
Issue of senior debt	14.517	4.852	-
Redemption of senior debt	(449.671)	(444.910)	(296.090)
Dividend payment net of reinvestment	(82.050)	(70.955)	(135.655)
Dividend paid by subsidiaries to non-controlling interests net of reinvestment	(70)	(1.439)	(368)
Increase of capital of subsidiary attributed to non-controlling interests	620	6.982	-
Interest on subordinated loan stock	(43.669)	(46.919)	(46.723)
Acquisition of own shares	(3.754)	(423)	(1.361)

Disposal of own shares	4.299	1.516	1.949
Net cash flow used in financing activities	**(215.762)**	**(483.419)**	**(201.628)**
Net increase/ decrease in cash and cash equivalents for the year	**111.658**	**1.355.062**	**(1.969.789)**
Cash and cash equivalents			
1 January	6.156.656	4.787.851	6.793.636
Exchange adjustments	71.453	13.743	(35.996)
Net increase in cash and cash equivalents for the year	111.658	1.355.062	(1.969.789)
31 December	**6.339.767**	**6.156.656**	**4.787.851**

14.1.2 Financial Information extracted from the unaudited Interim Condensed Consolidated Financial Statements for nine months ended 30 September 2011

The following summarized financial information set out below was extracted from the Group's interim condensed consolidated financial statements for the nine months ended 30 September 2011 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 nine months ended 30 September 2011 have not been audited by the Group's external auditors.

The interim condensed consolidated financial statements for the nine months ended 30 September 2011 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 nine months ended 30 September 2011, 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 nine months ended 30 September 2011

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	€000	**€000**
Turnover	**2.090.619**	**1.899.767**
Interest income	1.711.537	1.546.913
Interest expense	(857.059)	(779.357)
Net interest income	854.478	767.556
Fee and commission income	180.886	179.854
Fee and commission expense	(9.984)	(9.219)
Foreign exchange income	35.087	27.654
Impairment of Greek Government Bonds (GGBs)	(1.048.100)	-
Net (losses)/gains on other financial instrument transactions	(2.169)	26.792
Insurance income net of insurance claims	46.862	45.656
Other income	21.891	4.862
	78.951	**1.043.155**
Staff costs	(329.618)	(323.327)
Other operating expenses	(200.008)	(208.240)
(Loss)/profit before provisions	**(450.675)**	**511.588**
Provisions for impairment of loans and advances	(294.564)	(229.001)
(Loss)/profit before share of loss of associates	**(745.239)**	**282.587**
Share of loss of associates	(1.209)	(1.818)
(Loss)/profit before tax	**(746.448)**	**280.769**
Taxation	(56.423)	(36.786)
(Loss)/profit after tax	**(802.871)**	**243.983**
Attributable to:		
Non-controlling interests (loss)	**(1.704)**	**(3.818)**
Owners of the Company ((loss)/profit)	**(801.167)**	**247.801**
Basic earnings/(losses) per share (cent)	**(89,5)**	**35,1**
Diluted earnings/(losses) per share (cent)	**(89,5)**	**30,1**
Basic earnings per share excluding the impairment of GGBs (cent)	**27,4**	**35,1**
Diluted earnings per share excluding the impairment of GGBs (cent)	**18,5**	**30,1**

Note: The weighted average number of shares for the nine months ended 30 September 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June 2011 and November 2010, as well as from the Rights Issue in October 2010.

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 September 2011

	30 September 2011	31 December 2010
	€000	**€000**
Assets		
Cash and balances with central banks	1.674.073	2.241.825
Placements with banks	2.920.024	5.264.628
Reverse repurchase agreements	304.238	120.166
Investments	2.506.607	4.307.558
Investments pledged as collateral	1.713.729	1.038.036
Derivative financial assets	195.387	76.278
Loans and advances to customers	28.386.320	27.725.451
Life insurance business assets attributable to policyholders	506.451	561.695
Property and equipment	415.743	418.781
Intangible assets	459.648	479.058
Other assets	485.657	400.459
Investment in associates	3.113	3.805
Total assets	**39.570.990**	**42.637.740**
Liabilities		
Obligations to central banks and amounts due to banks	2.813.703	3.706.975
Repurchase agreements	397.693	913.109
Derivative financial liabilities	380.667	240.412
Customer deposits	31.852.468	32.952.567
Insurance liabilities	600.276	658.309
Debt securities in issue	64.823	83.957
Other liabilities	344.792	323.120
Subordinated loan stock	128.845	930.942
Total liabilities	**36.583.267**	**39.809.391**
Equity		
Share capital	899.173	894.948
Share premium	1.164.087	1.159.819
Convertible Enhanced Capital Securities	860.405	-
Retained earnings	27.148	868.531
Revaluation and other reserves	(50.230)	(186.253)
Equity attributable to the owners of the Company	**2.900.583**	**2.737.045**
Non-controlling interests	87.140	91.304
Total equity	**2.987.723**	**2.828.349**
Total liabilities and equity	**39.570.990**	**42.637.740**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2011

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	€000	€000
Net cash flow from operating activities		
(Loss)/profit before tax	(746.448)	280.769
Share of loss of associates	1.209	1.818
Provisions for impairment of loans and advances	294.564	229.001
Impairment of Greek Government Bonds	1.048.100	-
Depreciation of property and equipment and amortisation of intangible assets	31.000	33.924
Increase in value of in-force life insurance policies	(3.969)	(7.261)
Amortisation of discounts/premiums	(50.762)	(66.576)
Cost of share-based payments	2.611	2.620
Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock	(156.934)	(216.860)
Gain on disposal of subsidiary	-	(1.944)
	419.371	255.491
Net increase in loans and other accounts	(735.932)	(2.422.684)
Net (decrease)/increase in customer deposits and other accounts	(2.726.017)	2.969.078
	(3.042.578)	801.885
Tax paid	(41.886)	(39.506)
Net cash flow (used in)/from operating activities	**(3.084.464)**	**762.379**
Cash flow from investing activities		
Purchases of investments	(1.347.711)	(3.578.218)
Proceeds on disposal/redemption of investments	1.679.286	2.693.293
Interest from investments	(50.544)	115.422
Dividend income from equity securities	636	1.745
Proceeds on disposal of subsidiaries	581	2.883
Purchases of property and equipment	(25.084)	(26.502)
Proceeds on disposal of property and equipment	1.031	2.591
Purchases of intangible assets	(7.290)	(6.662)
Proceeds on disposal of intangible assets	-	21
Purchases of investment properties	(43.126)	(22.773)
Proceeds on disposal of investment properties	439	1.965
Net cash flow from/(used in) investing activities	**208.218**	**(816.235)**
Cash flow from financing activities		
Redemption of subordinated loan stock	(127.315)	-
Redemption of debt securities in issue	(19.134)	(453.295)
Issue of debt securities in issue	-	15.009
Issue of Convertible Enhanced Capital Securities	171.801	-
Dividend paid	(18.463)	(30.368)
Interest on subordinated loan stock	(17.873)	(32.844)
Purchase of own shares	(1.634)	(58)
Proceeds on disposal of own shares	705	1.460
Net cash flow used in financing activities	**(11.913)**	**(500.096)**
Net decrease in cash and cash equivalents for the period	**(2.888.159)**	**(553.952)**
Cash and cash equivalents		
1 January	6.339.767	6.156.656
Exchange adjustments	26.839	48.329
Net decrease in cash and cash equivalents for the period	(2.888.159)	(553.952)
30 September	**3.478.447**	**5.651.033**

14.2 Analysis of Group Financial Results

14.2.1 Summary of Group Financial Results for the nine months ended 30 September 2011

- The Group financial results for the first nine months of 2011 were affected significantly by the impairment of Greek Government Bonds (GGBs). Specifically the Group has impaired GGBs by 50% of face value, based on the decisions of the eurozone summit on 26 October 2011 relating to the revised support plan for Greece. The total GGBs impairment, including the related hedging adjustments, amounted of €1.048 mn for the first nine months of 2011. The impairment recognised on the second and third quarter of 2011 amounted to €281 mn and €767 mn respectively. At 30 September 2011 the nominal value of the GGBs held be the Group totalled €2.092 mn. The post impairment book value of the GGBs totalled €1.157 mn at 30 September 2011.

- For the first nine months of 2011, the Group's total income excluding the impairment of Greek Government Bonds (GGBs) reached €1.127 mn, recording an annual increase of 8% compared to the nine months of 2010.

- Profit before provisions for the first nine months of 2011 reached €597 mn recording an increase of 17% compared to the nine months of 2010.

- The Group's net interest margin reached 2,90% for the first nine months of 2011, an increase of 27 basis points compared to 2,63% for the nine months of 2010.

- Profit after tax, excluding the impairment of GGBs and the special tax on banks totalled €259 mn compared to €248 mn for the nine months of 2010, an increase of 5%. Profit after tax was affected by the higher loan impairment charge and the higher tax charge due to the levy of a special tax in Cyprus on financial institutions based on their deposits.

- The cost to income ratio excluding the impairment of GGBs has improved to 47,0% for the first nine months of 2011 from 51,0% for the nine months of 2010.

- The Group has a healthy liquidity position with a ratio of loans to deposits of 89%, minimal repayments of debt obligations in the next two years and minimal reliance on wholesale funding (deposits to total assets ratio of 80% at 30 September 2011).

- The return on equity excluding the impairment of GGBs (11,7%) for the first nine months of 2011 was maintained at satisfactory levels in a particularly demanding and negative environment.

- At 30 September 2011, the Group's shareholder funds amounted to €2,90 bn increasing by 22% on an annual basis. The Group's total capital adequacy ratio, including the impairment of GGBs, reached 9,6% with the core tier 1 ratio at 5,8% and the tier 1 ratio at 9,5%, respectively. The Group estimates that with the completion of the Capital Strengthening Plan, the pro-forma core tier 1 ratio, tier 1 ratio and total capital adequacy ratio at 30 September 2011, assuming fully subscribed will amount to 9,6%, 11,0% and 11,1% respectively.

- At 30 September 2011, Group loans and deposits recorded annual increases of 5% and 1% respectively.

- At 30 September 2011, non-performing loans ratio was 8,6%, compared to 8,2% at 30 June 2011 and the provision coverage ratio (provisions/NPLs) was maintained at 54%. The coverage ratio including tangible collateral amounted to 120%.

14.2.2 Summary of Group Financial Results for year 2010

- The Group’s total income recorded a significant annual increase of 13% reaching €1.450 mn for 2010, despite the adverse economic conditions.

- Profit before provisions for 2010 reached €725 mn recording an increase of 18% compared to 2009 (€612 mn).

- The Group’s net interest margin reached 2,66% for 2010 which is a significant increase of 27 basis points compared to 2,39% for 2009.

- The Group achieved profitability for 2010, with increased recurring income and positive contribution to profit from all the markets in which it operates. Profit before provisions for 2010 reached €725 mn recording an increase of 18% compared to 2009 (€612 mn). Despite the important increase in profits before provision, the conservative Group policy to strengthen the balance sheet footings through increased provisions the profit after tax and non-controlling interests for 2010 reached €306 mn versus €313 mn for 2009.

- In Cyprus, profit before provisions reached €437mn recording an increase of 16% compared to 2009. However, given the deterioration of the economic environment, the charge for impairment of loans was significantly increased, resulting in a profit after tax of €256 mn which is 9% lower than 2009 (€282 mn).

- In Greece, profit before provisions for 2010 reached €194 mn, recording an increase of 34% compared to 2009 (€145 mn). Despite the increased provision charge (€184 mn for 2010 compared to €120 mn for 2009), profit after tax reached €11 mn versus €3 mn for 2009.

- In Russia profit before provisions for 2010 reached €46 mn, an increase of 12% compared with 2009 with profit after tax reaching €16 mn compared to €7 mn for 2009 (annual increase of 116%).

- Profit after tax for other countries (Australia, United Kingdom, Ukraine and Romania) reached €23 mn recording an increase of 12% compared to 2009 (€21 mn).

- The capital adequacy ratio reached 11,9% at 31 December 2010 with the tier 1 ratio and the core tier 1 ratio reaching 11,0% and 8,1% respectively.

- The Group maintained its strong liquidity with a post provision loan to deposit ratio of 84,1%.

- The Group maintained its efficiency, with the cost to income ratio improving to 50,0% for 2010 from 52,4% for 2009.

- At 31 December 2010 Group loans and deposits recorded an annual increase of 9% and 15% respectively.

- The Group’s loan quality remained at healthy levels as a result of the emphasis placed on effective credit risk management. The non-performing loans ratio reached 7,3% at 31 December 2010 compared to 5,6% at 31 December 2009. Non-performing loans (NPLs) are defined as the loans which are in arrears for longer than three months and which are not fully covered by tangible collateral. Despite the increase in the NPLs ratio during 2010, the provisions coverage ratio (provisions as a percentage of nonperforming loans) remained at a satisfactory level of 55% at 31 December 2010 (2009: 59%). The remaining balance of non-performing loans is fully covered by tangible collateral with the coverage ratio including tangible collateral amounting to 118% (106% taking into account tangible collateral valued at forced sales value).

14.2.3 Summary of Group Financial Results for year 2009

- Group profit after tax and non-controlling interests for 2009 amounted to €313 mn (2008: €502 mn), thus achieving the target set for the year.

- Profit before provisions for 2009 reached €612 mn (2008: €654 mn), 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 mn compared to €1.010 mn for 2008, recording an annual increase of 8%, adverse economic conditions. Net interest income increased by 7%, reaching €848 mn 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 mn and €145 mn respectively. Profit after tax for 2009 in Cyprus reached €282 mn and in Greece €3 mn.

- The Group's operations in the United Kingdom and Australia recorded profits after tax for 2009 of €9 mn and €2 mn respectively. In Romania and Ukraine profit after tax for 2009 reached €9 mn and €0,4 mn respectively.

- In Russia profit after tax for 2009 reached €7 mn. The recovery in profitability which started in the third quarter of 2009 led to profit of €20 mn for the second half of 2009, compared to losses of €13 mn 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).

14.2.4 Summary of Group Financial Results for year 2008

- Profit after tax attributed to the Company's shareholders for 2008 reached €502 mn compared to €485 mn 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 mn from €47 mn in 2007 mainly as result of gains from transactions for hedging foreign exchange risk.
  - losses of €36 mn from the sale and change in the fair value of financial instruments compared to €24 mn 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 mn, including the significant gains from transactions for hedging foreign exchange risk. In Greece, profit after tax for 2008 reached €74 mn 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 mn each for Russia (excluding Uniastrum) and Romania and €1 mn for Ukraine. The net profit of Uniastrum Bank for 2008 reached €16 mn and its contribution to the total profits of the Group for 2008 amounted to €5 mn, as only the last two months of its 2008 profits were consolidated.

15.0 PROSPECTS AND STRATEGIC PRIORITIES

The Company believes that the Group remains in a position to face the challenges of the ongoing negative environment in the main European markets in which it operates.

The strategic priorities of the Group are:
- Maintaining a healthy liquidity position and high capital adequacy
- Improving operational efficiency and containing costs
- Managing risks effectively
- Achieving satisfactory recurring profitability

Regarding capital, the Group's priority is to comply with the stricter regulatory regime set by the Central Bank of Cyprus and the European Banking Authority, through the completion of the Capital Strengthening Plan, and other actions including the effective management of risk weighted assets and through internal capital generation from profits.

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 provisions relating to General Meetings 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.

4. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may, from time to time by ordinary resolution determine.

6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be ten persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder or shares of the class present in person or by proxy may demand a poll.

GENERAL MEETINGS

53. The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint.

54. All general meetings other than annual general meetings shall be called extraordinary general meetings.

55. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 126 of the Law. If at any time there are not within the Republic sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

56. An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company. Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed:
(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
(b) in the case of any other meeting by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

PROCEEDINGS AT GENERAL MEETINGS

58. All business shall be deemed special that is transacted at an Extraordinary Meeting, and all business that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the review of financial statements, and the reports of the Directors and Auditors, and other documents accompanying or annexed to the financial statements, the election of Directors in place of those retiring and the appointment and fixing of the remuneration of the Auditors.

59. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. For all the purposes the quorum shall be at least ten persons present.

60. If, within half an hour from the time appointed for the holding of a General Meeting, a quorum is not present, the meeting, if convened on the requisition of members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum.

61. The Chairman of the Board of Directors shall preside at every General Meeting of the Company but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some member present to be Chairman of the meeting.

62. The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be

transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

63. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
(a) by the Chairman, or
(b) by at least ten members present in person or by proxy, or
(c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or
(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

64. If a poll be demanded in manner aforesaid, it shall be taken at such time (within fourteen days) and place, and in such manner, as the Chairman shall direct, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

65. No poll shall be demanded on the election of a Chairman of a meeting or on any question of adjournment.

66. In the case of an equality of votes, either on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a further or casting vote.

67. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business, other than the question on which a poll has been demanded.

VOTES OF MEMBERS

69. If two or more persons are jointly entitled to a share, then in voting upon any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

70. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through any person appointed by the court, and any such person may, on a poll, vote by proxy.

71. 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.

73. Votes may be given either personally or by proxy. On a show of hands a member (other than a corporation) present only by proxy shall have no vote, but a proxy or representative of a corporation may vote on a show of hands. A proxy need not be a member of the Company.

74. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.

75. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or an officially certified copy thereof, shall be deposited at the office at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote or in the case of a poll not less than twenty-four hours before the time appointed for taking the poll, and, in default, the instrument of proxy shall not be treated as valid.

DIRECTORS

81. The number of Directors shall not be less than ten (10) nor more than eighteen (18).

82. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. The Directors may also be paid all travelling, hotel and other expenses incurred by them in attending and returning from meetings of the Board of Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

ROTATION OF DIRECTORS

94. At the First and every subsequent Annual General Meeting of the Company one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the nearest number to one-third, shall retire from office.

95. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.

MANAGING DIRECTOR

121. The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment.

122. A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

DIVIDENDS AND RESERVE

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

129. The Directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

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

131. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

132. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during

any portion of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

133. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

134. Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly, or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

135. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

136. No dividend shall bear interest against the Company.

CAPITALISATION OF PROFITS

142. The Company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

WINDING UP

150. If the Company shall be wound up the liquidator may, with the sanction of an Extraordinary Resolution of the Company and any other sanction required by the Law, divide amongst the members in specie or kind the whole or any part of the assets of the assets of the Company (whether they consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any other securities whereon there is any liability.

2.0 RELATED PARTY TRANSACTIONS-DIRECTORS AND KEY MANAGEMENT EMOLUMENTS

2.1 Related Party Transactions

The following table presents the loans and other advances, to members of the Board of Directors, key management personnel of the Bank and connected persons by the Group as at 30 September 2011 (unaudited) and 31 December 2010, 2009 and 2008 (audited). There were no significant related party transactions as from the 30 September 2011 and until the date of this Prospectus.

	30 Sep 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	30 Sep 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
	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	1	1	3	3	207.599	184.753	187.737	196.079
- less than 1% of the Group's net assets per director	17	16	12	13	58.799	57.821	23.454	24.569
	18	**17**	**15**	**16**	**266.398**	**242.574**	**211.191**	**220.648**
Loans and advances to key management personnel and connected persons					1.831	1.769	2.581	2.657
Total loans and other advances					**268.229**	**244.343**	**213.772**	**223.305**
Analysis of loans and advances								
- members of the Board of Directors and key management personnel					7.866	7.330	8.576	7.321
- connected persons					260.363	237.013	205.196	215.984
					268.229	**244.343**	**213.772**	**223.305**
Interest income					10.606	10.641	9.551	11.806
Deposits of								
- members of the Board of Directors and key management personnel					64.458	71.069	82.906	78.287
- connected persons					48.558	25.568	42.787	66.218
					113.016	**96.637**	**125.693**	**144.505**
Interest expense on deposits					2.881	4.607	6.274	6.992
Debt securities in issue and subordinated loan stock:								
- members of the Board of Directors and key management personnel					22.706	17.133	17.508	13.800
- connected persons					3.034	2.401	3.615	1.569

	25.740	**19.534**	**21.123**	**15.369**
Interest expense on debt securities in issue and subordinated loan stock	415	1.086	1.094	442

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

On 30 September 2011, 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 €132.405 thousand. There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €223 thousand. Using forced-sale values, the total unsecured amount of the loans and advances and of the contingent liabilities and commitments in respect of related parties at 30 September 2011 amounted to €72.514 thousand.

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

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

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

	Unaudited 30 September 2011	**31 Dec. 2010**	**31 Dec. 2009**	**31 Dec. 2008**
Director emoluments	**€000**	**€000**	**€000**	**€000**
Executives				
Salaries and other short term benefits	1.213	1.749	1.543	1.065
Waiver of 2010 bonus	(328)	-	-	-
Ex-gratia payment	-	-	-	678
Employer's contributions	41	58	57	54
Retirement benefit plan costs	117	381	182	157
	1.043	2.188	1.782	1.954
Share options	359	486	1.944	752
Non-executives				
Fees	620	813	822	700
Emoluments of a non executive director who is also an employee of the Company	103	154	142	118
Total fees and emoluments of directors	2.125	3.641	4.690	3.524
Key management personnel emoluments				
Salaries and other short term benefits	557	901	1.218	881
Waiver of 2010 bonus	(175)	-	-	-
Employer's contributions	29	51	59	63
Retirement benefit plan costs	57	123	153	140
Share options	134	182	972	376

Total remuneration of key management personnel	602	1.257	2.402	1.460
Total	**2.727**	**4.898**	**7.092**	**4.984**

During 2010 and 2011 the number of executive directors was three (2009: two). The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers.

Share Options

During 2010 and until the date of this Prospectus, no Share Options have been granted to Executive Directors.

In the context of the Share Options 2008/2010 granted by the Company on 28 May 2008 to the Group's employees, 1.500 thousand share options were granted to Mr Andreas Eliades and 500 thousand options were granted to Mr Yiannis Kypri. On 30 September 2011 the cost of the share options granted to Messrs Andreas Eliades and Yiannis Kypri amounted to €269 thousand (2010: €364 thousand and 2009: €1.458 thousand) and €90 thousand (2010: €122 thousand and 2009: €486 thousand) respectively. As at 31st December 2010, each Share Option 2008/2010 gave its holders the right to purchase one share of the Company at €4,24 per share. The theoretical fair value of the Share Options 2008/2010 granted on 28 May 2008 was measured at the grant date and amounted to €1,17 per option. As a result of the amendment of the terms of the Share Options 2008/2010 on 23 June 2009, the Share Options were revalued and the additional cost amounted to €0,42 per option.

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

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

Fees and emoluments

The salaries and other short term benefits of executive directors amounting to €1.749 thousand (2009: €1.543 thousand) relate to Mr Andreas Eliades €898 thousand (2009: €980 thousand), Mr Yiannis Pehlivanidis €334 thousand (2009: Nil) and Mr Yiannis Kypri €517 thousand (2009: €563 thousand). During the nine months ended on 30 September 2011 the salaries and other short term benefits of executive directors amount to €2.727 (2010: €3.802).

The executive directors in accordance with their employment contracts, are entitled to a bonus which is determined by the Board of Directors based on the recommendation of the Remuneration Committee. For year 2010, the Board of Directors, having considered the performance of the Group as regards the achievement of its goals and profitability, had approved a total bonus of €536 thousand (2009: €514 thousand). The bonus would have been paid in the form of shares of the Company. One third of the bonus had vested immediately, while the remaining two thirds would have vested equally at the end of 2011 and 2012, provided the Group achieved the goals set with respect to profitability and key performance indicators, taking into account the performance of other peer banks.

During the nine months ended on 30 September 2011, the Executive Directors and Group key management personnel, due to the prevailing economic conditions, have waived their total bonus for year 2010.

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

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

Messrs Andreas Eliades and Yiannis Kypri participate in the main retirement benefit plan for the Group's employees in Cyprus, which is a defined benefit plan. Mr Yiannis Pehlivanides participates in the retirement benefit plans for the Group's employees in Greece, which are the defined contribution plan and the defined benefit plan for retirement benefits which are required by the law. The retirement benefit plan costs for the year 2010 amounting to €381 thousand (2009: €182 thousand) relate to Mr Andreas Eliades €133 thousand (2009: €118 thousand), Mr Yiannis Pehlivanides €175 thousand (2009: Nil) and Mr Yiannis Kypri €73 thousand (2009: €64 thousand). The total retirement benefits of the executive directors increased during 2010 by €800 thousand (2009:€ 771 thousand) and during the six months ended 30 June 2011 by €351 thousand (corresponding period of 2010: €371 thousand).

The fees and emoluments of the three key management personnel (2009: four) comprise the amounts of the Group Chief General Manager and the two Senior Group General Managers and include the bonus that has been approved by the Board of Directors.

2.2 Other transactions with related parties

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

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

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

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

During the nine months ended 30 September 2011 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €154 thousand (corresponding period of 2010: €160 thousand) paid to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €153 thousand (corresponding period of 2010: €269 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €309 thousand and purchase of goods amounting to €264 thousand (corresponding period of 2010: €466 thousand and Nil respectively) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €100 thousand (corresponding period of 2010: €106 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis.

3.0 OTHER STATUTORY INFORMATION

(i) There has been no significant change in the financial position of the Bank or the Group since 30 September 2011 except the agreement for sale of the Bank of Cyprus Australia Limited with a sale consideration of around €100 mn.

(ii) As at the date of the Prospectus and save as disclosed in Part C, Chapter 12.6 of this Prospectus, there has been no adverse change in the prospects of the Bank or of the Group since 30 September 2011.

(iii) As from 1st January 2008, first date of adoption of the euro as the official currency in the Republic of Cyprus, the currency relating to the operations of the Bank and its subsidiaries has changed to euro from Cyprus Pound. To this end as from 1st January 2008 all assets and liabilities of the Bank and its subsidiaries have been converted to Euro, based on the fixing rate of €1 = £0,585274.

(iv) On 1 January 2008 the nominal value of the Company's Shares has been converted to €1,00 per share from £0,50.

(v) As at the date of the Prospectus, no legal actions or claims of material importance are pending or threatened against the Company or the Group with the exception of the following:

i. In September 2009, an action was filed in Cyprus against the Company by the Trustees of the AremiSoft Corporation Liquidating Trust, which is similar in substance to the one filed in New York, in 2006. In the detailed statement of claim filed in October 2010 the Trustees, on behalf of the investors of AremiSoft, claim the amount of approximately USD 550 mn (€411 mn) plus interest and costs, in damages, which according to their allegations, have resulted from, inter alia, an alleged conspiracy between the Company and two of the major shareholders of AremiSoft, alleged fraudulent transactions through bank accounts held with the Company in Cyprus and the United Kingdom, alleged breach of contract and alleged negligence. The Group does not expect to have any material financial impact as a result of this action.

(vi) There are no, nor have there been any in the recent past, legal or arbitration proceedings in which the Group has been or is engaged in, which may have, or have had a significant effect on the financial position of the Company or any of its subsidiaries.

(vii) Save as disclosed in Part D, Chapter 2.2 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) As from 30 September 2011 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, except the issue of €1 bn covered bonds on the 12th of December 2011, as disclosed in Part C, Chapter 6.6.3 of the current Prospectus.

(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, Chapter 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.

12 January 2012
Board of Directors
Bank of Cyprus Public Company Ltd
Nicosia

Prospectus dated 12 January 2012

Dear Sirs,

We are the auditors of Bank of Cyprus Public Company Ltd for the years 2008 – 2010.

The consolidated financial statements of the Company and the Group at 31 December 2008, 2009 and 2010 were audited by us in accordance with International Standards on Auditing. We have issued unqualified opinions on these financial statements.

With this letter, we give and do not withdraw our consent for:
a) the inclusion of our reports within the Prospectus dated 12 January 2012 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 12 January 2012, for which you as Directors are solely responsible.

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

(ii) The Lead Manager of the issue, The Cyprus Investment and Securities Corporation Ltd (CISCO) has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears.

12 January 2012

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 12 January 2012 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.

12 January 2012
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 12 January 2012:

The aforementioned company is incorporated and operates in accordance with the Cyprus Companies Law, Cap. 113 and has the power to issue securities to the public.

The information in the Prospectus under "Statutory and other Information on the Issuer and its Share Capital" is in accordance with the details and documents to be found in the records of the Company as these are kept in the Companies Registry at the Department of the Registrar of Companies and Official Receiver.

We authorise the Cyprus Securities and Exchange Commission to publicise, at its discretion, any of the information which appears in the present confirmation to the public or any other party, if it deems this necessary.

With this letter, we give and do not withdraw our consent for the inclusion of our Confirmation within the Prospectus dated 12 January 2012 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 12 January 2012 for which you, as Directors, are solely responsible.

Chryssafinis & Polyviou

(iv) The Prospectus has been presented to the Board of Directors of the Company and has been approved. The Directors of the Company, who have taken all reasonable care to ensure that such is the case, accept responsibility for the accuracy, correctness and completeness of the information contained in the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

5.0 DOCUMENTS AVAILABLE FOR INSPECTION

(i) The documents attached to the copy of the Prospectus as filed with the Cyprus Securities and Exchange Commission were the consent letters described in Chapter 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 Chapter 4.0 above,
(3) audited consolidated financial statements of the Group for years 2008, 2009 and 2010,
(4) unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2011

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

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.bankofcyprus.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

6.0 INCORPORATIONS BY REFERENCE

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

Incorporations by Reference	Document	Pages
Financial Statements 31 December 2008	Annual Report 2008	68-161
Independent Auditor's Report 31 December 2008	Annual Report 2008	162
Financial Statements 31 December 2009	Annual Report 2009	70-168
Independent Auditor's Report 31 December 2009	Annual Report 2009	169
Financial Statements 31 December 2010	Annual Report 2010	68-170
Independent Auditor's Report 31 December 2010	Annual Report 2010	171
Unaudited, Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2011	Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2011	1-36

Investors may obtain a free copy of the following:

(i) consolidated financial statements for year 2008
(ii) consolidated financial statements for year 2009
(iii) consolidated financial statements for year 2010
(iv) unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2011.

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

“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 & Athex.
“Assets”	**:**	The total non consolidated assets of the Bank as these are presented in the balance sheet, which is included in the latest audited consolidated financial statements, adjusted for contingencies and post balance sheet events as per the decision of the Directors, the Auditors or the Receiver as the case may be.
“ATHEX”	**:**	means the Athens Exchange.
“Board of Directors”, “Board”	**:**	means the Board of Directors of the Company.
“Bonus Shares”	**:**	means the new ordinary shares of nominal value €1,00 which will be issued and granted in the ratio of one fully paid Bonus ordinary Share for each New Share resulting from the Rights issue and the MCN offered with this Prospectus.
“Business Day”	**:**	any day (except Saturday, Sunday or bank holiday) during which commercial banks and foreign currency markets provides settlements in Euro, in Cyprus and Greece.
“Capital Adequacy Regulations”	**:**	the regulations and circulars of the Central Bank of Cyprus regarding capital adequacy, at any given time.
“Capital Strengthening Plan”	**:**	means the Capital Strengthening Plan of the Group as described in this Prospectus which comprises the Rights Offering of €396,9 mn as well as the voluntary exchange of up to €600mn of Convertible Enhanced Capital Securities into Mandatory Convertible Notes and their subsequent redemption into ordinary shares.
“Central Bank”	**:**	means The Central Bank of Cyprus.
“Central Depository/Registry”	**:**	means the Central Depository/Registry of the CSE.
“ Company ”, “Bank of Cyprus”, “Bank”, “Issuer”	**:**	means Bank of Cyprus Public Company Limited.
“Convertible Bonds 2013/2018”	**:**	means the Convertible Bonds 2013/1018 of Bank of Cyprus of nominal value €1,00 each.
“Convertible Capital Securities”	**:**	means the Convertible Capital Securities of Bank of Cyprus of nominal value €1,00 each.
“Convertible Enhanced Capital Securities, “CECS””	**:**	means the Convertible Enhanced Capital Securities of Bank of Cyprus of nominal value €1,00 each or of nominal value $1,00 each.
“CSE”	**:**	means the Cyprus Stock Exchange.
“Directors”	**:**	means the members of the Board of Directors of the Company.
“Dividend Reinvestment Scheme”	**:**	the Bank’s Dividend Reinvestment Scheme as is currently in force and any other similar plan that replaces it or is approved by the Bank.
“DSS”	**:**	means the Dematerialized Securities System (DSS) of the Hellenic Exchanges.
“EBA”		means the European Banking Authority established by Regulation (EC) No 1093/2010 of the European Parliament and of the Council of 24 of November 2010.
“Eligible Holders”	**:**	means the Company’s shareholders and Eligible Securities Holders that will be registered on the Shareholders Register and Eligible Securities Register of the Company on 31 January 2012.
“Eligible Holders Register”	**:**	means the Register of the owners of Convertible Enhanced Capital Securities (“CECS”), Convertible Capital Securities and Convertible Bonds 2013/2018 of the Bank.

“Eligible Securities”	**:**	means the Convertible Bonds 2013/2018, Convertible Capital Securities and Convertible Enhanced Capital Securities (“CECS”) of the Company, which according to their terms of issue, can be converted to shares of the Company.
“Eligible Securities Holders”	**:**	Means the holders of Eligible Securities registered on the Central Depository/Registry of the Cyprus Stock Exchange (CSE) and/or the Dematerialised Securities System (DSS) of the Hellenic Exchanges on 31 January 2012 (Record Date).
“Employee Share Option Scheme”	**:**	the Employee Share Option Scheme as approved by the shareholders’ Annual General Meeting on May 14 2008 and any other scheme that replaces it or subsequently follows it.
“European Central Bank or ECB”	**:**	means the central bank responsible for the single European currency, the Euro. Its main function is to preserve the purchasing power of the currency and thus maintain price stability in the eurozone, which comprises the 17 countries of the European Union that have adopted the single currency since 1999.
“Eurozone”	**:**	means the 17 countries of the European Union which use the euro as their currency.
“Exempt Countries”	**:**	means the United States, Canada, Australia, South Africa, Japan and any other country which is not a Member State of the European Union and in which according to the laws of such country, such an offer or the distribution of this Prospectus is illegal or constitutes breach of any applicable law, rule or regulation.
“Exercise Period”	**:**	means the period from 23 February 2012 until 19 March 2012 for the eligible holders registered on the Central Depository/Registry of the CSE and the Dematerialized Securities System (DSS) of the Hellenic Exchanges.
“FSF”	**:**	means the Financial Stability Fund which was established pursuant the article 3 of The Established and Operation of the Independent Financial Stability Fund Law of 2011. The reason for its establishment is to improve the current framework for managing and resolving financial crises, to ensure financial stability and to support the ailing credit institutions.
“GGB”	**:**	means the Greek Government Bonds
“Group”	**:**	means Bank of Cyprus Public Company Limited and its subsidiary companies.
“HELEX”	**:**	means Hellenic Exchanges.
“Holders of nil paid Rights”, “Holders”	**:**	means the holders of the Rights that will be registered on the Register of Rights Holders after the last day of trading of the Rights on the stock exchange.
“Last Date of Exercise Period ”	**:**	means the 19 March 2012 last exercise day for the Rights.
“Mandatory Conversion Notes”	**:**	means the up to €600.000.000 Mandatory Conversion Notes of nominal value of €1,00 each that are offered via a Tender Exchange Offer to all Convertible Enhanced Capital Securities holders with this Prospectus
“Member of the stock exchange” “Member”	**:**	means stockbroker, brokerage company or Cypriot Investment Firm (CIF) that is registered on the Member Registry of the Cyprus Stock Exchange.
“Merger or Combination”	**:**	as defined in the Company’s Act Cap. 113.

“New Shares”	**:**	means the new ordinary shares of the Company of nominal value €1 each to be issued as a result of the exercise of Rights as provided in the Terms and Conditions in this Prospectus.
“Pre-registration Right”		means the right to Eligible Holders and investors who acquire Rights during their trading on the CSE and the ATHEX as well as other investors who will not hold Nill Paid Rights to participate in the exercise for unexercised Rights.
“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.
“Record Date”	**:**	means the 31 January 2012.
“Redemption Date of MCN”	**:**	means the 27 March 2012, where the Mandatory Convertible Notes will be fully redeemed by the Company with new ordinary shares, upon their maturity.
“Redemption Price”	**:**	means the price of €1,00 per ordinary share of nominal value €1,00, according to which the number of the new fully paid ordinary shares that will be issued from the redemption of MCN, will be calculated.
“Unsuscribed Shares”	**:**	means the shares that may result from any unexercised rights.
“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.
“Rights Trading Period”	**:**	means the period from 23 February 2012 until the 12 March 2012 during which the Rights will be traded on the CSE and the ATHEX.
“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 31 January 2012.
“Securities and Exchange Commission”	**:**	the Cyprus Securities and Exchange Commission.
“Shareholders Register”	**:**	means the Register of Holders of shares of the Company.
“Shareholders”	**:**	means those shareholders of the Company appearing as of record in the Shareholders Register of the Company.
“Shares”, “Ordinary Shares”	**:**	means the issued and fully paid ordinary shares of the Company of nominal value €1 each.
“Subscription Price”	**:**	means the amount of €1 for every share that every Holder of Rights must pay to purchase shares issued with this Prospectus.
“Subsidiary company”	**:**	has the meaning defined in Companies Act Cap. 113.
“Tender Exchabge Offer”	**:**	Means the tender offer for voluntary exchange of CECS via the issue of MCN of up to €600 mn, to all registered CECS holders for the exchange of CECS of nominal value of €1,00 each with MCN of a corresponding nominal value.
“Tier I Capital”	**:**	as defined in the Capital Adequacy Regulations.

DIRECTOR'S DECLARATIONS

The following Prospectus of Bank of Cyprus Public Company Limited dated 12 January 2012 has been signed by the Directors of the Company. The Company and the Directors signing the Prospectus ensure that to the best of their knowledge and belief (after taking all reasonable care), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information:

Theodoros Aristodemou	Chairman – Non Executive Director
Andreas Artemis	Vice Chairman – Non Executive - Independent Director
Andreas Eliades	Executive Director
Yiannis Kypri	Executive Director
Yiannis Pechlivanides	Executive Director
George M. Georgiades	Non-Executive, Senior Independent Director
Anna Diogenous	Non-Executive Director

Irene Karamanou	Non-Executive Director
Stavros J. Constandinides	Non-Executive, Independent Director
Manthos Mavrommatis	Non-Executive, Independent Director
Christos Mouskis	Non-Executive Director
Evdokimos Xenophontos	Non-Executive, Independent Director
Vassilis G. Rologis	Non-Executive Director
Costas Z. Severis	Non-Executive Director
Nikolas P. Tsakos	Non-Executive Director
Costas Hadjipapas	Non-Executive Director
Christakis G. Christofides	Non-Executive, Independent Director

LEAD MANAGER'S DECLARATION

The present Prospectus of Bank of Cyprus Public Company Limited dated 12 January 2012 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)