Mid – year Financial Report **30 June 2011**

Bank of Cyprus Group
Mid-year Financial Report

for the six months ended 30 June 2011

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Bank of Cyprus Public Company Ltd

Statement by the Members of the Board of Directors and the Company Officials Responsible for the Drafting of the Interim Condensed Consolidated Financial Statements

(in accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

We, the members of the Board of Directors and the Company officials responsible for the drafting of the Interim Condensed Consolidated Financial Statements of Bank of Cyprus Public Company Ltd (the 'Company') for the six months ended 30 June 2011, confirm that, to the best of our knowledge,

(a) the Interim Condensed Consolidated Financial Statements on pages 9 to 45

- (i) have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union, and
- (ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidated financial statements taken as a whole, and

(b) the Interim Management Report on pages 2 to 8 provides a fair overview on information required as per section 6 of article 10 of Law 190(I)/2007.

Theodoros Aristodemou	Chairman
Andreas Artemis	Vice Chairman
Vassilis G. Rologis	Non executive Director
Costas Z. Severis	Non executive Director
Christakis G. Christofides	Non executive Director
Evdokimos Xenophontos	Non executive Director
Anna Diogenous	Non executive Director
George M. Georgiades	Non executive Director
Andreas J. Jacovides	Non executive Director
Christos Mouskis	Non executive Director
Manthos Mavrommatis	Non executive Director
Andreas Eliades	Executive Director
Yiannis Kypri	Executive Director
Costas Hadjipapas	Non executive Director
Nikolas P. Tsakos	Non executive Director
Yiannis Pechlivanidis	Executive Director
Stavros J. Constantinides	Non executive Director
Irene Karamanou	Non executive Director
Christis Hadjimitsis	Senior Group General Manager

30 August 2011

Financial results

The Group remains in a strong position to face the challenges of the ongoing negative environment in the main European markets in which it operates, enjoying strong liquidity (**loans to deposits ratio** 86%), minimal repayments of debt obligations in the next two years and a **Tier 1 capital ratio** of 11,6% following the issue of Convertible Enhanced Capital Securities (CECS) and the impairment of Greek Government Bonds (GGBs).

The issue of €890 mn Convertible Enhanced Capital Securities in May 2011 has further strengthened the capital position of the Group in order to face the challenges of the difficult economic environment. In addition, Bank of Cyprus successfully passed the EU-wide stress test conducted by the European Banking Authority (EBA). Bank of Cyprus ranked 24th out of 90 European banks with a supervisory recognised capital ratio of 9,5% for 2012, under the adverse scenario and after taking into account the measures to strengthen its capital position. Bank of Cyprus has already implemented the actions for strengthening its capital position that were included in the 2011 stress test before its completion.

Excluding the impairment of GGBs, the Group's total income reached €737 mn for the first half of 2011 noting an increase of 8% and demonstrating the Group's ability to achieve increasing recurring income even in adverse economic conditions. Excluding the impairment of GGBs, the Group's profit before provisions for the first half of 2011 reached €377 mn recording an annual increase of 15%. Profit after tax excluding the impairment of GGBs reached €155 mn compared to €163 mn in the first half of 2010. It is noted that profit after tax was affected by the higher loan impairment charges and the higher tax charge due to the levy of a special tax (€9 mn) in Cyprus on financial institutions based on their deposits. Profit after tax excluding the impairment of the GGBs and the special tax on banks totalled €165 mn compared to €163 mn in the first half of 2010.

The Group intends to participate in the plan to exchange GGBs, based on the decisions of the EU Summit on 21st July 2011 for the support of Greece and considering the current terms of the plan. At 30 June 2011, the nominal value of the GGBs eligible for the plan totalled €1.076 mn which the Group has impaired by €281 mn or 26%.

As a result, the Group's income statement for the 2nd quarter of 2011 includes losses after tax of €268 mn from the impairment of GGBs, of which €171 mn were already recognised in the Group's revaluation reserves and were transferred to the income statement. As a result, the impact from the impairment of GGBs on the Group's equity totalled €97 mn. The Group estimates that with the completion of the exchange of GGBs, based on the current terms of the plan, a gain of about €77 mn will arise and, as a result, the additional impact from participating in the plan on the Group's equity will be reduced from €97 mn to only about €20 mn.

Taking into consideration the impairment of GGBs, profit before provisions for the first half of 2011 amounted to €96 mn, while the losses after tax amounted to €112 mn.

Financial results *(continued)*

The main financial highlights for the first half 2011 are set out in the tables below:

Main financial highlights for the first half of 2011 excluding the impairment of Greek Government Bonds				
	Change	**Six months 2011**	Six months 2010	Year 2010
		€ mn	*€ mn*	*€ mn*
Total revenue	+8%	**737**	681	1.450
Profit before provisions	+15%	**377**	328	725
Profit before tax	+7%	**193**	180	348
Profit after tax excluding the special levy on banks	+1%	**165**	163	306
Profit after tax attributable to the owners of the Company	-4%	**155**	163	306
Earnings per share (basic)	-5,7 cent	**17,4 cent**	23,1 cent	40,4 cent

Return on equity	-2,4 p.p.*	**11,2%**	13,6%	11,9%
Cost to income ratio	-3,0 p.p.*	**48,9%**	51,9%	50,0%
Net interest margin	+16 b.p.*	**2,78%**	2,62%	2,66%

Main financial highlights for the first half of 2011 including the impairment of Greek Government Bonds				
Total revenue	-33%	**456**	681	1.450
Profit before provisions	-71%	**96**	328	725
Profit before tax	-149%	**(88)**	180	348
(Loss)/profit after tax attributable to the owners of the Company	-169%	**(112)**	163	306
(Losses)/earnings per share (basic)	-35,7 cent	**(12,6 cent)**	23,1 cent	40,4 cent

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

- **Significant increase in total income excluding the impairment of GGBs:** Total income for the first half of 2011 noted an increase of 8% reaching €737 mn, demonstrating the Group's ability to achieve increasing recurring income even in adverse economic conditions.

- **Significant increase in profit before provisions excluding the impairment of GGBs:** Profit before provisions for the first half of 2011 reached €377 mn recording an increase of 15% compared to the first half of 2010 (€328 mn).

- **Improvement of interest margin:** The Group's net interest margin reached 2,78% for the first half of 2011, an increase of 16 basis points compared to 2,62% for the first half of 2010.

- **Profit after tax excluding the impairment of GGBs and the special tax on banks in Cyprus** reached €165 mn for the first half of 2011, recording an increase of 1% compared to the first half of 2010 (€163 mn). Profit after tax was affected by the higher provisions charge and the higher tax charge due to the levy of a special tax in Cyprus on financial institutions based on their deposits.

- **Improved efficiency:** The cost to income ratio excluding the impairment of GGBs has improved to 48,9% for the first half of 2011 from 51,9% in the first half of 2010.

Financial results *(continued)*

- **Strong liquidity position:** The Bank of Cyprus Group has strong liquidity with a loans to deposits ratio of 86%, limited repayments of debt obligations in the next two years and minimal reliance on wholesale funding (deposits to total assets ratio of 78% at 30 June 2011). In addition, the Group has substantially reduced its funding from the European Central Bank which at 30 June 2011 amounted to €1,4 bn compared to €3,3 bn at 30 June 2010 (58% reduction).

- **Satisfactory return on equity:** The return on equity excluding the impairment of GGBs was maintained at high levels (11,2%) in a particularly demanding and negative environment.

- **Capital position:** The Group completed the issue of €890 mn of Convertible Enhanced Capital Securities during the second quarter of 2011 which further strengthened its capital position in order to face the challenges of the difficult economic environment. As a result, the capital adequacy ratio including the impairment of GGBs reached 12,0% at 30 June 2011 with the tier 1 capital ratio and the core tier 1 capital ratio reaching 11,6% and 8,0% respectively. The Group estimates that with the completion of the exchange of GGBs, based on the current terms of the plan, the pro-forma core tier 1 ratio and the tier 1 ratio will amount to 8,3% and 11,9% respectively.

- **Successful in the Stress Test Exercise:** Bank of Cyprus successfully passed the EU-wide stress test conducted by the European Banking Authority. Bank of Cyprus ranked 24th out of 90 European banks with a supervisory recognised capital ratio of 9,5% for 2012, under the adverse scenario and after taking into account the measures to strengthen its capital position. Bank of Cyprus has already implemented the actions for strengthening its capital position that were included in the 2011 stress test before its completion.

- **Volume growth:** At 30 June 2011 Group loans and deposits recorded an annual increase of 5,3% and 0,3% respectively.

- **Effective credit risk management:** The non-performing loans ratio reached 8,2% at 30 June 2011 compared to 7,6% at 31 March 2011. The provisions coverage ratio (provisions as % of non-performing loans) was 54% at 30 June 2011. The coverage ratio including tangible collateral amounted to 116%.

Geographical analysis of profitability excluding the impairment of Greek Government Bonds

The **Group,** having achieved increased recurring income, recorded satisfactory profitability for the first half of 2011, with **profit before provisions** excluding the impairment of GGBs for the first half of 2011 reaching €377 mn, noting an increase of 15% compared to the first half of 2010.

Despite the satisfactory increase in pre-provision profitability, the Group's high provisions due to the deterioration of the macro environment as well as the higher tax due to the levy of a special tax in Cyprus on financial institutions based on their deposits, which was approximately €9 mn, resulted in profit after tax excluding the impairment of GGBs of €155 mn compared to €163 mn in the first half of 2010. Profit after tax, excluding the impairment of the GGBs and the special tax on banks totalled €165 mn compared to €163 mn in the first half of 2010.

In **Cyprus**, profit before provisions for the first half of 2011 excluding the impairment of GGBs reached €229 mn which is an increase of 20% compared to the first half of 2010, while profit after tax excluding the impairment of GGBs reached €142 mn. In **Greece**, profit before provisions excluding the impairment of GGBs for the first half of 2011 reached €95 mn compared to €98 in the first half of 2010. Increased provisions (€95 mn for the first half of 2011 compared to €70 mn for the first half of 2010) resulted in a profit after tax of €93 thousand and a loss after tax of €7 mn excluding the impairment of GGBs for the first half of 2011.

In **Russia**, profit before provisions for the first half of 2011 reached €28 mn compared to €15 mn in the first half of 2010 while profit after tax for the first half of 2011 reached €10 mn compared to €3 mn in the first half of 2010.

Profit after tax for **other countries** (Australia, United Kingdom, Ukraine and Romania) reached €10 mn.

Financial results *(continued)*

Net interest income and net interest margin

By adjusting its pricing policy to reflect the new economic environment, the Group increased its net interest income for the first half of 2011. **Net interest income** for the first half of 2011 reached €553 mn, recording a significant annual increase of 11% compared to the first half of 2010, demonstrating the Group's ability to achieve increased recurring income despite the continuing competition and the adverse economic environment.

Net interest income recorded an increase compared to the first half of 2010 in all the countries where the Group operates. In Cyprus net interest income reached €282 mn for the first half of 2011, increasing by 14% compared to the first half of 2010, while in Greece net interest income improved to €158 mn recording an increase of 3% compared to the first half of 2010. In Russia net interest income reached €65 mn versus €53 mn for the first half of 2010 noting an increase of 21% and in the other countries net interest income reached €48 mn for the first half of 2011 noting an increase of 16% compared to the first half of 2010.

The Group's **net interest margin** in the second quarter of 2011 reached 2,78% compared to 2,64% for the second quarter of 2010 and 2,77% for the first quarter of 2011. As a result, the net interest margin for the first half of 2011 reached 2,78% recording a significant increase of 16 basis points compared to the first half of 2010 (2,62%).

The net interest margin in Cyprus reached 2,23% for the second quarter of 2011, compared to 2,19% for the first quarter of 2011. As a result, the net interest margin for the first half of 2011 reached 2,21% compared to 2,11% for the first half of 2010.

The net interest margin in Greece improved to 2,58% for the second quarter of 2011 versus 2,56% for the first quarter of 2011. As a result, the net interest margin for the first half of 2011 reached 2,57% recording an increase of 40 basis points compared to the first half of 2010 (2,17%).

The net interest margin in Russia reached 5,59% in the second quarter of 2011 (compared to 6,19% for the first quarter of 2011), while the net interest margin for the first half of 2011 reached 5,88% recording an increase of 35 basis points compared to the first half of 2010 (5,53%).

Net interest margin for other countries reached 2,60% for the first half of 2011, compared to 2,52% for the first half of 2010.

Income from fees and commissions and foreign exchange and net gains from financial instruments excluding the impairment of GGBs

Net fee and commission income amounted to €113 mn for the first half of 2011, compared to €112 mn for the first half of 2010.

Foreign exchange income and gains from financial instruments excluding the impairment of GGBs for the first half of 2011 amounted to €26 mn versus €37 mn for the first half of 2010.

Greek Government Bonds

The Group, based on the decisions of the EU Summit on 21st July 2011 for the support of Greece and considering the current terms of the plan, intends to participate in the plan to exchange GGBs. At 30 June 2011, the nominal value of the GGBs eligible for the plan totalled €1.076 mn which the Group has impaired by €281 mn or 26%.

As a result, the Group's income statement for the 2nd quarter of 2011 includes losses after tax of €268 mn from the impairment of GGBs, of which €171 mn were already recognised in the Group's revaluation reserves and were transferred to the income statement. As a result, the impact from the impairment of GGBs on the Group's equity totalled €97 mn. The Group estimates that with the completion of the exchange of GGBs, based on the current terms of the plan, a gain of about €77 mn will arise and, as a result, the impact from participating in the plan on the Group's equity will be reduced from €97 mn to only about €20 mn. The Group estimates that with the completion of the exchange of GGBs, based the current terms of the plan, the core tier 1 ratio and the tier 1 ratio will amount to 8,3% and 11,9% respectively.

Financial results *(continued)*

Greek Government Bonds *(continued)*

The impairment of GGBs classified as available-for-sale was based on market values as at 30 June 2011. The impairment of GGBs classified as held-to-maturity and as loans and receivables was based on the current value of the expected future cash flows, in accordance with the GGB exchange plan.

Information regarding the GGBs which are eligible under the plan as at 30 June 2011 is set out in τα the table below.

	Nominal value	Impairment recognised in the income statement*	Carrying value after impairment	Transfer from revaluation reserves
	€ mn	€ mn	€ mn	€ mn
Available-for-sale	400	161	239	161
Loans and receivables	425	78	326	10
Held-to-maturity	247	42	204	-
Total of impaired bonds	**1.072**	**281**	**769**	**171**
At fair value through profit or loss	4			
Total bonds which are eligible for exchange under the plan	**1.076**			

*Before tax

GGBs that are not eligible for the exchange plan are classified as loans and receivables and have not been impaired. As at 30 June 2011, the book value of GGBs not eligible for the exchange plan amounted to €857 mn which represents a discount of 16% of their nominal value (€1.025 mn).

The book value of the total GGB portfolio of the Group at 30 June 2011 amounts to €1.629 bn and represents a discount of 22% of the portfolio total nominal value.

Expenses

Total expenses for the first half of 2011 amounted to €360 mn, recording an annual increase of 2% compared to €353 mn for the first half of 2010 and the **cost to income ratio** excluding the impact from the impairment of GGBs was at 48,9% (51,9% for the first half of 2010).

Staff costs amounted to €219 mn recording a marginal increase of 1% compared to the first half of 2010 while **other operating expenses** (excluding staff costs) amounted to €141 mn recording an increase of 4% compared to the first half of 2010.

Credit Risk Management

The quality of the Group's loan portfolio remains at satisfactory levels taking into consideration the continuing economic crisis. At 30 June 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 8,2%, compared to 7,6% at 31 March 2011 noting an increase of 60 basis points.

At 30 June 2011, the relevant ratio was 8,0% in Cyprus (31 March 2011: 7,2%) and 9,3% in Greece (31 March 2010: 8,8%).

The Group, taking into consideration the macro-economic environment and the deterioration of the loan portfolio, increased the charge for loans impairment, which reached 1,26% of total loans on an annual basis (first half of 2010: 1,07%).

Financial results *(continued)*

Credit Risk Management *(continued)*

As a result of the relatively high provisions, the provision coverage ratio (provisions/NPLs) was 54% at 30 June 2011. The remaining balance of NPLs is fully covered by tangible collateral. The coverage ratio taking into account tangible collateral amounted to 116%.

Loans

At 30 June 2011 Group loans amounted to €29,44 bn recording an annual increase of 5% as well as an increase of 2% from 31 December 2010.

Analysis of Loans by Geographic Sector			
30 June 2011	**€ mn**	**Annual change**	**Contribution to total**
Cyprus	14.392	+7%	49%
Greece	10.166	+3%	35%
Russia	1.991	+6%	7%
Other countries	2.892	+5%	9%
Group	**29.441**	**+5%**	**100%**

Deposits

The Group's total deposits at 30 June 2011 reached €32,64 bn recording an annual increase of 0,3% and an increase of 1% from 31 March 2011.

The Group's strong liquidity position, with a loans to deposits ratio of 86% and its minimal reliance on wholesale funding (deposits to total assets ratio of 78% at 30 June 2011) provide the Group with a strong competitive advantage particularly in the adverse conditions prevailing in international money markets and the intense competition on deposits evident in the main markets in which the Group operates.

On 19th July 2011, the Group completed the issue of €700 mn Covered Bonds which further strengthened the Group's liquidity position.

Analysis of Deposits by Geographic Sector				
30 June 2011	**€ mn**	**Annual change**	**Contribution to total**	**Loans to Deposits ratio***
Cyprus	20.213	+7%	62%	68%
Greece	8.713	-16%	27%	111%
Russia	1.322	+21%	4%	142%
Other countries	2.395	+9%	7%	118%
Group	**32.643**	**+0%**	**100%**	**86%**

* Net loans to deposits ratio

Financial results *(continued)*

Capital base

At 30 June 2011, the Group's equity including the issue of Convertible Enhanced Capital Securities (CECS) amounted to €3,60 bn increasing by 52% on an annual basis. The Group's total capital adequacy ratio based on Basel II requirements, including the impairment of GGBs, reached 12,0% with the core tier 1 ratio at 8,0% and the tier 1 ratio at 11,6%. The Group estimates that with the completion of the exchange of GGBs, based on the current terms of the plan the pro-forma core tier 1 ratio and the tier 1 ratio will amount to 8,3% and 11,9% respectively.

Dividends

The final dividend for 2010 of €0,03 per share amounting to €26.848 thousand was approved at the Annual General Meeting of shareholders held on 24 May 2011 and was paid to shareholders on 16 June 2011.

Related party transactions

Information on related party transactions for the six months ended 30 June 2011 in accordance with IFRSs is set out in Note 23 of the Interim Condensed Consolidated Financial Statements.

Risk management

Like other financial organisations, the Group is exposed to risks, the most significant of which are credit risk, liquidity risk and market risk (that arises from adverse movements in exchange rates, interest rates or security prices), as well as operational risk. The Group monitors and manages these risks through various control mechanisms. The main risks to which the Group is exposed are set out in notes 41 to 44 of the Financial Statements for the year ended 31 December 2010. In addition, note 21 of these Interim Condensed Consolidated Financial Statements provides additional disclosures relating to the Group's exposure to the countries which have entered the European Support Mechanism (Greece, Ireland and Portugal). The risks to which the Group is exposed are not expected to change significantly during the second half of 2011.

Share capital

During the period, the Company's issued share capital increased by €4.192.331 as a result of dividend reinvestment as set out in note 16 of these Interim Condensed Consolidated Financial Statements.

30 August 2011

Bank of Cyprus Group
Interim Consolidated Income Statement

for the six months ended 30 June 2011

		Six months ended 30 June		Year ended 31 December
		2011	2010	2010
	Notes	**€000**	€000	€000
Turnover		**1.349.005**	1.239.454	2.577.028
Interest income		**1.113.268**	1.003.509	2.091.794
Interest expense		**(560.496)**	(507.344)	(1.051.375)
Net interest income		**552.772**	496.165	1.040.419
Fee and commission income		**119.567**	117.746	244.589
Fee and commission expense		**(7.073)**	(5.954)	(13.410)
Foreign exchange income		**5.580**	18.162	38.634
Impairment of Greek Government Bonds (GGBs)	7	**(280.934)**	-	-
Net gains on other financial instrument transactions		**20.541**	18.957	71.380
Insurance income net of insurance claims		**31.939**	30.240	59.361
Other income		**13.661**	5.674	8.916
		456.053	680.990	1.449.889
Staff costs		**(219.148)**	(217.108)	(430.208)
Other operating expenses		**(141.208)**	(136.019)	(294.717)
Profit before provisions		**95.697**	327.863	724.964
Provisions for impairment of loans and advances	11	**(183.055)**	(145.605)	(374.497)
(Loss)/profit before share of loss of associates		**(87.358)**	182.258	350.467
Share of loss of associates		**(532)**	(2.047)	(1.953)
(Loss)/profit before tax		**(87.890)**	180.211	348.514
Taxation	8	**(24.973)**	(22.827)	(45.989)
(Loss)/profit after tax		**(112.863)**	157.384	302.525

Attributable to:				
Non-controlling interests (loss)		**(466)**	(5.248)	(3.664)
Owners of the Company ((loss)/profit)		**(112.397)**	162.632	306.189

Basic earnings/(losses) per share (cent)	9	**(12,6)**	23,1	40,4
Diluted earnings/(losses) per share (cent)	9	**(12,6)**	21,3	37,3
Basic earnings per share excluding the impairment of GGBs (cent)	9	**17,4**	23,1	40,4
Diluted earnings per share excluding the impairment of GGBs (cent)	9	**12,0**	21,3	37,3

Bank of Cyprus Group
Interim Consolidated Income Statement

for the three months from 1 April to 30 June 2011

		Three months ended 30 June	
		2011	*2010*
	Notes	***€000***	*€000*
Turnover		**715.061**	639.763
Interest income		**555.244**	525.186
Interest expense		**(278.119)**	(270.563)
Net interest income		**277.125**	254.623
Fee and commission income		**60.561**	62.690
Fee and commission expense		**(4.038)**	(3.170)
Foreign exchange income		**9.372**	10.186
Impairment of Greek Government Bonds (GGBs)	7	**(280.934)**	-
Net gains/(losses) on other financial instrument transactions		**11.346**	(74)
Insurance income net of insurance claims		**15.020**	15.168
Other income		**11.121**	3.898
		99.573	343.321
Staff costs		**(103.941)**	(109.445)
Other operating expenses		**(71.934)**	(71.445)
(Loss)/profit before provisions		**(76.302)**	162.431
Provisions for impairment of loans and advances		**(104.348)**	(72.107)
(Loss)/profit before share of loss of associates		**(180.650)**	90.324
Share of loss of associates		**(496)**	(1.574)
(Loss)/profit before tax		**(181.146)**	88.750
Taxation		**(3.352)**	(10.766)
(Loss)/profit after tax		**(184.498)**	77.984

Attributable to:			
Non-controlling interests (loss)		**(917)**	(3.286)
Owners of the Company ((loss)/profit)		**(183.581)**	81.270

Basic earnings/(losses) per share (cent)	9	**(20,5)**	11,5
Diluted earnings/(losses) per share (cent)	9	**(20,5)**	9,5
Basic earnings per share excluding the impairment of GGBs (cent)	9	**9,4**	11,5
Diluted earnings per share excluding the impairment of GGBs (cent)	9	**5,0**	9,5

Bank of Cyprus Group

Interim Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(112.863)**	157.384
Other comprehensive income		
Foreign currency translation reserve		
(Losses)/gains on translation of the net investment in subsidiaries and overseas branches	**(8.420)**	100.293
Gains/(losses) on hedging of net investment	**7.889**	(17.883)
Transfer to the consolidated income statement on disposal of subsidiary	**-**	362
	(531)	82.772
Available-for-sale investments		
Losses from revaluation before tax	**(40.124)**	(251.296)
Transfer to the consolidated income statement on impairment	**170.684**	1.597
Transfer to the consolidated income statement on sale	**5.357**	13.878
Taxation	**559**	2.098
	136.476	(233.723)
Cash flow hedges		
(Losses)/gains from revaluation before tax	**(782)**	1.518
Taxation	**50**	(152)
	(732)	1.366
Property revaluation		
Taxation	**91**	-
Other comprehensive income/(expense) after tax	**135.304**	(149.585)
Total comprehensive income for the period	**22.441**	7.799

Attributable to:		
Non-controlling interests (profit/(loss))	**57**	(204)
Owners of the Company (profit)	**22.384**	8.003

Bank of Cyprus Group
Interim Consolidated Statement of Comprehensive Income

for the three months from 1 April to 30 June 2011

	Three months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(184.498)**	77.984
Other comprehensive income		
Foreign currency translation reserve		
(Losses)/gains on translation of the net investment in subsidiaries and overseas branches	**(6.508)**	40.631
Gains/(losses) on hedging of net investment	**3.351**	(12.707)
Transfer to the consolidated income statement on disposal of subsidiary	**-**	362
	(3.157)	28.286
Available-for-sale investments		
Losses from revaluation before tax	**(68.568)**	(188.317)
Transfer to the consolidated income statement on impairment	**170.649**	1.597
Transfer to the consolidated income statement on sale	**5.292**	19.940
Taxation	**221**	801
	107.594	(165.979)
Cash flow hedges		
(Losses)/gains from revaluation before tax	**(213)**	763
Taxation	**17**	(76)
	(196)	687
Property revaluation		
Taxation	**89**	4
Other comprehensive income/(expense) after tax	**104.330**	(137.002)
Total comprehensive expense for the period	**(80.168)**	(59.018)

Attributable to:		
Non-controlling interests (loss)	**(1.003)**	(2.206)
Owners of the Company (loss)	**(79.165)**	(56.812)

Bank of Cyprus Group
Interim Consolidated Balance Sheet

as at 30 June 2011

	Notes	*30 June 2011 €000*	*31 December 2010 €000*
Assets			
Cash and balances with central banks		**1.909.298**	2.241.825
Placements with banks		**4.605.157**	5.264.628
Reverse repurchase agreements		**-**	120.166
Investments	10	**4.214.974**	4.307.558
Investments pledged as collateral	10	**899.740**	1.038.036
Derivative financial assets		**47.299**	76.278
Loans and advances to customers	11	**28.135.136**	27.725.451
Life insurance business assets attributable to policyholders		**547.858**	561.695
Property and equipment		**416.885**	418.781
Intangible assets		**482.692**	479.058
Other assets	12	**487.410**	400.459
Investment in associates		**3.762**	3.805
Total assets		**41.750.211**	42.637.740
Liabilities			
Obligations to central banks and amounts due to banks		**3.081.777**	3.706.975
Repurchase agreements		**836.137**	913.109
Derivative financial liabilities		**279.545**	240.412
Customer deposits		**32.643.441**	32.952.567
Insurance liabilities		**645.362**	658.309
Debt securities in issue	13	**88.083**	83.957
Other liabilities	14	**371.881**	323.120
Subordinated loan stock	15	**116.119**	930.942
Total liabilities		**38.062.345**	39.809.391
Equity			
Share capital	16	**899.141**	894.948
Share premium		**1.164.011**	1.159.819
Convertible Enhanced Capital Securities	17	**867.146**	-
Retained earnings		**720.529**	868.531
Revaluation and other reserves		**(54.322)**	(186.253)
Equity attributable to the owners of the Company		**3.596.505**	2.737.045
Non-controlling interests		**91.361**	91.304
Total equity		**3.687.866**	2.828.349
Total liabilities and equity		**41.750.211**	42.637.740

Th. Aristodemou	Chairman
A. Artemis	Vice Chairman
A. Eliades	Group Chief Executive Officer
Y. Kypri	Deputy Group Chief Executive Officer
Chr. Hadjimitsis	Senior Group General Manager

Bank of Cyprus Group

Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Attributable to the owners of the Company												Non-controlling interests	**Total equity**
	Share capital (Note 16)	Share premium	Convertible Enhanced Capital Securities (Note 17)	Retained earnings	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Cash flow hedge reserve	Life insurance in-force business reserve	Equity component of convertible subordinated loan stock	Foreign currency translation reserve	Shares of the Company	**Total**		
	€000	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*	***€000***	*€000*	***€000***
1 January 2011	**894.948**	**1.159.819**	**-**	**868.531**	**100.329**	**(271.012)**	**1.291**	**83.697**	**12.420**	**(104.701)**	**(8.277)**	**2.737.045**	**91.304**	**2.828.349**
Cost of share-based payments	-	-	-	2.611	-	-	-	-	-	-	-	**2.611**	-	**2.611**
Purchase of shares of the Company by subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	(846)	**(846)**	-	**(846)**
Disposal of shares of the Company by subsidiaries and associates	-	-	-	(1.463)	-	-	-	-	-	-	1.993	**530**	-	**530**
Increase in value of in-force life insurance policies	-	-	-	(3.374)	-	-	-	3.374	-	-	-	**-**	-	**-**
Tax on increase in value of in-force life insurance policies	-	-	-	202	-	-	-	(202)	-	-	-	**-**	-	**-**
Dividend paid and reinvested (Note 18)	4.193	4.192	-	(26.848)	-	-	-	-	-	-	-	**(18.463)**	-	**(18.463)**
Issue of Convertible Enhanced Capital Securities (CECS) (Note 17)	-	-	867.146	-	-	-	-	-	-	-	-	**867.146**	-	**867.146**
Exchange of Convertible Capital Securities and Capital Securities with CECS (Note 15)	-	-	-	(6.733)	-	-	-	-	(7.169)	-	-	**(13.902)**	-	**(13.902)**
Total comprehensive income/(expense) for the period	-	-	-	(112.397)	91	136.476	(732)	-	-	(1.054)	-	**22.384**	57	**22.441**
30 June 2011	**899.141**	**1.164.011**	**867.146**	**720.529**	**100.420**	**(134.536)**	**559**	**86.869**	**5.251**	**(105.755)**	**(7.130)**	**3.596.505**	**91.361**	**3.687.866**

Bank of Cyprus Group
Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2010

	Attributable to the owners of the Company											Non-controlling interests	**Total equity**
	Share capital (Note 16)	Share premium	Retained earnings	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Cash flow hedge reserve	Life insurance in-force business reserve	Equity component of convertible subordinated loan stock	Foreign currency translation reserve	Shares of the Company	**Total**		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	**€000**
1 January 2010	**598.197**	**712.170**	**1.084.132**	**101.583**	**(8.537)**	**32**	**74.599**	**12.420**	**(138.138)**	**(13.346)**	**2.423.112**	**62.386**	**2.485.498**
Reattribution of reserves due to change in ownership percentage of subsidiary	-	-	(29.824)	-	-	-	-	-	-	-	**(29.824)**	29.824	**-**
Cost of share-based payments	-	-	1.766	-	-	-	-	-	-	-	**1.766**	-	**1.766**
Acquisition of shares of the Company by subsidiaries and associates	-	-	-	-	-	-	-	-	-	(58)	**(58)**	-	**(58)**
Disposal of shares of the Company by subsidiaries and associates	-	-	(816)	-	-	-	-	-	-	1.407	**591**	-	**591**
Defence contribution on deemed dividend distribution	-	-	(570)	-	-	-	-	-	-	-	**(570)**	-	**(570)**
Increase in value of in-force life insurance policies	-	-	(5.327)	-	-	-	5.327	-	-	-	**-**	-	**-**
Tax on increase in value of in-force life insurance policies	-	-	495	-	-	-	(495)	-	-	-	**-**	-	**-**
Dividend paid and reinvested (Note 18)	6.009	11.479	(47.856)	-	-	-	-	-	-	-	**(30.368)**	-	**(30.368)**
Total comprehensive income/(expense) for the period	-	-	162.632	-	(233.671)	1.366	-	-	77.676	-	**8.003**	(204)	**7.799**
30 June 2010	**604.206**	**723.649**	**1.164.632**	**101.583**	**(242.208)**	**1.398**	**79.431**	**12.420**	**(60.462)**	**(11.997)**	**2.372.652**	**92.006**	**2.464.658**

Bank of Cyprus Group
Interim Consolidated Statement of Cash Flows

for the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 €000	2010 €000
Net cash flow from operating activities			
(Loss)/profit before tax		**(87.890)**	180.211
Share of loss of associates		**532**	2.047
Provisions for impairment of loans and advances		**183.055**	145.605
Impairment of Greek Government Bonds		**280.934**	-
Depreciation of property and equipment and amortisation of intangible assets		**20.635**	22.490
Increase in value of in-force life insurance policies		**(3.374)**	(5.327)
Amortisation of discounts/premiums		**(21.267)**	(111.838)
Cost of share-based payments		**2.611**	1.766
Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock		**(127.653)**	(160.888)
Gain on disposal of subsidiary		**-**	(1.944)
		247.583	72.122
Net increase in loans and advances to customers and other accounts		**(499.524)**	(1.910.311)
Net (decrease)/increase in customer deposits and other accounts		**(811.103)**	4.214.617
		(1.063.044)	2.376.428
Tax paid		**(20.633)**	(20.894)
Net cash flow (used in)/from operating activities		**(1.083.677)**	2.355.534
Cash flow from investing activities			
Purchases of investments		**(1.195.650)**	(3.513.953)
Proceeds on disposal/redemption of investments		**1.170.807**	2.179.316
Interest from investments		**92.357**	78.738
Dividend income from equity securities		**449**	1.206
Proceeds on disposal of subsidiaries		**-**	2.883
Purchases of property and equipment		**(14.944)**	(18.382)
Proceeds on disposal of property and equipment		**1.184**	2.685
Purchases of intangible assets		**(5.417)**	(4.829)
Purchases of investment property		**(37.989)**	(13.834)
Proceeds on disposal of investment property		**2.047**	1.965
Net cash flow from/(used in) investing activities		**12.844**	(1.284.205)
Cash flow from financing activities			
Redemption of subordinated loan stock		**(127.315)**	-
Redemption of debt securities in issue		**(7.481)**	(462.367)
Issue of debt securities in issue		**11.607**	29.487
Issue of Convertible Enhanced Capital Securities		**171.801**	-
Dividend paid		**(18.463)**	(30.368)
Interest on subordinated loan stock		**(17.549)**	(21.757)
Purchase of own shares		**(846)**	(58)
Proceeds on disposal of own shares		**530**	591
Net cash flow from/(used in) financing activities		**12.284**	(484.472)
Net (decrease)/increase in cash and cash equivalents for the period		**(1.058.549)**	586.857
Cash and cash equivalents			
1 January		**6.339.767**	6.156.656
Exchange adjustments		**31.145**	75.953
Net (decrease)/increase in cash and cash equivalents for the period		**(1.058.549)**	586.857
30 June	19	**5.312.363**	6.819.466

1. Corporate information

The Interim Condensed Consolidated Financial Statements include the financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (the 'Group') and were authorised for issue by a resolution of the Board of Directors on 30 August 2011.

Bank of Cyprus Public Company Ltd is the holding company of the Bank of Cyprus Group. The principal activities of the Company and its subsidiaries during the period, continued to be the provision of banking, financial and insurance services.

The Company was incorporated in Cyprus as a limited liability company in 1930 and is a public company under the Cyprus Companies Law, the Cyprus Stock Exchange Laws and Regulations and the Income Tax Law of Cyprus.

2. Unaudited financial statements

The Interim Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2011 have not been audited by the Group's external auditors.

The Group's external auditors have conducted a review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'.

3. Basis of preparation

The Interim Condensed Consolidated Financial Statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated.

Statement of compliance

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited Consolidated Financial Statements for the year 2010.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. Significant accounting policies

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011 are consistent with those followed for the preparation of the annual financial statements for the year 2010, except for the adoption by the Group of the following standards, amendments and interpretations as of 1 January 2011, which did not have any material impact on the Group's financial statements:

- Revised IAS 24 'Related Party Disclosures'
- IAS 32 'Financial Instruments: Presentation'
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'
- Improvements to IFRSs (issued in May 2010)
  - IFRS 1 'First-time adoption'
  - IFRS 7 'Financial Instruments: Disclosures'
  - IAS 1 'Presentation of Financial Statements'
  - IAS 34 'Interim Financial Reporting'
  - IFRS 3 'Business Combinations'
  - IAS 27 'Consolidated and Separate Financial Statements'
  - IFRIC 13 'Customer Loyalty Programmes'

5. Judgements and estimates

The preparation of the Interim Condensed Consolidated Financial Statements in accordance with IFRSs requires the Group's management to make judgements and estimates which can have a material impact on the amounts recognised in the financial statements. The accounting policies that are deemed critical to the Group's results and financial position in terms of the materiality of the items to which the policy is applied and which involve a high degree of judgement including the use of assumptions and estimates are:

- Provisions for impairment of loans and advances to customers
- Impairment of goodwill
- Fair value of investments
- Impairment of available-for-sale investments
- Reclassification of financial assets
- Retirement benefits
- General insurance business
- Life insurance business
- Taxation
- Consolidation of special purpose entities

Further details on the above are provided in note 2.4 of the Group's financial statements for year 2010.

6. Segmental analysis

The Group is organised into operating segments based on the geographic location of each unit and has the following reportable operating segments: Cyprus, Greece and Russia. The Group's activities in the United Kingdom, Australia, Romania and Ukraine are separate operating segments for which information is provided to management but, due to their size, have been aggregated for disclosure purposes into one segment, namely 'Other countries'.

The Group's activities in Cyprus cover the provision of banking, financial and insurance services as well as property and hotel business. The Group's activities in Greece cover the provision of banking, financial and insurance services. In the other countries, the Group provides banking services.

Group management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit after tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation and are made on an arm's length basis.

Operating segment disclosures are provided as presented to the Group's Senior Executive Management. Each segment's capital and the related interest income and expense are adjusted in order to be on the same basis as a percentage of the segment's risk weighted assets, as calculated for capital adequacy purposes in accordance with the relevant regulations of the Central Bank of Cyprus. The results of each segment are also adjusted to reflect the liquidity surplus/shortfall of each segment. The Group's total profit as presented in the consolidated income statement is not affected.

The loans and advances to customers, the customer deposits and the related income and expense are included in the segment where the business is originated, rather than the segment where the transaction is recorded.

6. Segmental analysis *(continued)*

	Cyprus	Greece	Russia	Other countries	**Total**
Six months ended 30 June 2011	*€000*	*€000*	*€000*	*€000*	***€000***
Net interest income	282.532	157.892	64.454	47.894	**552.772**
Net fee and commission income	64.194	25.160	17.078	6.062	**112.494**
Foreign exchange income	42	1.265	2.964	1.309	**5.580**
Net gains/(losses) on other financial instrument transactions	20.011	1.749	-	(1.219)	**20.541**
Insurance income net of insurance claims	25.791	6.148	-	-	**31.939**
Other income	3.761	3.648	4.959	1.293	**13.661**
	396.331	**195.862**	**89.455**	**55.339**	**736.987**
Staff costs	(110.374)	(59.216)	(33.030)	(16.528)	**(219.148)**
Other operating expenses	(56.841)	(41.301)	(28.916)	(14.150)	**(141.208)**
Profit before provisions	**229.116**	**95.345**	**27.509**	**24.661**	**376.631**
Provisions for impairment of loans and advances	(62.002)	(95.252)	(14.573)	(11.228)	**(183.055)**
Share of loss of associates	(532)	-	-	-	**(532)**
Profit before tax	**166.582**	**93**	**12.936**	**13.433**	**193.044**
Taxation	(25.479)	(7.018)	(2.301)	(3.245)	**(38.043)**
Profit/(loss) after tax	**141.103**	**(6.925)**	**10.635**	**10.188**	**155.001**
Non-controlling interests (loss/(profit))	1.551	-	(1.084)	(1)	**466**
Profit/(loss) after tax and non-controlling interests	**142.654**	**(6.925)**	**9.551**	**10.187**	**155.467**

Total profit by segment	155.467
Impairment of GGBs after tax	(267.864)
Loss after tax as presented in the income statement	**(112.397)**

Management does not consider the impairment of Greek Government Bonds (GGBs) to be part of each segment's operating results, and consequently the segmental analysis is presented excluding the impairment of GGBs.

6. Segmental analysis *(continued)*

	Cyprus	Greece	Russia	Other countries	**Total**
Six months ended 30 June 2010	*€000*	*€000*	*€000*	*€000*	***€000***
Net Interest income	248.147	153.228	53.459	41.331	**496.165**
Net fee and commission income	60.948	25.998	19.326	5.520	**111.792**
Foreign exchange income	11.424	2.137	3.731	870	**18.162**
Net gains/(losses) on other financial instrument transactions	7.980	11.089	-	(112)	**18.957**
Insurance income net of insurance claims	24.661	5.579	-	-	**30.240**
Other income	2.163	1.398	1.126	987	**5.674**
	355.323	**199.429**	**77.642**	**48.596**	**680.990**
Staff costs	(111.140)	(59.487)	(32.689)	(13.792)	**(217.108)**
Other operating expenses	(52.939)	(41.717)	(29.429)	(11.934)	**(136.019)**
Profit before provisions	**191.244**	**98.225**	**15.524**	**22.870**	**327.863**
Provisions for impairment of loans and advances	(60.054)	(70.003)	(9.489)	(6.059)	**(145.605)**
Share of loss of associates	(2.047)	-	-	-	**(2.047)**
Profit before tax	**129.143**	**28.222**	**6.035**	**16.811**	**180.211**
Taxation	(14.322)	(3.058)	(3.019)	(2.428)	**(22.827)**
Profit after tax	**114.821**	**25.164**	**3.016**	**14.383**	**157.384**
Non-controlling interests (loss/(profit))	5.044	-	205	(1)	**5.248**
Profit after tax and non-controlling interests	**119.865**	**25.164**	**3.221**	**14.382**	**162.632**

6. Segmental analysis *(continued)*

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, foreign exchange income, net gains on other financial instrument transactions, insurance income net of insurance claims and other income.

	Cyprus	Greece	Russia	Other countries	**Total**
Six months ended 30 June 2011	*€000*	*€000*	*€000*	*€000*	***€000***
Banking and financial services	362.286	175.423	97.253	66.541	**701.503**
Insurance services	27.116	5.985	-	-	**33.101**
Property and hotel business	2.365	18	-	-	**2.383**
Total revenue from third parties	391.767	181.426	97.253	66.541	**736.987**
Inter-segment revenue/(expense)	4.564	14.436	(7.798)	(11.202)	-
Total revenue	**396.331**	**195.862**	**89.455**	**55.339**	**736.987**

Six months ended 30 June 2010					
Banking and financial services	340.263	169.650	83.900	55.007	**648.820**
Insurance services	25.942	5.509	-	-	**31.451**
Property and hotel business	691	28	-	-	**719**
Total revenue from third parties	366.896	175.187	83.900	55.007	**680.990**
Inter-segment (expense)/revenue	(11.573)	24.242	(6.258)	(6.411)	-
Total revenue	**355.323**	**199.429**	**77.642**	**48.596**	**680.990**

Total revenue by segment	736.987
Impairment of GGBs after tax	(280.934)
Total revenue as presented in the income statement	**456.053**

Analysis of assets

	Cyprus	Greece	Russia	Other countries	**Total**
30 June 2011	*€000*	*€000*	*€000*	*€000*	***€000***
Assets	30.055.069	14.110.771	2.191.497	3.488.720	49.846.057
Inter-segment assets					(8.095.846)
Total assets					**41.750.211**

31 December 2010					
Assets	31.042.592	14.690.567	2.110.613	3.506.399	51.350.171
Inter-segment assets					(8.712.431)
Total assets					**42.637.740**

7. Impairment of Greek Government Bonds

On 21 July 2011 the leaders of the Eurozone member-states announced a support plan for Greece. The support plan provides for the involvement of the private sector and is based on the recommendations of the Institute of International Finance (IIF). According to the current proposed terms which have not yet been finalised, the holders of Greek Government Bonds (GGBs) with maturity up to 2020 will be able to exchange their bonds with new bonds by selecting between four available options. The new bonds will have a duration of 17 or 30 years from their issue date and their present value is estimated at 79%, on the basis of a 9% discount rate for coupons and the provision of collateral for the whole or part of the nominal value of the bonds on maturity (through AAA-rated bonds or through an escrow account).

The Group holds GGBs of nominal value €2.101 million, of which €1.076 million may be exchanged under the support plan. The Group has impaired the GGBs which are eligible to participate in the plan.

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 at 30 June 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 the present value of the expected future cash flows of the new bonds under the plan. 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 June 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	399.316	238.737	160.579	238.737	160.579
Loans and receivables	403.519	403.519	77.903	325.616	10.134
Held-to-maturity	246.961	246.961	42.452	204.509	(93)
Total	**1.049.796**	**889.217**	**280.934**	**768.862**	**170.620**

GGBs not eligible for exchange under the support plan with nominal value of €1.025 million have not been impaired. The Group will review these bonds for impairment at each balance sheet date.

8. Taxation

Taxation for the six months ended 30 June 2011 includes an amount of €9.362 thousand relating to the Special Levy on Credit Institutions in Cyprus. The Levy became effective as from 1 January 2011 and is calculated at 0,095% on Group customer deposits in Cyprus at 31 December 2010.

9. Earnings per share

	Six months ended 30 June		*Three months ended 30 June*	
	2011	*2010*	***2011***	*2010*
Basic earnings per share				
(Loss)/profit after tax attributable to the owners of the Company (€ thousand)	**(112.397)**	162.632	**(183.581)**	81.270
Weighted average number of shares in issue during the period, excluding shares of the Company held by subsidiaries and associates (thousand)	**894.201**	703.315	**894.386**	703.871
Basic earnings/(losses) per share (cent)	**(12,6)**	23,1	**(20,5)**	11,5

Diluted earnings per share				
Basic earnings/(losses) after tax attributable to the owners of the Company (€ thousand)	**(112.397)**	162.632	**(183.581)**	81.270
Interest on Convertible Bonds and Convertible Capital Securities (€ thousand)	**-**	17.655	**-**	8.830
Diluted earnings/(losses) after tax attributable to the owners of the Company (€ thousand)	**(112.397)**	180.287	**(183.581)**	90.100
Weighted average number of shares used for basic earnings per share (thousand)	**894.201**	703.315	**894.386**	703.871
Adjustment for the conversion of Convertible Bonds and Convertible Capital Securities (thousand)	**-**	142.976	**-**	241.910
Diluted weighted average number of shares (thousand)	**894.201**	846.291	**894.386**	945.781
Diluted earnings/(losses) per share (cent)	**(12,6)**	21,3	**(20,5)**	9,5

The diluted earnings per share are calculated by adjusting the weighted average number of shares in issue during the period, under the assumption that all potentially dilutive ordinary shares are converted into shares by their holders.

The impact from the Convertible Bonds 2013/2018 (Note 15), the Convertible Capital Securities (Note 15), the Convertible Enhanced Capital Securities (Note 17) and the Share Options 2008/2010 (Note 16) have been ignored for the purposes of calculating the diluted earnings per share as their conversion into ordinary shares would reduce losses per share for the period ended 30 June 2011.

The weighted average number of shares for the six months ended 30 June 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 and from the Rights Issue which took place in October 2010.

9. Earnings per share *(continued)*

Basic and diluted earnings per share excluding the impairment of Greek Government Bonds (GGBs) are presented in the table below:

	Six months ended 30 June		*Three months ended 30 June*	
Basic earnings per share excluding the impairment of GGBs	***2011***	*2010*	***2011***	2010
(Loss)/profit after tax attributable to the owners of the Company (€ thousand)	**(112.397)**	162.632	**(183.581)**	81.270
Impairment of Greek Government Bonds (€ thousand)	**267.864**	-	**267.864**	-
Profit after tax attributable to the owners of the Company excluding the impairment of GGBs (€ thousand)	**155.467**	162.632	**84.283**	81.270
Weighted average number of shares used for basic earnings per share (thousand)	**894.201**	703.315	**894.386**	703.871
Basic earnings per share excluding the impairment of GGBs (cent)	**17,4**	23,1	**9,4**	11,5

Diluted earnings per share excluding the impairment of GGBs				
Basic earnings after tax attributable to the owners of the Company excluding the impairment of GGBs (€ thousand)	**155.467**	162.632	**84.283**	81.270
Interest on Convertible Bonds and Convertible Capital Securities (€ thousand)	**12.197**	17.655	**3.390**	8.830
Diluted earnings after tax attributable to the owners of the Company excluding the impairment of GGBs (€ thousand)	**167.664**	180.287	**87.673**	90.100
Weighted average number of shares used for basic earnings per share (thousand)	**894.201**	703.315	**894.386**	703.871
Adjustment for the conversion of Convertible Bonds, Convertible Capital Securities and Convertible Enhanced Capital Securities (thousand)	**504.889**	142.976	**852.867**	241.910
Diluted weighted average number of shares (thousand)	**1.399.090**	846.291	**1.747.253**	945.781
Diluted earnings per share excluding the impairment of GGBs (cent)	**12,0**	21,3	**5,0**	9,5

The Convertible Bonds 2013/2018 (Note 15), the Convertible Capital Securities (Note 15) and the Convertible Enhanced Capital Securities (Note 17) constitute potentially dilutive ordinary shares for the purposes of calculating the diluted earnings per share excluding the impairment of GGBs.

The Share Options 2008/2010 (Note 16) do not constitute potentially dilutive ordinary shares for the purposes of calculating the diluted earnings per share excluding the impairment of GGBs, as their conversion into ordinary shares would not reduce earnings per share.

10. Investments

	30 June 2011	31 December 2010
Investments	**€000**	€000
Investments at fair value through profit or loss	**33.836**	174.043
Investments available-for-sale	**1.478.111**	1.549.345
Investments held-to-maturity	**785.970**	811.970
Investments classified as loans and receivables	**1.917.057**	1.772.200
	4.214.974	4.307.558
Investments pledged as collateral		
Investments at fair value through profit or loss	**25.732**	26.812
Investments available-for-sale	**789.339**	770.894
Investments held-to-maturity	**52.695**	210.880
Investments classified as loans and receivables	**31.974**	29.450
	899.740	1.038.036
	5.114.714	5.345.594

Reclassification of trading investments

On 1 April 2010, the Group reclassified certain debt securities from trading investments to investments classified as loans and receivables in view of the fact that the Group had no intention to trade or sell these debt securities in the near future and these securities met the definition of loans and receivables at the date of reclassification. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2011		31 December 2010		1 April 2010
	Book value	**Fair value**	Book value	Fair value	Book value and fair value
	€000	**€000**	€000	€000	€000
Trading investments reclassified to loans and receivables	**34.762**	**33.024**	132.226	131.095	132.570

Had the Group not reclassified the debt securities on 1 April 2010, the consolidated income statement would have included losses from the revaluation of these debt securities of €1.738 thousand (year 2010: losses of €344 thousand).

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 1,2% to 4,4% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 July 2008, in light of the rare circumstances arising as a result of the deterioration of the world's markets in 2008, the Group identified the investments which it had no intention to trade or sell in the foreseeable future. These investments in debt securities were reclassified from trading investments to available-for-sale investments. The book value of the reclassified debt securities which is equal to their fair value is presented below:

	30 June 2011	31 December 2010	1 July 2008
	€000	€000	€000
Trading investments reclassified to available-for-sale investments	**19.881**	19.939	17.385

10. Investments *(continued)*

Reclassification of trading investments *(continued)*

Had the Group not reclassified the debt securities on 1 July 2008, the consolidated income statement would have included losses from the revaluation of these securities of €289 thousand (year 2010: gains of €852 thousand) which, following the reclassification, were recorded in the revaluation reserve of available-for-sale investments in equity.

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

Reclassification of available-for-sale investments to loans and receivables

On 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 for the foreseeable future. The book value and fair value of the reclassified debt securities on 30 June 2011 was €299.784 thousand.

The loss recognised in the revaluation reserve of available-for-sale investments in equity as a result of the revaluation of the reclassified investments from 1 January until 30 June 2011 amounted to €14.715 thousand (2010: gain €3.677).

The effective interest rate of the reclassified debt securities ranged from 2,8% to 6,3% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 April 2010, the Group reclassified certain available-for-sale debt securities to investments classified as loans and receivables in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2011		*31 December 2010*		*1 April 2010*
	Book value	***Fair value***	*Book value*	*Fair value*	*Book value and fair value*
	€000	***€000***	*€000*	*€000*	*€000*
Availabe-for-sale investments reclassified to loans and receivables	**1.167.411**	**749.775**	1.316.801	970.033	1.328.231

Had the Group not reclassified the debt securities on 1 April 2010, the Group's equity would have included losses from the revaluation of these debt securities of €361.368 thousand (year 2010: losses of €375.431 thousand).

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 3,4% to 6,1% per annum. The Group expects to recover all cash flows relating to these debt securities.

10. Investments *(continued)*

Reclassification of available-for-sale investments to loans and receivables *(continued)*

The Group had also reclassified certain available-for-sale debt securities to investments classified as loans and receivables as from 1 October 2008, in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2011		31 December 2010		1 October 2008
	Book value	**Fair value**	Book value	Fair value	Book value and fair value
	€000	**€000**	€000	€000	€000
Available-for-sale investments reclassified to loans and receivables	**167.986**	**160.070**	169.038	165.072	169.196

Had the Group not reclassified these debt securities on 1 October 2008, the Group's equity would have included losses from the revaluation of these debt securities of €10.401 thousand (year 2010: losses of €6.011 thousand) which would have been otherwise included in the revaluation reserve of available-for-sale investments in equity.

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

Reclassification of available-for-sale investments to held-to-maturity investments

On 1 April 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2011		31 December 2010		1 April 2010
	Book value	**Fair value**	Book value	Fair value	Book value and fair value
	€000	**€000**	€000	€000	€000
Available-for sale investments reclassified to held-to-maturity investments	**364.872**	**269.842**	493.970	402.484	498.237

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included losses from the revaluation of these debt securities of €90.777 thousand (year 2010: losses of €93.959 thousand) which would have been included in the revaluation reserve of available-for-sale investments.

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 4,0% to 6,3% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 October 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2011		31 December 2010		1 October 2010
	Book value	**Fair value**	Book value	Fair value	Book value and fair value
	€000	**€000**	€000	€000	€000
Available-for sale investments reclassified to held-to-maturity investments	**376.152**	**295.468**	374.756	334.502	363.114

10. Investments *(continued)*

Reclassification of available-for-sale investments to held-to-maturity investments *(continued)*

Had the Group not reclassified these debt securities on 1 October 2010, the Group's equity would have included losses from the revaluation of these debt securities of €37.054 thousand (year 2010: losses of €38.415 thousand) which would have been included in the revaluation reserve of available-for-sale investments in equity.

On 1 October 2010 the effective interest rate of the reclassified debt securities ranged from 1,4% to 5,0% per annum. The Group expects to recover all cash flows relating to these debt securities.

11. Loans and advances to customers

	30 June 2011	*31 December 2010*
	€000	*€000*
Loans and advances to customers	**29.440.695**	28.885.850
Provisions for impairment of loans and advances	**(1.305.559)**	(1.160.399)
	28.135.136	27.725.451

The movement of provisions for impairment of loans and advances to customers is as follows:

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
1 January	**1.160.399**	872.268
Exchange adjustments	**(2.964)**	16.652
Applied in writing off impaired loans and advances	**(15.152)**	(34.290)
Interest accrued on impaired loans and advances	**(21.400)**	(18.790)
Collections on loans and advances previously written off	**1.621**	3.813
Charge for the period	**183.055**	145.605
30 June	**1.305.559**	985.258

12. Other assets

Other assets at 30 June 2011 include investment properties of €157.593 thousand (31 December 2010: €116.307 thousand).

13. Debt securities in issue

	Contractual interest rate	***30 June 2011***	*31 December 2010*
		€000	*€000*
Medium term senior debt			
SEK 50 million 2009/2012	OMX Stockholm 30 index	**5.206**	5.315
SEK 100 million 2010/2014	Return of specific shares	**11.165**	11.371
€2 million 2010/2016	DJ EUROSTOXX 50 index	**1.950**	2.000
USD 2 million 2010/2016	S&P 500 index	**1.428**	1.545
		19.749	20.231
Short term commercial paper			
In Euro	-	**16.604**	4.997
In US Dollars	-	**-**	7.470
		16.604	12.467
Other debt securities in issue			
RUB Certificates of Deposit and Promissory Notes	11%	**51.238**	50.767
Interest-free loan from the European Development Bank	-	**492**	492
		51.730	51.259
		88.083	83.957

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 creditors of the Group.

In May 2009 the Group completed the securitisation of mortgage loans, as a result of which €1.000 million residential mortgage backed notes were issued. In September 2009, the Group completed the securitisation of finance lease receivables, as a result of which €689 million notes were issued. The liability arising from the issue of these notes is not included in the consolidated balance sheet of the Group as all notes issued are held by the Group. The 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 million (31 December 2010: €4.000 million).

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

In May 2009, the Company issued the SEK 50 million 2009/2012 bonds, the redemption amount of which is linked to the OMX Stockholm 30 Index.

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

Short term commercial paper

The Company established a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 million (31 December 2010: €1.000 million). According to the terms of the Programme, the Commercial Paper is issued in various currencies at a discount and pays no interest. Each issue has a maturity period up to 364 days and is unlisted.

Other debt securities in issue

The RUB Certificates of Deposits and Promissory Notes which were issued by CB Uniastrum Bank LLC at par, are unlisted and have maturities up to one year.

14. Other liabilities

Other liabilities at 30 June 2011 include provisions for pending litigation or claims of €3.350 thousand (31 December 2010: €3.287 thousand).

15. Subordinated loan stock

	Contractual interest rate	***30 June 2011***	*31 December 2010*
		€000	*€000*
Subordinated Bonds 2011/2016 (€200 million)	Three-month Euribor plus 0,60%	**-**	127.315
Capital Securities 12/2007 (€126 million)	Three-month Euribor plus 1,25%	**17.688**	122.023
Convertible Bonds 2013/2018 (€573 million)	7,50% until 30 June 2009 and six-month Euribor plus 1,00% thereafter	**22.592**	40.986
Convertible Capital Securities (€645 million)	5,50%	**69.637**	634.034
Subordinated loans in US Dollars 2013/2014/2015 ($7 million)	2,50%	**6.202**	6.584
		116.119	930.942

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.

Subordinated Bonds and Loans

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

Under the EMTN Programme, the Company issued in May 2006, €200 million 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 bonds were listed on the Luxembourg Stock Exchange.

The Subordinated Loans in US Dollars 2013/2014/2015 were issued by CB Uniastrum Bank LLC and mature as follows: US$2 million on 31 December 2013, US$2,5 million on 31 December 2014 and US$2 million on 31 December 2015. 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 million 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.

The conversion price of the Convertible Bonds was adjusted in accordance with the relevant terms of issue 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 in or after September 2013, subject to the prior consent of the Central Bank of Cyprus. The Convertible Bonds 2013/2018 are listed on the Cyprus Stock Exchange.

On 17 May 2011, Convertible Bonds 2013/2018 with nominal value of €19 million were exchanged for Convertible Enhanced Capital Securities (Note 17).

15. Subordinated loan stock *(continued)*

Convertible Capital Securities

On 6 June 2009, the Company issued €645 million Convertible Capital Securities that were offered to eligible shareholders of the Company. The issue proceeds were received through the exchange of Convertible Bonds 2013/2018 with nominal value of €527 million and the remaining €118 million was received in cash.

The Convertible Capital Securities bear a fixed interest rate of 5,50% per annum for the first five years and a floating interest rate 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 million were exchanged for Convertible Enhanced Capital Securities (Note 17). The Convertible Capital Securities are listed on the Cyprus Stock Exchange and the Athens Exchange.

Capital Securities

The €126 million Capital Securities 12/2007 were issued in Cyprus Pounds in December 2007. 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.

The interest rate of Capital Securities 12/2007 was fixed at 6,00% per annum for the first six months and floating thereafter, set at the three-month Euribor plus 1,25% per annum. The Capital Securities are listed on the Cyprus Stock Exchange.

On 17 May 2011, Capital Securities 12/2007 with nominal value of €104 million were exchanged for Convertible Enhanced Capital Securities (Note 17).

16. Share capital

	30 June 2011		*31 December 2010*	
	Shares (thousand)	***€000***	*Shares (thousand)*	*€000*
Authorised				
Ordinary Shares of €1,00 each	**1.500.000**	**1.500.000**	1.100.000	1.100.000
Issued and fully paid				
1 January	**894.948**	**894.948**	598.197	598.197
Issue of shares	**-**	**-**	172.630	172.630
Conversion of Convertible Bonds and Convertible Capital Securities	**-**	**-**	23	23
Dividend in the form of shares	**-**	**-**	113.199	113.199
Dividend reinvestment	**4.193**	**4.193**	10.899	10.899
30 June 2011/31 December 2010	**899.141**	**899.141**	894.948	894.948

16. Share capital *(continued)*

Authorised share capital

On 23 March 2011, the Extraordinary General Meeting of the shareholders approved the increase of the authorised share capital of the Company from €1.100 million divided into 1.100 million ordinary shares of nominal value €1,00 each to €1.500 million divided into 1.500 million ordinary shares of nominal value €1,00 each, by creating 400 million new ordinary shares of nominal value €1,00 each which will rank pari passu with the existing ordinary shares of the Company.

Issued share capital

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 10% discount on the market value of the shares. The reinvestment price for the dividend paid on 16 June 2011 was set at €2,00 per share, for the dividend paid on 11 November 2010 was set at €3,04 per share and for the dividend paid on 17 June 2010 was set at €2,91 per share.

As a result of the dividend reinvestment during the six months ended 30 June 2011, 4.192.331 shares were issued and the Company's share capital and share premium increased by €4.192.331 each.

As a result of the dividend reinvestment during 2010, 10.899.362 shares were issued and the Company's share capital and share premium increased by €10.899 thousand and €21.454 thousand, respectively.

As a result of the conversion of Convertible Bonds and Convertible Capital Securities, 23.632 shares were issued on 30 September 2010 and the Company's share capital and share premium increased by €23 thousand and €112 thousand, respectively.

On 22 October 2010, the Group completed the increase of the Company's share capital through a Rights Issue to existing shareholders of up to €345 million. Each outstanding ordinary share received one nil paid pre-emptive subscription right. Every 7 pre-emptive subscription rights exercised were converted into 2 new ordinary shares at €2,00 per each new share. As a result, 172.630.273 new shares were issued and the Company's share capital and share premium increased by €172.630 thousand each.

On 11 November 2010 the Company paid a dividend in the form of shares to its shareholders. As a result, 113.198.589 shares were issued and the Company's share capital and share premium increased by €113.199 thousand and €254.697 thousand respectively.

Shares of the Company held by entities controlled by the Group and by associates are deducted from equity. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of such shares. The number of these shares at 30 June 2011 was 1.443 thousand (31 December 2010: 1.336 thousand). The cost of acquisition of these shares was €7.130 thousand (31 December 2010: €8.277 thousand).

In addition, the life insurance subsidiary of the Group held, as at 30 June 2011, a total of 6.607 thousand (31 December 2010: 6.510 thousand) shares of the Company, as part of its financial assets which are invested for the benefit of insurance policyholders. The cost of acquisition of these shares was €24.797 thousand (31 December 2010: €24.606 thousand).

All issued ordinary shares carry the same rights.

The share premium is not available for distribution to equity holders.

16. Share capital *(continued)*

Share-based payments – Share Options

On 14 May 2008, the Annual General Meeting of the Company's shareholders approved the granting of share options to Group employees without these shares being first offered to existing shareholders and authorised the Board of Directors to issue up to 15 million shares of the Company.

In the context of the above decision, on 28 May 2008 the Board of Directors authorised the granting of 12,5 million share options to Group employees in Cyprus and Greece who were in service on 28 May 2008 ('Share Options 2008/2010'). The Extraordinary General Meeting of the shareholders of the Company on 23 June 2009 approved the amendment of the terms of the Share Options 2008/2010, modifying their exercise price and exercise period.

On 9 July 2009, the Board of Directors authorised the granting of up to 2,5 million additional Share Options 2008/2010 to Group employees who were in service on 30 June 2009.

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 during October 2010 and the special distribution of interim dividend in the form of shares during November 2010, the exercise price of the Share Options has been adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. At the Extraordinary General Meeting of shareholders held on 23 March 2011, the exercise price of the Share Options was adjusted to €3,30 per share. As a result of the adjustment of the exercise price, the Share Options were revalued and the additional cost amounted to €0,17 per option.

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 vested on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 30 June of years 2011-2013 and from 1 November to 31 December of years 2012-2013. The Share Options 2008/2010 are not transferable and are unlisted.

17. Convertible Enhanced Capital Securities

	30 June 2011	*31 December 2010*
	€000	*€000*
Convertible Enhanced Capital Securities (CECS)	**867.146**	-

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 million in Euro and $95 million in US Dollars out of which €695 million 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.

17. Convertible Enhanced Capital Securities *(continued)*

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).

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.

18. Dividend

The payment of the final dividend for 2010 of €0,03 per share amounting to €26.848 thousand, was approved at the Annual General Meeting of shareholders on 24 May 2011 and was paid to shareholders on 16 June 2011.

In June 2010 the final dividend for year 2009 of €0,08 per share, amounting to €47.856 thousand was paid to shareholders.

19. Cash and cash equivalents

	30 June 2011	*30 June 2010*
	€000	*€000*
Cash and non obligatory balances with central banks	**1.175.723**	1.714.276
Placements with banks repayable within three months	**4.136.640**	5.105.190
	5.312.363	6.819.466

20. Staff numbers

The number of persons employed by the Group at 30 June 2011 was 11.841 (31 December 2010: 12.009).

21. Group exposure to Greece, Ireland and Portugal

The Group's sovereign and non-sovereign exposure to countries which have entered the European Support Mechanism is presented below. These countries are presented are Greece, Ireland and Portugal.

Sovereign exposure

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 June 2011, the Group's exposure to Greece and Ireland is presented in the table below. As at the balance sheet date, the Group had no sovereign exposure to Portugal.

	Nominal value	Carrying value	Fair value
Greece	*€000*	*€000*	*€000*
Greek Government Bonds (GGBs)			
Bonds eligible for exchange under the exchange plan, classified as:			
- available-for-sale	400.132	238.737	238.737
- loans and receivables	425.000	325.616	251.994
- held-to-maturity	247.350	204.509	140.556
- at fair value through profit or loss	3.700	2.528	2.528
Bonds not eligible under the exchange plan, classified as:			
- loans and receivables	1.025.000	857.244	497.231
Total exposure to GGBs	**2.101.182**	**1.628.634**	**1.131.046**
Other assets			
Loans and advances to customers	305.811	305.811	305.811
Deposits with the Bank of Greece	286.833	286.833	286.833
Total exposure	**2.693.826**	**2.221.278**	**1.723.690**

Ireland			
Irish government bonds held-to-maturity	**335.000**	**327.514**	**253.385**

The revaluation reserve of available-for-sale investments, includes losses relating to the above bonds amounting to €85.650 thousand.

21. Group exposure to Greece, Ireland and Portugal *(continued)*

Sovereign exposure *(continued)*

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 June 2011 to the contractual maturity date of the assets. Specifically for the GGBs, the analysis is presented without taking into account the Group's intention to participate in the support plan for Greece.

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	**Total**
	€000	*€000*	*€000*	*€000*	*€000*	***€000***
Greece						
Greek Government Bonds (GGBs)						
Bonds eligible for exchange under the exchange plan, classified as:						
- available-for-sale	-	9.604	5.519	104.604	119.010	**238.737**
- loans and receivables	-	-	-	325.616	-	**325.616**
- held-to-maturity	-	-	-	204.509	-	**204.509**
- at fair value through profit or loss	-	-	-	2.528	-	**2.528**
Bonds not eligible for exchange under the exchange plan, classified as:						
- loans and receivables	-	-	-	-	857.244	**857.244**
Total exposure to GGBs	**-**	**9.604**	**5.519**	**637.257**	**976.254**	**1.628.634**
Other assets						
Loans and advances to customers	-	-	-	153.067	152.744	**305.811**
Deposits with the Bank of Greece	286.833	-	-	-	-	**286.833**
Total exposure	**286.833**	**9.604**	**5.519**	**790.324**	**1.128.998**	**2.221.278**

21. Group exposure to Greece, Ireland and Portugal *(continued)*

Sovereign exposure *(continued)*

Liquidity risk (continued)

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	**Total**
	€000	*€000*	*€000*	*€000*	*€000*	***€000***
Ireland						
Investments held-to-maturity	**-**	**-**	**55.644**	**78.392**	**193.478**	**327.514**

Exposure to other assets

At 30 June 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**
	€000	*€000*	*€000*	***€000***
Greece				
Placements with banks	1.136	-	-	**1.136**
Bonds	-	7.682	139.051	**146.733**
Loans and advances to customers (after provisions)	9.331.056	-	-	**9.331.056**
On balance sheet total	9.332.192	7.682	139.051	**9.478.925**
Contingent liabilities				**973.298**
Commitments				**1.853.798**
Off balance sheet total				**2.827.096**
Total credit risk exposure				**12.306.021**
Ireland				
Bonds	-	-	48.638	**48.638**

The revaluation reserve for available-for-sale investments includes losses relating to the above bonds of €10.863 thousand.

21. Group exposure to Greece, Ireland and Portugal *(continued)*

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 June	*31 December*
Greece	***2011***	*2010*
By economic activity	***€000***	*€000*
Trade	**1.460.100**	1.407.379
Manufacturing	**1.008.830**	942.994
Hotels and catering	**1.101.216**	1.060.648
Construction	**896.031**	845.034
Real estate	**588.424**	549.373
Private individuals	**3.127.759**	3.226.046
Professional and other services	**936.387**	1.035.351
Other sectors	**741.539**	781.997
	9.860.286	9.848.822
By customer sector		
Corporate	**3.283.594**	2.916.867
Small and medium-sized enterprises (SMEs)	**3.458.830**	3.722.583
Retail - housing	**1.735.491**	1.752.901
Retail - credit cards	**191.566**	190.051
Retail - consumer and other	**1.190.805**	1.266.420
	9.860.286	9.848.822

The Group has no exposure to loans and advances to customers in Ireland and Portugal.

22. Capital management

The adequacy of the Group's capital 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.

Capital management

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.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust its capital structure, the Group may adjust the amount of dividend paid to shareholders, or it can issue subordinated debt (under its EMTN Programme) or capital securities (hybrid capital) or other forms of capital (such as convertible bonds). In addition, the Group may opt for equity increases through a rights issue or an issue of warrants, or through the issue of share options.

22. Capital management *(continued)*

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 31 December 2012. The minimum level 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.

During the six months ended 30 June 2011 and year 2010 the Group was in compliance with all externally imposed capital requirements.

	30 June 2011	*31 December 2010*
Regulatory capital	***€000***	*€000*
Core original own funds	**2.126.756**	2.134.010
Original own funds	**3.081.227**	2.885.662
Additional own funds	**96.723**	242.842
Total regulatory capital	**3.177.950**	3.128.504
Risk weighted assets – credit risk	**24.070.437**	23.854.855
Risk weighted assets – market risk	**3.163**	2.588
Risk weighted assets – operational risk	**2.419.175**	2.419.175
Total risk weighted assets	**26.492.775**	26.276.618
	%	*%*
Core Tier 1 ratio	**8,0**	8,1
Tier 1 ratio	**11,6**	11,0
Tier 2 ratio	**0,4**	0,9
Total capital ratio	**12,0**	11,9

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.

The increase in regulatory capital during the six months ended 30 June 2011 is the result of the issue of shares under the dividend reinvestment plan, the issue of Convertible Enhanced Capital Securities and the losses for the period, a significant portion of which had already been recognised in equity as a result of the revaluation of the related investments. The increase in risk weighted assets reflects the growth of balance sheet assets due to business growth during the period.

23. Related party transactions

	30 June 2011	*31 December 2010*
	€000	*€000*
Loans and advances:		
- members of the Board of Directors and key management personnel	**7.819**	7.330
- connected persons	**245.815**	237.013
	253.634	244.343
Deposits:		
- members of the Board of Directors and key management personnel	**67.060**	71.069
- connected persons	**42.160**	25.568
	109.220	96.637
Debt securities in issue, subordinated loan stock and CECS:		
- members of the Board of Directors and key management personnel	**22.956**	17.133
- connected persons	**2.779**	2.401
	25.735	19.534

Interest income and expense from related parties for the six months ended 30 June 2011 amounted to €6.470 thousand and €2.296 thousand (corresponding period of 2010: €4.883 thousand and €2.887 thousand) respectively.

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 €144.510 thousand (31 December 2010: €113.102 thousand). There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €240 thousand (31 December 2010: €327 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 June 2011 amounted to €31.338 thousand (31 December 2010: €8.065 thousand).

During the six months ended 30 June 2011 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €79 thousand (corresponding period of 2010: €108 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 €114 thousand (corresponding period of 2010: €82 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €203 thousand (corresponding period of 2010: €375 housand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €70 thousand (corresponding period of 2010: €73 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis.

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

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

23. Related party transactions *(continued)*

Remuneration of directors and key management personnel

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Directors		
Executives		
Salaries and other short term benefits	**806**	951
Waiver of 2010 bonus	**(328)**	-
Employer's contributions	**28**	33
Retirement benefit plan costs	**42**	97
	548	1.081
Share options	**359**	243
Non executives		
Fees	**394**	379
Emoluments of a non executive director who is also an employee of the Company	**84**	97
Total remuneration of directors	**1.385**	1.800
Key management personnel		
Salaries and other short term benefits	**370**	520
Waiver of 2010 bonus	**(175)**	-
Employer's contributions	**19**	27
Retirement benefit plan costs	**38**	56
Share options	**134**	91
Total remuneration of key management personnel	**386**	694
Total	**1.771**	2.494

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. 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 period, the Executive Directors and Group key management personnel, due to the prevailing economic conditions, have waived their total bonus for year 2010.

In the context of the Share Options 2008/2010 granted by the Company on 28 May 2008 to the Group's employees, 1.500 thousand share options were granted to Mr Andreas Eliades and 500 thousand options were granted to Mr Yiannis Kypri. The cost of the share options granted to Messrs Andreas Eliades and Yiannis Kypri amounted to €269 thousand (corresponding period of 2010: €182 thousand) and €90 thousand (corresponding period of 2010: €61 thousand) respectively. Each Share Option 2008/2010 gives its holders the right to purchase one share of the Company at €3,30 per share. The Company's share price at 30 June 2011 was significantly lower than the exercise price of the options. Additional information on share options is presented in Note 16.

23. Related party transactions *(continued)*

Remuneration of directors and key management personnel *(continued)*

Messrs Andreas Eliades and Yiannis Kypri participate in the main retirement benefit plan for the Group's employees in Cyprus, which is a defined benefit plan. Mr Yiannis Pehlivanides participates in the retirement benefit plans for the Group's employees in Greece, which are the defined contribution plan and the defined benefit plan for retirement benefits which are required by the law. The total retirement benefits of the executive directors increased during the six months ended 30 June 2011 by €351 thousand (corresponding period of 2010: €371 thousand).

24. Group companies

The companies and branches included in the consolidated financial statements of the Group, their activities, their country of incorporation and the percentage held by the Company (directly or indirectly) as at 30 June 2011 are:

Company	Country	Activities	Percentage holding (%)
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
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

24. Group companies *(continued)*

Company	Country	Activities	Percentage holding (%)
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
Janoland Properties SRL	Romania	Property investment	100
CB Uniastrum Bank LLC	Russia	Commercial bank	80
Leasing Company Uniastrum Leasing	Russia	Leasing	100
PJSB Bank of Cyprus	Ukraine	Commercial bank	100
LLC Ikos Finance	Ukraine	Financing company	100
Kyprou Finance (NL) B.V.	Netherlands	Financing company	100

Investments in associates and joint venture

In addition to the above companies, 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%).

25. Other information

- The total capital expenditure of the Group for the six months ended 30 June 2011 amounts to €20.361 thousand (corresponding period of 2010: €23.211 thousand).

- The Group's provision for pending litigation or claims at 30 June 2011 is set out in Note 14. There are no other significant pending litigation, claims or assessments against the Group, the outcome of which would have a material effect on the Group's financial position or operations.

- In September 2009, an action was filed against the Company by the Trustees of the AremiSoft Corporation Liquidating Trust, which is similar in substance to the one filed in New York, in 2006. In the detailed statement of claim filed in October 2010 the Trustees, on behalf of the investors of AremiSoft, claim the amount of approximately US$550 million (€380 million) plus interest and costs, in damages, which according to their allegations, have resulted from, inter alia, an alleged conspiracy between the Company and two of the major shareholders of AremiSoft, alleged fraudulent transactions through bank accounts held with the Company in Cyprus and the United Kingdom, alleged breach of contract and alleged negligence. The Group does not expect to have any material financial impact as a result of this action.

26. Events after the balance sheet date

- On 19 July 2011 the Group completed the issue of €700 million Covered Bonds, thus further strengthening liquidity.

- On 21 July 2011 the leaders of the Eurozone member-states announced a support plan for Greece. The support plan provides for the involvement of the private sector and is based on the recommendations of the Institute of International Finance (IIF). According to the current proposed terms which have not yet been finalised, the holders of Greek Government Bonds (GGBs) with maturity up to 2020 will be able to exchange their bonds with new bonds by selecting between four available options. The new bonds will have a duration of 17 or 30 years from their issue date and their present value is estimated at 79%, on the basis of a 9% discount rate for coupons and the provision of collateral for the whole or part of the nominal value of the bonds on maturity (through AAA-rated bonds or through an escrow account).

  Based on available information to date, the Group intends to participate in the exchange plan for GGBs.

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Report to the Board of Directors of Bank of Cyprus Public Company Ltd on the Review of the Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the interim condensed consolidated financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (together with the Company the 'Group') on pages 9 to 45, which comprise the interim consolidated balance sheet as at 30 June 2011, the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, the interim consolidated statements of income and comprehensive income for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
30 August 2011

FINANCIAL INFORMATION

FOR THE PERIOD FROM 1 JANUARY 2011 TO

30 JUNE 2011

as stipulated by Decision 4/507/28.04.2009 of

the Board of Directors of the

Greek Capital Markets Commission

The financial information presented below is aiming to provide a general awareness about the financial position and results of the Bank of Cyprus Group (the 'Group') and the holding company Bank of Cyprus Public Company Ltd (the 'Company'). We recommend to the reader, before any investment decision or transaction is performed with the Group, to visit the Group's website where the financial statements prepared in accordance with International Financial Reporting Standards are available, together with the independent auditors' review report, when required. These are also available at the Registered Office of the Company (51 Stassinou Street, Ayia Paraskevi, Strovolos, P.O. Box 24884, CY-1398 Nicosia, Cyprus, Telephone: +357 22 122128, Fax: +357 22 378422).
Website: www.bankofcyprus.com - Investor Relations/Financial Information.
Date of approval of the interim financial statements for the period ended 30 June 2011 by the Board of Directors: 30 August 2011.
Independent auditors: Ernst & Young Cyprus Ltd.
Type of auditors' report: Unqualified opinion.

Bank of Cyprus Group

Extracts from the Interim Consolidated Income Statement and Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Net interest income	**552.772**	496.165
Net fee and commission income	**112.494**	111.792
Foreign exchange profit	**5.580**	18.162
Impairment of Greek Government Bonds (GGBs)	**(280.934)**	-
Net gains on other financial instrument transactions	**20.541**	18.957
Insurance income net of insurance claims	**31.939**	30.240
Other income	**13.661**	5.674
	456.053	680.990
Staff costs	**(219.148)**	(217.108)
Other operating expenses	**(141.208)**	(136.019)
Profit before provisions	**95.697**	327.863
Provisions for impairment of loans and advances	**(183.055)**	(145.605)
(Loss)/profit before share of loss of associates	**(87.358)**	182.258
Share of loss of associates	**(532)**	(2.047)
(Loss)/profit before tax	**(87.890)**	180.211
Taxation	**(24.973)**	(22.827)
(Loss)/profit after tax	**(112.863)**	157.384

Attributable to:		
Non-controlling interests (loss)	**(466)**	(5.248)
Owners of the Company ((loss)/profit)	**(112.397)**	162.632

Basic earnings/(losses) per share (€)	**(0,1257)**	0,2312

(Loss)/profit after tax	**(112.863)**	157.384
Other comprehensive income/(expense) after tax	**135.304**	(149.585)
Total comprehensive income for the period	**22.441**	7.799

Attributable to:		
Non-controlling interests (profit/(loss))	**57**	(204)
Owners of the Company (profit)	**22.384**	8.003

Bank of Cyprus Group

Extracts from the Interim Consolidated Income Statement and Statement of Comprehensive Income

for the three months from 1 April to 30 June 2011

	Three months ended 30 June	
	2011	*2010*
	€000	*€000*
Net interest income	**277.125**	254.623
Net fee and commission income	**56.523**	59.520
Foreign exchange profit	**9.372**	10.186
Impairment of Greek Government Bonds (GGBs)	**(280.934)**	-
Net gains/(losses) on other financial instrument transactions	**11.346**	(74)
Insurance income net of insurance claims	**15.020**	15.168
Other income	**11.121**	3.898
	99.573	343.321
Staff costs	**(103.941)**	(109.445)
Other operating expenses	**(71.934)**	(71.445)
(Loss)/profit before provisions	**(76.302)**	162.431
Provisions for impairment of loans and advances	**(104.348)**	(72.107)
(Loss)/profit before share of loss of associates	**(180.650)**	90.324
Share of loss of associates	**(496)**	(1.574)
(Loss)/profit before tax	**(181.146)**	88.750
Taxation	**(3.352)**	(10.766)
(Loss)/profit after tax	**(184.498)**	77.984
Attributable to:		
Non-controlling interests (loss)	**(917)**	(3.286)
Owners of the Company ((loss)/profit)	**(183.581)**	81.270
Basic earnings/(losses) per share (€)	**(0,2054)**	0,1154
(Loss)/profit after tax	**(184.498)**	77.984
Other comprehensive income/(expense) after tax	**104.330**	(137.002)
Total comprehensive expense for the period	**(80.168)**	(59.018)
Attributable to:		
Non-controlling interests (loss)	**(1.003)**	(2.206)
Owners of the Company (loss)	**(79.165)**	(56.812)

Bank of Cyprus Group
Extracts from the Interim Consolidated Balance Sheet

as at 30 June 2011

	Notes	***30 June 2011***	*31 December 2010*
		€000	*€000*
Assets			
Cash and balances with central banks		**1.909.298**	2.241.825
Placements with banks		**4.605.157**	5.264.628
Reverse repurchase agreements		**-**	120.166
Investments	3	**4.214.974**	4.307.558
Investments pledged as collateral	3	**899.740**	1.038.036
Derivative financial assets		**47.299**	76.278
Loans and advances to customers		**28.135.136**	27.725.451
Life insurance business assets attributable to policyholders		**547.858**	561.695
Property and equipment		**416.885**	418.781
Intangible assets		**482.692**	479.058
Other assets		**487.410**	400.459
Investment in associates		**3.762**	3.805
Total assets		**41.750.211**	42.637.740
Liabilities			
Obligations to central banks and amounts due to banks		**3.081.777**	3.706.975
Repurchase agreements		**836.137**	913.109
Derivative financial liabilities		**279.545**	240.412
Customer deposits		**32.643.441**	32.952.567
Insurance liabilities		**645.362**	658.309
Debt securities in issue		**88.083**	83.957
Other liabilities	4	**371.881**	323.120
Subordinated loan stock		**116.119**	930.942
Total liabilities		**38.062.345**	39.809.391
Equity			
Share capital		**899.141**	894.948
Share premium		**1.164.011**	1.159.819
Convertible Enhanced Capital Securities		**867.146**	-
Retained earnings		**720.529**	868.531
Revaluation and other reserves		**(54.322)**	(186.253)
Equity attributable to the owners of the Company		**3.596.505**	2.737.045
Non-controlling interests		**91.361**	91.304
Total equity		**3.687.866**	2.828.349
Total liabilities and equity		**41.750.211**	42.637.740

Bank of Cyprus Group
Extracts from the Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Total equity at 1 January	**2.828.349**	2.485.498
Total comprehensive income for the period	**22.441**	7.799
Disposal of shares of the Company by subsidiaries and associates	**530**	591
Purchase of shares of the Company by subsidiaries and associates	**(846)**	(58)
Cost of share-based payments	**2.611**	1.766
Dividend paid and reinvested	**(18.463)**	(30.368)
Defence contribution on deemed dividend distribution	**-**	(570)
Issue of Convertible Enhanced Capital Securities (CECS)	**867.146**	-
Exchange of Convertible Capital Securities and Capital Securities with CECS	**(13.902)**	-
Total equity at 30 June	**3.687.866**	2.464.658

Bank of Cyprus Group
Extracts from the Interim Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(112.863)**	157.384
Foreign currency translation reserve	**(531)**	82.772
Available-for-sale investments	**136.476**	(233.723)
Cash flow hedges	**(732)**	1.366
Property revaluation	**91**	-
Total comprehensive income for the period	**22.441**	7.799

Bank of Cyprus Group
Extracts from the Interim Consolidated Statement of Comprehensive Income

for the three months from 1 April to 30 June 2011

	Three months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(184.498)**	77.984
Foreign currency translation reserve	**(3.157)**	28.286
Available-for-sale investments	**107.594**	(165.979)
Cash flow hedges	**(196)**	687
Property revaluation	**89**	4
Total comprehensive expense for the period	**(80.168)**	(59.018)

Bank of Cyprus Group
Extracts from the Interim Consolidated Statement of Cash Flows

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Net cash flow (used in)/from operating activities	**(1.083.677)**	2.355.534
Net cash flow from/(used in) investing activities	**12.844**	(1.284.205)
Net cash flow from/(used in) financing activities	**12.284**	(484.472)
Net (decrease)/increase in cash and cash equivalents for the period	**(1.058.549)**	586.857
Exchange adjustments	**31.145**	75.953
Total cash (outflow)/inflow for the period	**(1.027.404)**	662.810
Cash and cash equivalents at 1 January	**6.339.767**	6.156.656
Cash and cash equivalents at 30 June	**5.312.363**	6.819.466

Bank of Cyprus Public Company Ltd

Extracts from the Interim Income Statement and Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Net interest income	**465.612**	419.331
Net fee and commission income	**89.612**	86.301
Foreign exchange profit	**2.020**	14.785
Dividends from subsidiaries	**-**	23.961
Impairment of Greek Government Bonds (GGBs)	**(280.934)**	-
Net gains on other financial instrument transactions	**28.965**	32.761
Other income	**3.854**	2.285
	309.129	579.424
Staff costs	**(166.917)**	(167.492)
Other operating expenses	**(96.692)**	(92.550)
Profit before provisions	**45.520**	319.382
Provisions for impairment of loans and advances	**(159.939)**	(130.147)
(Loss)/profit before tax	**(114.419)**	189.235
Taxation	**(18.812)**	(14.019)
(Loss)/profit after tax	**(133.231)**	175.216

Basic earnings/(losses) per share (€)	**(0,1488)**	0,2486

(Loss)/profit after tax	**(133.231)**	175.216
Other comprehensive income/(expense) after tax	**157.158**	(194.351)
Total comprehensive income/(expense) for the period	**23.927**	(19.135)

Bank of Cyprus Public Company Ltd

Extracts from the Interim Income Statement and Statement of Comprehensive Income

for the three months from 1 April to 30 June 2011

	Three months ended 30 June	
	2011	*2010*
	€000	*€000*
Net interest income	**233.754**	213.811
Net fee and commission income	**44.078**	44.318
Foreign exchange profit	**7.502**	8.949
Dividends from subsidiaries	**-**	23.961
Impairment of Greek Government Bonds (GGBs)	**(280.934)**	-
Net gains on other financial instrument transactions	**20.030**	11.124
Other income	**2.363**	1.782
	26.793	303.945
Staff costs	**(78.666)**	(83.613)
Other operating expenses	**(49.382)**	(48.184)
(Loss)/profit before provisions	**(101.255)**	172.148
Provisions for impairment of loans and advances	**(91.101)**	(63.356)
(Loss)/profit before tax	**(192.356)**	108.792
Taxation	**(168)**	(5.154)
(Loss)/profit after tax	**(192.524)**	103.638

Basic earnings/(losses) per share (€)	**(0,2153)**	0,1472

(Loss)/profit after tax	**(192.524)**	103.638
Other comprehensive income/(expense) after tax	**113.750**	(184.173)
Total comprehensive expense for the period	**(78.774)**	(80.535)

Bank of Cyprus Public Company Ltd
Extracts from the Interim Balance Sheet

as at 30 June 2011

	Notes	***30 June 2011*** ***€000***	*31 December 2010* *€000*
Assets			
Cash and balances with central banks		**1.752.080**	2.018.869
Placements with banks		**4.073.941**	4.762.425
Reverse repurchase agreements		**-**	120.166
Investments	3	**4.141.948**	4.199.830
Investments pledged as collateral	3	**899.740**	1.038.036
Derivative financial assets		**46.682**	75.214
Loans and advances to customers		**23.924.573**	23.619.514
Bank accounts of Group Companies		**3.468.336**	4.400.993
Investments in Group Companies and joint ventures		**1.007.577**	972.000
Property and equipment		**273.059**	277.361
Intangible assets		**18.183**	17.141
Other assets		**158.568**	110.405
Investments in associates		**8.664**	9.189
Total assets		**39.773.351**	41.621.143
Liabilities			
Obligations to central banks and amounts due to banks		**3.003.183**	3.634.560
Repurchase agreements		**836.137**	913.109
Derivative financial liabilities		**278.953**	239.212
Customer deposits		**30.201.549**	30.828.311
Bank accounts of Group Companies		**1.503.688**	2.147.789
Debt securities in issue		**36.353**	32.698
Other liabilities	4	**209.816**	167.699
Subordinated loan stock		**109.917**	924.358
Total liabilities		**36.179.596**	38.887.736
Equity			
Share capital		**899.141**	894.948
Share premium		**1.164.011**	1.159.819
Convertible Enhanced Capital Securities		**867.146**	-
Retained earnings		**661.814**	826.164
Revaluation and other reserves		**1.643**	(147.524)
Total equity		**3.593.755**	2.733.407
Total liabilities and equity		**39.773.351**	41.621.143

Bank of Cyprus Public Company Ltd
Extracts from the Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Total equity at 1 January	**2.733.407**	2.386.134
Total comprehensive income/(expense) for the period	**23.927**	(19.135)
Disposal of shares of the Company by subsidiaries and associates	**(821)**	-
Cost of share-based payments	**2.461**	1.650
Dividend paid and reinvested	**(18.463)**	(30.368)
Defence contribution on deemed dividend distribution	**-**	(570)
Issue of Convertible Enhanced Capital Securities (CECS)	**867.146**	-
Exchange of Convertible Capital Securities and Capital Securities with CECS	**(13.902)**	-
Total equity at 30 June	**3.593.755**	2.337.711

Bank of Cyprus Public Company Ltd
Extracts from the Interim Statement of Comprehensive Income

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(133.231)**	175.216
Foreign currency translation reserve	**4.518**	(10.054)
Available-for-sale investments	**133.064**	(231.322)
Investments in Group Companies	**19.942**	45.659
Cash flow hedges	**(445)**	1.366
Property revaluation	**79**	-
Total comprehensive expense for the period	**23.927**	(19.135)

Bank of Cyprus Public Company Ltd
Extracts from the Interim Statement of Comprehensive Income

for the three months from 1 April to 30 June 2011

	Three months ended 30 June	
	2011	*2010*
	€000	*€000*
(Loss)/profit after tax	**(192.524)**	103.638
Foreign currency translation reserve	**397**	(9.872)
Available-for-sale investments	**103.890**	(174.988)
Investments in Group Companies	**9.528**	-
Cash flow hedges	**(144)**	687
Property revaluation	**79**	-
Total comprehensive expense for the period	**(78.774)**	(80.535)

Bank of Cyprus Public Company Ltd
Extracts from the Interim Statement of Cash Flows

for the six months ended 30 June 2011

	Six months ended 30 June	
	2011	*2010*
	€000	*€000*
Net cash flow(used in)/from operating activities	**(1.027.808)**	2.664.754
Net cash flow from/(used in) investing activities	**98.303**	(1.247.455)
Net cash flow from/(used in) financing activities	**11.364**	(488.460)
Net (decrease)/increase in cash and cash equivalents for the period	**(918.141)**	928.839
Exchange adjustments	**36.399**	35.468
Total cash (outflow)/inflow for the period	**(881.742)**	964.307
Cash and cash equivalents at 1 January	**5.758.237**	5.609.211
Cash and cash equivalents at 30 June	**4.876.495**	6.573.518

1. The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.

2. The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011 are consistent with those followed for the preparation of the annual financial statements for the year 2010, except for the adoption by the Group of the following standards, amendments and interpretations as of 1 January 2011, which did not have any material impact on the Group's financial statements:

- Revised IAS 24 'Related Party Disclosures'
- IAS 32 'Financial Instruments: Presentation'
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'
- Improvements to IFRSs (issued in May 2010)
  - IFRS 1 'First-time adoption'
  - IFRS 7 'Financial Instruments: Disclosures'
  - IAS 1 'Presentation of Financial Statements'
  - IAS 34 'Interim Financial Reporting'
  - IFRS 3 'Business Combinations'
  - IAS 27 'Consolidated and Separate Financial Statements'
  - IFRIC 13 'Customer Loyalty Programmes'

3. Investments of the Group and the Company are analysed as follows:

	30 June 2011	*31 December 2010*
Group	***€000***	*€000*
Investments		
Investments at fair value through profit or loss	**33.836**	174.043
Investments available-for-sale	**1.478.111**	1.549.345
Investments held-to-maturity	**785.970**	811.970
Investments classified as loans and receivables	**1.917.057**	1.772.200
	4.214.974	4.307.558
Investments pledged as collateral		
Investments at fair value through profit or loss	**25.732**	26.812
Investments available-for-sale	**789.339**	770.894
Investments held-to-maturity	**52.695**	210.880
Investments classified as loans and receivables	**31.974**	29.450
	899.740	1.038.036
	5.114.714	5.345.594

	30 June 2011	*31 December 2010*
Company	***€000***	*€000*
Investments		
Investments at fair value through profit or loss	**18.441**	155.657
Investments available-for-sale	**1.426.950**	1.467.671
Investments held-to-maturity	**779.500**	804.302
Investments classified as loans and receivables	**1.917.057**	1.772.200
	4.141.948	4.199.830
Investments pledged as collateral		
Investments at fair value through profit or loss	**25.732**	26.812
Investments available-for-sale	**789.339**	770.894
Investments held-to-maturity	**52.695**	210.880
Investments classified as loans and receivables	**31.974**	29.450
	899.740	1.038.036
	5.041.688	5.237.866

4. Other liabilities at 30 June 2011 include provisions for pending litigation or claims of €3.350 thousand for the Group and €3.228 thousand for the Company and other provisions of €16.548 thousand for the Group and €15.742 thousand for the Company. There are no other significant pending litigation, claims or assessments against the Group or the Company, the outcome of which would have a material effect on the Group's or Company's financial position or operations.

5. The number of persons employed by the Group at 30 June 2011 was 11.841 persons (30 June 2010: 11.945) and by the Company was 6.576 persons (30 June 2010: 6.563).

6. Shares of the Company held by entities controlled by the Group and by associates (including shares that are held by life insurance subsidiary which holds the shares as part of financial assets that are invested for the benefit of insurance policyholders) at 30 June 2011 was 8.050 thousand and their cost of acquisition was €31.927 thousand.

7. The Group subsidiaries, branches, associates and joint venture as at 30 June 2011 and the method of consolidation used are set out in Note 24 of the Interim Condensed Consolidated Financial Statements.

8. The payment of the final dividend for 2010 of €0,03 per share amounting to €26.848 thousand, was approved at the Annual General Meeting of shareholders on 24 May 2011 and was paid to shareholders on 16 June 2011.

In June 2010 the final dividend for year 2009 of €0,08 per share, amounting to €47.856 thousand was paid to shareholders.

9. Related party transactions:

(a) Loans and other advances to members of the Board of Directors and key management personnel: €7.819 thousand for the Group and the Company.

(b) Loans and other advances to other connected persons: €245.815 thousand for the Group and €3.714.151 thousand for the Company.

(c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €144.750 thousand for the Group and the Company.

(d) Deposits by members of the Board of Directors and key management personnel: €67.060 thousand for the Group and the Company.

(e) Deposits by other connected persons: €42.160 thousand for the Group and €1.545.848 thousand for the Company.

(f) Income (mainly interest income): €6.470 thousand for the Group and €76.761 thousand for the Company.

(g) Expense (mainly interest expense): €2.296 thousand for the Group and €23.503 thousand for the Company.

(h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €2.237 thousand for the Group and €2.055 thousand for the Company.

(i) Debt securities in issue and subordinated loan stock to members of the Board of Directors and key management personnel: €22.956 thousand for the Group and the Company.

(j) Debt securities in issue and subordinated loan stock to other connected persons: €2.779 thousand for the Group and the Company.

10. On 19 July 2011 the Group completed the issue of €700 million Covered Bonds, thus further strengthening liquidity.

On 21 July 2011 the leaders of the Eurozone member-states announced a support plan for Greece. The support plan provides for the involvement of the private sector and is based on the recommendations of the Institute of International Finance (IIF). According to the current proposed terms which have not yet been finalised, the holders of Greek Government Bonds (GGBs) with maturity up to 2020 will be able to exchange their bonds with new bonds by selecting between four available options. The new bonds will have a duration of 17 or 30 years from their issue date and their present value is estimated at 79%, on the basis of a 9% discount rate for coupons and the provision of collateral for the whole or part of the nominal value of the bonds on maturity (through AAA-rated bonds or through an escrow account).

Based on available information to date, the Group intends to participate in the exchange plan for GGBs.

Additional information for the impairment of GGBs and the Group's exposure to the countries which have entered the European Support Mechanism is set out in notes 9 and 21 of the Interim Condensed Consolidated Financial Statements respectively.