

**FINANCIAL INFORMATION**

**FOR THE PERIOD FROM 1 JANUARY 2010 TO**

**31 DECEMBER 2010**

**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](http://www.bankofcyprus.com) - Investor Relations/Financial Information.

Members of the Board of Directors: Theodoros Aristodemou (Chairman), Andreas Artemis (Vice Chairman), Vassilis G. Rologis, Costas Z. Severis, Christakis G. Christofides, Evdokimos Xenophonos, Anna Diogenous, George M. Georgiades, Andreas J. Jacovides, Christos Mouskis, Manthos Mavrommatis, Andreas Eliades, Yiannis Kypri, Costas Hadjipapas, Nikolas P. Tsakos, Yiannis Pehlivanidis and Stavros J. Constantinides.

Date of approval of the financial statements for year 2010 by the Board of Directors: 28 February 2011.

Independent auditors: Ernst & Young Cyprus Ltd.

Type of auditors' report: Unqualified opinion.

## Bank of Cyprus Group

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

for the year ended 31 December 2010

	2010	2009
	€000	€000
Net interest income	1.040.419	847.830
Net fee and commission income	231.179	243.372
Foreign exchange income	38.634	28.589
Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	71.380	87.111
Insurance income net of insurance claims	59.361	62.835
Other income	8.916	16.761
	1.449.889	1.286.498
Staff costs	(430.208)	(413.933)
Other operating expenses	(294.717)	(260.319)
<b>Profit before provisions</b>	<b>724.964</b>	612.246
Provisions for impairment of loans and advances	(374.497)	(247.935)
<b>Profit before share of profit of associates</b>	<b>350.467</b>	364.311
Share of (loss)/profit of associates	(1.953)	910
<b>Profit before tax</b>	<b>348.514</b>	365.221
Taxation	(45.989)	(43.227)
<b>Profit after tax</b>	<b>302.525</b>	321.994
Attributable to:		
<b>Non-controlling interests ((loss)/profit)</b>	<b>(3.664)</b>	8.850
<b>Owners of the Company</b>	<b>306.189</b>	313.144
<b>Basic earnings per share (€)</b>	<b>0.4046</b>	0.4498
<b>Profit after tax</b>	<b>302.525</b>	321.994
Other comprehensive (expense)/income after tax	(225.379)	85.077
<b>Total comprehensive income for the year</b>	<b>77.146</b>	407.071
Attributable to:		
Non-controlling interest ((expense)/income)	(1.456)	9.362
<b>Owners of the Company</b>	<b>78.602</b>	397.709

## Bank of Cyprus Group

### Extracts from the Consolidated Balance Sheet

as at 31 December 2010

		2010	2009
	Notes	€000	€000
<b>Assets</b>			
Cash and balances with central banks		2.241.825	1.043.791
Placements with banks		5.264.628	5.947.768
Reverse repurchase agreements		120.166	120.137
Investments	3	5.345.594	4.928.113
Derivative financial assets		76.278	60.739
Loans and advances to customers		27.725.451	25.635.780
Life insurance business assets attributable to policyholders		561.695	541.574
Property and equipment		418.781	406.272
Intangible assets		479.058	453.141
Other assets		400.459	267.534
Investments in associates		3.805	6.552
<b>Total assets</b>		<b>42.637.740</b>	<b>39.411.401</b>
<b>Liabilities</b>			
Obligations to central banks and amounts due to banks		3.706.975	5.290.897
Repurchase agreements		913.109	494.806
Derivative financial liabilities		240.412	139.551
Customer deposits		32.952.567	28.584.561
Insurance liabilities		658.309	618.097
Debt securities in issue		83.957	519.111
Other liabilities	4	323.120	332.037
Subordinated loan stock		930.942	946.843
<b>Total liabilities</b>		<b>39.809.391</b>	<b>36.925.903</b>
<b>Equity</b>			
Share capital		894.948	598.197
Reserves		1.842.097	1.824.915
<b>Equity attributable to the owners of the Company</b>		<b>2.737.045</b>	<b>2.423.112</b>
<b>Non-controlling interests</b>		<b>91.304</b>	<b>62.386</b>
<b>Total equity</b>		<b>2.828.349</b>	<b>2.485.498</b>
<b>Total liabilities and equity</b>		<b>42.637.740</b>	<b>39.411.401</b>

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

for the year ended 31 December 2010

	<b>2010</b>	2009
	<b>€000</b>	€000
<b>Total equity at 1 January</b>	<b>2.485.498</b>	2.056.367
Total comprehensive income for the year	<b>77.146</b>	407.071
Dividend paid and reinvested	<b>(61.516)</b>	(70.955)
Dividend in the form of shares	<b>(20.534)</b>	-
Purchase of shares of the Company by subsidiaries and associates	<b>(3.754)</b>	(423)
Disposal of shares of the Company by subsidiaries and associates	<b>4.299</b>	1.516
Defence contribution on deemed dividend distribution	<b>(570)</b>	-
Dividend paid by subsidiaries net of reinvestment	<b>(70)</b>	(1.439)
Change in ownership of subsidiary	-	70.455
Change in non-controlling interests	<b>620</b>	6.982
Cost of share-based payments	<b>3.079</b>	13.726
Issue of shares	<b>345.260</b>	-
Costs relating to the issue of shares	<b>(1.244)</b>	-
Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities	-	(9.805)
Conversion of Convertible Bonds and Convertible Capital Securities	<b>135</b>	-
Issue of Convertible Capital Securities	-	12.003
<b>Total equity at 31 December</b>	<b>2.828.349</b>	2.485.498

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

for the year ended 31 December 2010

	<b>2010</b>	2009
	<b>€000</b>	€000
<b>Profit after tax</b>	<b>302.525</b>	321.994
Foreign currency translation reserve	<b>35.587</b>	(11.894)
Available-for-sale investments	<b>(262.417)</b>	106.871
Cash flow hedges	<b>1.259</b>	(6.810)
Property revaluation	<b>192</b>	(3.090)
<b>Total comprehensive income for the year</b>	<b>77.146</b>	407.071

## Bank of Cyprus Group

### Extracts from the Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	<b>2010</b>	<b>2009</b>
	<b>€000</b>	<b>€000</b>
<b>Net cash flow from operating activities</b>	<b>816.369</b>	2.173.527
<b>Net cash flow used in investing activities</b>	<b>(488.949)</b>	(335.046)
<b>Net cash flow used in financing activities</b>	<b>(215.762)</b>	(483.419)
<b>Net increase in cash and cash equivalents for the year</b>	<b>111.658</b>	1.355.062
Exchange adjustments	<b>71.453</b>	13.743
<b>Total cash inflow for the year</b>	<b>183.111</b>	1.368.805
Cash and cash equivalents at 1 January	<b>6.156.656</b>	4.787.851
<b>Cash and cash equivalents at 31 December</b>	<b>6.339.767</b>	6.156.656

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

for the year ended 31 December 2010

	<b>2010</b>	2009
	<b>€000</b>	€000
Net interest income	<b>876.381</b>	736.913
Net fee and commission income	<b>179.638</b>	172.081
Foreign exchange income	<b>28.269</b>	14.200
Dividends from subsidiaries and joint ventures	<b>61.786</b>	28.651
Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	<b>88.723</b>	33.524
Other income	<b>3.560</b>	4.581
	<b>1.238.357</b>	989.950
Staff costs	<b>(332.835)</b>	(327.816)
Other operating expenses	<b>(202.765)</b>	(182.405)
<b>Profit before provisions</b>	<b>702.757</b>	479.729
Provisions for impairment of loans and advances	<b>(337.692)</b>	(202.894)
<b>Profit before tax</b>	<b>365.065</b>	276.835
Taxation	<b>(33.453)</b>	(28.222)
<b>Profit after tax</b>	<b>331.612</b>	248.613
<b>Basic earnings per share (€)</b>	<b>0,4375</b>	0,3563
<b>Profit after tax</b>	<b>331.612</b>	248.613
Other comprehensive (expense)/income after tax	<b>(248.164)</b>	58.750
<b>Total comprehensive income for the year</b>	<b>83.448</b>	307.363

## Bank of Cyprus Public Company Ltd

### Extracts from the Balance Sheet

as at 31 December 2010

		2010	2009
	Notes	€000	€000
<b>Assets</b>			
Cash and balances with central banks		2.018.869	806.392
Placements with banks		4.762.425	5.574.876
Reverse repurchase agreements		120.166	120.137
Investments	3	5.237.866	4.835.360
Derivative financial assets		75.214	60.625
Loans and advances to customers		23.619.514	22.348.253
Bank accounts of Group Companies		4.400.993	3.710.358
Investments in Group Companies and joint ventures		972.000	901.819
Property and equipment		277.361	276.022
Intangible assets		17.141	16.123
Other assets		110.405	87.349
Investments in associates		9.189	11.457
<b>Total assets</b>		<b>41.621.143</b>	<b>38.748.771</b>
<b>Liabilities</b>			
Obligations to central banks and amounts due to banks		3.634.560	5.273.140
Repurchase agreements		913.109	494.806
Derivative financial liabilities		239.212	139.404
Customer deposits		30.828.311	26.930.934
Bank accounts of Group Companies		2.147.789	1.872.510
Debt securities in issue		32.698	498.866
Other liabilities	4	167.699	212.192
Subordinated loan stock		924.358	940.785
<b>Total liabilities</b>		<b>38.887.736</b>	<b>36.362.637</b>
<b>Equity</b>			
Share capital		894.948	598.197
Reserves		1.838.459	1.787.937
<b>Equity</b>		<b>2.733.407</b>	<b>2.386.134</b>
<b>Total liabilities and equity</b>		<b>41.621.143</b>	<b>38.748.771</b>

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

for the year ended 31 December 2010

	<b>2010</b>	2009
	<b>€000</b>	€000
<b>Total equity at 1 January</b>	<b>2.386.134</b>	2.134.750
Total comprehensive income for the year	<b>83.448</b>	307.363
Dividend paid and reinvested	<b>(62.115)</b>	(71.143)
Dividend in the form of shares	<b>(20.534)</b>	-
Cost of share-based payments	<b>2.893</b>	12.966
Defence contribution on deemed dividend distribution	<b>(570)</b>	-
Issue of shares	<b>345.260</b>	-
Costs relating to the issue of shares	<b>(1.244)</b>	-
Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities	-	(9.805)
Conversion of Convertible Bonds and Convertible Capital Securities	<b>135</b>	-
Issue of Convertible Capital Securities	-	12.003
<b>Total equity at 31 December</b>	<b>2.733.407</b>	2.386.134

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

for the year ended 31 December 2010

	<b>2010</b>	2009
	<b>€000</b>	€000
<b>Profit after tax</b>	<b>331.612</b>	248.613
Foreign currency translation reserve	<b>1.583</b>	769
Available-for-sale investments	<b>(259.808)</b>	103.958
Investments in Group Subsidiaries	<b>8.556</b>	(39.224)
Cash flow hedges	<b>1.329</b>	(6.810)
Property revaluation	<b>176</b>	57
<b>Total comprehensive income for the year</b>	<b>83.448</b>	307.363



## Bank of Cyprus Public Company Ltd

### Extracts from the Statement of Cash Flows

for the year ended 31 December 2010

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
<b>Net cash flow from operating activities</b>	<b>721.046</b>	1.975.677
<b>Net cash flow used in investing activities</b>	<b>(368.218)</b>	(169.057)
<b>Net cash flow used in financing activities</b>	<b>(248.348)</b>	(479.390)
<b>Net increase in cash and cash equivalents for the year</b>	<b>104.480</b>	1.327.230
Exchange adjustments	<b>44.546</b>	(13.329)
<b>Total cash inflow for the year</b>	<b>149.026</b>	1.313.901
Cash and cash equivalents at 1 January	<b>5.609.211</b>	4.295.310
<b>Cash and cash equivalents at 31 December</b>	<b>5.758.237</b>	5.609.211

# Bank of Cyprus Group

## Notes

1. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Laws and Regulations.
2. The accounting policies adopted for the preparation of the Condensed Consolidated Financial Statements for the year ended 31 December 2010 are consistent with those followed for the preparation of the financial statements for year 2009, except for the adoption by the Group of the following standards, amendments and interpretations as of 1 January 2010, which did not have any material impact on the Group's financial statements:
  - IFRS 1 'First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters' (Amendments)
  - IFRS 2 'Group Cash-settled Share-based Payment Arrangements' (Amendment)
  - IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items' (Amendment)
  - IFRIC 17 'Distributions of Non-cash Assets to Owners'
  - Amendments resulting from improvements to IFRSs (April 2008) to the following standards: IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
  - Amendments resulting from improvements to IFRSs (April 2009) the following standards:
    - IFRS 2 'Share-based Payment'
    - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
    - IFRS 8 'Operating Segment Information'
    - IAS 1 'Presentation of Financial Statements'
    - IAS 7 'Statement of Cash Flows'
    - IAS 17 'Leases'
    - IAS 36 'Impairment of Assets'
    - IAS 38 'Intangible Assets'
    - IAS 39 'Financial Instruments: Recognition and Measurement'
    - IFRIC 9 'Reassessment of Embedded Derivatives'
    - IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'
3. Investments of the Group and the Company are analysed as follows:

	<i>2010</i>	<i>2009</i>
<b>Group</b>	<b>€000</b>	<b>€000</b>
Investments at fair value through profit or loss	<b>200.855</b>	346.127
Investments available-for-sale	<b>2.320.239</b>	4.168.056
Investments held-to-maturity	<b>1.022.850</b>	93.079
Investments classified as loans and receivables	<b>1.801.650</b>	320.851
	<b>5.345.594</b>	4.928.113
<b>Company</b>		
Investments at fair value through profit or loss	<b>182.469</b>	312.495
Investments available-for-sale	<b>2.238.565</b>	4.110.674
Investments held-to-maturity	<b>1.015.182</b>	91.340
Investments classified as loans and receivables	<b>1.801.650</b>	320.851
	<b>5.237.866</b>	4.835.360

## Bank of Cyprus Group Notes

4. Other liabilities at 31 December 2010 include provisions for pending litigation or claims of €3.287 thousand for the Group and €3.228 thousand for the Company and other provisions of thousand for the Group and €13.846 thousand for the Group and €12.374 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 31 December 2010 was 12.009 persons (2009: 12.127) and by the Company was 6.615 persons (2009: 6.606).
6. The number of shares of the Company held by its subsidiaries and associates (including shares that are held by life insurance subsidiaries which hold the shares as part of financial assets that are invested for the benefit of insurance policyholders) at 31 December 2010 was 7.846 thousand and their cost of acquisition was €32.883 thousand.
7. The Group subsidiaries and branches as at 31 December 2010 and the method of consolidation used are set out in Note 47 of the Interim Condensed Consolidated Financial Statements.

On 1 April 2010, in the context of an arrangement in debt satisfaction with a customer, the Company acquired control of Gosman Properties Ltd which owns 94% of the share capital of S.C. ONT Carpati S.A., incorporated in Romania. The cost of acquisition amounted to €3.213 thousand and represents the fair value of the identifiable assets and liabilities of S.C. ONT Carpati S.A. as at the date of acquisition.

During 2009 the Group proceeded with a reduction in the share capital of the subsidiary company LLC CB Bank of Cyprus, which was renamed to Leadbank LLC on 26 January 2010. On 9 June 2010 the Group sold 100% of the share capital of Leadbank LLC. The profit on disposal amounted to €1.944 thousand. As part of the sale agreement, the Group has placed funds in escrow accounts amounting to €1.956 thousand to cover potential liabilities relating to a leasehold property of Leadbank LLC.

On 10 December 2010, the business and the assets and liabilities of the subsidiary company Mortgage Bank of Cyprus Ltd were transferred to the Company, with a parallel dissolution without liquidation of the subsidiary.

On 31 October 2008, the Company acquired (through BOC Russia (Holdings) Ltd) 80% of the share capital of CB Uniastrum Bank LLC and Uniastrum Leasing LLC in Russia. The two founding shareholders of CB Uniastrum Bank LLC and Uniastrum Leasing LLC maintain, through BOC Russia (Holdings) Ltd, a 10% interest each.

Until 27 July 2009, this residual shareholding in CB Uniastrum Bank LLC was subject to a put/call option arrangement and extinguishment of the liability over a three year period, payable in cash, depending on the financial performance of the two companies during this period. This arrangement was accounted for in the consolidated financial statements as a liability. This resulted in accounting as if the Group had already acquired the shares subject to this arrangement. Therefore, no non-controlling interest was recognised for reporting purposes in relation to the shares that were subject to this arrangement. On 27 July 2009 the Company signed a new five year shareholder agreement with the two founding shareholders of CB Uniastrum Bank LLC, under which they will each maintain their management roles as well as continue to hold a residual 10% interest in CB Uniastrum Bank LLC.

## Bank of Cyprus Group

### Notes

The signing of the above agreement resulted in a change in the accounting treatment of CB Uniastrum Bank LLC in the consolidated financial statements of the Group. Pursuant to the signing of the agreement and the cancellation of the put/call option arrangement and extinguishment of the related liability, CB Uniastrum Bank LLC is included in the consolidated financial statements of the Group as an 80% subsidiary with the corresponding recognition of a 20% non-controlling interest. Upon this change in ownership, the difference between the extinguished liability and the share of assets and liabilities attributable to the non-controlling interest was treated as a transaction between owners.

As a result, non-controlling interests increased by €62.015 thousand of which €26.685 thousand relates to the share of exchange differences of the disposed non-controlling interest. An amount of €18.245 thousand was recognised in retained earnings.

On 1 September 2009, Cyprus Leasing LLC and Uniastrum Leasing LLC merged to form Leasing Company Uniastrum Leasing which provides finance lease services in Russia and is 100% owned by the Group.

During 2009, Katoikia I Mortgage Finance Plc, Katoikia I Holdings Ltd, Misthosis Funding Plc and Misthosis Funding (Holding) Ltd were incorporated as special purpose entities for the securitisation of housing loans and finance lease receivables. The securitisations aim at enhancing the prudential liquidity ratios of the Company.

All Group companies are accounted for as subsidiaries using the consolidation method. There were no other changes in the companies being consolidated and their accounting treatment compared to 31 December except as described above.

8. The Board of Directors proposes the payment of a final dividend of €0,03 per share for 2010, amounting to €26.848 thousand. An interim dividend of €0,06 per share in cash was paid in November 2010, amounting to €46.612 thousand. In addition, in November 2010 the Board of Directors, taking into consideration the level of reserves and the applicable legislation for dividend distribution, decided the payment of a special interim dividend payable in the form of shares of €0,50 per share, amounting to €388.430 thousand, at the issue price of €3,25.
9. Related party transactions:
  - (a) Loans and other advances to members of the Board of Directors and key management personnel: €7.330 thousand for the Group and the Company.
  - (b) Loans and other advances to other connected persons: €237.013 thousand for the Group and €4.638.006 thousand for the Company.
  - (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €113.429 thousand for the Group and the Company.
  - (d) Deposits by members of the Board of Directors and key management personnel: €71.069 thousand for the Group and the Company.
  - (e) Deposits by other connected persons: €25.568 thousand for the Group and €2.173.357 thousand for the Company.
  - (f) Income (mainly interest income): €10.641 thousand for the Group and €157.667 thousand for the Company.

## Bank of Cyprus Group Notes

- (g) Expense (mainly interest expense): €5.693 thousand for the Group and €68.915 thousand for the Company.
  - (h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €6.726 thousand for the Group and €6.218 thousand for the Company.
  - (i) Debt securities in issue and subordinated loan stock to members of the Board of Directors and key management personnel: €17.133 thousand for the Group and the Company.
  - (j) Debt securities in issue and subordinated loan stock to other connected persons: €2.401 thousand for the Group and the Company.
- 10.** On 28 February 2011, the Board of Directors of the Company, taking into consideration the importance of maintaining high capital adequacy ratios for the continuous expansion of the Group, the global stricter regulatory environment with regards to capital and the importance of further strengthening its capital position ahead of Basel III, has decided to propose at an Extraordinary General Meeting of shareholders the issue of Convertible Enhanced Capital Securities (CECS) of up to €1.342 million.

CECS will be offered via a priority right to subscribe to the existing shareholders of the Company ('Eligible Shareholders'). Eligible Shareholders and other applicants may subscribe to the Convertible Enhanced Capital Securities issue by paying the corresponding consideration for the CECSs either in cash or in the form of 'Eligible Securities' of the Bank and specifically (i) Convertible Bonds 2013/18 (ii) Convertible Capital Securities and (iii) Capital Securities 12/2007, of an equal nominal value, which have priority after the Eligible Shareholders and before any other applicants.

Within the context of the above, the Company will take all necessary actions for the approval of the issue by the relevant regulatory authorities.

The proposed issue will further strengthen and enhance the Group's strong, high quality capital base, with the pro-forma capital adequacy ratio and the Tier 1 ratio at 31 December 2010 reaching 14,0% and 12,7% respectively, based on the assumption that all Eligible Securities (€818 million) are exchanged for the new CECS.

Also on 28 February 2011, the Board of Directors of the Company decided to propose for approval to the Company's shareholders a resolution amending the exercise price of the Share Options 2008/2010 of Group employees to €3,30 per share, so that their exercise price will be in line with the conversion price of the proposed issue of Convertible Enhanced Capital Securities.