

Bank of Cyprus Group



Announcement

Audited Consolidated Financial Statements for the year ended 31 December 2006

Nicosia, 27 February 2007

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In 1991, the Group established its first branch in Greece where it has been expanding rapidly since 1999. It has an established banking presence in the United Kingdom and in 2001 it expanded to Australia through a wholly owned subsidiary bank. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 282 branches, of which 144 operate in Cyprus, 120 in Greece, six in the United Kingdom, eleven in Australia and one in the Channel Islands. Bank of Cyprus also has representation in the United States of America, Canada, South Africa, Russia and Romania. The Bank of Cyprus Group employs 6.192 staff worldwide.

At 31 December 2006, the Group's Total Assets reached C£14,56bn (€25,19bn) and the Group's Shareholders' Funds were C£905mn (€1,57bn). The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found at the Group's website www.bankofcyprus.com

At its meeting held today, the Board of Directors of Bank of Cyprus has approved the audited consolidated financial statements of the Group for the year ended 31 December 2006.

The Annual Financial Statements have been posted on the Group's website www.bankofcyprus.com (select Investor Relations /Financial Information). Copies of the financial statements will be available at the Group's Shares and Bonds Department (Eurolife House, 3rd floor, 4 Evrou Street, Strovolos, Nicosia).

It is noted that the Group has already announced its preliminary results for 2006 on 7 February 2007. The final audited financial results do not differ from the preliminary results. The relevant announcement regarding the analysis and discussion of the results for 2006 was released on 7 February 2007 and has been posted on the Group's website www.bankofcyprus.com (select Investor Relations/Announcements). The summary of the relevant announcement released on 7 February 2007, included the following:

- Group profit after tax for 2006 reached C£183 mn (€317 mn), recording an increase of 153% compared to 2005. There was a significant improvement in all of the Group's performance indicators during 2006, with the return on equity ratio increasing to 21,7% and the cost to income ratio decreasing to 46,7%. The fast growth rate of the Group's business in Cyprus, combined with the cost containment program, the very positive course of the Group's insurance operations and the continuation of its dynamic expansion in Greece contributed to the profitability improvement. It is noted that the Group's profits primarily come from core banking and insurance operations.
- The improvement in the Group's loan portfolio quality indicators is exceptional. Specifically, the ratio of non-performing loans to total loans has improved from 9,3% at 1 January 2006 to 5,6% at 31 December 2006, thus enabling the annual provision charge to decrease to 0,7% of total loans.
- The increased Group profitability, led to the decision of the Board of Directors of the Bank to propose at the Annual General Meeting of its shareholders a dividend of C£0,10 (€0,17*) per share. The total of the proposed dividend and the interim dividend of C£0,07 (€0,12) per share which was paid in December 2006 amounts to C£0,17 (€0,29) per share compared to C£0,07 (€0,12) paid last year, recording an increase of 143%.

Group Financial Highlights			
in € mn	Change	2006	2005
Profit before provisions	+56%	489	314
Profit before tax	+148%	388	157
Profit after tax	+153%	317	125
Earnings per Share	+132%	57,7 cent	24,9 cent
Cost/Income	-10,0 p.p.*	46,7%	56,7%
Return on Equity	+9,8 p.p.*	21,7%	11,9%

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

It is reminded that the Directors' Report and the Financial Statements for 2006 will be considered at the Annual General Meeting which is going to be convened on 6 June 2007. At the same General Meeting the final proposed dividend will also be considered for approval.

* The payment of the dividend will be based on the exchange rate in force on the working date immediately preceding the ex-dividend date, which may be different than the rate used for the purposes of this announcement.