



Announcement

Group Financial Results for the Six months ended 30 June 2007

- Spectacular increase in profits of 58%
 - C£134 mn (€230 mn) profit after tax
 - New record high return on equity (27,7%) and all-time low cost to income ratio (43,0%)
 - Dynamic growth of operations
 - 27% annual increase in loans
 - 25% annual increase in deposits
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Nicosia, 25 July 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 285 branches, of which 144 operate in Cyprus, 121 in Greece, 6 in the United Kingdom, 11 in Australia, 1 in Romania, 1 in Russia and 1 in the Channel Islands. Bank of Cyprus also has representation in the United States of America, Canada and South Africa. The Bank of Cyprus Group employs 6.555 staff worldwide.

At 30 June 2007, the Group's Total Assets reached C£16,71 bn (€28,62 bn) and the Shareholders' Funds were C£1,04 bn (€1,77 bn). 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

On the occasion of the announcement of the financial results of the Group, the Chairman of the Board of Directors and the Group Chief Executive Officer made the following statements:

«The spectacular growth of the Group's operations continued during the second quarter of 2007. In addition to the strengthening of its leading presence in the domestic market and the expansion in the Greek market, the Group is dynamically expanding in markets with attractive growth potential and solid macroeconomic fundamentals. The commencement of operations in Russia is a major pillar for the achievement of the Group's strategy. Bank of Cyprus is the first Greek banking group to enter the Russian market.»

Eleftherios P. Ioannou, Chairman of the Board of Directors

«The results of the first six months of 2007 exceed our expectations and reconfirm the correctness of our strategic directions. All of the Group's financial footings have increased significantly. Loans and deposits recorded an annual increase of 27% and 25% respectively. The profit after tax for the first six months of 2007 recorded an increase of 58% compared to the corresponding period of 2006, and return on equity reached a new record high of 27,7% The results are evidence of the success and consistency of our strategy, which creates further value for our shareholders.»

Andreas Eliades, Group Chief Executive Officer

A. Summary of Results

Group profit after tax for the first half 2007 (1H07) reached C£134 mn (€230 mn), recording an increase of 58% compared to the corresponding 2006 period.

There was a significant improvement in all of the Group's performance indicators during 1H07, with return on equity increasing to 27,7% and the cost to income ratio improving to 43,0%. The fast growth rate of the Group's business in all the geographic markets in which the Group operates and the positive development of its insurance operations contributed to the improvement.

The quality of the loan portfolio has improved further and the ratio of non-performing loans to total loans has improved from 8,1% as at 30 June 2006 to 4,6% at 30 June 2007. This development is the result of efficient management of credit risk, achieved through the revised procedures and systems which have been implemented in the last two years.

The main financial highlights of the Group for 1H07 are set out below:

Table 1

Group Financial Highlights				
in € mn	Change	1H07	1H06	Year 2006
Profit before tax	+61%	278	173	385
Profit after tax	+58%	230	146	314
Earnings per Share	+56%	41,4 cent	26,6 cent	57,1 cent
Cost/Income	-4,1 p.p.*	43,0%	47,1%	46,7%
Return on Equity	+6,2 p.p.*	27,7%	21,5%	21,7%

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

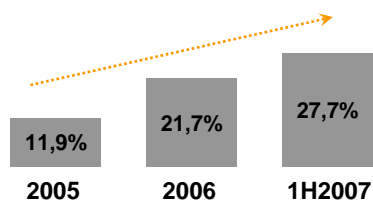
- Group profit after tax for 1H07 reached C£134 mn (€230 mn) compared to C£85mn (€146) for the corresponding 2006 period, recording an increase of 58%.
- The Group return on equity increased substantially to 27,7% compared to 21,5% for the first six months of 2006 (1H06).
- The cost to income ratio improved to 43,0% compared to 47,1% for 1H06.

- The above results reflect the positive effect of the steps taken to:
 - Increase business volumes (27% in loans and 25% in deposits).
 - Increase net interest income by 30%.
 - Increase income from insurance operations by 19%.
 - Control cost growth at rates significantly lower than those of the growth of business.
 - Enhance credit risk management, thus decreasing of the annual provision charge to 0,4% of total loans.
- The improvement in the profitability of the Group's Cyprus operations is spectacular. Profit after tax increased by 55% to C£102 mn (€175 mn).
- The profitability of the Greek operations also registered a substantial increase in 1H07 with profit after tax increasing by 83% to reach C£30 mn (€51 mn) and the return on equity increasing to 19,5% from 13,0% for 1H06.

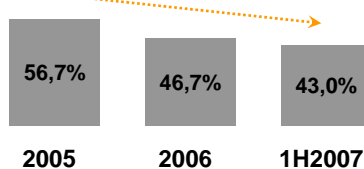
Graph 1

Evolution of indicators

Return on Equity



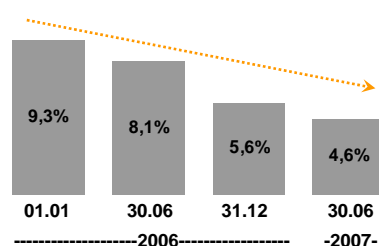
Cost/ Income



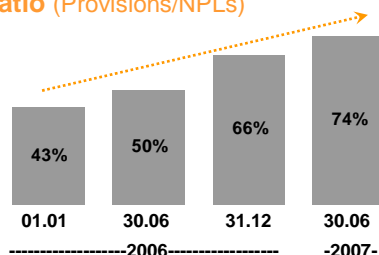
Graph 2

Evolution of non performing loans (NPLs)

NPL ratio (NPLs/Total loans)



Coverage ratio (Provisions/NPLs)



B. Prospects

The Group is focused on the implementation of its strategy of autonomous growth and further significant growth rates in volumes and profits. Based on the Group financial results to date, the indications for their further development, as well as the current conditions in the markets in which the Group operates, the Group reconfirms its confidence in achieving the ambitious three-year targets which were announced in February 2007 for:

- Reduction of the non-performing loans ratio to below 4,0% by 2009.
- Improvement of the cost to income ratio to 40% by 2009.
- Increase of return on equity to more than 25% by 2009.
- Annual growth rate of profit after tax of over 25% for the three year period 2007-2009.

As far as the profit after tax for the whole of 2007 is concerned, the Group expects that it will exceed the target of €415 mn which was set in February 2007.

In parallel, the Group is successfully implementing its expansion strategy into Russia and Romania, where it has significant comparative advantages. The initial indications of our presence in these two countries are very encouraging and justify our expectations that these markets will become significant drivers of the Group's development in the forthcoming three-year period.

C. Financial Footings

Table 2

Analysis of Loans and Deposits by Geographic Sector								
in € mn	Group		Cyprus		Greece		Other countries	
	annual ±%	30.06.07	annual ±%	30.06.07	annual ±%	30.06.07	annual ±%	30.06.07
Loans	+27%	17.547	+28%	8.584	+23%	7.266	+33%	1.697
Contribution				49%		41%		10%
Deposits	+25%	22.815	+29%	13.181	+19%	8.103	+27%	1.531
Contribution				58%		35%		7%

C.1 Group Loans

The Group's loans reached C£10,24 bn (€17,55 bn) at 30 June 2007, recording an annual increase of 27%.

C.1.1 Loans in Cyprus

The Group's total loans in Cyprus at 30 June 2007 amounted to C£5,01 bn (€8,58 bn), recording an annual increase of 28%.

The Group has increased its market share in total loans of commercial banks and credit cooperatives in Cyprus, to 27,8% in May 2007 (latest available data), compared to 26,7% in December 2006 and 26,0% in May 2006, an increase of 1,8 percentage points in the last 12 months and 3,5 percentage points in the last two years. The continuous increase in our market share is the result of the recognition of Bank of Cyprus' leading brand name, as well as its extensive distribution network and the effective marketing campaigns focusing on the retail lending sector and specifically mortgage lending. The Group's market share in total loans, including those of the international banking units, was 24,2% in May 2007.

C.1.2 Loans in Greece

In Greece, the annual rate of increase in the Group's loans reached 23%, a higher growth rate than the corresponding rate for the Greek banking system. The Group's Greek loan portfolio reached C£4,24 bn (€7,27 bn) at 30 June 2007 and the market share stood at 3,7% in April 2007 (latest available data).

C.1.3 Loans in Other Countries

At 30 June 2007, Group loans in the United Kingdom and Australia increased by 25% and 36%, reaching C£736 mn (€1,26 bn) and C£207 mn (€354 mn), respectively. In the new markets the Group's loan portfolio at 30 June 2007 reached C£48 mn (€82 mn), even though the inflow of loan applications indicate prospects for much higher volumes.

C.1.4 Loans by Customer Sector

The breakdown of the Group's loan portfolio in Cyprus and Greece into the three customer sectors is shown below.

Table 3

Analysis of Loans by Customer Sector				
Percentage (%) of total loans	Cyprus		Greece	
	30.06.07	30.06.06	30.06.07	30.06.06
Corporate	48%	48%	25%	24%
Small and Medium-sized Enterprises (SMEs)	16%	16%	43%	46%
Retail	36%	36%	32%	30%
Total	100%	100%	100%	100%

C.1.5 Non-Performing Loans ("NPLs")

During 1H07, the improvement in the quality of the Group's loan portfolio was exceptional and was the result of, among others:

- Collections of overdue amounts.
- Lower inflow of new NPLs as a result of improved credit risk control systems implemented by the Group over the past two years.

Specifically, the Group NPLs have declined in absolute numbers by 28% since 30 June 2006. As at 30 June 2007, Group NPLs decreased to C£462 mn (€792 mn). It is stressed that the Group applies the definition of NPLs which includes all loans in arrears for longer than three months. In addition, the NPL classification extends to all other loans of the customers who have a specific facility classified as non-performing.

The ratio of NPLs to total Group loans at 30 June 2007 was 4,6% compared to 8,1% at 30 June 2006 and 5,6% as at 31 December 2006.

The coverage ratio (NPLs/provisions) increased to 74% as at 30 June 2007, compared to 50% one year ago. The remaining balance of NPLs is fully covered by tangible collateral.

The vast majority of non-performing loans relate to the Group's Cyprus operations with the relevant indicator improving to 6,5% at 30 June 2007 compared to 12,3% one year ago. It should be noted that in Cyprus, the lengthy process required for the foreclosure of collateral, especially property, acts as an obstacle in the collection of overdue amounts.

The quality of the Group loan portfolio in Greece remains very good, despite the high growth rate of the portfolio. Using the definition mentioned before, the Group's NPLs in Greece decreased to 3,2% of total loans at 30 June 2007, compared to 4,9% at 30 June 2006. This ratio compares favourably to the ratio of the Greek banking system, as per Bank of Greece data.

C.2 Group Deposits

The Group's total deposits at 30 June 2007 reached C£13,32 bn (€22,82 bn), recording a 25% annual increase.

C.2.1 Deposits in Cyprus

In Cyprus, the annual rate of increase in Group deposits was 29%. Deposits in Cyprus amounted to C£7,69 bn (€13,18 bn) at 30 June 2007. The Bank's market share of total deposits of commercial banks and credit cooperatives for May 2007 (latest available data) amounted to 30,1%, compared to 28,9% for May 2006.

The Group's foreign currency deposits in Cyprus represented 59% of total deposits of the Group in Cyprus and the Bank's market share in this sector among commercial banks stood at 42,2% for May 2007.

C.2.2 Deposits in Greece

Group deposits in Greece increased significantly at an annual rate of 19%, reaching C£4,73 bn (€8,10 bn) at 30 June 2007. At the end of April 2007 (latest available data) the Group's market share in deposits in Greece stood at 3,7%.

C.2.3 Deposits in Other Countries

At 30 June 2007, the Group's deposits in the United Kingdom and Australia reached C£745 mn (€1,28 bn) and C£149 mn (€255 mn), recording an annual increase of 27% and 26%, respectively.

C.3 Shareholders' Funds

At 30 June 2007, the Group shareholders' funds amounted to C£1,04 bn (€1,77 bn), recording a significant increase of 27% since 30 June 2006 and 15% since 31 December 2006.

D. Analysis of First Half 2007 Results

D.1 Net Interest Income and Net Interest Margin

Net interest income reached C£212 mn (€363 mn), recording an annual increase of 30%. The increase is primarily attributable to the significant increase in the Group's footings in Cyprus and Greece, as well as to the improvement in the net interest margin (NIM) of the Group's operations in Cyprus.

The Group net interest margin for 1H07 increased to 2,91%, compared to 2,70% for 1H06.

The NIM of the Group's operations in Cyprus increased significantly from 2,21% at 30 June 2006 to 2,60% at 30 June 2007, mainly as a result of the increase in the NIM earned on foreign currency deposits as well as the increased spread earned on deposits in Cyprus pound. The net interest margin in Cyprus is adversely affected by the low margin earned on foreign currency deposits in Cyprus due to the high (75%) liquidity requirement imposed by the Central Bank of Cyprus on these deposits (that is the placement of these funds in liquid form through money market instruments, interbank deposits and highly rated bonds).

The NIM of the Group's operations in Greece was maintained at satisfactory levels (3,00% compared to 3,11% for 1H06) mainly due to the increase in deposit spreads and despite the intensified competition, especially in the lending sector. It is noted that the loans to deposits ratio stands at 90% allowing for the significant growth of the Greek operations.

D.2 Income from Insurance Business

The growth of the Group's insurance operations was significant with an increase in new business premiums of 21% in life insurance and 17% in general insurance. Total income from insurance business recorded a 19% annual increase, reaching C£15 mn (€27 mn). The insurance business contributed 7% to Group profit before tax amounting to C£11 mn (€19 mn), recording an increase of 37%.

D.3 Expenses

Total expenses for 1H07 amounted to C£134 mn (€230 mn), with the annual rate of increase of 11% being significantly lower than the rate of increase in loans (27%). Also, as a result of the increase in productivity, the cost to income ratio improved to 43,0% in 1H07 compared to 47,1% for the corresponding 2006 period.

Staff costs amounted to C£83 mn (€142 mn), recording an annual increase of 11%, mainly due to the increase in costs of the Greek operations by 24%, due to the Group's expansion in Greece. Staff costs in Greece grew as a result of the increase in staff numbers by 11% to 2.784 employees, to accommodate for the increased business volumes (23% increase in loans) and for the staffing of the six new branches which opened in the last 12 months, as well as the 11 new branches which have been rented and are expected to be operational in the next few months. The Group currently operates 121 branches in Greece. The increase in staff costs in Cyprus was contained to 4%, despite the much higher rates of increase in volumes (28% increase in loans).

The other (non-staff) operating expenses of the Group recorded an annual increase of 13% and amounted to C£51 mn (€88 mn).

The cost to income ratio of the Group's Cyprus operations improved from 44,6% in 1H06 to 38,2% in 1H07. The ratio for the Group's Greek operations stands at the very satisfactory level of 47,6% (1H06: 49,0%), especially considering the relatively low maturity level of the branch network and the cost of opening new branches which is expensed as incurred.

D.4 Provisions for Impairment of Loans

The provision charge for 1H07 amounted to C£19 mn (€33 mn) and represented 0,4% (2006: 0,7%) of total Group loans, reflecting the improvement in the quality of the loan portfolio.

Table 5

Analysis of Group Results and Other Financial Information						
In € mn	±%	1H07	1H06	±%	2Q07	1Q07
Net interest income	+30%	363	280	+11%	191	172
Net fee and commission income	+10%	93	84	-12%	44	49
Foreign exchange income	+36%	20	15	+40%	12	8
Net gains on sale and change in fair value of financial instruments	-40%	19	32	+123%	13	6
Income from insurance business	+19%	27	22	-2%	13	14
Other income	+191%	12	4	+473%	10	2
Total income	+22%	533	437	+13%	283	251
Staff costs	+11%	(142)	(128)	+1%	(71)	(71)
Other operating expenses	+13%	(88)	(78)	+13%	(47)	(41)
Total expenses	+11%	(230)	(206)	+5%	(118)	(112)
Profit before provisions	+31%	304	231	+19%	165	139
Provisions for impairment of loans and advances	-44%	(33)	(58)	-32%	(13)	(20)
Share of profit of associate	-	7	0	-10%	3	4
Profit before tax	+61%	278	173	+26%	155	123
Tax	+61%	(45)	(27)	+69%	(28)	(17)
Minority Interest	-	(3)	0	-	(3)	0
Profit after tax	+58%	230	146	+16%	124	106
Number of staff	+7%	6.555	6.100	+3%	6.555	6.351
Net interest margin (NIM)	+21 b.p.*	2,91%	2,70%	+8 b.p.*	2,96%	2,88%
Cost/Income ratio	-4,1 p.p.*	43,0%	47,1%	-3,0 p.p.*	41,6%	44,6%
Return on equity (ROE)	+6,2 p.p.*	27,7%	21,5%	+2,3 p.p.*	28,9%	26,6%

* b.p. = basis points, 100 b.p. = 1 percentage point (1%)

Table 6

Geographical Sector Analysis of Results and Other Financial Information									
in € mn	Cyprus			Greece			Other counties		
	±%	1H07	1H06	±%	1H07	1H06	±%	1H07	1H06
Net interest income	+37%	209	152	+21%	136	112	+18%	19	16
Net fee and commission income	+10%	63	58	+7%	23	22	+24%	6	5
Foreign exchange income	+46%	19	13	+16%	2	2	-190%	0	0
Net gains on sale and change in fair value of financial instruments	-56%	13	30	+120%	6	2	-	1	0
Income from insurance business	+11%	22	20	+77%	4	1	-	-	-
Other income	+230%	11	3	-45%	0	1	-	0	0
Total income	+22%	337	276	+22%	171	140	+21%	26	21
Staff costs	+4%	(88)	(84)	+24%	(44)	(36)	+20%	(11)	(9)
Other operating expenses	+6%	(41)	(39)	+12%	(37)	(32)	+70%	(9)	(5)
Total expenses	+5%	(129)	(123)	+18%	(81)	(68)	+27%	(20)	(14)
Profit before provisions	+36%	208	153	+25%	90	72	-14%	6	7
<i>Contribution</i>		69%	66%		29%	31%		2%	3%
Provisions for impairment of loans and advances	-61%	(10)	(26)	-28%	(23)	(32)	-105%	(0)	(1)
Share of profit of Associate		7	0		0	0		0	0
Profit before tax	+61%	205	127	+67%	67	40	+2%	6	6
<i>Contribution</i>		74%	74%		24%	23%		2%	3%
Tax	+82%	(27)	(14)	+30%	(16)	(12)	+114%	(2)	(1)
Minority Interest	-	(3)	0		0	0		0	0
Profit after tax	+55%	175	113	+83%	51	28	-20%	4	5
<i>Contribution</i>		76%	78%		22%	19%		2%	3%
Number of staff	+2%	3.363	3.293	+11%	2.784	2.503	+34%	408	304
Net interest margin (NIM)	+39 b.p.*	2,60%	2,21%	-11 b.p.*	3,00%	3,11%	-13 b.p.*	1,87%	2,00%
Cost/Income ratio	-6,4 p.p.*	38,2%	44,6%	-1,4 p.p.*	47,6%	49,0%	+3,2 p.p.*	70,4%	67,2%
Return on equity (ROE)	+10,2 p.p.*	44,0%	33,8%	+6,5 p.p.*	19,5%	13,0%	+3,7 p.p.*	7,5%	11,2%

Table 7

Balance Sheet Overview				
In € mn	±%	30.06.2007	30.06.2006	31.12.2006
Cash and balances with central banks	+25%	1.278	1.022	1.170
Placements with banks	+28%	4.900	3.830	4.260
Debt securities, T-bills and equity investments	+20%	4.368	3.637	4.021
Net loans and advances to customers	+28%	16.719	13.091	14.331
Other assets	+26%	1.358	1.074	1.167
Total assets	+26%	28.623	22.654	24.949
Amounts due to banks	+28%	781	611	448
Customer deposits	+25%	22.815	18.286	20.729
Debt securities in issue	+63%	1.562	960	743
Other liabilities	+29%	1.093	849	931
Subordinated loan stock	+2%	559	546	548
Minority Interest	-	38	0	0
Shareholder's equity	+27%	1.775	1.402	1.550

Notes:

- All geographical sector analyses are shown following restatements made to bring each sector's capital to the same percentage level of the sector's risk weighted assets.
- The conversion from Cyprus Pounds (C£) to Euro (€) was made using the exchange rate at 30 June 2007 of €1=£0,5837.
- The Group's Condensed Consolidated Financial Statements for the six months ended 30 June 2007, are available at the Bank of Cyprus Public Company Ltd Registered Office and on the Group's website, as follows:
 - Registered Office: 51 Stassinou Street, Ayia Paraskevi, Strovolos, P.O. Box 24884, 1398 Nicosia, Cyprus
Telephone: +357 22 842128, Fax: +357 22 378422
 - Website: www.bankofcyprus.com (Inv. Relations/Financial Information)
- The detailed presentation of the financial results for the 1H07 has been posted on the Group's website www.bankofcyprus.com (Inv. Relations/Presentations)