



Bank of Cyprus Group

Interim Condensed Consolidated Financial Statements

for the three months ended 31 March 2011

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Bank of Cyprus Group

Interim Consolidated Income Statement

for the three months ended 31 March 2011

		Three months ended 31 March		Year ended 31 December
		2011	2010	2010
	Notes	€000	€000	€000
Turnover		633.944	598.367	2.577.028
Interest income		558.024	478.323	2.091.794
Interest expense		(282.377)	(236.781)	(1.051.375)
Net interest income		275.647	241.542	1.040.419
Fee and commission income		59.006	55.056	244.589
Fee and commission expense		(3.035)	(2.784)	(13.410)
Foreign exchange (losses)/profit		(3.792)	7.976	38.634
Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries		9.195	19.031	71.380
Insurance income net of insurance claims		16.919	15.072	59.361
Other income		2.540	1.776	8.916
		356.480	337.669	1.449.889
Staff costs		(115.207)	(107.663)	(430.208)
Other operating expenses		(69.274)	(64.574)	(294.717)
Profit before provisions		171.999	165.432	724.964
Provisions for impairment of loans and advances	8	(78.707)	(73.498)	(374.497)
Profit before share of loss of associates		93.292	91.934	350.467
Share of loss of associates		(36)	(473)	(1.953)
Profit before tax		93.256	91.461	348.514
Taxation		(21.621)	(12.061)	(45.989)
Profit after tax		71.635	79.400	302.525
Attributable to:				
Non-controlling interests ((loss)/profit)		451	(1.962)	(3.664)
Owners of the Company		71.184	81.362	306.189
Basic earnings per share (cent)	6	8,0	11,6	40,5
Diluted earnings per share (cent)	6	7,6	10,7	37,3

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Interim Consolidated Statement of Comprehensive Income

for the three months ended 31 March 2011

	Three months ended 31 March	
	2011	2010
	€000	€000
Profit after tax	71.635	79.400
Other comprehensive income		
Foreign currency translation reserve		
(Losses)/profit on translation of net investment in subsidiaries and overseas branches	(1.912)	59.662
Gains/(losses) on hedging of net investments	4.538	(5.176)
	2.626	54.486
Available-for-sale investments		
Gains/(losses) from revaluation before tax	28.444	(62.979)
Transfer to the consolidated income statement on impairment	35	-
Transfer to the consolidated income statement on sale	65	(6.062)
Taxation	338	1.297
	28.882	(67.744)
Cash flow hedges		
(Losses)/gains from revaluation before tax	(569)	755
Taxation	33	(76)
	(536)	679
Property revaluation		
Taxation	2	(4)
	2	(4)
Other comprehensive income/(expense) after tax	30.974	(12.583)
Total comprehensive income for the period	102.609	66.817
Attributable to:		
Non-controlling interests	1.060	2.002
Owners of the Company	101.549	64.815

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Interim Consolidated Balance Sheet

as at 31 March 2011

		31 March 2011	31 December 2010
	Notes	€000	€000
Assets			
Cash and balances with central banks		970.754	2.241.825
Placements with banks		5.219.948	5.264.628
Reverse repurchase agreements		120.166	120.166
Investments	7	5.542.392	5.345.594
Derivative financial assets		41.000	76.278
Loans and advances to customers	8	27.925.801	27.725.451
Life insurance business assets attributable to policyholders		565.036	561.695
Property and equipment		413.982	418.781
Intangible assets		482.631	479.058
Other assets	9	430.294	400.459
Investment in associates		4.235	3.805
Total assets		41.716.239	42.637.740
Liabilities			
Obligations to central banks and amounts due to banks		3.239.785	3.706.975
Repurchase agreements		1.041.727	913.109
Derivative financial liabilities		292.901	240.412
Customer deposits		32.194.149	32.952.567
Insurance liabilities		659.276	658.309
Debt securities in issue	10	69.561	83.957
Other liabilities	11	345.374	323.120
Subordinated loan stock	12	940.278	930.942
Total liabilities		38.783.051	39.809.391
Equity			
Share capital	13	894.948	894.948
Share premium		1.159.819	1.159.819
Revaluation and other reserves		(152.935)	(186.253)
Retained earnings		938.992	868.531
Equity attributable to the owners of the Company		2.840.824	2.737.045
Non-controlling interests		92.364	91.304
Total equity		2.933.188	2.828.349
Total liabilities and equity		41.716.239	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

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Interim Consolidated Statement of Changes in Equity

for the three months ended 31 March 2011

	Attributable to the owners of the Company											Non-controlling interests	Total equity
	Share capital (Note 13)	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 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	-	-	2.544	-	-	-	-	-	-	-	2.544	-	2.544
Purchase of shares of the Company	-	-	-	-	-	-	-	-	-	(824)	(824)	-	(824)
Disposal of shares of the Company	-	-	(1.350)	-	-	-	-	-	-	1.860	510	-	510
Increase in value of in-force life insurance policies	-	-	(1.986)	-	-	-	1.986	-	-	-	-	-	-
Tax on increase in value of in-force life insurance policies	-	-	69	-	-	-	(69)	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	71.184	2	28.878	(536)	-	-	2.021	-	101.549	1.060	102.609
31 March 2011	894.948	1.159.819	938.992	100.331	(242.134)	755	85.614	12.420	(102.680)	(7.241)	2.840.824	92.364	2.933.188

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Interim Consolidated Statement of Changes in Equity

for the three months ended 31 March 2010

	Attributable to the owners of the Company											Non-controlling interests	Total equity
	Share capital (Note 13)	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
Cost of share-based payments	-	-	856	-	-	-	-	-	-	-	856	-	856
Disposal of shares of the Company	-	-	(336)	-	-	-	-	-	-	585	249	-	249
Increase in value of in-force life insurance policies	-	-	(2.228)	-	-	-	2.228	-	-	-	-	-	-
Tax on increase in value of in-force life insurance policies	-	-	194	-	-	-	(194)	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	81.362	(4)	(67.751)	679	-	-	50.529	-	64.815	2.002	66.817
31 March 2010	598.197	712.170	1.163.980	101.579	(76.288)	711	76.633	12.420	(87.609)	(12.761)	2.489.032	64.388	2.553.420

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Interim Consolidated Statement of Cash Flows
for the three months ended 31 March 2011

		Three months ended 31 March	
		2011	2010
	Notes	€000	€000
Net cash flow from operating activities			
Profit before tax		93.256	91.461
Share of loss of associates		36	473
Provisions for impairment of loans and advances		78.707	73.498
Depreciation of property and equipment and amortisation of intangible assets		11.309	11.091
Increase in value of in-force life insurance policies		(1.986)	(2.228)
Amortisation of discounts/premiums		78.151	(298)
Cost of share-based payments		2.544	856
Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock		(41.569)	(57.020)
		220.448	117.833
Net decrease/(increase) in loans and advances to customers and other accounts		395.975	(743.182)
Net (decrease)/increase in customer deposits and other accounts		(1.000.595)	215.140
		(384.172)	(410.209)
Tax paid		(9.200)	(10.016)
Net cash flow used in operating activities		(393.372)	(420.225)
Cash flow from investing activities			
Purchases of investments		(785.316)	(1.841.628)
Proceeds on disposal/redemption of investments		606.511	1.036.289
Interest from investments		(35.086)	48.677
Dividend income from equity securities		6	5
Purchases of property and equipment		(6.076)	(5.902)
Proceeds on disposal of property and equipment		800	291
Purchases of intangible assets		(2.305)	(2.287)
Proceeds on disposal of intangible assets		1	18
Purchases of investment property		(4.310)	(288)
Proceeds on disposal of investment property		416	1.845
Net cash flow used in investing activities		(225.359)	(762.980)
Cash flow from financing activities			
Issue of loan stock		661	35
(Repayment)/issue of senior debt		(14.396)	9.892
Interest on subordinated loan stock		(11.002)	(10.674)
Purchase of own shares		(824)	-
Disposal of own shares		510	249
Net cash flow used in financing activities		(25.051)	(498)
Net decrease in cash and cash equivalents for the period		(643.782)	(1.183.703)
Cash and cash equivalents			
1 January		6.339.767	6.156.656
Exchange adjustments		25.442	(2.860)
Net decrease in cash and cash equivalents for the period		(643.782)	(1.183.703)
31 March	15	5.721.427	4.970.093

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Notes to the Interim Condensed Consolidated Financial Statements

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 23 May 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 three months ended 31 March 2011 have not been audited by the Group's external auditors.

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 three months ended 31 March 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.

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 have a material impact on the amounts presented in the financial statements. These judgements and estimates are consistent with those followed for the preparation of the audited Consolidated Financial Statements for the year 2010.

4. Significant accounting policies

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 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'*

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Notes to the Interim Condensed Consolidated Financial Statements

5. 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 include the provision of banking, financial and insurance services and property and hotel business. The Group's activities in Greece include the provision of banking, financial and insurance services. The Group's activities in other countries include the provision of banking services.

Group management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit before tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation. Inter-segment transactions 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, instead of the segment where the transaction is recorded.

	Cyprus	Greece	Russia	Other countries	Total
Three months ended 31 March 2011	€000	€000	€000	€000	€000
Net interest income	138.900	79.114	33.422	24.211	275.647
Net fee and commission income	33.187	11.595	8.018	3.171	55.971
Foreign exchange (losses)/profit	(6.299)	513	1.232	762	(3.792)
Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries	7.686	2.027	-	(518)	9.195
Insurance income net of insurance claims	13.933	2.986	-	-	16.919
Other income	1.108	819	520	93	2.540
	188.515	97.054	43.192	27.719	356.480
Staff costs	(59.853)	(29.801)	(17.161)	(8.392)	(115.207)
Other operating expenses	(26.152)	(22.065)	(14.148)	(6.909)	(69.274)
Profit before provisions	102.510	45.188	11.883	12.418	171.999
Provisions for impairment of loans and advances	(29.000)	(38.372)	(6.338)	(4.997)	(78.707)
Share of loss of associates	(36)	-	-	-	(36)
Profit before tax	73.474	6.816	5.545	7.421	93.256
Taxation	(13.363)	(5.686)	(889)	(1.683)	(21.621)
Profit after tax	60.111	1.130	4.656	5.738	71.635
Non-controlling interests (profit)	(27)	-	(424)	-	(451)
Profit after tax and non-controlling interests	60.084	1.130	4.232	5.738	71.184

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Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis (continued)

	Cyprus	Greece	Russia	Other countries	Total
Three months ended 31 March 2010	€000	€000	€000	€000	€000
Net Interest income	120.078	76.770	23.412	21.282	241.542
Net fee and commission income	30.802	11.575	7.432	2.463	52.272
Foreign exchange income	4.699	888	1.667	722	7.976
Net gains on sale/(losses), revaluation and impairment of investments and derivative financial instruments	8.985	10.111	(6)	(59)	19.031
Insurance income net of insurance claims	12.197	2.875	-	-	15.072
Other income	(76)	220	1.314	318	1.776
	176.685	102.439	33.819	24.726	337.669
Staff costs	(55.712)	(29.721)	(15.552)	(6.678)	(107.663)
Other operating expenses	(25.102)	(20.352)	(13.328)	(5.792)	(64.574)
Profit before provisions	95.871	52.366	4.939	12.256	165.432
Provisions for impairment of loans and advances	(29.175)	(37.699)	(3.266)	(3.358)	(73.498)
Share of loss of associates	(473)	-	-	-	(473)
Profit before tax	66.223	14.667	1.673	8.898	91.461
Taxation	(5.347)	(4.547)	(1.339)	(828)	(12.061)
Profit after tax	60.876	10.120	334	8.070	79.400
Non-controlling interests (loss/(profit))	1.378	-	585	(1)	1.962
Profit after tax and non-controlling interests	62.254	10.120	919	8.069	81.362

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Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, foreign exchange income, net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries, insurance income net of insurance claims and other income.

The total revenue by segment and inter-segment revenue is analysed below:

	Cyprus	Greece	Russia	Other countries	Total
Three months ended 31 March 2011	€000	€000	€000	€000	€000
Banking and financial services	168.905	89.147	47.837	33.312	339.201
Insurance services	14.599	2.696	-	-	17.295
Property and hotel business	(9)	(7)	-	-	(16)
Total revenue with third parties	183.495	91.836	47.837	33.312	356.480
Inter-segment revenue/(expense)	5.020	5.218	(4.645)	(5.593)	-
Total revenue	188.515	97.054	43.192	27.719	356.480

Three months ended 31 March 2010					
Banking and financial services	163.982	93.643	36.923	27.651	322.199
Insurance services	12.823	2.919	-	-	15.742
Property and hotel business	(267)	(5)	-	-	(272)
Total revenue with third parties	176.538	96.557	36.923	27.651	337.669
Inter-segment revenue/(expense)	147	5.882	(3.104)	(2.925)	-
Total revenue	176.685	102.439	33.819	24.726	337.669

Analysis of assets

	Cyprus	Greece	Russia	Other countries	Total
31 March 2011	€000	€000	€000	€000	€000
Assets	29.407.689	13.850.546	2.140.939	3.498.834	48.898.008
Inter-segment assets					(7.181.769)
Total assets					41.716.239

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

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Notes to the Interim Condensed Consolidated Financial Statements

6. Earnings per share

	<i>Three months ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
Basic earnings per share		
Profit after tax attributable to the owners of the Company (€ thousand)	71.184	81.362
Weighted average number of shares in issue during the period, excluding shares of the Company (thousand)	893.672	702.489
Basic earnings per share (cent)	8,0	11,6
Diluted earnings per share		
Basic earnings after tax attributable to the owners of the Company (€ thousand)	71.184	81.362
Interest on Convertible Bonds and Convertible Capital Securities (€ thousand)	8.807	8.825
Diluted earnings after tax attributable to the owners of the Company (€ thousand)	79.991	90.187
Weighted average number of shares used for basic earnings per share (thousand)	893.672	702.489
Adjustment for the issue of shares resulting from the conversion of Convertible Bonds and Convertible Capital Securities (thousand)	156.850	143.181
Diluted weighted average number of shares (thousand)	1.050.522	845.670
Diluted earnings per share (cent)	7,6	10,7

The Share Options 2008/2010 (Note 13) do not constitute potentially dilutive ordinary shares, as their conversion into ordinary shares would not reduce earnings per share.

The Convertible Bonds 2013/2018 and the Convertible Capital Securities (Note 12) constitute potentially dilutive ordinary shares.

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

The weighted average number of shares for the three months ended 31 March 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 and November 2010 and under the Rights Issue which took place in October 2010.

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Notes to the Interim Condensed Consolidated Financial Statements

7. Investments

	31 March 2011 €000	31 December 2010 €000
Investments at fair value through profit or loss	198.872	200.855
Investments available-for-sale	2.493.905	2.320.239
Investments held-to-maturity	996.721	1.022.850
Investments classified as loans and receivables	1.852.894	1.801.650
	5.542.392	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:

	31 March 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	34.771	33.834	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 gains from the revaluation of these debt securities of €146 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:

	31 March 2011	31 December 2010	1 July 2008
	€000	€000	€000
Trading investments reclassified to available-for-sale investments	19.753	19.939	17.385

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 €185 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.

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Notes to the Interim Condensed Consolidated Financial Statements

7. Investments (continued)

Reclassification of available-for-sale investments

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:

	31 March 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	1.307.650	988.792	1.316.801	970.033	1.328.231

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included additional losses from the revaluation of these debt securities of €339.439 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.

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:

	31 March 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	166.936	163.077	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 gains from the revaluation of these debt securities of €964 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.

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:

	31 March 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	496.759	401.247	493.970	402.484	498.237

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Notes to the Interim Condensed Consolidated Financial Statements

7. Investments (continued)

Reclassification of available-for-sale investments (continued)

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 €96.990 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:

	31 March 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	365.342	304.847	374.756	334.502	363.114

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 €58.267 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.

8. Loans and advances to customers

	31 March 2011	31 December 2010
	€000	€000
Loans and advances to customers	29.142.795	28.885.850
Provisions for impairment of loans and advances	(1.216.994)	(1.160.399)
	27.925.801	27.725.451

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8. Loans and advances to customers (continued)

The movement in the provisions for impairment of loans and advances to customers is presented in the table below:

	Three months ended 31 March	
	2011	2010
	€000	€000
1 January	1.160.399	872.268
Exchange adjustments	(1.880)	8.738
Applied in writing off impaired loans and advances	(10.204)	(7.124)
Interest accrued on impaired loans and advances	(10.895)	(9.219)
Collection of loans and advances previously written off	867	1.989
Charge for the period	78.707	73.498
31 March	1.216.994	940.150

9. Other assets

Other assets at 31 March 2011 include investment properties of €123.530 thousand (31 December 2010: €116.307 thousand).

10. Debt securities in issue

	<i>Contractual interest rate</i>	31 March 2011	31 December 2010
		€000	€000
Medium term senior debt			
SEK 50 million 2009/2012	OMX Stockholm 30 index	5.341	5.315
SEK 100 million 2010/2014	Return of specific shares	11.441	11.371
€2 million 2010/2016	DJ EUROSTOXX 50	2.000	2.000
USD 2 million 2010/2016	S&P 500 index	1.454	1.545
		20.236	20.231
Short term commercial paper			
In Euro	-	-	4.997
In US Dollars	-	7.028	7.470
		7.028	12.467
Other debt securities in issue			
RUB Certificates of Deposit and Promissory Notes	11%	41.805	50.767
Interest-free loan from the European Development Bank	-	492	492
		42.297	51.259
		69.561	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.

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Notes to the Interim Condensed Consolidated Financial Statements

10. Debt securities in issue (continued)

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 were issued by CB Uniastrum Bank LLC at par, are unlisted and have maturities up to one year.

11. Other liabilities

Other liabilities at 31 March 2011 include provisions for pending litigation or claims of €3.288 thousand (31 December 2010: €3.287 thousand).

12. Subordinated loan stock

	<i>Contractual interest rate</i>	31 March 2011	31 December 2010
		€000	€000
Subordinated Bonds 2011/2016 (€200 million)	Three-month Euribor plus 0,60%	127.227	127.315
Capital Securities 12/2007 (€126 million)	Three-month Euribor plus 1,25%	122.033	122.023
Convertible Bonds 2013/2018 (€573 million)	7,50% until 30 June 2009 and six- month Euribor plus 1,00% thereafter	41.314	40.986
Convertible Capital Securities (€645 million)	5,50%	643.444	634.034
Subordinated Bonds in US Dollars 2013/2014/2015	2,50%	6.260	6.584
		940.278	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.

12. Subordinated loan stock (continued)

Subordinated Bonds

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 Bonds 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.

As a result of the Rights Issue to the Company's shareholders (Note 13) and the special distribution of interim dividend in the form of shares (Note 13) during 2010, 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 6 June 2009, Convertible Bonds 2013/2018 with nominal value €527 million were exchanged for Convertible Capital Securities of the same nominal value.

During the first conversion period between 15-30 September 2010, 45.866 Convertible Bonds were converted into 4.971 shares.

Convertible Capital Securities

On 6 June 2009, the Company issued €645 million Convertible Capital Securities that were offered to eligible shareholders of the Company (in the ratio of Convertible Capital Securities with nominal value of €11 for every 10 shares held). The issue proceeds were received through the exchange of Convertible Bonds 2013/2018 with nominal value of €527 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. As a result of the Rights Issue to the Company's shareholders (Note 13) and the special distribution of interim dividend in the form of shares (Note 13) during 2010, the conversion price of the Convertible Capital Securities 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.

During the first conversion period between 15-30 September 2011, 90.001 Convertible Capital Securities were converted into 18.661 shares.

The Convertible Capital Securities are listed on the Cyprus Stock Exchange and the Athens Exchange.

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12. Subordinated loan stock (continued)

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.

Convertible Enhanced Capital Securities

In note 20 of the Interim Financial Condensed Consolidated Statements details relating to the issue of the Convertible Enhanced Capital Securities are set out.

13. Share capital

	31 March 2011		31 December 2010	
	Shares (thousand)	€000	Shares (thousand)	€000
<i>Authorised</i>				
Shares of €1,00 each	1.500.000	1.500.000	1.100.000	1.100.000
<i>Issued and fully paid</i>				
1 January	894.948	894.948	598.197	598.197
Dividend reinvestment	-	-	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	-	-	10.899	10.899
31 March 2011/31 December 2010	894.948	894.948	894.948	894.948

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.

13. Share capital (continued)

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 17 June 2010 was set at €2,91 per share, for the dividend paid on 8 December 2009 was set at €4,25 per share and for the dividend paid on 10 June 2009 was set at €3,93 per share.

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 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. As a result, 113.198.589 shares were issued and the share capital and share premium increased by €113.199 thousand and €254.697 thousand respectively.

All issued ordinary shares carry the same rights.

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

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.

In the Extraordinary General Meeting of the shareholders held at 23 March 2011, the exercise price of the Share Options was adjusted to €3,30 per share.

On 31 December 2009, 2/3 of the Share Options 2008/2010 granted, had vested to the beneficiaries; the remaining 1/3 of the share options had rested on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 31 March of 2011, 2012 and 2013 and from 1 November to 31 December 2012 and 2013. The Share Options 2008/2010 are not transferable and are unlisted.

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14. Dividend

On 28 February 2011, the Board of Directors decided to propose the payment of a final dividend of €0.03 per share amounting to €26.848 thousand, which will be proposed for approval at the Annual General Meeting of the shareholders on 24 May 2011. The proposed ex-dividend date will be 31 May 2011, that is buy transactions that will take place before market close of the Cyprus Stock Exchange and Athens Exchange on 30 May 2011 will be eligible to receive the dividend. The dividend will be paid on 16 June 2011.

15. Cash and cash equivalents

	31 March 2011	31 March 2010
	€000	€000
Cash and non obligatory balances with central banks	712.266	329.997
Placements with banks repayable within three months	5.009.161	4.640.096
	5.721.427	4.970.093

16. Staff numbers

The number of persons employed by the Group at 31 March 2011 was 11.892 (31 December 2010: 12.009).

17. 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 31 March 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

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17. Group companies (continued)

Company	Country	Activities	Percentage holding (%)
Bank of Cyprus Public Company Ltd (branch)	Greece	Commercial bank	N/A
Kyprou Leasing SA	Greece	Leasing	100
Kyprou Commercial SA	Greece	Financing of motor vehicles and other consumer products	100
Kyprou Securities SA	Greece	Investment banking	100
Kyprou Asset Management (AEDAK)	Greece	Management of mutual funds	100
Kyprou Properties SA	Greece	Property management	100
Kyprou Insurance Services Ltd	Greece	General insurance brokers	100
Kyprou Zois (branch of EuroLife Ltd)	Greece	Life insurance	100
Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd)	Greece	General insurance	100
Bank of Cyprus United Kingdom (branch)	United Kingdom	Commercial bank	N/A
Katoikia I Mortgage Finance Plc	United Kingdom	Special purpose entity	-
Katoikia I Holdings Ltd	United Kingdom	Special purpose entity	-
Misthosis Funding Plc	United Kingdom	Special purpose entity	-
Misthosis Funding (Holding) Ltd	United Kingdom	Special purpose entity	-
Bank of Cyprus (Channel Islands) Ltd	Channel Islands	Commercial bank	100
Tefkros Investments (CI) Ltd	Channel Islands	Investment fund	100
Bank of Cyprus Australia Ltd	Australia	Commercial bank	100
Bank of Cyprus Romania (branch)	Romania	Commercial bank	N/A
Cyprus Leasing Romania IFN SA	Romania	Leasing	100
Otherland Properties Dorobanti SRL	Romania	Property investment	100
S.C. O.N.T. Carpati S.A	Romania	Hotel business	94
Pittsburg Properties SRL	Romania	Property investment	94
Battersee Real Estate SRL	Romania	Property investment	94
Trecoda Real Estate SRL	Romania	Property investment	94
Green Hills Properties SRL	Romania	Property investment	94
Bocaland Properties SRL	Romania	Property investment	94
Buchuland Properties SRL	Romania	Property investment	94
Commonland Properties SRL	Romania	Property investment	94
Romaland Properties SRL	Romania	Property investment	94
Janoland Properties SRL	Romania	Property investment	94
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

Acquisition of subsidiary

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.

Disposal of subsidiary

On 9 June 2010 the Group sold 100% of the share capital of Leadbank LLC (previously LLC CB Bank of Cyprus).

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Notes to the Interim Condensed Consolidated Financial Statements

17. Group companies (continued)

Dissolution of subsidiary

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.

Investments in associates and joint venture

Additionally 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 (a shareholding of 23%) and Grand Hotel Enterprises Society Ltd (a shareholding of 30%).

18. Related party transactions

	31 March 2011	31 December 2010
	€000	€000
Loans and other advances:		
- members of the Board of Directors and key management personnel	7.447	7.330
- connected persons	242.039	237.013
	249.486	244.343
Deposits:		
- members of the Board of Directors and key management personnel	66.026	71.069
- connected persons	35.722	25.568
	101.748	96.637
Debt securities in issue and subordinated loan stock:		
- members of the Board of Directors and key management personnel	17.876	17.133
- connected persons	2.407	2.401
	20.283	19.534

Interest income and expense from related parties for the three months ended 31 March 2011 amounted to €3.125 thousand and €1.227 thousand (corresponding period of 2010: €2.470 thousand and €1.464 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 €135.329 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 €290 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 31 March 2011 amounted to €29.663 thousand (31 December 2010: €8.065 thousand).

During the three months ended 31 March 2011, the remuneration of the members of the Board of Directors (number of directors 31 March 2011: 17, 31 March 2010: 15) and key management personnel amounted to €1.374 thousand (corresponding period of 2010: €1.265 thousand).

In April 2011, the Board of Directors of the Company, accepted the proposal by the Group Chief Executive Officer, Mr. Andreas Eliades, and by the Deputy Group Chief Executive Officer, Mr. Yiannis Kypri, to waive their bonus for 2010 which is immediately payable, in view of the prevailing economic conditions. The Board of Directors also approved the recommendation of the Remuneration Committee to adopt the proposal of the Group Chief Executive Officer to extend the retention period for the shares awarded to executive directors and key management personnel as a bonus for 2010, until 31 December 2015 (instead of the previous one-year retention period).

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18. Related party transactions (continued)

During the three months ended 31 March 2011 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €46 thousand (corresponding period of 2010: €47 thousand) to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €82 thousand (corresponding period of 2010: €38 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €169 thousand (corresponding period of 2010: €339 thousand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €36 thousand (corresponding period of 2010: €38 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.

19. Other information

- The total capital expenditure of the Group for the three months ended 31 March 2011 amounts to €8.381 thousand (corresponding period of 2010: €8.189 thousand).
- The Group's provision for pending litigation or claims at 31 March 2011 is set out in Note 11. 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 USD\$ 550 million (€387 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.

20. Events after the balance sheet date

- On 4 May 2011, the Company exercised its option to call in whole, the €200 million 2011/2016 Bonds maturing in May 2016.
- On 28 February 2011, the Board of Directors of the Company, decided to propose at an Extraordinary General Meeting of shareholders the issue of Convertible Enhanced Capital Securities (CECS) of up to €1.342 million. The issue of CECS was approved at the Extraordinary General Meeting held on 23 March 2011. The CECS were offered via a priority right to subscribe to the existing shareholders of the Company ('Eligible Shareholders'). Eligible Shareholders and other applicants could 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 Company and specifically (i) Convertible Bonds 2013/18 (ii) Convertible Capital Securities and (iii) Capital Securities 12/2007, of an equal nominal value. The holders of these securities had priority after the Eligible Shareholders and before any other applicants.

In the context of the CECS issue, the Company has received subscriptions amounting to €890 million approximately. Subscriptions totalling €696 million were in the form of exchange of Existing Eligible Securities (Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007). The issue date of the CECS is 18 May 2011.