



Bank of Cyprus Group

Mid-year Financial Report

six months ended 30 June 2009

Contents	Page
Statement of the Members of the Board of Directors and the Company Officials Responsible for the Drafting of the Financial Statements	1
Interim Management Report	2
Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2009	
Interim Consolidated Income Statement for the six months ended 30 June 2009	7
Interim Consolidated Income Statement for the three months from 1 April to 30 June 2009	8
Interim Consolidated Balance Sheet	9
Interim Consolidated Statement of Comprehensive Income for the six months ended 30 June 2009	10
Interim Consolidated Statement of Comprehensive Income for the three months from 1 April to 30 June 2009	11
Interim Consolidated Statement of Changes in Equity	12
Interim Consolidated Cash Flow Statement	14
Notes to the Interim Condensed Consolidated Financial Statements	15
Report on Review of the Interim Condensed Consolidated Financial Statements to the Board of Directors of Bank of Cyprus Public Company Ltd	31
Financial Information for the Period from 1 January 2009 to 30 June 2009	32

Bank of Cyprus Public Company Ltd

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

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

We, the members of the Board of Directors and the Company officials responsible for the drafting of the Interim Condensed Consolidated Financial Statements of Bank of Cyprus Public Company Ltd (the 'Company') for the six months ended 30 June 2009, confirm that, to the best of our knowledge,

- (a) the Interim Condensed Consolidated Financial Statements on pages 7 to 30
 - (i) have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union, and
 - (ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidated financial statements taken as a whole, and
- (b) the Interim Management Report on pages 2 to 6 provides a fair overview on information required as per section 6, article 10 of Law 190(I)/2007.

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

31 August 2009

Bank of Cyprus Public Company Ltd

Interim Management Report

Financial results

The Group achieved increased profitability during the second quarter of 2009 compared to the first quarter of 2009, despite the ongoing negative economic environment. At the same time, the prudent credit policy and risk management procedures applied by the Group ensure that it is effectively shielded from the difficult economic conditions prevailing and enable it to achieve satisfactory profitability. Maintaining strong profitability, achieving prudent growth of operations and strengthening capital adequacy are the pillars supporting the Group during the ongoing global economic crisis.

Profit after tax and non-controlling interests for the second quarter of 2009 reached €85 million recording an increase of 34% compared to the first quarter of 2009. Profit after tax and non-controlling interests for the six months ended 30 June 2009 amounted to €148 million.

As a result of the Group's actions and the positive impact of the gradual de-escalation of competition on the cost of deposits, the Group's net interest income for the second quarter 2009 reached €207 million recording an increase of 14% compared to the first quarter of 2009, while the net interest margin increased by 23 basis points and reached 2,36% for the second quarter of 2009 (2,24% for the first half 2009).

The main financial highlights and footings of the Group for the first half of 2009 are set out in the table below.

		Six months ended 30 June	
	Change	2009	2008
		€000	€000
Profit after tax and non-controlling interests	-39%	147.585	243.641
Earnings per share	-17,6 cent	25,1 cent	42,7cent
Return on equity	-10,5 p.p.*	13,9%	24,4%
Cost/income	+12,3 p.p.*	55,9%	43,6%
Non-performing loans ratio	+1,3 p.p.*	4,9%	3,6%
Loans (before provisions)	+14%	25.312	22.237
Deposits	+14%	28.586	25.029
Loans to deposits ratio	-0,3 p.p.*	88,5%	88,8%

		Three months ended	
	Change	30 June 2009	31 March 2009
		€000	€000
Profit after tax and non-controlling interests	+34%	84.514	63.071
Return on equity	+3,6 p.p.*	16,0%	12,4%
Cost/income	-3,4 p.p.*	54,3%	57,7%
Net interest margin	+23 p.p.*	2,36%	2,13%

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

- Profit after tax and non-controlling interests for the three months ended 30 June 2009 noted significant improvement and reached €85 million compared to €63 million for the three months ended 31 March 2009, recording an increase of 34%.
- Profit after tax and non-controlling interests for the six months ended 30 June 2009 reached €148 million compared to €244 million for the first half of 2008 despite the adverse economic conditions and the intense competition.
- The increase of the Group's net interest income which reached €207 million for the second quarter of 2009, recording an increase of 14% compared to the first quarter of 2009, is noteworthy. Net interest income for the first half of 2009 reached €388 million, recording an annual increase of 1%.

Bank of Cyprus Public Company Ltd

Interim Management Report

Financial results *(continued)*

- The Group's net interest margin noted significant recovery during the second quarter of 2009 and reached 2,36% compared to 2,13% for the first quarter of 2009. The recovery of the net interest margin of the Group's operations in Greece, which reached 1,93% for the second quarter of 2009 achieving an improvement of 39 basis points compared to the first quarter of 2009, is noteworthy. As a result, the net interest income and the profit before provisions in Greece increased by 25% and 54% respectively, compared to the first quarter of 2009.
- The Group maintained its strong liquidity with a loans to deposits ratio of 89%. The Group enjoys strong liquidity in the two main geographic markets in which it operates, with loans to deposits ratios in Cyprus and Greece of 81% and 87% respectively at 30 June 2009.
- Group return on equity was maintained at satisfactory levels (13,9%) in a particularly demanding and negative environment.
- The Group maintained its efficiency, with the cost to income ratio contained at 55,9% despite the continuous adverse economic conditions and the expansion of its network in Russia, Romania, Ukraine and Greece during 2008. Specifically, the Group increased its branch network significantly, from 334 branches at 30 June 2008 to 583 at 30 June 2009. The increase is primarily due to the acquisition of Uniastrum Bank in October 2008. The significant investments for the development of the branch network will enable the Group to benefit from the opportunities that will arise when the economic environment starts improving.
- In light of the overall economic conditions prevailing in the markets in which it operates, as well as the weak demand for lending, the Group recorded a limited increase in loans (1%) and deposits (2%) during the first half of 2009 compared to 31 December 2008.
- The Group, placing particular emphasis on effective credit risk management, contained the non-performing loans ratio to the satisfactory level of 4,9% at 30 June 2009. The worsening of the economic environment led to the increase in the provision for impairment of loans for the first half of 2009 to €96 million which corresponds to 0,76% of total loans (on an annual basis). The Group provisions coverage ratio stood at 60% at 30 June 2009. The remaining balance of non-performing loans is fully covered by tangible collateral.
- The two main markets in which the Group operates, Cyprus and Greece, contributed positively to its profitability, with profit after tax reaching €147 million and €13 million respectively.
- United Kingdom and Australia have also contributed positively to the Group's profitability, with profit after tax for the first half of 2009 amounting to €6 million and €1 million, respectively. In Romania and Ukraine profit after tax for the first half of 2009 reached €5 million and €2 million respectively.
- In Russia, taking into consideration the current market conditions, the Group placed particular emphasis on integrating Uniastrum Bank and strengthening its infrastructure following the completion of the operational merger with Bank of Cyprus Russia. The Group followed a policy of containing lending and increased provisions in order to better manage risks and shield itself. As a result, the Group's operations in Russia recorded profit before provisions of €12 million for the first half of 2009 while after increased provisions and tax, recorded a loss of €13 million. The extensive branch network in Russia is expected to contribute positively to Group profitability through increased business volumes once the economic conditions improve.

Loans

At 30 June 2009 the Group's loans amounted to €25,31 billion, recording an annual increase of 14%. The weak demand for lending, the prudent credit policy and the focus on proper risk management applied by the Group, given the conditions prevailing in the markets in which it operates, led to a 1% growth of loans since the end of 2008.

Bank of Cyprus Public Company Ltd

Interim Management Report

Financial results *(continued)*

Non-performing loans

Despite the global financial crisis and its expected adverse impact on the loan portfolio, the Group placing particular emphasis on credit risk management, maintained the quality of its loans at relatively healthy levels. The ratio of loans in arrears for longer than three months which are not fully covered by tangible collateral ('non-performing loans') over total loans (non-performing loans ratio) stood at 4,9% at 30 June 2009. The corresponding ratio at 30 June 2008 and 31 December 2008 was 3,6% and 3,8%, respectively.

Deposits

The Group's total deposits at 30 June 2009 reached €28,59 billion, recording an annual increase of 14% and a small increase of 2% since the end of 2008.

The strong liquidity of the Group, with a loans to deposits ratio of 89% and its minimal reliance on wholesale funding (15%), provide the Group with a strong competitive advantage, under the adverse conditions prevailing in the international money markets.

Shareholders' funds

At 30 June 2009, the Group shareholders' funds amounted to €2,22 billion. The Group's capital adequacy ratio in accordance with Basel II was 12,1%, the tier 1 capital ratio was 8,5% and the core tier 1 ratio was 7,2%.

The Group's tier 1 ratio increases to 11,1% and the core tier 1 ratio increases to 7,5% after the extension of the agreement with the founding shareholders of Uniastrum Bank and the increase from 15% to 35% of the percentage of tier 1 capital that can be derived from hybrid capital and without any government assistance, contrary to what happened in many European countries. On the same basis, the Group's capital base becomes 12,4%.

Net interest income and net interest margin

Net interest income reached €207 million for the second quarter of 2009, recording an increase of 14% compared to the first quarter of 2009. Net interest income for the first half of 2009 amounted to €388 million, recording an annual increase of 1% despite the decreases in the Euro and other currencies' base rates and the squeeze of deposits spreads. The Group takes measures to offset these negative consequences by evaluating market conditions and repricing its loan portfolio and its deposit products.

The net interest margin of the Group improved significantly during the second quarter of 2009 and reached 2,36% compared to 2,13% for the first quarter of 2009. The increase in the Group's net interest income and net interest margin is primarily the result of the de-escalation of competition especially in customer deposits noted in the second quarter of 2009 in the main markets in which the Group operates, Cyprus and Greece. The net interest margin of the Group for the first half of 2009 reached 2,24% compared to 2,57% for the first half of 2008.

Income from commissions and foreign exchange

Net fee and commission income recorded a satisfactory annual increase of 9% reaching €111 million for the first half of 2009, compared to €102 million for the first half of 2008. The foreign exchange income for the first half of 2009 amounted to €28 million, compared to €16 million for the first half of 2008. The increase is mainly due to gains from transactions for hedging foreign exchange risk.

Income from insurance business

Total income from insurance business for the first half of 2009 amounted to €31 million. Profit before tax from insurance business amounted to €21 million contributing 13% to Group profit.

Bank of Cyprus Public Company Ltd

Interim Management Report

Financial results *(continued)*

Expenses

Total expenses for the first six months of 2009 reached €324 million, recording an annual increase of 32%, mainly due to increased staff and operating costs from the Group's network expansion. Specifically, the Group increased its branch network from 334 branches on 30 June 2008 to 583 on 30 June 2009 and the number of its employees from 7.600 to 12.020 during the same period. The increase is mainly due to the acquisition of Uniastrum Bank.

The cost to income ratio stood at 55,9% for the first six months of 2009 compared to 43,6% for the first six months of 2008 despite the negative economic environment and significant expansion of the Group's network in Russia, Romania, Ukraine and Greece during 2008.

Incorporation of subsidiary

On 4 March 2009 Katoikia 1 Mortgage Finance Plc, a special purpose entity, was incorporated in the United Kingdom. On 20 May 2009, Katoikia 1 Mortgage Finance Plc issued €1 billion of Residential Mortgage Backed Securities. These securities are listed on the Luxemburg Stock Exchange and are held by the Group. The securitisation aims at further strengthening the Group's prudential liquidity ratios.

Extension of agreement with the founding shareholders of Uniastrum Bank

On 27 July 2009, the Company signed a new five year shareholder agreement with the two founding shareholders of CB Uniastrum Bank LLC ('Uniastrum'). According to the initial shareholder agreement, the two founding shareholders retained a residual 10% shareholding each, which was subject to a three-year call/put option arrangement (expiring in 2010), payable in cash. Under the new agreement, the two founding shareholders will maintain their management roles and will each continue to hold a residual 10% interest in Uniastrum.

The signing of the above agreement resulted in a change in the accounting treatment of Uniastrum in the financial statements of the Group. Until 27 July 2009 Uniastrum was included in the financial statements of the Group as a 100% subsidiary, as if the Group had already acquired the shares that were subject to the call/put option arrangement. Pursuant to the signing of the new agreement and the cancellation of the call/put option arrangement, Uniastrum will be included in the financial statements of the Group as an 80% subsidiary with the corresponding recognition of a 20% non-controlling interest.

Dividends

The final dividend for 2008 amounting to €0,12 per share, totalling €70.399 thousand was approved at the Annual General Meeting of the shareholders held on 13 May 2009 and was paid to the shareholders on 10 June 2009.

In June 2008 the final dividend for 2007 was paid amounting to €0,25 per share, totalling €141.556 thousand.

Related party transactions

Information on related party transactions for the six months ended 30 June 2009 in accordance with IFRSs is set out in Note 18 of the Interim Condensed Consolidated Financial Statements.

Risk management

Like other financial organisations, the Group is exposed to risks, the most significant of which are credit risk, liquidity risk and market risk (that arises from adverse movements in exchange rates, interest rates or security prices), as well as operational risk. The Group monitors and manages these risks through various control mechanisms. Information relating to Group risk management is set out in Notes 38 to 41 of the financial statements for the year ended 31 December 2008 and is not expected to change significantly during the second half of 2009.

Bank of Cyprus Public Company Ltd

Interim Management Report

Share capital

During the period, the Company's share capital increased by €7.083 thousand as a result of dividend reinvestment as set out in Note 13 of the Interim Condensed Consolidated Financial Statements.

During 2008, the Company granted share options to Group employees in Cyprus and Greece (Share Options 2008/2010). On 23 June 2009, the Extraordinary General Meeting of the shareholders of the Company 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 of the Company approved the granting of 2,5 million additional Share Options 2008/2010 to Group employees. Additional information is set out in Note 13 of the Interim Condensed Consolidated Financial Statements.

Convertible Capital Securities

On 6 June 2009 the Company issued €645 million Convertible Capital Securities. The issue proceeds were received through the exchange of Convertible Bonds 2013/2018 of nominal value €527 million and the remaining €118 million was received in cash. Additional information is set out in Note 12 of the Interim Condensed Consolidated Financial Statements.

31 August 2009

Bank of Cyprus Group

Interim Consolidated Income Statement

for the six months ended 30 June 2009

		Six months ended 30 June		Year ended 31 December
		2009	2008	2008
	Notes	€000	€000	€000
Turnover		1.276.710	1.162.938	2.690.380
Interest income		1.039.254	931.057	2.098.057
Interest expense		(651.350)	(547.873)	(1.305.906)
Net interest income		387.904	383.184	792.151
Fee and commission income		116.592	109.450	227.214
Fee and commission expense		(5.240)	(7.032)	(9.408)
Foreign exchange income		27.815	15.860	158.790
Net gains/(losses) on sale, change in fair value and impairment of investments and derivative and financial instruments		20.893	(3.125)	(59.719)
Insurance income net of insurance claims		30.964	29.372	61.120
Other income		3.929	23.168	35.104
		582.857	550.877	1.205.252
Staff costs		(201.200)	(152.796)	(330.988)
Other operating expenses		(122.644)	(92.864)	(220.631)
Profit before provisions		259.013	305.217	653.633
Provisions for impairment of loans and advances	8	(95.663)	(26.235)	(91.601)
Profit before share of profit of associates		163.350	278.982	562.032
Share of profit/(loss) of associate		759	(5.911)	(10.418)
Profit before tax	5	164.109	273.071	551.614
Taxation		(13.237)	(41.471)	(72.931)
Profit after tax		150.872	231.600	478.683
Attributable to:				
Non-controlling interests (profit/(loss))		3.287	(12.041)	(23.705)
Owners of the Company		147.585	243.641	502.388
Basic earnings per share (cent)	6	25,1	42,7	87,4
Diluted earnings per share (cent)	6	23,1	42,7	82,0

Bank of Cyprus Group

Interim Consolidated Income Statement

for the three months from 1 April to 30 June 2009

		Three months ended 30 June	
		2009	2008
	Notes	€000	€000
Turnover		631.971	580.781
Interest income		517.087	461.199
Interest expense		(310.437)	(263.430)
Net interest income		206.650	197.769
Fee and commission income		59.577	58.031
Fee and commission expense		(2.265)	(3.603)
Foreign exchange income		7.512	8.243
Net gains on sale, change in fair value and impairment of investments and derivative financial instruments		23.656	6.126
Insurance income net of insurance claims		15.703	13.499
Other income		2.911	10.662
		313.744	290.727
Staff costs		(102.941)	(78.559)
Other operating expenses		(65.033)	(48.217)
Profit before provisions		145.770	163.951
Provisions for impairment of loans and advances		(60.785)	(11.584)
Profit before share of profit of associates		84.985	152.367
Share of profit/(loss) of associate		919	(691)
Profit before tax		85.904	151.676
Taxation		2.839	(24.040)
Profit after tax		88.743	127.636
Attributable to:			
Non-controlling interests		4.229	49
Owners of the Company		84.514	127.587
Basic earnings per share (cent)	6	14,3	22,3
Diluted earnings per share (cent)	6	13,1	22,3

Bank of Cyprus Group

Interim Consolidated Balance Sheet

as at 30 June 2009

		30 June	31 December
		2009	2008
	Notes	€000	€000
Assets			
Cash and balances with central banks		911.251	1.017.073
Placements with banks		4.567.526	4.582.076
Reverse repurchase agreements		120.209	120.000
Investments	7	5.528.263	4.240.719
Life insurance business assets attributable to policyholders		489.481	447.679
Loans and advances to customers	8	24.558.855	24.449.316
Property and equipment		406.498	419.395
Intangible assets		449.902	442.445
Other assets	9	349.850	382.850
Investment in associate		6.422	5.663
Total assets		37.388.257	36.107.216
Liabilities			
Amounts due to banks		3.621.786	2.832.298
Repurchase agreements		305.902	305.000
Customer deposits		28.585.593	27.935.747
Insurance liabilities		549.909	506.447
Debt securities in issue	10	572.199	959.169
Other liabilities	11	566.951	578.103
Subordinated loan stock	12	968.185	934.085
Total liabilities		35.170.525	34.050.849
Equity			
Share capital	13	593.745	586.662
Share premium		697.702	676.949
Revaluation and other reserves		(42.347)	(99.759)
Retained earnings		950.048	877.225
Equity attributable to the owners of the Company		2.199.148	2.041.077
Non-controlling interests		18.584	15.290
Total equity		2.217.732	2.056.367
Total liabilities and equity		37.388.257	36.107.216
Contingent liabilities and commitments			
Contingent liabilities		1.787.749	1.962.350
Commitments		4.116.485	4.249.627

Th. Aristodemou Chairman
A. Artemis Vice Chairman
A. Eliades Group Chief Executive Officer
Y. Kypri Group Chief General Manager
Chr. Hadjimitsis Group General Manager Finance and Strategy

Bank of Cyprus Group

Interim Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	150.872	231.600
Other comprehensive income		
Foreign currency translation reserve		
Losses on translation of net investment in overseas subsidiaries and branches	(30.947)	(1.423)
Available-for-sale investments		
Gains/(losses) from change in fair value before tax	84.019	(85.479)
Transfer to the income statement on impairment	103	2.796
Transfer to the income statement on redemption/sale	4.638	(11.345)
Taxation	(1.269)	984
	87.491	(93.044)
Cash flow hedges		
Gains/(losses) from change in fair value before tax	-	(688)
Transfer to the income statement on termination of hedge accounting	(7.602)	(1.409)
Taxation	760	215
	(6.842)	(1.882)
Property revaluation		
Losses from change in fair value before tax	(3.994)	-
Taxation	810	43
	(3.184)	43
Other comprehensive income/(expense) after tax	46.518	(96.306)
Total comprehensive income for the period	197.390	135.294
Attributable to:		
Non-controlling interests (income/(expense))	3.294	(12.041)
Owners of the Company	194.096	147.335
	197.390	135.294

Bank of Cyprus Group

Interim Consolidated Statement of Comprehensive Income

for the three months from 1 April to 30 June 2009

	Three months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	88.743	127.636
Other comprehensive income		
Foreign currency translation reserve		
Gains/(losses) on translation of net investment in overseas subsidiaries and branches	17.812	(149)
Available-for-sale investments		
Gains/(losses) from change in fair value before tax	119.069	(45.706)
Transfer to the income statement on impairment	103	(60)
Transfer to the income statement on termination of hedge accounting	(2.554)	(1.500)
Taxation	(3.423)	1.003
	113.195	(46.263)
Cash flow hedges		
(Losses)/gains from change in fair value before tax	(1.013)	275
Transfer to the income statement on redemption/sale	-	(1.409)
Taxation	101	127
	(912)	(1.007)
Property revaluation		
Losses from change in fair value before tax	(100)	-
Taxation	25	43
	(75)	43
Other comprehensive income/(expense) after tax	130.020	(47.376)
Total comprehensive income for the period	218.763	80.260
Attributable to:		
Non-controlling interests	4.232	49
Owners of the Company	214.531	80.211
	218.763	80.260

Bank of Cyprus Group

Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2009

	Attributable to the owners of the Company											Non-controlling interests	Total equity
	Share capital	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
At 1 January 2009	586.662	676.949	877.225	104.673	(115.318)	6.842	67.099	5.173	(152.507)	(15.721)	2.041.077	15.290	2.056.367
Cost of share-based payments	-	-	4.346	-	-	-	-	-	-	-	4.346	-	4.346
Increase in value of in-force life insurance policies	-	-	(3.781)	-	-	-	3.781	-	-	-	-	-	-
Tax on increase in value of in-force life insurance policies	-	-	393	-	-	-	(393)	-	-	-	-	-	-
Purchase of shares of the Company by subsidiaries and associates	-	-	-	-	-	-	-	-	-	(185)	(185)	-	(185)
Disposal of shares of the Company by subsidiaries and associates	-	-	(272)	-	-	-	-	-	-	451	179	-	179
Dividend paid and reinvested	7.083	20.753	(70.399)	-	-	-	-	-	-	-	(42.563)	-	(42.563)
Derecognition of equity component of Convertible Bonds 2013/2018	-	-	4.756	-	-	-	-	(4.756)	-	-	-	-	-
Issue of Convertible Capital Securities	-	-	-	-	-	-	-	12.003	-	-	12.003	-	12.003
Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities	-	-	(9.805)	-	-	-	-	-	-	-	(9.805)	-	(9.805)
Total comprehensive income/(expense) for the period	-	-	147.585	(3.184)	87.491	(6.842)	-	-	(30.954)	-	194.096	3.294	197.390
At 30 June 2009	593.745	697.702	950.048	101.489	(27.827)	-	70.487	12.420	(183.461)	(15.455)	2.199.148	18.584	2.217.732

Bank of Cyprus Group

Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2008

	Attributable to the owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Cash flow hedge reserve	Life insurance in-force business reserve	Foreign currency translation reserve	Shares of the Company	Total		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
At 1 January 2008	483.726	688.349	607.668	100.773	47.510	1.032	57.665	(3.321)	(17.334)	1.966.068	39.122	2.005.190
Capitalisation of share premium due to changes in the nominal value of shares from C£0,50 to €1,00 each	82.497	(82.497)	-	-	-	-	-	-	-	-	-	-
Cost of share-based payments	-	-	672	-	-	-	-	-	-	672	-	672
Increase in value of in-force life insurance policies	-	-	(5.507)	-	-	-	5.507	-	-	-	-	-
Tax on increase in value of in-force life insurance policies	-	-	595	-	-	-	(595)	-	-	-	-	-
Purchase of shares of the Company by subsidiaries and associates	-	-	-	-	-	-	-	-	(560)	(560)	-	(560)
Disposal of shares of the Company by subsidiaries and associates	-	-	(577)	-	-	-	-	-	2.405	1.828	-	1.828
Dividend paid and reinvested	7.187	48.437	(141.556)	-	-	-	-	-	-	(85.932)	-	(85.932)
Dividend paid by subsidiaries net of reinvestment	-	-	-	-	-	-	-	-	-	-	(368)	(368)
Change in non-controlling interest and acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	539	539
Total comprehensive income/(expense) for the period	-	-	243.641	43	(93.044)	(1.882)	-	(1.423)	-	147.335	(12.041)	135.294
At 30 June 2008	573.410	654.289	704.936	100.816	(45.534)	(850)	62.577	(4.744)	(15.489)	2.029.411	27.252	2.056.663

Bank of Cyprus Group

Interim Consolidated Cash Flow Statement

for the six months ended 30 June 2009

		<i>Six months ended 30 June</i>	
		<i>2009</i>	<i>2008</i>
	Notes	€000	€000
Net cash flow from operating activities			
Profit before tax		164.109	273.071
Share of (profit)/loss of associates		(759)	5.911
Provisions for impairment of loans and advances		95.663	26.235
Depreciation of property and equipment and amortisation of intangible assets		18.360	14.451
Amortisation of discounts/premiums		2.116	(22.524)
Cost of share-based payments		4.346	672
Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock		(136.465)	(79.433)
		147.370	218.383
Net increase in loans and advances to customers and other accounts		(173.855)	(2.593.342)
Net increase/(decrease) in customer deposits and other accounts		1.096.590	(333.560)
		1.070.105	(2.708.519)
Tax paid		(40.071)	(17.760)
Net cash flow from/(used in) operating activities		1.030.034	(2.726.279)
Cash flow from investing activities			
Purchases of investments		(3.104.305)	(601.525)
Proceeds on disposal/redemption of investments		1.956.319	744.045
Interest from investments		120.309	91.794
Dividend income from equity shares		1.209	3.126
Acquisition of subsidiaries and associates		(322)	(14.728)
Purchase of property and equipment		(14.247)	(21.680)
Proceeds on disposal of property and equipment		374	292
Purchase of intangible assets		(4.145)	(2.988)
Proceeds on disposal of intangible assets		14	65
Purchase of investment property		(76)	(445)
Proceeds on disposal of investment property		169	16.130
Net cash flow (used in)/from investing activities		(1.044.701)	214.086
Cash flow from financing activities			
Redemption of subordinated loan stock		(51.806)	(91.229)
Issue of subordinated loan stock		118.164	-
Dividend payment		(42.563)	(85.932)
Interest on subordinated loan stock		(24.077)	(16.461)
Dividend paid by subsidiaries to non-controlling interests		-	(368)
Acquisition of own shares		(185)	(560)
Disposal of own shares		179	1.828
Net cash flow used in financing activities		(288)	(192.722)
Net decrease in cash and cash equivalents		(14.955)	(2.704.915)
Cash and cash equivalents			
At 1 January		4.787.848	6.793.635
Exchange adjustments		(14.866)	(1.423)
Net decrease in cash and cash equivalents		(14.955)	(2.704.915)
At 30 June	15	4.758.027	4.087.297

Bank of Cyprus Group

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 (together with the Company, the 'Group') and were authorised for issue by a resolution of the Board of Directors on 31 August 2009.

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 and financial services, insurance business and property and hotel business.

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

2. Unaudited financial statements

The Interim Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2009 have not been audited by the Group's external auditors.

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

3. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2009 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 2008.

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 adjustments and estimates are consistent with those followed for the preparation of the audited Consolidated Financial Statements for the year 2008.

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

4. Significant accounting policies

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2009 are consistent with those followed for the preparation of the annual financial statements for the year 2008, except for the adoption by the Group of the following standards, amendments and interpretations as of 1 January 2009, which did not have any material impact on the Group's financial statements. They do, however, give rise to additional disclosures, as explained below.

IFRS 8 'Operating Segments'

IFRS 8 requires additional disclosure of information about the Group's operating segments and replaces the requirement to identify primary and secondary reporting segments. The Group has concluded that the operating segments determined in accordance with IFRS 8 are the same as the geographic segments previously identified under IAS 14 as secondary segments. IFRS 8 disclosures are set out in Note 5, including revised comparative information.

4. Significant accounting policies (continued)

IAS 1 'Presentation of Financial Statements' (Revised)

IAS 1 (revised) requires the discrimination between changes in equity attributable to the owners of the Company and other changes. The main revision to IAS 1 is the introduction of the statement of comprehensive income that combines all items of income and expense recognised in the income statement together with other comprehensive income recognised in equity either in one single statement or in two linked statements. The Group has elected to present two statements and has made the required revisions to the presentation of these interim financial statements.

Amendment to IFRS 7 'Improving Disclosures about Financial Instruments'

The amendment is intended to enhance the disclosures for fair value measurement and liquidity risk. Entities are required to use a 3-level hierarchy of disclosures for financial instruments recorded at fair value. The Group will make any necessary changes to the presentation of its annual financial statements for the year 2009.

Improvements to IFRSs

In May 2008, the International Accounting Standards Board (IASB) issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The IASB has separated the 34 amendments of this edition in two Parts: Part I deals with amendments resulting in accounting changes, and Part II deals with editorial or terminology amendments with minimal impact. There are separate transitional provisions for each standard. These improvements did not have any impact on the financial position or performance of the Group but may require additional disclosures which will be included in the Group's annual financial statements for the year 2009.

IFRIC 13 'Customer Loyalty Programmes'

IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group maintains loyalty programmes that fall within the scope of this interpretation, the adoption of which did not have any material impact on its financial statements.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'

IFRIC 16 provides guidance on the accounting for a hedge of a net investment. It provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gains or loss, relating to both the net investment and the hedging instrument, to be recycled to the income statement on disposal of the net investment. The Group did not sell any net investments during the period, thus the adoption of the interpretation did not have any impact on its financial position or performance.

Amendments to IFRS 2 'Share-based Payment'

These amendments clarify the definition of a vesting condition and prescribe the treatment for an award that is effectively cancelled. The adoption of the amendments did not have any impact on the Group's financial statements.

IAS 23 'Borrowing Costs' (Revised)

The revised IAS 23 requires the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The option in the previous standard to expense borrowing costs to the income statement in case of a qualifying asset has been eliminated. In accordance with IAS 23 (revised), borrowing costs are capitalised on qualifying assets with a commencement date after 1 January 2009. The Group made no adjustment for borrowing costs incurred prior to 1 January 2009 that have been expensed. This revision did not have any material impact on the Group's financial statements.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

4. Significant accounting policies (continued)

IFRIC 9 'Reassessment of Embedded Derivatives' and IAS 39 'Financial Instruments: Recognition and Measurement'

The amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. These amendments had no impact on the financial position or performance of the Group.

Amendment to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation'

The amendments provide a limited scope exemption for puttable instruments to be classified as equity if they fulfill a number of specified features. These amendments had no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

5. Segmental analysis

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

Management monitors the operating results of each business unit separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit before tax.

Intersegment transactions and balances are eliminated on consolidation.

	Six months ended 30 June	
	2009	2008
Profit/(loss) before tax	€000	€000
Cyprus	146.502	192.408
Greece	12.931	69.982
Russia	(12.240)	(111)
Other countries	16.916	10.792
	164.109	273.071

	30 June 2009	31 December 2008
	€000	€000
Assets		
Cyprus	24.307.270	21.525.360
Greece	14.958.845	14.415.926
Russia	1.580.122	1.736.298
Other countries	3.207.713	2.958.274
Inter-segment assets	(6.665.693)	(4.528.642)
	37.388.257	36.107.216

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis (continued)

Segmental analysis is presented on the same basis as provided to management and as such, each segment's capital presented on the same basis as a percentage of the segment's risk weighted assets. The Group's total profit as set out in the consolidated income statement is not affected by this.

The loans and advances to customers and customer deposits and the related income and expense are included in the segment in which the business is originated, instead of the segment recording the transaction.

6. Earnings per share

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
Basic earnings per share				
Profit after tax attributable to the owners of the Company (€ thousand)	147.585	243.641	84.514	127.587
Weighted average number of shares in issue during the period, excluding shares of the Company held by subsidiaries and associates (thousand)	587.205	570.579	589.193	572.582
Basic earnings per share (cent)	25,1	42,7	14,3	22,3
Diluted earnings per share				
Profit after tax attributable to the owners of the Company, adjusted for the Convertible Bonds and Convertible Capital Securities (€ thousand)	164.053	243.641	92.945	127.587
Weighted average number of shares in issue during the period, adjusted for the conversion of Convertible Bonds and Convertible Capital Securities and excluding shares of the Company held by subsidiaries and associates (thousand)	708.671	570.579	709.431	572.582
Diluted earnings per share (cent)	23,1	42,7	13,1	22,3

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 of nominal value €46 million and the Convertible Capital Securities of nominal value €645 million (Note 12) constitute potentially dilutive ordinary shares.

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

The weighted average number of shares for the six months ended 30 June 2008 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in December 2008 and June 2009.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

7. Investments

	30 June 2009	31 December 2008
	€000	€000
Investments at fair value through profit or loss	341.158	334.371
Investments available-for-sale	4.261.941	3.053.729
Investments held-to-maturity	104.258	309.851
Investments classified as loans and receivables	820.906	542.768
	5.528.263	4.240.719

Reclassification of trading investments

In accordance with the provisions of the Amended IAS 39, in light of the rare circumstances arising as a result of the deterioration of the world's markets that have occurred during 2008, the Group identified the investments in debt securities which on 1 July 2008 did not intend to trade or sell in the foreseeable future. These investments were reclassified from trading to available-for-sale investments. The book value of the reclassified debt securities which is equal to their fair value is presented below:

	30 June 2009	31 December 2008	1 July 2008
	€000	€000	€000
Investments held for trading reclassified as available-for-sale	17.444	15.454	17.385

Had the Group not reclassified the debt securities on 1 July 2008, the income statement for the six months ended 30 June 2009 would have included profits from change in the fair value of these debt securities of €1.835 thousand (year 2008: losses of €1.845 thousand) which, following the reclassification, were recorded in the revaluation reserve for available-for-sale investments in equity.

Reclassification of available-for-sale investments

In accordance with the provisions of the Amended IAS 39, the Group has reclassified certain available-for-sale debt securities to 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 did not have the intention to sell these securities in the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

	30 June 2009		31 December 2008		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	169.795	165.902	169.768	164.895	169.196

Had the Group not reclassified these debt securities on 1 October 2008, the Group's equity at 30 June 2009 would have included losses from change in fair value of these debt securities of €4.570 thousand (31 December 2008: losses of €4.158 thousand) which would have been otherwise included in the revaluation reserve of available-for-sale investments in equity.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

8. Loans and advances to customers

	30 June 2009	31 December 2008
	€000	€000
Loans and advances to customers	25.312.007	25.137.230
Provisions for impairment of loans and advances	(753.152)	(687.914)
	24.558.855	24.449.316

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

	Six months ended 30 June	
	2009	2008
	€000	€000
At 1 January	687.914	579.007
Acquisition of subsidiaries	-	3.396
Exchange adjustments	(1.083)	(22)
Applied in writing off impaired loans and advances	(19.595)	(17.811)
Interest accrued on impaired loans and advances	(10.483)	(13.036)
Collection of loans and advances previously written off	736	9.332
Charge for the period	95.663	26.235
At 30 June	753.152	587.101

9. Other assets

Other assets at 30 June 2009 include investment properties of €33.219 thousand (31 December 2008: €33.293 thousand).

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

10. Debt securities in issue

	<i>Contractual interest rate</i>	30 June 2009	<i>31 December 2008</i>
		€000	€000
Medium term senior debt			
€300 million 2006/2009	Three-month Euribor plus 0,33%	-	286.350
€500 million 2007/2010	Three-month Euribor plus 0,20%	457.793	480.130
€30 million 2008/2011	Three-month Euribor plus 0,65%	-	30.349
US\$50 million 2008/2013	Six-month Libor plus 0,50%	-	36.275
SEK50 million 2009/2012	-	4.619	-
RUB1.000 million 2009	11%	-	2.073
RUB1.500 million 2010	14%	503	1.651
		462.915	836.828
Short term commercial paper			
In Euro	-	82.435	74.933
In U.S. Dollars	-	14.135	20.092
		96.570	95.025
Other debt securities in issue			
RUB Certificates of Deposit and Promissory Notes	10,8%	12.222	26.824
Interest-free loan from the European Development Bank	-	492	492
		12.714	27.316
		572.199	959.169

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 other creditors of the Group.

Medium term senior debt

In 2003 the Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (31 December 2008: €4.000 million). Under the EMTN Programme, the Company issued in May 2009, SEK50 million 2009/2012 bonds, the redemption amount of which is linked to the return of the OMX Stockholm 30 Index.

The €300 million 2006/2009 bonds issued in June 2006, matured in June 2009 and were redeemed at par.

In addition, the holders of the US\$50 million 2008/2013 bonds, issued in July 2008, and the holders of the €30 million 2008/2011 bonds, issued in April 2008, exercised their put option in January 2009 and April 2009 respectively and the bonds were redeemed at par.

The RUB1.500 million 2010 and RUB1.000 million 2009 bonds were issued at par by CB Uniastrum Bank LLC in April 2007 and February 2006 and mature in April 2010 and February 2009, respectively. During 2008 and 2009, the issuer has substantially bought back these bonds at par.

The issue of €500 million 2007/2010 is listed on the Luxembourg Stock Exchange. The RUB1.500 million 2010 bonds are listed on the Moscow Interbank Currency Exchange (MICEX).

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

10. Debt securities in issue *(continued)*

Short term commercial paper

In 2006 the Company established a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 million (31 December 2008: €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 Deposit 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 30 June 2009 include provisions for pending litigation or claims of €3.244 thousand (31 December 2008: €3.244 thousand).

12. Subordinated loan stock

	<i>Contractual interest rate</i>	30 June 2009	<i>31 December 2008</i>
		€000	€000
Subordinated Bonds 2011/2016 (€200 million)	Three-month Euribor plus 0,60%	158.993	187.748
Capital Securities Series B (€51 million)	Base rate plus 1,00%	-	50.713
Capital Securities 12/2007 (€126 million)	Three-month Euribor plus 1,25%	123.917	124.034
Convertible Bonds 2013/2018 (€573 million)	7,50% until 30 June 2009 and six- month Euribor plus 1,00% thereafter	44.763	563.726
Convertible Capital Securities	5,50%	634.386	-
Subordinated Bonds in Ukrainian Hryvnia 12/2016	12,0%	-	1.806
Subordinated Bonds in US Dollars 2013/2014/2015	2,5%	6.126	6.058
		968.185	934.085

The subordinated loan stock is not secured and the rights and claims of loan stockholders are subordinated to the claims of depositors and other creditors of the Company, but have priority over those of the shareholders of the Company.

Subordinated Bonds

In 2003 the Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (31 December 2008: €4.000 million). Under the EMTN Programme, the Company issued in May 2006, €200 million 2011/2016 bonds maturing in May 2016. The Company has the option to call the bonds in whole during or after 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 are listed on the Luxembourg Stock Exchange.

The Subordinated Bonds in Ukrainian Hryvnia maturing on 31 December 2016 were issued by OJSB Bank of Cyprus in Ukraine in May 2008 and were repaid at par in January 2009.

The Subordinated Bonds in US Dollars 2013/2014/2015 were issued by CB Uniastrum Bank LLC. These bonds 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. Interest can be changed unilaterally by the issuer at any time until maturity.

12. Subordinated loan stock (continued)

Convertible Bonds

In July 2008, the Company issued Convertible Bonds 2013/2018 in Euro, with nominal value of €573 million, maturing in June 2018. The Convertible Bonds carried a fixed interest rate of 7,50% per annum until 30 June 2009 and floating interest rate thereafter, set at the six-month Euribor plus 1,00% until June 2013 and plus 3,00% thereafter.

The bonds can be converted to shares at the price of €10,50 per share. The conversion periods are between 15-31 March of years 2011-2013 and 15-30 September of years 2010-2012. The bonds may be redeemed at the option of the Company on 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 of nominal value €527 million were exchanged for Convertible Capital Securities of equal nominal value. As at 30 June 2009 the nominal value of Convertible Bonds 2013/2018 was €46 million.

Convertible Capital Securities

On 6 June 2009, the Company issued €645 million Convertible Capital Securities. The Convertible Capital Securities were offered to eligible shareholders (in the ratio of €11 Convertible Capital Securities for every 10 shares held as at 12 May 2009) as well as to holders of Convertible Bonds 2013/2018 and other investors. 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 of the 6-month Euribor plus 3,00% thereafter. The Convertible Capital Securities may be converted into ordinary shares of the Company at the option of the holders during the conversion periods (15-30 September and 15-31 March of each year up to 2014) at the conversion price of €5,50 per share.

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.

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

Capital Securities

In May 2009, the Group exercised its option to redeem the Capital Securities Series B at par.

The €51 million Capital Securities Series B and the €126 million Capital Securities 12/2007 were issued in Cyprus Pounds in March 2004 and December 2007 respectively. 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.

Capital Securities Series B carried a floating interest rate, which was equal to the base rate at the beginning of each three-month period plus 1,00%. The interest rate of Capital Securities 12/2007 was fixed at 6,00% per annum for the first six months and floating thereafter, equal to the three-month Euribor plus 1,25% per annum. The Capital Securities are listed on the Cyprus Stock Exchange.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

13. Share capital

	30 June 2009		31 December 2008	
	Shares (thousand)	€000	Shares (thousand)	€000
<i>Authorised</i>				
Shares of €1,00 each	750.000	750.000	750.000	750.000
<i>Issued and fully paid</i>				
At 1 January	586.662	586.662	566.223	483.726
Capitalisation of share premium due to change in the nominal value of shares from C£0,50 to €1,00 each	-	-	-	82.497
Dividend reinvestment	7.083	7.083	20.439	20.439
At 30 June 2009/31 December 2008	593.745	593.745	586.662	586.662

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 discount on the market value of the shares. For the dividend paid in December 2008 the discount was set at 15%. For all other dividends the discount has been set at 10%. The reinvestment price for the dividend paid on 10 June 2009 was set at €3,93 per share, for the dividend paid on 9 December 2008 was set at €2,71 per share and for the dividend paid on 10 June 2008 was set at €7,74 per share.

As a result of the dividend reinvestment during 2008, 20.438.573 shares were issued and the Company's share capital and share premium increased by €20.439 thousand and €71.097 thousand respectively.

As a result of the dividend reinvestment during the six months ended 30 June 2009, 7.082.906 shares were issued and the Company's share capital and share premium increased by €7.083 thousand and €20.753 thousand respectively.

All issued ordinary shares carry the same rights.

Share Options

On 14 May 2008, the Annual General Meeting of the shareholders approved the granting of share options to Group employees, without these shares being first offered to existing shareholders. In this context, the Board of Directors was authorised 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 the exercise period.

Each Share Option 2008/2010 gives its holder the right to purchase one share of the Company at the price of €5,50 per share (previously €9,41 per share). On 31 December 2009, 2/3 of the total Share Options 2008/2010 granted will vest to the beneficiaries; the remaining 1/3 of the share options will vest on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 31 March of years 2011-2013 (previously 2011-2012) and from 1 November to 31 December 2012 and 2013 (previously 2012). The Share Options 2008/2010 are not transferable and are unlisted.

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

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

14. Dividends

The payment of the final dividend for 2008 amounting to €0,12 per share and totalling €70.399 thousand was approved at the Annual General Meeting of the shareholders on 13 May 2009 and was paid to the shareholders on 10 June 2009.

In June 2008, the final dividend paid to the shareholders for the year 2007 was €0,25 per share, amounting to €141.556 thousand.

15. Cash and cash equivalents

	30 June	
	2009	2008
	€000	€000
Cash and non obligatory balances with central banks	417.961	240.161
Placements with banks repayable within three months	4.340.066	3.847.136
	4.758.027	4.087.297

16. Staff numbers

The number of persons employed by the Group at 30 June 2009 was 12.020 (31 December 2008: 12.127).

17. Group companies

The Interim Condensed Consolidated Financial Statements of the Group at 30 June 2009 include the following companies, by country of incorporation:

Cyprus: Bank of Cyprus Public Company Ltd, Mortgage Bank of Cyprus Ltd, Cyprus Investment and Securities Corporation Ltd (CISCO), General Insurance of Cyprus Ltd, EuroLife Ltd, Kermia Ltd, Kermia Properties & Investments Ltd, Kermia Hotels Ltd, BOC Ventures Ltd, Tefkros Investments Ltd, Bank of Cyprus Mutual Funds Ltd, JCC Payment Systems Ltd, Cytrustees Investment Public Company Ltd, Diners Club (Cyprus) Ltd, BOC Russia (Holdings) Ltd, Otherland Properties Ltd and Interfund Investments Plc.

Greece: Bank of Cyprus Public Company Ltd (branch of the Company), Kyprou Leasing SA, Kyprou Commercial SA, Kyprou Securities SA, Kyprou Mutual Fund Management Company (AEDAK), Kyprou Properties SA, Kyprou Insurance Services Ltd, Kyprou Zois (branch of EuroLife Ltd) and Kyprou Asfaltistiki (branch of General Insurance of Cyprus Ltd).

United Kingdom: Bank of Cyprus United Kingdom (branch of the Company) and Katoikia 1 Mortgage Finance Plc.

Channel Islands: Bank of Cyprus (Channel Islands) Ltd and Tefkros Investments (CI) Ltd.

Australia: Bank of Cyprus Australia Ltd.

Romania: Bank of Cyprus Romania (branch of the Company), Cyprus Leasing (Romania) IFN SA and Otherland Properties Dorobanti SRL.

Russia: LLC CB Bank of Cyprus, Cyprus Leasing LLC, CB Uniastrum Bank LLC and Uniastrum Leasing LLC.

Ukraine: OJSB Bank of Cyprus (previously JSC AvtoZAZbank).

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

17. Group companies (continued)

All companies are wholly owned subsidiaries of the Group, except for the following:

Company	Shareholding		Accounting treatment
	30 June 2009	31 December 2008	
JCC Payment Systems Ltd	45,0%	45,0%	Proportional consolidation
Cytrustees Investment Public Company Ltd	49,9%	49,9%	Consolidation
Interfund Investments Plc	22,8%	22,8%	Equity method
OJSB Bank of Cyprus	99,7%	99,7%	Consolidation
BOC Russia (Holdings) Ltd	80,0%	80,0%	Consolidation

On 26 May 2008, the Company completed the acquisition of the Ukrainian bank JSC AvtoZAZbank which was renamed on 1 January 2009 to OJSB Bank of Cyprus. The Company initially acquired 97,2% of the share capital of OJSB Bank of Cyprus. OJSB Bank of Cyprus is accounted for as a subsidiary since the date of the acquisition. In December 2008, the Group's shareholding in OJSB Bank of Cyprus increased to 99,7% following the injection of additional capital by the Company.

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. These companies are accounted for as subsidiaries since the date of their acquisition. The two founding shareholders who lead the management of CB Uniastrum Bank LLC and Uniastrum Leasing LLC maintain, through BOC Russia (Holdings) Ltd, a 10% interest each.

This residual shareholding is subject to a put/call option arrangement over a three year period, payable in cash, depending on the financial performance of the two companies during this period. This arrangement is accounted for in these financial statements as a liability. This results in accounting as if the Group has already acquired the shares subject to this arrangement. Therefore, no minority interest is recognised for reporting purposes in relation to the shares that are subject to this arrangement. On 27 July 2009 the Company signed a new five year shareholder agreement with the two founding shareholders of Uniastrum Bank and the above put/call option arrangement has been cancelled (Note 20).

On 4 March 2009 Katoikia 1 Mortgage Finance Plc, a special purpose entity, was incorporated in the United Kingdom. On 20 May 2009, Katoikia 1 Mortgage Finance Plc issued €1 billion of Residential Mortgage Backed Securities. These securities are listed on the Luxembourg Stock Exchange and are held by the Group. The securitisation aims at further enhancing the Group's prudential liquidity ratios. The company is included in the financial statements as a subsidiary.

18. Related party transactions

	30 June 2009	30 June 2008
	€000	€000
Loans and advances:		
- members of the Board of Directors and key management personnel	7.953	7.321
- connected persons	202.203	215.984
	210.156	223.305
Deposits:		
- members of the Board of Directors and key management personnel	91.127	78.287
- connected persons	53.036	66.218
	144.163	144.505
Debt securities in issue and subordinated loan stock:		
- members of the Board of Directors and key management personnel	17.378	13.800
- connected persons	4.368	1.569
	21.746	15.369

Interest income and expense from related parties for the six months ended 30 June 2009 amounted to €4.794 thousand and €3.833 thousand (corresponding period of 2008: €6.360 thousand and €3.299 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 €57.161 thousand (31 December 2008: €49.689 thousand). There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €303 thousand (31 December 2008: €378 thousand). Based on forced-sales values, the total unsecured amount of the loans and advances and contingent liabilities and commitments in respect of related parties amounted on 30 June 2009 to €32.574 thousand (31 December 2008: €55.520 thousand).

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.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

18. Related party transactions (continued)

Fees and emoluments of members of the Board of Directors and Group key management personnel

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>€000</i>	<i>€000</i>
Directors' emoluments		
<i>Non executives</i>		
Fees	406	351
<i>Executives</i>		
Emoluments in executive capacity:		
Salaries and other short term benefits	797	919
Ex-gratia payment	-	678
Employer's contributions	28	36
Retirement benefit plan costs	84	75
Share options	695	108
Total emoluments in executive capacity	1.604	1.816
Emoluments of a non executive director who is also an employee of the Company	95	68
Total fees and emoluments of directors	2.105	2.235
Key management personnel emoluments		
Salaries and other short term benefits	729	776
Employer's contributions	27	36
Retirement benefit plan costs	71	61
Share options	348	54
Total key management personnel emoluments	1.175	927
Total	3.280	3.162

The remuneration of the members of the Board of Directors for 2008 includes ex-gratia retirement benefits amounting to €678 thousand paid to a former executive director who left the Group.

The fees and emoluments of key management personnel comprise the amounts of the Group General Managers, the number of which at 30 June 2009 was four (30 June 2008: four). The fees and emoluments of the executive directors comprise the emoluments of the members of the Group Executive Management team, the number of which at 30 June 2009 was two (30 June 2008: two).

In the context of the Share Options 2008/2010 granted by the Company to the Group's employees, 2.000.000 share options were granted to two executive directors, 12.000 were granted to a non-executive director in his capacity as employee of the Company and 1.000.000 were granted to the four key management personnel (Note 13).

18. Related party transactions *(continued)*

Fees and emoluments of members of the Board of Directors and Group key management personnel *(continued)*

The executive directors participate in the main retirement benefit plan for the Group's permanent employees in Cyprus, which is a defined benefit plan. Their total retirement benefits increased during the six months ended 30 June 2009 by €290 thousand (corresponding period of 2008: €230 thousand).

Other transactions

Mr Andreas Artemis, Vice-Chairman of the Board of Directors of the Company, holds an indirect interest and is Chairman of the board of directors of the Commercial General Insurance Ltd group which is engaged in general insurance business and with whom General Insurance of Cyprus Ltd, a subsidiary of the Group, has entered into reinsurance arrangements. The total reinsurance premiums assigned to the Commercial General Insurance Ltd group for the six months ended 30 June 2009 amounted to €114 thousand (corresponding period of 2008: €492 thousand).

Mrs Anna Diogenous, member of the Board of Directors of the Company, holds an indirect interest in the company Pylones SA Hellas, which supplies the Company with equipment and services following tender procedures and in the company Unicars Ltd which supplies the Group in Cyprus with cars and related services. The total purchases from these companies for the six months ended 30 June 2009 amounted to €218 thousand (corresponding period of 2008: €166 thousand). In addition, the company Mellon Cyprus Ltd which supplies the Group with equipment has an indirect relationship to Mrs Anna Diogenous. The total purchases from this company for the six months ended 30 June 2009 amounted to €155 thousand (corresponding period of 2008: €38 thousand).

Mr Costas Z. Severis, member of the Board of Directors of the Company, is the main shareholder of the company D. Severis and Sons Ltd, which is a general agent of the Group's subsidiary, General Insurance of Cyprus Ltd. The total commissions paid to D. Severis and Sons Ltd for the six months ended 30 June 2009 amounted to €74 thousand (corresponding period of 2008: €78 thousand).

19. Other information

- The total capital expenditure of the Group for the six months ended 30 June 2009 amounts to €18.392 thousand (corresponding period of 2008: €24.668 thousand).
- The Group's provision for pending litigation or claims at 30 June 2009 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 2006, the Trustees of the AremisSoft Corporation Liquidating Trust filed a civil action against the Bank in the USA for at least \$50 million (€35 million), their main claim being that the Company, in breach of its obligations to AremisSoft, permitted the principal shareholder of AremisSoft to execute transactions leading to the appropriation by him of significant sums belonging to AremisSoft. In August 2007, a US federal judge granted the Company's motion to dismiss the civil action and held that the appropriate forum for trial are the courts of the Republic of Cyprus. On 28 August 2007, the Trustees filed an application for reconsideration of the judgement issued by the court, which was denied on 31 March 2009. On 14 April 2009, the Trustees filed a further application for reconsideration of the court's denial of the application which was also denied on 7 August 2009. The Trustees have recently filed a motion to withdraw their notice of appeal against the judgement issued in August 2007. The Company does not oppose the application and once the notice of appeal is withdrawn all pending proceedings by the Trustees before the American courts will come to an end. The Group does not expect to have any material financial impact as a result of this action.

19. Other information *(continued)*

- The US Attorney for the Southern District of New York, pursuant to a coordination agreement with the Trustees of the AremisSoft Corporation Liquidating Trust, filed on 15 October 2007 a civil action against the Company based on very similar allegations as the ones set out in the Trustees of the AremisSoft Corporation Liquidating Trust's civil action already dismissed by the federal judge. Despite the fact that the Company did not engage in any conduct in the United States, the US Attorney's civil action claims that the Company violated US Law by enabling the principal shareholder of AremisSoft to transfer \$162 million of proceeds, emanating from his own fraudulent conduct, through accounts maintained with the Company. On 31 March 2009, a judgement was issued dismissing this civil action. On 14 April 2009, the US Attorney filed a motion to amend the judgement, reinstate the action and grant it leave to file an amended complaint. The motion to amend the judgement, reinstate the action and grant it leave to file an amended complaint was denied on 5 August 2009. Furthermore, on 1 June 2009, the US Attorney filed a notice of appeal regarding the judgement dated 31 March 2009. The Group does not expect to have any material financial impact as a result of this action.

20. Post balance sheet events

On 27 July 2009, the Company signed a new five year shareholder agreement with the two founding shareholders of CB Uniastrum Bank LLC ('Uniastrum'). According to the initial shareholder agreement, the two founding shareholders retained a residual 10% shareholding each, which was subject to a three-year call/put option arrangement (expiring in 2010), payable in cash. Under the new agreement, the two founding shareholders will maintain their management roles and will each continue to hold a residual 10% interest in Uniastrum.

The signing of the above agreement resulted in a change in the accounting treatment of Uniastrum in the financial statements of the Group. Until 27 July 2009 Uniastrum was included in the financial statements of the Group as a 100% subsidiary, as if the Group had already acquired the shares that were subject to the call/put option arrangement. As from 27 July 2009, pursuant to the cancellation of the call/put option arrangement, Uniastrum will be included in the financial statements of the Group as an 80% subsidiary with the corresponding recognition of a 20% non-controlling interest.

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

Introduction

We have reviewed the interim condensed consolidated financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (together with the Company the 'Group') on pages 7 to 30 which comprise the interim consolidated balance sheet as at 30 June 2009, the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, the interim consolidated statements of income and comprehensive income for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young Cyprus Limited

Certified Public Accountants and Registered Auditors

Nicosia

31 August 2009

FINANCIAL INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2009 TO
30 JUNE 2009
as stipulated by Decision 4/507/28.04.2009 of
the Board of Directors of the
Greek Capital Markets Commission

The financial information presented below is aiming to provide a general awareness about the financial position and results of the Bank of Cyprus Group (the 'Group') and the holding company Bank of Cyprus Public Company Ltd (the 'Company'). We recommend to the reader, before any investment decision or transaction is performed with the Group, to visit the Group's website where the financial statements prepared in accordance with International Financial Reporting Standards are available, together with the independent auditors' review report, when required. These are also available at the Registered Office of the Company (51 Stassinou Street, Ayia Paraskevi, Strovolos, P.O. Box 24884, CY-1398 Nicosia, Cyprus, Telephone: +357 22 122128, Fax: +357 22 378422).

Website: www.bankofcyprus.com - Investor Relations/Financial Information.

Date of approval of the six months Interim Condensed Financial Statements by the Board of Directors: 31 August 2009.

Independent auditors: Ernst & Young Cyprus Limited.

Type of auditor's report: Unqualified opinion.

Bank of Cyprus Group

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

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Net interest income	387.904	383.184
Net fee and commission income	111.352	102.418
Foreign exchange income	27.815	15.860
Net gains/(losses) on sale, change in fair value and impairment of investments and derivative financial instruments	20.893	(3.125)
Insurance income net of insurance claims	30.964	29.372
Other income	3.929	23.168
	582.857	550.877
Staff costs	(201.200)	(152.796)
Other operating expenses	(122.644)	(92.864)
Profit before provisions	259.013	305.217
Provisions for impairment of loans and advances	(95.663)	(26.235)
Profit before share of profit of associates	163.350	278.982
Share of profit/(loss) of associate	759	(5.911)
Profit before tax	164.109	273.071
Taxation	(13.237)	(41.471)
Profit after tax	150.872	231.600
Attributable to:		
Non-controlling interests (profit/(loss))	3.287	(12.041)
Owners of the Company	147.585	243.641
Basic earnings per share (€)	0,2513	0,4270
Profit after tax	150.872	231.600
Other comprehensive income/(expense) after tax	46.518	(96.306)
Total comprehensive income for the period	197.390	135.294
Attributable to:		
Non-controlling interest (income/(expense))	3.294	(12.041)
Owners of the Company	194.096	147.335

Bank of Cyprus Group

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

for the three months from 1 April to 30 June 2009

	Three months ended 30 June	
	2009	2008
	€000	€000
Net interest income	206.650	197.769
Net fee and commission income	57.312	54.428
Foreign exchange income	7.512	8.243
Net gains on sale, change in fair value and impairment of investments and derivative financial instruments	23.656	6.126
Insurance income net of insurance claims	15.703	13.499
Other income	2.911	10.662
	313.744	290.727
Staff costs	(102.941)	(78.559)
Other operating expenses	(65.033)	(48.217)
Profit before provisions	145.770	163.951
Provisions for impairment of loans and advances	(60.785)	(11.584)
Profit before share of profit of associates	84.985	152.367
Share of profit/(loss) of associate	919	(691)
Profit before tax	85.904	151.676
Taxation	2.839	(24.040)
Profit after tax	88.743	127.636

Attributable to:		
Non-controlling interests	4.229	49
Owners of the Company	84.514	127.587

Basic earnings per share (€)	0,1435	0,2229
-------------------------------------	---------------	--------

Profit after tax	88.743	127.636
Other comprehensive income/(expense) after tax	130.020	(47.376)
Total comprehensive income for the period	218.763	80.260

Attributable to:		
Non-controlling interests	4.232	49
Owners of the Company	214.531	80.211

Bank of Cyprus Group

Extracts from the Interim Consolidated Balance Sheet

as at 30 June 2009

		30 June 2009	31 December 2008
	Notes	€000	€000
Assets			
Cash and balances with central banks		911.251	1.017.073
Placements with banks		4.567.526	4.582.076
Reverse repurchase agreements		120.209	120.000
Investments	3	5.528.263	4.240.719
Life insurance business assets attributable to policyholders		489.481	447.679
Loans and advances to customers		24.558.855	24.449.316
Property and equipment		406.498	419.395
Intangible assets		449.902	442.445
Other assets		349.850	382.850
Investment in associate		6.422	5.663
Total assets		37.388.257	36.107.216
Liabilities			
Amounts due to banks		3.621.786	2.832.298
Repurchase agreements		305.902	305.000
Customer deposits		28.585.593	27.935.747
Insurance liabilities		549.909	506.447
Debt securities in issue		572.199	959.169
Other liabilities	4	566.951	578.103
Subordinated loan stock		968.185	934.085
Total liabilities		35.170.525	34.050.849
Equity			
Share capital		593.745	586.662
Reserves		1.605.403	1.454.415
Equity attributable to the owners of the Company		2.199.148	2.041.077
Non-controlling interests		18.584	15.290
Total equity		2.217.732	2.056.367
Total liabilities and equity		37.388.257	36.107.216

Bank of Cyprus Group

Extracts from the Interim Consolidated Statement of Changes in Equity

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Total equity at 1 January	2.056.367	2.005.190
Total comprehensive income for the period	197.390	135.294
Dividend paid and reinvested	(42.563)	(85.932)
Purchase of shares of the Company by subsidiaries and associates	(185)	(560)
Disposal of shares of the Company by subsidiaries and associates	179	1.828
Dividend paid by subsidiaries net of reinvestment	-	(368)
Change in non-controlling interest and acquisition of subsidiary	-	539
Cost of share-based payments	4.346	672
Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities	(9.805)	-
Issue of Convertible Capital Securities	12.003	-
Total equity at 30 June	2.217.732	2.056.663

Bank of Cyprus Group

Extracts from the Interim Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	150.872	231.600
Foreign currency translation reserve	(30.947)	(1.423)
Available-for-sale investments	87.491	(93.044)
Cash flow hedges	(6.842)	(1.882)
Property revaluation	(3.184)	43
Total comprehensive income for the period	197.390	135.294

Bank of Cyprus Group

Extracts from the Interim Consolidated Statement of Comprehensive Income

for the three months from 1 April to 30 June 2009

	Three months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	88.743	127.636
Foreign currency translation reserve	17.812	(149)
Available-for-sale investments	113.195	(46.263)
Cash flow hedges	(912)	(1.007)
Property revaluation	(75)	43
Total comprehensive income for the period	218.763	80.260

Bank of Cyprus Group

Extracts from the Interim Consolidated Cash Flow Statement

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Net cash flow from/(used in) operating activities	1.030.034	(2.726.279)
Net cash flow (used in)/from investing activities	(1.044.701)	214.086
Net cash flow used in financing activities	(288)	(192.722)
Net decrease in cash and cash equivalents for the period	(14.955)	(2.704.915)
Exchange adjustments	(14.866)	(1.423)
Total cash outflow for the period	(29.821)	(2.706.338)
Cash and cash equivalents at 1 January	4.787.848	6.793.635
Cash and cash equivalents at 30 June	4.758.027	4.087.297

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

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Net interest income	337.476	361.772
Net fee and commission income	82.452	94.523
Foreign exchange income	20.615	15.565
Dividends from subsidiaries	1.403	1.334
Net gains on sale, change in fair value and impairment of investments and derivative financial instruments	13.771	15.451
Other income	1.518	4.308
	457.235	492.953
Staff costs	(157.377)	(138.118)
Other operating expenses	(84.185)	(83.091)
Profit before provisions	215.673	271.744
Provisions for impairment of loans and advances	(63.086)	(23.487)
Profit before tax	152.587	248.257
Taxation	(6.929)	(33.937)
Profit after tax	145.658	214.320
Basic earnings per share (€)	0,2474	0,3756
Profit after tax	145.658	214.320
Other comprehensive income/(expense) after tax	68.600	(66.986)
Total comprehensive income for the period	214.258	147.334

Bank of Cyprus Public Company Ltd

Extracts from the Interim Income Statement and Statement of Comprehensive Income

for the three months from 1 April to 30 June 2009

	Three months ended 30 June	
	2009	2008
	€000	€000
Net interest income	184.962	186.543
Net fee and commission income	40.574	50.201
Foreign exchange income	5.672	8.069
Dividends from subsidiaries	1.403	1.334
Net gains on sale, change in fair value and impairment of investments and derivative financial instruments	14.420	6.555
Other income	1.151	3.539
	248.182	256.241
Staff costs	(82.356)	(70.885)
Other operating expenses	(45.092)	(43.152)
Profit before provisions	120.734	142.204
Provisions for impairment of loans and advances	(37.536)	(9.342)
Profit before tax	83.198	132.862
Taxation	2.136	(20.557)
Profit after tax	85.334	112.305
Basic earnings per share (€)	0,1446	0,1966
Profit after tax	85.334	112.305
Other comprehensive income/(expense) after tax	122.917	(32.095)
Total comprehensive income for the period	208.251	80.210

Bank of Cyprus Public Company Ltd

Extracts from the Interim Balance Sheet

as at 30 June 2009

		30 June 2009	<i>31 December 2008</i>
	Notes	€000	€000
Assets			
Cash and balances with central banks		675.116	846.368
Placements with banks		4.172.666	4.225.995
Reverse repurchase agreements		120.209	120.000
Investments	3	5.435.624	4.142.969
Loans and advances to customers		21.620.285	21.511.673
Investments in Group companies		1.125.360	1.167.441
Bank accounts of Group companies		2.874.005	1.861.372
Property and equipment		275.055	271.520
Intangible assets		16.747	16.327
Other assets		205.834	260.377
Investment in associate		11.701	10.942
Total assets		36.532.602	34.434.984
Liabilities			
Amounts due to banks		3.602.936	2.705.915
Repurchase agreements		305.902	305.000
Customer deposits		27.106.496	26.544.856
Bank accounts of Group companies		1.226.840	417.947
Debt securities in issue		558.982	928.129
Other liabilities	4	456.604	472.166
Subordinated loan stock		962.059	926.221
Total liabilities		34.219.819	32.300.234
Equity			
Share capital		593.745	586.662
Reserves		1.719.038	1.548.088
Total equity		2.312.783	2.134.750
Total liabilities and equity		36.532.602	34.434.984

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

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Total equity at 1 January	2.134.750	1.983.798
Total comprehensive income for the period	214.258	147.334
Dividend paid and reinvested	(42.563)	(85.932)
Cost of share-based payments	4.140	672
Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities	(9.805)	-
Issue of Convertible Capital Securities	12.003	-
Total equity at 30 June	2.312.783	2.045.872

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

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	145.658	214.320
Foreign currency translation reserve	864	(180)
Available-for-sale investments	74.578	(64.967)
Cash flow hedges	(6.842)	(1.882)
Property revaluation	-	43
Total comprehensive income for the period	214.258	147.334

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

for the three months from 1 April to 30 June 2009

	Three months ended 30 June	
	2009	2008
	€000	€000
Profit after tax	85.334	112.305
Foreign currency translation reserve	814	39
Available-for-sale investments	123.015	(31.170)
Cash flow hedges	(912)	(1.007)
Property revaluation	-	43
Total comprehensive income for the period	208.251	80.210

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

for the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	€000	€000
Net cash flow from/(used in) operating activities	878.806	(2.719.207)
Net cash flow (used in)/from investing activities	(995.817)	32.042
Net cash flow from/(used in) financing activities	4.625	(193.622)
Net decrease in cash and cash equivalents for the period	(112.386)	(2.880.787)
Exchange adjustments	(32.240)	(179)
Total cash outflow for the period	(144.626)	(2.880.966)
Cash and cash equivalents at 1 January	4.295.310	6.689.616
Cash and cash equivalents at 30 June	4.150.684	3.808.650

Bank of Cyprus Group

Notes

1. The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2009 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.
2. The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2009 are consistent with those followed for the preparation of the annual financial statements for the year 2008, except for the adoption by the Group of the following standards, amendments and interpretations (IFRS 8, IAS 1, IFRS 7, Improvements to IFRSs, IFRIC 13, IFRIC 16, IFRS 2, IAS 23, IFRIC 9, IAS39 and IAS 32) as detailed in Note 4 of the Interim Condensed Consolidated Financial Statements.
3. Investments of the Group and the Company are analysed as follows:

	30 June	31 December
	2009	2008
Group	€000	€000
Investments of fair value through profit or loss	341.158	334.371
Investments available-for-sale	4.261.941	3.053.729
Investments held-to-maturity	104.258	309.851
Investments classified as loans and receivables	820.906	542.768
	5.528.263	4.240.719
Company		
Investments of fair value through profit or loss	309.687	307.797
Investments available-for-sale	4.203.717	3.002.434
Investments held-to-maturity	101.314	289.970
Investments classified as loans and receivables	820.906	542.768
	5.435.624	4.142.969

4. Other liabilities at 30 June 2009 include provisions for pending litigation or claims of €3.244 thousand for the Group and the Company and other provisions of €16.561 thousand for the Group and €15.689 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.

Bank of Cyprus Group

Notes

5. The number of persons employed by the Group at 30 June 2009 was 12.020 (30 June 2008: 7.600) and by the Company was 6.593 (30 June 2008: 6.499).
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 30 June 2009 was €6.086 thousand and their cost of acquisition was €36.114 thousand.
- 7 The companies that are included in the consolidated financial statements of the Group at 30 June 2009 and the method of consolidation used are set out in Note 17 of the six months Interim Condensed Consolidated Financial Statements of the Group.

On 26 May 2008, the Company completed the acquisition of the Ukrainian bank JSC AvtoZAZbank which was renamed on 1 January 2009 to OJSB Bank of Cyprus. The Company initially acquired 97,2% of the share capital of OJSB Bank of Cyprus. OJSB Bank of Cyprus is accounted for as a subsidiary since the date of the acquisition. In December 2008, the Group's shareholding in OJSB Bank of Cyprus increased to 99,7% following the injection of additional capital by the Company.

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. These companies are accounted for as subsidiaries since the date of their acquisition. The two founding shareholders who lead the management of CB Uniastrum Bank LLC and Uniastrum Leasing LLC maintain, through BOC Russia (Holdings) Ltd, a 10% interest each. This residual shareholding is subject to a put/call option arrangement over a three year period, payable in cash, depending on the financial performance of the two companies during this period. This arrangement is accounted for in these financial statements as a liability. This results in accounting as if the Group has already acquired the shares subject to this arrangement. Therefore, no minority interest is recognised for reporting purposes in relation to the shares that are 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, who will retain their managerial roles and will continue to hold a 10% interest in Uniastrum each. The signing of the above agreement resulted in a change in the accounting treatment of Uniastrum in the financial statements of the Group. As from 27 July 2009, pursuant to the cancellation of the call/put option arrangement, Uniastrum will be included in the financial statements of the Group as an 80% subsidiary with the corresponding recognition of a 20% non-controlling interest.

On 4 March 2009 Katoikia 1 Mortgage Finance Plc, a special purpose entity, was incorporated in the United Kingdom. On 20 May 2009, Katoikia 1 Mortgage Finance Plc issued €1 billion of Residential Mortgage Backed Securities. These securities are listed on the Luxemburg Stock Exchange and are held by the Group. The securitisation aims at further enhancing the Group's prudential liquidity ratios. The company is included in the financial statements as a subsidiary.

There were no other changes in the companies being consolidated and their accounting treatment compared to 30 June 2008.

Bank of Cyprus Group

Notes

8. The payment of the final dividend for 2008 amounting to €0,12 per share and totalling €70.399 thousand was approved at the Annual General Meeting of the shareholders on 13 May 2009 and was paid to the shareholders on 10 June 2009. In June 2008, the final dividend paid to the shareholders for the year 2007 was €0,25 per share, amounting to €141.556 thousand.
9. Related party transactions:
 - (a) Loans and other advances to members of the Board of Directors and key management personnel: €7.953 thousand for the Group and the Company.
 - (b) Loans and other advances to other connected persons: €202.203 thousand for the Group and €3.076.208 thousand for the Company.
 - (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €57.464 thousand for the Group and the Company.
 - (d) Deposits by members of the Board of Directors and key management personnel: €91.127 thousand for the Group and the Company.
 - (e) Deposits by other connected persons: €53.036 thousand for the Group and €1.279.876 thousand for the Company.
 - (f) Interest income: €4.794 thousand for the Group and €55.970 thousand for the Company.
 - (g) Interest expense: €3.833 thousand for the Group and €12.842 thousand for the Company.
 - (h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €3.841 thousand for the Group and €3.615 thousand for the Company.
 - (i) Debt securities in issue and subordinated loan stock to members of the Board of Directors and key management personnel: €17.378 thousand for the Group and the Company.
 - (j) Debt securities in issue and subordinated loan stock to other connected persons: €4.368 thousand for the Group and the Company.