

**FINANCIAL INFORMATION**

**FOR THE PERIOD FROM 1 JANUARY 2009 TO**

**31 DECEMBER 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 financial 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' report, and the detailed explanatory statement of results. These documents are also available at the Registered Office of the Company (51 Stassinou Street, Ayia Paraskevi, Strovolos, P.O. Box 24884, CY-1398 Nicosia, Cyprus, Telephone: +357 22 122128, Fax: +357 22 378422).

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

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

Date of approval of the financial statements for year 2009 by the Board of Directors: 24 February 2010.

Independent auditors: Ernst & Young Cyprus Ltd.

Type of auditors' report: Unqualified opinion.

## Bank of Cyprus Group Consolidated Income Statement

for the year ended 31 December 2009

|   | <b>2009</b>      | 2008      |
|---|------------------|-----------|
|   | <b>€000</b>      | €000      |
| Net interest income   | <b>847.830</b>   | 792.151   |
| Net fee and commission income   | <b>243.372</b>   | 217.806   |
| Foreign exchange income   | <b>28.589</b>    | 158.790   |
| Net gains/(losses) on sale, change in fair value and impairment of investments and derivative financial instruments | <b>87.111</b>    | (59.719)  |
| Insurance income net of insurance claims  | <b>62.835</b>    | 61.120    |
| Other income  | <b>16.761</b>    | 35.104    |
|   | <b>1.286.498</b> | 1.205.252 |
| Staff costs   | <b>(413.933)</b> | (330.988) |
| Other operating expenses  | <b>(260.319)</b> | (220.631) |
| <b>Profit before provisions</b>   | <b>612.246</b>   | 653.633   |
| Provisions for impairment of loans and advances   | <b>(247.935)</b> | (91.601)  |
| <b>Profit before share of profit of associate</b>   | <b>364.311</b>   | 562.032   |
| Share of profit/(loss) of associate   | <b>910</b>       | (10.418)  |
| <b>Profit before tax</b>  | <b>365.221</b>   | 551.614   |
| Taxation  | <b>(43.227)</b>  | (72.931)  |
| <b>Profit after tax</b>   | <b>321.994</b>   | 478.683   |
| <b>Attributable to:</b>   |                  |           |
| <b>Non-controlling interests (profit/(loss))</b>  | <b>8.850</b>     | (23.705)  |
| <b>Owners of the Company</b>  | <b>313.144</b>   | 502.388   |
| <b>Basic earnings per share (€)</b>   | <b>0,5293</b>    | 0,8730    |
| <b>Profit after tax</b>   | <b>321.994</b>   | 478.683   |
| Other comprehensive income/(expense) after tax  | <b>85.077</b>    | (302.186) |
| <b>Total comprehensive income for the year</b>  | <b>407.071</b>   | 176.497   |
| <b>Attributable to:</b>   |                  |           |
| <b>Non-controlling interests (income/(expense))</b>   | <b>9.362</b>     | (23.705)  |
| <b>Owners of the Company</b>  | <b>397.709</b>   | 200.202   |

# Bank of Cyprus Group

## Consolidated Balance Sheet

as at 31 December 2009

|  |       | 2009              | 2008              |
|--|-------|-------------------|-------------------|
|  | Notes | €000              | €000              |
| <b>Assets</b>  |       |                   |                   |
| Cash and balances with central banks                         |       | 1.043.791         | 1.017.073         |
| Placements with banks  |       | 5.947.768         | 4.582.076         |
| Reverse repurchase agreements                                |       | 120.137           | 120.000           |
| Investments  | 3     | 4.928.113         | 4.237.368         |
| Derivative financial instruments                             |       | 60.739            | 153.240           |
| Loans and advances to customers                              |       | 25.635.780        | 24.424.694        |
| Life assurance business assets attributable to policyholders |       | 541.574           | 447.679           |
| Property and equipment                                       |       | 406.272           | 421.361           |
| Intangible assets  |       | 453.141           | 475.211           |
| Other assets   |       | 267.534           | 246.208           |
| Investment in associate                                      |       | 6.552             | 5.663             |
| <b>Total assets</b>  |       | <b>39.411.401</b> | <b>36.130.573</b> |
| <b>Liabilities</b>   |       |                   |                   |
| Obligations to central banks and amounts due to banks        |       | 5.290.897         | 2.832.298         |
| Repurchase agreements  |       | 494.806           | 305.000           |
| Derivative financial liabilities                             |       | 139.551           | 161.515           |
| Customer deposits  |       | 28.584.561        | 27.935.747        |
| Insurance liabilities  |       | 618.097           | 516.692           |
| Debt securities in issue                                     |       | 519.111           | 959.169           |
| Other liabilities  | 4     | 332.037           | 429.700           |
| Subordinated loan stock                                      |       | 946.843           | 934.085           |
| <b>Total liabilities</b>                                     |       | <b>36.925.903</b> | <b>34.074.206</b> |
| <b>Equity</b>  |       |                   |                   |
| Share capital  |       | 598.197           | 586.662           |
| Share premium  |       | 712.170           | 676.949           |
| Revaluation and other reserves                               |       | 28.613            | (99.759)          |
| Retained earnings  |       | 1.084.132         | 877.225           |
| <b>Equity attributable the owners of the Company</b>         |       | <b>2.423.112</b>  | <b>2.041.077</b>  |
| <b>Non-controlling interests</b>                             |       | <b>62.386</b>     | <b>15.290</b>     |
| <b>Total equity</b>  |       | <b>2.485.498</b>  | <b>2.056.367</b>  |
| <b>Total liabilities and equity</b>                          |       | <b>39.411.401</b> | <b>36.130.573</b> |

**Th. Aristodemou**  
**A. Artemis**  
**A. Eliades**  
**Y. Kypri**  
**Chr. Hadjimitsis**

Chairman  
Vice-Chairman  
Group Chief Executive Officer  
Group Chief General Manager  
Group General Manager Finance and Strategy

**Bank of Cyprus Group**

## Information Extracted from the Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

|   | <b>2009</b>      | <b>2008</b> |
|---|------------------|-------------|
|   | <b>€000</b>      | <b>€000</b> |
| <b>At 1 January</b>   | <b>2.056.367</b> | 2.005.190   |
| Total comprehensive income for the year                                     | <b>407.071</b>   | 176.497     |
| Dividend paid and reinvested  | <b>(70.955)</b>  | (135.655)   |
| Purchase of shares of the Company by subsidiaries and associates            | <b>(423)</b>     | (1.361)     |
| Disposal of shares of the Company by subsidiaries and associates            | <b>1.516</b>     | 1.949       |
| Dividend paid by subsidiaries net of reinvestment                           | <b>(1.439)</b>   | (368)       |
| Change in non-controlling interests   | <b>6.982</b>     | 241         |
| Cost of share-based payments  | <b>13.726</b>    | 4.701       |
| Change in ownership of subsidiaries   | <b>70.455</b>    | -           |
| Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities | <b>(9.805)</b>   | -           |
| Issue of Convertible Capital Securities                                     | <b>12.003</b>    | -           |
| Equity component of Convertible Bonds 2013/2018                             | -                | 5.173       |
| <b>At 31 December</b>   | <b>2.485.498</b> | 2.056.367   |

**Bank of Cyprus Group**

## Information Extracted from the Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

|  | <b>2009</b>     | <b>2008</b> |
|--|-----------------|-------------|
|  | <b>€000</b>     | <b>€000</b> |
| <b>Profit after tax</b>                        | <b>321.994</b>  | 478.683     |
| Foreign currency translation reserve           | <b>(11.894)</b> | (149.186)   |
| Available-for-sale investments                 | <b>106.871</b>  | (162.828)   |
| Cash flow hedges                               | <b>(6.810)</b>  | 5.810       |
| Property revaluation                           | <b>(3.090)</b>  | 4.018       |
| <b>Total comprehensive income for the year</b> | <b>407.071</b>  | 176.497     |

## Bank of Cyprus Public Company Ltd Income Statement

for the year ended 31 December 2009

|   | <b>2009</b>      | 2008      |
|---|------------------|-----------|
|   | <b>€000</b>      | €000      |
| Net interest income   | <b>736.913</b>   | 714.699   |
| Net fee and commission income   | <b>172.081</b>   | 186.547   |
| Foreign exchange income   | <b>14.200</b>    | 147.258   |
| Dividends from subsidiaries and associates  | <b>28.651</b>    | 47.762    |
| Net gains/(losses) on sale, change in fair value and impairment of investments and derivative financial instruments | <b>33.524</b>    | (15.238)  |
| Other income  | <b>4.581</b>     | 12.947    |
|   | <b>989.950</b>   | 1.093.975 |
| Staff costs   | <b>(327.816)</b> | (282.689) |
| Other operating expenses  | <b>(182.405)</b> | (180.659) |
| <b>Profit before provisions</b>   | <b>479.729</b>   | 630.627   |
| Provisions for impairment of loans and advances   | <b>(202.894)</b> | (77.953)  |
| <b>Profit before tax</b>  | <b>276.835</b>   | 552.674   |
| Taxation  | <b>(28.222)</b>  | (54.244)  |
| <b>Profit after tax</b>   | <b>248.613</b>   | 498.430   |
| <b>Basic earnings per share (€)</b>   | <b>0,4192</b>    | 0,8640    |
| <b>Profit after tax</b>   | <b>248.613</b>   | 498.430   |
| Other comprehensive income/(expense) after tax  | <b>58.750</b>    | (221.063) |
| <b>Total comprehensive income for the year</b>  | <b>307.363</b>   | 277.367   |

# Bank of Cyprus Public Company Ltd

## Balance Sheet

as at 31 December 2009

|   |       | 2009              | 2008              |
|---|-------|-------------------|-------------------|
|   | Notes | €000              | €000              |
| <b>Assets</b>   |       |                   |                   |
| Cash and balances with central banks                  |       | 806.392           | 846.368           |
| Placements with banks                                 |       | 5.574.876         | 4.225.995         |
| Reverse repurchase agreements                         |       | 120.137           | 120.000           |
| Investments   | 3     | 4.835.360         | 4.142.969         |
| Derivative financial instruments                      |       | 60.625            | 153.240           |
| Loans and advances to customers                       |       | 22.348.253        | 21.511.673        |
| Bank accounts of Group companies                      |       | 3.710.358         | 1.861.372         |
| Investment in Group companies                         |       | 901.819           | 1.167.441         |
| Investment in associate                               |       | 11.457            | 10.942            |
| Property and equipment                                |       | 276.022           | 271.520           |
| Intangible assets                                     |       | 16.123            | 16.327            |
| Other assets  |       | 87.349            | 107.137           |
| <b>Total assets</b>                                   |       | <b>38.748.771</b> | <b>34.434.984</b> |
| <b>Liabilities</b>                                    |       |                   |                   |
| Obligations to central banks and amounts due to banks |       | 5.273.140         | 2.705.915         |
| Repurchase agreements                                 |       | 494.806           | 305.000           |
| Derivative financial liabilities                      |       | 139.404           | 161.257           |
| Customer deposits                                     |       | 26.930.934        | 26.544.856        |
| Bank accounts of Group companies                      |       | 1.872.510         | 417.947           |
| Debt securities in issue                              |       | 498.866           | 928.129           |
| Other liabilities                                     | 4     | 212.192           | 310.909           |
| Subordinated loan stock                               |       | 940.785           | 926.221           |
| <b>Total liabilities</b>                              |       | <b>36.362.637</b> | <b>32.300.234</b> |
| <b>Equity</b>   |       |                   |                   |
| Share capital   |       | 598.197           | 586.662           |
| Share premium   |       | 712.170           | 676.949           |
| Revaluation and other reserves                        |       | 101.916           | 35.919            |
| Retained earnings                                     |       | 973.851           | 835.220           |
| <b>Total equity</b>                                   |       | <b>2.386.134</b>  | <b>2.134.750</b>  |
| <b>Total liabilities and equity</b>                   |       | <b>38.748.771</b> | <b>34.434.984</b> |

**Th. Aristodemou**  
**A. Artemis**  
**A. Eliades**  
**Y. Kypri**  
**Chr. Hadjimitsis**

Chairman  
Vice-Chairman  
Group Chief Executive Officer  
Group Chief General Manager  
Group General Manager Finance and Strategy

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

for the year ended 31 December 2009

|   | <b>2009</b>      | 2008      |
|---|------------------|-----------|
|   | <b>€000</b>      | €000      |
| <b>At 1 January</b>   | <b>2.134.750</b> | 1.983.798 |
| Total comprehensive income for the year                                     | <b>307.363</b>   | 277.367   |
| Dividend paid and reinvested  | <b>(71.143)</b>  | (136.031) |
| Cost of share-based payments  | <b>12.966</b>    | 4.443     |
| Exchange of Convertible Bonds 2013/2018 with Convertible Capital Securities | <b>(9.805)</b>   | -         |
| Issue of Convertible Capital Securities                                     | <b>12.003</b>    | -         |
| Equity component of Convertible Bonds 2013/2018                             | -                | 5.173     |
| <b>At 31 December</b>   | <b>2.386.134</b> | 2.134.750 |

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

for the year ended 31 December 2009

|  | <b>2009</b>     | 2008      |
|--|-----------------|-----------|
|  | <b>€000</b>     | €000      |
| <b>Profit after tax</b>                        | <b>248.613</b>  | 498.430   |
| Foreign currency translation reserve           | <b>769</b>      | (793)     |
| Available-for-sale investments                 | <b>103.958</b>  | (159.913) |
| Investments in Group companies                 | <b>(39.224)</b> | (67.095)  |
| Cash flow hedges                               | <b>(6.810)</b>  | 5.810     |
| Property revaluation                           | <b>57</b>       | 928       |
| <b>Total comprehensive income for the year</b> | <b>307.363</b>  | 277.367   |

**Bank of Cyprus Group**

## Information Extracted from the Consolidated Statement of Cash Flows

for the year ended 31 December 2009

|  | 2009             | 2008        |
|--|------------------|-------------|
|  | €000             | €000        |
| Net cash flow from/(used in) operating activities                        | <b>2.168.918</b> | (1.139.187) |
| Net cash flow used in investing activities                               | <b>(391.813)</b> | (628.974)   |
| Net cash flow used in financing activities                               | <b>(422.043)</b> | (201.628)   |
| <b>Net increase/(decrease) in cash and cash equivalents for the year</b> | <b>1.355.062</b> | (1.969.789) |
| Exchange adjustments   | <b>13.743</b>    | (35.996)    |
| <b>Total cash outflow for the year</b>                                   | <b>1.368.805</b> | (2.005.785) |
| Cash and cash equivalents at 1 January                                   | <b>4.787.851</b> | 6.793.636   |
| <b>Cash and cash equivalents at 31 December</b>                          | <b>6.156.656</b> | 4.787.851   |

**Bank of Cyprus Public Company Ltd**

## Information Extracted from the Statement of Cash Flows

for the year ended 31 December 2009

|   | 2009             | 2008        |
|---|------------------|-------------|
|   | €000             | €000        |
| Net cash flow from/(used in) operating activities                                 | <b>1.977.510</b> | (1.317.945) |
| Net cash flow used in investing activities  | <b>(225.824)</b> | (947.574)   |
| Net cash flow used in financing activities  | <b>(427.365)</b> | (151.454)   |
| <b>Net increase/(decrease) increase in cash and cash equivalents for the year</b> | <b>1.324.321</b> | (2.416.973) |
| Exchange adjustments  | <b>(10.420)</b>  | 22.667      |
| <b>Total cash outflow for the year</b>  | <b>1.313.901</b> | (2.394.306) |
| Cash and cash equivalents at 1 January  | <b>4.295.310</b> | 6.689.616   |
| <b>Cash and cash equivalents at 31 December</b>                                   | <b>5.609.211</b> | 4.295.310   |

# Bank of Cyprus Group

## Notes

1. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Laws and Regulations.
2. The accounting policies adopted for the preparation of the consolidated financial statements for the year ended 31 December 2009 are consistent with those followed for the preparation of the financial statements for year 2008, except for the adoption by the Group of the following new and amended IFRSs and Interpretations: IFRS 3, IFRS 8, amendments to IFRS 1, IFRS 2, IFRS 7, IAS 27, IAS 32, IAS 1 and IAS 23, improvements to IFRSs and IFRICS 9, 13, 15, 16 and 18.

In addition, the purchase price allocation for the Group's acquisitions during the previous year was completed during 2009, resulting in the retrospective restatement of information in the financial statements referred to in Note 46 of the consolidated financial statements. Reclassifications to comparative information were also made to conform to changes in the presentation in the current year. Such reclassifications relate to the presentation of outstanding claims from life insurance contract liabilities which are now included in insurance liabilities instead of being presented net in other assets. These reclassifications had no impact on turnover or profit after tax and non-controlling interests for year 2008 or on Group equity as at 31 December 2008.

3. Investments of the Group and the Company analyses as follows:

| <b>Group</b>                                     | <b>2009</b>      | <b>2008</b> |
|--|------------------|-------------|
|  | <b>€000</b>      | <b>€000</b> |
| Investments of fair value through profit or loss | <b>346.127</b>   | 334.371     |
| Investments available-for-sale                   | <b>4.168.056</b> | 3.050.378   |
| Investments held-to-maturity                     | <b>93.079</b>    | 309.851     |
| Investments classified as loans and receivables  | <b>320.851</b>   | 542.768     |
|  | <b>4.928.113</b> | 4.237.368   |
| <b>Company</b>                                   |                  |             |
| Investments of fair value through profit or loss | <b>312.495</b>   | 307.797     |
| Investments available-for-sale                   | <b>4.110.674</b> | 3.002.434   |
| Investments held-to-maturity                     | <b>91.340</b>    | 289.969     |
| Investments classified as loans and receivables  | <b>320.851</b>   | 542.769     |
|  | <b>4.835.360</b> | 4.142.969   |

4. Other liabilities at 31 December 2009 include provisions for pending litigation or claims of €9.156 thousand for the Group and €3.244 thousand for the Company and other provisions of €18.059 thousand for the Group and €16.896 thousand for the Company. There are no other significant pending litigation, claims or assessments against the Group or the Company, the outcome of which would have a material effect on the Group's or Company's financial position or operations.
5. The number of persons employed by the Group at 31 December 2009 was 12.127 (2008: 12.127) and by the Company was 6.606 (2008: 6.706).

## Bank of Cyprus Group Notes

6. The number of shares of the Company held by its subsidiaries and associates (including shares that are held by life insurance subsidiaries which hold the shares as part of financial assets that are invested for the benefit of insurance policyholders) at 31 December 2009 was 5.749 thousand and their cost of acquisition was €33.650 thousand.
7. The companies that are included in the consolidated financial statements of the Group at 31 December 2009 and the method of consolidation used is set out in Note 45 of the consolidated financial statements.

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 (Note 46). The Company initially acquired 97,2% of the company's share capital. 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 (Note 46). 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.

Until 27 July 2009, this residual shareholding in CB Uniastrum Bank LLC was 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 was accounted for in the consolidated financial statements as a liability. This resulted in accounting as if the Group had already acquired the shares subject to this arrangement. Therefore, no non-controlling interest was recognised for reporting purposes in relation to the shares that were subject to this arrangement. On 27 July 2009 the Company signed a new five year owner agreement with the two founding shareholders of CB Uniastrum Bank LLC, by which they will maintain their management roles as well as continue to hold a residual 10% interest in Uniastrum each.

The signing of the above agreement resulted in a change in the accounting treatment of CB Uniastrum Bank LLC in the consolidated financial statements of the Group. Pursuant to the signing of the agreements and the cancellation of the put/call option arrangement and extinguishment of the related liability, CB Uniastrum Bank LLC is included in the consolidated financial statements of the Group as an 80% subsidiary with the corresponding recognition of a 20% non-controlling interest. Upon this change in ownership, the difference between the extinguished liability and the share of assets and liabilities attributable to the non-controlling interests was treated as a transaction between owners. As a result, non-controlling interests increased by €32.191 thousand and an amount of €38.264 thousand was recognised in retained earnings. An amount of €26.685 thousand representing the portion of exchange differences attributable to the reduction in ownership was transferred from the foreign currency reserve to retained earnings.

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

## Bank of Cyprus Group Notes

During 2009 the Group proceeded with a reduction in the share capital of the subsidiary company LLC CB Bank of Cyprus, which was renamed to Leadbank LLC on 26 January 2010. On 4 February 2010 the Group signed an agreement to sell 100% of the share capital of Leadbank LLC.

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

8. The Board of Directors proposes the payment of a final dividend of €0,08 per share amounting to €47.856 thousand. An interim dividend of €0,08 per share amounting to €47.500 thousand, was paid in December 2009. The total dividend for year 2009 amounts to €0,16 (2008: €0,27) per share.

9. Related party transactions:

- (a) Loans and other advances to members of the Board of Directors and key management personnel: €8.576 thousand for the Group and the Company.
- (b) Loans and other advances to other connected persons: €205.196 thousand for the Group and €3.915.554 thousand for the Company.
- (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €58.606 thousand for the Group and the Company.
- (d) Deposits by members of the Board of Directors and key management personnel: €82.906 thousand for the Group and the Company.
- (e) Deposits by other connected persons: €42.787 thousand for the Group and €1.915.296 thousand for the Company.
- (f) Interest income: €9.551 thousand for the Group and €144.419 thousand for the Company.
- (g) Interest expense: €6.274 thousand for the Group and €39.955 thousand for the Company.
- (h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €8.263 thousand for the Group and €7.740 thousand for the Company.
- (i) Debt securities in issue and subordinated loan stock to members of the Board of Directors and key management personnel: €17.508 thousand for the Group and the Company.
- (j) Debt securities in issue and subordinated loan stock to other connected persons: €3.615 thousand for the Group and the Company.
- (k) Interest expense on debt securities in issue and subordinated loan stock €1.094 thousand for the Group and the Company.