

FINANCIAL INFORMATION FOR THE PERIOD FROM 1 JANUARY 2008 TO 31 MARCH 2008

as stipulated by Decision 2/396/31.8.2006 of The Board of Directors of the Greek Capital Markets Commission (expressed in Euro)

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 auditor's review report when required, 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-1396 Nicosia, Cyprus, Telephone: +357 22 122128, Fax: +357 22 378422). Website: www.bankofcyprus.com - Investor Relations/Financial Information. Date of approval of the three months Interim Condensed Financial Statements by the Board of Directors: 28 May 2008.

BANK OF CYPRUS GROUP INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT for the three months ended 31 March 2008

	Notes	Three months ended 31 March	
		2008 €000	2007 €000
Turnover		582.157	472.744
Net interest income		185.415	171.474
Net fee and commission income		47.990	49.123
Foreign exchange income		7.617	8.411
Net (loss)/gain on sale, change in fair value and impairment of financial instruments		(9.251)	5.939
Insurance income net of insurance claims		15.873	13.383
Other income	3	12.506	1.741
		<u>260.150</u>	<u>250.071</u>
Staff costs		(74.237)	(70.615)
Other operating expenses	4	(44.647)	(40.996)
Profit before provisions		141.266	138.460
Provisions for impairment of loans and advances		(14.651)	(19.399)
Profit before share of profit of associates		126.615	119.061
Share of (loss)/profit of associates		(5.220)	3.699
Profit before tax		121.395	122.760
Taxation		(17.431)	(16.591)
Profit after tax		103.964	106.169
Profit/(loss) after tax attributable to:			
Shareholders of the Company		116.054	106.169
Minority interest		(12.090)	-
		<u>103.964</u>	<u>106.169</u>
Basic earnings per share (cent)		20.5	19.2
Diluted earnings per share (cent)		20.5	19.1

BANK OF CYPRUS PUBLIC COMPANY LTD INTERIM CONDENSED INCOME STATEMENT for the three months ended 31 March 2008

	Notes	Three months ended 31 March	
		2008 €000	2007 €000
Turnover		498.958	421.059
Net interest income		175.229	163.920
Net fee and commission income		44.322	43.440
Foreign exchange income		7.496	8.399
Dividends from subsidiaries		-	1.304
Net gains on sale, change in fair value and impairment of financial instruments		8.896	4.456
Other income	3	770	422
		<u>236.713</u>	<u>221.941</u>
Staff costs		(67.233)	(64.840)
Other operating expenses	4	(39.939)	(37.212)
Profit before provisions		129.541	119.889
Provisions for impairment of loans and advances		(14.145)	(17.858)
Profit before tax		115.396	102.031
Taxation		(13.380)	(14.074)
Profit after tax		102.016	87.957
Basic earnings per share (cent)		18.0	15.9
Diluted earnings per share (cent)		18.0	15.8

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET as at 31 March 2008

	Notes	31 March 2008 €000	31 December 2007 €000
Assets			
Cash and balances with central banks		703.964	1.325.191
Placements with banks		4.895.096	6.158.367
Investments at fair value through profit or loss		487.139	521.118
Life assurance business assets attributable to policyholders		481.995	530.610
Loans and advances to customers		19.940.834	18.920.921
Investments available-for-sale and held-to-maturity		3.592.646	3.548.646
Property and equipment		321.953	319.662
Intangible assets		84.199	82.127
Other assets	5	334.038	339.230
Investment in associate		12.098	17.318
Total assets		30.853.962	31.763.190
Liabilities			
Amounts due to banks		1.635.853	1.233.337
Repurchase agreements		214.593	435.140
Customer deposits		23.983.015	25.178.966
Insurance liabilities		516.442	608.566
Debt securities in issue		1.359.113	1.253.690
Other liabilities		510.701	379.553
Subordinated loan stock	6	574.021	668.748
Total liabilities		28.793.738	29.758.000
Equity			
Share capital		566.223	483.726
Reserves		1.466.969	1.482.342
Equity attributable to shareholders of the Company		2.033.192	1.966.068
Minority interest		27.032	39.122
Total equity		2.060.224	2.005.190
Total liabilities and equity		30.853.962	31.763.190

Th. Aristodemou
A. Artemis
A. Eliades
Y. Kyri
Chr. Hadjimitsis

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

INTERIM CONDENSED BALANCE SHEET as at 31 March 2008

	Notes	31 March 2008 €000	31 December 2007 €000
Assets			
Cash and balances with central banks		647.447	1.320.130
Placements with banks		4.634.121	6.004.318
Investments at fair value through profit or loss		441.178	454.539
Loans and advances to customers		18.098.442	17.104.049
Bank accounts of Group companies		1.690.789	1.632.109
Investments available-for-sale and held-to-maturity		3.546.170	3.498.235
Investments in Group companies		556.553	418.814
Investment in associates		17.185	22.405
Property and equipment		267.653	265.414
Intangible assets		15.493	15.694
Other assets	5	216.751	221.592
Total assets		30.131.782	30.957.299
Liabilities			
Amounts due to banks		1.631.245	1.211.154
Repurchase agreements		185.631	435.140
Customer deposits		23.529.645	24.711.887
Bank accounts of Group companies		434.174	416.774
Debt securities in issue		1.358.621	1.253.198
Other liabilities		367.523	276.600
Subordinated loan stock	6	574.021	668.748
Total liabilities		28.080.860	28.973.501
Equity			
Share capital		566.223	483.726
Reserves		1.484.699	1.500.072
Total equity		2.050.922	1.983.798
Total liabilities and equity		30.131.782	30.957.299

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INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the three months ended 31 March 2008

	Three months ended 31 March	
	2008 €000	2007 €000
Total equity, at 1 January	2.005.190	1.545.637
Profit after tax	103.964	106.169
Exercise of share options	-	1.833
Cost of share-based payments	-	3.729
Net loss recognised directly in equity	(48.930)	(14.589)
Total equity, at 31 March	<u>2.060.224</u>	<u>1.642.779</u>

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY for the three months ended 31 March 2008

	Three months ended 31 March	
	2008 €000	2007 €000
Total equity, at 1 January	1.983.798	1.546.036
Profit after tax	102.016	87.957
Exercise of share options	-	1.833
Cost of share-based payments	-	3.465
Net (loss)/profit recognised directly in equity	(34.892)	9.506
Total equity, at 31 March	<u>2.050.922</u>	<u>1.648.797</u>

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the three months ended 31 March 2008

	Three months ended 31 March	
	2008 €000	2007 €000
Net cash flow used in operating activities	(1.794.517)	(165.968)
Net cash flow used in investing activities	(17.315)	(244.916)
Net cash flow used in financing activities	(99.785)	(4.849)
Net decrease in cash and cash equivalents for the three months	(1.911.617)	(415.733)
Cash and cash equivalents		
At 1 January	6.793.635	4.812.201
Exchange adjustments	(1.274)	43
Net decrease in cash and cash equivalents for the three months	(1.911.617)	(415.733)
At 31 March	4.880.744	4.396.511

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CASH FLOW STATEMENT for the three months ended 31 March 2008

	Three months ended 31 March	
	2008 €000	2007 €000
Net cash flow used in operating activities	(1.807.714)	(141.826)
Net cash flow used in investing activities	(151.062)	(259.137)
Net cash flow used in financing activities	(99.785)	(4.789)
Net decrease in cash and cash equivalents for the three months	(2.058.561)	(405.752)
Cash and cash equivalents		
At 1 January	6.689.616	4.737.752
Exchange adjustments	(218)	126
Net decrease in cash and cash equivalents for the three months	(2.058.561)	(405.752)
At 31 March	4.630.837	4.332.126

- The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2008 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU). Additionally, these financial statements have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB). On 1 January 2008, date of the introduction of the Euro as the new official currency of the Republic of Cyprus, the functional currency of the Company and its subsidiaries in Cyprus as well as the presentation currency of the Group financial statements (including comparative amounts) changed from Cyprus pounds to the Euro. As a result of this change, as from 1 January 2008 all assets and liabilities of the Company and its subsidiaries in Cyprus have been converted using the fixed conversion rate of €1 = C£0.585274. The comparative amounts presented in this announcement have been converted into Euro using that rate.
- The accounting policies that have been followed for the preparation of the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2008 are consistent with those followed for the preparation of the financial statements for year 2007.
- Other income for the three months ended 31 March 2008 includes dividend income of €13 thousand (corresponding period of 2007: €89 thousand) for the Group and €11 thousand (corresponding period of 2007: €55 thousand) for the Company.
- Other operating expenses for the three months ended 31 March 2008 include depreciation of property and equipment and amortisation of intangible assets of €7.171 thousand (corresponding period of 2007: €7.643 thousand) for the Group and €6.746 thousand (corresponding period of 2007: €7.173 thousand) for the Company.
- Other assets at 31 March 2008 for the Group and the Company include the positive fair value of derivative financial instruments of €53.504 thousand (31 December 2007: €55.642 thousand).
- Other liabilities at 31 March 2008 for the Group and the Company include the negative fair value of derivative financial instruments of €84.638 thousand (31 December 2007: €30.396 thousand) and provisions for pending litigation or claims of €3.330 thousand (31 December 2007: €3.330 thousand).
- The number of persons employed by the Group at 31 March 2008 was 6.996 (31 December 2007: 6.909) and by the Company was 6.334 (31 December 2007: 6.257).
- The Interim Condensed Consolidated Financial Statements of the Group at 31 March 2008 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, Cytrostees Investment Public Company 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 Asfalistikí (branch of General Insurance of Cyprus Ltd). **United Kingdom:** Bank of Cyprus United Kingdom (branch of the Company). **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) and Cyprus Leasing Romania IFN SA. **Russia:** LLC CB 'Bank of Cyprus' and 'Cyprus Leasing LLC'. All companies are wholly owned subsidiaries (100%) of the Group, except for JCC Payment Systems Ltd (45% participation), which is accounted for using proportional consolidation, Interfund Investments Plc (22.83% participation) which is accounted for using the equity method and Cytrostees Investment Public Company Ltd (49.98% participation), which is accounted for as a subsidiary. The investment in Cytrostees Investment Public Company Ltd was included in the financial statements for the first time as an associate during the period from 8 February to 26 April 2007 using the equity method. Following the acquisition of additional shares by the Group on 27 April 2007, the company is accounted for as a subsidiary, in accordance with the provisions of IFRSs. The investment in Interfund Investments Plc, which is a closed-end investment company, was acquired on 21 May 2007 and was included in the financial statements for the first time during the three months ended 30 June 2007. The subsidiary company LLC CB 'Bank of Cyprus' obtained its licence of operation in Russia on 6 June 2007 and was included in the financial statements as from that date. The subsidiary company 'Cyprus Leasing LLC' was incorporated on 16 October 2007 and was included in the financial statements as from that date. In November 2007 the Company signed an agreement for the acquisition of the Ukrainian bank AvtoZAZBank. The agreement was completed on 26 May 2008. The subsidiary BOC International Fund Management Ltd, incorporated in Ireland, was dissolved on 9 November 2007 and is no longer included in the financial statements. The subsidiary Old Company (BCL) Ltd has been liquidated in 2007 and is not included in the financial statements. There was no other change in the companies that were consolidated or in the method of consolidation compared to 31 March 2007 and 31 December 2007.
- The payment of the final dividend amounting to €0.25 per share, and totalling €141.556 thousand was approved at the Annual General Meeting of the shareholders on 14 May 2008. The proposed ex-dividend date is 26 May 2008. As a result, registered shareholders on 23 May 2008 will be eligible to receive the dividend. The dividend will be paid to the shareholders on 10 June 2008.
- There are no fixed charges in favour of third parties over the Group's property and equipment as at 31 March 2008.
- The provision for pending litigation or claims as at 31 March 2008 is set out in Note 6. 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.
- Related party transactions: (a) Loans and other advances to members of the Board of Directors and key management personnel of €9.028 thousand for the Group and the Company. (b) Loans and other advances to other connected persons of €129.279 thousand for the Group and €1.820.068 thousand for the Company. (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend) of €70.877 thousand for the Group and the Company. (d) Tangible security of €226.553 thousand for the Group and the Company. (e) Deposits by members of the Board of Directors and key management personnel of €45.224 thousand for the Group and the Company. (f) Deposits by other connected persons of €28.893 thousand for the Group and €463.067 thousand for the Company. (g) Sales (interest income) of €2.003 thousand for the Group and €6.296 thousand for the Company. (h) Purchases (interest expense) of €889 thousand for the Group and €12.603 thousand for the Company. (i) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons of €2.431 thousand for the Group and €2.121 thousand for the Company.