

FINANCIAL INFORMATION FOR THE PERIOD FROM 1 JANUARY 2006 TO 31 DECEMBER 2006

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 therefore recommend to the reader, before any investment decision is taken or transaction executed 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 auditors' report whenever 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, 1398 Nicosia, Cyprus, Telephone: +357 22 842128, Fax: +357 22 378422). Webpage: www.bankofcyprus.com - Investor Relations/Financial Information. Date of approval of the Financial Statements for year 2006 by the Board of Directors: 27 February 2007.

BANK OF CYPRUS GROUP

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2006

	2006	2005
Notes	€000	€000
Turnover	1,685,040	1,378,857
Interest income	1,300,998	1,046,878
Interest expense	(680,747)	(563,021)
Net interest income	620,251	483,857
Fee and commission income	185,678	169,332
Fee and commission expense	(10,806)	(14,188)
Foreign exchange income	35,955	25,066
Net gains on sale and change in fair value of financial instruments	25,906	10,415
Income from insurance business	45,662	40,427
Other income	15,080	10,173
	917,726	725,082
Staff costs	(269,601)	(261,728)
Other operating expenses	(158,879)	(149,198)
Profit before provisions	489,246	314,156
Provisions for impairment of loans and advances	(100,932)	(157,535)
Profit before tax	388,314	156,621
Tax	(71,631)	(31,375)
Profit after tax	316,683	125,246
Basic earnings per share (cent)	57.7	24.9
Diluted earnings per share (cent)	57.6	24.9

CONSOLIDATED BALANCE SHEET as at 31 December 2006

	2006	2005
Notes	€000	€000
Assets		
Cash and balances with central banks	1,181,404	1,057,906
Placements with banks	4,300,355	4,459,184
Investments at fair value through profit or loss	409,187	154,498
Loans and advances to customers	14,467,580	12,079,230
Investments available-for-sale and held-to-maturity	3,650,446	3,364,339
Property and equipment	266,020	276,140
Intangible assets	17,786	18,898
Other assets	397,325	330,350
	24,690,103	21,740,545
Life assurance business net assets attributable to policyholders	496,640	400,910
Total assets	25,186,743	22,141,455
Liabilities		
Amounts due to banks	451,968	307,418
Customer deposits and other accounts	20,926,558	18,548,054
Debt securities in issue	750,220	550,356
Other liabilities	443,360	386,893
	22,572,106	19,792,721
Life assurance business liabilities to policyholders	496,640	400,910
Subordinated loan stock	553,450	630,545
Total liabilities	23,622,196	20,824,176
Equity		
Share capital	478,933	471,563
Share premium	590,393	538,566
Revaluation reserves and other reserves	171,252	165,892
Exchange adjustments reserve	(4,516)	(5,012)
Retained earnings	328,485	146,270
	1,564,547	1,317,279
Total liabilities and equity	25,186,743	22,141,455

E. P. Ioannou, *Chairman*
A. Artemis, *Vice-Chairman*
A. Eliades, *Group Chief Executive Officer*
C. G. Stavrakis, *Chief Executive Officer-Cyprus and Deputy Group Chief Executive Officer*
Y. Kypril, *Group Chief General Manager*
Chr. Hadjimitsis, *Group General Manager Finance*

INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2006

	2006	2005
	€000	€000
Total equity, at 1 January	1,317,279	966,989
Profit after tax	316,683	125,246
Exercise of share options	11,301	-
Issue of share capital	-	188,625
Dividend reinvestment	47,895	7,314
Dividends paid	(132,674)	(32,153)
Net profits recognised directly in equity	4,063	61,258
Total equity, at 31 December	1,564,547	1,317,279

INFORMATION EXTRACTED FROM THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2006

	2006	2005
	€000	€000
Net cash flow from operating activities	378,364	2,187,399
Net cash flow used in investing activities	(149,078)	(282,027)
Net cash flow (used in)/from financing activities	(169,090)	133,784
Net increase in cash and cash equivalents for the year	60,196	2,039,156
Cash and cash equivalents		
At 1 January	4,808,203	2,769,168
Exchange adjustments	496	(121)
Net increase in cash and cash equivalents for the year	60,196	2,039,156
At 31 December	4,868,895	4,808,203

BANK OF CYPRUS PUBLIC COMPANY LTD

INCOME STATEMENT for the year ended 31 December 2006

	2006	2005
Notes	€000	€000
Turnover	1,504,598	1,233,219
Interest income	1,271,511	1,004,011
Interest expense	(674,404)	(558,184)
Net interest income	597,107	445,827
Fee and commission income	167,875	150,322
Fee and commission expense	(9,592)	(9,902)
Foreign exchange income	35,905	25,081
Dividends from subsidiary companies and jointly controlled entity	22,807	50,512
Net gains on sale and change in fair value of financial instruments	31,501	12,086
Other income	6,500	3,293
	852,103	677,219
Staff costs	(248,088)	(235,816)
Other operating expenses	(145,009)	(134,056)
Profit before provisions	459,006	307,347
Provisions for impairment of loans and advances	(96,136)	(144,946)
Profit before tax	362,870	162,401
Tax	(63,396)	(20,054)
Profit after tax	299,474	142,347
Basic earnings per share (cent)	54.6	28.3
Diluted earnings per share (cent)	54.5	28.3

BALANCE SHEET as at 31 December 2006

	2006	2005
Notes	€000	€000
Assets		
Cash and balances with central banks	1,180,771	1,050,458
Placements with banks	4,190,974	4,396,041
Investments at fair value through profit or loss	400,235	137,834
Loans and advances to customers	12,880,128	10,381,444
Bank accounts of Group companies	1,418,956	1,554,879
Investments available-for-sale and held-to-maturity	3,587,966	3,312,987
Investments in Group companies	340,951	321,211
Property and equipment	220,635	228,575
Intangible assets	15,605	16,192
Other assets	243,549	194,104
	24,479,770	21,593,725
Liabilities		
Amounts due to banks	451,463	304,223
Customer deposits and other accounts	20,469,412	18,158,305
Bank accounts of Group companies	418,330	392,307
Debt securities in issue	749,721	549,858
Other liabilities	272,442	240,803
	22,361,368	19,645,496
Subordinated loan stock	553,450	630,545
Total liabilities	22,914,818	20,276,041
Equity		
Share capital	478,933	471,563
Share premium	590,393	538,566
Revaluation reserves	94,094	97,492
Revaluation reserve of investments in Group companies	78,571	60,054
Exchange adjustments reserve	(2,198)	(2,326)
Retained earnings	325,159	152,335
	1,564,952	1,317,684
Total liabilities and equity	24,479,770	21,593,725

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Y. Kypril, *Group Chief General Manager*
Chr. Hadjimitsis, *Group General Manager Finance*

INFORMATION EXTRACTED FROM THE STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2006

	2006	2005
	€000	€000
Total equity, at 1 January	1,317,684	967,394
Profit after tax	299,474	142,347
Exercise of share options	11,301	-
Issue of share capital	-	188,625
Dividend reinvestment	47,895	7,314
Dividends paid	(132,674)	(32,153)
Net profits recognised directly in equity	21,272	44,157
Total equity, at 31 December	1,564,952	1,317,684

INFORMATION EXTRACTED FROM THE CASH FLOW STATEMENT for the year ended 31 December 2006

	2006	2005
	€000	€000
Net cash flow from operating activities	303,672	2,172,553
Net cash used in investing activities	(119,033)	(225,427)
Net cash flow (used in)/from financing activities	(169,090)	133,784
Net increase in cash and cash equivalents for the year	15,549	2,080,910
Cash and cash equivalents		
At 1 January	4,777,859	2,697,170
Exchange adjustments	128	(221)
Net increase in cash and cash equivalents for the year	15,549	2,080,910
At 31 December	4,793,536	4,777,859

NOTES

- The consolidated financial statements for the year ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial statements are presented in Cyprus pounds (€). For information purposes, extracts from the financial statements of the Group and the Company are presented in this announcement in Euro. The translation from Cyprus pounds to Euro for information relating to the current period as well as prior periods presented, was carried out using the average Euro-Cyprus pound exchange rate as at 31 December 2006, which was €1=€0.5782.
- The accounting policies that have been followed for the preparation of the financial statements for year 2006 are consistent with those followed for the preparation of the financial statements for year 2005.
- Other income for the year ended 31 December 2006 includes dividend income of €1.728 thousand (2005: €740 thousand) for the Group and €1,420 thousand (2005: €464 thousand) for the Company.
- Other operating expenses for the year ended 31 December 2006 include depreciation of property and equipment and amortisation of intangible assets of €32,394 thousand (2005: €33,897 thousand) for the Group and €30,406 thousand (2005: €30,801 thousand) for the Company.
- Other assets as at 31 December 2006 for the Group and the Company include the positive fair value of derivative financial instruments of €36,799 thousand (2005: €14,232 thousand).
- Other liabilities as at 31 December 2006 for the Group and the Company include the negative fair value of derivative financial instruments of €17,558 thousand (2005: €21,806 thousand) and provisions for pending litigation or claims of €4,277 thousand (2005: €3,502 thousand).
- The number of persons employed by the Group as at 31 December 2006 was 6,192 (2005: 6,065) and by the Company was 5,655 (2005: 5,435).
- The financial statements of the Group as at 31 December 2006 include the following subsidiaries and branches, 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, Telkos Investments Ltd, Bank of Cyprus Mutual Funds Ltd and JCC Payment Systems Ltd. **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) and Old Company (BCL) Ltd. **Channel Islands:** Bank of Cyprus (Channel Islands) Ltd and Telkos Investments (CI) Ltd. **Australia:** Bank of Cyprus Australia Pty Ltd. **Romania:** Bank of Cyprus Romania (branch of the Company), Cyprus Leasing Romania IFN SA. **Ireland:** BOC International Fund Management Ltd. All companies are wholly owned subsidiaries of the Group, except for JCC Payment Systems Ltd, in which the Company owns 45% of the issued share capital. This company is accounted for as an interest in a jointly controlled entity. On 1 January 2006, the operations, assets and liabilities of the Group subsidiary companies Bank of Cyprus Finance Corporation Ltd and Bank of Cyprus Factors Ltd, were transferred to Bank of Cyprus Public Company Ltd, with the parallel dissolution without receivership, of the two subsidiaries. The Group has decided to terminate the activities of its subsidiaries BOC International Fund Management Ltd and Old Company (BCL) Ltd and has started the dissolution process. There was no other change in the companies that were consolidated or in the method of consolidation compared to 31 December 2005.
- The Board of Directors of the Company proposes the payment of a dividend of €0.10 (approximately €0.17) per share, amounting to €95,787 thousand which will be proposed for approval at the Annual General Meeting of the shareholders scheduled for 6 June 2007. The proposed ex-dividend date for the aforementioned dividend is 11 June 2007. As a result, registered shareholders on 8 June 2007 will be eligible to receive the dividend. On 3 November 2006, the Board of Directors of the Company decided the payment of an interim dividend for 2006 of €0.07 (€0.12) per share, amounting to €66,588 thousand which was paid to the shareholders on 11 December 2006. The dividend for 2005 amounted to €0.07 (€0.12) per share and amounted to €66,086 thousand. It was approved at the Annual General Meeting of the shareholders on 30 May 2006 and was paid on 27 June 2006.
- There are no fixed charges in favour of third parties over the Group's property and equipment as at 31 December 2006.
- The Group's provision for pending litigation or claims as at 31 December 2006 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:
 - Loans and advances to members of the Board of Directors and key management personnel of €8,312 thousand for the Group and the Company,
 - Loans and advances to other connected persons of €138,269 thousand for the Group and €1,557,224 thousand for the Company,
 - Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend) of €90,251 thousand for the Group and the Company,
 - Tangible security of €234,798 thousand for the Group and the Company,
 - Deposits by members of the Board of Directors and key management personnel of €5,692 thousand for the Group and the Company,
 - Deposits by other connected persons of €25,925 thousand for the Group and €444,255 thousand for the Company,
 - Sales (interest income) of €7,779 thousand for the Group and €75,175 thousand for the Company,
 - Purchases (interest expense) of €557 thousand for the Group and €15,315 thousand for the Company,
 - Remuneration and other transactions with members of the Board of Directors, key management personnel and connected persons of €7,926 thousand for the Group and €6,460 thousand for the Company.

¹ The payment of the dividend will be based on the exchange rate in force on the working date immediately preceding the ex-dividend date, which may be different than the rate used for the purposes of this announcement.