

## Financial Information for the Period from 1 January 2011 to 31 December 2011

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' 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, Evdokimos Xenophontos, Anna Diogenous, George M. Georgiades, Christos Mouskis, Manthos Mavrommatis, Andreas Eliades, Yiannis Kypri, Costas Hadjipapas, Nikolas P. Tsakos, Yiannis Pehlivanidis, Stavros J. Constantinides, Irene Karamanou and Elias Neocleous.

Date of approval of the financial statements for year 2011 by the Board of Directors: 24 April 2012

Independent auditors: Ernst & Young Cyprus Ltd.

Type of auditors' report: Unqualified opinion – Emphasis of matter.

BANK OF CYPRUS GROUP  
 Extracts from the Consolidated Income Statement  
 and Statement of Comprehensive Income  
 for the year ended 31 December 2011

Annual Financial Report 2011

	<b>2011</b>	2010
	<b>€000</b>	€000
Net interest income	<b>1.167.673</b>	1.040.419
Net fee and commission income	<b>232.365</b>	231.179
Foreign exchange gains	<b>45.178</b>	38.634
Net gains on financial instrument transactions and disposal of subsidiaries	<b>3.571</b>	71.380
Insurance income net of insurance claims	<b>61.190</b>	59.361
Other income	<b>31.329</b>	8.916
	<b>1.541.306</b>	1.449.889
Staff costs	<b>(443.205)</b>	(430.208)
Other operating expenses	<b>(292.997)</b>	(294.717)
<b>Profit before provisions for impairment of loans and advances and the impairment of Greek Government Bonds (GGBs)</b>	<b>805.104</b>	724.964
Provisions for impairment of loans and advances	<b>(426.287)</b>	(374.497)
<b>Profit before impairment of GGBs</b>	<b>378.817</b>	350.467
Impairment of GGBs and change in fair value of related hedging derivatives	<b>(1.729.261)</b>	-
<b>(Loss)/profit before share of profit of associates</b>	<b>(1.350.444)</b>	350.467
Share of loss of associates	<b>(1.441)</b>	(1.953)
<b>(Loss)/profit before tax</b>	<b>(1.351.885)</b>	348.514
Taxation	<b>(25.959)</b>	(45.989)
<b>(Loss)/profit after tax</b>	<b>(1.377.844)</b>	302.525
Attributable to:		
Non-controlling interests (loss)	<b>(7.073)</b>	(3.664)
<b>Owners of the Company ((loss)/profit)</b>	<b>(1.370.771)</b>	306.189
<b>Basic earnings /(losses) per share (€)</b>	<b>(1,5685)</b>	0,4044
<b>Basic earnings per share excluding the impairment of GGBs (€)</b>	<b>0,3090</b>	0,4044
<b>(Loss)/profit after tax</b>	<b>(1.377.844)</b>	302.525
Other comprehensive income/(expense) after tax	<b>190.053</b>	(225.379)
<b>Total comprehensive (expense)/income for the year</b>	<b>(1.187.791)</b>	77.146
Attributable to:		
Non-controlling interests (expense)	<b>(7.180)</b>	(1.456)
<b>Owners of the Company ((expense)/income)</b>	<b>(1.180.611)</b>	78.602

		2011	2010
	Notes	€000	€000
<b>Assets</b>			
Cash and balances with central banks		1.375.047	2.241.825
Placements with banks		2.627.831	5.264.628
Reverse repurchase agreements		215.936	120.166
Investments	3	2.629.124	4.307.558
Investments pledged as collateral	3	938.070	1.038.036
Derivative financial assets		193.734	76.278
Loans and advances to customers		27.366.917	27.725.451
Life insurance business assets attributable to policyholders		504.579	561.695
Property and equipment		473.188	418.781
Intangible assets		472.510	479.058
Other assets		675.343	400.459
Investments in associates		2.820	3.805
<b>Total assets</b>		<b>37.475.099</b>	<b>42.637.740</b>
<b>Liabilities</b>			
Obligations to central banks and amounts due to banks		3.065.756	3.706.975
Repurchase agreements		785.993	913.109
Derivative financial liabilities		488.111	240.412
Customer deposits		29.654.498	32.952.567
Insurance liabilities		611.264	658.309
Debt securities in issue		49.791	83.957
Other liabilities	4	262.227	323.120
Subordinated loan stock		128.380	930.942
<b>Total liabilities</b>		<b>35.046.020</b>	<b>39.809.391</b>
<b>Equity</b>			
Share capital		899.528	894.948
Share premium		1.164.903	1.159.819
Convertible Enhanced Capital Securities		862.233	-
Revaluation and other reserves		3.232	(186.253)
(Accumulated losses)/retained earnings		(585.261)	868.531
<b>Equity attributable to owners of the Company</b>		<b>2.344.635</b>	<b>2.737.045</b>
<b>Non-controlling interests</b>		<b>84.444</b>	<b>91.304</b>
<b>Total equity</b>		<b>2.429.079</b>	<b>2.828.349</b>
<b>Total liabilities and equity</b>		<b>37.475.099</b>	<b>42.637.740</b>

## Extracts from the Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	<b>2011</b>	2010
	<b>€000</b>	€000
<b>Total equity at 1 January</b>	<b>2.828.349</b>	2.485.498
Total comprehensive (expense)/income for the year	<b>(1.187.791)</b>	77.146
Disposal of shares of the Company by subsidiaries and associates	<b>895</b>	4.299
Purchase of shares of the Company by subsidiaries and associates	<b>(1.946)</b>	(3.754)
Cost of share-based payments	<b>2.611</b>	3.079
Dividend paid and reinvested	<b>(18.437)</b>	(61.516)
Dividend in the form of shares	-	(20.534)
Defence contribution on deemed dividend distribution	<b>(2.191)</b>	(570)
Dividend paid by subsidiaries	<b>(978)</b>	(70)
Issue of Convertible Enhanced Capital Securities (CECS) less buybacks	<b>857.084</b>	-
Exchange of Convertible Bonds and Convertible Capital Securities with CECS	<b>(13.902)</b>	-
Issue costs of CECS	<b>(1.458)</b>	-
Interest on CECS	<b>(34.631)</b>	-
Change in ownership percentage of subsidiary	<b>581</b>	-
Increase in the share capital of subsidiary companies	<b>887</b>	620
Issue of shares	-	345.260
Costs relating to the issue of shares	-	(1.244)
Conversion of Convertible Bonds and Convertible Capital Securities	<b>6</b>	135
<b>Total equity at 31 December</b>	<b>2.429.079</b>	2.828.349

BANK OF CYPRUS GROUP  
 Extracts from the Consolidated Statement of  
 Comprehensive Income  
 for the year ended 31 December 2011

Annual Financial Report 2011

	2011	2010
	€000	€000
<b>(Loss)/profit after tax</b>	<b>(1.377.844)</b>	302.525
Foreign currency translation reserve	<b>(8.330)</b>	35.587
Available-for-sale investments	<b>137.796</b>	(262.417)
Cash flow hedges	<b>(1.291)</b>	1.259
Property revaluation	<b>61.878</b>	192
<b>Total comprehensive (expense)/income for the year</b>	<b>(1.187.791)</b>	77.146

BANK OF CYPRUS GROUP  
 Extracts from the Consolidated Statement of Cash Flows  
 for the year ended 31 December 2011

	2011	2010
	€000	€000
<b>Net cash flow (used in)/from operating activities</b>	<b>(3.397.882)</b>	821.461
<b>Net cash flow from/(used in) investing activities</b>	<b>293.969</b>	(488.949)
<b>Net cash flow used in financing activities</b>	<b>(67.126)</b>	(220.854)
<b>Net (decrease)/increase in cash and cash equivalents for the year</b>	<b>(3.171.039)</b>	111.658
Exchange adjustments	<b>20.490</b>	71.453
<b>Total cash (outflow)/inflow of the year</b>	<b>(3.150.549)</b>	183.111
Cash and cash equivalents at 1 January	<b>6.339.767</b>	6.156.656
<b>Cash and cash equivalents at 31 December</b>	<b>3.189.218</b>	6.339.767

	<b>2011</b>	2010
	<b>€000</b>	€000
Net interest income	<b>988.635</b>	876.381
Net fee and commission income	<b>189.345</b>	179.638
Foreign exchange gains	<b>35.702</b>	28.269
Dividends from subsidiaries and joint ventures	<b>18.449</b>	61.786
Net gains on financial instrument transactions and disposal of subsidiaries	<b>24.637</b>	88.723
Other income	<b>7.715</b>	3.560
	<b>1.264.483</b>	1.238.357
Staff costs	<b>(342.782)</b>	(332.835)
Other operating expenses	<b>(210.182)</b>	(202.765)
<b>Profit before provisions for impairment of loans and advances and the impairment of Greek Government Bonds (GGBs)</b>	<b>711.519</b>	702.757
Provisions for impairment of loans and advances	<b>(356.320)</b>	(337.692)
<b>Profit before impairment of GGBs</b>	<b>355.199</b>	365.065
Impairment of GGBs and change in fair value of related hedging derivatives	<b>(1.719.764)</b>	-
<b>(Loss)/profit before tax</b>	<b>(1.364.565)</b>	365.065
Taxation	<b>(15.785)</b>	(33.453)
<b>(Loss)/profit after tax</b>	<b>(1.380.350)</b>	331.612
<b>Basic earnings/(losses) per share (€)</b>	<b>(1,5768)</b>	0,4373
<b>Basic earnings per share excluding the impairment of GGBs (€)</b>	<b>0,2883</b>	0,4373
<b>(Loss)/profit after tax</b>	<b>(1.380.350)</b>	331.612
Other comprehensive income/(expense) after tax	<b>202.317</b>	(248.164)
<b>Total comprehensive (expense)/income for the year</b>	<b>(1.178.033)</b>	83.448

## Extracts from the Balance Sheet

as at 31 December 2011

		2011	2010
	Notes	€000	€000
<b>Assets</b>			
Cash and balances with central banks		1.242.705	2.018.869
Placements with banks		2.425.778	4.762.425
Reverse repurchase agreements		215.936	120.166
Investments	3	2.566.223	4.199.830
Investments pledged as collateral	3	938.070	1.038.036
Derivative financial assets		193.734	75.214
Loans and advances to customers		24.145.674	23.619.514
Bank accounts of Group Companies		3.321.270	4.400.993
Investments in Group Companies and joint ventures		938.567	972.000
Investments in associates		7.722	9.189
Property and equipment		322.226	277.361
Intangible assets		18.266	17.141
Other assets		315.834	110.405
<b>Total assets</b>		<b>36.652.005</b>	<b>41.621.143</b>
<b>Liabilities</b>			
Obligations to central banks and amounts due to banks		2.999.470	3.634.560
Repurchase agreements		785.993	913.109
Derivative financial liabilities		488.102	239.212
Customer deposits		28.223.101	30.828.311
Bank accounts of Group Companies		1.503.851	2.147.789
Debt securities in issue		20.319	32.698
Other liabilities	4	166.259	167.699
Subordinated loan stock		121.452	924.358
<b>Total liabilities</b>		<b>34.308.547</b>	<b>38.887.736</b>
<b>Equity</b>			
Share capital		899.528	894.948
Share premium		1.164.903	1.159.819
Convertible Enhanced Capital Securities		862.233	-
Revaluation and other reserves		46.802	(147.524)
(Accumulated losses)/retained earnings		(630.008)	826.164
<b>Total equity</b>		<b>2.343.458</b>	<b>2.733.407</b>
<b>Total liabilities and equity</b>		<b>36.652.005</b>	<b>41.621.143</b>

BANK OF CYPRUS PUBLIC COMPANY LTD  
 Extracts from the Statement of Changes in Equity  
 for the year ended 31 December 2011

Annual Financial Report 2011

	<b>2011</b>	2010
	<b>€000</b>	€000
<b>Total equity at 1 January</b>	<b>2.733.407</b>	2.386.134
Total comprehensive (expense)/income for the year	<b>(1.178.033)</b>	83.448
Purchase of own shares	<b>(822)</b>	-
Cost of share-based payments	<b>2.461</b>	2.893
Dividend paid and reinvested	<b>(18.463)</b>	(62.115)
Dividend in the form of shares	-	(20.534)
Defence contribution on deemed dividend distribution	<b>(2.191)</b>	(570)
Issue of Convertible Enhanced Capital Securities (CECS) less buybacks	<b>857.084</b>	-
Exchange of Convertible Bonds and Convertible Capital Securities with CECS	<b>(13.902)</b>	-
Issue costs of CECS	<b>(1.458)</b>	-
Interest on CECS	<b>(34.631)</b>	-
Issue of shares	-	345.260
Costs relating to the issue of shares	-	(1.244)
Conversion of Convertible Bonds and Convertible Capital Securities	<b>6</b>	135
<b>Total equity at 31 December</b>	<b>2.343.458</b>	2.733.407

	2011	2010
	€000	€000
<b>(Loss)/profit after tax</b>	<b>(1.380.350)</b>	331.612
Foreign currency translation reserve	489	1.583
Available-for-sale investments	134.578	(259.808)
Investments in Group Companies	28.130	8.556
Cash flow hedges	(1.361)	1.329
Property revaluation	40.481	176
<b>Total comprehensive (expense)/income for the year</b>	<b>(1.178.033)</b>	83.448

BANK OF CYPRUS PUBLIC COMPANY LTD  
 Extracts from the Statement of Cash Flows  
 for the year ended 31 December 2011

	2011	2010
	€000	€000
<b>Net cash flow (used in)/from operating activities</b>	<b>(3.366.955)</b>	723.395
<b>Net cash flow from/(used in) investing activities</b>	<b>525.989</b>	(368.218)
<b>Net cash flow used in financing activities</b>	<b>(42.456)</b>	(250.697)
<b>Net (decrease)/increase in cash and cash equivalents for the year</b>	<b>(2.883.422)</b>	104.480
Exchange adjustments	24.304	44.546
<b>Total cash (outflow)/inflow for the year</b>	<b>(2.859.118)</b>	149.026
Cash and cash equivalents at 1 January	5.758.237	5.609.211
<b>Cash and cash equivalents at 31 December</b>	<b>2.899.119</b>	5.758.237

1. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.
2. The accounting policies adopted are consistent with those of the previous financial year except for the adoption by the Group of the following new and amended IFRSs and IFRIC Interpretations as from 1 January 2011:
  - IFRIC 14 'Prepayments of a Minimum Funding Requirement' (Amended)
  - IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
  - IAS 24 'Related Party Disclosures' (Amended)
  - IAS 32 'Classification on Rights Issues' (Amended)
  - Amendments resulting from annual improvements to IFRSs (May 2010) to:
    - IFRS 3 'Business Combinations'
    - IFRS 7 'Financial Instruments'
    - IAS 1 'Presentation of Financial Statements'
    - IAS 27 'Consolidated and Separate Financial Statements'
    - IAS 34 'Interim Financial Statements'
    - IFRIC 13 'Customer Loyalty Programmes'

Adoption of the above did not have any impact on the financial statements of the Group except for the adoption of the amendments to IFRS 7 as part of the May 2010 annual improvements which were intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information in order to present the quantitative information in context. The Group presents the revised disclosure requirements in Notes 44 to 47.

3. Investments of the Group and the Company are analysed as follows:

	<b>2011</b>	2010
<b>Group</b>	<b>€000</b>	€000
<b>Investments</b>		
Investments at fair value through profit or loss	<b>26.345</b>	174.043
Investments available-for-sale	<b>534.803</b>	1.549.345
Investments held-to-maturity	<b>1.055.406</b>	811.970
Investments classified as loans and receivables	<b>1.012.570</b>	1.772.200
	<b>2.629.124</b>	4.307.558
<b>Investments pledged as collateral</b>		
Investments at fair value through profit or loss	<b>26.544</b>	26.812
Investments available-for-sale	<b>718.719</b>	770.894
Investments held-to-maturity	<b>148.698</b>	210.880
Investments classified as loans and receivables	<b>44.109</b>	29.450
	<b>938.070</b>	1.038.036
	<b>3.567.194</b>	5.345.594

	2011	2010
Company	€000	€000
<b>Investments</b>		
Investments at fair value through profit or loss	18.655	155.657
Investments available-for-sale	485.929	1.467.671
Investments held-to-maturity	1.049.069	804.302
Investments classified as loans and receivables	1.012.570	1.772.200
	2.566.223	4.199.830
<b>Investments pledged as collateral</b>		
Investments at fair value through profit or loss	26.544	26.812
Investments available-for-sale	718.719	770.894
Investments held-to-maturity	148.698	210.880
Investments classified as loans and receivables	44.109	29.450
	938.070	1.038.036
	3.504.293	5.237.866

4. Other liabilities at 31 December 2011 include provisions for pending litigation or claims of €3.837 thousand for the Group and €3.228 thousand for the Company and other provisions of €16.542 thousand for the Group and €14.874 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 2011 was 11.326 (2010: 12.009) and by the Company was 6.531 (2010: 6.615).
6. Shares of the Company held by entities controlled by the Group and by associates (including shares that are held by life insurance subsidiary which holds the shares as part of financial assets that are invested for the benefit of insurance policyholders) at 31 December 2011 was 8.874 thousand and their cost of acquisition was €31.476 thousand.
7. The Group subsidiaries, branches, associates and joint venture as at 31 December 2011 and the method of consolidation used are set out in Note 51 of Consolidated Financial Statements.
8. The Board of Directors does not propose the payment of dividend for 2011

The final dividend for 2010 of €0,03 per share totalling €26.848 thousand was approved at the Annual General Meeting of the shareholders on 24 May 2011 was paid on 16 June 2011.

The interim dividend in cash in 2010 was set at €0,06 per share. In addition, the Board of Directors, taking into consideration the level of reserves and the applicable legislation for dividend distribution, decided the payment of a special interim dividend payable in the form of shares amounting to €0,50 per share at the issue price of €3,25. This decision was approved at the Extraordinary General Meeting of the Company's shareholders on 20 September 2010. The total amount of the cash dividend was €46.612 thousand and the scrip dividend in the form of shares was €388.430 thousand. The interim cash and scrip dividends were paid to shareholders on 11 November 2010.

The final dividend for 2009 of €0,08 per share, amounting to €47.856 thousand, was approved at the Annual General Meeting of the shareholders on 26 May 2010 and was paid on 17 June 2010.

The total dividend paid during 2011 includes an amount of €26 thousand (2010: €599 thousand) which relates to shares of the Company held by subsidiaries and associates.

9. Related party transactions:

- (a) Loans and other advances to members of the Board of Directors and key management personnel: €7.970 thousand for the Group and the Company.
- (b) Loans and other advances to other connected persons: €276.442 thousand for the Group and €3.597.712 thousand for the Company.
- (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €117.850 thousand for the Group and the Company.
- (d) Deposits by members of the Board of Directors and key management personnel: €64.866 thousand for the Group and the Company.
- (e) Deposits by other connected persons: €47.683 thousand for the Group and €1.551.534 thousand for the Company.
- (f) Income (mainly interest income): €14.186 thousand for the Group and €146.604 thousand for the Company.
- (g) Expense (mainly interest expense): €5.316 thousand for the Group and €49.629 thousand for the Company.
- (h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €5.002 thousand for the Group and €4.574 thousand for the Company.
- (i) Debt securities in issue, subordinated loan stock and CECS to members of the Board of Directors and key management personnel: €23.246 thousand for the Group and the Company.
- (j) Debt securities in issue, subordinated loan stock and CECS to other connected persons: €3.045 thousand for the Group and the Company.

10. (i) Capital strengthening plan

In November 2011, the Group decided to strengthen its capital base through a Capital Strengthening Plan. The Plan included a share capital increase through a pre-emptive rights offering to raise up to €397 million and a voluntary exchange of Convertible Enhanced Capital Securities (CECS) of up to €600 million.

The Rights were issued and allocated to shareholders and to holders of eligible securities of the Company as if they were shareholders on the basis of the current conversion price into shares, in the ratio of one Right for each existing ordinary share. Every three Rights exercised were converted into one New Share at the subscription price of €1,00 per share. Additionally, for each New Share arising from the exercise of the Rights, the Company granted one fully paid Bonus Share.

The holders of CECS could exchange their CECS with Mandatory Convertible Notes (MCNs) of equal nominal value. The MCNs did not bear interest and matured eight days following their date of issue. On maturity of the MCNs, the Company would redeem each MCN with the issue of one fully paid New Share. Additionally, for every three New Shares arising from the conversion of the MCNs, the Company granted one Bonus Share.

Upon completion of the Rights Offering in its entirety, the Company would issue up to 794 million new ordinary shares (397 million shares from the exercise of the Rights and 397 million bonus shares). Upon the completion of the voluntary conversion of CECS in its entirety, the Company would issue up to 800 million shares (600 million shares from the conversion of CECS and 200 million bonus shares).

The exercise period for the Rights, the period for the submission of applications for pre-registration and the acceptance period of the CECS exchange offer ended on 19 March 2012. As a result, the Company's core tier 1 capital has increased by €592 million of which €160 million relate to the exercise of Rights and €432 million relate to the acceptance of the offer to exchange the CECS. As a result of the above, approximately 896 million new shares have been issued.

Furthermore, the Group is proceeding with the completion of the Capital Strengthening Plan. The Group has the right to exercise, until 18 June 2012, all or part of the Rights that have not been subscribed to by their holders and have not been exercised by 19 March 2012. Any distribution of unsubscribed shares will be at the discretion of the Board of Directors and can take place at the same or at a higher price than the subscription price of the new shares.

(ii) New collective agreement of employees in Cyprus

In January 2012, the General Meeting of the members of the union of bank employees in Cyprus approved the new collective agreement between employers and employees. The new agreement includes, among other things, no salary increases and cost of living allowance for years 2012 and 2013 and the change of the existing retirement plan from a defined benefit plan to a defined contribution plan with effect from 1 January 2012. The new defined contribution plan provides for employer contributions of 14% and employee contribution of 3%-10% of the employees' salaries.

As a result of the above change in the retirement benefit plans and a change in the accounting policy of the Group from 1 January 2012 with respect to the recognition of actuarial gains/losses, during the first quarter of 2012 the equity and the regulatory capital of the Group will be negatively affected by approximately €72 million.

**11.** The emphasis of matter which is included in the audit report of the consolidated financial statements is as follows:

'Without qualifying our opinion, we draw your attention to note 3.1 'Going concern' and note 49 'Capital management' to the consolidated financial statements which indicate the significant judgments, estimates and assumptions used in the preparation of the financial statements on a going concern basis while not complying with minimum capital adequacy ratios as at 31 December 2011'.

Also the emphasis of matter which is included in the financial statements of the Company is the following:

'Without qualifying our opinion, we draw your attention to note 2.3.1 'Going concern' and note 45 'Capital management' to the Company financial statements which indicate the significant judgments, estimates and assumptions used in the preparation of the financial statements on a going concern basis while not complying with minimum capital adequacy ratios as at 31 December 2011'.