

Financial Information for the Period from 1 January 2012 to 31 December 2012

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 - Investor Relations/Financial Information.

Members of the Board of Directors: Christis Hassapis (Chairman), Vladimir Strzhalkovskiy (Vice Chairman), Anjelica Anshakova, Dmitry Chichikashvili, Marinos Gialelis, Marios Kalochoritis, Konstantinos Katsaros, Eriskhan Kurazov, Igor Lojevsky, Adonis Papaconstantinou, Anton Smetanin, Xanthos Vrachas, Marios Yiannas, Andreas Yiasemides and Ioannis Zographakis.

Date of approval of the financial statements for year 2012 by the Board of Directors: 10 October 2013

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 2012

	2012	2011 (restated)
	€000	€000
Net interest income	1.011.118	1.167.673
Net fee and commission income	218.767	232.365
Net foreign exchange gains	27.789	45.178
Net gains on financial instrument transactions and disposal of subsidiaries	55.293	3.571
Insurance income net of claims and commissions	62.972	61.190
Other (expenses)/income	(18.808)	31.329
	1.357.131	1.541.306
Staff costs	(408.347)	(431.774)
Other operating expenses	(349.470)	(311.722)
Profit before impairment of loans and advances, Greek Government Bonds, goodwill and intangible assets	599.314	797.810
Provisions for impairment of loans and advances	(2.306.157)	(426.287)
Impairment of goodwill and intangible assets	(359.746)	-
Impairment of Greek Government Bonds and change in fair value of related hedging derivatives	(143.573)	(1.729.261)
Loss before share of profit of associates	(2.210.162)	(1.357.738)
Share of profit/(loss) of associates	222	(1.441)
Loss before tax	(2.209.940)	(1.359.179)
Tax	(13.079)	(7.234)
Loss after tax	(2.223.019)	(1.366.413)
Attributable to:		
Non-controlling interests (loss)	(9.231)	(7.073)
Owners of the Company (loss)	(2.213.788)	(1.359.340)
Basic and diluted losses per share (€)	(1.4350)	(1.5171)
Loss after tax	(2.223.019)	(1.366.413)
Other comprehensive income after tax	123.895	189.595
Total comprehensive loss for the year	(2.099.124)	(1.176.818)
Attributable to:		
Non-controlling interests (loss)	(7.222)	(7.180)
Owners of the Company (loss)	(2.091.902)	(1.169.638)

BANK OF CYPRUS GROUP

Extracts from the Consolidated Balance Sheet

as at 31 December 2012

		2012	2011 (restated)
	Notes	€000	€000
Assets			
Cash and balances with central banks		1.272.424	1.375.047
Placements with banks		1.768.836	2.627.831
Reverse repurchase agreements		-	215.936
Investments	3	1.135.333	2.629.124
Investments pledged as collateral	3	734.747	938.070
Derivative financial assets		26.794	193.734
Loans and advances to customers		24.374.531	27.366.917
Life insurance business assets attributable to policyholders		495.756	504.579
Property and equipment		483.193	473.188
Intangible assets		123.555	472.510
Other assets		613.760	674.439
Investments in associates		3.107	2.820
Total assets		31.032.036	37.474.195
Liabilities			
Obligations to central banks and amounts due to banks		341.044	3.065.756
Repurchase agreements		607.773	785.993
Derivative financial liabilities		183.826	488.111
Customer deposits		28.442.152	29.654.498
Insurance liabilities		604.170	611.264
Debt securities in issue		44.775	49.791
Other liabilities	4	339.303	347.697
Subordinated loan stock		133.294	128.380
Total liabilities		30.696.337	35.131.490
Equity			
Share capital		1.795.141	899.528
Share premium		428.271	1.164.903
Convertible Enhanced Capital Securities		428.835	862.233
Revaluation and other reserves		106.336	2.585
Accumulated losses		(2.500.106)	(670.988)
Equity attributable to owners of the Company		258.477	2.258.261
Non-controlling interests		77.222	84.444
Total equity		335.699	2.342.705
Total liabilities and equity		31.032.036	37.474.195

BANK OF CYPRUS GROUP

Extracts from the Consolidated Statement of Changes in Equity

for the year ended 31 December 2012

	2012	2011
	€000	€000
Total equity at 1 January	2.342.705	2.828.349
Change of accounting policy	-	(97.347)
Total equity at 1 January (restated)	2.342.705	2.731.002
Loss for the year	(2.223.019)	(1.366.413)
Other comprehensive income after tax	123.895	189.595
Purchase of shares of the Company	(39.756)	(1.946)
Disposal of shares of the Company	3.138	895
Cost of share-based payments	-	2.611
Issue of shares	159.683	-
Issue costs	(2.449)	-
Dividend paid and reinvested	-	(18.437)
Defense contribution on deemed dividend distribution	(28.498)	(2.191)
Dividend paid by subsidiaries	-	(978)
Issue of Convertible Enhanced Capital Securities (CECS)	-	857.084
Exchange of Convertible Capital Securities and Capital Securities with CECS	-	(13.902)
Issue costs of CECS	-	(1.458)
Interest on CECS	-	(34.631)
Change in ownership percentage of subsidiary	-	581
Increase in the share capital of subsidiary companies	-	887
Conversion of convertible bonds and convertible capital securities	-	6
Total equity at 31 December	335.699	2.342.705

BANK OF CYPRUS GROUP
 Extracts from the Consolidated Statement of
 Comprehensive Income
 for the year ended 31 December 2012

	2012	2011 (restated)
	€000	€000
Loss after tax	(2.223.019)	(1.366.413)
Foreign currency translation reserve	8.627	(8.553)
Available-for-sale investments	135.919	137.796
Cash flow hedges	-	(1.291)
Actuarial loss for the defined benefit plans	(10.492)	(235)
Property revaluation	(10.159)	61.878
Total comprehensive loss for the year	(2.099.124)	(1.176.818)

BANK OF CYPRUS GROUP

Extracts from the Consolidated Statement of Cash Flows

for the year ended 31 December 2012

	2012	2011 (restated)
	€000	€000
Net cash flow used in operating activities	(3.574.954)	(3.813.973)
Net cash flow from investing activities	2.085.056	364.521
Net cash flow from/(used in) financing activities	107.539	(67.126)
Net decrease in cash and cash equivalents for the year	(1.382.359)	(3.516.578)
Exchange adjustments	(5.193)	20.490
Total cash outflow for the year	(1.387.552)	(3.496.088)
Cash and cash equivalents at 1 January	2.725.508	6.221.596
Cash and cash equivalents at 31 December	1.337.956	2.725.508

BANK OF CYPRUS PUBLIC COMPANY LTD
Extracts from the Income Statement
and Statement of Comprehensive Income
for the year ended 31 December 2012

	2012	2011 (restated)
	€000	€000
Net interest income	854.444	988.635
Net fee and commission income	179.488	189.345
Net Foreign exchange gains	20.601	35.702
Dividend from subsidiaries and joint ventures	31.179	18.449
Net gains on financial instrument transactions and disposal of subsidiaries	57.217	24.637
Other (expenses)/income	(2.759)	7.715
	1.140.170	1.264.483
Staff costs	(312.400)	(331.362)
Other operating expenses	(248.105)	(228.907)
Profit before impairment of loans and advances, Greek Government Bonds, goodwill and intangible assets	579.665	704.214
Provisions for impairment of loans and advances	(1.948.043)	(356.320)
Provision for impairment of loans and advances of subsidiaries	(337.000)	-
Impairment of investment in subsidiary	(354.417)	-
Impairment of Greek Government Bonds and change in fair value of related hedging derivatives	(143.573)	(1.719.764)
Loss before tax	(2.203.368)	(1.371.870)
Tax	(12.563)	2.940
Loss after tax	(2.215.931)	(1.368.930)
Basic and diluted losses per share (€)	(1.4340)	(1.5255)
Loss after tax	(2.215.931)	(1.368.930)
Other comprehensive income after tax	125.204	200.115
Total comprehensive loss for the year	(2.090.727)	(1.168.815)

BANK OF CYPRUS PUBLIC COMPANY LTD

Extracts from the Balance Sheet

as at 31 December 2012

		2012	2011 (restated)
	Notes	€000	€000
Assets			
Cash and balances with central banks		655.254	1.242.705
Placements with banks		1.553.587	2.425.778
Reverse repurchase agreements		-	215.936
Investments	3	1.093.961	2.566.223
Investments pledged as collateral	3	734.747	938.070
Derivative financial assets		26.785	193.734
Loans and advances to customers		20.873.053	24.145.674
Bank accounts of Group Companies		2.033.776	3.321.270
Investments in Group Companies		864.930	938.567
Investments in associates and joint ventures		8.009	7.722
Property and equipment		287.169	322.226
Intangible assets		16.339	18.266
Other assets		185.606	314.930
Total assets		28.333.216	36.651.101
Liabilities			
Obligations to central banks and amounts due to banks		256.831	2.999.470
Repurchase agreements		607.773	785.993
Derivative financial liabilities		183.802	488.102
Customer deposits		25.880.056	28.223.101
Bank accounts of Group Companies		759.467	1.503.851
Debt securities in issue		15.389	20.319
Other liabilities	4	244.081	251.509
Subordinated loan stock		126.372	121.452
Total liabilities		28.073.771	34.393.797
Equity			
Share capital		1.795.141	899.528
Share premium		428.271	1.164.903
Convertible Enhanced Capital Securities		428.835	862.233
Revaluation and other reserves		147.719	46.155
Accumulated losses		(2.540.521)	(715.515)
Total equity		259.445	2.257.304
Total liabilities and equity		28.333.216	36.651.101

BANK OF CYPRUS PUBLIC COMPANY LTD
 Extracts from the Statement of Changes in Equity
 for the year ended 31 December 2012

	2012	2012
	€000	€000
Total equity at 1 January	2.257.304	2.733.407
Change of accounting policy	-	(95.372)
Total equity at 1 January (restated)	2.257.304	2.638.035
Loss for the year	(2.215.931)	(1.368.930)
Other comprehensive income after tax	125.204	200.115
Purchase of shares of the Company	(38.060)	(822)
Disposal of shares of the Company	2.192	-
Cost of share-based payments	-	2.461
Dividend paid and reinvested	-	(18.463)
Defence contribution on deemed dividend distribution	(28.498)	(2.191)
Issue of Convertible Enhanced Capital Securities (CECS)	-	857.084
Conversion of Convertible Bonds and Convertible Capital Securities	-	6
Exchange of Convertible Capital Securities and Capital Securities with CECS	-	(13.902)
Issue costs of CECS	-	(1.458)
Interest on CECS	-	(34.631)
Issue of shares	159.683	-
Issue costs	(2.449)	-
Total equity at 31 December	259.445	2.257.304

BANK OF CYPRUS PUBLIC COMPANY LTD
 Extracts from the Statement of Comprehensive Income
 for the year ended 31 December 2012

	2012	2011 (restated)
	€000	€000
Loss after tax	(2.215.931)	(1.368.930)
Foreign currency translation reserve	3.918	266
Available-for-sale investments	136.297	134.578
Investments in Group Companies	5.639	28.130
Cash flow hedges	-	(1.361)
Actuarial loss for the defined benefit plans	(11.212)	(1.979)
Property revaluation	(9.438)	40.481
Total comprehensive expenses for the year	(2.090.727)	(1.168.815)

BANK OF CYPRUS PUBLIC COMPANY LTD
 Extracts from the Statement of Cash Flows
 for the year ended 31 December 2012

	2012	2011 (restated)
	€000	€000
Net cash flow from/(used in) operating activities	(3.478.702)	(3.725.976)
Net cash flow from investing activities	1.925.853	539.471
Net cash flow from/(used in) financing activities	110.412	(42.456)
Net increase/(decrease) in cash and cash equivalents for the year	(1.442.437)	(3.228.961)
Exchange adjustments	438	24.304
Total cash inflow/(outflow) for the year	(1.441.999)	(2.859.118)
Cash and cash equivalents at 1 January	2.435.409	5.640.066
Cash and cash equivalents at 31 December	993.410	2.435.409

1. The consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the 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 change in accounting policy as of 1 January 2012 in respect of the recognition of actuarial gains or losses on the defined benefit pension plans and the adoption of new and amended standards and interpretations as explained below.

The Group has adopted the following new standards, amendments and interpretations which did not have any material impact on the Group's financial statements.

- IAS 12 'Income Taxes' (amended) – Deferred tax: Recovery of Underlying Assets.
- IFRS 7 'Financial Instruments: Disclosures' (amended) - Enhanced Derecognition Disclosure Requirements.
- IFRS 1 'Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters' (amended).

The adoption of the above did not have any impact on the financial statements of the Group.

2.1 Change in accounting policy for employee retirement benefits

The Group has changed its accounting policy with respect to IAS 19 'Employee Benefits' and the recognition of actuarial gains or losses arising from defined benefit plans. The Group previously recognised these gains or losses as income or expense only when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of the defined benefit obligations of the plan or 10% of the fair value of plan assets as at that date. As a consequence, the balance sheet did not reflect unrecognised actuarial gains and losses.

As from 1 January 2012, actuarial gains or losses are recognised in full in the period in which they occur, in the consolidated statement of comprehensive income.

The Group has decided to change this accounting policy as it considers that the revised policy provides more relevant information about the effect of employee benefits and their impact on the Group's financial position and performance. In addition, the new policy conforms with the provisions of the amended IAS 19, which will be applied as from 1 January 2013.

The aforementioned change in accounting policy has been applied retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in the restatement of financial information for prior periods.

2.1 Change in accounting policy for employee retirement benefits (continued)

As a result of the accounting policy change, the following adjustments were made to the financial results and position of the Group:

Consolidated Income Statement	31 December 2011
Loss after tax	€000
Before the change in accounting policy	(1.377.844)
Reversal of amortisation of actuarial losses	11.431
After the change in accounting policy	(1.366.413)

	31 December 2011	31 December 2010
Consolidated statement of changes in equity	€000	€000
Before the change in accounting policy	2.429.079	2.828.349
Recognition of net actuarial losses in equity	(86.374)	(97.347)
After the change in accounting policy	2.342.705	2.731.002

Consolidated Balance Sheet	31 December 2011
Other assets	€000
Before the change in accounting policy	675.343
Impact of the recognition in full of net actuarial losses	(3.658)
Change in deferred tax assets	2.754
After the change in accounting policy	674.439

Other liabilities	
Before the change in accounting policy	262.227
Impact of the recognition in full of net actuarial losses	85.028
Change in deferred tax liabilities	442
After the change in accounting policy	347.697

The impact on earnings per share for the nine and the three months ended 31 December 2011 as a result of the restatement was lower than €0,01.

If the accounting policy had not been changed, the profit after tax for the year ended 31 December 2012 would have included an one-off cost of €53.869 thousand as a result of the termination of the main defined benefit plan for the Group's employees in Cyprus in January 2012. Also, profit after tax for the nine months, would not have included the positive impact amounting to €16.727 thousand which represents the difference between the value of the retirement plan obligations as at 31 December 2011 and the final cost of termination of the plan.

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

	31 December 2012	31 December 2011
Group	€000	€000
Investments		
Investments at fair value through profit or loss	21.818	26.345
Investments available-for-sale	402.547	534.803
Investments held-to-maturity	-	1.055.406
Investments classified as loans and receivables	710.968	1.012.570
	1.135.333	2.629.124
Investments pledged as collateral		
Investments at fair value through profit or loss	-	26.544
Investments available-for-sale	694.287	718.719
Investments held-to-maturity	-	148.698
Investments classified as loans and receivables	40.460	44.109
	734.747	938.070
	1.870.080	3.567.194

	31 December 2012	31 December 2011
Company	€000	€000
Investments		
Investments at fair value through profit or loss	14.423	18.655
Investments available-for-sale	368.742	485.929
Investments held-to-maturity	-	1.049.069
Investments classified as loans and receivables	710.796	1.012.570
	1.093.961	2.566.223
Investments pledged as collateral		
Investments at fair value through profit or loss	-	26.544
Investments available-for-sale	694.287	718.719
Investments held-to-maturity	-	148.698
Investments classified as loans and receivables	40.460	44.109
	734.747	938.070
	1.828.708	3.504.293

4. Other liabilities at 31 December 2012 include provisions for pending litigation or claims of €10.042 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. The Group's provision for pending litigation or claims at 31 December 2012 is set out in Note 39 of the consolidated financial statements. The litigation that arose after the reporting date is set out in Note 53 of the consolidated financial statements. 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.
5. The number of persons employed by the Group at 31 December 2012 was 10.772 (2011: 11.326) and by the Company was 6.254 (2011: 6.531).
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 2012 were 89.362 thousand and their cost of acquisition was €62.328 thousand.

7. The Group subsidiaries, branches, associates and joint venture as at 31 December 2012 and the method of consolidation used are set out in Note 51 of consolidated financial statements.

8. Related party transactions:

- (a) Loans and other advances to members of the Board of Directors and key management personnel: €5.028 thousand for the Group and the Company.
- (b) Loans and other advances to other connected persons: €29.053 thousand for the Group and €2.062.828 thousand for the Company.
- (c) Contingent liabilities and commitments (mainly documentary credits, guarantees and commitments to lend): €16.201 thousand for the Group and the Company.
- (d) Deposits by members of the Board of Directors and key management personnel: €19.260 thousand for the Group and the Company.
- (e) Deposits by other connected persons: €21.948 thousand for the Group and €781.415 thousand for the Company.
- (f) Interest income: €9.511 thousand for the Group and €100.067 thousand for the Company.
- (g) Interest expense: €3.452 thousand for the Group and €17.840 thousand for the Company.
- (h) Remuneration and other transactions of members of the Board of Directors, key management personnel and connected persons: €4.469 thousand for the Group and €4.076 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: €56 thousand for the Group and the Company.
- (j) Debt securities in issue, subordinated loan stock and CECS to other connected persons: €2 thousand for the Group and the Company.

9. Other information

The total capital expenditure of the Group for the year ended 31 December 2012 amounted to €12.264 thousand (2011: €31.266 thousand) and for the Company €8.314 thousand (2011: €9.845 thousand) .

10. Events after the balance sheet date

In March 2013, Cyprus and the Eurogroup reached an agreement on a package of measures which, inter alia, included the restructuring of the banking sector. The Group restructuring included the sale of the Greek operations and the acquisition of the Cyprus operations of Laiki Bank, thus significantly altering the profile of the Group.

Details of the events after the reporting date are disclosed in Note 53 of the consolidated financial statements.