



Bank of Cyprus Group

Interim Condensed Consolidated Financial Statements

for the three months ended 31 March 2011

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Bank of Cyprus Group

Interim Consolidated Income Statement

for the three months ended 31 March 2011

| | Notes | Three months ended 31 March | | <i>Year ended 31 December</i> |
|---|----------|--|-------------|-----------------------------------|
| | | 2011 | 2010 | 2010 |
| | | €000 | €000 | €000 |
| Turnover | | 633.944 | 598.367 | 2.577.028 |
| Interest income | | 558.024 | 478.323 | 2.091.794 |
| Interest expense | | (282.377) | (236.781) | (1.051.375) |
| Net interest income | | 275.647 | 241.542 | 1.040.419 |
| Fee and commission income | | 59.006 | 55.056 | 244.589 |
| Fee and commission expense | | (3.035) | (2.784) | (13.410) |
| Foreign exchange (losses)/profit | | (3.792) | 7.976 | 38.634 |
| Net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries | | 9.195 | 19.031 | 71.380 |
| Insurance income net of insurance claims | | 16.919 | 15.072 | 59.361 |
| Other income | | 2.540 | 1.776 | 8.916 |
| | | 356.480 | 337.669 | 1.449.889 |
| Staff costs | | (115.207) | (107.663) | (430.208) |
| Other operating expenses | | (69.274) | (64.574) | (294.717) |
| Profit before provisions | | 171.999 | 165.432 | 724.964 |
| Provisions for impairment of loans and advances | 8 | (78.707) | (73.498) | (374.497) |
| Profit before share of loss of associates | | 93.292 | 91.934 | 350.467 |
| Share of loss of associates | | (36) | (473) | (1.953) |
| Profit before tax | | 93.256 | 91.461 | 348.514 |
| Taxation | | (21.621) | (12.061) | (45.989) |
| Profit after tax | | 71.635 | 79.400 | 302.525 |
| Attributable to: | | | | |
| Non-controlling interests ((loss)/profit) | | 451 | (1.962) | (3.664) |
| Owners of the Company | | 71.184 | 81.362 | 306.189 |
| Basic earnings per share (cent) | 6 | 8,0 | 11,6 | 40,5 |
| Diluted earnings per share (cent) | 6 | 7,6 | 10,7 | 37,3 |

Bank of Cyprus Group
Interim Consolidated Statement of Comprehensive Income

for the three months ended 31 March 2011

| | Three months ended 31 March | |
|--|--|---------------|
| | 2011 | 2010 |
| | €000 | €000 |
| Profit after tax | 71.635 | 79.400 |
| Other comprehensive income | | |
| Foreign currency translation reserve | | |
| (Losses)/profit on translation of net investment in subsidiaries and overseas branches | (1.912) | 59.662 |
| Gains/(losses) on hedging of net investments | 4.538 | (5.176) |
| | 2.626 | 54.486 |
| Available-for-sale investments | | |
| Gains/(losses) from revaluation before tax | 28.444 | (62.979) |
| Transfer to the consolidated income statement on impairment | 35 | - |
| Transfer to the consolidated income statement on sale | 65 | (6.062) |
| Taxation | 338 | 1.297 |
| | 28.882 | (67.744) |
| Cash flow hedges | | |
| (Losses)/gains from revaluation before tax | (569) | 755 |
| Taxation | 33 | (76) |
| | (536) | 679 |
| Property revaluation | | |
| Taxation | 2 | (4) |
| | 2 | (4) |
| Other comprehensive income/(expense) after tax | 30.974 | (12.583) |
| Total comprehensive income for the period | 102.609 | 66.817 |
| Attributable to: | | |
| Non-controlling interests | 1.060 | 2.002 |
| Owners of the Company | 101.549 | 64.815 |

Bank of Cyprus Group

Interim Consolidated Balance Sheet

as at 31 March 2011

| | | 31 March 2011 | 31 December 2010 |
|--|--------------|--------------------------|-----------------------------|
| | Notes | €000 | €000 |
| Assets | | | |
| Cash and balances with central banks | | 970.754 | 2.241.825 |
| Placements with banks | | 5.219.948 | 5.264.628 |
| Reverse repurchase agreements | | 120.166 | 120.166 |
| Investments | 7 | 5.542.392 | 5.345.594 |
| Derivative financial assets | | 41.000 | 76.278 |
| Loans and advances to customers | 8 | 27.925.801 | 27.725.451 |
| Life insurance business assets attributable to policyholders | | 565.036 | 561.695 |
| Property and equipment | | 413.982 | 418.781 |
| Intangible assets | | 482.631 | 479.058 |
| Other assets | 9 | 430.294 | 400.459 |
| Investment in associates | | 4.235 | 3.805 |
| Total assets | | 41.716.239 | 42.637.740 |
| Liabilities | | | |
| Obligations to central banks and amounts due to banks | | 3.239.785 | 3.706.975 |
| Repurchase agreements | | 1.041.727 | 913.109 |
| Derivative financial liabilities | | 292.901 | 240.412 |
| Customer deposits | | 32.194.149 | 32.952.567 |
| Insurance liabilities | | 659.276 | 658.309 |
| Debt securities in issue | 10 | 69.561 | 83.957 |
| Other liabilities | 11 | 345.374 | 323.120 |
| Subordinated loan stock | 12 | 940.278 | 930.942 |
| Total liabilities | | 38.783.051 | 39.809.391 |
| Equity | | | |
| Share capital | 13 | 894.948 | 894.948 |
| Share premium | | 1.159.819 | 1.159.819 |
| Revaluation and other reserves | | (152.935) | (186.253) |
| Retained earnings | | 938.992 | 868.531 |
| Equity attributable to the owners of the Company | | 2.840.824 | 2.737.045 |
| Non-controlling interests | | 92.364 | 91.304 |
| Total equity | | 2.933.188 | 2.828.349 |
| Total liabilities and equity | | 41.716.239 | 42.637.740 |

Th. Aristodemou Chairman
A. Artemis Vice Chairman
A. Eliades Group Chief Executive Officer
Y. Kypri Deputy Group Chief Executive Officer
Chr. Hadjimitsis Senior Group General Manager

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Interim Consolidated Statement of Changes in Equity

for the three months ended 31 March 2011

| | Attributable to the owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|---|------------------|-------------------|------------------------------|---|-------------------------|--|---|--------------------------------------|-----------------------|------------------|---------------------------|------------------|
| | Share capital (Note 13) | Share premium | Retained earnings | Property revaluation reserve | Revaluation reserve of available-for-sale investments | Cash flow hedge reserve | Life insurance in-force business reserve | Equity component of convertible subordinated loan stock | Foreign currency translation reserve | Shares of the Company | Total | | |
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | | |
| 1 January 2011 | 894.948 | 1.159.819 | 868.531 | 100.329 | (271.012) | 1.291 | 83.697 | 12.420 | (104.701) | (8.277) | 2.737.045 | 91.304 | 2.828.349 |
| Cost of share-based payments | - | - | 2.544 | - | - | - | - | - | - | - | 2.544 | - | 2.544 |
| Purchase of shares of the Company | - | - | - | - | - | - | - | - | - | (824) | (824) | - | (824) |
| Disposal of shares of the Company | - | - | (1.350) | - | - | - | - | - | - | 1.860 | 510 | - | 510 |
| Increase in value of in-force life insurance policies | - | - | (1.986) | - | - | - | 1.986 | - | - | - | - | - | - |
| Tax on increase in value of in-force life insurance policies | - | - | 69 | - | - | - | (69) | - | - | - | - | - | - |
| Total comprehensive income/(expense) for the period | - | - | 71.184 | 2 | 28.878 | (536) | - | - | 2.021 | - | 101.549 | 1.060 | 102.609 |
| 31 March 2011 | 894.948 | 1.159.819 | 938.992 | 100.331 | (242.134) | 755 | 85.614 | 12.420 | (102.680) | (7.241) | 2.840.824 | 92.364 | 2.933.188 |

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Interim Consolidated Statement of Changes in Equity

for the three months ended 31 March 2010

| | Attributable to the owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|---|----------------|-------------------|------------------------------|---|-------------------------|--|---|--------------------------------------|-----------------------|------------------|---------------------------|------------------|
| | Share capital (Note 13) | Share premium | Retained earnings | Property revaluation reserve | Revaluation reserve of available-for-sale investments | Cash flow hedge reserve | Life insurance in-force business reserve | Equity component of convertible subordinated loan stock | Foreign currency translation reserve | Shares of the Company | Total | | |
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| 1 January 2010 | 598.197 | 712.170 | 1.084.132 | 101.583 | (8.537) | 32 | 74.599 | 12.420 | (138.138) | (13.346) | 2.423.112 | 62.386 | 2.485.498 |
| Cost of share-based payments | - | - | 856 | - | - | - | - | - | - | - | 856 | - | 856 |
| Disposal of shares of the Company | - | - | (336) | - | - | - | - | - | - | 585 | 249 | - | 249 |
| Increase in value of in-force life insurance policies | - | - | (2.228) | - | - | - | 2.228 | - | - | - | - | - | - |
| Tax on increase in value of in-force life insurance policies | - | - | 194 | - | - | - | (194) | - | - | - | - | - | - |
| Total comprehensive income/(expense) for the period | - | - | 81.362 | (4) | (67.751) | 679 | - | - | 50.529 | - | 64.815 | 2.002 | 66.817 |
| 31 March 2010 | 598.197 | 712.170 | 1.163.980 | 101.579 | (76.288) | 711 | 76.633 | 12.420 | (87.609) | (12.761) | 2.489.032 | 64.388 | 2.553.420 |

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Interim Consolidated Statement of Cash Flows
for the three months ended 31 March 2011

| | | Three months ended | |
|--|--------------|---------------------------|-------------|
| | | 31 March | |
| | | 2011 | 2010 |
| | | €000 | €000 |
| | Notes | | |
| Net cash flow from operating activities | | | |
| Profit before tax | | 93.256 | 91.461 |
| Share of loss of associates | | 36 | 473 |
| Provisions for impairment of loans and advances | | 78.707 | 73.498 |
| Depreciation of property and equipment and amortisation of intangible assets | | 11.309 | 11.091 |
| Increase in value of in-force life insurance policies | | (1.986) | (2.228) |
| Amortisation of discounts/premiums | | 78.151 | (298) |
| Cost of share-based payments | | 2.544 | 856 |
| Income from investments and disposals of property, equipment and intangible assets, less interest on subordinated loan stock | | (41.569) | (57.020) |
| | | 220.448 | 117.833 |
| Net decrease/(increase) in loans and advances to customers and other accounts | | 395.975 | (743.182) |
| Net (decrease)/increase in customer deposits and other accounts | | (1.000.595) | 215.140 |
| | | (384.172) | (410.209) |
| Tax paid | | (9.200) | (10.016) |
| Net cash flow used in operating activities | | (393.372) | (420.225) |
| Cash flow from investing activities | | | |
| Purchases of investments | | (785.316) | (1.841.628) |
| Proceeds on disposal/redemption of investments | | 606.511 | 1.036.289 |
| Interest from investments | | (35.086) | 48.677 |
| Dividend income from equity securities | | 6 | 5 |
| Purchases of property and equipment | | (6.076) | (5.902) |
| Proceeds on disposal of property and equipment | | 800 | 291 |
| Purchases of intangible assets | | (2.305) | (2.287) |
| Proceeds on disposal of intangible assets | | 1 | 18 |
| Purchases of investment property | | (4.310) | (288) |
| Proceeds on disposal of investment property | | 416 | 1.845 |
| Net cash flow used in investing activities | | (225.359) | (762.980) |
| Cash flow from financing activities | | | |
| Issue of loan stock | | 661 | 35 |
| (Repayment)/issue of senior debt | | (14.396) | 9.892 |
| Interest on subordinated loan stock | | (11.002) | (10.674) |
| Purchase of own shares | | (824) | - |
| Disposal of own shares | | 510 | 249 |
| Net cash flow used in financing activities | | (25.051) | (498) |
| Net decrease in cash and cash equivalents for the period | | (643.782) | (1.183.703) |
| Cash and cash equivalents | | | |
| 1 January | | 6.339.767 | 6.156.656 |
| Exchange adjustments | | 25.442 | (2.860) |
| Net decrease in cash and cash equivalents for the period | | (643.782) | (1.183.703) |
| 31 March | 15 | 5.721.427 | 4.970.093 |

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate information

The Interim Condensed Consolidated Financial Statements include the financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (the 'Group') and were authorised for issue by a resolution of the Board of Directors on 23 May 2011.

Bank of Cyprus Public Company Ltd is the holding company of the Bank of Cyprus Group. The principal activities of the Company and its subsidiaries during the period, continued to be the provision of banking, financial and insurance services.

The Company was incorporated in Cyprus as a limited liability company in 1930 and is a public company under the Cyprus Companies Law, the Cyprus Stock Exchange Laws and Regulations and the Income Tax Law of Cyprus.

2. Unaudited financial statements

The Interim Condensed Consolidated Financial Statements of the Group for the three months ended 31 March 2011 have not been audited by the Group's external auditors.

3. Basis of preparation

The Interim Condensed Consolidated Financial Statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated.

Statement of compliance

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2011 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited Consolidated Financial Statements for the year 2010.

Judgements and estimates

The preparation of the Interim Condensed Consolidated Financial Statements in accordance with IFRSs requires the Group's management to make judgements and estimates which have a material impact on the amounts presented in the financial statements. These judgements and estimates are consistent with those followed for the preparation of the audited Consolidated Financial Statements for the year 2010.

4. Significant accounting policies

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2011 are consistent with those followed for the preparation of the annual financial statements for the year 2010, except for the adoption by the Group of the following standards, amendments and interpretations as of 1 January 2011, which did not have any material impact on the Group's financial statements:

- *Revised IAS 24 'Related Party Disclosures'*
- *IAS 32 'Financial Instruments: Presentation'*
- *Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'*
- *Improvements to IFRSs (issued in May 2010)*
 - *IFRS 1 'First-time adoption'*
 - *IFRS 7 'Financial Instruments: Disclosures'*
 - *IAS 1 'Presentation of Financial Statements'*
 - *IAS 34 'Interim Financial Reporting'*
 - *IFRS 3 'Business Combinations'*
 - *IAS 27 'Consolidated and Separate Financial Statements'*
 - *IFRIC 13 'Customer Loyalty Programmes'*

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Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis

The Group is organised into operating segments based on the geographic location of each unit and has the following reportable operating segments: Cyprus, Greece and Russia. The Group's activities in the United Kingdom, Australia, Romania and Ukraine are separate operating segments for which information is provided to management but, due to their size, have been aggregated for disclosure purposes into one segment, namely 'Other countries'.

The Group's activities in Cyprus include the provision of banking, financial and insurance services and property and hotel business. The Group's activities in Greece include the provision of banking, financial and insurance services. The Group's activities in other countries include the provision of banking services.

Group management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit before tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation. Inter-segment transactions are made on an arm's length basis.

Operating segment disclosures are provided as presented to the Group's Senior Executive Management. Each segment's capital and the related interest income and expense are adjusted in order to be on the same basis as a percentage of the segment's risk weighted assets, as calculated for capital adequacy purposes in accordance with the relevant regulations of the Central Bank of Cyprus. The results of each segment are also adjusted to reflect the liquidity surplus/shortfall of each segment. The Group's total profit as presented in the consolidated income statement is not affected. The loans and advances to customers, the customer deposits and the related income and expense are included in the segment where the business is originated, instead of the segment where the transaction is recorded.

| | Cyprus | Greece | Russia | Other countries | Total |
|--|----------------|---------------|---------------|-----------------|------------------|
| Three months ended 31 March 2011 | €000 | €000 | €000 | €000 | €000 |
| Net interest income | 138.900 | 79.114 | 33.422 | 24.211 | 275.647 |
| Net fee and commission income | 33.187 | 11.595 | 8.018 | 3.171 | 55.971 |
| Foreign exchange (losses)/profit | (6.299) | 513 | 1.232 | 762 | (3.792) |
| Net gains/(losses) on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries | 7.686 | 2.027 | - | (518) | 9.195 |
| Insurance income net of insurance claims | 13.933 | 2.986 | - | - | 16.919 |
| Other income | 1.108 | 819 | 520 | 93 | 2.540 |
| | 188.515 | 97.054 | 43.192 | 27.719 | 356.480 |
| Staff costs | (59.853) | (29.801) | (17.161) | (8.392) | (115.207) |
| Other operating expenses | (26.152) | (22.065) | (14.148) | (6.909) | (69.274) |
| Profit before provisions | 102.510 | 45.188 | 11.883 | 12.418 | 171.999 |
| Provisions for impairment of loans and advances | (29.000) | (38.372) | (6.338) | (4.997) | (78.707) |
| Share of loss of associates | (36) | - | - | - | (36) |
| Profit before tax | 73.474 | 6.816 | 5.545 | 7.421 | 93.256 |
| Taxation | (13.363) | (5.686) | (889) | (1.683) | (21.621) |
| Profit after tax | 60.111 | 1.130 | 4.656 | 5.738 | 71.635 |
| Non-controlling interests (profit) | (27) | - | (424) | - | (451) |
| Profit after tax and non-controlling interests | 60.084 | 1.130 | 4.232 | 5.738 | 71.184 |

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Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis (continued)

| | Cyprus | Greece | Russia | Other countries | Total |
|--|----------------|----------------|---------------|-----------------|------------------|
| Three months ended 31 March 2010 | €000 | €000 | €000 | €000 | €000 |
| Net Interest income | 120.078 | 76.770 | 23.412 | 21.282 | 241.542 |
| Net fee and commission income | 30.802 | 11.575 | 7.432 | 2.463 | 52.272 |
| Foreign exchange income | 4.699 | 888 | 1.667 | 722 | 7.976 |
| Net gains on sale/(losses), revaluation and impairment of investments and derivative financial instruments | 8.985 | 10.111 | (6) | (59) | 19.031 |
| Insurance income net of insurance claims | 12.197 | 2.875 | - | - | 15.072 |
| Other income | (76) | 220 | 1.314 | 318 | 1.776 |
| | 176.685 | 102.439 | 33.819 | 24.726 | 337.669 |
| Staff costs | (55.712) | (29.721) | (15.552) | (6.678) | (107.663) |
| Other operating expenses | (25.102) | (20.352) | (13.328) | (5.792) | (64.574) |
| Profit before provisions | 95.871 | 52.366 | 4.939 | 12.256 | 165.432 |
| Provisions for impairment of loans and advances | (29.175) | (37.699) | (3.266) | (3.358) | (73.498) |
| Share of loss of associates | (473) | - | - | - | (473) |
| Profit before tax | 66.223 | 14.667 | 1.673 | 8.898 | 91.461 |
| Taxation | (5.347) | (4.547) | (1.339) | (828) | (12.061) |
| Profit after tax | 60.876 | 10.120 | 334 | 8.070 | 79.400 |
| Non-controlling interests (loss/(profit)) | 1.378 | - | 585 | (1) | 1.962 |
| Profit after tax and non-controlling interests | 62.254 | 10.120 | 919 | 8.069 | 81.362 |

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

5. Segmental analysis (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, foreign exchange income, net gains on sale, revaluation and impairment of investments, derivative financial instruments and subsidiaries, insurance income net of insurance claims and other income.

The total revenue by segment and inter-segment revenue is analysed below:

| | Cyprus | Greece | Russia | Other countries | Total |
|---|----------------|---------------|---------------|-----------------|----------------|
| Three months ended 31 March 2011 | €000 | €000 | €000 | €000 | €000 |
| Banking and financial services | 168.905 | 89.147 | 47.837 | 33.312 | 339.201 |
| Insurance services | 14.599 | 2.696 | - | - | 17.295 |
| Property and hotel business | (9) | (7) | - | - | (16) |
| Total revenue with third parties | 183.495 | 91.836 | 47.837 | 33.312 | 356.480 |
| Inter-segment revenue/(expense) | 5.020 | 5.218 | (4.645) | (5.593) | - |
| Total revenue | 188.515 | 97.054 | 43.192 | 27.719 | 356.480 |

| | | | | | |
|---|----------------|----------------|---------------|---------------|----------------|
| Three months ended 31 March 2010 | | | | | |
| Banking and financial services | 163.982 | 93.643 | 36.923 | 27.651 | 322.199 |
| Insurance services | 12.823 | 2.919 | - | - | 15.742 |
| Property and hotel business | (267) | (5) | - | - | (272) |
| Total revenue with third parties | 176.538 | 96.557 | 36.923 | 27.651 | 337.669 |
| Inter-segment revenue/(expense) | 147 | 5.882 | (3.104) | (2.925) | - |
| Total revenue | 176.685 | 102.439 | 33.819 | 24.726 | 337.669 |

Analysis of assets

| | Cyprus | Greece | Russia | Other countries | Total |
|----------------------|------------|------------|-----------|-----------------|-------------------|
| 31 March 2011 | €000 | €000 | €000 | €000 | €000 |
| Assets | 29.407.689 | 13.850.546 | 2.140.939 | 3.498.834 | 48.898.008 |
| Inter-segment assets | | | | | (7.181.769) |
| Total assets | | | | | 41.716.239 |

| | | | | | |
|-------------------------|------------|------------|-----------|-----------|-------------------|
| 31 December 2010 | | | | | |
| Assets | 31.042.592 | 14.690.567 | 2.110.613 | 3.506.399 | 51.350.171 |
| Inter-segment assets | | | | | (8.712.431) |
| Total assets | | | | | 42.637.740 |

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Notes to the Interim Condensed Consolidated Financial Statements

6. Earnings per share

| | <i>Three months ended 31 March</i> | |
|---|--|-------------|
| | <i>2011</i> | <i>2010</i> |
| Basic earnings per share | | |
| Profit after tax attributable to the owners of the Company (€ thousand) | 71.184 | 81.362 |
| Weighted average number of shares in issue during the period, excluding shares of the Company (thousand) | 893.672 | 702.489 |
| Basic earnings per share (cent) | 8,0 | 11,6 |
| Diluted earnings per share | | |
| Basic earnings after tax attributable to the owners of the Company (€ thousand) | 71.184 | 81.362 |
| Interest on Convertible Bonds and Convertible Capital Securities (€ thousand) | 8.807 | 8.825 |
| Diluted earnings after tax attributable to the owners of the Company (€ thousand) | 79.991 | 90.187 |
| Weighted average number of shares used for basic earnings per share (thousand) | 893.672 | 702.489 |
| Adjustment for the issue of shares resulting from the conversion of Convertible Bonds and Convertible Capital Securities (thousand) | 156.850 | 143.181 |
| Diluted weighted average number of shares (thousand) | 1.050.522 | 845.670 |
| Diluted earnings per share (cent) | 7,6 | 10,7 |

The Share Options 2008/2010 (Note 13) do not constitute potentially dilutive ordinary shares, as their conversion into ordinary shares would not reduce earnings per share.

The Convertible Bonds 2013/2018 and the Convertible Capital Securities (Note 12) constitute potentially dilutive ordinary shares.

The diluted earnings per share are calculated by adjusting the weighted average number of shares used for the basic earnings per share, under the assumption that all potentially dilutive ordinary shares are converted into shares by their holders.

The weighted average number of shares for the three months ended 31 March 2010 has been adjusted to reflect the bonus element of the shares issued under the Dividend Reinvestment Plan arising from the dividend payments in June and November 2010 and under the Rights Issue which took place in October 2010.

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Notes to the Interim Condensed Consolidated Financial Statements

7. Investments

| | 31 March 2011 €000 | 31 December 2010 €000 |
|--|------------------------------|--------------------------|
| Investments at fair value through profit or loss | 198.872 | 200.855 |
| Investments available-for-sale | 2.493.905 | 2.320.239 |
| Investments held-to-maturity | 996.721 | 1.022.850 |
| Investments classified as loans and receivables | 1.852.894 | 1.801.650 |
| | 5.542.392 | 5.345.594 |

Reclassification of trading investments

On 1 April 2010, the Group reclassified certain debt securities from trading investments to investments classified as loans and receivables in view of the fact that the Group had no intention to trade or sell these debt securities in the near future and these securities met the definition of loans and receivables at the date of reclassification. The book value and fair value of the reclassified debt securities is presented below:

| | 31 March 2011 | | 31 December 2010 | | 1 April 2010 |
|---|----------------------|-------------------|-------------------|-------------------|----------------------------------|
| | <i>Book value</i> | <i>Fair value</i> | <i>Book value</i> | <i>Fair value</i> | <i>Book value and fair value</i> |
| | €000 | €000 | €000 | €000 | €000 |
| Trading investments reclassified to loans and receivables | 34.771 | 33.834 | 132.226 | 131.095 | 132.570 |

Had the Group not reclassified the debt securities on 1 April 2010, the consolidated income statement would have included gains from the revaluation of these debt securities of €146 thousand (year 2010: losses of €344 thousand).

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 1,2% to 4,4% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 July 2008, in light of the rare circumstances arising as a result of the deterioration of the world's markets in 2008, the Group identified the investments which it had no intention to trade or sell in the foreseeable future. These investments in debt securities were reclassified from trading investments to available-for-sale investments. The book value of the reclassified debt securities which is equal to their fair value is presented below:

| | 31 March 2011 | 31 December 2010 | 1 July 2008 |
|--|----------------------|------------------|-------------|
| | €000 | €000 | €000 |
| Trading investments reclassified to available-for-sale investments | 19.753 | 19.939 | 17.385 |

Had the Group not reclassified the debt securities on 1 July 2008, the consolidated income statement would have included losses from the revaluation of these securities of €185 thousand (year 2010: gains of €852 thousand) which, following the reclassification, were recorded in the revaluation reserve of available-for-sale investments in equity.

On 1 July 2008, the effective interest rate of the reclassified debt securities ranged from 5,3% to 7,4% with expected recoverable cash flows of €30 million.

7. Investments (continued)

Reclassification of available-for-sale investments

On 1 April 2010, the Group reclassified certain available-for-sale debt securities to investments classified as loans and receivables in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

| | 31 March 2011 | | 31 December 2010 | | 1 April 2010 |
|---|---------------|------------|------------------|------------|---------------------------|
| | Book value | Fair value | Book value | Fair value | Book value and fair value |
| | €000 | €000 | €000 | €000 | €000 |
| Trading investments reclassified to loans and receivables | 1.307.650 | 988.792 | 1.316.801 | 970.033 | 1.328.231 |

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included additional losses from the revaluation of these debt securities of €339.439 thousand (year 2010: losses of €375.431 thousand).

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 3,4% to 6,1% per annum. The Group expects to recover all cash flows relating to these debt securities.

The Group had also reclassified certain available-for-sale debt securities to investments classified as loans and receivables as from 1 October 2008, in view of the fact that there was no active market for these debt securities and the Group had the intention and ability to hold these securities for the foreseeable future. The book value and fair value of the reclassified debt securities is presented below:

| | 31 March 2011 | | 31 December 2010 | | 1 October 2008 |
|--|---------------|------------|------------------|------------|---------------------------|
| | Book value | Fair value | Book value | Fair value | Book value and fair value |
| | €000 | €000 | €000 | €000 | €000 |
| Available-for sale investments reclassified to loans and receivables | 166.936 | 163.077 | 169.038 | 165.072 | 169.196 |

Had the Group not reclassified these debt securities on 1 October 2008, the Group's equity would have included gains from the revaluation of these debt securities of €964 thousand (year 2010: losses of €6.011 thousand) which would have been otherwise included in the revaluation reserve of available-for-sale investments in equity.

On 1 October 2008, the effective interest rate of the reclassified debt securities ranged from 4,6% to 4,7% with expected recoverable cash flows of €221 million.

On 1 April 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

| | 31 March 2011 | | 31 December 2010 | | 1 April 2010 |
|---|---------------|------------|------------------|------------|---------------------------|
| | Book value | Fair value | Book value | Fair value | Book value and fair value |
| | €000 | €000 | €000 | €000 | €000 |
| Available-for sale investments reclassified to held-to-maturity investments | 496.759 | 401.247 | 493.970 | 402.484 | 498.237 |

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Notes to the Interim Condensed Consolidated Financial Statements

7. Investments (continued)

Reclassification of available-for-sale investments (continued)

Had the Group not reclassified these debt securities on 1 April 2010, the Group's equity would have included losses from the revaluation of these debt securities of €96.990 thousand (year 2010: losses of €93.959 thousand) which would have been included in the revaluation reserve of available-for-sale investments.

On 1 April 2010, the effective interest rate of the reclassified debt securities ranged from 4,0% to 6,3% per annum. The Group expects to recover all cash flows relating to these debt securities.

On 1 October 2010 the Group reclassified certain debt securities from available-for-sale investments to investments held-to-maturity, in view of the fact that the Group had the intention and ability to hold these investments until their maturity. The book value and fair value of the reclassified debt securities is presented below:

| | 31 March 2011 | | <i>31 December 2010</i> | | <i>1 October 2010</i> |
|---|----------------------|-------------------|-------------------------|-------------------|----------------------------------|
| | Book value | Fair value | <i>Book value</i> | <i>Fair value</i> | <i>Book value and fair value</i> |
| | €000 | €000 | <i>€000</i> | <i>€000</i> | <i>€000</i> |
| Available-for sale investments reclassified to held-to-maturity investments | 365.342 | 304.847 | 374.756 | 334.502 | 363.114 |

Had the Group not reclassified these debt securities on 1 October 2010, the Group's equity would have included losses from the revaluation of these debt securities of €58.267 thousand (year 2010: losses of €38.415 thousand) which would have been included in the revaluation reserve of available-for-sale investments in equity.

On 1 October 2010 the effective interest rate of the reclassified debt securities ranged from 1,4% to 5,0% per annum. The Group expects to recover all cash flows relating to these debt securities.

8. Loans and advances to customers

| | 31 March 2011 | <i>31 December 2010</i> |
|---|----------------------|-------------------------|
| | €000 | <i>€000</i> |
| Loans and advances to customers | 29.142.795 | 28.885.850 |
| Provisions for impairment of loans and advances | (1.216.994) | (1.160.399) |
| | 27.925.801 | 27.725.451 |

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Notes to the Interim Condensed Consolidated Financial Statements

8. Loans and advances to customers (continued)

The movement in the provisions for impairment of loans and advances to customers is presented in the table below:

| | <i>Three months ended 31 March</i> | |
|---|--|-------------|
| | <i>2011</i> | <i>2010</i> |
| | <i>€000</i> | <i>€000</i> |
| 1 January | 1.160.399 | 872.268 |
| Exchange adjustments | (1.880) | 8.738 |
| Applied in writing off impaired loans and advances | (10.204) | (7.124) |
| Interest accrued on impaired loans and advances | (10.895) | (9.219) |
| Collection of loans and advances previously written off | 867 | 1.989 |
| Charge for the period | 78.707 | 73.498 |
| 31 March | 1.216.994 | 940.150 |

9. Other assets

Other assets at 31 March 2011 include investment properties of €123.530 thousand (31 December 2010: €116.307 thousand).

10. Debt securities in issue

| | <i>Contractual interest rate</i> | <i>31 March 2011</i> | <i>31 December 2010</i> |
|---|--------------------------------------|--------------------------|-----------------------------|
| | | <i>€000</i> | <i>€000</i> |
| Medium term senior debt | | | |
| SEK 50 million 2009/2012 | OMX Stockholm 30 index | 5.341 | 5.315 |
| SEK 100 million 2010/2014 | Return of specific shares | 11.441 | 11.371 |
| €2 million 2010/2016 | DJ EUROSTOXX 50 | 2.000 | 2.000 |
| USD 2 million 2010/2016 | S&P 500 index | 1.454 | 1.545 |
| | | 20.236 | 20.231 |
| Short term commercial paper | | | |
| In Euro | - | - | 4.997 |
| In US Dollars | - | 7.028 | 7.470 |
| | | 7.028 | 12.467 |
| Other debt securities in issue | | | |
| RUB Certificates of Deposit and Promissory Notes | 11% | 41.805 | 50.767 |
| Interest-free loan from the European Development Bank | - | 492 | 492 |
| | | 42.297 | 51.259 |
| | | 69.561 | 83.957 |

Debt securities in issue are not secured and the rights and claims of debt security holders rank pari passu with the claims of depositors and creditors of the Group.

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Notes to the Interim Condensed Consolidated Financial Statements

10. Debt securities in issue (continued)

In May 2009 the Group completed the securitisation of mortgage loans, as a result of which €1.000 million residential mortgage backed notes were issued. In September 2009, the Group completed the securitisation of finance lease receivables, as a result of which €689 million notes were issued. The liability arising from the issue of these notes is not included in the consolidated balance sheet of the Group as all notes issued are held by the Group. The residential mortgage backed notes issued in May 2009 were repaid at par in March 2011.

Medium term senior debt

The Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (31 December 2010: €4.000 million).

Under the EMTN Programme, the Company issued in March 2010 SEK 100 million 2010/2014 bonds, the redemption amount of which is linked to the return of specific shares listed on the Stockholm Stock Exchange.

In May 2009, the Company issued the SEK 50 million 2009/2012 bonds, the redemption amount of which is linked to the OMX Stockholm 30 Index.

In May 2010, the Company issued the €2 million 2010/2016 and USD 2 million 2010/2016 bonds, the redemption amount of which is linked to the DJ EUROSTOXX 50 and S&P 500 index, respectively.

Short term commercial paper

The Company established a Euro Commercial Paper (ECP) Programme with an aggregate nominal amount up to €1.000 million (31 December 2010: €1.000 million). According to the terms of the Programme, the Commercial Paper is issued in various currencies at a discount and pays no interest. Each issue has a maturity period up to 364 days and is unlisted.

Other debt securities in issue

The RUB Certificates of Deposits and Promissory Notes were issued by CB Uniastrum Bank LLC at par, are unlisted and have maturities up to one year.

11. Other liabilities

Other liabilities at 31 March 2011 include provisions for pending litigation or claims of €3.288 thousand (31 December 2010: €3.287 thousand).

12. Subordinated loan stock

| | <i>Contractual interest rate</i> | 31 March 2011 | <i>31 December 2010</i> |
|---|--|----------------------|-------------------------|
| | | €000 | €000 |
| Subordinated Bonds 2011/2016 (€200 million) | Three-month Euribor plus 0,60% | 127.227 | 127.315 |
| Capital Securities 12/2007 (€126 million) | Three-month Euribor plus 1,25% | 122.033 | 122.023 |
| Convertible Bonds 2013/2018 (€573 million) | 7,50% until 30 June 2009 and six-month Euribor plus 1,00% thereafter | 41.314 | 40.986 |
| Convertible Capital Securities (€645 million) | 5,50% | 643.444 | 634.034 |
| Subordinated Bonds in US Dollars 2013/2014/2015 | 2,50% | 6.260 | 6.584 |
| | | 940.278 | 930.942 |

The subordinated loan stock is not secured and the rights and claims of loan stockholders are subordinated to the claims of depositors and other creditors of the Company, but have priority over those of the shareholders of the Company.

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Notes to the Interim Condensed Consolidated Financial Statements

12. Subordinated loan stock (continued)

Subordinated Bonds

The Company established a Euro Medium Term Note (EMTN) Programme with an aggregate nominal amount up to €4.000 million (31 December 2010: €4.000 million).

Under the EMTN Programme, the Company issued in May 2006, €200 million 2011/2016 bonds maturing in May 2016. The Company had the option to call the bonds in whole during or after May 2011. The Company exercised the call option on 4 May 2011. The interest rate of the bonds was set at the three-month Euribor plus 0,60% until May 2011, increasing to plus 1,60% thereafter. The bonds were listed on the Luxembourg Stock Exchange.

The Subordinated Bonds in US Dollars 2013/2014/2015 were issued by CB Uniastrum Bank LLC and mature as follows: US\$2 million on 31 December 2013, US\$2,5 million on 31 December 2014 and US\$2 million on 31 December 2015. The interest rate can be changed unilaterally by the issuer at any time until maturity.

Convertible Bonds

In July 2008, the Company issued Convertible Bonds 2013/2018, with nominal value of €573 million in Euro, maturing in June 2018. The Convertible Bonds carried a fixed interest rate of 7,50% per annum until 30 June 2009 and floating interest rate thereafter, set at the six-month Euribor plus 1,00% until June 2013 and plus 3,00% thereafter.

As a result of the Rights Issue to the Company's shareholders (Note 13) and the special distribution of interim dividend in the form of shares (Note 13) during 2010, the conversion price of the Convertible Bonds was adjusted in accordance with the relevant terms of issue from €10,50 to €8,11 per share. The conversion periods are between 15-30 September of years 2010-2012 and 15-31 March of years 2011-2013. The Convertible Bonds may be redeemed at the option of the Company in or after September 2013, subject to the prior consent of the Central Bank of Cyprus. The Convertible Bonds 2013/2018 are listed on the Cyprus Stock Exchange.

On 6 June 2009, Convertible Bonds 2013/2018 with nominal value €527 million were exchanged for Convertible Capital Securities of the same nominal value.

During the first conversion period between 15-30 September 2010, 45.866 Convertible Bonds were converted into 4.971 shares.

Convertible Capital Securities

On 6 June 2009, the Company issued €645 million Convertible Capital Securities that were offered to eligible shareholders of the Company (in the ratio of Convertible Capital Securities with nominal value of €11 for every 10 shares held). The issue proceeds were received through the exchange of Convertible Bonds 2013/2018 with nominal value of €527 million and the remaining €118 million was received in cash.

The Convertible Capital Securities bear a fixed interest rate of 5,50% per annum for the first five years and a floating interest rate set at the six-month Euribor plus 3,00% per annum thereafter. The Convertible Capital Securities may be converted into ordinary shares of the Company. As a result of the Rights Issue to the Company's shareholders (Note 13) and the special distribution of interim dividend in the form of shares (Note 13) during 2010, the conversion price of the Convertible Capital Securities was adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share. The conversion periods are between 15-30 September of years 2010-2013 and 15-31 March of years 2011-2014.

The Convertible Capital Securities are perpetual, but may be redeemed at the option of the Company, at par together with any accrued interest, on 30 June 2014 or on any other interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus.

During the first conversion period between 15-30 September 2011, 90.001 Convertible Capital Securities were converted into 18.661 shares.

The Convertible Capital Securities are listed on the Cyprus Stock Exchange and the Athens Exchange.

Bank of Cyprus Group

Notes to the Interim Condensed Consolidated Financial Statements

12. Subordinated loan stock (continued)

Capital Securities

The €126 million Capital Securities 12/2007 were issued in Cyprus Pounds in December 2007. The Capital Securities are perpetual, but may be redeemed in whole, at the option of the Company, at par together with any accrued interest, five years after their issue date or on any interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus.

The interest rate of Capital Securities 12/2007 was fixed at 6,00% per annum for the first six months and floating thereafter, set at the three-month Euribor plus 1,25% per annum. The Capital Securities are listed on the Cyprus Stock Exchange.

Convertible Enhanced Capital Securities

In note 20 of the Interim Financial Condensed Consolidated Statements details relating to the issue of the Convertible Enhanced Capital Securities are set out.

13. Share capital

| | 31 March 2011 | | 31 December 2010 | |
|--|----------------------|-----------|----------------------|-----------|
| | Shares (thousand) | €000 | Shares (thousand) | €000 |
| <i>Authorised</i> | | | | |
| Shares of €1,00 each | 1.500.000 | 1.500.000 | 1.100.000 | 1.100.000 |
| <i>Issued and fully paid</i> | | | | |
| 1 January | 894.948 | 894.948 | 598.197 | 598.197 |
| Dividend reinvestment | - | - | 172.630 | 172.630 |
| Conversion of Convertible Bonds and Convertible Capital Securities | - | - | 23 | 23 |
| Dividend in the form of shares | - | - | 113.199 | 113.199 |
| Dividend reinvestment | - | - | 10.899 | 10.899 |
| 31 March 2011/31 December 2010 | 894.948 | 894.948 | 894.948 | 894.948 |

Authorised share capital

On 23 March 2011, the Extraordinary General Meeting of the shareholders approved the increase of the authorised share capital of the Company from €1.100 million divided into 1.100 million ordinary shares of nominal value €1,00 each to €1.500 million divided into 1.500 million ordinary shares of nominal value €1,00 each, by creating 400 million new ordinary shares of nominal value €1,00 each which will rank pari passu with the existing ordinary shares of the Company.

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Notes to the Interim Condensed Consolidated Financial Statements

13. Share capital (continued)

Issued share capital

The Company has in force a Dividend Reinvestment Plan under which all shareholders have the option to reinvest all or part of their dividend in shares of the Company at a 10% discount on the market value of the shares. The reinvestment price for the dividend paid on 17 June 2010 was set at €2,91 per share, for the dividend paid on 8 December 2009 was set at €4,25 per share and for the dividend paid on 10 June 2009 was set at €3,93 per share.

As a result of the dividend reinvestment during 2010, 10.899.362 shares were issued and the Company's share capital and share premium increased by €10.899 thousand and €21.454 thousand, respectively.

As a result of the conversion of Convertible Bonds and Convertible Capital Securities, 23.632 shares were issued on 30 September 2010 and the Company's share capital and share premium increased by €23 thousand and €112 thousand, respectively.

On 22 October 2010, the Group completed the increase of the Company's share capital through a Rights Issue of up to €345 million. Each outstanding ordinary share received one nil paid pre-emptive subscription right. Every 7 pre-emptive subscription rights exercised were converted into 2 new ordinary shares at €2,00 per each new share. As a result, 172.630.273 new shares were issued and the Company's share capital and share premium increased by €172.630 thousand, each.

On 11 November 2010 the Company paid a dividend in the form of shares. As a result, 113.198.589 shares were issued and the share capital and share premium increased by €113.199 thousand and €254.697 thousand respectively.

All issued ordinary shares carry the same rights.

The share premium is not available for distribution to equity holders.

Share-based payments – Share Options

On 14 May 2008, the Annual General Meeting of the Company's shareholders approved the granting of share options to Group employees without these shares being first offered to existing shareholders and authorised the Board of Directors to issue up to 15 million shares of the Company.

In the context of the above decision, on 28 May 2008 the Board of Directors authorised the granting of 12,5 million share options to Group employees in Cyprus and Greece who were in service on 28 May 2008 ('Share Options 2008/2010'). The Extraordinary General Meeting of the shareholders of the Company on 23 June 2009 approved the amendment of the terms of the Share Options 2008/2010, modifying their exercise price and exercise period.

On 9 July 2009, the Board of Directors, authorised the granting of up to 2,5 million additional Share Options 2008/2010 to Group employees who were in service on 30 June 2009.

Each Share Option 2008/2010 gave its holder the right to purchase one share of the Company at the price of €5,50 per share. As a result of the Rights Issue to the Company's shareholders during October 2010 and the special distribution of interim dividend in the form of shares during November 2010, the exercise price of the Share Options has been adjusted in accordance with the relevant terms of issue from €5,50 to €4,24 per share.

In the Extraordinary General Meeting of the shareholders held at 23 March 2011, the exercise price of the Share Options was adjusted to €3,30 per share.

On 31 December 2009, 2/3 of the Share Options 2008/2010 granted, had vested to the beneficiaries; the remaining 1/3 of the share options had rested on 31 December 2010. The Share Options 2008/2010 can be exercised by their holders from 1 January to 31 March of 2011, 2012 and 2013 and from 1 November to 31 December 2012 and 2013. The Share Options 2008/2010 are not transferable and are unlisted.

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Notes to the Interim Condensed Consolidated Financial Statements

14. Dividend

On 28 February 2011, the Board of Directors decided to propose the payment of a final dividend of €0,03 per share amounting to €26.848 thousand, which will be proposed for approval at the Annual General Meeting of the shareholders on 24 May 2011. The proposed ex-dividend date will be 31 May 2011, that is buy transactions that will take place before market close of the Cyprus Stock Exchange and Athens Exchange on 30 May 2011 will be eligible to receive the dividend. The dividend will be paid on 16 June 2011.

15. Cash and cash equivalents

| | 31 March 2011 | 31 March 2010 |
|---|--------------------------|--------------------------|
| | €000 | €000 |
| Cash and non obligatory balances with central banks | 712.266 | 329.997 |
| Placements with banks repayable within three months | 5.009.161 | 4.640.096 |
| | 5.721.427 | 4.970.093 |

16. Staff numbers

The number of persons employed by the Group at 31 March 2011 was 11.892 (31 December 2010: 12.009).

17. Group companies

The companies and branches included in the consolidated financial statements of the Group, their activities, their country of incorporation and the percentage held by the Company (directly or indirectly) as at 31 March 2011 are:

| Company | Country | Activities | Percentage holding (%) |
|--|---------|---|------------------------|
| Bank of Cyprus Public Company Ltd | Cyprus | Commercial bank | N/A |
| The Cyprus Investment and Securities Corporation Ltd (CISCO) | Cyprus | Investment banking | 100 |
| General Insurance of Cyprus Ltd | Cyprus | General insurance | 100 |
| EuroLife Ltd | Cyprus | Life insurance | 100 |
| Kermia Ltd | Cyprus | Property trading and development | 100 |
| Kermia Properties & Investments Ltd | Cyprus | Property trading and development | 100 |
| Kermia Hotels Ltd | Cyprus | Hotel business | 100 |
| BOC Ventures Ltd | Cyprus | Management of venture capital investments | 100 |
| Tefkros Investments Ltd | Cyprus | Investment fund | 100 |
| Bank of Cyprus Mutual Funds Ltd | Cyprus | Inactive | 100 |
| Cytrustees Investment Public Company Ltd | Cyprus | Closed-end investment company | 50 |
| Diners Club (Cyprus) Ltd | Cyprus | Diners Club credit card facilities | 100 |
| BOC Russia (Holdings) Ltd | Cyprus | Intermediate holding company | 80 |
| Otherland Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Gosman Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Pittsburg Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Battersee Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Trecoda Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Bonayia Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Bocaland Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Buchuland Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Commonland Properties Ltd | Cyprus | Intermediate holding company | 100 |
| Romaland Properties Ltd | Cyprus | Intermediate holding company | 100 |
| BC Romanoland Properties Ltd | Cyprus | Intermediate holding company | 100 |

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Notes to the Interim Condensed Consolidated Financial Statements

17. Group companies (continued)

| Company | Country | Activities | Percentage holding (%) |
|--|-----------------|---|------------------------|
| Bank of Cyprus Public Company Ltd (branch) | Greece | Commercial bank | N/A |
| Kyprou Leasing SA | Greece | Leasing | 100 |
| Kyprou Commercial SA | Greece | Financing of motor vehicles and other consumer products | 100 |
| Kyprou Securities SA | Greece | Investment banking | 100 |
| Kyprou Asset Management (AEDAK) | Greece | Management of mutual funds | 100 |
| Kyprou Properties SA | Greece | Property management | 100 |
| Kyprou Insurance Services Ltd | Greece | General insurance brokers | 100 |
| Kyprou Zois (branch of EuroLife Ltd) | Greece | Life insurance | 100 |
| Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd) | Greece | General insurance | 100 |
| Bank of Cyprus United Kingdom (branch) | United Kingdom | Commercial bank | N/A |
| Katoikia I Mortgage Finance Plc | United Kingdom | Special purpose entity | - |
| Katoikia I Holdings Ltd | United Kingdom | Special purpose entity | - |
| Misthosis Funding Plc | United Kingdom | Special purpose entity | - |
| Misthosis Funding (Holding) Ltd | United Kingdom | Special purpose entity | - |
| Bank of Cyprus (Channel Islands) Ltd | Channel Islands | Commercial bank | 100 |
| Tefkros Investments (CI) Ltd | Channel Islands | Investment fund | 100 |
| Bank of Cyprus Australia Ltd | Australia | Commercial bank | 100 |
| Bank of Cyprus Romania (branch) | Romania | Commercial bank | N/A |
| Cyprus Leasing Romania IFN SA | Romania | Leasing | 100 |
| Otherland Properties Dorobanti SRL | Romania | Property investment | 100 |
| S.C. O.N.T. Carpati S.A | Romania | Hotel business | 94 |
| Pittsburg Properties SRL | Romania | Property investment | 94 |
| Battersee Real Estate SRL | Romania | Property investment | 94 |
| Trecoda Real Estate SRL | Romania | Property investment | 94 |
| Green Hills Properties SRL | Romania | Property investment | 94 |
| Bocaland Properties SRL | Romania | Property investment | 94 |
| Buchuland Properties SRL | Romania | Property investment | 94 |
| Commonland Properties SRL | Romania | Property investment | 94 |
| Romaland Properties SRL | Romania | Property investment | 94 |
| Janoland Properties SRL | Romania | Property investment | 94 |
| CB Uniastrum Bank LLC | Russia | Commercial bank | 80 |
| Leasing Company Uniastrum Leasing | Russia | Leasing | 100 |
| PJSB Bank of Cyprus | Ukraine | Commercial bank | 100 |
| LLC Ikos Finance | Ukraine | Financing company | 100 |
| Kyprou Finance (NL) B.V. | Netherlands | Financing company | 100 |

Acquisition of subsidiary

On 1 April 2010, in the context of an arrangement in debt satisfaction with a customer, the Company acquired control of Gosman Properties Ltd which owns 94% of the share capital of S.C. ONT Carpati S.A., incorporated in Romania.

Disposal of subsidiary

On 9 June 2010 the Group sold 100% of the share capital of Leadbank LLC (previously LLC CB Bank of Cyprus).

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Notes to the Interim Condensed Consolidated Financial Statements

17. Group companies (continued)

Dissolution of subsidiary

On 10 December 2010, the business and the assets and liabilities of the subsidiary company Mortgage Bank of Cyprus Ltd were transferred to the Company, with a parallel dissolution without liquidation of the subsidiary.

Investments in associates and joint venture

Additionally to the above companies, the Group owns 45% of the share capital of JCC Payment Systems Ltd for which proportional consolidation is used.

The Group's investments in associates comprise of Interfund Investments Plc (a shareholding of 23%) and Grand Hotel Enterprises Society Ltd (a shareholding of 30%).

18. Related party transactions

| | 31 March 2011 | 31 December 2010 |
|--|--------------------------|-----------------------------|
| | €000 | €000 |
| Loans and other advances: | | |
| - members of the Board of Directors and key management personnel | 7.447 | 7.330 |
| - connected persons | 242.039 | 237.013 |
| | 249.486 | 244.343 |
| Deposits: | | |
| - members of the Board of Directors and key management personnel | 66.026 | 71.069 |
| - connected persons | 35.722 | 25.568 |
| | 101.748 | 96.637 |
| Debt securities in issue and subordinated loan stock: | | |
| - members of the Board of Directors and key management personnel | 17.876 | 17.133 |
| - connected persons | 2.407 | 2.401 |
| | 20.283 | 19.534 |

Interest income and expense from related parties for the three months ended 31 March 2011 amounted to €3.125 thousand and €1.227 thousand (corresponding period of 2010: €2.470 thousand and €1.464 thousand) respectively.

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend amounting to €135.329 thousand (31 December 2010: €113.102 thousand). There were also contingent liabilities and commitments to Group key management personnel and their connected persons amounting to €290 thousand (31 December 2010: €327 thousand). Using forced-sale values, the total unsecured amount of the loans and advances and of the contingent liabilities and commitments in respect of related parties at 31 March 2011 amounted to €29.663 thousand (31 December 2010: €8.065 thousand).

During the three months ended 31 March 2011, the remuneration of the members of the Board of Directors (number of directors 31 March 2011: 17, 31 March 2010: 15) and key management personnel amounted to €1.374 thousand (corresponding period of 2010: €1.265 thousand).

In April 2011, the Board of Directors of the Company, accepted the proposal by the Group Chief Executive Officer, Mr. Andreas Eliades, and by the Deputy Group Chief Executive Officer, Mr. Yiannis Kypri, to waive their bonus for 2010 which is immediately payable, in view of the prevailing economic conditions. The Board of Directors also approved the recommendation of the Remuneration Committee to adopt the proposal of the Group Chief Executive Officer to extend the retention period for the shares awarded to executive directors and key management personnel as a bonus for 2010, until 31 December 2015 (instead of the previous one-year retention period).

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Notes to the Interim Condensed Consolidated Financial Statements

18. Related party transactions (continued)

During the three months ended 31 March 2011 the Group also had the following transactions with connected persons: reinsurance premiums amounting to €46 thousand (corresponding period of 2010: €47 thousand) to companies of the Commercial General Insurance Group in which Mr Andreas Artemis holds an indirect interest; purchases of equipment and services amounting to €82 thousand (corresponding period of 2010: €38 thousand) from Pylones SA Hellas and Unicars Ltd in which Mrs Anna Diogenous holds an indirect interest; purchases of equipment amounting to €169 thousand (corresponding period of 2010: €339 thousand) from Mellon Cyprus Ltd which is significantly influenced by a person connected to Mrs Anna Diogenous; and insurance commissions amounting to €36 thousand (corresponding period of 2010: €38 thousand) to D. Severis and Sons Ltd which is owned by Mr Costas Z. Severis.

Connected persons include spouses, minor children and companies in which directors or key management personnel hold, directly or indirectly, at least 20% of the voting shares in a general meeting, or act as directors or exercise control of the entities in any way.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions with customers of a similar credit standing. A number of credit facilities have been extended to key management personnel and their connected persons on the same terms as those applicable to the rest of the Group's employees.

19. Other information

- The total capital expenditure of the Group for the three months ended 31 March 2011 amounts to €8.381 thousand (corresponding period of 2010: €8.189 thousand).
- The Group's provision for pending litigation or claims at 31 March 2011 is set out in Note 11. 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.
- In September 2009, an action was filed against the Company by the Trustees of the AremiSoft Corporation Liquidating Trust, which is similar in substance to the one filed in New York, in 2006. In the detailed statement of claim filed in October 2010 the Trustees, on behalf of the investors of AremiSoft, claim the amount of approximately USD\$ 550 million (€387 million) plus interest and costs, in damages, which according to their allegations, have resulted from, inter alia, an alleged conspiracy between the Company and two of the major shareholders of AremiSoft, alleged fraudulent transactions through bank accounts held with the Company in Cyprus and the United Kingdom, alleged breach of contract and alleged negligence. The Group does not expect to have any material financial impact as a result of this action.

20. Events after the balance sheet date

- On 4 May 2011, the Company exercised its option to call in whole, the €200 million 2011/2016 Bonds maturing in May 2016.
- On 28 February 2011, the Board of Directors of the Company, decided to propose at an Extraordinary General Meeting of shareholders the issue of Convertible Enhanced Capital Securities (CECS) of up to €1.342 million. The issue of CECS was approved at the Extraordinary General Meeting held on 23 March 2011. The CECS were offered via a priority right to subscribe to the existing shareholders of the Company ('Eligible Shareholders'). Eligible Shareholders and other applicants could subscribe to the Convertible Enhanced Capital Securities issue by paying the corresponding consideration for the CECSs either in cash or in the form of 'Eligible Securities' of the Company and specifically (i) Convertible Bonds 2013/18 (ii) Convertible Capital Securities and (iii) Capital Securities 12/2007, of an equal nominal value. The holders of these securities had priority after the Eligible Shareholders and before any other applicants.

In the context of the CECS issue, the Company has received subscriptions amounting to €890 million approximately. Subscriptions totalling €696 million were in the form of exchange of Existing Eligible Securities (Convertible Bonds 2013/2018, Convertible Capital Securities and Capital Securities 12/2007). The issue date of the CECS is 18 May 2011.