



Announcement

Group Financial Results for the Six months ended 30 June 2008

- Profit after tax €244 mn
 - Annual increase of 6%
 - High return on equity 24,4%
 - Improvement of non performing loans ratio to 3,6%

 - Dynamic business growth
 - 28% annual growth of loan portfolio
-

Nicosia, 24 July 2008

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In 1991, the Group established its first branch in Greece where it has been expanding rapidly since 1999. It has an established banking presence in the United Kingdom and in 2001 it expanded to Australia through a wholly owned subsidiary bank. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 335 branches, of which 145 operate in Greece, 143 in Cyprus, 26 in Ukraine, 5 in the United Kingdom, 10 in Australia, 4 in Romania, 1 in Russia and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Canada and South Africa. The Bank of Cyprus Group employs 7.600 staff worldwide.

At 30 June 2008, the Group's Total Assets reached €31,57 bn and the Shareholders' Funds were €2,06 bn. The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found at the Group's website www.bankofcyprus.com.

A. Summary of Results

The Bank of Cyprus Group maintained high levels of profitability and return on equity and continued the dynamic growth of its operations in the new geographic markets with positive results despite the negative global environment. The investments of the Group in the new markets are expected to yield significant future benefits in the coming years, in terms of business growth as well as profitability.

Specifically, for the first half 2008 profit after tax reached €244 mn recording an annual increase of 6% and achieving a return on equity of 24,4%. The Group maintained its efficiency with the cost to income ratio remaining at low levels (43,6%) for the first half 2008 despite the significant investment for further expansion of the network in Greece, and also the cost of the development of operations in Russia, Romania and Ukraine. The ratio of non-performing loans to total loans improved to 3,6% at 30 June 2008 from 4,6% at 30 June 2007 and from 3,8% at 31 December 2007. The Group's loan portfolio and deposits grew by 28% and 9% respectively. This performance is in line with the targets of the Group's three year strategic plan 2008-2010.

The main financial highlights of the Group for first half 2008 are set out in the table below:

Table 1

€ mn	Change	1H08	1H07	Year 2007
Profit before tax	+4%	285	274	577
Profit after tax	+6%	244	229	485
Earnings per Share	+4%	43,0 cent	41,3 cent	86,8 cent
Cost/Income	+0,3 p.p.*	43,6%	43,3%	43,8%
Return on Equity	-3,3 p.p.*	24,4%	27,7%	27,6%

* p.p. = percentage points, 1 percentage point = 1%

- Profit after tax for the first half 2008 reached €244 mn compared to €229 mn for the first six months of 2007, recording an increase of 6%.
- The Group return on equity was maintained at a high level (24,4%) in a particularly demanding and negative environment.
- The Group maintained its efficiency with the cost to income ratio remaining at low levels (43,6%) for the first half 2008.
- The strong credit expansion continued in Cyprus, Greece and the new markets resulting in a significant annual increase of the Group's loan portfolio by 28%.
- There was a successful increase of the customer base and an annual increase of deposits by 9%.
- Cost growth was contained (7%) at rates lower than the rate of growth of business volumes (28%).
- The quality of the Group's loan portfolio improved with the relevant ratio being reduced to 3,6% compared to 4,6% at 30 June 2007 and 3,8% at 31 December 2007. The provision charge was maintained at 0,3% of total loans.
- The profitability of the Group's operations in Cyprus continues to be exceptional. Profit after tax for the first half of 2008 stood at €179 mn, recording an increase of 3% and generating a return on equity of 40%.
- The profitability of the Group's operations in Greece is also noteworthy with profit after tax for the first half of 2008 reaching €55 mn, recording an increase of 8% compared with the first half of 2007.

- The Group's operations in Russia and Romania made a positive contribution with profit after tax for the first six months of 2008 reaching €0,4 mn in Russia and €1,3 mn in Romania.

B. Prospects

The Group is focused on the implementation of its strategy of autonomous growth and further significant growth rates in both volumes and profits. The financial performance to date is in line with the targets of the Group's three year strategic plan 2008-2010.

The Group is taking measures to offset the negative impact from the continuous pressure on liability spreads. Such measures include the repricing of selected loan products, the faster expansion of the Group in the new markets with higher margins and the enhancement of other income.

In parallel the dynamic expansion of the Group in the new markets creates a new dimension for the Bank of Cyprus Group. The fast growing Russian market with which the Group maintains long term relations through the provision of international banking services in Cyprus and our experience in this market encouraged us to speed up our expansion process. The agreement for the acquisition of the Russian Uniasturm Bank is an important step for the Group creating significant prospects for its profitability and at the same time ensuring the geographic and by sector diversification of its operations.

C. Financial Footings

Table 2

Analysis of Loans and Deposits by Geographic Sector								
€ mn	Group		Cyprus		Greece		Other countries	
	annual ±%	30.06.08	annual ±%	30.06.08	annual ±%	30.06.08	annual ±%	30.06.08
Loans <i>Contribution</i>	+28%	22.237	+30%	10.856 49%	+24%	8.993 40%	+41%	2.388 11%
Deposits <i>Contribution</i>	+9%	25.029	+6%	14.062 56%	+16%	9.356 37%	+5%	1.611 7%

C.1 Group Loans

The Group's loans reached €22,24 bn at 30 June 2008, recording an annual increase of 28%.

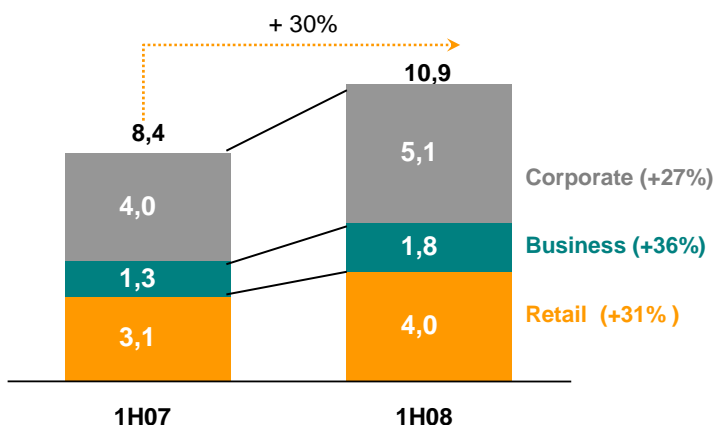
C.1.1 Loans in Cyprus

The Group's total loans in Cyprus at 30 June 2008 amounted to €10,86 bn, recording an annual increase of 30%.

The Group has increased its market share in total loans of commercial banks and credit cooperatives in Cyprus, to 29,2% in May 2008 (latest available data), compared to 27,8% in May 2007, an increase of 1,4 percentage points in the last 12 months. The increase of our leading market share is the result of the recognition of Bank of Cyprus' leading brand name, its extensive network as well as the effective marketing campaigns focusing on the business sector and mortgage lending.

Graph 1

Cypriot loan book (€ bn)



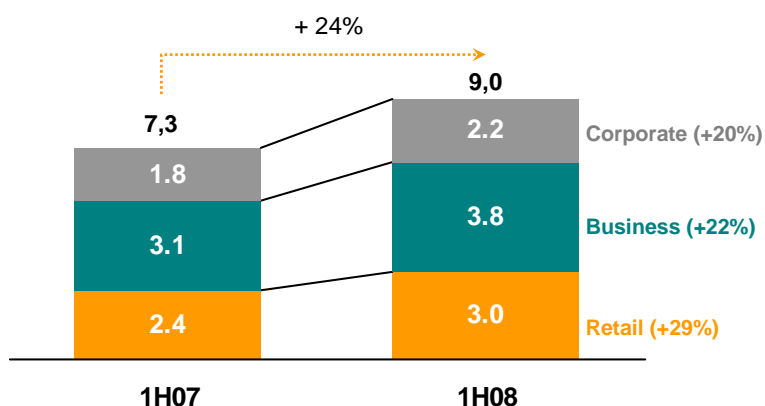
C.1.2 Loans in Greece

The annual rate of increase in the Group's loans in Greece reached 24%, with total loans reaching €8,99 bn at 30 June 2008 and the market share standing at 3,8% in May 2008 (latest available data).

The Group's dynamic expansion in Greece was focused mainly on mortgage and consumer loans. Mortgage and consumer loans balances at 30 June 2008 increased by 37% and 23% respectively compared to 30 June 2007.

Graph 2

Greek loan book (€ bn)



C.1.3 Loans in Other Countries

At 30 June 2008, Group loans in the United Kingdom and Australia, reached €1,26 bn and €464 mn respectively.

In the new markets, Russia, Romania and Ukraine the Group's loan portfolio at 30 June 2008 doubled compared to 31 December 2007 reaching €665 mn at 30 June 2008.

C.1.4 Loans by Customer Sector

The breakdown of the Group's loan portfolio in Cyprus and Greece by customer sector is shown in the table below.

Table 3

Analysis of Loans by Customer Sector				
	Cyprus		Greece	
	€ mn	% portfolio	€ mn	% portfolio
Corporate	5.054	47%	2.195	24%
Small and Medium-sized Enterprises (SMEs)	1.819	17%	3.811	42%
Retail				
o mortgage	2.430	22%	1.597	18%
o other	1.553	14%	1.390	16%
Total	10.856	100%	8.993	100%

C.1.5 Non-Performing Loans ("NPLs")

The significant improvement in the quality of the Group's loan portfolio was the result of the continuous improvement of credit risk management and the collections of overdue amounts.

The ratio of loans in arrear for longer than three months which are not fully covered by collateral ("non performing loans") to total Group loans at 30 June 2008 was 3,6% compared to 4,6% at 30 June 2007 and 3,8% at 31 December 2007.

In parallel, the Group maintained the coverage ratio (provisions/NPLs) at 74% at 30 June 2008. The remaining balance of NPLs is fully covered by tangible collateral.

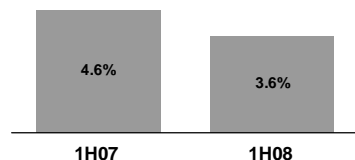
The quality of the loan portfolio in Cyprus registered a significant improvement with the relevant indicator improving to 4,5% at 30 June 2008 compared to 6,5% one year ago.

The quality of the Group loan portfolio in Greece remains very good. Using the NPL definition mentioned above, the Group's NPL ratio in Greece was maintained at 3,2% at 30 June 2008 (30 June 2007: 3,2%). This ratio compares favourably to the ratio of the Greek banking system, as per Bank of Greece data.

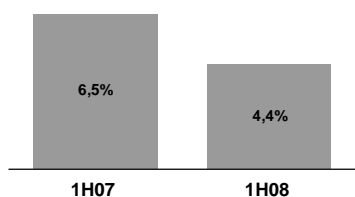
Graph 3

Evolution of non performing loans (NPLs)

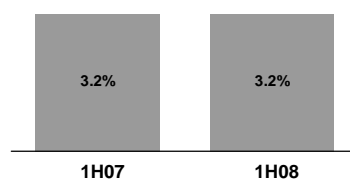
Group (NPLs/Total loans)



Cyprus (NPLs/Total loans)



Greece (NPLs/Total loans)



C.2 Group Deposits

The Group's total deposits increased by 9% reaching €25,03 bn at 30 June 2008, enhancing its liquidity.

The increase in the Group's deposits together with the low loans to deposits ratio (88,8%), confirm the Group's ability to implement its strategic plan. It is noted that as at 30 June 2008 79% of Group assets were funded by customer deposits whereas only 11% were funded by the interbank market and wholesale funding.

C.2.1 Deposits in Cyprus

In Cyprus, the annual rate of increase in Group deposits was 6% with total deposits reaching €14,06 bn as at 30 June 2008. The Group has the leading market share (30,2%) of total deposits of commercial banks and credit cooperatives.

Group deposits in foreign currency in Cyprus amount to 35% of the total deposits in Cyprus, with the Bank's market share in this sector among commercial banks standing at 42,4% in May 2008.

C.2.2 Deposits in Greece

Group deposits in Greece increased at an annual rate of 16%, reaching €9,36 bn at 30 June 2008. At the end of May 2008 (latest available data) the Group's market share in deposits in Greece stood at 3,6%.

C.2.3 Deposits in Other Countries

At 30 June 2008, the Group's deposits in the United Kingdom and Australia reached €1,17 bn and €282 mn respectively.

C.3 Shareholders' Funds

At 30 June 2008, the Group shareholders' funds amounted to €2,03 bn, recording a significant increase of 15% from 30 June 2007. The Group capital adequacy ratio per Basel II requirements stood at 12,1% and the core tier 1 ratio at 8,6%.

D. Analysis of Results for the first half 2008

D.1 Net Interest Income and Net Interest Margin

Net interest income reached €383 mn, recording an annual increase of 6%. The net interest income for the first half of 2008 is affected by the adoption of the Euro as Cyprus' national currency and the convergence of the Cyprus pound base rate to that of the Euro. As of 1st January 2008, the Group's interest income in Cyprus was negatively affected by the 0,5% reduction (difference between the Cyprus pound interest rate 4,5% and the European Central Bank (ECB) rate 4%) of the reference rate for pricing loans that were converted from Cyprus pounds to Euro on 31 December 2007. The ECB rate was set as the reference rate for the purposes of pricing these loans in line with a Central Bank of Cyprus circular. This had a short term negative impact on the net interest income of the first half 2008 and the net interest margin of the Group of the first half 2008, which has decreased to 2,57% compared to 2,68% for the fourth quarter 2007. The Group has already taken measures for the offsetting of these negative consequences and as a result the net interest margin of the Group for the second quarter 2008 increased to 2,67% compared to 2,49% for the first quarter of 2008.

The net interest margin of the Group's operations in Cyprus increased significantly from 2,19% for the first quarter 2008 to 2,50% for the second quarter 2008 as a result of collections of overdue amounts and improved pricing. The Group evaluates the market conditions and will continue with the re-pricing of the loan portfolio accordingly.

The net interest margin of the Group's operations in Greece was at 2,46% for the second quarter 2008 compared to 2,58% for the first quarter 2008 as a result of the comparatively higher growth rate of mortgage loans, which earn a lower spread due to their low-risk nature, compared to the growth rates of other sectors, as well as the increased competition in lending and deposits.

The Group aims to increase the loan portfolio in new markets with attractive interest margins that are expected to lead to the recovery of the Group's net interest margin.

D.2 Income from commissions and foreign exchange

Net fee and commission income recorded a significant increase (+11%) and reached €102 mn for the first half of 2008 compared to €92 mn for the first half of 2007. The foreign exchange income for the first half of 2008 recorded a decrease, as expected and reached €16 mn. The income for the first half 2008 does not include fees and commissions and foreign exchange income for the exchange between the Cyprus Pound and the Euro.

D.3 Income from Insurance Business

Total income from insurance business recorded an annual increase of 11%, reaching €30 mn. Profit before tax of the insurance business amounted to €21 mn recording an annual increase of 7% and contributing 8% to Group profit before tax.

D.4 Expenses

Total expenses for 1H08 amounted to €246 mn, recording an annual rate of increase of 7%, a rate significantly lower than the rate of increase in loans (28%). The cost to income ratio stood at 43,6% for the first half of 2008 compared to 43,3% for the first half of 2007 despite the significant investment for the expansion of the Group's network in Greece and the cost of the expansion of operations in the new markets.

Staff costs amounted to €153mn, recording an annual increase of 8%, mainly due to the increase in the costs relating to the expansion of operations in Greece, Russia and Romania. Staff costs in Greece grew by 14%, in response to the increased business volumes (24% increase in loans) and to staff the 24 new branches which opened since 30 June 2007. The Group currently operates 145 branches in Greece.

The other (non-staff) operating expenses of the Group, including the operating expenses for the start up of operations in Russia and Romania, recorded an annual increase of 7% and amounted to €93mn.

The cost to income ratio of the Group's operations in Cyprus improved from 38,6% for the first half of 2007 to 38,5% for the first half of 2008. In Greece the ratio stands at the very satisfactory level of 48,4% (1H07: 47,6%), especially considering the low maturity of the branch network and the cost of the operation of new branches.

An analysis of the Group's network and human resources is shown in the table below:

Table 4

Analysis of Branches and Human Resources			
	1H08	1H07	Change
Branches	334	285	+49
Cyprus	143	144	-1
Greece	144	121	+23
Other countries	47	20	+27
Human Resource	7.600	6.555	+1.045
Cyprus	3.516	3.363	+153
Greece	3.146	2.784	+362
Other countries	938	408	+530

D.5 Provisions for Impairment of Loans

The provision charge for the first half 2008 amounted to €26 mn and represented 0,3% (2007: 0,3%) of total Group loans, reflecting both the improvement in the quality of the loan portfolio and the very satisfactory level of accumulated provisions which include an accumulated general provision amounting to 1% of total loans.

Table 5

Analysis of Group Results and Other Financial Information						
In € mn	±%	1H08	1H07	±%	2Q07	1Q08
Net interest income	+6%	383	362	+7%	198	185
Net fee and commission income	+11%	102	93	+13%	54	48
Foreign exchange income	-21%	16	20	+8%	8	8
Net gains on sale and change in fair value of financial instruments attributable to shareholders **	-42%	9	15	+114%	6	3
Income from insurance business	+11%	30	27	-15%	14	16
Other income	+99%	23	12	-15%	11	12
Total income	+6%	563	529	+7%	291	272
Staff costs	+8%	(153)	(142)	+6%	(79)	(74)
Other operating expenses	+7%	(93)	(87)	+8%	(48)	(45)
Total expenses	+7%	(246)	(229)	+7%	(127)	(119)
Profit before provisions	+6%	317	300	+7%	164	153
Provisions for impairment of loans and advances	-19%	(26)	(33)	-21%	(11)	(15)
Share of (loss)/ profit of associates	-184%	(6)	7	-	(1)	(5)
Profit before tax	+4%	285	274	+14%	152	133
Tax	-7%	(41)	(45)	+38%	(24)	(17)
Minority interest **						
Profit after tax	+6%	244	229	+10%	128	116
Number of staff	+16%	7.600	6.555	+9%	7.600	6.996
Net interest margin (NIM)	-34 b.p.*	2,57%	2,91%	+18 b.p.*	2,67%	2,49%
Cost/Income ratio	+0,3 p.p.*	43,6%	43,3%	-0,1 p.p.*	43,6%	43,7%
Return on equity (ROE)	-3,3 p.p.*	24,4%	27,7%	+1,9 p.p.*	25,1%	23,2%

* b.p. = basis points, 100 b.p. = 1 percentage point (1%)

** For presentation purposes the net gains on sale and change in fair value of financial instruments have been calculated after the loss attributable to minority shareholders.

Table 6

Geographical Sector Analysis of Results and Other Financial Information									
In € mn	Cyprus			Greece			Other counties		
	±%	1H08	1H07	±%	1H08	1H07	±%	1H08	1H07
Net interest income	+4%	216	208	+3%	139	135	+44%	28	19
Net fee and commission income	+2%	64	63	+36%	31	23	+11%	7	6
Foreign exchange income	-31%	13	19	-13%	2	2	-	1	0
Net gains on sale and change in fair value of financial instruments attributable to shareholders **	-60%	4	9	-11%	5	6	-66%	0	1
Net income from insurance business	+14%	25	22	-2%	4	4	-	-	-
Other income	+99%	23	11	+79%	1	1	-	0	0
Total income	+4%	345	332	+7%	182	171	+41%	36	26
Staff costs	+2%	(89)	(87)	+14%	(50)	(44)	+29%	(14)	(11)
Other operating expenses	+6%	(44)	(41)	+3%	(38)	(37)	+23%	(11)	(9)
Total expenses	+3%	(133)	(128)	+9%	(88)	(81)	+26%	(25)	(20)
Profit before provisions	+4%	212	204	+5%	94	90	+87%	11	6
<i>Contribution</i>		67%	68%		30%	30%		3%	2%
Provisions for impairment of loans and advances	-82%	(2)	(10)	+6%	(24)	(23)	-	(0)	0
Share of profit of associates		(6)	7		0	0	-	0	0
Profit before tax	+2%	204	201	+5%	70	67	+79%	11	6
<i>Contribution</i>		72%	74%		25%	24%		3%	2%
Tax	-7%	(25)	(27)	-4%	(15)	(16)	-22%	(2)	(2)
Minority Interest **									
Profit after tax	+3%	179	174	+8%	55	51	+133%	9	4
<i>Contribution</i>		74%	76%		23%	22%		3%	2%
Number of staff	+5%	3.516	3.363	+13%	3.146	2.784	+130%	938	408
Net interest margin (NIM)	-27 b.p.*	2,33%	2,60%	-48 b.p.*	2,52%	3,00%	+2 b.p.*	1,89%	1,87%
Cost/Income ratio	-0,1 p.p.*	38,5%	38,6%	+0,8 p.p.*	48,4%	47,6%	-7,7 p.p.*	69,1%	76,8%
Return on equity (ROE)	-3,8 p.p.*	40,2%	44,0%	-0,8 p.p.*	18,7%	19,5%	+5,5 p.p.*	13,0%	7,5%

* b.p. = basis points, 100 b.p. = 1 percentage point (1%)

** For presentation purposes the net gains on sale and change in fair value of financial instruments have been calculated after the loss attributable to minority shareholders.

Table 7

Balance Sheet Overview				
In € mn	±%	30.06.2008	30.06.2007	31.12.2007
Cash and balances with central banks	-41%	750	1.275	1.325
Placements with banks	-16%	4.120	4.917	6.158
Debt securities, Treasury bills and equity investments	-15%	3.691	4.355	4.070
Net loans and advances to customers	+29%	21.650	16.740	18.921
Other assets	+6%	1.354	1.275	1.289
Total assets	+11%	31.565	28.562	31.763
Amounts due to banks	+126%	1.812	800	1.668
Customer deposits and other accounts	+9%	25.029	22.874	25.179
Debt securities in issue	-30%	1.088	1.559	1.254
Other liabilities	+5%	1.006	958	988
Subordinated loan stock	+2%	574	563	669
Minority Interest	-29%	27	38	39
Shareholders' equity	+15%	2.029	1.770	1.966

Notes:

- All geographical sector analyses are shown following restatements made to bring each sector's capital to the same percentage level of the sector's risk weighted assets.
- The Mid - year financial report for the six months ended 30 June 2008, is available at the Bank of Cyprus Public Company Ltd Registered Office and on the Group's website, as follows:
 - Registered Office: 51 Stassinou Street, Ayia Paraskevi, Strovolos,
P.O. Box 24884, 1398 Nicosia, Cyprus
Telephone: +357 22 122128, Fax: +357 22 378422
 - Website: www.bankofcyprus.com (Inv. Relations/Financial Information)
- The detailed presentation of the financial results for the 1H08 has been posted on the Group's website www.bankofcyprus.com (Inv. Relations/Presentations)