

Transaction summary

Strategic rationale

**Commitment to
our international expansion**

**Agreement to acquire
Uniastrum Bank in Russia**

27 June 2008

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All amounts translated from US\$ to € were made using the €/US\$ rate of €1=US\$1.5521

Key strategic and financial rationale

- BOC strategy
 - In line with announced strategy of targeting large markets in emerging Europe with rapid economic and banking sector growth
- Russia
 - High economic growth potential with under-penetrated banking sector
- Uniastrum Bank
 - 9th largest distribution network
 - Attractive and rapidly growing retail banking asset - loans and deposit growth CAGR of 105% since 2005
- Transaction structure
 - Upside/risk sharing transaction structure (80/20)
- Positive impact on BoC
 - EPS accretion from 1st full year of acquisition
 - Return on Investment above 10% from second year of acquisition

Uniastrum is uniquely positioned to capture the Russian retail banking opportunity

- 9th largest network (222 outlets) in Russia with strong presence in Moscow and regions
- Retail focused portfolio with extensive product set and high brand recognition
 - 15th by mortgages
 - 33rd by retail loans
- Good retail deposit gathering capability
 - 13th by retail deposits and healthy loans to deposits ratio (87%)
- Small balance sheet size relative to its network
 - 47th largest with total assets of €1.3bn
 - Infrastructure to support accelerated growth
- Good entrepreneurial management team
 - Award for most dynamic bank, Award for retail network development and Award for small business development in 2007
 - President of Uniastrum was awarded Best Banker of Russia by Federal Audit Chamber in 2007
 - Uniastrum included in 2007 by the CBR as one of the thirty systemic banks for the Russian Federation

Acquisition structure and timing – key terms

- Consideration of US\$576mn / €371mn for 80%
 - Attractive acquisition multiple at 3.1x P/BV, incl. capital increase at closing of US\$50mn
- 80% outright acquisition with existing key shareholders retaining the remaining 20% interest
 - Earn-out put / call option arrangement on residual 20% may be exercised within three years to incentivise shareholders/management
- Transaction expected to close in 4Q08
 - Subject to regulatory approvals
- Transaction financed out of internal resources and proceeds of subordinated convertible
- Uniastrum maintains its current branding and retail focus
 - Uniastrum will operate on a complementary basis to the existing Russian corporate focused Bank of Cyprus operations

Acquisition of Uniastrum Bank in Russia

Transaction overview

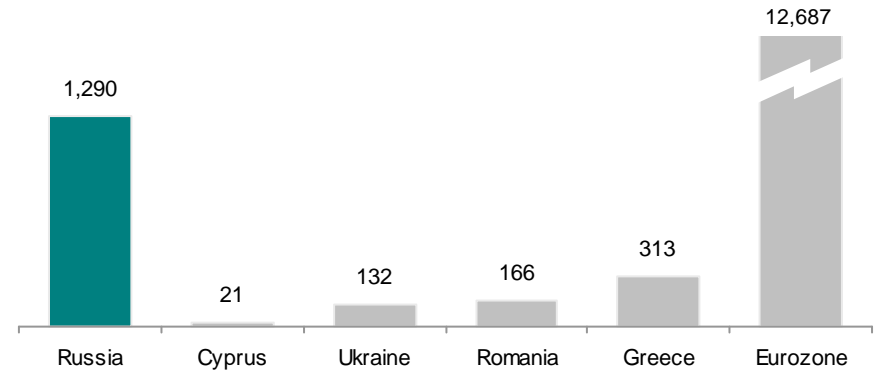
Strategic rationale

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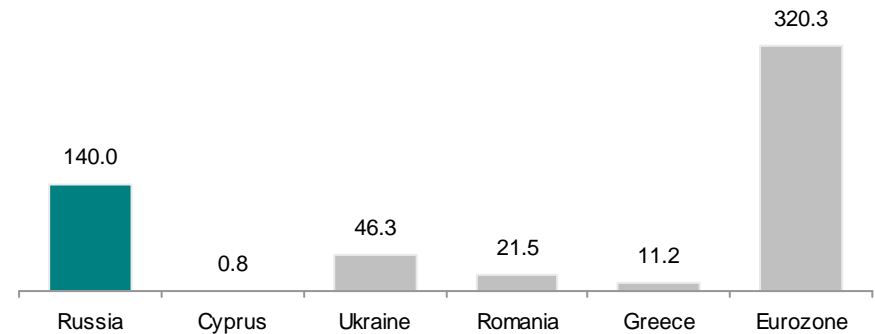
Why Russia

- ✓ The largest fast growth market in Emerging Europe
 - GDP of US\$1,290bn as of 2007 (11th largest in the world)
 - Population of 140 million and 11 cities with > 1 mm population
 - Population and GDP larger than Greece, Turkey and Balkan countries together
- ✓ Political stability
 - Smooth transition to the new administration
 - WTO accession expected in 2008
- ✓ Rapidly improving credit ratings
 - S&P: BBB+/Positive (6 upgrades since 2001)
 - Moody's: Baa2/Stable (4 upgrades since 2001)
 - Fitch: BBB+/Positive (5 upgrades since 2001)

GDP benchmarking as of 2007 (US\$bn)



Population benchmarking as of 2007 (mn)



Source: Federal State Statistics Service of Russia, Statistics Services of respective countries, ECB, Bloomberg, Factiva, FactSet

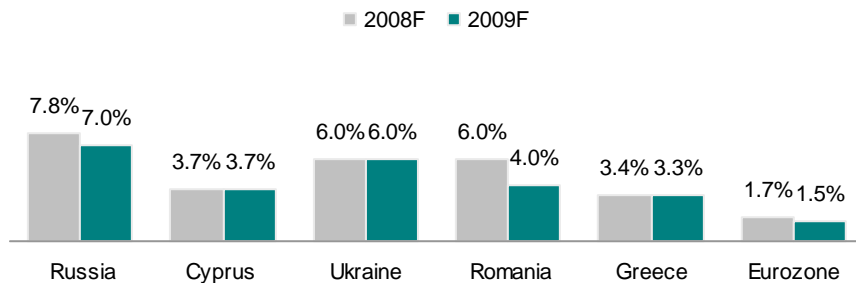
Why Russia (cont'd)

- Strong and sustainable growth
 - Average real GDP growth of 7.3% since 2004
 - Expected growth of 7.8% in 2008
 - Consistently high natural resource prices
 - Strong inflows into the stabilisation fund
- Declining inflation
- Current account and budget surplus

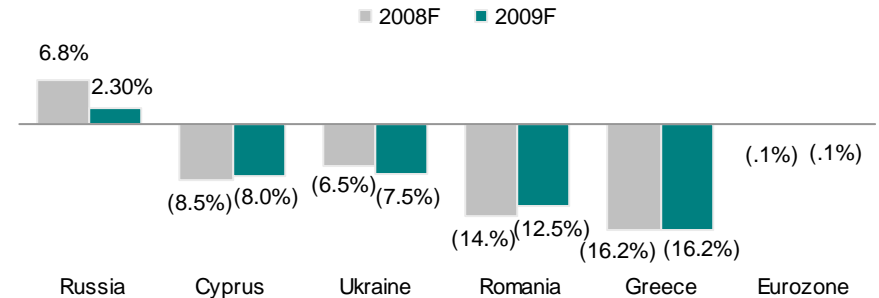
Key economic data for Russia

	2004	2005	2006	2007
Real GDP growth (%)	7.2%	6.4%	7.4%	8.1%
GDP per capita (US\$)	4,125	5,354	6,953	9,213
Budget surplus (US\$bn)	26.4	62.2	82.8	69.7
Inflation (%yoy; average)	11.0%	12.5%	9.8%	9.1%
Exchange rate RUR/USD (year-end)	27.7	28.7	26.3	24.5
Exchange rate RUR/EUR (year-end)	36.9	37.7	33.9	34.7

Real GDP growth projections (%)



Current account balance projections (%)

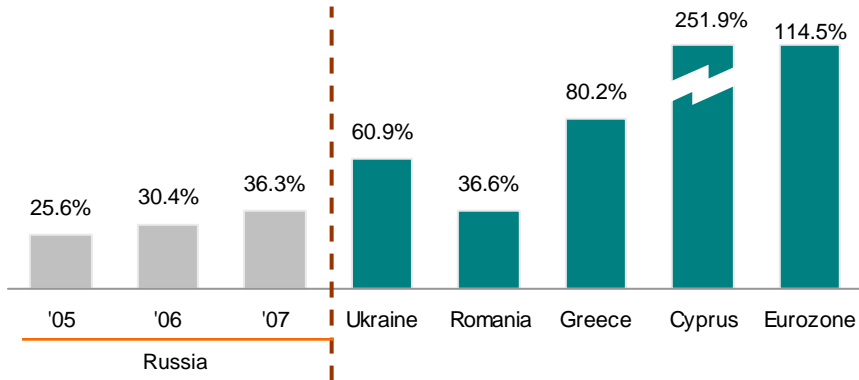


Source: Federal State Statistics Service of Russia, FactSet for exchange rates, JPMorgan Research

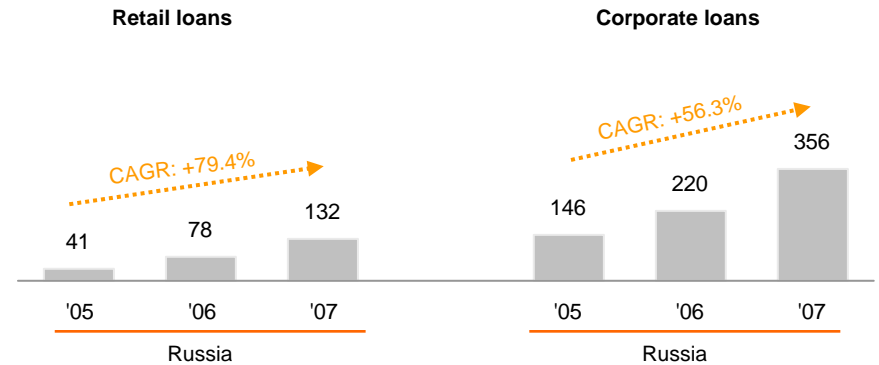
An under-penetrated banking sector...

An under-penetrated banking sector with significant further growth potential

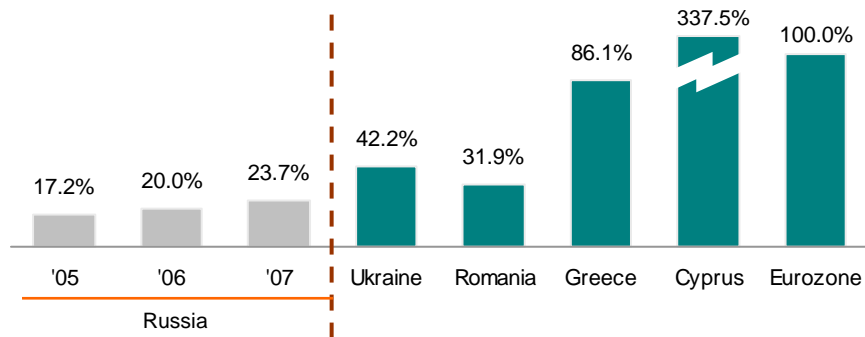
Loans/GDP (%)



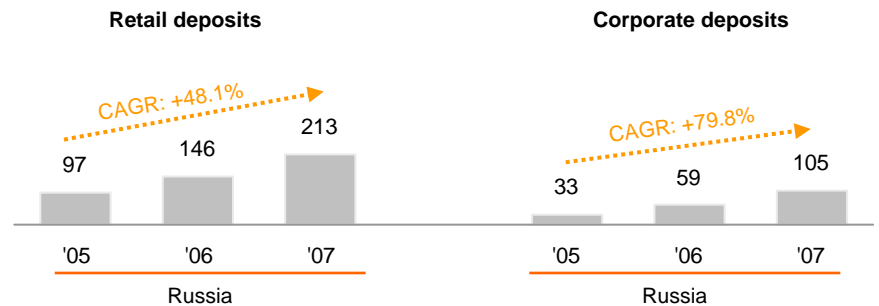
Loans (US\$bn)



Deposits/GDP (%)



Deposits (US\$bn)

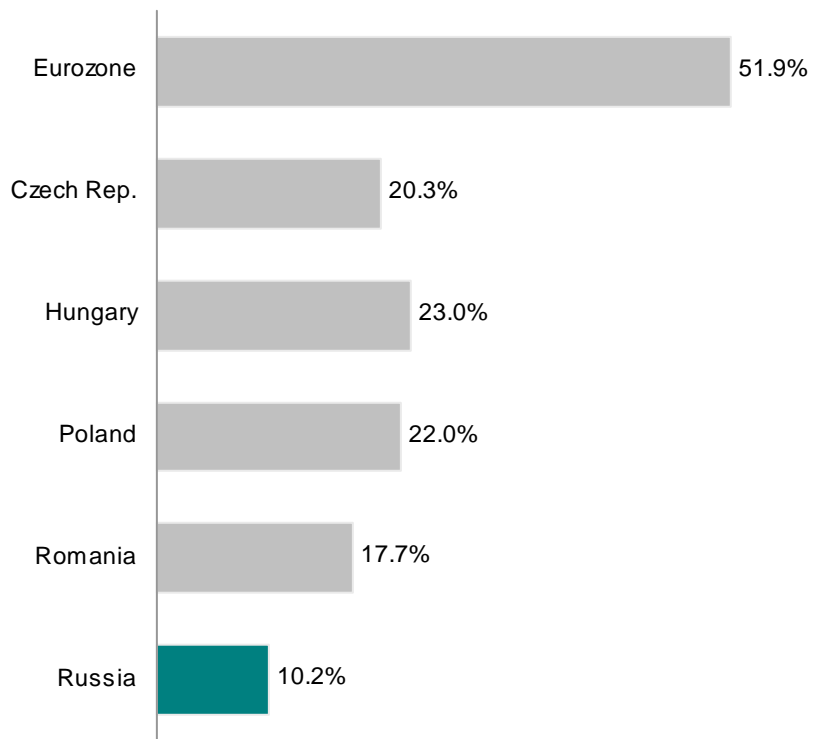


Source: Federal State Statistics Service of Russia, Statistics Services of respective countries

Source: Federal State Statistics Service of Russia

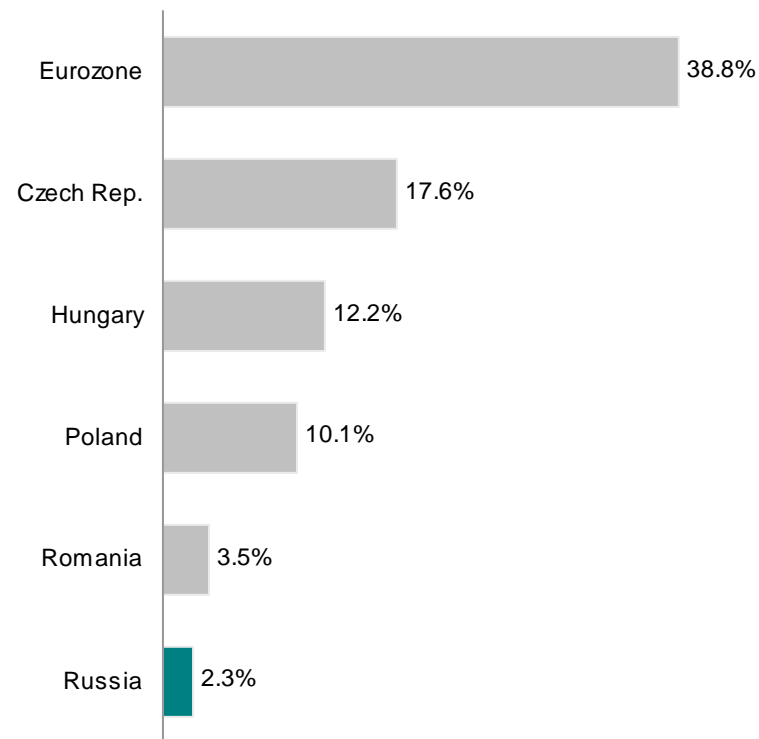
...particularly in retail and mortgage lending...

Retail loans as of % GDP (Dec-07)



Source: Central Banks of respective countries

Mortgage loans as of % GDP (Dec-07)



Source: Central Banks of respective countries

... coupled with economic and sector reforms

Recent reforms

Introduction and expansion of the deposit insurance scheme

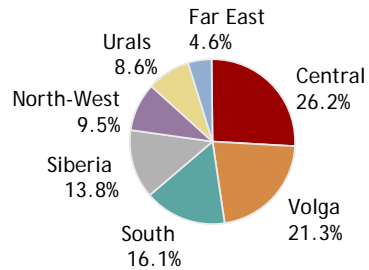
- A Deposit Insurance Scheme (DIS) was introduced in 2004 guaranteeing 100% of deposits up to RUB100,000 (US\$3,800) for all participating banks
 - Previously, only deposits held at Sberbank had such a guarantee
- In 2007 the insurance coverage cap was increased twice, initially to RUB190,000 (US\$7,250) in January and then RUB400,000 (US\$16,000) in March
 - The DIS has increased the public's confidence in medium sized banks following the collapses of 1998 and 2004 and has been a key driver of the superior growth experienced by medium sized banks

Legislation creating an official mortgage market

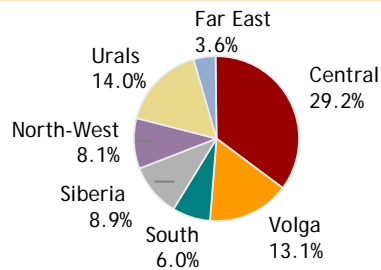
- Prior to 2004 it was not legally possible to use mortgages as a way of securing loan repayment via the possibility of real-estate repossession
- A comprehensive Real Estate Legislation Package was approved by the State Duma at the end of 2004 effectively legitimising mortgages as a credit product
 - The mortgage loan market has averaged over 100% growth per year since 2004

Economic activity has historically been concentrated around Moscow...

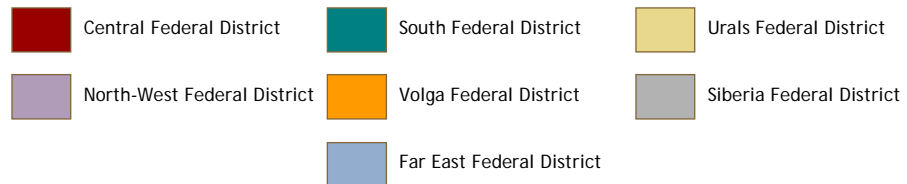
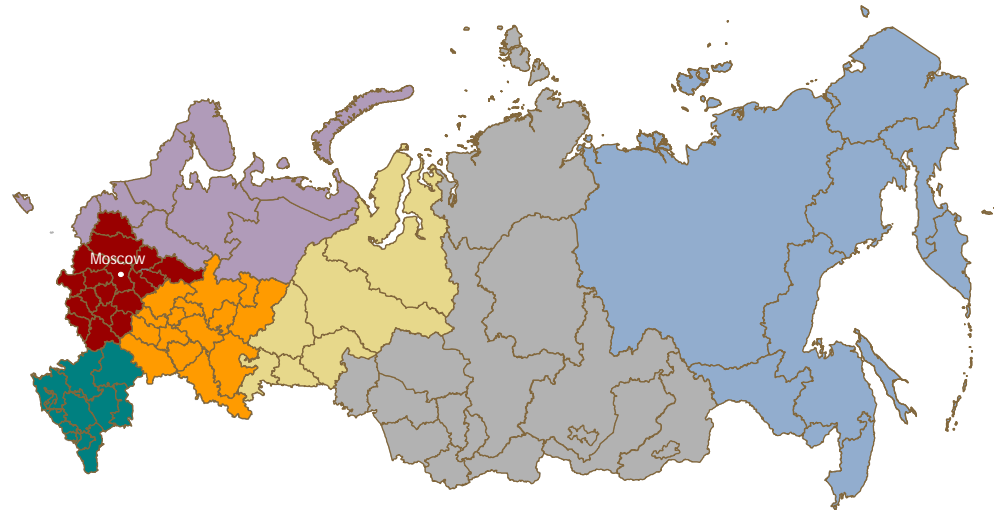
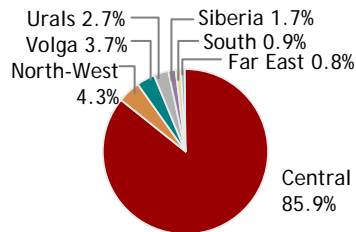
Population¹



GDP²



Banking assets³



¹ As of December 31, 2007. Source: Federal State Statistics Service of Russia

² As of December 31, 2006; estimated by applying region's reported GGP to nominal GDP for 2006. Source: Federal Statistics Service of Russia

³ As of December 2007. Source: Central Bank of Russia. Concentration of assets of credit institutions

... but now the regions are offering superior growth opportunities

Banking sector penetration in the regions

	Population ¹	% of Russian GDP ²	# of banks ³	Assets as % of GDP ⁴	Loans ⁵			Deposits ⁶		
					% of GDP	Retail loans as % of GDP	per capita, US\$	% of GDP	Retail deposits as % of GDP	per capita, US\$
Central Federal District	37	29.2%	630	154.5%	47.3%	7.8%	6,858	33.4%	23.4%	5,277
North-West Federal District	14	8.1%	81	25.6%	37.0%	9.8%	4,027	24.1%	19.7%	2,509
South Federal District	23	6.0%	118	7.9%	34.1%	12.1%	1,593	17.4%	16.3%	775
Volga Federal District	30	13.1%	134	14.8%	33.0%	10.7%	2,676	17.2%	15.0%	1,315
Urals Federal District	12	14.0%	63	10.8%	17.1%	6.5%	3,816	9.3%	8.2%	1,944
Siberia Federal District	20	8.9%	67	9.1%	31.6%	13.4%	2,620	13.4%	12.0%	946
Far East Federal District	6	3.6%	39	9.4%	24.5%	9.1%	2,275	16.3%	15.1%	1,456

Source: Russian Federal Statistical Office, Central Bank of Russia

¹ As of December 31, 2007

² As of December 31, 2006; estimated by applying region's reported GDP to nominal GDP for 2006

³ As of March 31, 2008

⁴ As of December 31, 2006; estimated by applying regional banks' assets to 2006 region's reported GDP

⁵ Penetration ratios given as of December 31, 2006; loans include retail and corporate only; retail loans include loans to individual entrepreneurs; % of GDP estimated by applying loans per region to 2006 region's reported GDP

Loans per capita as of March 31, 2008

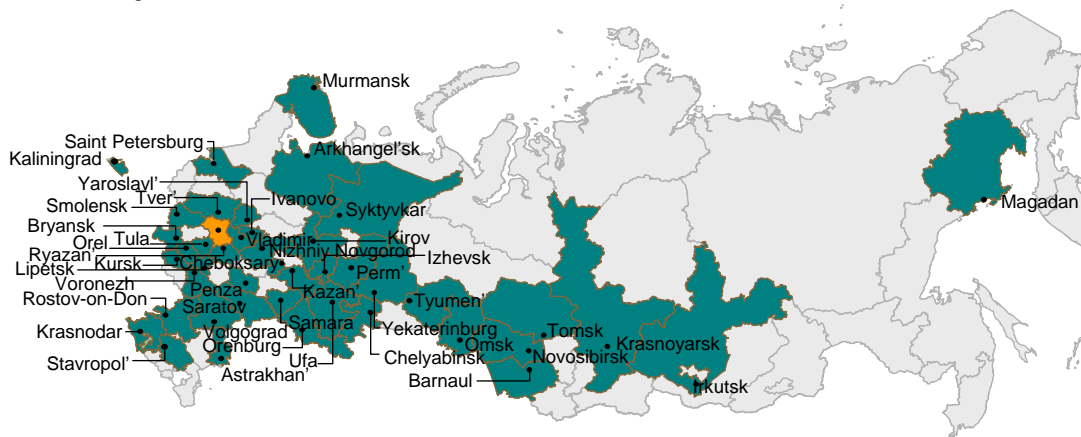
⁶ Penetration ratios given as of December 31, 2006; deposits include retail and corporate only; retail deposits include deposits of individual entrepreneurs; % of GDP estimated by applying deposits per region to 2006 region's reported GDP

Deposits per capita as of March 31, 2008

9th largest distribution network – covering 42 regions

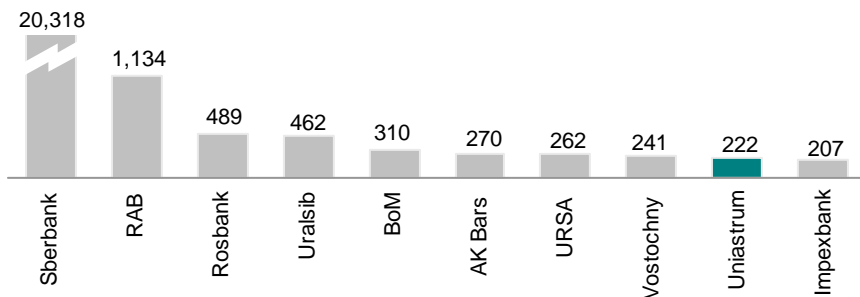
Uniastrum Bank's presence in Russia

- Moscow and Moscow region
- Other regions

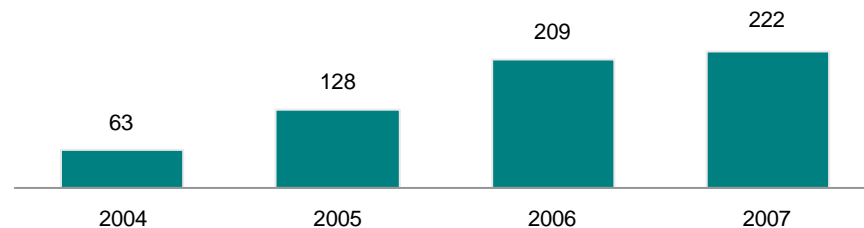


- ✓ Truly national presence covering 42 regions and all cities with a population over 600,000
- ✓ Uniform branch format structure with full service regional branches supporting banking offices
- ✓ Young branch network with over 70% of branches opened since 2004 and capable of supporting significant future growth

9th largest bank by branches¹



Uniastrum's branch network development

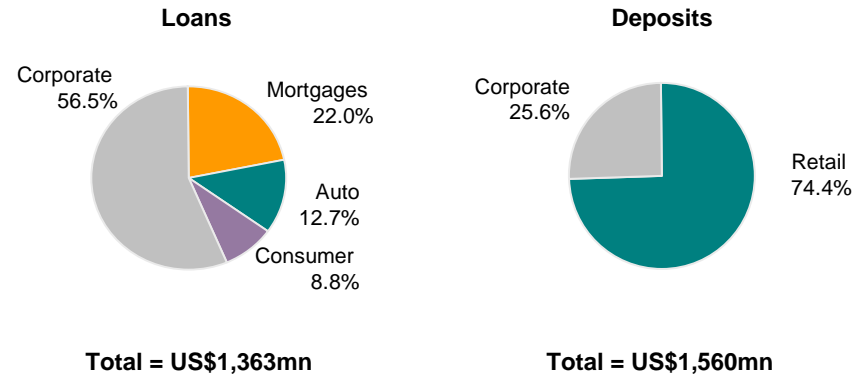


Source: Company information
¹ RBC-Rating as of Dec-07

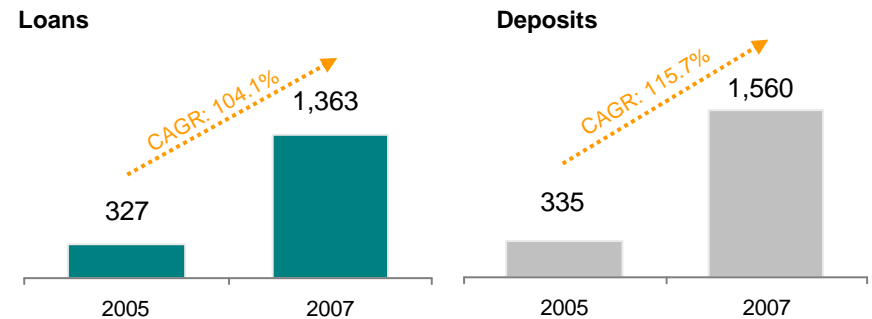
A highly dynamic retail bank

- Trackrecord of growth doubling volumes on an annual basis over last three years
- Balanced funding profile
 - Loan / deposit ratio of 87%
- Strong retail focus with:
 - Retail deposits accounting for 75% of total and providing #13 position in retail deposits
 - Developed retail lending offering including autoloans and mortgages accounting for more than 40% of portfolio
- Extensive product spectrum including credit cards, mutual funds and private banking

Strong focus on retail banking (2007)




Strong balance sheet growth (US\$mm)



Source: Uniastrum financial statements

Doubling network footprint which can be significantly leveraged

US\$m	Bank of Cyprus Group (pre-acquisition)	 UNIASTRUM BANK	Bank of Cyprus Group (post-acquisition)	Pro-forma composition ¹			
				Cyprus	Greece	Other	Uniastrum
Number of branches	331	222	553	25.9%	25.3%	8.7%	40.1%
Number of employees	7,361	4,393	11,754	29.3%	25.9%	7.5%	37.4%
Net loans	31,676	1,363	33,039	45.8%	37.9%	12.2%	4.1% ²
Deposits	38,039	1,560	39,599	59.2%	35.1%	1.7%	3.9%
Operating income	1,774	178	1,952	58.3%	27.5%	5.0%	9.1%

Source: Company financial statements

¹ includes the recent acquisition of AvtoZaz Bank in Ukraine

² All employees except those of Uniastrum Bank

Significant complementarities between Bank of Cyprus Group and Uniastrum Bank

Bank of Cyprus Group

- Strong group credit rating and liquidity position
- Excellent domestic position in consumer product development and cross-selling capabilities
- Significant number of existing Russian corporate clients
- Know-how sharing/transfer of risk management, control, internal audit and compliance functions

Uniastrum Bank

- Wide distribution platform
- High level of brand recognition
- Strong sales culture and skill set, especially in retail banking
- Cost-efficiencies to come from ongoing centralisation of operations and upgrade of IT system

- ✓ Strong historical, political and commercial ties between Russia and Cyprus
- ✓ Bank of Cyprus could leverage Uniastrum's infrastructure through:
 - Referral of retail business of corporate customers
 - Funding and capital support
 - Product development and systems

Attractive acquisition pricing

- Consideration of US\$576mn / €371mn for 80%
- Attractive acquisition multiple at 3.1x P/BV, incl. capital increase at closing of US\$50mn
- EPS accretive in first full year of acquisition
- ROI in excess of 10% from second full year of acquisition

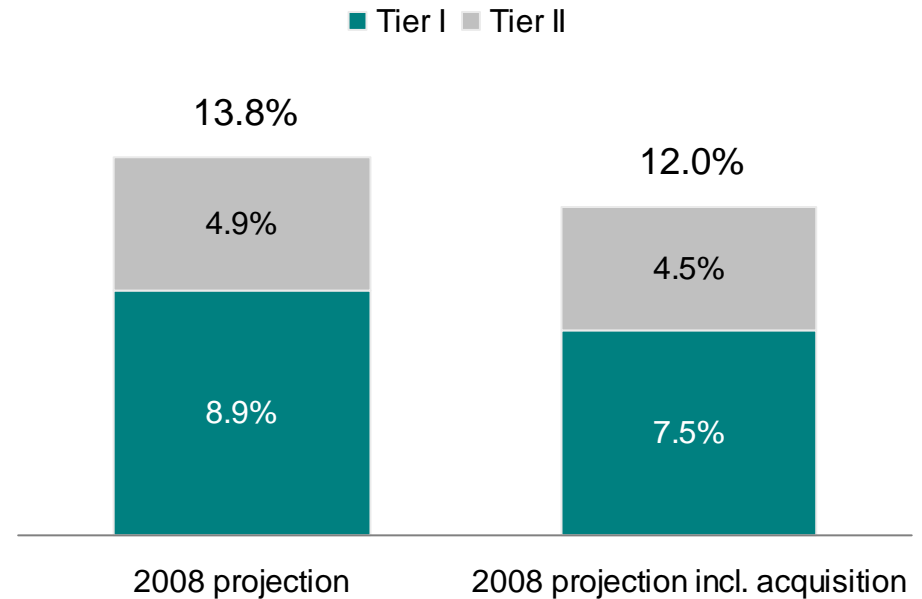
Recent acquisitions in Russia and the CIS

Acquirer/Target	Date	% acquired	Consideration (US\$mm)	Implied P/BV
Russia				
Barclays/Expobank	Mar-08	100.0%	684	4.01x
KBC/Absolut Bank	Apr-07	92.5%	956	3.80x
Ukraine				
Intesa/Pravex	Feb-08	100.0%	747	6.55x
Commerz/Bank Forum	Sep-07	60.0%	600	4.08x
Unicredit/UkrotsBank	Jul-07	95.0%	2,070	4.70x
Swedbank/Tas-Komm.	Feb-07	100.0%	810	4.86x
Kazakhstan				
Kookmin/BCC	Mar-08	30.0%	634	3.88x
Unicredit/ATF Bank	Jun-07	85.0%	1,849	4.70x

Source: Press releases, media reports

Bank of Cyprus to maintain adequate capital position post-acquisition

- Announced issuance of €560mn convertible securities in 3Q08
 - Further room for issuing Hybrid Tier 1
- 80% of Uniastrum Bank to be acquired for US\$576mn (€371mm)



Transaction Structure: Strong Incentives to Perform and Downside Protection

- 80% of the entity to be held by Bank of Cyprus
- 20% to be held by the two key shareholders
Messrs Piskov (Chairman of Board) and Zakarian (President of Bank)
- Bank of Cyprus has full majority in the Board Uniastrum Bank
 - Existing Chairman of Board and President of Bank maintain current positions and charged with medium term development and ownership transition
- Put/call option for the remaining 20% interest effectively incentivises selling shareholders on delivering bottom line performance and protecting Bank of Cyprus from downside

New dimension in Bank of Cyprus Group

- Successful implementation of announced strategic plan
 - Expand in targeted markets
 - Accelerated market penetration
- Maximise utilisation of Bank of Cyprus' special skills and strengths in a huge promising market in cooperation with a dynamic well-placed player
- Expand Bank of Cyprus Group
 - Balance Sheet size
 - Liquidity
 - Profitability
- Ensure excellent geographic and sectoral diversification



Maximise shareholder value

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