Bank of Cyprus Group

Financial Results for 1st Half 2008

24 July 2008

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Financial Results 1H08 - Highlights

First Half 2008 Financial highlights

High profitability, spectacular growth and improving quality

- Profit after tax reached €244 mn (+6%)
- Spectacular loan growth +28%
- Significant deposit gathering +9%
- Improved NPLs ratio to 3,6% from 4,6% a year ago

Outstanding key performance indicators

- Cost to income ratio 43,6%
- Return on equity 24,4%

Dynamic expansion of operations in new countries

- Completion of acquisition of AvtoZAZBank
- Agreement to acquire Uniastrum Bank in Russia

Balance Sheet footings

Strong Loans to Deposits ratio

- Loans to Deposits 88,8%
- 11% wholesale funding
- Solid base for execution of Strategic Plan 2008 -2010

Strong Capital Base

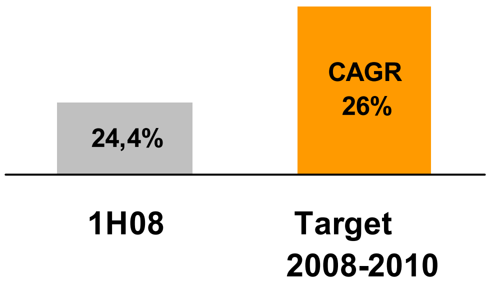
- Capital adequacy ratio 12,1%
- Tier 1 ratio 9,5% ,Core Tier 1 ratio 8,6%

Income Statement Review

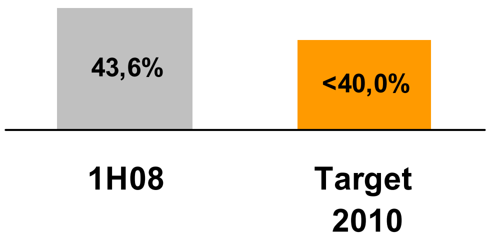
Increase in profitability in a challenging environment

Income & Expense Analysis (€mn)	1H08	1H07	Change
Net interest income	383	362	+6%
Fee & commission income	102	93	+11%
Foreign exchange income	16	20	-21%
Net operating income from insurance operations	30	27	+11%
Other operating income	32	27	+18%
Total income	**563**	**529**	**+6%**
Total expenses	**246**	**229**	**+7%**
Provisions	26	33	-19%
Share of (loss)/profit of associate	(6)	7	
Profit before tax	**285**	**274**	**+4%**
Tax	41	45	-7%
Profit after tax	**244**	**229**	**+6%**

Return on equity

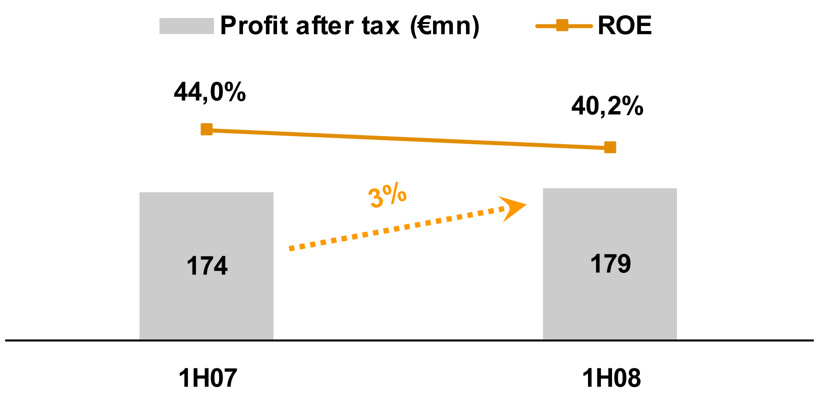


Cost/income

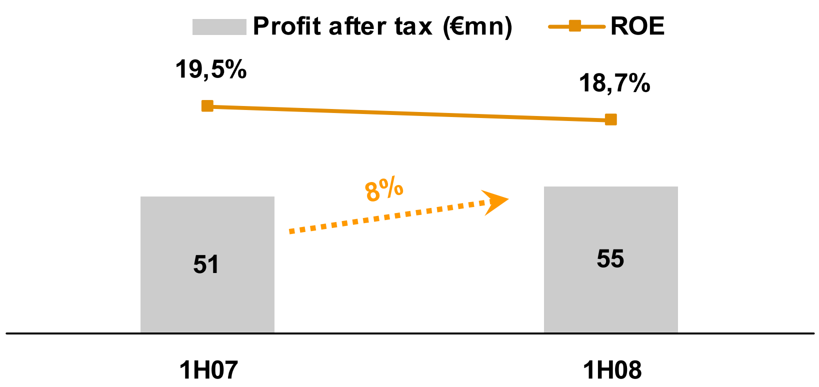


High profitability across BOC's main geographies

Cyprus



Greece



- **Cyprus**
  - High volumes in advances
  - Leading market share in domestic and in international banking
  - Highly efficient
  - Improving quality of loan portfolio
- **Greece**
  - High volumes
  - Maturing branch network and client relationships
  - Continuing branch openings

Successful expansion in Romania…

Positive contribution to profit

- **Profit after tax 1H08 €1,3mn**
- **Loan portfolio at €411mn**
- **7 branches under way to open in 2008**

- **Bank of Cyprus competitive advantage**
  - **Existing customer base through Greece and Cyprus clientele**
  - **Operational synergies with Greece and Cyprus**
  - **Successful Greece greenfield experience**

Expansion of operations

Plan for 2010

Branch network	**40**
Bucharest	22
Other cities	18

New branches: 7 in 2008, 15 in 2009, 15 in 2010

Loan Portfolio (€mn)	**1.500**
Corporate	46%
SMEs	28%
Retail	26%

BOC's focus areas in Romania

- **Corporate banking**
  - **Project financing**
  - **Large syndicated deals**
  - **Referrals from accounting and legal firms**
  - **Referrals from companies consulting on EU programs**

- **Full retail infrastructure in mid-2008**
  - **Target professionals**
  - **Enter credit card market in 2008**
  - **Internet banking in 2008**
  - **Competitive pricing for first year of lending products**

… with parallel expansion in the underpenetrated Russian market

Positive contribution to profit

- Profit after tax 1H08 €0,4mn
- Loan portfolio at €144mn
- 4 business centres under way to open in 2008

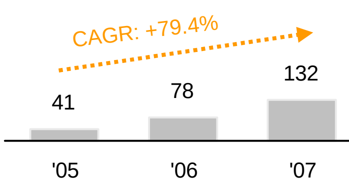
Bank of Cyprus competitive advantage

- Large customer base through international business in Cyprus
- Brand recognition
- 10-year presence through rep office

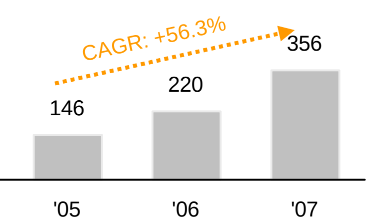
An under- penetrated banking sector with significant further growth potential

Loans (US$bn)

Retail loans

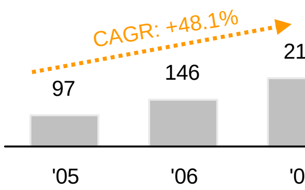


Corporate loans

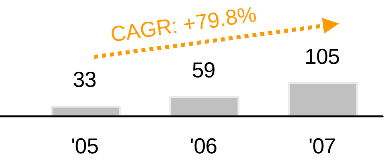


Deposits (US$bn)

Retail deposits



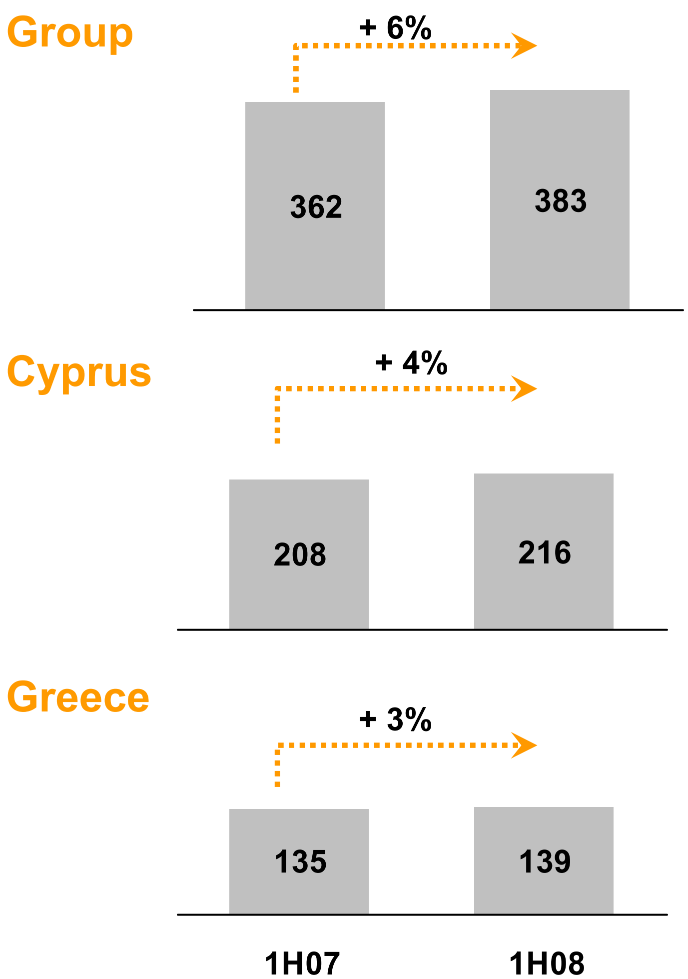
Corporate deposits



Source: Federal State Statistics Service of Russia

Net interest income

Net interest income (€mn)



Net interest margin

	FY07	1Q08	2Q08	1H08
Group	2,81%	2,49%	2,67%	2,57%
Cyprus	2,53%	2,19%	2,50%	2,33%
Greece	2,87%	2,58%	2,46%	2,52%

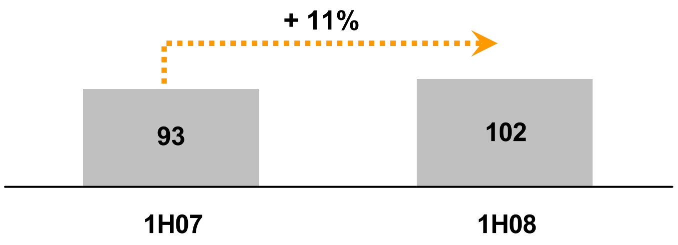
Evolution of spreads

	FY07	1Q08	2Q08	1H08
Cyprus (with reference to Base rate:2007, 1M Eur:2008)				
Lending spread	2,66%	2,45%	2,41%	2,44%
Deposit spread	1,58%	1,11%	1,11%	1,11%
Greece (with reference to 1M Euribor)				
Lending spread*	2,73%	2,67%	2,50%	2,60%
Deposit spread	0,69%	0,40%	0,34%	0,37%
1 M Euribor	*4.08%*	*4.23%*	*4.41%*	*4.32%*

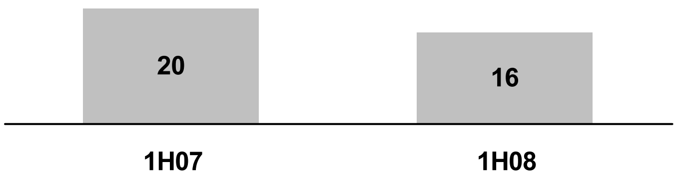
Non interest income

- **Fees and commissions**
  - ➢ Cyprus operations maintain high level of fees and commissions despite the lost fees from the exchange between the Cyprus pound and the Euro
  - ➢ Greek operations recorded significant increase in fees and commissions
- **Foreign exchange income**
  - ➢ As of 1 Jan 2008 foreign exchange income does not include income from the exchange between the Cyprus pound and the Euro
- **Growth in income from insurance business mainly driven by:**
  - ➢ Good production volumes
  - ➢ Good mortality experience

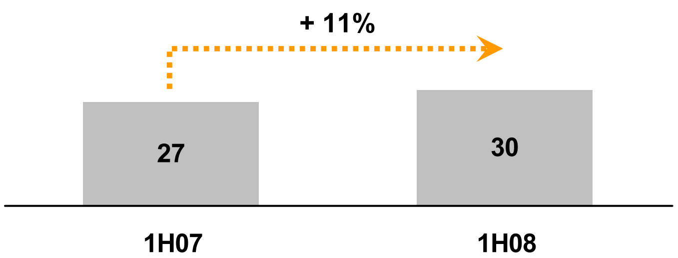
Fees and commissions (€mn)



Foreign exchange income (€mn)



Income from insurance business (€mn)



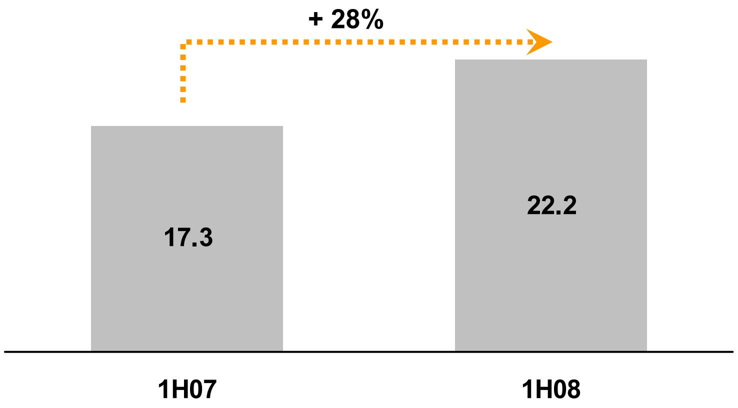
Balance Sheet Review

Balance Sheet overview

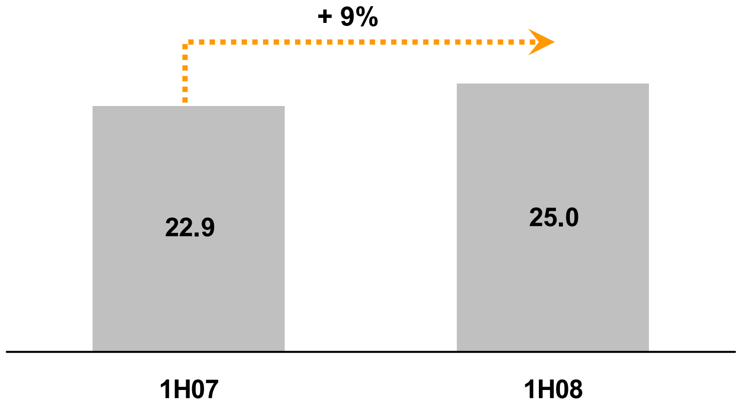
€mn	1H08	1H07	% growth
Cash and balances with central banks	**750**	1.275	-41%
Placements with banks	**4.120**	4.917	-16%
Debt securities, T-bills, equity investments	**3.691**	4.355	-15%
Net loans to customers	**21.650**	16.740	+29%
Other assets	**1.354**	1.275	+6%
Total assets	**31.565**	28.562	+11%
Amounts due to banks	**1.812**	800	+126%
Customer deposits	**25.029**	22.874	+9%
Debt securities in issue	**1.088**	1.559	-30%
Other liabilities	**1.006**	958	+5%
Subordinated loan stock	**574**	563	+2%
Minority interest	**27**	38	-29%
Shareholders' equity	**2.029**	1.770	+15%

Spectacular growth…

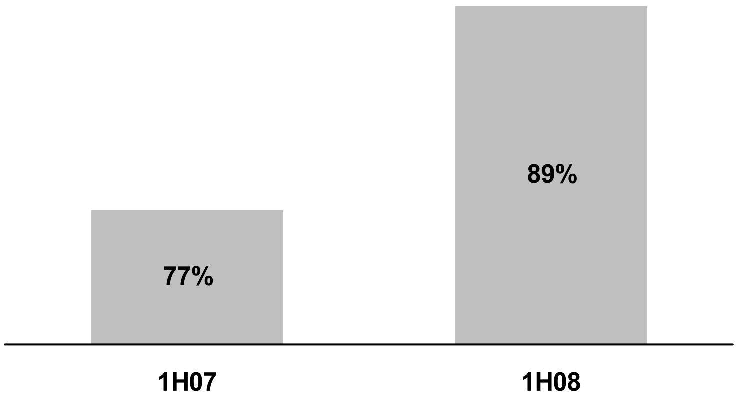
Loans (€bn)



Deposits (€bn)

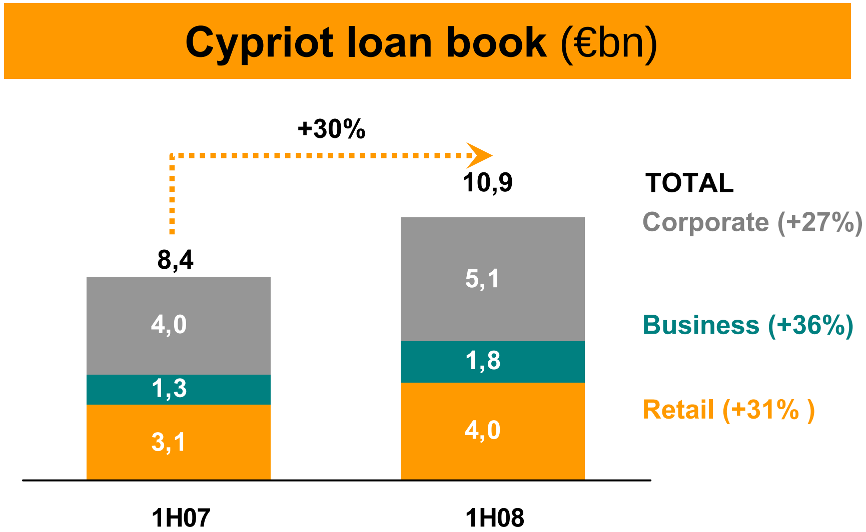


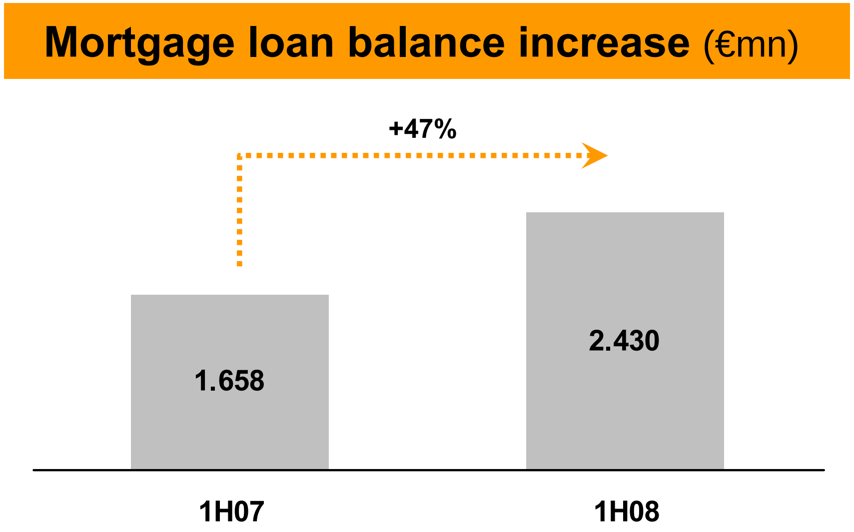
Loans/deposits ratio



- **Lending growth in all geographic markets**
  - **27.431 new clients in Cyprus in 12 months**
  - **115.007 new clients in Greece in 12 months**
- **Particularly high growth in the mortgage sector in Cyprus**
- **Deposit growth remains strong**

…across all business segments in Cyprus





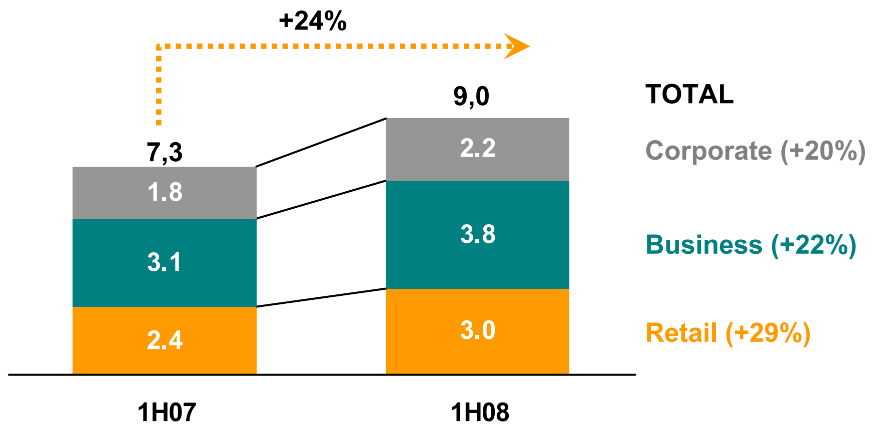
- Increase business from existing customers
- Cross-sell to relatively “new” clients
  - 19.130 new retail clients since 30 June 2007
  - Mortgage loan book increased 47%
- Further penetration of higher margin sectors
  - Retail
  - Small businesses

through

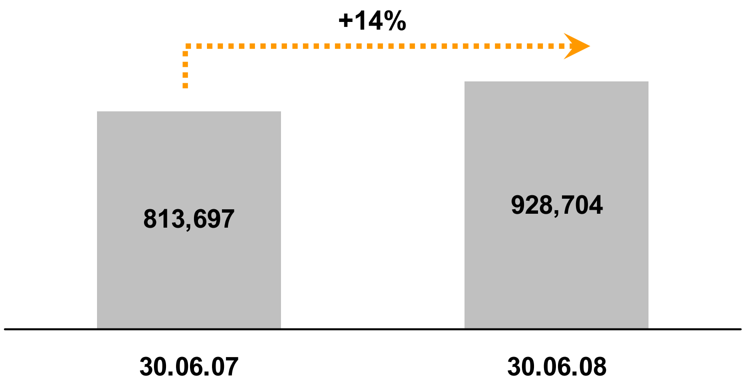
- Continuous improvement in level of service
- Enhance relationship with customers
- Flexible products
- Simplification of documents and procedures at front office
- Centralisation of branch back-office procedures

Resilient growth in Greece

Greek loan book (€bn)



Number of active customers



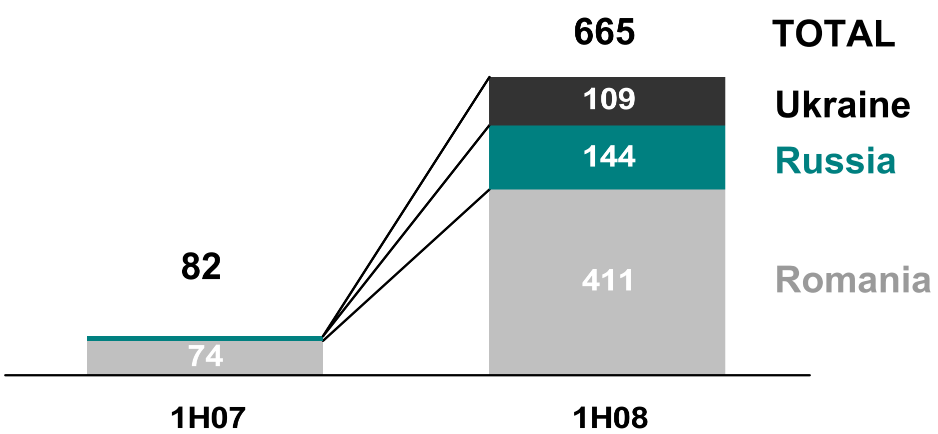
- Increased business from existing customers
- Cross-sell to relatively "new" clients
  - 115.000 new clients since 30.06.07
  - Mortgage loan book increased 37% yoy

through

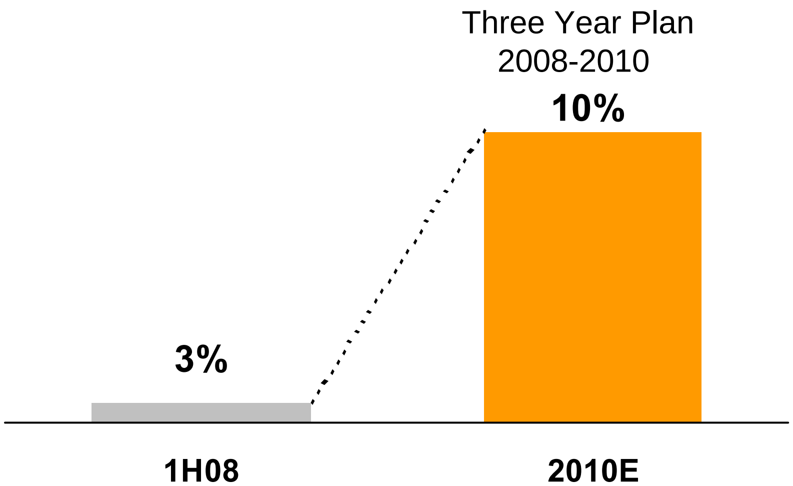
- Efficient structure and flexible products
- Emphasis on front-line personnel training and technical knowledge
- Segregation of sales effort by product
- Simplification and centralisation of branch back-office procedures

Excellent growth potential in Eastern Europe

Eastern Europe loan book (€ mn)

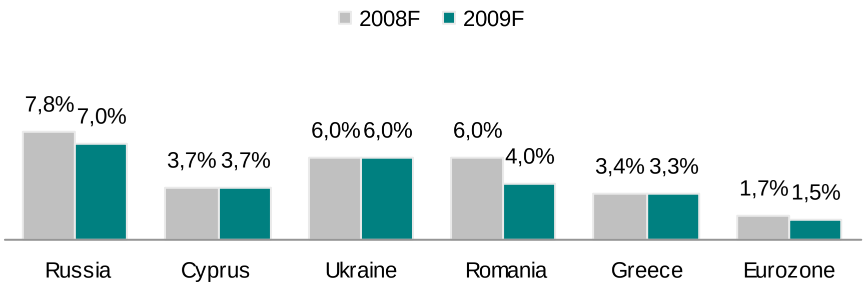


Eastern Europe % to total loan book



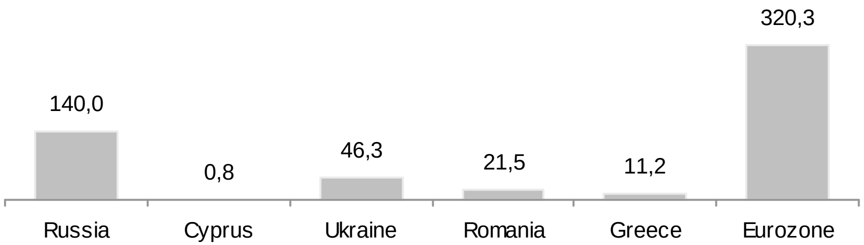
Excellent growth potential ahead

Real GDP growth projections (%)



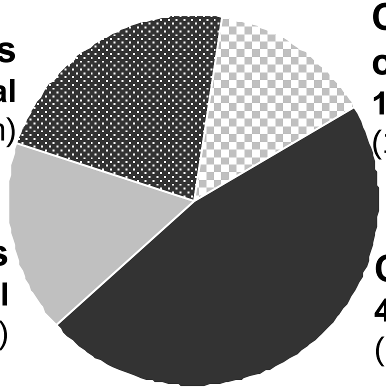
Source: Federal State Statistics Service of Russia, FactSet for exchange rates, JPMorgan Research

Population as of 2007 (mn)

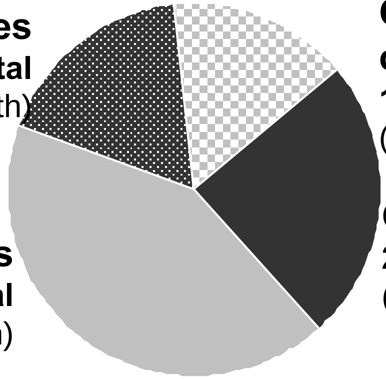


Well diversified loan portfolio

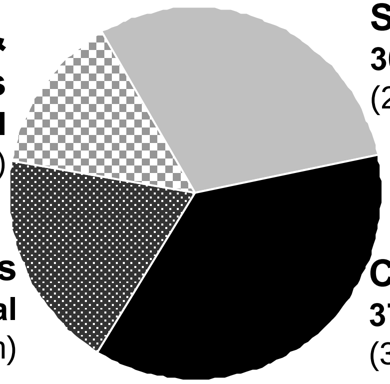
Cyprus



Greece

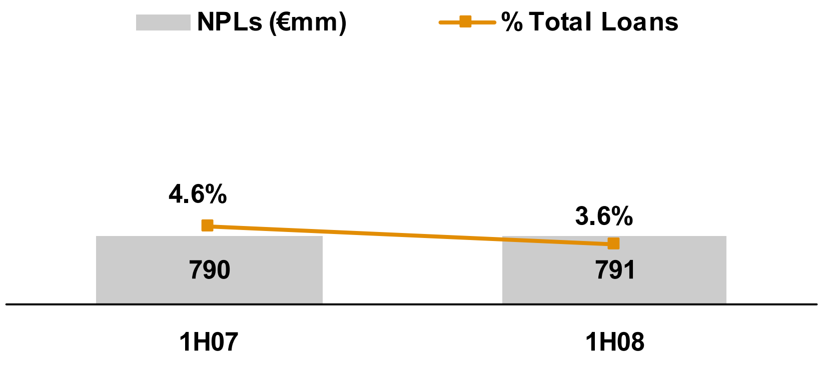


Group



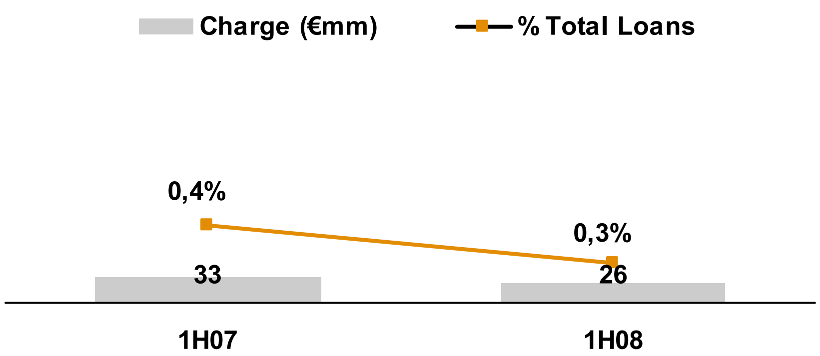
Continuing improvement in loan quality

NPLs development

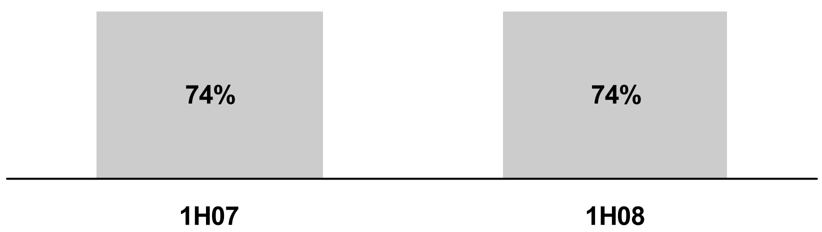


- Improvements of loan quality
- High provision coverage
  - Adequacy of current provisioning levels
- Normalised P&L charges

Provision charge



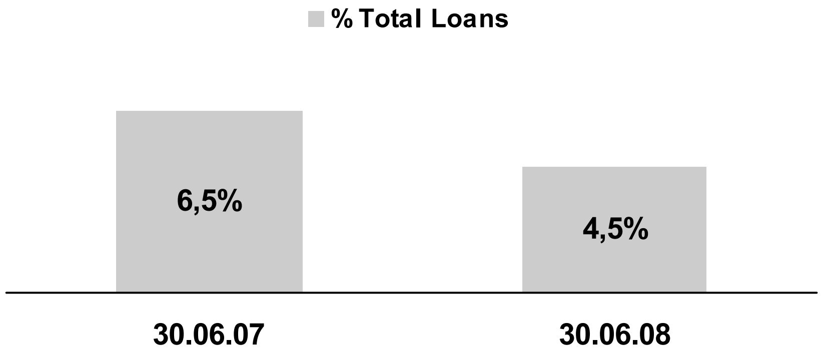
Provision coverage [1]



(1) The remainder of the NPLs is fully covered by tangible collateral

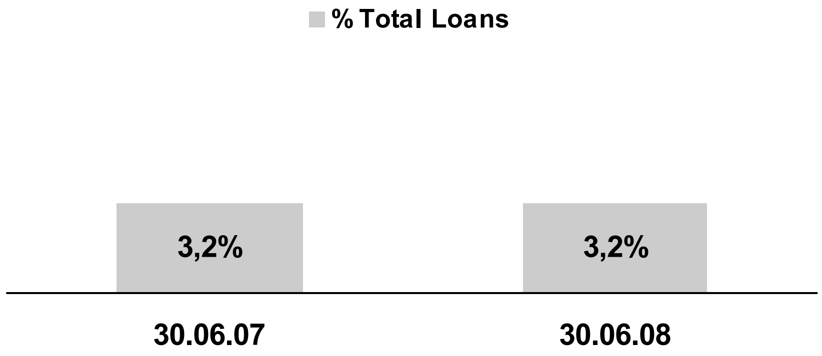
Loan quality improved across the board

Cyprus NPLs development



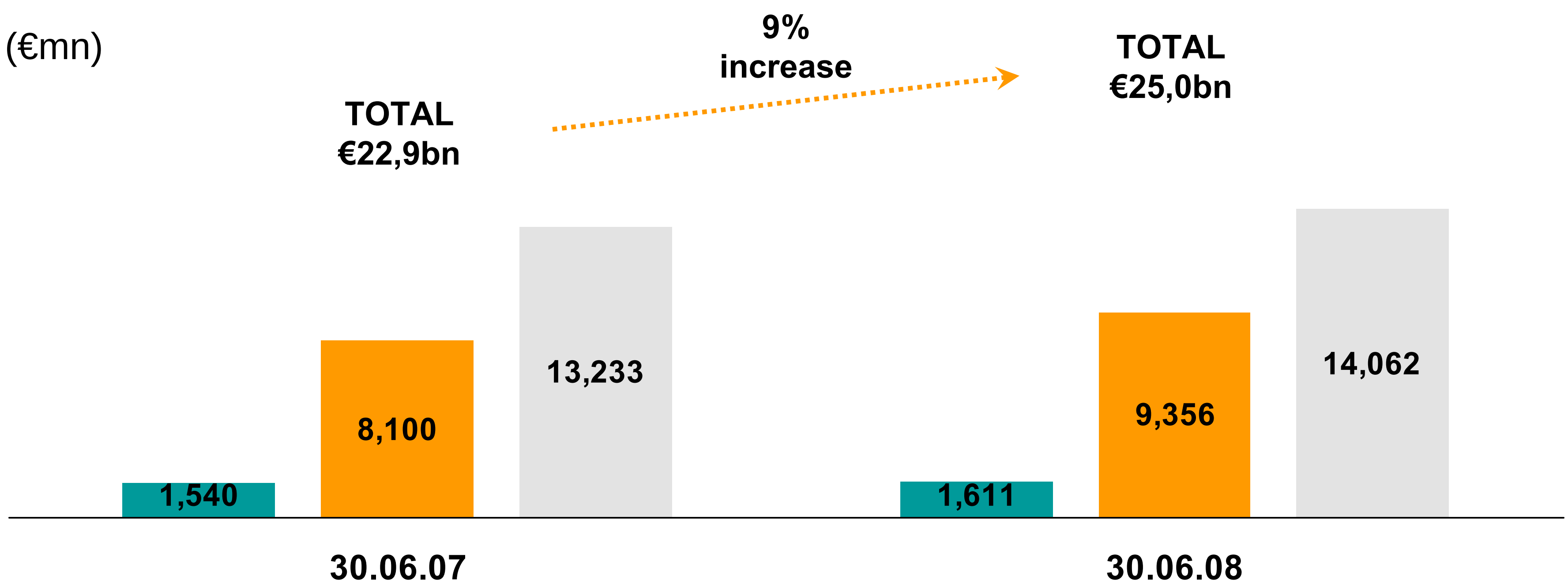
- **Best NPL ratio of all Cypriot banks**

Greece NPLs development



- **NPL ratio much better than average of banking system in Greece**

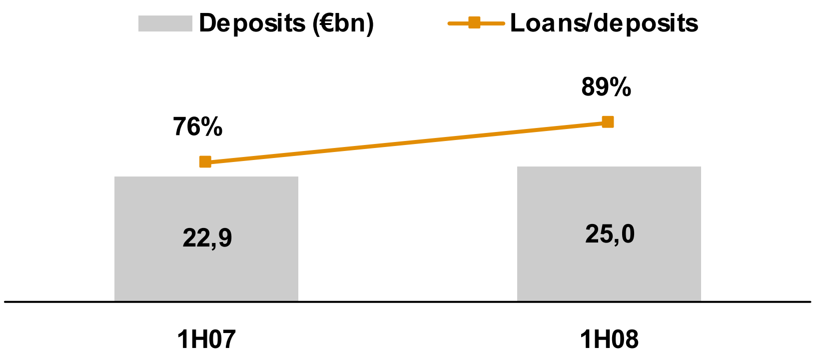
Deposits by geographic sector



	Share in the Group total 30.06.07	30.06.2008	Annual increase	Market share
Cyprus	58%	56%	6%	30,2%
Greece	35%	37%	16%	3,6%
Other countries	7%	7%	5%	

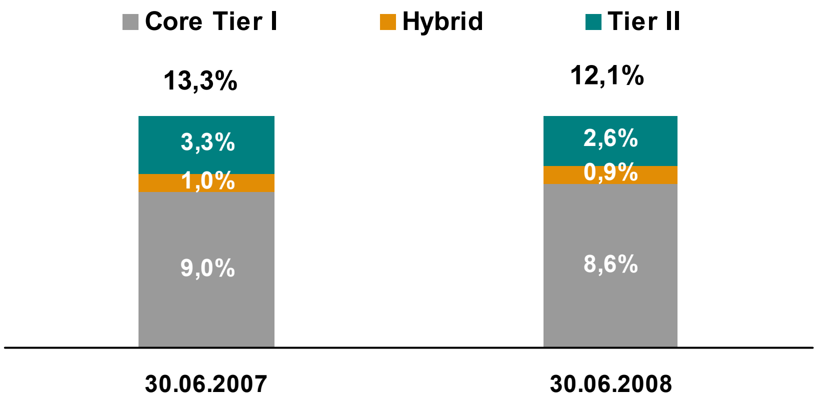
Strong liquidity and capital base

Liquidity



- Strong deposit base and flows
- Comfort in growing loan portfolio across geographies, especially in new markets
- Dependence on wholesale funding is minimal
  - 11% of total assets

Capital



- Strong core Tier I position
  - upside potential from non-core asset disposals
- Basel II (standardised approach)
  - Adopted on 1 January 2007

Convertible Bond Issue

- **Issue size €573,4 mn.**
- **Convertible bonds will be offered to all registered shareholders in the ratio of €1 Convertible Bond for every share held as at Record Date 7 July 2008**
- **Conversion price €10,50**
- **First conversion period 15-30 September 2010**
- **Last conversion period 15-31 March 2013**
- **Final redemption date 30 June 2018**

Interest	
First two periods (i.e until 30 June 2009)	Fixed interest rate of 7,5%
1 July 2009 – 30 June 2013	Floating interest rate – 6M Euribor (which will be set at the beginning of each period) plus 1%
1 July 2013 – 30 June 2018	Floating interest rate – 6M Euribor (which will be set at the beginning of each period) plus 3%

Timeplan of the Convertible Bonds

Subscription period for the Eligible Holders *(not applicable for shareholders of Exempt Countries)*	**15-28 July 2008**
Submission period for the unsubscribed Convertible Bonds at the Strike Price *(not applicable for shareholders of Exempt Countries)*	**15-29 July 2008**

Preliminary results announcement of subscription by Eligible Holders with Priority	**28 July 2008**
Book Building procedure for the unsubscribed Convertible Bonds and determination of the Strike Price	**29 July 2008**

Our strategy continues to create added value to our shareholders

Cyprus

- Leading brand and distribution network
- Leading offshore banking services provider to Eastern European corporates

Greece

- 220 branches by 2010
- Cross-selling and improved pricing to maturing 928.000 client relationships

New markets

- Expansion in large countries with existing client relationships and brand recognition
- Expand loan book and extract value from existing client relationships

ROMANIA

- Ongoing branch roll-out to reach 40 branches

UKRAINE

- Incorporate the Ukranian bank AvtoZAZBank in the Bank of Cyprus Group

RUSSIA

- Expand Russian subsidiary targeting the corporate market
- Completion of the acquisition of the Russian Uniastrum Bank by 4Q08 creating a new dimension for the Group

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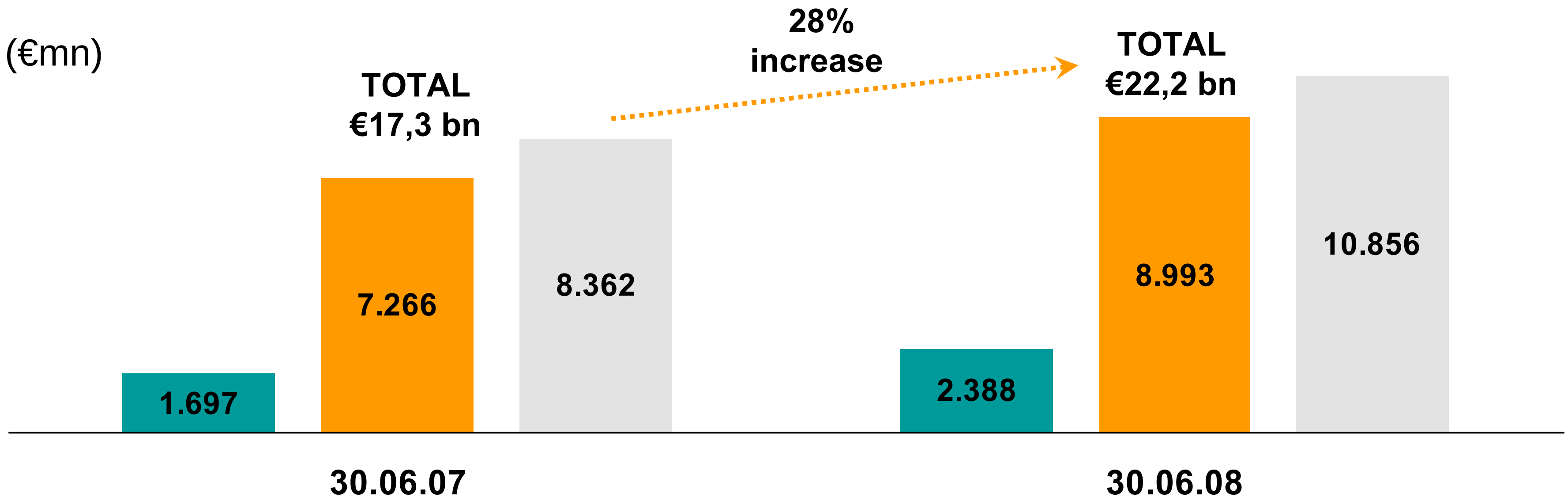
Appendix 1: Detailed Financial Information

Loans by geographic sector



	Share in the Group total 30.06.07	30.06.08	Annual Increase	Market share
Cyprus	48%	49%	30%	29,2%
Greece	42%	40%	24%	3,8%
Other countries	10%	11%	41%	
- United Kingdom	€1.260 mn	€1.260 mn		
- Australia	€354 mn	€464 mn		
- Romania	€74 mn	€410 mn		
- Russia	€7 mn	€144 mn		
- Ukraine	-	€110 mn		

Cyprus operations maintain an exceptional Return on Equity of 40%

(€mn)	1H08	1H07	% growth	FY07
Net interest income	216	208	+4%	435
Fees and commissions	64	63	+2%	135
Foreign exchange income	13	19	-31%	43
Income from insurance operations	25	22	+14%	47
Other operating income	27	20	+28%	56
Total income	**345**	**332**	**+4%**	**716**
Staff costs	(89)	(87)	+2%	(181)
Other operating expenses	(44)	(41)	+6%	(89)
Total expenses	**(133)**	**(128)**	**+3%**	**(270)**
Provisions for impairment of loans and advances	(2)	(10)	-82%	(25)
Share of (loss)/profit of associate	(6)	7		9
Profit before tax	204	201	+2%	429
Tax	(25)	(27)	-7%	(52)
Profit after tax	179	174	+3%	377
Net Interest Margin	2,33%	2,60%	-27 b.p.	2,53%
Return on Equity	40,2%	44,0%	-3,8 p.p.	47,2%
Cost/Income	38,5%	38,6%	-0,1 p.p.	37,6%

Greek operations profitability

(€mn)	1H08	1H07	% growth	FY07
Net interest income	**139**	**135**	**+3%**	**276**
Fees and commissions	**31**	**23**	**+36%**	**51**
Foreign exchange income	**2**	**2**	**-13%**	**4**
Income from insurance operations	**4**	**4**	**-2%**	**9**
Other operating income	**6**	**7**	**-6%**	**0**
Total income	**182**	**171**	**+7%**	**340**
Staff costs	**(50)**	**(44)**	**+14%**	**(92)**
Other operating expenses	**(38)**	**(37)**	**+3%**	**(81)**
Total expenses	**(88)**	**(81)**	**+9%**	**(173)**
Provisions for impairment of loans and advances	**(24)**	**(23)**	**+6%**	**(30)**
Profit before tax	**70**	**67**	**+5%**	**137**
Tax	**(15)**	**(16)**	**-4%**	**(37)**
Profit after tax	**55**	**51**	**+8%**	**100**
Net Interest Margin	**2,52%**	**3,00%**	**-48 b.p.**	**2,87%**
Return on Equity	**18,7%**	**19,5%**	**-0,8 p.p.**	**19,3%**
Cost/Income	**48,4%**	**47,6%**	**+0,8 p.p.**	**50,9%**

Other countries

(€mn)	1H08	1H07	% growth	FY07
Net interest income	**28**	**19**	**+44%**	**41**
Fees and commissions	**7**	**6**	**+11%**	**12**
Foreign exchange	**1**	**0**		**0**
Other operating income	**0**	**1**		**1**
Total income	**36**	**26**	**+41%**	**54**
Staff costs	**(14)**	**(11)**	**+29%**	**(22)**
Other operating expenses	**(11)**	**(9)**	**+23%**	**(20)**
Total expenses	**(25)**	**(20)**	**+26%**	**(42)**
Provisions for impairment of loans and advances	**(0)**	**(0)**		**(1)**
Profit before tax	**11**	**6**	**+79%**	**11**
Tax	**(2)**	**(2)**	**-22%**	**(3)**
Profit after tax	**9**	**4**	**+133%**	**8**
Net Interest Margin	**1,89%**	**1,87%**	**+2 b.p.**	**1,85%**
Return on Equity	**13,0%**	**7,5%**	**+5,5 p.p.**	**6,9%**
Cost/Income	**69,1%**	**76,8%**	**-7,7 p.p.**	**68,7%**

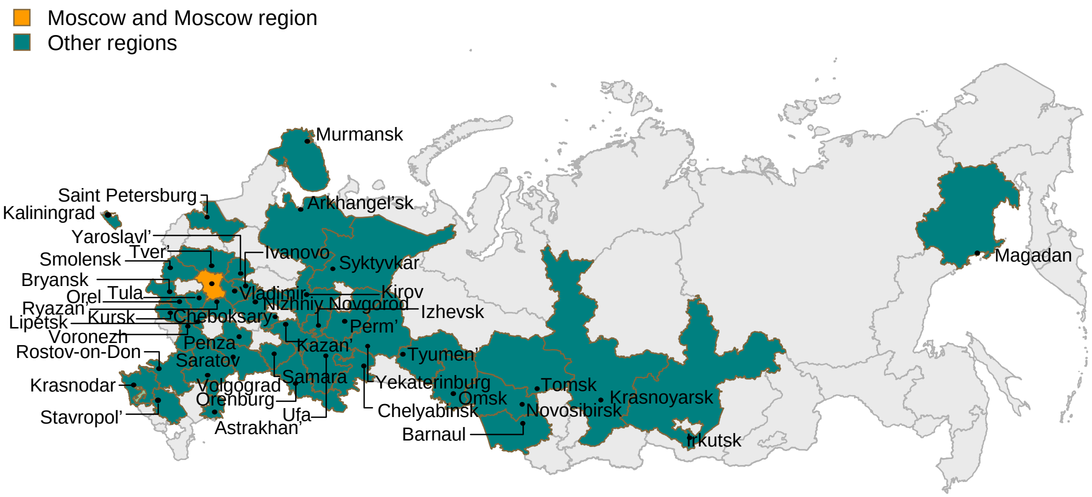
Agreement to acquire Uniastrum Bank in Russia

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**

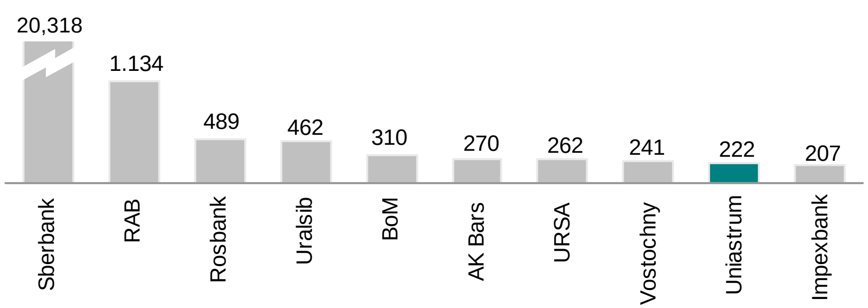
9th largest distribution network – covering 42 regions

Uniastrum Bank's presence in Russia

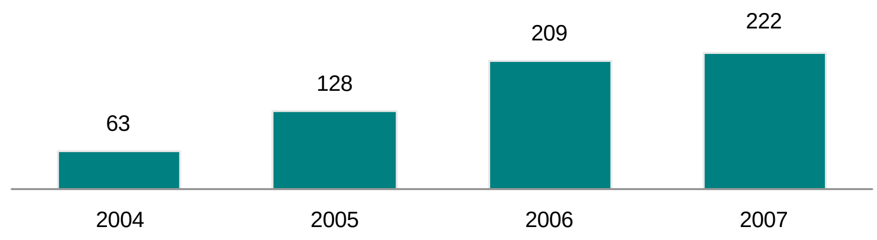


- ✓ **Truly national presence covering 42 regions and all cities with a population over 600,000**
- ✓ **Uniform branch format structure with full service regional branches supporting banking offices**
- ✓ **Young branch network with over 70% of branches opened since 2004 and capable of supporting significant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

9th largest bank by branches[1]



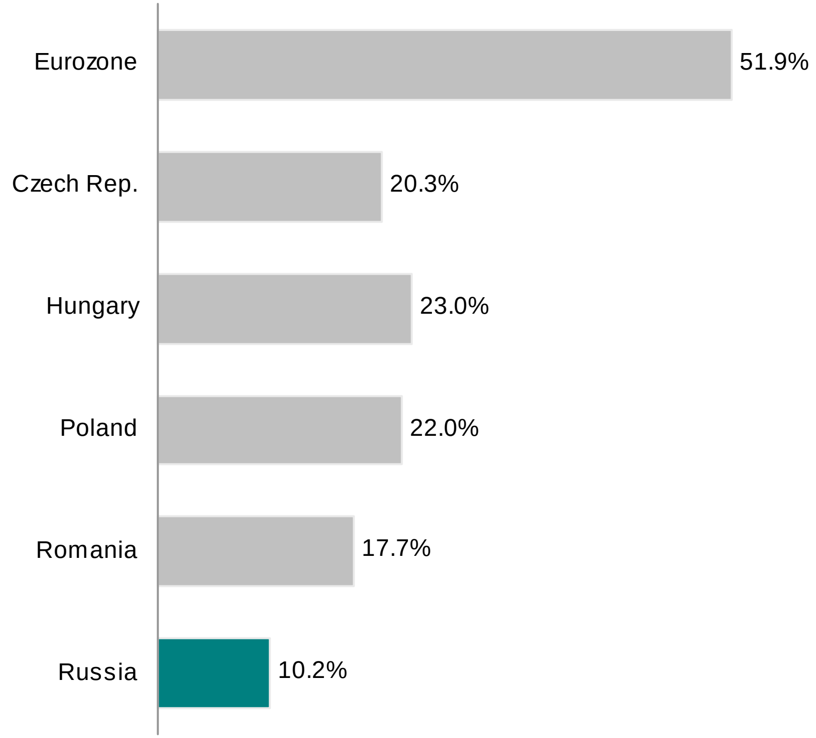
Uniastrum's branch network development



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

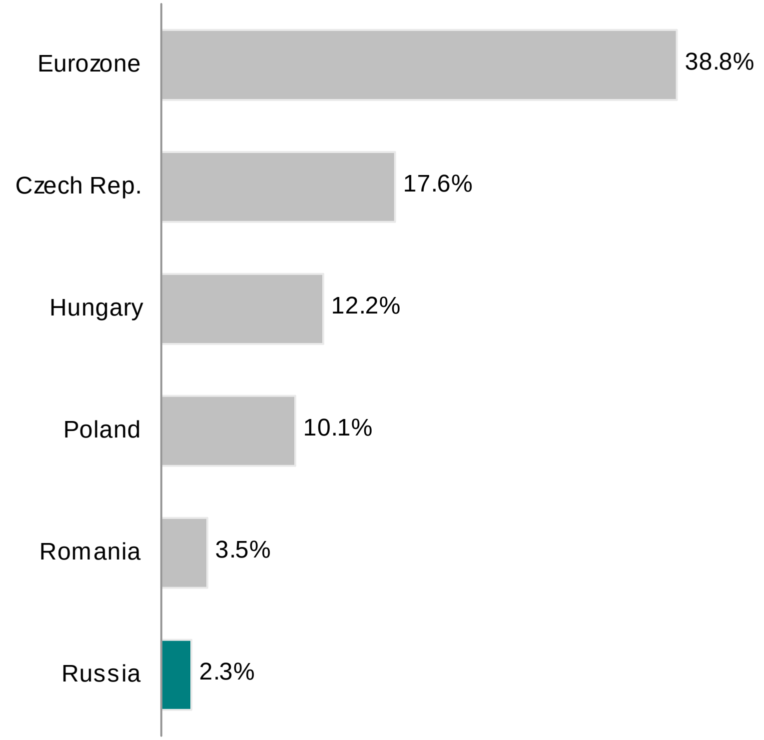
…particularly in retail and mortgage lending

Retail loans as of % GDP (Dec-07)



Source: Central Banks of respective countries

Mortgage loans as of % GDP (Dec-07)

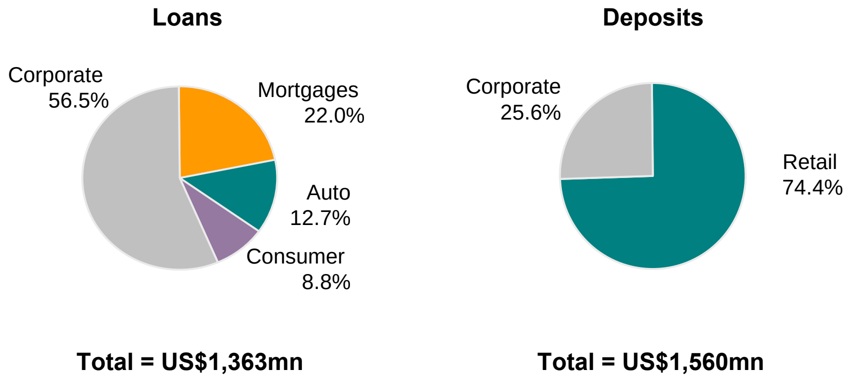


Source: Central Banks of respective countries

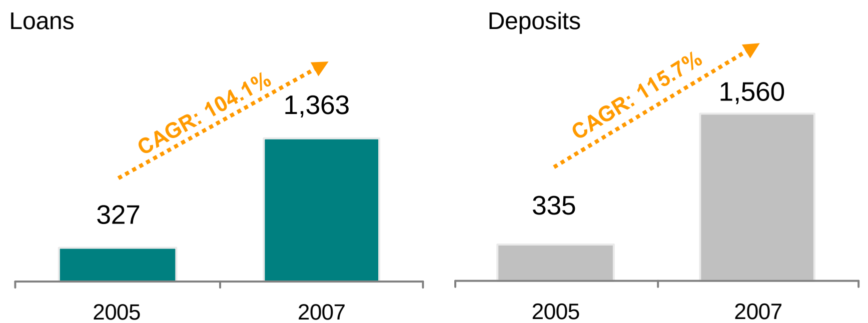
A highly dynamic retail bank

- 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 the market
  - ➢Developed retail lending offering including autoloans, consumer loans 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

Significant complementarities between Bank of Cyprus Group and Uniastrum Bank

Bank of Cyprus Group	Uniastrum Bank
• Strong group credit rating and liquidity position	• Wide distribution platform
• Excellent domestic position in consumer product development and cross-selling capabilities	• High level of brand recognition
• Significant number of existing Russian corporate clients	• Strong sales culture and skill set, especially in retail banking
• Know-how sharing/transfer of risk management, control, internal audit and compliance functions	• 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**

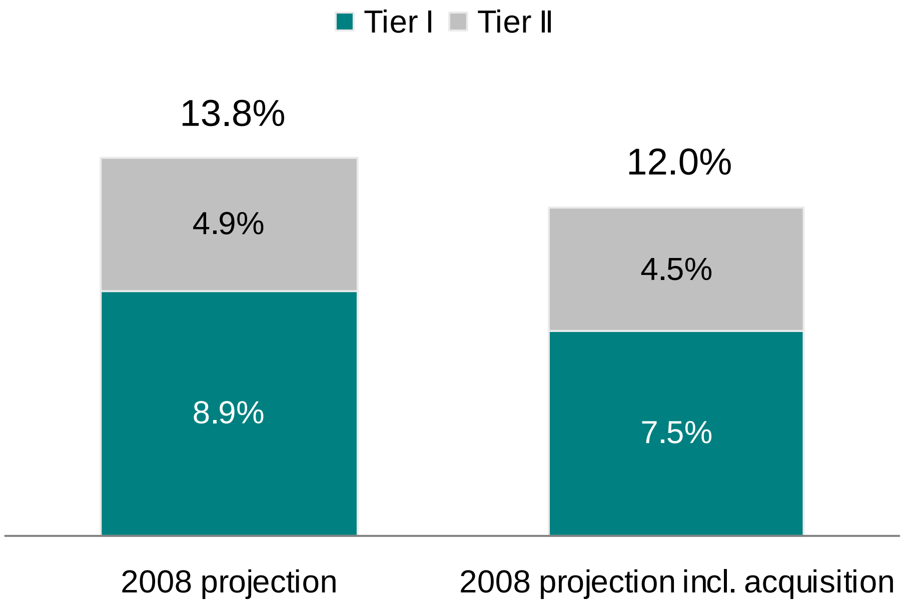
Acquisition structure and timing – key terms

- **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**

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)**



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