

Bank of Cyprus Group

Financial Results 1Q 2011 – Highlights

Income Statement and Balance Sheet Review

Performance by Geographic Market

Strategic Priorities and 2011 Target

Appendices

Financial Results 1Q 2011

23 May 2011

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Financial Results 1Q 2011 – Highlights

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Financial Results 1Q 2011 - Highlights

1Q11 Financial Highlights

1Q11 results reaffirm the resilience of the Group's business model, which with solid execution allows the Group to achieve increasing recurring profitability, maintain a healthy balance sheet and a strong capital base

Increasing recurring profitability

- 1Q11 Net Interest Income €276m (+14% yoy)
- 1Q11 Profit before provisions €172m (+4% yoy)
- 1Q11 Profit after tax €71m (-13% yoy)
- Profitable in all markets

Healthy liquidity

- Group loans to deposits ratio at 87% (peers** at 117%)
- Primarily deposit funded (77% of assets funded by customer deposits versus 55% for peers**)
- Liquid assets of €11,7bn* (28% of total assets)

Solid capital position

- Tier 1 ratio at 11,1% and Core Tier 1 ratio at 8,2%
- Pro-forma total capital adequacy ratio and Tier 1 ratio at 12,3% and 11,9% at 31 March 2011 taking into account the issue of Convertible Enhanced Capital Securities

*€1,3bn are pledged as collateral for repo transactions

** Weighted average of major Greek and Cypriot banks using 31 December 2010 data

1Q11 Financial Highlights

Asset quality

- NPLs ratio at 7,6%
- NPLs provisioning coverage at 55%
- NPLs coverage at 116% taking into account tangible collateral

Business expansion

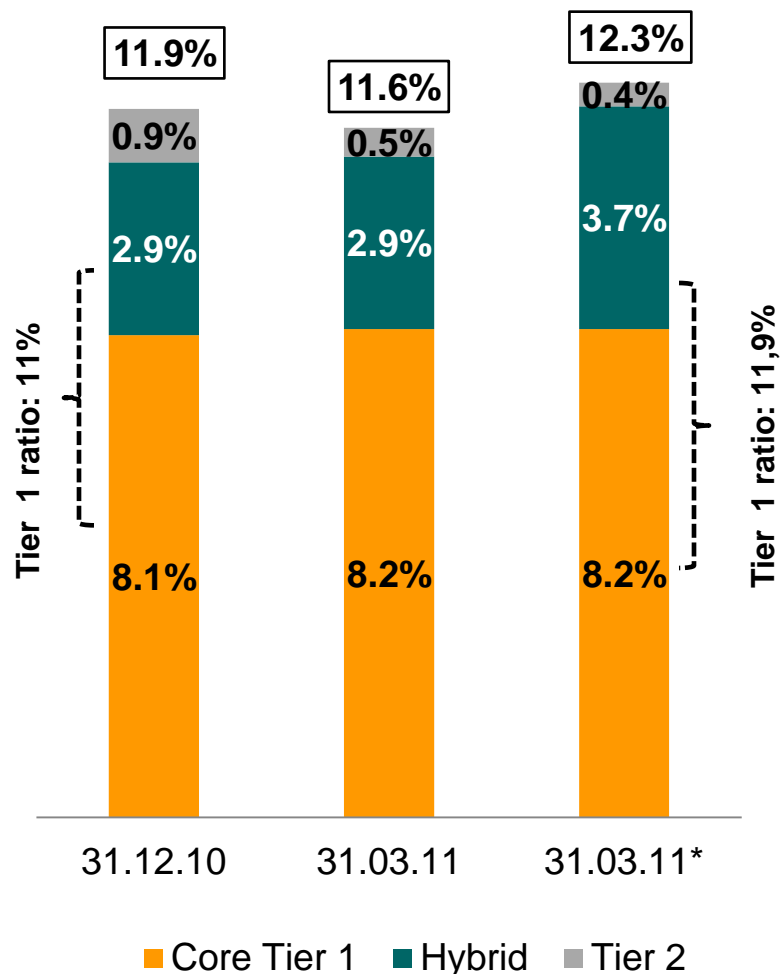
- Deposit growth at 10% yoy benefiting from higher credit ratings than peers and leading position in the IBU market in Cyprus
- Lending growth at +7% yoy, with high liquidity allowing selective expansion at attractive pricing

Key performance indicators

- Return on equity at 10,2%
- Cost to income ratio at 51,8%
- 1Q11 Net Interest Margin at 2,77%; 17bps higher than 1Q10 and 5bps higher than 4Q10

Strengthening of capital position

Capital adequacy ratios



- **Convertible Enhanced Capital Securities (CECS)**
 - Applications of €90 mn
 - €96mn exchanged from eligible securities
 - Issue date May 18
- **Capital position strengthened with CECS issue**
 - 11,9%* pro-forma Tier 1 ratio
 - 12,3%* pro-forma Total capital ratio

(€mn)	31.12.10	31.3.11	31.3.11*
Shareholder's equity	2.737	2.841	2.841
Core Tier I capital	2.134	2.160	2.160
Hybrid capital (Tier I)	752	765	983
Tier I capital	2.886	2.925	3.143
Tier II capital**	243	126	102
Total regulatory capital	3.129	3.051	3.245
Risk weighted assets	26.277	26.388	26.388

Financial Results 1Q 2011 – Highlights

Income Statement and Balance Sheet Review

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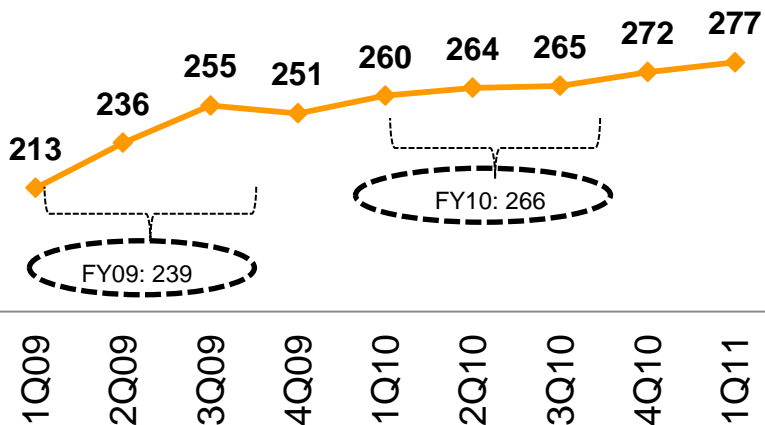
Income Statement and Balance Sheet Review

Profit and Loss Highlights

(€mn)	1Q11	1Q10	1Q11 versus 1Q10 %	4Q10	1Q11 versus 4Q10 %
Net interest income	276	242	+14%	273	+1%
Net fee & commission income	56	52	+7%	61	-8%
Foreign exchange income and net gains from financial instruments	5	27	-80%	55	-90%
Insurance income net of insurance claims	17	15	+12%	14	+23%
Other income	2	2	+43%	4	-37%
Total income	356	338	+6%	407	-12%
Total expenses	184	173	+7%	194	-5%
Profit before provisions	172	165	+4%	213	-19%
Provisions	79	73	+7%	145	-46%
Share of (loss)/profit of associates	0	(1)		0	
Profit before tax	93	91	+2%	68	+38%
Taxation	21	12	+79%	9	+135%
Non-controlling interest loss/(profit)	(1)	(2)		(1)	
Profit after tax	71	81	-13%	58	+22%
Cost to Income Ratio	51,8%	51,0%	+0,8 p.p.	47,5%	+4,3 p.p.
Return on Equity	10,2%	13,3%	-3,1 p.p.	9,1%	+1,1 p.p.

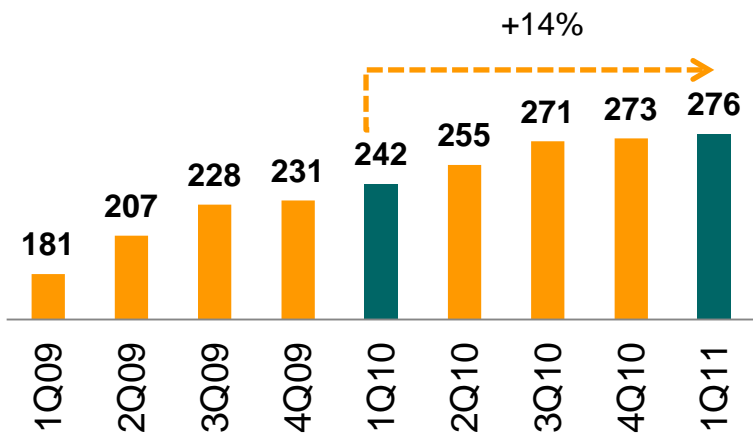
Higher Interest Margins and Increasing Net Interest Income

Group Net Interest Margin (bp)

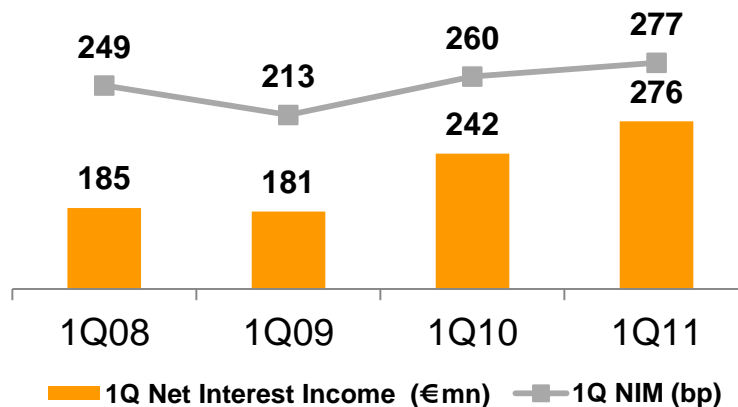


- 1Q11 Group NIM at 2,77%, an increase of 17 basis points compared to 1Q10 (2,60%)
- 1Q11 Net Interest Income at €276 mn (+14% yoy and +1% qoq)

Quarterly Net Interest Income (€mn)

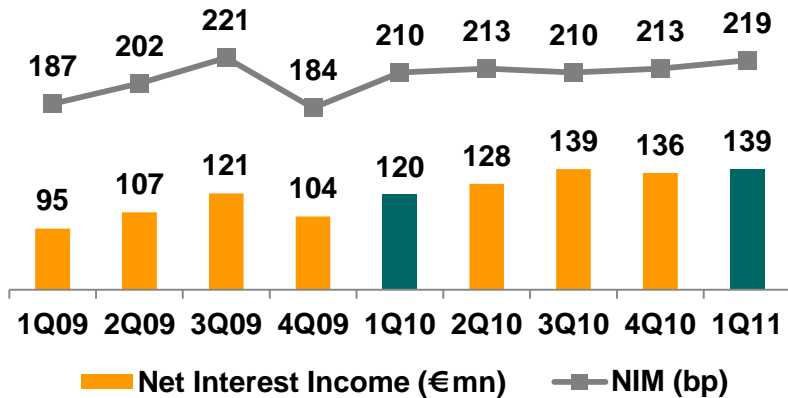


1Q Net Interest Income and NIM



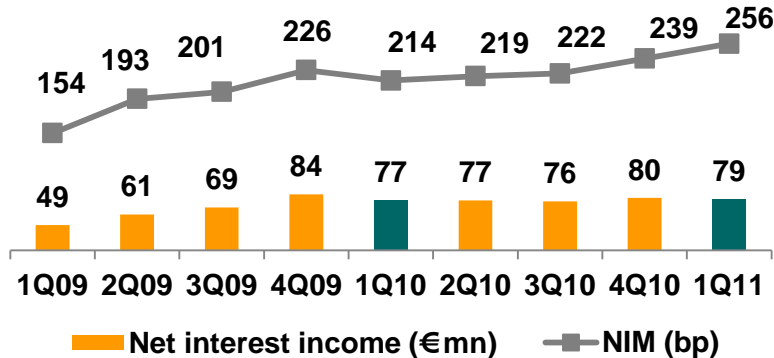
Solid Net Interest Income and Net Interest Margin trends in main markets

Net Interest Income and NIM - Cyprus

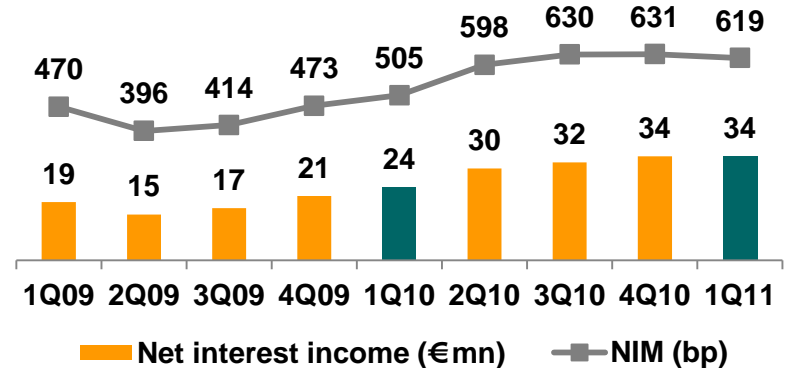


- High exposure to resilient Cyprus operations – 1Q11 Net Interest Income +16% yoy
- Liquid operations in Greece allow selective expansion – 1Q11 Net Interest Income +3% yoy
- High margin Russian operations – 1Q11 Net Interest Income +43%

Net Interest Income and NIM - Greece

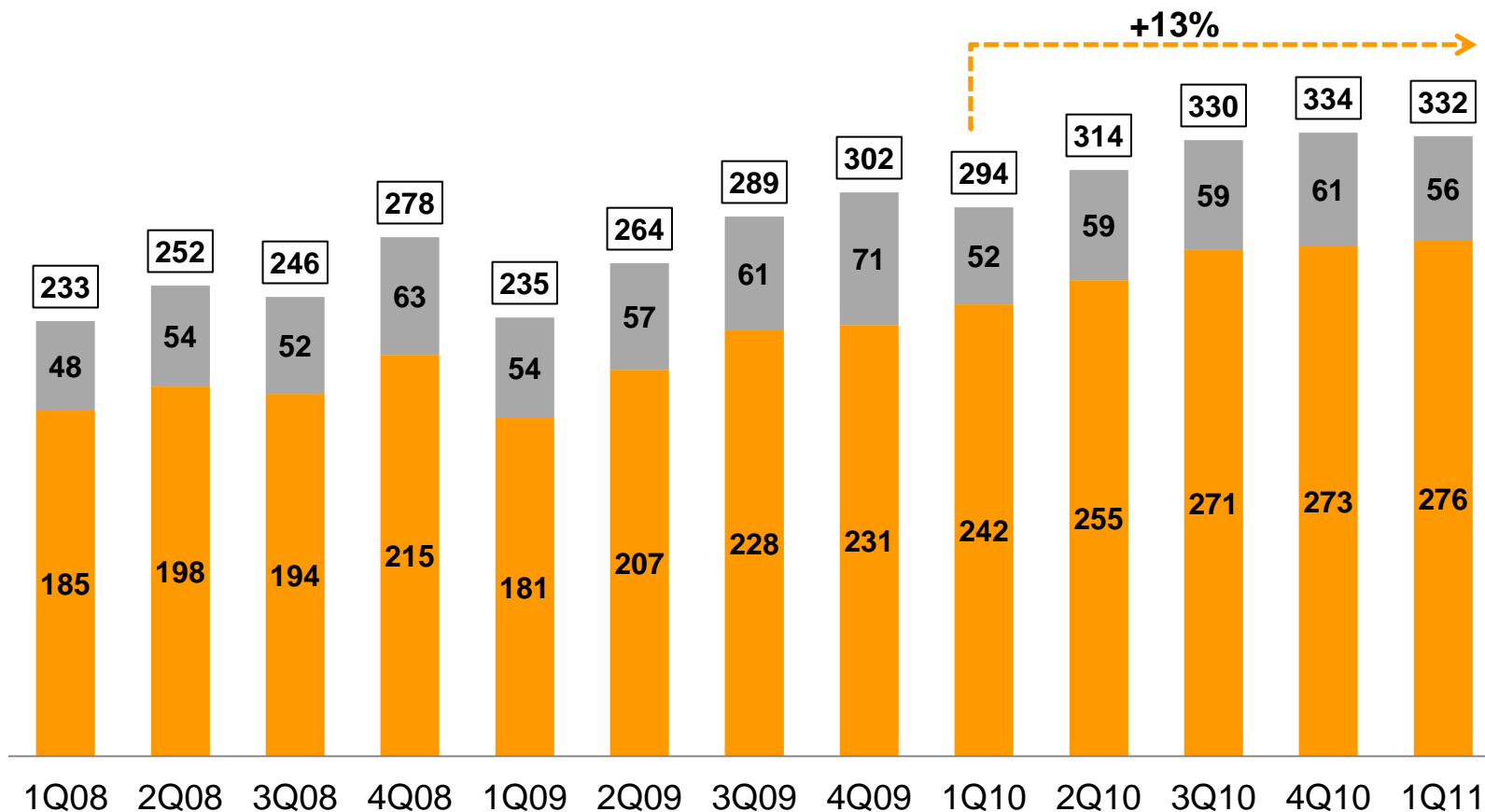


Net Interest Income and NIM - Russia



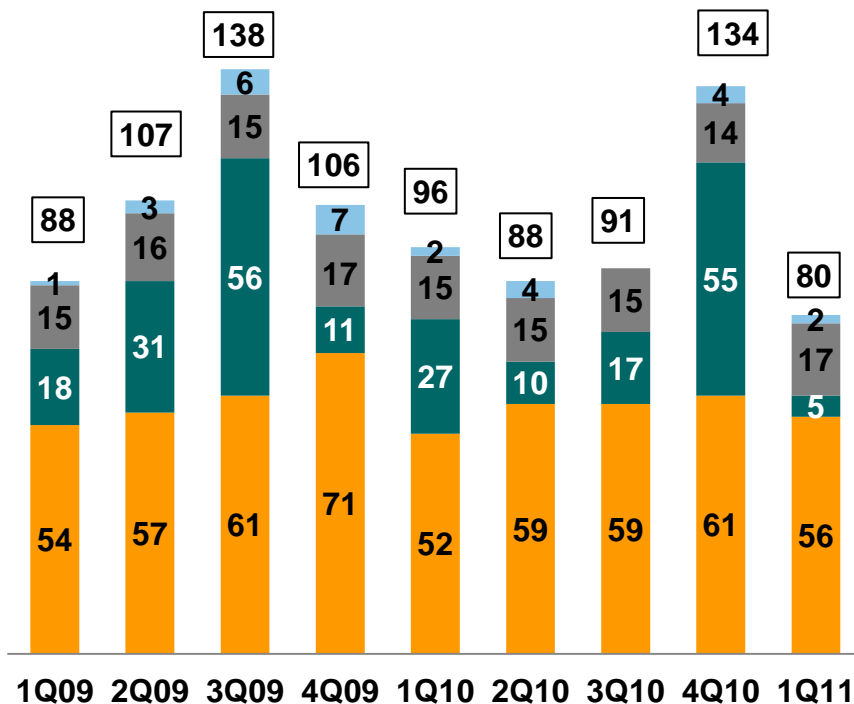
Increasing recurring income

■ Net interest income (€mn) ■ Fee and commission income (€mn)

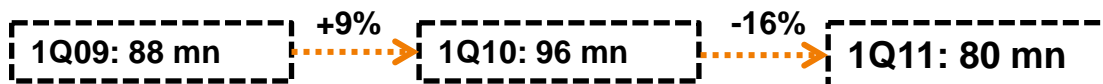


Analysis of Non interest income

- Other income
- Insurance income
- FX income and Net gains from financial instruments
- Fee and commission income

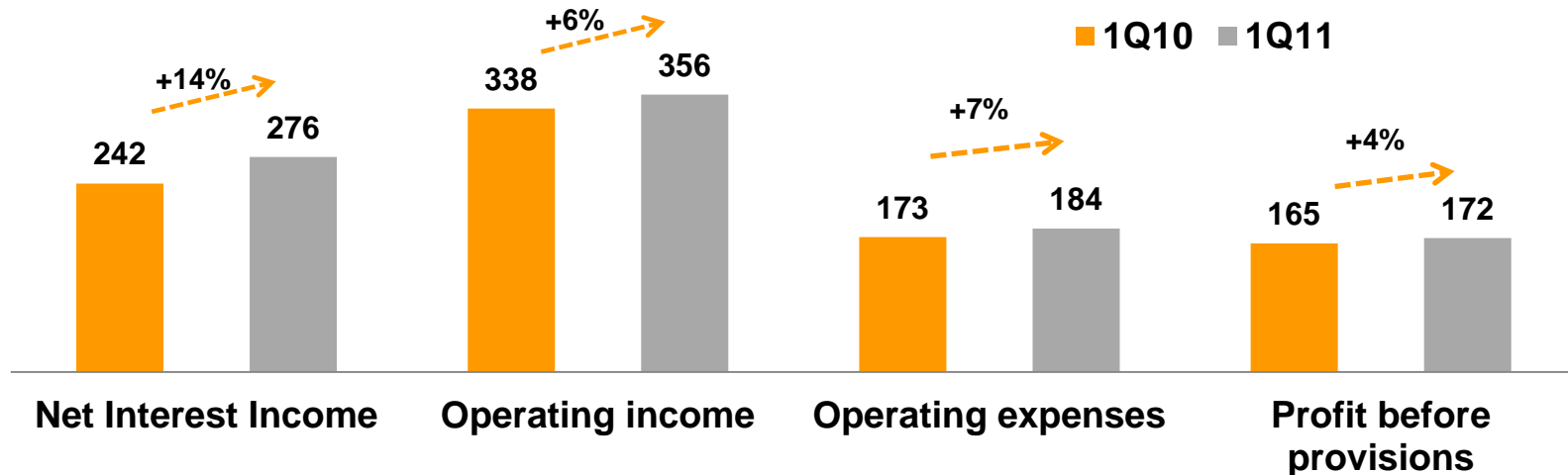


- Fee and commission income
 - Gradually picking up during 2011 in line with increased business growth and activity
- FX income lower in 1Q11 (-€4 mn in 1Q11, compared to €8 mn in 1Q10)
- Gains from financial instruments lower in 1Q11 (€9 mn in 1Q11, compared to €19 mn in 1Q10)



Increased Pre-provision Profitability and High Efficiency

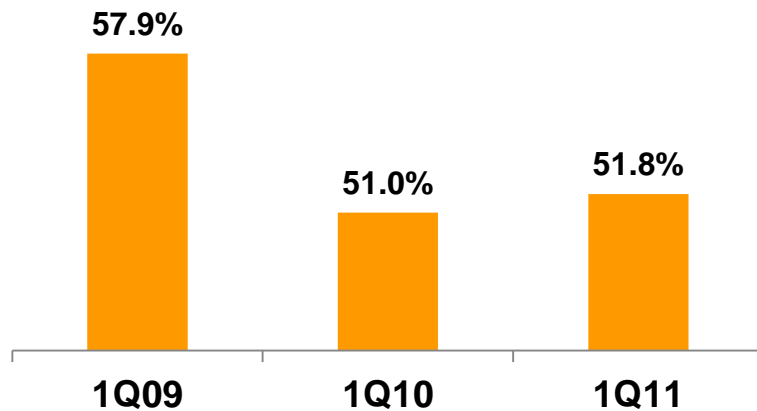
Profit & Loss highlights (€ mn)



- Higher recurring income and contained cost growth lead to increased pre-provision profitability

- 1Q11 Pre-provision income at €172 mn (+4% yoy)
- 1Q11 Cost-to-income ratio at 51,8% compared to 57,9% in 1Q09

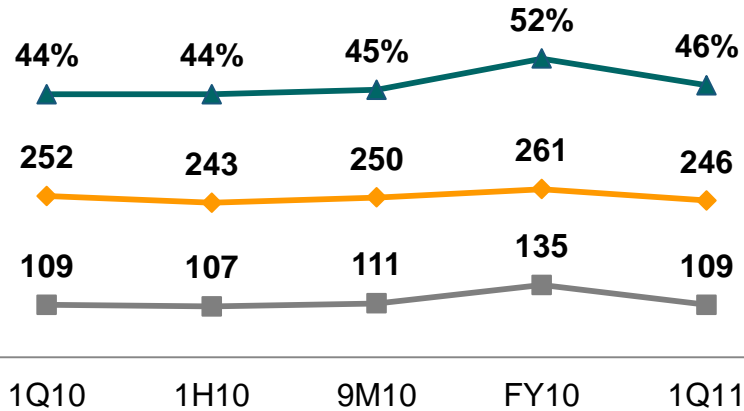
Cost to Income ratio (%)



High Ability to Manage Through Credit Cycle Due to Increased Pre-provision Profit Margin

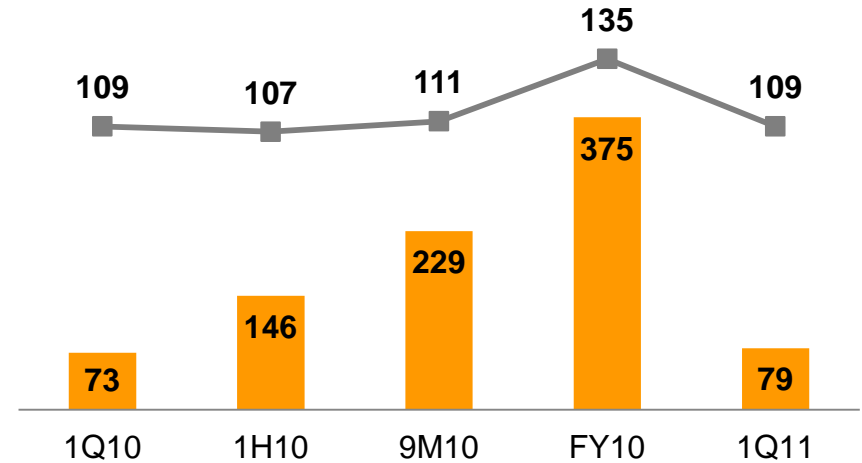
Group

Pre-provision profit margin



- Provision charge/Avg Gross Loans (bp)
- ◆ Profit before provisions/Net Loans (bp)
- ▲ Provisions % Pre-provision profit

Provision charge



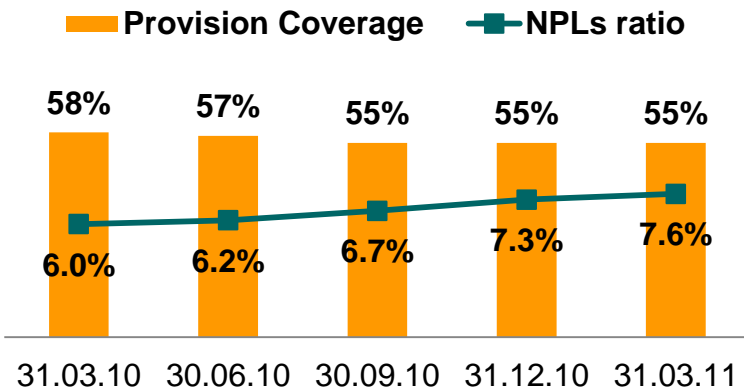
- Provision charge (€ mn)
- Charge/Avg Gross Loans (bp)

- Capacity to absorb provisions remains high
- Pre-provision profit margin at 246 basis points or 2,3 times higher than provision charge for 1Q11

- Credit costs remain high due to challenging credit conditions
 - 1Q11 provision charge of €79 mn (+7% yoy)
 - 1Q11 credit costs 109 basis points, similar to 1Q10

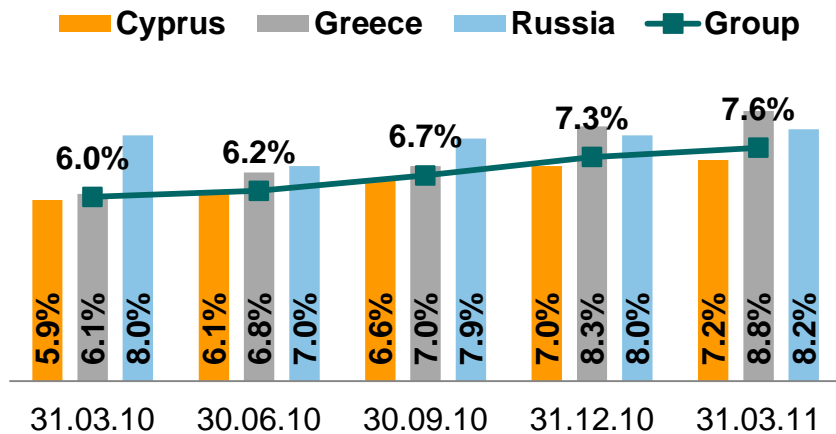
Adequate loan quality

Group NPLs ratio and Provision coverage

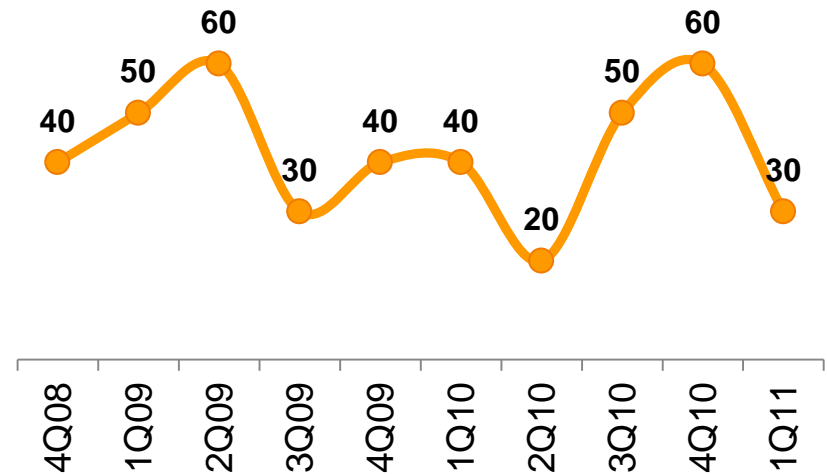


- Adequate loan quality
 - Group NPLs ratio at 7,6%, up by 30 basis points in 1Q11
- Adequate provision coverage at 55%
- NPLs coverage increases to 116% taking into account tangible collateral

NPLs ratio in main markets



Quarterly increase of NPLs ratio (bps)

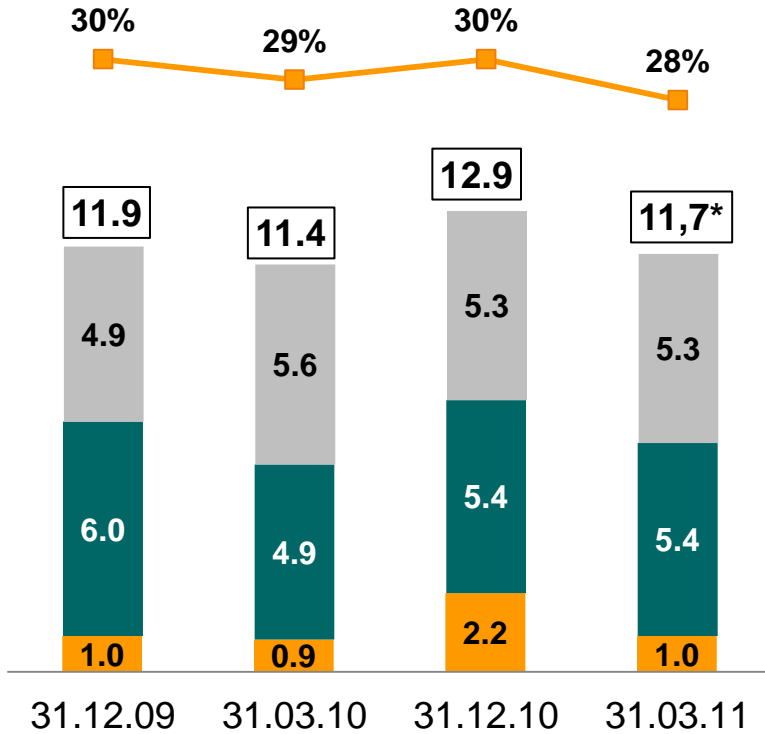


Balance Sheet Overview

€mn	% yoy	31.03.11	31.03.10
Cash and balances with central banks	+6%	971	913
Placements with banks and reverse repurchase agreements	+9%	5.340	4.919
Debt securities, Treasury bills and equity investments	-3%	5.542	5.719
Net loans and advances to customers	+6%	27.926	26.266
Other assets	+1%	1.937	1.912
Total assets	+5%	41.716	39.729
Amounts due to banks and repurchase agreements	-19%	4.281	5.300
Customer deposits	+10%	32.194	29.203
Debt securities in issue	-86%	70	524
Other liabilities	+9%	1.298	1.193
Subordinated loan stock	-2%	940	956
Non-controlling interests	+43%	92	64
Shareholders' equity	+14%	2.841	2.489

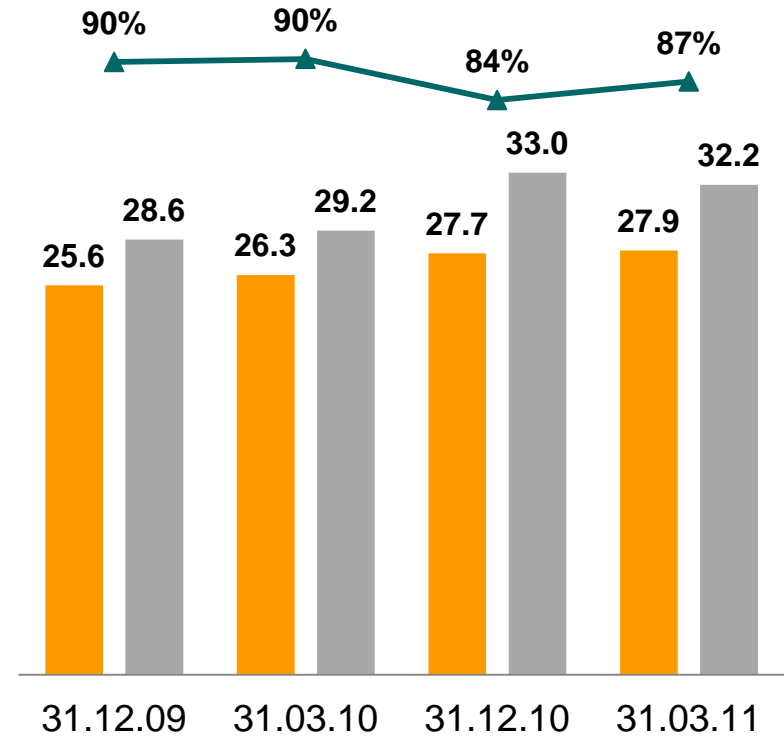
Solid Balance Sheet Structure: Healthy Liquidity and Balanced Business Expansion

Liquid Assets * (€bn)



- Debt Securities, T-Bills
- Bank Placements
- Cash/Central Bank
- Liquid Assets % Total Assets

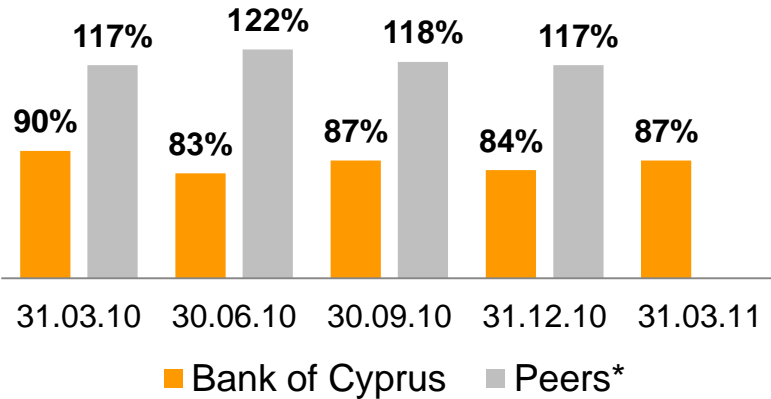
Balanced business expansion



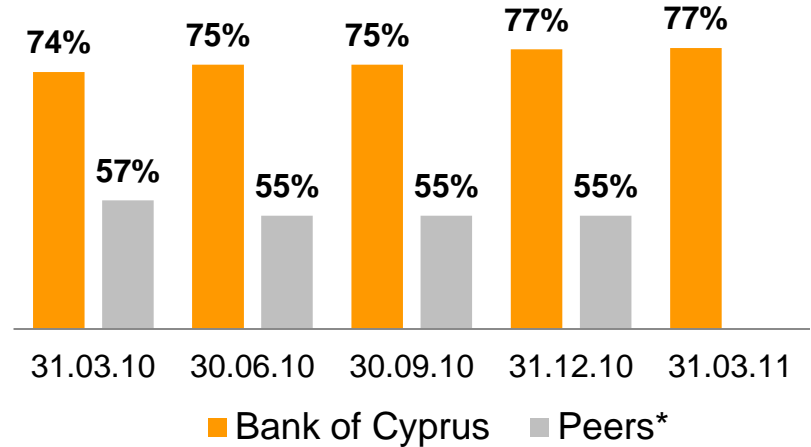
- Net Loans (€bn)
- Customer Deposits (€bn)
- ▲ Net Loans % Customer Deposits

Solid Funding Structure: Strong Deposit Franchise and Limited Dependence on Wholesale Funding

Net Loans % Customer deposits

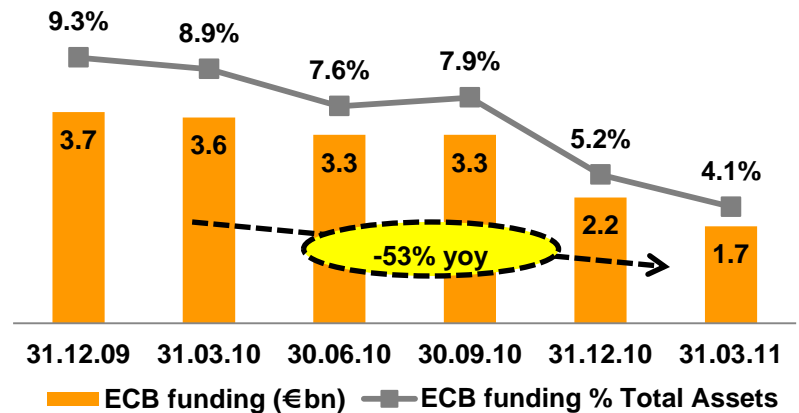


Customer deposits % Total Assets



- **Healthy liquidity; one of the best loans/deposits ratios in Europe at 87%**
 - **Cyprus L/D ratio 71%, Greece L/D ratio 102%**
- **Primarily deposit funded: 77% of assets funded by customer deposits**
- **Limited reliance on wholesale funding and minimal refinancing maturities: €200 mn repaid in May 2011 and only €24 mn due in 2012 (Capital Securities)**
- **ECB funding reduced by 53% yoy**

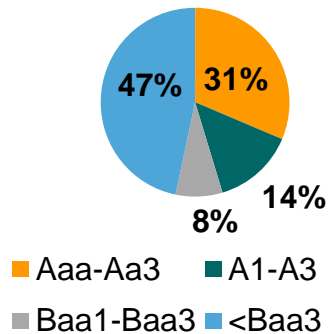
ECB Funding



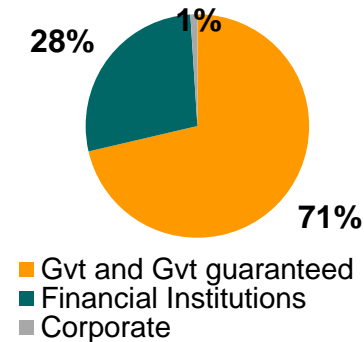
Securities Portfolio

Group

Portfolio by rating



Portfolio by issuer

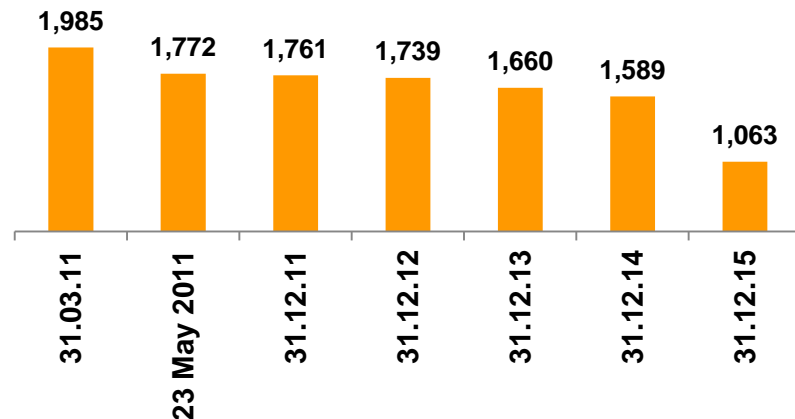


- Average life of securities portfolio is 6,3 years
- Average rating of securities portfolio is Baa2; excluding GGBs, the average rating is A1
- Average life of GGBs is 10 years with about 45% maturing by end-2015
- GGBs book value to nominal at 87% at 31 March

GGBs portfolio – 31 March 2011

	Classification €mn	Classification (%)
AFS	298	15%
HTM	308	15%
L&R	1.380	70%
Total	1.985	100%

GGBs remaining balances (€mn)



Financial Results 1Q 2011 – Highlights

Income Statement and Balance Sheet Review

Performance by Geographic Market

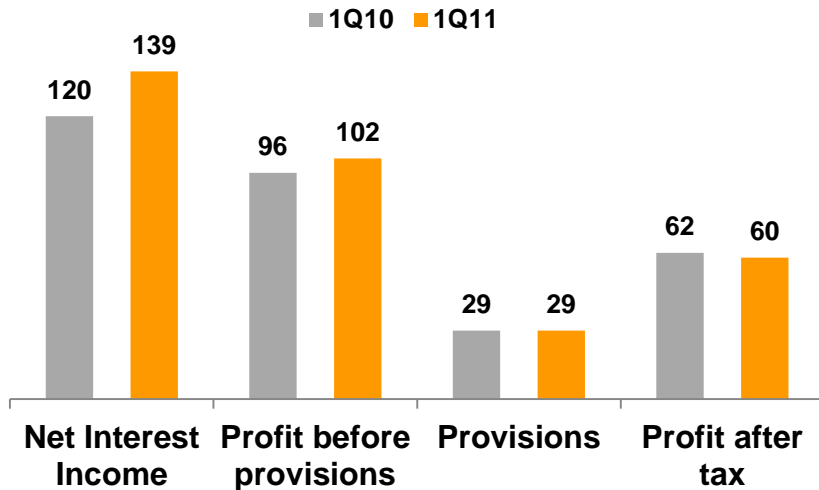
Strategic Priorities and 2011 Target

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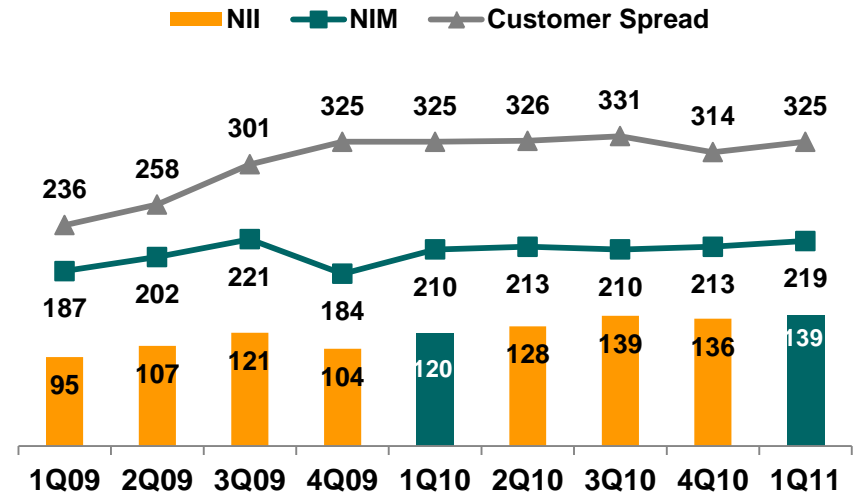
Performance by Geographic Market

Resilient Cypriot operations

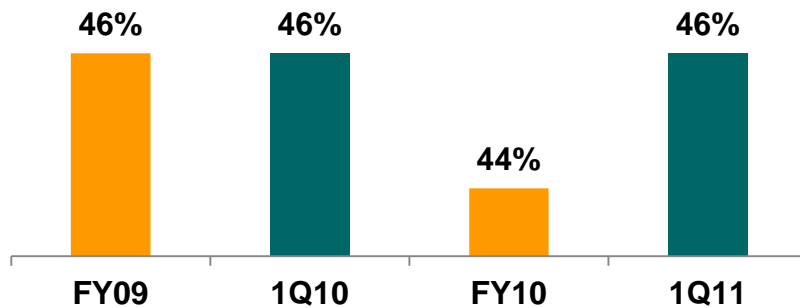
Profit & Loss Highlights (€mn)



Cyprus NII (€mn), NIM and Spread (bp)



Cost to Income ratio (%)



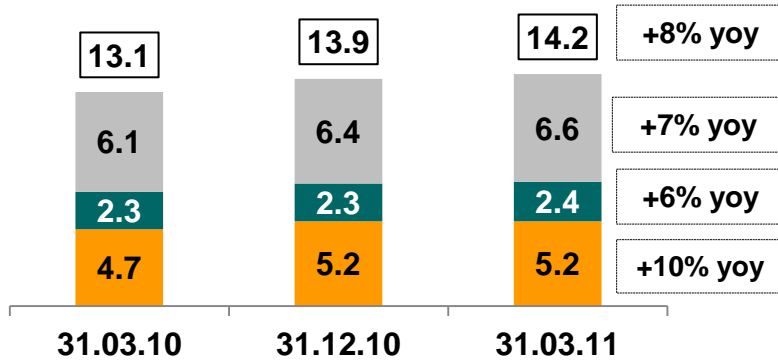
1Q11 Cyprus profitability affected by:

- Strong increase of net interest income (+16% yoy)
- Higher NIM (1Q11: 2,19% vs 1Q10: 2,10%)
- Higher taxes (+150% yoy) due to tax levy

Leading financial institution in Cyprus with an unrivalled deposit franchise

Gross Loans (€bn)

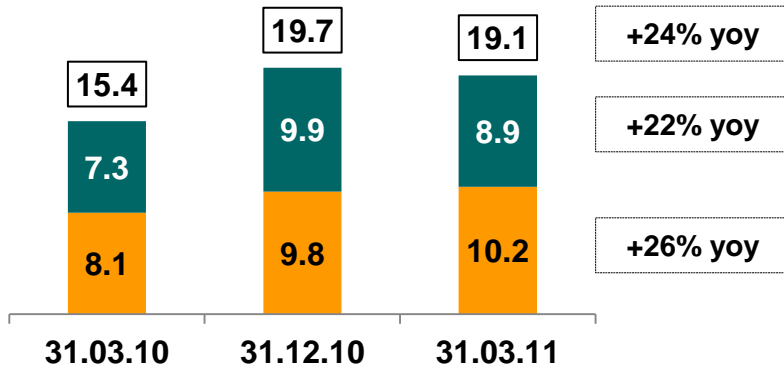
■ Retail ■ SMEs ■ Corporate



- A strong deposit franchise benefiting from a flight to quality
- A leading deposit market share of 31% (larger than the combined share of 2nd and 3rd largest banks); a 3,3% percentage points expansion of market share since March 2010
- Loan increase of 8% yoy

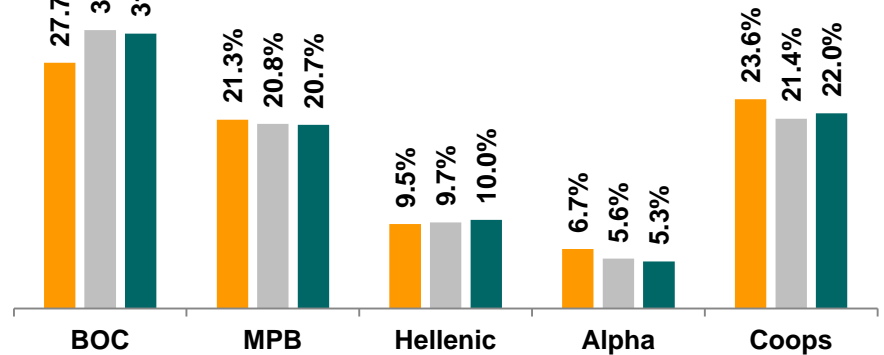
Deposits (€bn)

■ Non-IBUs ■ IBUs



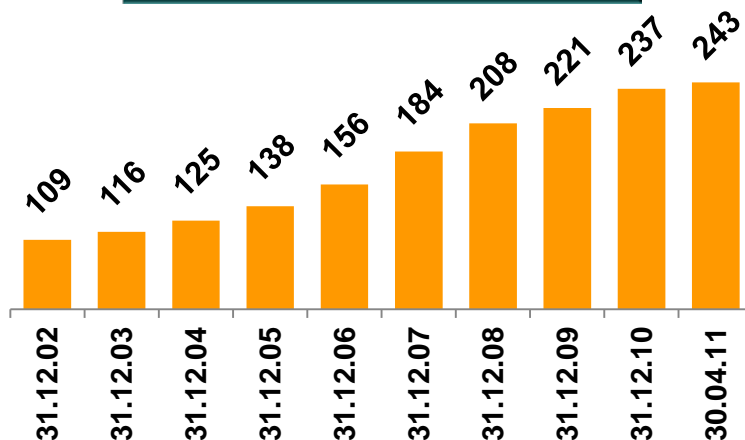
Deposit market share (%)

■ 31.03.10 ■ 31.12.10 ■ 31.03.11



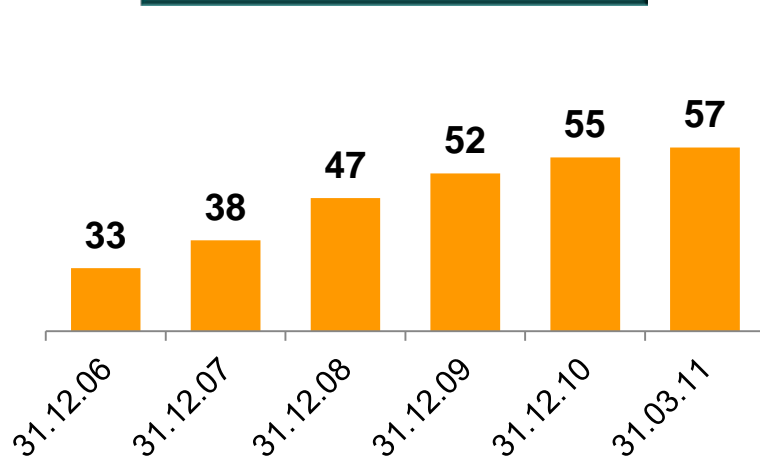
Market leader in International Business Sector

Companies Registered (000)



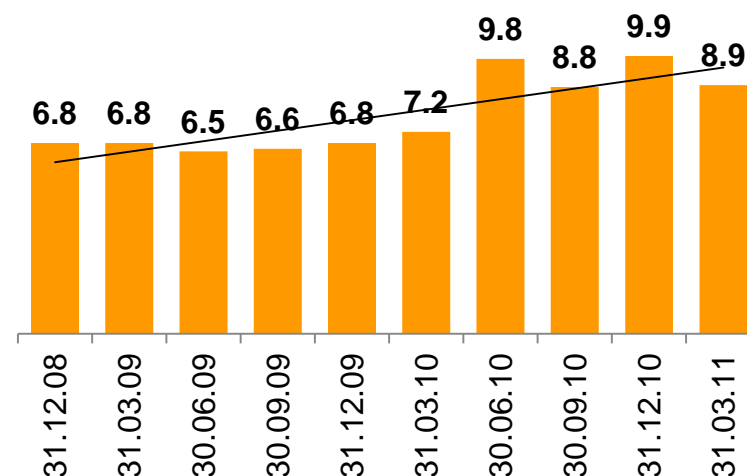
Source: Cyprus Registrar of Companies

Active IBU Customers (000)



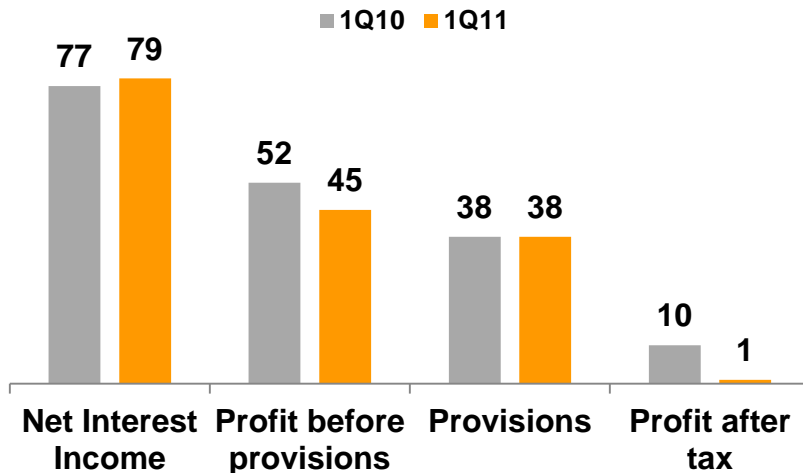
- Leading IBU position provides a growing clientele and an expanding deposit base
- 42% leading market share in foreign currency deposits
- Presence in Eastern Europe to boost further the IBU sector
- Sector continues to expand; Registered companies in Cyprus increase by 3% during first four months of 2011

IBU Deposits (€bn)

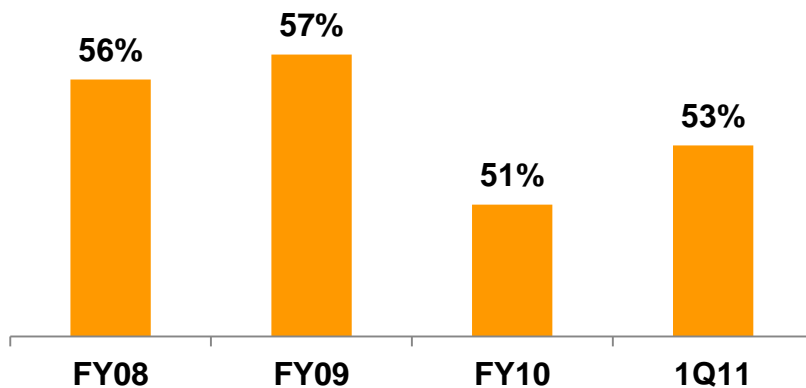


Profitable in a very challenging market

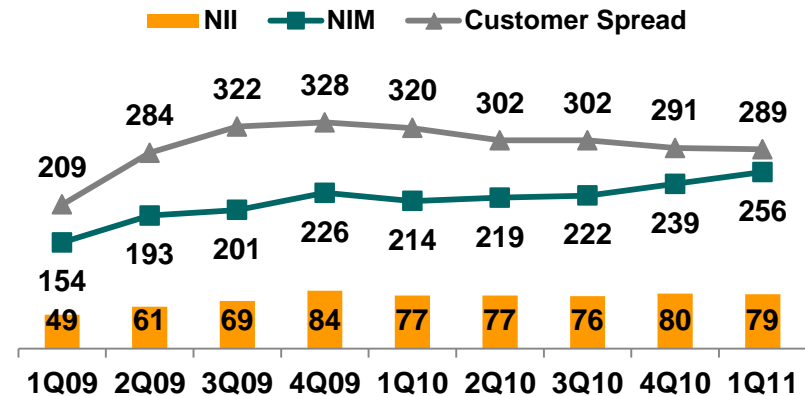
Profit & Loss Highlights (€mn)



Cost to Income ratio (%)



Greece NII (€mn), NIM and Spread (bp)



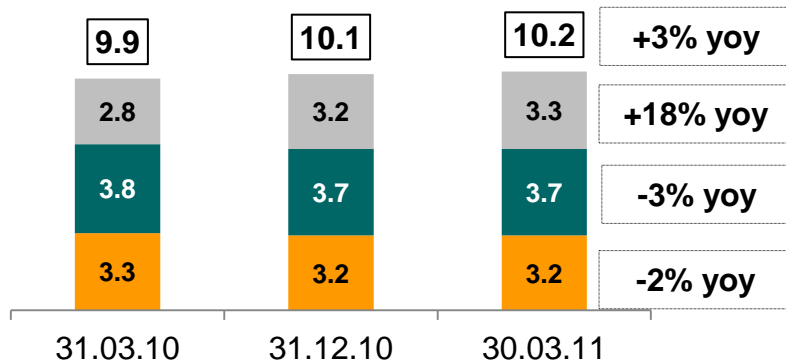
1Q11 Greece profitability affected by:

- Increase in net interest income (+3% yoy)
- Higher NIM (1Q11: 2,56% vs 1Q10: 2,14%)
- Lower income from financial instruments of about €7 mn

Selective business expansion

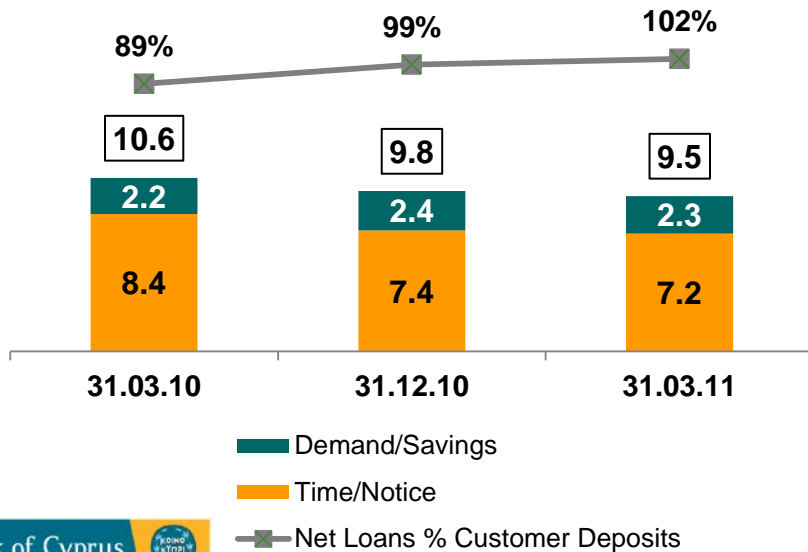
Gross Loans (€bn)

■ Retail ■ SMEs ■ Corporate

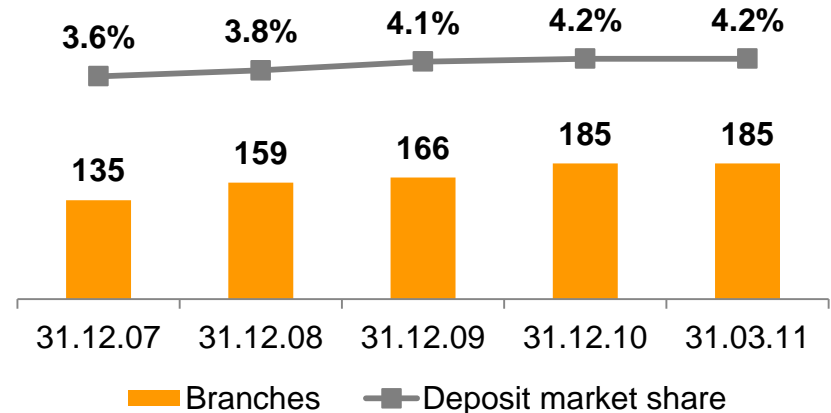


- Loans to deposits ratio 102%
- Increasing branch network
 - 185 branches in 1Q11 versus 167 in 1Q10
- Market share at 4,2% at end 1Q11

Deposits (€bn) and L/D ratio (%)

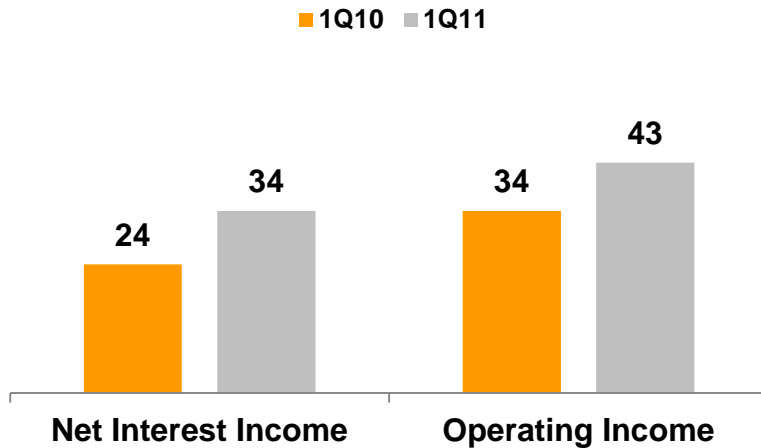


Deposit Market share (%) - Number of branches



Performance to benefit from business expansion

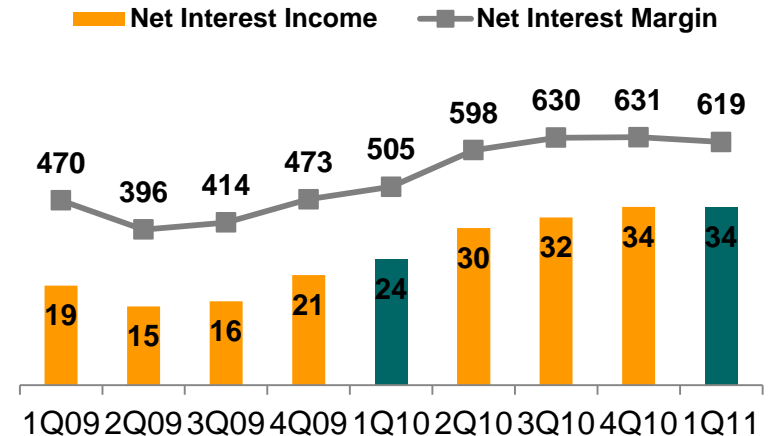
Profit and Loss Highlights (€mn)



Improved bottom-line profitability (€mn)



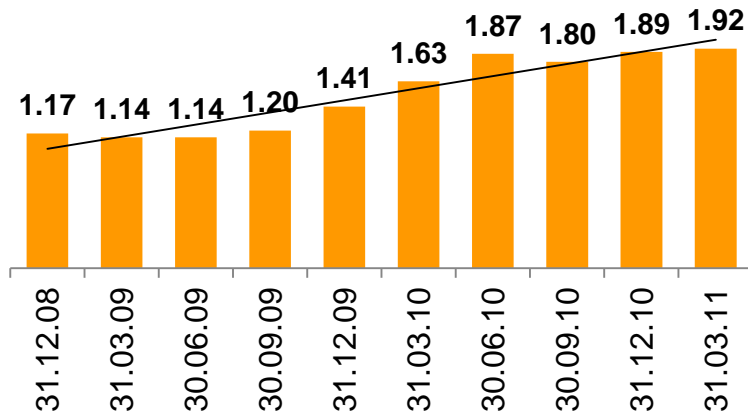
Russia NII (€mn) & NIM (bp)



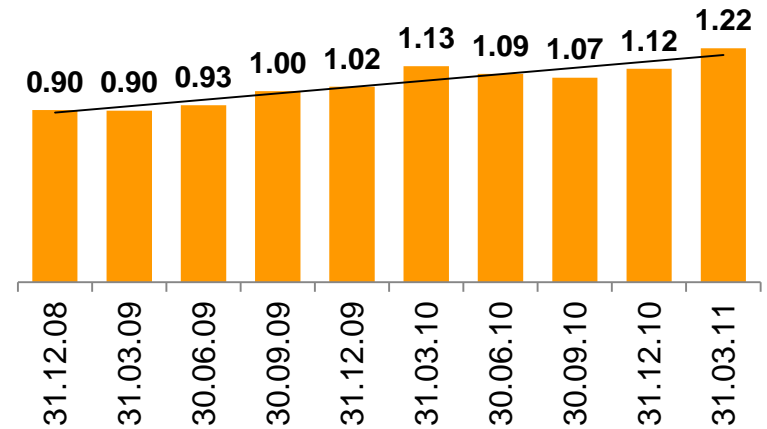
- Continuous improvement in Net Interest Income – 1Q11 NII +43% yoy
- NIM 1Q11 at 619 basis points an increase of 114 basis points versus 1Q10
- Leading to higher bottom-line profitability
 - Profit before provisions +141% to €12 mn
 - Profit after tax €4 mn compared to €1 mn in 1Q10

Continuing business expansion

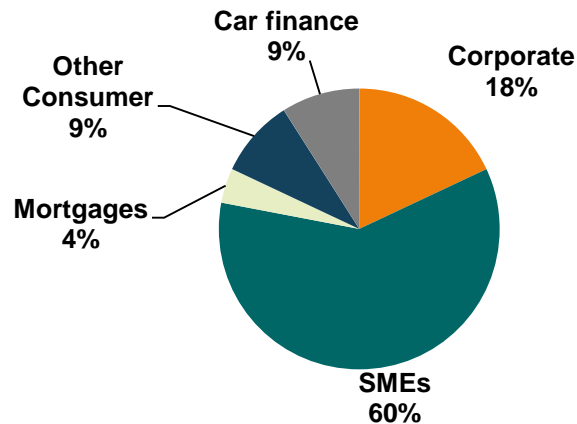
Gross Loans (€bn)



Customer Deposits (€bn)



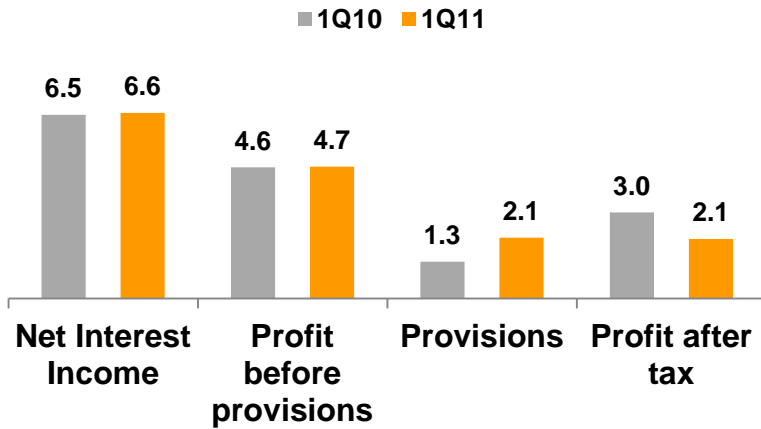
Loan diversification



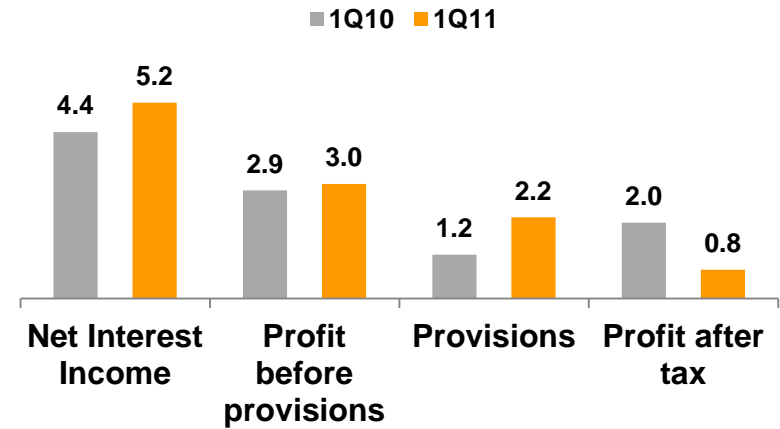
- Business expansion continued in 1Q11
- Increase in deposits (+8% yoy)
- Strong increase in loans (+18% yoy)

Resilient EE operations

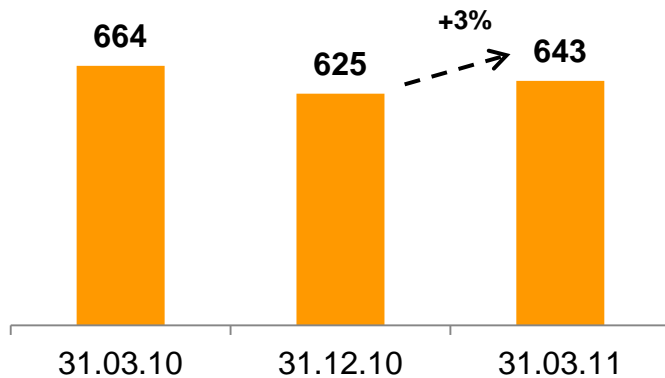
Profit and Loss Highlights Romania (€mn)



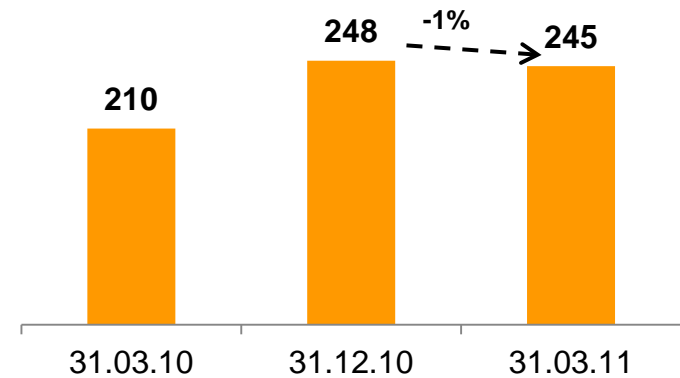
Profit and Loss Highlights Ukraine (€mn)



Romania Loans (€mn)



Ukraine loans (€mn)



Financial Results 1Q 2011 – Highlights

Income Statement and Balance Sheet Review

Performance by Geographic Market

Strategic Priorities and 2011 Target

Appendices

Strategic priorities and 2011 Target

Strategic priorities for 2011

Balance sheet strength

Safeguard healthy liquidity

Maintain strong capital adequacy

Achieve satisfactory profitability

Manage risks effectively

Business expansion

Selective lending expansion at appropriate pricing

Enhance presence in new markets with growth potential

2011: A challenging year ahead

- **Continue conservative policy and maintain provisions at high levels**
- **Robust increase in pre-provision and pre-tax profitability**
- **2011 Profit after tax expected to remain at similar levels as 2010**
- **Profitable in all markets**

Key information and contact details

Credit Ratings:

Moody's : Baa2 / P-2

Fitch: BBB+ / F2

Listing:

ATHEX – BOC

CSE – BOCY

ISIN CY0000100111

Participation in indices:

CSE General Index , FTSE/CySE 20

FTSE/ATHEX Top 20

FTSE Med 100, MSCI Greece Index,

FTSE New EU

DJ STOXX EU Enlarged TMI

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Financial Results 1Q 2011 – Highlights

Income Statement and Balance Sheet Review

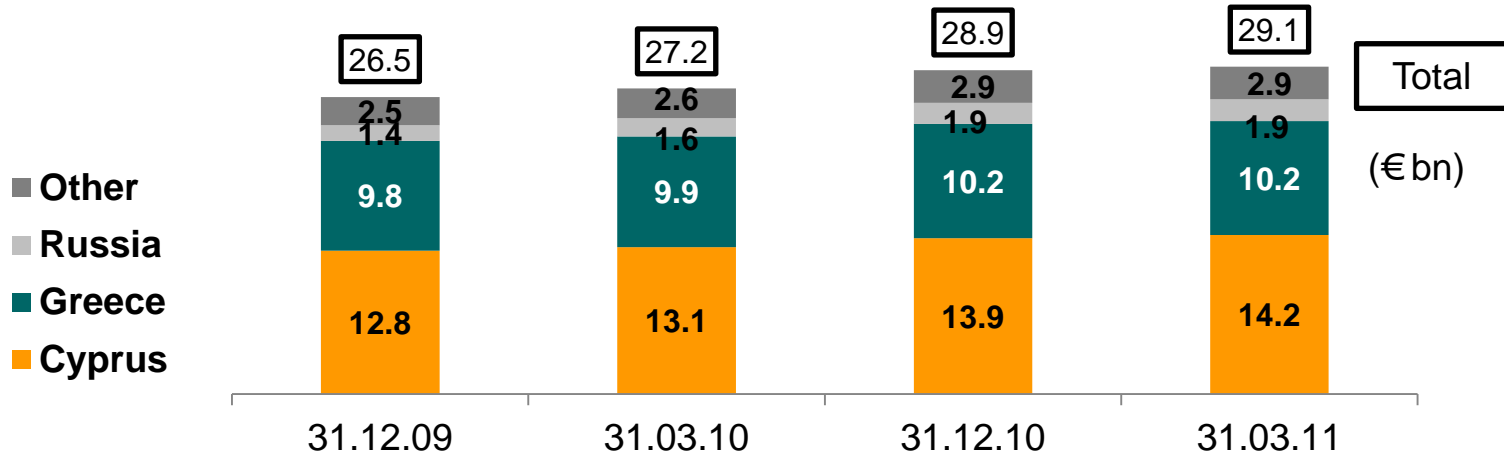
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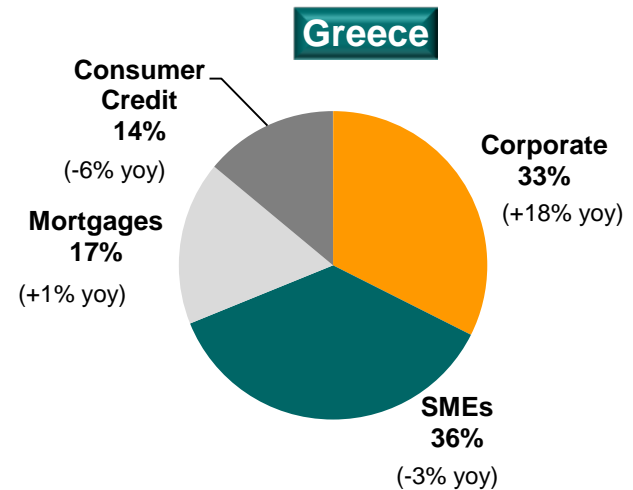
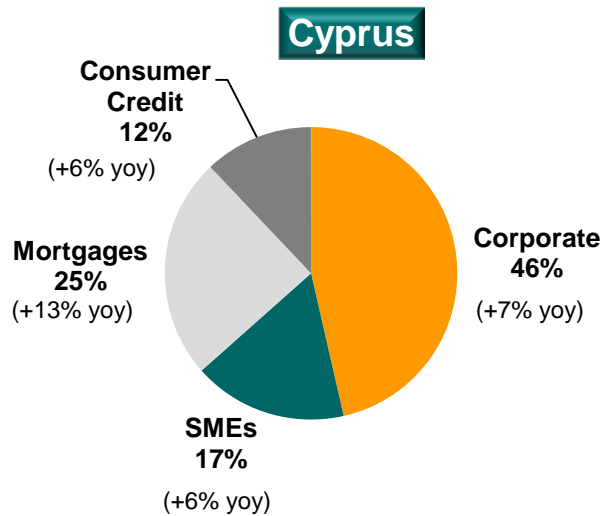
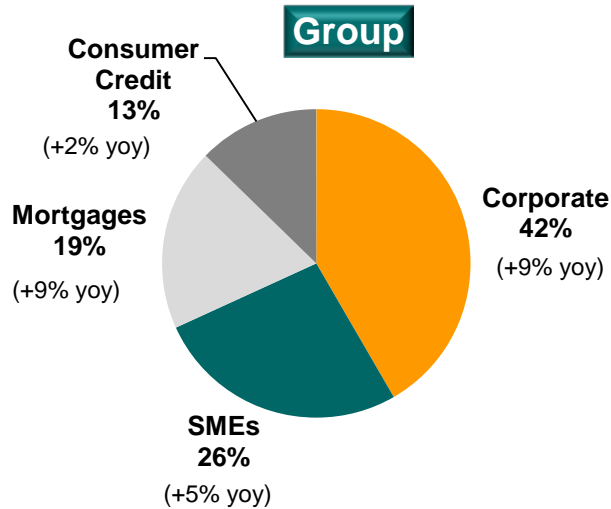
Gross Loans by Geography



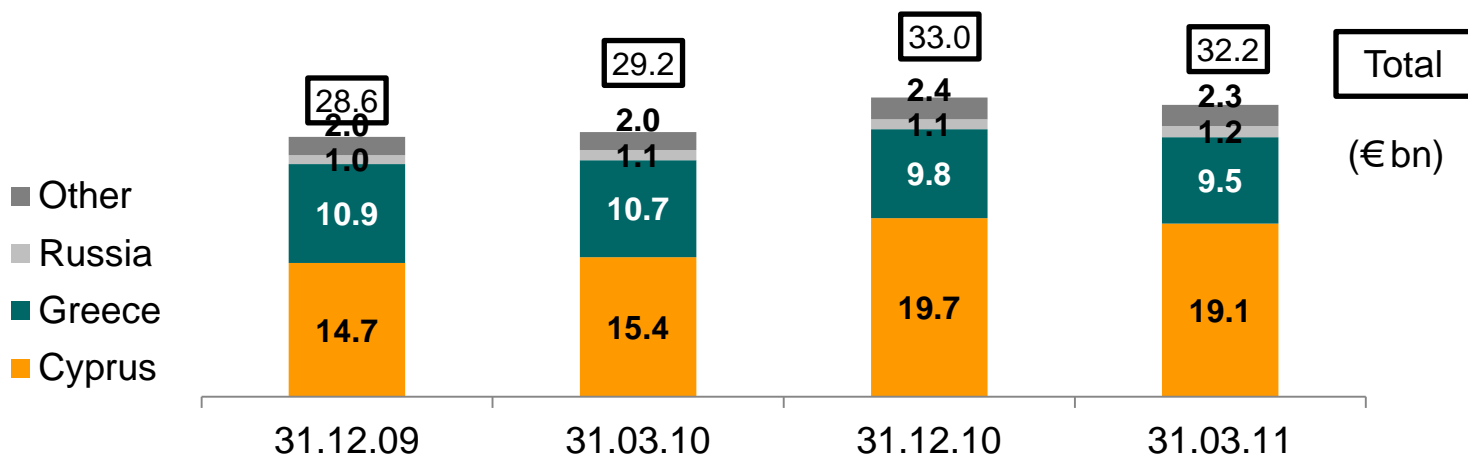
	31.03.10 (Eur mn)	As % of total	31.03.11 (Eur mn)	As % of total	YoY (%)	Market Share (%)
Cyprus	13.075	48%	14.151	49%	+8%	27,5%
Greece	9.856	36%	10.167	35%	+3%	4,2*
Russia	1.626	6%	1.915	7%	+18%	
Other Countries	2.648	10%	2.910	9%	+10%	
TOTAL	27.206		29.143		+7%	
- United Kingdom	1.060		1.041		-2%	
-Australia	714		981		+37%	
-Romania	664		643		-3%	
-Ukraine	210		245		+18%	

Other countries: Australia, Romania, Ukraine and United Kingdom

Gross Loans Segmental Diversification



Customer Deposits by Geography



	31.03.10 (Eur mn)	As % of total	31.03.11 (Eur mn)	As % of total	1Q11 versus 1Q10 (%)	Market Share (%)
Cyprus	15.396	53%	19.096	59%	+24%	31,0%
Greece	10.650	37%	9.538	30%	-10%	4,2%
Russia	1.134	4%	1.224	4%	+8%	
Other Countries	2.023	6%	2.336	7%	+16%	
TOTAL	29.203		32.194		+10%	
- United Kingdom	1.271		1.186		-8%	
-Australia	579		926		+60%	
-Romania	136		186		+37%	
-Ukraine	39		39		+0%	

Other countries: Australia, Romania, Ukraine and United Kingdom

Cyprus: Summary profit & loss and key indicators

(€ mn)	1Q11	1Q10	1Q11 versus 1Q10 (%)
Net interest income	139	120	+16%
Net fee & commission income	33	31	+8%
FX income & net gains from financial instruments	1	14	-90%
Insurance income	14	12	+14%
Other income	1	0	-
Total income	188	177	+7%
Personnel expenses	60	56	+7%
Other operating expenses	26	25	+4%
Total expenses	86	81	+6%
Profit before provisions	102	96	+7%
Provisions	29	29	-1%
Share of (loss)/profit of associates	0	1	
Profit before tax	73	66	+11%
Taxation	13	5	+150%
Non-controlling interest loss/(profit)	0	1	
Profit after tax	60	62	-3%
Net Interest Margin (NIM)	2,19%	2,10%	+9 b.p.
Cost to Income Ratio	45,6%	45,7%	-0,1 p.p.
Return on Equity (ROE)	20,5%	22,1%	-1,6%

b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

Greece: Summary profit & loss and key indicators

(€mn)	1Q11	1Q10	1Q11 versus 1Q10 (%)
Net interest income	79	77	+3%
Net fee & commission income	12	11	--
FX income & net gains from financial instruments	2	11	-73%
Insurance income	3	3	+4%
Other income	1	0	+272%
Total income	97	102	-5%
Personnel expenses	30	30	--
Other operating expenses	22	20	+8%
Total expenses	52	50	+4%
Profit before provisions	45	52	-14%
Provisions	38	38	+2%
Share of (loss)/profit of associates	--	--	
Profit before tax	7	14	--54%
Taxation	6	4	+25%
Non-controlling interest loss/(profit)	--	--	
Profit after tax	1	10	-89%
Net Interest Margin (NIM)	2,56%	2,14%	+42 b.p.
Cost to Income Ratio	53,4%	48,9%	+4,5 p.p.
Return on Equity (ROE)	0,6%	5,7%	-5,1 p.p.

b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

Russia: Summary profit & loss and key indicators

(€mn)	1Q11	1Q10	1Q11 versus 1Q10 (%)
Net interest income	34	24	+43%
Net fee & commission income	8	7	+8%
FX income & net gains from financial instruments	1	2	-26%
Insurance income	--	--	--
Other income	0	1	-60%
Total income	43	34	+28%
Personnel expenses	17	16	+10%
Other operating expenses	14	13	+6%
Total expenses	31	29	+8%
Profit before provisions	12	5	+141%
Provisions	6	3	+94%
Share of (loss)/profit of associates	--	--	--
Profit before tax	6	2	+231%
Taxation	1	1	-34%
Non-controlling interest loss/(profit)	(0)	(0)	--
Profit after tax	4	1	+360%
Net Interest Margin (NIM)	6,19%	5,05%	+1,14 p.p.
Cost to Income Ratio	72,5%	85,4%	-12,9 p.p.
Return on Equity (ROE)	9,7%	11,6%	-1,9 p.p.

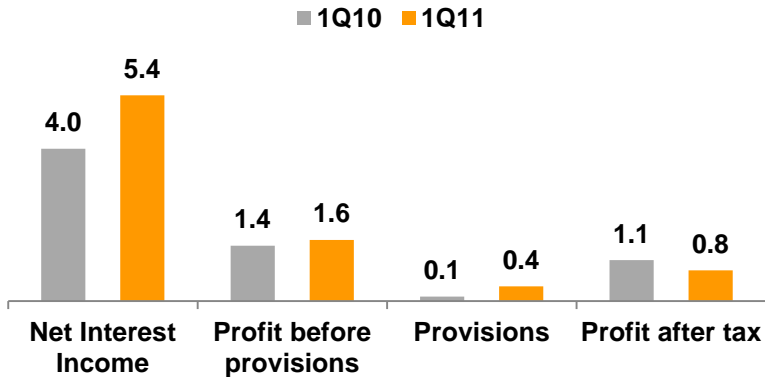
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

Other countries: Summary profit & loss and key indicators

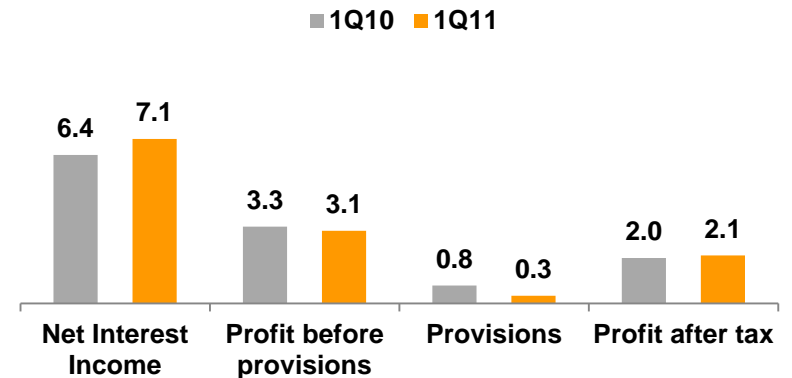
(€mn)	1Q11	1Q10	1Q11 versus 1Q10 (%)
Net interest income	24	21	+14%
Net fee & commission income	3	2	+29%
FX income & net gains from financial instruments	1	1	-6%
Insurance income	--	--	--
Other income	--	--	-
Total income	28	24	+12%
Personnel expenses	8	6	+26%
Other operating expenses	7	6	+19%
Total expenses	15	12	+23%
Profit before provisions	13	12	+20%
Provisions	6	3	+49%
Share of (loss)/profit of associates	--	--	--
Profit before tax	7	9	-17%
Taxation	1	1	--
Non-controlling interest loss/(profit)	--	--	--
Profit after tax	6	8	-29%
Net Interest Margin (NIM)	2,63%	2,64%	-1 b.p.
Cost to Income Ratio	55,2%	50,4%	+4,8 p.p.
Return on Equity (ROE)	12,0%	19,5%	-7,5 p.p.

Operations in Australia and United Kingdom

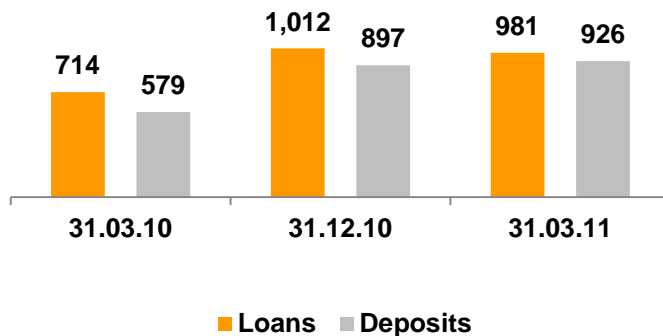
Profit and Loss Highlights Australia (€mn)



Profit and Loss Highlights UK (€mn)



Australia Loans and Deposits (€mn)



UK Loans and Deposits (€mn)

