

Financial Results for 1st Quarter 2007

10 May 2007

Financial Results 1Q07 - Highlights

Income Statement Review

Balance Sheet Review

Our Rejection of Marfin's Approaches

Appendix 1: Detailed Financial Information

Appendix 2: Financial Targets 2007-2009

Disclaimer

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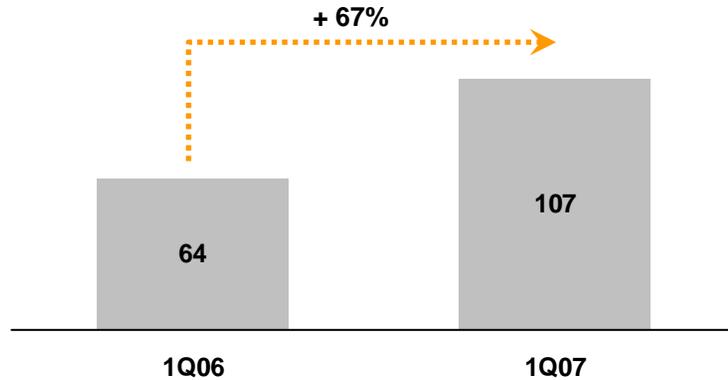
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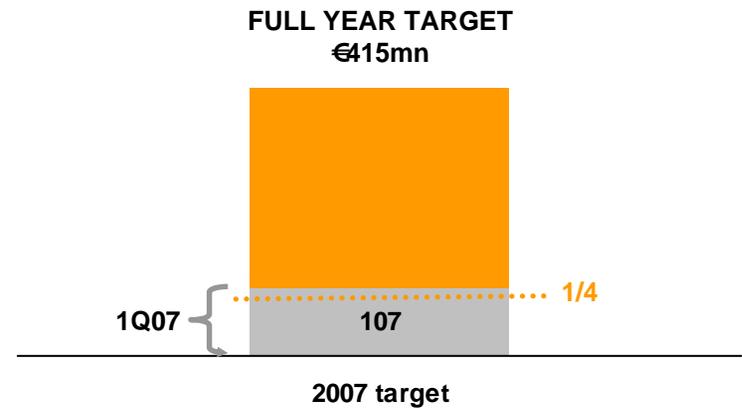
The base currency of all amounts included in the presentation is Cyprus Pounds. The conversion into Euro was made using the exchange rate prevailing on 31 March 2007 of €1=C£0,5807.

Record high levels in 1Q07

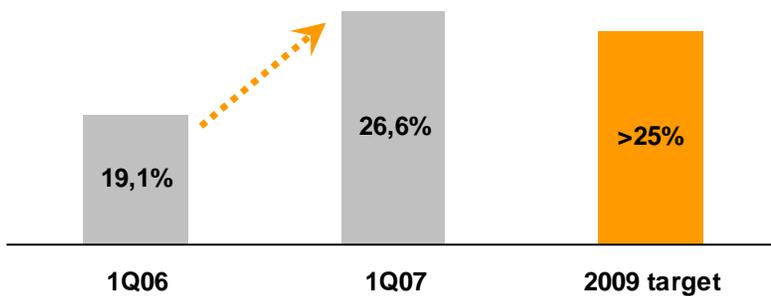
Profit after tax (€mn)



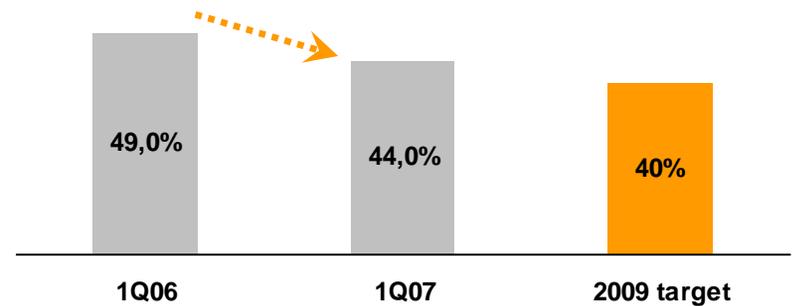
Profit after tax (€mn)



Return on equity

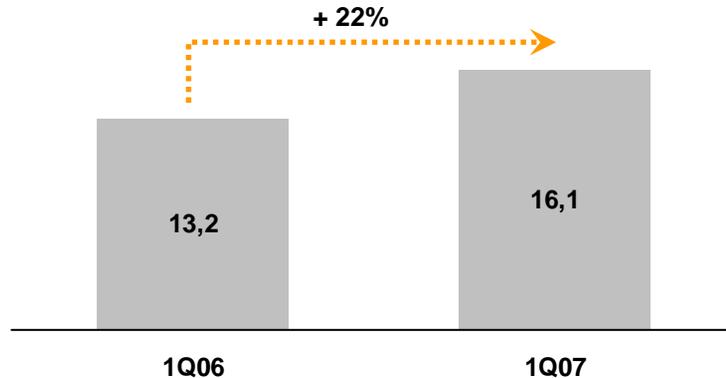


Cost to income ratio

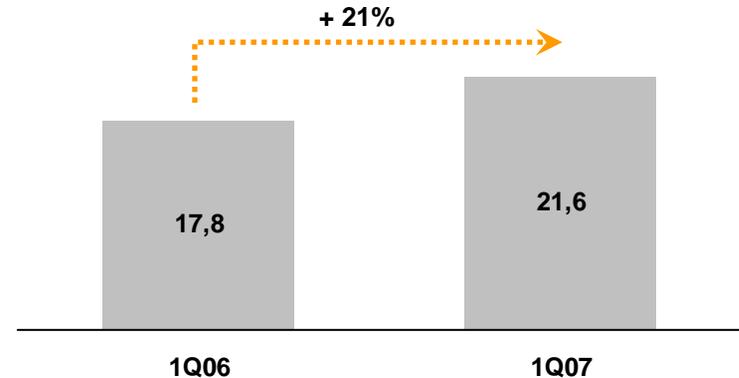


Spectacular growth...

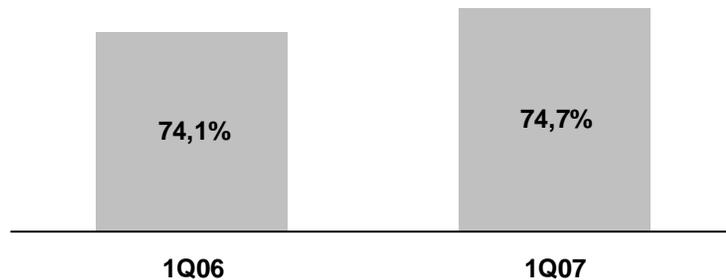
Loans (€bn)



Deposits (€bn)



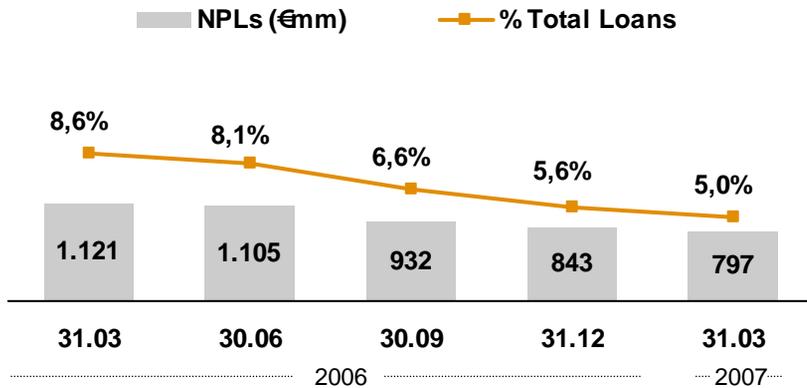
Loans/deposits ratio



- **Lending growth in all geographic markets**
 - 10.000 new clients in Greece in 1Q07
 - 6.000 new clients in Cyprus in 1Q07
- **Particularly high growth in the mortgage sector in Cyprus**
- **Deposit growth remains strong**

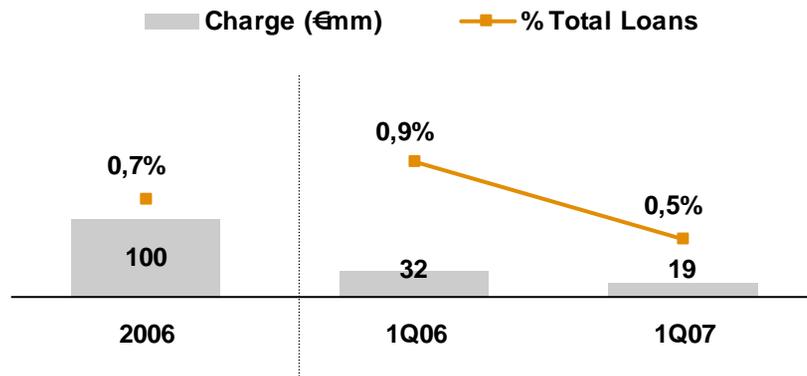
Continuing improvement in loan quality

NPLs development (1)

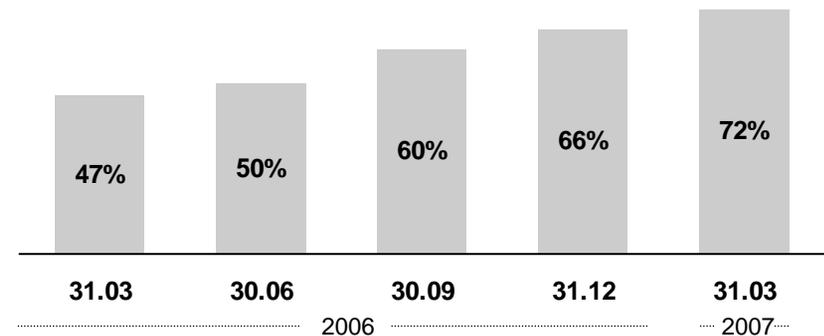


- Further absolute NPL reduction
- Increased provision coverage
 - Higher degree of confidence on adequacy of current provisioning levels

Provision charge



Provision coverage (2)



- (1) Stringent NPL classification criteria (3 months)
 (2) The remainder of the NPLs is fully covered by tangible collateral

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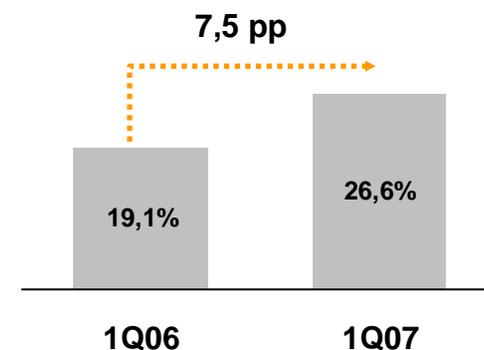
Appendix 2: Financial Targets 2007-2009

A spectacular improvement in profitability and efficiency driven by core profits...

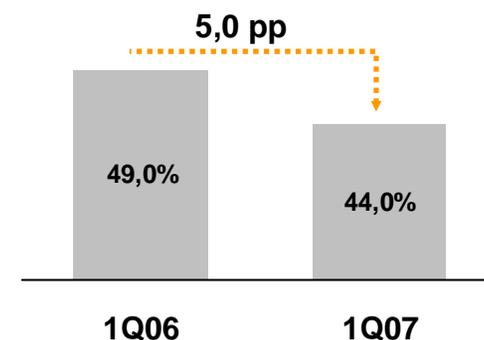
Income & Expense Analysis (€mm)

	1Q07	1Q06	Change
Net interest income	173	135	+28%
Fee & commission income	50	41	+21%
Net operating income from insurance operations	13	12	+10%
Other operating income	19	23	-12%
Total income	255	211	+21%
Total expenses	112	103	+9%
Profit before provisions	143	108	+33%
Provisions	19	32	-37%
Profit before tax	124	76	+62%
Profit after tax	107	64	+67%

Return on equity

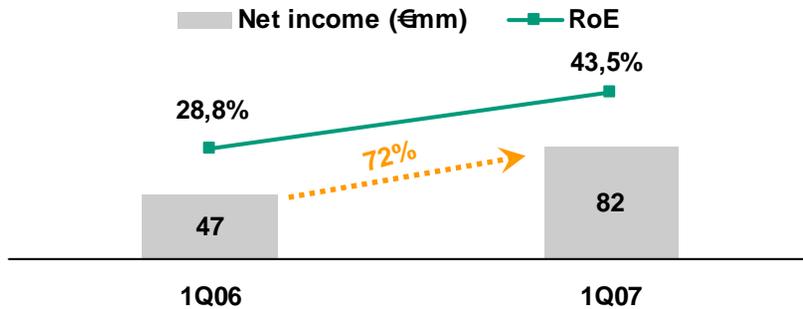


Cost/income



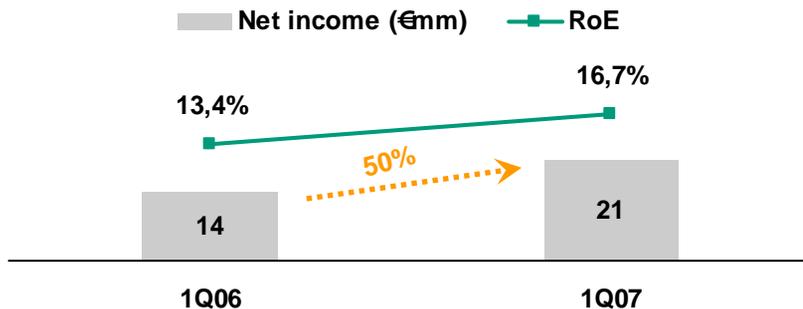
... underpinned by strong performance across BOC's diversified business

Cyprus

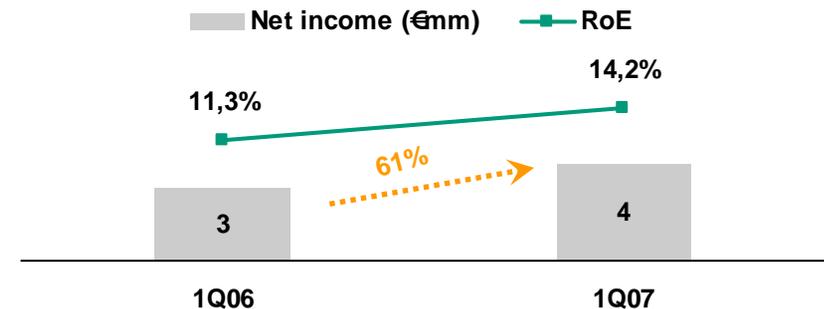


- **Cyprus**
 - High volumes
 - Reduction of credit costs
- **Greece**
 - High volumes
 - Maturing branch network and client relationships
 - Continuing branch openings

Greece



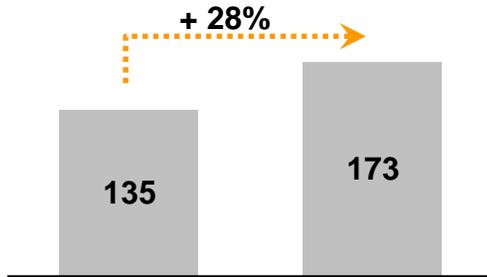
Other countries



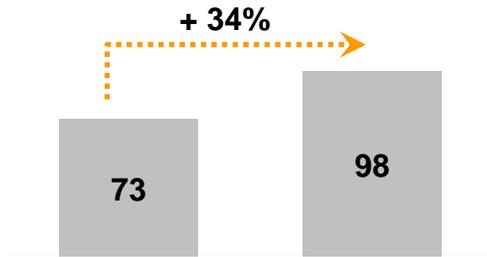
Strong increase in net interest income

Net interest income (€mm)

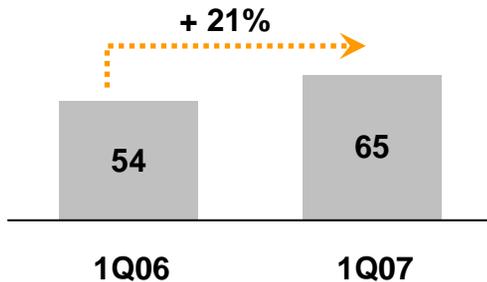
Group



Cyprus

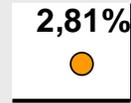


Greece

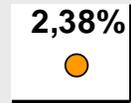


Net interest margin

Group



Cyprus



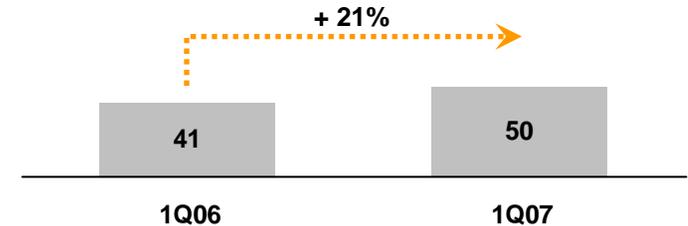
Greece



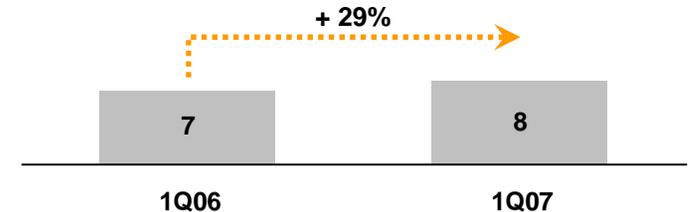
High double digit growth in non interest income sources

- **Fees and commissions growth mainly driven by:**
 - Volume growth in Cyprus
- **Foreign exchange income increase mainly driven by:**
 - Volume growth in Cyprus, especially in international banking activities
 - Volume growth in Greece
- **Growth in income from insurance business mainly driven by:**
 - Good growth rates in Cyprus
 - Increased bancassurance penetration in Greece

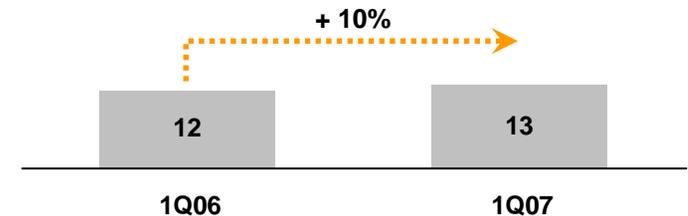
Fees and commissions (€mm)



Foreign exchange income (€mm)



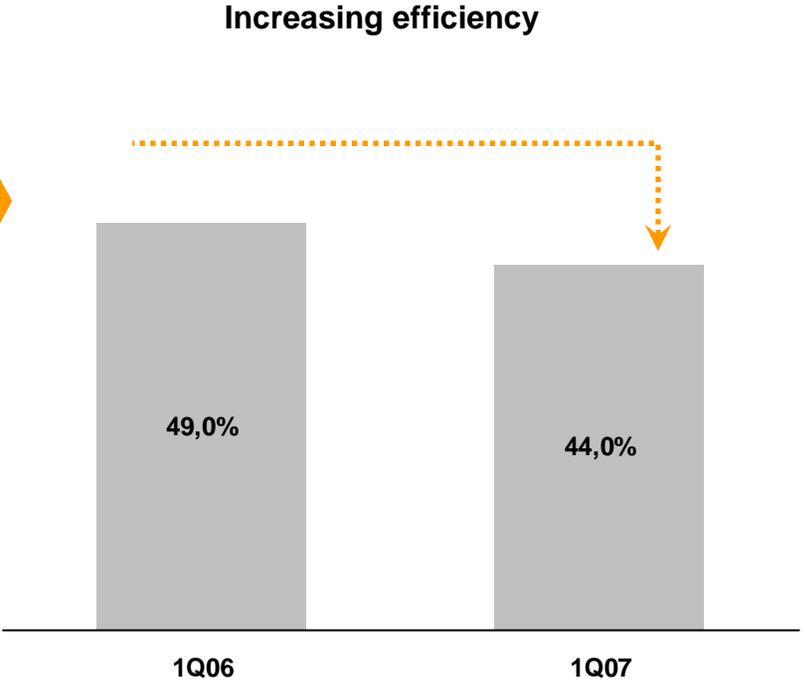
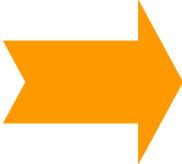
Income from insurance business (€mm)



Spectacular efficiency improvement

Income vs. expense growth (€mm)

Cost to income ratio



Cost containment ...

Cost/income

Group

46,7%

49,0%

44,0%

Cyprus

44,3%

47,0%

39,9%

Greece

47,7%

50,0%

49,7%

FY06

1Q06

1Q07

Staff costs (€mm)

66

71

1Q06

1Q07

+ 8%

Other operating expenses (€mm)

37

41

1Q06

1Q07

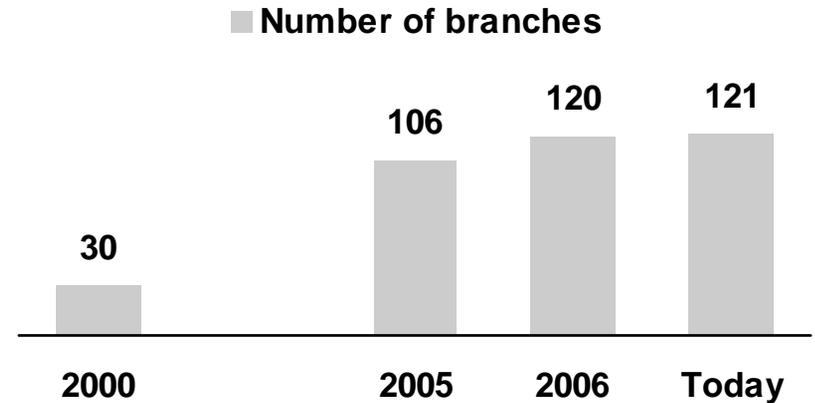
+ 10%

... with parallel network expansion in Greece



- Network covers all districts in Greece
- Network is still very young
 - < 3 years old
31% of network
 - < 5 years old
50% of network

Branch network development



- 9 new branches in last 12 months
- Another 7 branches in the pipeline
 - Renovation work has started on recently rented properties

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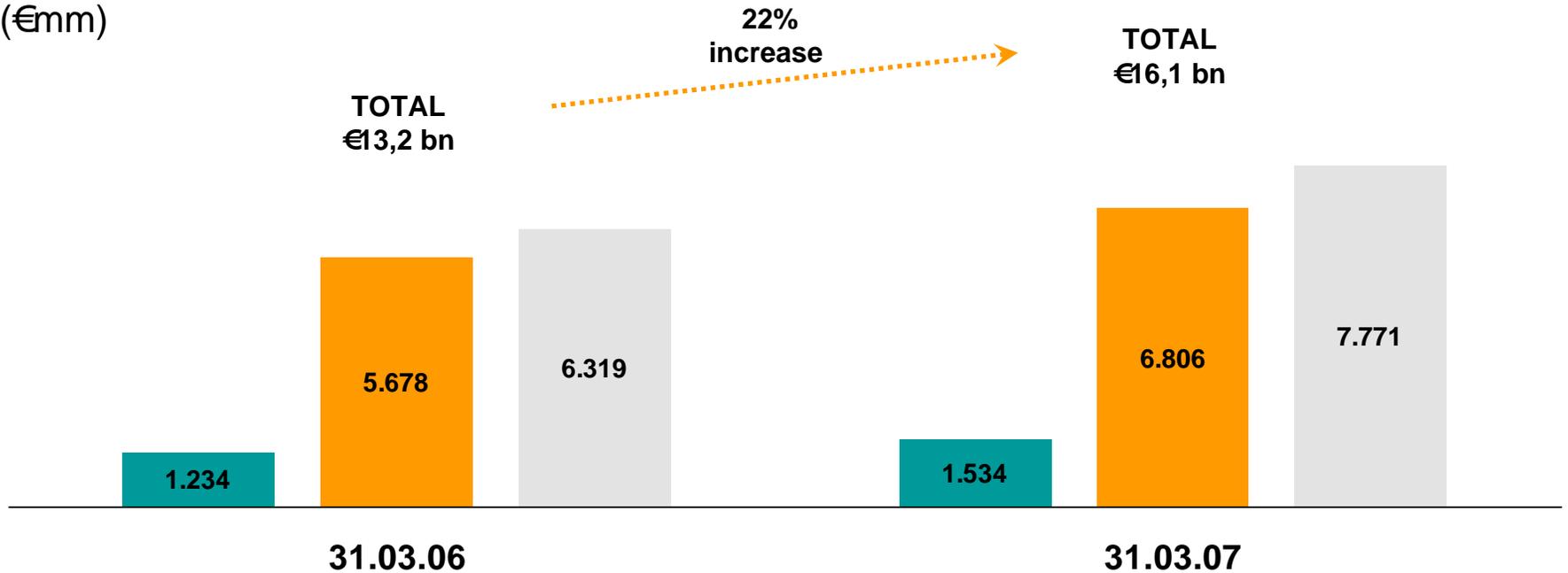
Appendix 2: Financial Targets 2007-2009

Balance Sheet overview

€mm	1Q07	1Q06	% growth
Cash and balances with central banks	736	622	+18%
Placements with banks	4.495	3.723	+21%
Debt securities, T-bills, equity investments	4.377	3.750	+17%
Net loans to customers	15.307	12.485	+23%
Other assets	1.291	1.128	+15%
Total assets	26.206	21.708	+21%
Amounts due to banks	447	476	-6%
Customer deposits	21.556	17.847	+21%
Debt securities in issue	1.008	553	+82%
Other liabilities	980	824	+19%
Subordinated loan stock	631	559	-11%
Shareholders' equity	1.656	1.377	+20%

Loans by geographic sector

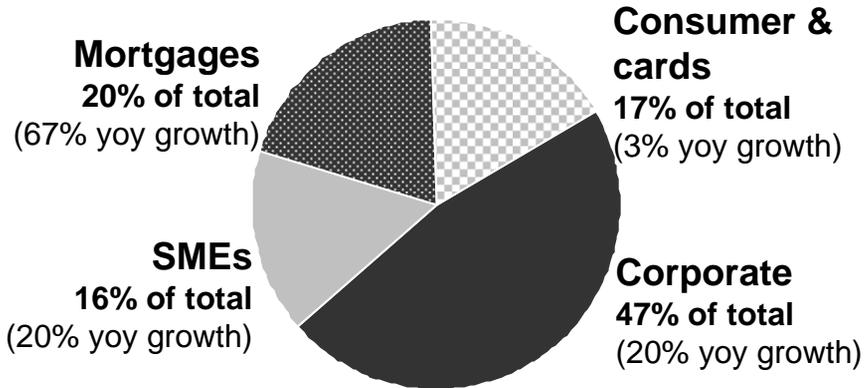
(€mm)



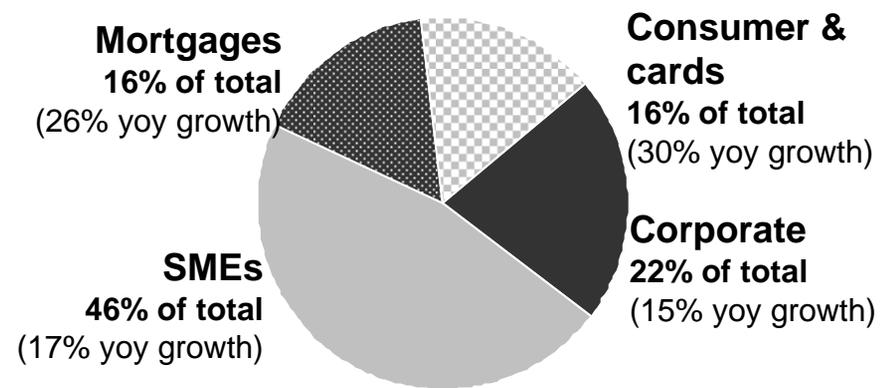
	Share in the Group total % 31.03.06	Share in the Group total % 31.03.07	Annual increase %	Market share
■ Cyprus	48%	48%	23%	27,4%
■ Greece	43%	42%	20%	3,7%
■ Other countries	9%	10%	24%	

Well diversified loan portfolio

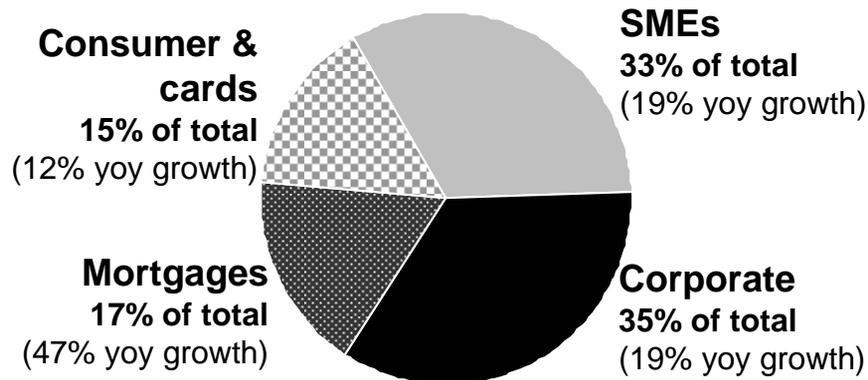
Cyprus



Greece



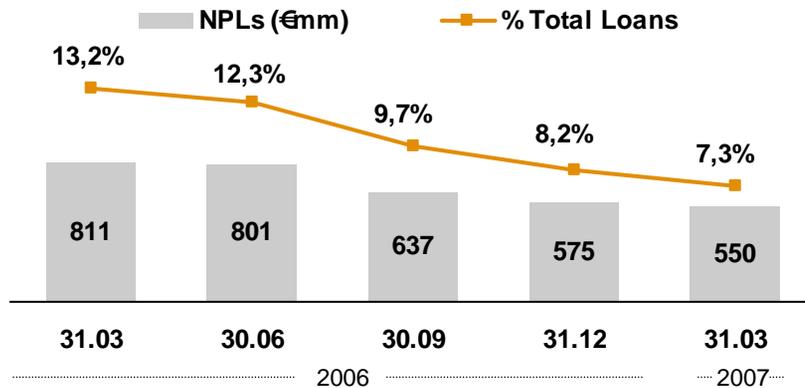
Group



Loan quality improved across the board

Group NPL ratio improved to 5,0% (against 8,6% a year ago)

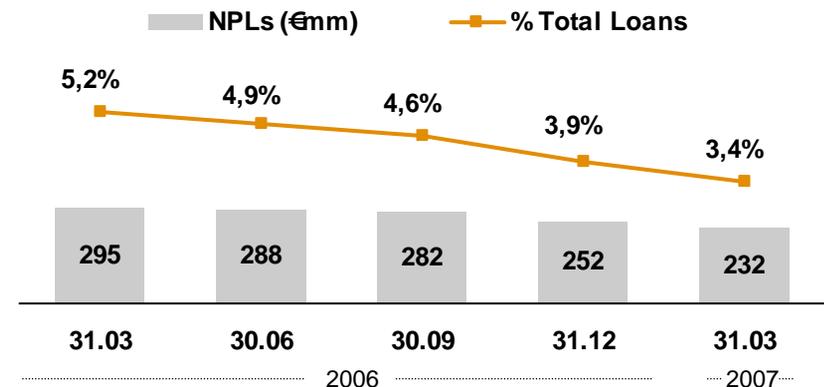
Cyprus NPLs development



- **Best NPL ratio of all Cypriot banks**
- **High ratio by international standards**
 - **Prolonged period for recovery of collateral**

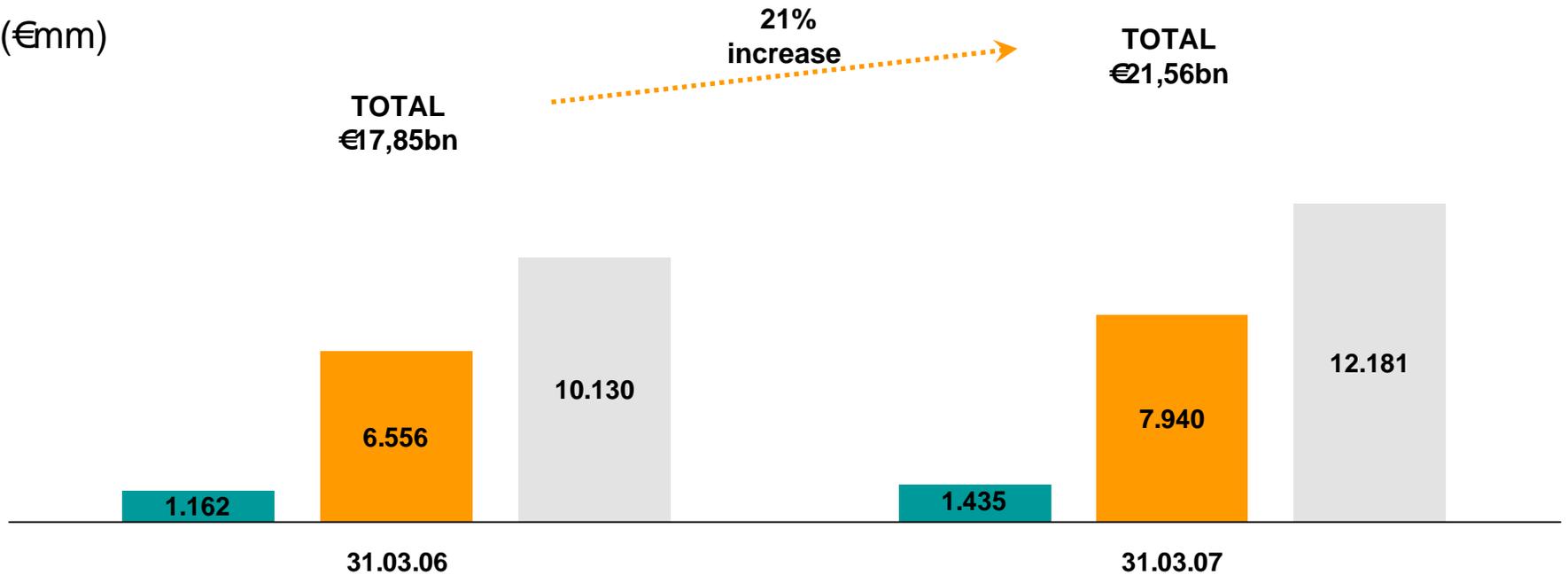
- **NPL ratio better than average of banking system in Greece (5,4% at end-2006)**
- **NPL improvement despite high growth rates**

Greece NPLs development



Deposits by geographic sector

(€mm)



	Share in the Group total %	Annual increase %	Market share
■ Cyprus	57%	56%	29,9%
■ Greece	37%	37%	3,8%
■ Other countries	6%	7%	

Capital adequacy overview per Basel II

(€mm)	01.01.07
Shareholders' equity	1.656
Tier I Capital *	1.338
Tier II Capital	458
Total Regulatory Capital	1.796
Tier I ratio	9,5%
Tier II ratio	3,3%
Total capital ratio	12,8%

* includes an amount of €162mn of Hybrid Tier 1 Capital

New markets: Romania and Russia

Romania

- **Leasing subsidiary fully operational**
- **First branch in Bucharest to start operations in June 2007**
- **Loan applications already in the pipeline**

Russia

- **Final stage for licence**
- **Should be fully operational early 3Q2007**
- **Successful pre-marketing**
 - **High quality customers**
 - **Attractive spreads**

We will update you as we progress throughout the year

Our Rejection of Marfin's approaches

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Marfin's approaches: Limited benefits significant risks

“Strategic cooperation” is code for Marfin seeking to obtain creeping control of Bank of Cyprus

- **International combination makes no sense**

High risks

- **Distraction from execution of current strategic plan**
- **Integration risk**
 - **Different cultures and underlying philosophy**
- **Anti-competitive / market share issues in Cypriot market**
- **Rigid labour laws**

Limited benefits

- **Unrealistic synergies:**
Significantly higher than international benchmarks and exaggerated even more by the peculiarities the Cypriot banking environment

Bank of Cyprus does not need Marfin

Bank of Cyprus has strong strategic positions and continues to create value for its shareholders

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Cyprus operations delivered strong financial performance

(€mm)	1Q07	1Q06	% growth	FY06
Net interest income	98	73	+34%	343
Fees and commissions	34	28	+23%	121
Income from insurance operations	12	11	+8%	40
Net gains on sale and change in fair value of financial instruments	6	13	-50%	30
Foreign exchange and other income	13	7	+79%	48
Total income	163	132	+24%	585
Staff costs	(44)	(43)	+2%	(177)
Other operating expenses	(21)	(19)	+14%	(81)
Total expenses	(65)	(62)	+5%	(258)
Provision for bad debts	(7)	(16)	-56%	(45)
Profit before tax	91	54	+68%	279
Tax	(9)	(7)	+40%	(36)
Profit after tax	82	47	+72%	243
Net Interest Margin	2,57%	2,12%	+45 b.p.	2,38%
Return on Equity	43,5%	28,8%	+14,7 p.p.	35,5%
Cost/Income	39,9%	47,0%	-7,1 p.p.	44,3%

Greek operations experienced improved profitability

(€mm)	1Q07	1Q06	% growth	FY06
Net interest income	65	54	+21%	239
Fees and commissions	12	11	+12%	43
Income from insurance operations	2	1	+35%	5
Net gains on sale and change in fair value of financial instruments	0	2	-115%	2
Foreign exchange and other income	1	1	+5%	3
Total income	80	69	+15%	292
Staff costs	(22)	(18)	+24%	(73)
Other operating expenses	(18)	(17)	+4%	(66)
Total expenses	(40)	(35)	+15%	(139)
Provision for bad debts	(12)	(15)	+16%	(58)
Profit before tax	28	19	+42%	95
Tax	(7)	(5)	+20%	(31)
Profit after tax	21	14	+50%	64
Net Interest Margin	3,02%	3,10%	-8 b.p.	3,14%
Return on Equity	16,7%	13,4%	+3,3 p.p.	14,0%
Cost/Income	49,7%	50,0%	-0,3 p.p.	47,7%

Operations in UK and Australia delivered increased earnings

(€mm)	1Q07	1Q06	% growth	FY06
Net interest income	10	8	+16%	35
Fees and commissions	3	2	+30%	10
Net gains on sale and change in fair value of financial instruments	0	0	-104%	(7)
Foreign exchange and other income	0	0	-21%	1
Total income	13	10	+24%	39
Staff costs	(5)	(4)	+7%	(18)
Other operating expenses	(3)	(3)	+16%	(11)
Total expenses	(8)	(7)	+10%	(29)
Provision for bad debts	0	0	-60%	2
Profit before tax	5	3	+79%	12
Tax	(1)	(0)	+194%	(4)
Profit after tax	4	3	+61%	8
Net Interest Margin	1,91%	2,06%	-15 b.p.	1,97%
Return on Equity	14,2%	11,3%	+2,9 p.p.	8,6%
Cost/Income	60,0%	67,8%	-7,8 p.p.	74,7%

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Key strategic directions 2007-2009

Cyprus

Domestic banking

- Benefit from strong economic growth and European Monetary Union entry
- Market share gains in targeted product areas
- Further efficiencies realisation

International banking

- Deepening product set
- Benefit from fast expanding market

Greece

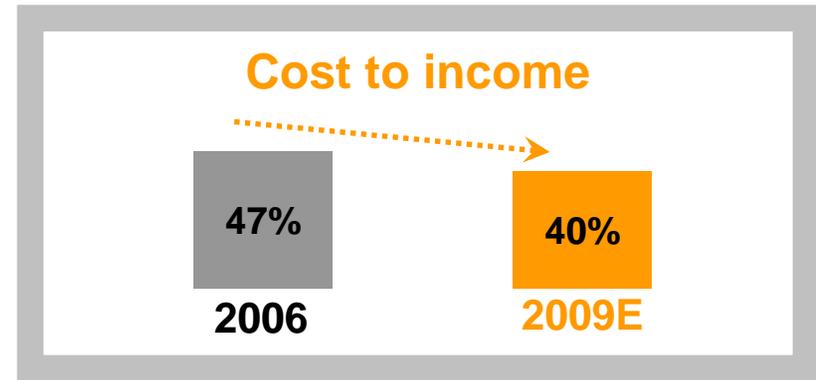
- Further increase of network to 190 branches by 2009 to enhance penetration
- Improved revenue generation through maturing of client relationships
- Enhanced cross-selling

New markets

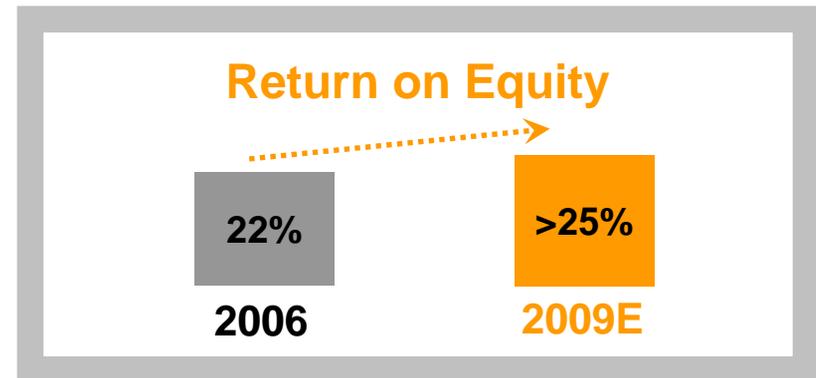
- Market with:
 - Solid macroeconomic fundamentals
 - Positive banking sector prospects
 - Large population
 - Brand recognition of Bank of Cyprus
- Accelerated market entry may also be supported by acquisitions (if they add value)
- Aim to repeat Greek success story

Financial targets 2007-2009

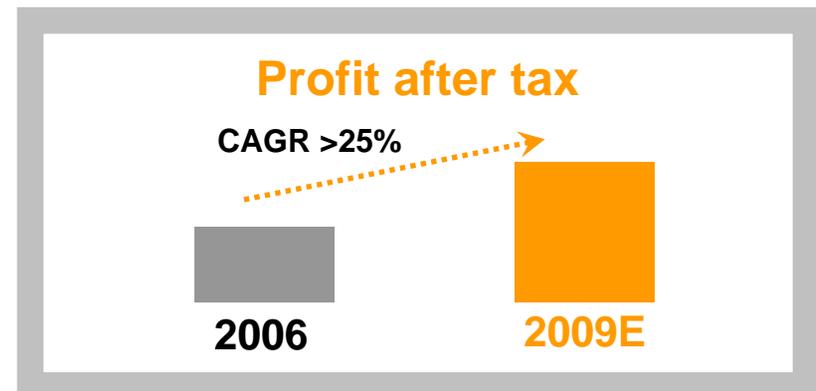
- Widen “jaws”



- Improve profitability

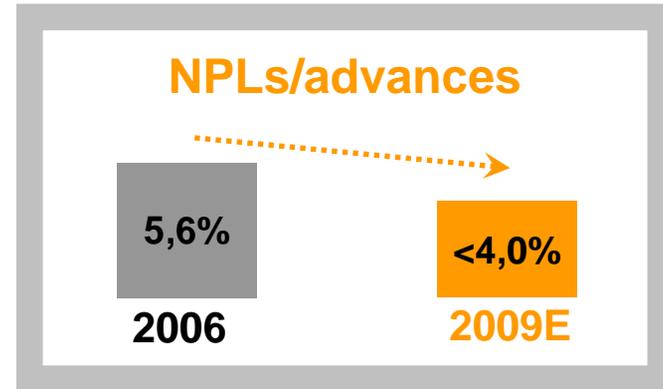


- Increase shareholder value

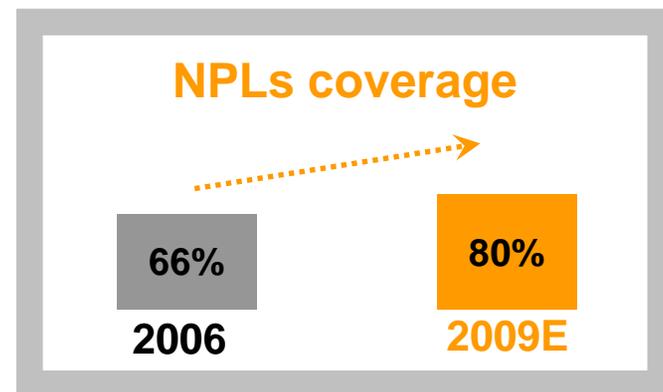
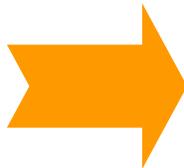


Financial targets 2007-2009 for loan quality

- Quality lending
- Efficient monitoring of advances

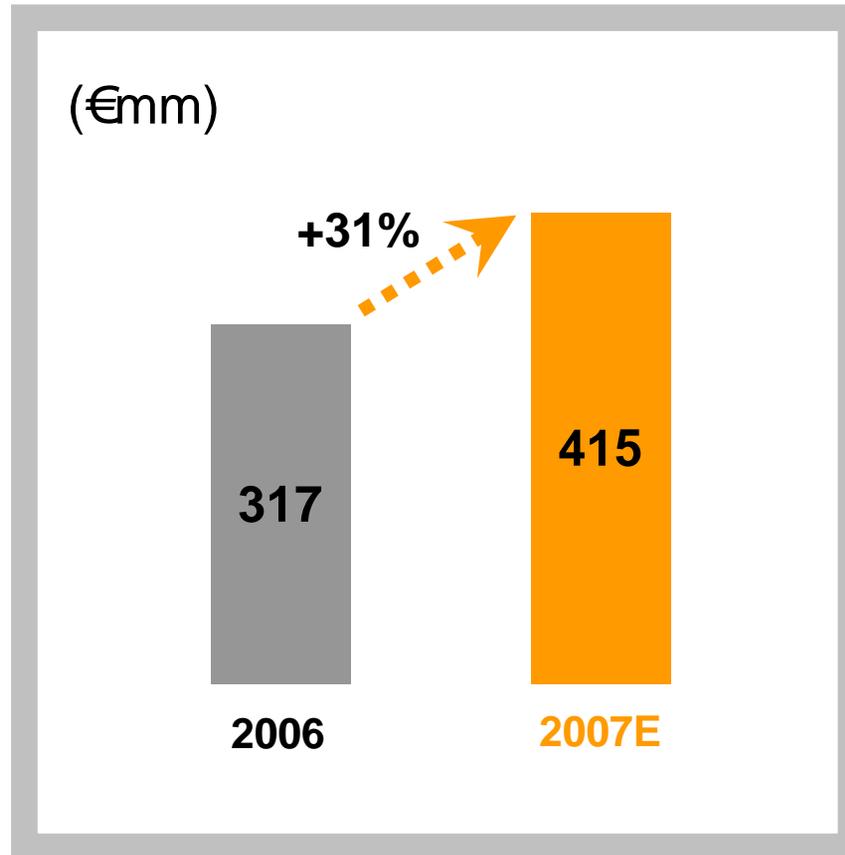


- Increased provision coverage



Profit target for 2007

**Profit After Tax
to increase by
31%**



Main assumptions of 2007-2009 financial plan

2007-2009 CAGR

Growth

- Loans 21%
- Deposits 15%
- Risk weighted assets 21%

Income

- Net interest income 18%
- Total income 16%

Expenses

- Total expenses 9%

Increase the loans to deposits ratio by 12 percentage points

No issue of new shares

Increase in net interest margin

- Greece through increase in deposit spread
- Entry into new higher margin geographies

Expansion into markets other than Cyprus and Greece: Group loan portfolio in 2011

